

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**MOTION RECORD
(returnable June 7, 2013)**

June 5th, 2013

FASKEN MARTINEAU DuMOULIN LLP
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Solicitors for the Debtor, Starfield Resources Inc.

TO THE ATTACHED SERVICE LIST:

**SERVICE LIST
(MAY 14, 2013)**

TO:	<p>Cassels Brock & Blackwell LLP 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Attention Larry Ellis Phone: 416.869.5406 Fax: 416.640.3004 Email: lellis@casselsbrock.com</p> <p>Counsel to PricewaterhouseCoopers Inc., in its capacity as the Proposal Trustee</p>
AND TO:	<p>PricewaterhouseCoopers Inc. PwC Tower Suite 2600, 18 York Street Toronto, ON M5J 0B2</p> <p>Attention: Pritesh Patel / Paul Van Eyk / Clark Lonergan / Tracey Weaver Phone: 416.863.1133 Fax: 416.365.8215 Email: pritesh.r.patel@ca.pwc.com / paul.vaneyk@ca.pwc.com / clark.lonergan@ca.pwc.com / tracey.weaver@ca.pwc.com</p>
AND TO:	<p>Aird & Berlis LLP Brookfield Place, 181 Bay Street Suite 1800, Box 754 Toronto, ON M5J 2T9</p> <p>Attention: Steven L. Graff Phone: 416. 865.7726 Fax: 416. 865.1515 Email: sgraff@airdberlis.com</p> <p>Counsel to the Directors of Starfield Resources Inc.</p>
AND TO:	<p>Discovery 2010 Flow-Through Limited Partnership 812 Memorial Dr. NW Calgary, AB T2N 3C8</p> <p>Attention: Rob Lauzon Phone: 403.269.2100 Email: rlauzon@middlefield.com</p>

AND TO:	<p>Davis LLP Suite 6000, 1 First Canadian Place PO Box 367, 100 King St W Toronto ON M5X 1E2</p> <p>Attention: Davis Foulds / Brandon Barnes Phone: 416.941.5392 / 416.365.3429 Fax: 416.777.7414 / 416.777.7432 Email: dfoulds@davis.ca / bbarnes@davis.ca</p> <p>Counsel to Nicholson & Associates Natural Resource Development Inc.</p>
AND TO:	<p>John O'Sullivan Barristers & Solicitors Suite 1402, 390 Bay Street Toronto, ON M5H 2Y2</p> <p>Attention: John O'Sullivan Phone: 416.252.5555 Email: jos@johnosullivanlaw.com</p> <p>Counsel to Thanda Resources Inc.</p>
AND TO:	<p>Canada Revenue Agency c/o Department of Justice The Exchange Tower 130 King Street West Suite 3400, P.O. Box 36 Toronto, ON M5X 1K6</p> <p>Attention: Diane Winters Phone: 416.973.3172 Fax: 416.973.0810 Email: diane.winters@justice.gc.ca</p> <p>Counsel to Canada Revenue Agency</p>
AND TO:	<p>Ministry of Finance Legal Services Branch 6th Floor, 33 King Street West Oshawa, ON L1H 8H5</p> <p>Attention: Kevin O'Hara Phone: 905.436.4510 Fax: 1.866.888.3850 Email: kevin.ohara@ontario.ca</p> <p>Counsel to Ministry of Finance Ontario</p>

AND TO:	<p>Government of Nunavut, Taxation Division Department of Finance, P.O. Box 2260 Iqaluit, NU X0A 0H0</p> <p>Attention: Payroll Remittance Email: payrolltax@gov.nu.ca</p>
AND TO:	<p>Nunavut Water Board P.O. Box 119 Goja Haven, NU X0B 1J0</p> <p>Attention: Ms. Phyllis Beaulieu Phone: 1.867.360.6338 Fax: 1.867.360.6369</p>
AND TO:	<p>Industry Canada District Office 7th Floor, 123 2nd Avenue South Saskatoon, SK S7K 7E6</p> <p>Attention: Radio Licences Phone: 1.877.783.7757 Fax: 306.975.4231</p>
AND TO:	<p>KPMG LLP Suite 4600, 333 Bay Street Toronto, ON M5H 2S5</p> <p>Attention: Ken McKay Phone: 416.777.8494 Fax: 416.777.8818 Email: kenmckay@kpmg.ca</p>
AND TO:	<p>Major Drilling International Inc. 1 Timber Lane Flin Flon, MB R8A 1N4</p> <p>Attention: Douglas Wilson Phone: 204.687.3482 Email: flinflon@majordrilling.com</p>
AND TO:	<p>SGS Canada Inc. 185 Concession St. P.O. Box 4300 Lakefield, ON K0L 2H0</p> <p>Attention: Niels Verbann Phone: 705.652.2138 Fax: 705.652.6365</p>

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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**MOTION RECORD
(returnable June 7, 2013)**

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TAB 1

Court File No. CV13-10034-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**NOTICE OF MOTION
(returnable June 7, 2013)**

STARFIELD RESOURCES INC., the debtor in the above referenced proceedings (the “Debtor”), will make a motion to a judge of the Commercial List on Friday, June 7, 2013 at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

- (a) an order substantially in the form attached hereto as Schedule “A:
 - (i) abridging the time for delivery of this Notice of Motion and the Motion Record;
 - (ii) approving the transaction (the “Transaction”) contemplated in the agreement of purchase and sale (the “APS”) between the Debtor and

2369785 Ontario Inc. (the "Purchaser"), as detailed in the fourth report of PricewaterhouseCoopers Inc., ("PwC") in its capacity as proposal trustee (the "Proposal Trustee"), dated June 5, 2013 (the "Fourth Report") and vesting title to the Purchased Assets (as defined below) free of all encumbrances;

- (iii) extending the time within which a proposal must be filed with the Official Receiver to June 28, 2013;
- (iv) approving the Fourth Report and the activities of the Proposal Trustee as described therein; and

- (b) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) the Debtor filed a Notice of Intention to Make a Proposal ("NOI") under section 50.4 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") on March 7, 2013;
- (b) prior to filing its NOI, the Applicant had engaged PwC as a financial advisor to assist and advise on strategic alternatives;
- (c) PwC, with the assistance of management of the Debtor, undertook a sale and investment solicitation process in which it canvassed over 125 potential buyers or investors beginning on November 20, 2012;

- (d) on March 15, 2013, the Debtor sought and obtained an Order from this Honourable Court extending the time to file a proposal to April 26, 2013 to permit it and the Proposal Trustee to continue the sale and investment solicitation process in these BIA proceedings (the "Sale Process");
- (e) four non-binding letters of intent ("LOIs") were received as part of the Sales Process. The Proposal Trustee, in consultation with the Debtor and its legal counsel, determined that one LOI that it received from the Purchaser on the morning of April 24, 2013 was acceptable as the total consideration offered of \$800,000 (the "Purchase Price") was significantly higher than the consideration offered by other interested parties and it included a \$100,000 deposit against the purchase price, of which \$50,000 would become non-refundable upon the satisfaction of certain conditions precedent (the "Proposed Transaction");
- (f) on April 26, 2013, the Debtor sought and obtained an Order from this Honourable Court further extending the time to file a proposal to May 20, 2013 to permit it and the Proposal Trustee to continue negotiations with the Purchaser with a view to finalizing the Proposed Transaction;
- (g) the Purchaser has now satisfied itself with respect to certain conditions and has confirmed that the \$50,000 non-refundable portion of the deposit noted above was fully earned by the Debtor as of May 10, 2013, such funds to be used by the Debtor to fund the costs of the Debtor's operations and these proceedings and the costs associated with pursuing and negotiating the APS;

- (h) the Debtor sought and obtained a further order from this Honourable Court on May 16, 2013 to extend the time to file a proposal to June 7, 2013 to allow it to finalize the terms of an APS and to close the Proposed Transaction;
- (i) the Debtor and the Purchaser have negotiated terms of an APS whereby the Purchaser has offered to purchase all of the equipment, claims, leases and other assets and rights used or held for use on or in respect of the Ferguson Lake Project (the "Purchased Assets") for the Purchase Price (the "Transaction"), subject to a holdback provision (the "Holdback") related to the Ferguson Lake Project's water permit. The details of the APS, the Transaction and the Holdback are fully set out in the Fourth Report;
- (j) the closing of the Transaction is scheduled to take place on or before June 12, 2013;
- (k) the Debtor is seeking this Honourable Court's approval of the APS and the Transaction contemplated therein, and a fourth stay extension of the time to file a proposal to permit it and the Proposal Trustee to close the Transaction and to file a distributing proposal, on the following basis:
 - (i) the APS is the result of a competitive Sales Process that was approved by this Honourable Court;
 - (ii) the Transaction allows for the continuity of the Ferguson Lake Project;
 - (iii) the APS represents the highest and best offer received in the Sales Process;

- (iv) the Proposal Trustee is of the view that a further marketing of the Debtor's assets will not result in a higher or better offer;
 - (v) the Debtor has acted, and is continuing to act, in good faith and with due diligence in pursuing the APS and in closing the Transaction in consultation with the Proposal Trustee;
 - (vi) the Debtor's creditors will not be prejudiced by the requested extension, which is intended to allow the Debtor to close the Transaction for the benefit of all creditors;
 - (vii) the Debtor has sufficient cash-flow to continue to fund operations through the period ending June 28, 2013;
 - (viii) the stay extension will provide the Debtor with additional time to market its U.S. assets;
 - (ix) the stay extension will provide the Debtor with time to prepare and file a distributing proposal, conditioned upon and following closing; and
 - (x) the Proposal Trustee is supportive of APS and the Transaction contemplated therein, and of the requested extension to allow the Transaction to close.
-
- (l) those further grounds as set out in the Fourth Report, and the appendices thereto;
 - (m) section 50.4(9) of the *Bankruptcy and Insolvency Act*, and Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*; and

- (n) such further 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:

- (o) the Fourth Report, and the appendices thereto; and
- (p) such other material as counsel may advise and this Honourable Court may permit.

June 5, 2013

FASKEN MARTINEAU DuMOULIN LLP

Barristers & Solicitors

333 Bay Street, Suite 2400

Toronto, ON M5H 2T6

Stuart Brotman (LSUC No. 43430D)

Dylan Chochla (LSUC No. 62137I)

Tel: (416) 366 8381

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Solicitors for the Applicant, Starfield Resources Inc.

TO: THE ATTACHED SERVICE LIST

SERVICE LIST
(May 14, 2013)

TO:	<p>Cassels Brock & Blackwell LLP 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Attention Larry Ellis Phone: 416.869.5406 Fax: 416.640.3004 Email: lellis@casselsbrock.com</p> <p>Counsel to PricewaterhouseCoopers Inc., in its capacity as the Proposal Trustee</p>
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TAB 1A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 7 th
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JUSTICE)	DAY OF JUNE, 2013

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
STARFIELD RESOURCES INC., OF THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO

APPROVAL AND VESTING ORDER

THIS MOTION, made by Starfield Resources Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between Starfield and 2369785 Ontario Inc. (the "**Purchaser**") dated June <@> and appended to the Report of PricewaterhouseCoopers Inc. in its capacity as the proposal trustee ("**Proposal Trustee**") dated June 5, 2013 (the "**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 and on hearing the submissions of counsel for the Debtor, the Proposal Trustee, and <@>, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Tasha Boyd sworn June 5, 2013, filed:

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

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement is hereby authorized and approved, with such minor amendments as the Debtor 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.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement 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 Justice Newbould dated March 15, 2013; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (all of which are collectively referred to as the "**Encumbrances**") 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.

4. THIS COURT ORDERS that upon the registration in the Mining Recorder's Office of Aboriginal Affairs and Northern Development Canada (the "**Mining Recorder**") of (a) a transfer of mineral claims or leases in the form prescribed under the Northwest Territories and Nunavut Mining Regulations and (b) a copy of this Approval and Vesting Order, and upon payment of prescribed transfer fees, the Mining Recorder is hereby directed to enter the Purchaser as the owner of the subject mineral claims and leases.

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 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 Certificate, forthwith after delivery thereof.

7. 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 in the Company'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.

8. 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 settlement, 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.

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

10. THIS COURT ORDERS that, pursuant to subsection 50.4(9) of the BIA, the time within which a proposal must be filed with the Official Receiver under section 62(1) of the BIA be and is hereby extended to June 28, 2013.

11. THIS COURT ORDERS that the Report and the activities of the Proposal Trustee as described therein be and are hereby approved.

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

Court File No. CV13-10034-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF STARFIELD
RESOURCES INC., OF THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO

CERTIFICATE

RECITALS

- A. Starfield Resources Inc. (the “**Debtor**”) filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, on March 7, 2013, and PricewaterhouseCoopers Inc. was appointed proposal trustee (the “**Proposal Trustee**”);
- B. Pursuant to an Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (the “**Court**”) dated March 15, 2013, the Debtor and the Proposal Trustee were authorized and empowered to carry out a sales process with respect to the sale of all or any part of the property of the Debtor, including the Purchased Assets, provided that any definitive agreement in respect thereof obtained the further approval of the Court.
- C. Pursuant to an Order of the Court dated June 7, 2013, the Court approved the agreement of purchase and sale made as of June <@>, 2013 (the “**Sale Agreement**”) between the Debtor and 2369785 Ontario Inc. (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 to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in 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 Proposal Trustee.
- D. 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 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 Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at [TIME] on _____ [DATE].

**PricewaterhouseCoopers Inc., in its capacity
as proposal trustee in the proposal
proceedings of Starfield Resources Inc., and
not in its personal capacity**

Per: _____

Name: <a>

Title: <a>

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES INC., OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

**NOTICE OF MOTION
(returnable June 7, 2013)**

FASKEN MARTINEAU DuMOULIN LLP
333 Bay Street – Suite 2400
Toronto, ON M5H 2T6

**Stuart Brotman (LSUC No. 43430D)
Dylan Chochla (LSUC No. 62137I)**

Tel: 416 366 8381
Fax: 416 364 7813

Solicitors for the Debtor, Starfield Resources Inc.

TAB 2

**FOURTH REPORT TO COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION OF
STARFIELD RESOURCES INC.**

JUNE 5, 2013

Court File No. CV13-10034-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**FOURTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION OF
STARFIELD RESOURCES INC.**

June 5, 2013

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I. INTRODUCTION

1. This report (the "**Fourth Report**") is filed by PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as proposal trustee ("**Trustee**") in connection with the Notice of Intention to Make a Proposal ("**NOI**") filed by Starfield Resources Inc. ("**Starfield**" or the "**Company**") on March 7, 2013 (the "**Filing Date**") under Section 50.4 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the "**BIA**").
2. On March 15, 2013, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order, *inter alia*, extending the stay of proceedings and the time for filing a proposal on the part of Starfield for a period of 20 days, up to and including April 26, 2013 (the "**March 15 Order**"). A copy of the March 15 Order is attached hereto as **Appendix "A"**.
3. On April 26, 2013, the Court granted an order, *inter alia*, extending the stay of proceedings and the time for filing a proposal on the part of Starfield for a period of 24 days, up to and including May 20, 2013 (the "**April 26 Order**"). A copy of the April 26 Order is attached hereto as **Appendix "B"**.
4. On May 16, 2013, the Court granted an order, *inter alia*, extending the stay of proceedings and the time for filing a proposal on the part of Starfield for a period of 18 days, up to and including June 7, 2013 (the "**May 16 Order**"). A copy of the May 16 Order is attached hereto as **Appendix "C"**.
5. To date, the Trustee has filed three reports in respect of the Company's NOI. A copy of the first report dated March 8, 2013, with appendices (the "**First Report**"), second report dated April 24, 2013, without appendices (the "**Second Report**") and third report dated May 14, 2013, without appendices (the "**Third Report**") are attached hereto as **Appendix "D"**, **Appendix "E"** and **Appendix "F"**, respectively. The First Report addressed the Company's request for an administrative charge and directors' & officers' indemnification and charge, and for approval of the proposed retention payments and the Company's post-filing strategy, including the proposed sales process to be carried out by the Trustee. The Second Report and Third Report addressed the Company's post-filing strategy, including an update to the proposed sales process being carried out by the Company and Trustee, and details surrounding a letter of intent ("**LOI**") received from an interested party for the Company's Ferguson Lake, Nunavut project (the "**Ferguson Lake Project**").

II. PURPOSE OF REPORT

6. The purpose of this Fourth Report is to:

- a) Provide this Court with a summary of the following:
 - (i) Background on the activities of the Company since the Third Report;
 - (ii) The Company's actual cash flows for the period from March 4, 2013 to May 31, 2013, including a comparison of actual to forecast results;
 - (iii) The results of the Court-approved sales process (the "**Sales Process**");
 - (iv) The terms of the Agreement of Purchase and Sale (the "**APS**") to be entered into between the Company and 2369785 Ontario Inc. (the "**Purchaser**") for the sale of Company's assets related to the Ferguson Lake Project (the "**Transaction**");
 - (v) The Trustee's recommendation regarding the Transaction with the Purchaser pursuant to the APS;
 - (vi) The Company's request for an extension of the time required to file its proposal to June 28, 2013 (the "**Stay Extension**"); and
 - (vii) Report on the activities of the Trustee since the Third Report.
- b) Recommend that this Court issue an order:
 - (i) Approving the Transaction, and authorizing and directing the Company to execute such documents and take such additional steps as are necessary to complete the Transaction;
 - (ii) Vesting, in the Purchaser, as at closing, all of the Company's right, title, and interest, if any, in and to all of the purchased assets as identified in the APS, free and clear of all liens, charges, security interests and other encumbrances;
 - (iii) Approving the Company's request for the Stay Extension; and
 - (iv) Approving the activities of the Trustee as set out in this Fourth Report.

III. QUALIFICATIONS

- 7. In preparing this Fourth Report, the Trustee has relied upon certain unaudited financial information of the Company, the Company's books and records, information obtained from personnel of the Company and other sources (collectively, the "**Information**").
- 8. In accordance with industry practice, except as described in this Fourth Report:
 - a) The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally

Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;

- b) The Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook;
 - c) Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be material.
9. The Trustee has prepared this Fourth Report for the use of the Court in consideration of the motion described in the Notice of Motion dated June 5, 2013, filed by Fasken Martineau DuMoulin LLP, counsel to the Company.
 10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

IV. BACKGROUND

Overview

11. The Trustee is of the view that the Company has provided the Trustee with its full co-operation and unrestricted access to its premise, books and records. The Trustee has been in communication with the Company in connection with the filing of its NOI, the monitoring of the Company's cash flows and variances to the Company's cash flow projection as filed with the Office of the Superintendent of Bankruptcy Canada ("OSB") on March 7, 2013, as well as the Company's revised cash flow projections as filed with the OSB on April 24, 2013 and May 14, 2013, respectively.
12. Since the Filing Date, the Company has continued to manage its minimal on-going operations and has worked with the Trustee to advance the Sales Process.
13. As of the date of this Fourth Report, the Trustee understands that each of the Company's four consultants (the "Key Employees") are being paid in the ordinary course by the Company.

V. COMPANY'S CASH FLOWS FOR PERIOD FROM MARCH 4, 2013 TO MAY 31, 2013

14. Set out below is a summary of the Company's actual cash flow as compared to its projections for the thirteen week period ending May 31, 2013:

Starfield Resources Inc.			
Projected Statement of Cash Flow			
For the period ending May 31, 2013			
Week Ending (in CAD\$000s)	Actual Total	Budget Total	Fav/(UnFav) Variance
Cash balance - Opening	524.0	524.0	-
Receipts			
Sale Proceeds/Deposits/U.S. bank account funds	57.0	164.0	(107.0)
Total Receipts	57.0	164.0	(107.0)
Disbursements			
Maintenance Costs - U.S. mineral properties	10.3	51.2	40.9
Maintenance Costs - Ferguson Lake	-	0.6	0.6
Compensation	147.9	155.2	7.3
Rent & Utilities	50.4	51.6	1.2
Insurance	23.5	23.5	-
SG&A	(33.6)	26.9	60.5
Professional Fees	308.7	423.5	114.8
Total Disbursements	507.2	732.5	225.3
Cash balance - Closing	73.8	(44.5)	118.3

15. As detailed in the table above, the Company has achieved a net favourable cash flow variance of approximately \$118,300 as compared to forecast for the period from March 4, 2013 to May 31, 2013. The Company's actual net cash flow for the period was a net outflow of approximately \$450,200 as compared to a forecasted net outflow of approximately \$568,500.
16. The principal reasons for the favourable variance on net cash flow include:
- Approximately \$114,800 Professional Fees – favourable variance primarily related to lower than forecasted professional costs, as well as timing differences of invoices paid to date and anticipated closing of the Transaction;
 - Approximately \$60,500 SG&A - favourable variance due to lower than anticipated SG&A costs incurred to date and refunds of HST that were not forecasted;
 - Approximately \$40,900 Maintenance Costs (U.S. mineral properties) - favourable variance related to the nickel-copper-cobalt-PGE project in Montana, USA (the "Stillwater Project") and copper-silver project in California, USA (the "Superior

Project") due to lower than anticipated maintenance costs and unanticipated refund of state bonds; and

- d) Approximately \$57,000 Proceeds from U.S. bank accounts - unfavourable permanent variance with respect to certain escrow funds that the Company has determined it does not have ownership claims to.
17. The Trustee is of the view that the Company is acting in a manner consistent with the Company's cash flow projections and as at the date of this Fourth Report, there have been no material adverse changes to the Company's operations since the Filing Date.

VI. COMPANY'S CASH FLOWS FOR THE PERIOD ENDING JUNE 28, 2013

18. Starfield, with the assistance of the Trustee, has prepared revised consolidated cash flow projections of its receipts and disbursements for the 4-week period ending June 28, 2013 (the **"Revised Cash Flow Projection"**). The Revised Cash Flow Projection was filed with the OSB on June 5, 2013. A copy of the Revised Cash Flow Projection is attached hereto as **Appendix "G"**. The Trustee has reviewed the assumptions supporting the Revised Cash Flow Projection and believes the assumptions to be reasonable.
19. The Revised Cash Flow Projection assumes that the Company will continue to fund normal course obligations relating to the preservation and maintenance of its assets in the U.S. (held through subsidiaries), such as claim maintenance fees and other required maintenance costs, during these BIA proceedings. The majority of the projected expenses during this period relate to compensation for the Key Employees and professional fees which are required to advance the Sales Process and complete the Transaction.
20. As a result, based on the assumptions made by Starfield contained in the notes to the Revised Cash Flow Projection, the Trustee believes that Starfield will have sufficient funds to meet its current obligations through to June 28, 2013.

VII. SALES PROCESS

21. As detailed in the First Report, the Sales Process provided a means for testing the market, gauging interest in the Company and/or its assets, and determining whether a transaction that would result in realizations greater than liquidation value was available. The Sales Process was approved by this Court in the March 15 Order. The Trustee has been fully involved in all aspects of the Sales Process to date. It is the Trustee's view that the Sales Process has been carried out in accordance with the First Report and the March 15 Order and

has been fair and reasonable. Prospective interested parties were given a fair opportunity to make an offer for the Company and/or its assets.

22. A summary of the Sales Process and its results are as follows:

- a) On March 15, 2013, the Trustee canvassed a total of 78 third parties to advise of the opportunity to acquire the assets and/or operations of the Company and all received copies of the information memorandum and were provided a confidentiality agreement (“CA”). Since that time, an additional 3 parties were contacted resulting in a total of 81 third parties contacted;
- b) The CA was required to be executed by interested parties in order to access the electronic data room. Of the 81 parties that were contacted, a total of 10 parties executed the CA, of which 4 were liquidators interested in the rolling stock assets located at the Ferguson Lake Project camp site;
- c) Throughout the course of the Sales Process, the Trustee facilitated the due diligence of interested parties, including updating the electronic data room as new information became available;
- d) Interested parties were required to submit non-binding letters of intent to the Trustee by April 12, 2013 (the “**LOI Deadline**”) and, in total, 3 LOIs were received. An additional LOI from the Purchaser was received on April 15, 2013, after the LOI Deadline;
- e) The Trustee, in consultation with the Company and its legal counsel, reviewed all of the LOIs received, including the offer received after the LOI Deadline, and concurred that the late offer received from the Purchaser for substantially all of the assets relating to the Ferguson Lake Project was the superior offer. Two of the LOIs received were auction proposals from liquidators and the other LOI contained extended deadlines to make a binding offer and was from a party who would not sign a CA, performed limited due diligence and failed to provide a deposit against the purchase price. The Company and Trustee believed there was significant execution risk with this aforementioned LOI;
- f) After negotiation/discussions with the Purchaser, a revised LOI was submitted on the afternoon of April 24, 2013 (the “**Purchaser’s LOI**”) on terms acceptable to the Company. The Purchaser’s LOI was subsequently approved by Starfield’s board of directors and accepted by the Company. The total consideration offered by the Purchaser was significantly higher than the net minimum guarantee provided by one of the liquidators and included a \$100,000 deposit against the purchase price.

Furthermore, the Purchaser's LOI contained limited closing conditions that would allow for an expedited closing;

- g) The Purchaser has satisfied itself with respect to certain conditions contained within the Purchaser's LOI and confirmed that the \$50,000 non-refundable portion of the deposit noted above was fully earned by the Company as of May 10, 2013. This amount was subsequently deposited into the Company's bank accounts and was used to fund the costs of the Company's operations and these proceedings, as well as the costs associated with pursuing and negotiating the APS (discussed in greater detail below); and
- h) As at the time of the Fourth Report, the Trustee and the Company had received preliminary expressions of interest from a few parties in relation to Company's U.S. assets, however no formal offers/LOIs have been received to date. The Company will continue to explore options relating to these assets.

VIII. TRANSACTION

- 23. Attached hereto as **Appendix "H"** is a copy of the form of APS to be entered into between the Company and the Purchaser. There remains one outstanding issue to be resolved relating to the date and timing of release of the holdback amount (defined below). The Trustee expects this issue to be resolved before the hearing of the motion for approval of the Transaction. It was not resolved prior to service of these materials because the President and CEO of Starfield was unavailable to provide instructions to his counsel as a result of his travel arrangements.
- 24. As detailed in the APS, the Purchaser has offered to purchase all of the equipment, claims, leases and other assets and rights used or held for use on or in respect of the Ferguson Lake Project (the **"Purchased Assets"**) for the sum of \$800,000 (the **"Purchase Price"**) subject to a holdback provision related to the Ferguson Lake Project's water permit (discussed below). A previously discussed, a \$100,000 deposit was submitted with the Purchaser's LOI, half of which has been earned by the Company as of the date of this report and the other half is to be applied against the purchase price upon closing. This Transaction is expected to close on or before June 12, 2013 (**"Closing"**).
- 25. On Closing, the Purchaser shall deposit \$50,000 (the **"Holdback Amount"**) with the Purchaser's solicitor, in trust, for a short period of time (the **"Holdback Period"**) as security for any costs, expenses, or fees in excess of \$5,000 which are reasonably required in order to

obtain renewal of the aforementioned water permit. Following the expiry of the Holdback Period, any remaining Holdback Amount after any permitted costs will be released to the Company. As mentioned above, the duration of the Holdback Period and release of the Holdback Amount remains to be determined by Starfield and Purchaser. The Trustee expects the Holdback Amount will be received by the Company prior to the expiry of the Stay Extension.

26. On Closing, the Purchased Assets are to be conveyed to the Purchaser by vesting Order, on an "as is, where is" basis, and subject to the usual terms and conditions contained in such a transaction, and subject to this Court's approval. Additionally, the Purchaser will provide the remaining \$650,000 of the Purchase Price.

IX. COMPANY'S REQUEST FOR THE STAY EXTENSION

27. The Company is seeking the Stay Extension to June 28, 2013 to permit it and the Trustee to complete the holdback conditions contained within the Transaction and continue to market the Company's U.S. assets and to file a distributing proposal. If granted, the Stay Extension will represent a further 21-day extension to the stay of proceedings which, together with the 19-day extension granted by the Court in the May 16 Order, the 24-day extension granted by the Court in the April 26 Order, the first 20-day extension granted by the Court in the March 15 Order and the initial 30-day stay provided for in the BIA, will extend the stay period to 114 days from the Filing Date.
28. The Trustee supports the Company's request for the Stay Extension for the following reasons:
- a) The Company is acting in good faith and with due diligence in taking steps to facilitate a sale of its operations;
 - b) It is the Trustee's view that the Stay Extension will not prejudice or adversely affect any group of creditors;
 - c) It is the Trustee's view that the Stay Extension is required to provide the Company with sufficient time to satisfy the holdback conditions within the Transaction;
 - d) The Revised Cash Flow Projection indicates that Starfield should have sufficient liquidity to continue to fund operations through the period ending June 28, 2013;
 - e) The Stay Extension will provide the Company with additional time to make a final attempt at marketing and selling the Company's U.S. assets; and

- f) The Stay Extension will provide the Company time to prepare and file a distributing proposal, conditioned upon and following Closing.

X. ACTIVITIES OF THE TRUSTEE

29. The Trustee's activities since the filing of the Third Report include:

- a) Review of the Company's weekly cash flow results, and discussions with the Company on material variances to the cash flow projections submitted;
- b) Review of the APS, and other materials related to the Sales Process;
- c) Discussions with the Company related to the APS and the Company's U.S. assets;
- d) Discussions with the Purchaser and its counsel related to the APS;
- e) Discussions and correspondence with Fasken Martineau DuMoulin LLP, counsel to the Company;
- f) Discussions and correspondence with Cassels Brock & Blackwell LLP, counsel to the Trustee;
- g) Discussions with numerous interested parties in relation to the Sales Process; and
- h) Discussions with numerous creditors and shareholders on the status of the proceedings.

XI. RECOMMENDATION

30. The Trustee recommends that this Court issue an Order approving the activities of the Trustee, the Company's request for the Stay Extension, the Transaction pursuant to the APS, and vesting in the Purchaser, as at Closing, all of the Company's right, title and interest in and to the Purchased Assets, as this would be the best course of action available for all stakeholders for the following reasons:

- a) The Sales Process was reasonable and was approved by the Court;
- b) The Transaction allows for the continuity of the Ferguson Lake Project;
- c) The consideration is fair and reasonable and significantly in excess of the other offers received; and
- d) The Company's limited liquidity eliminates the opportunity to further market the business for sale without putting the Transaction at risk. This opportunity was already widely marketed prior to the Filing Date by the Company and PwC, and again by the

Trustee as part of the Sales Process, and therefore all likely bidders have already been provided with an opportunity to bid on the assets.

Dated the 5th day of June, 2013.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read 'Clark Lonergan', is written over a horizontal line.

Clark Lonergan, CA-CIRP
Vice-President

PricewaterhouseCoopers Inc.
In its capacity as Proposal Trustee of
Starfield Resources Inc.
and not in its personal capacity

TAB 2A

APPENDIX A

Court File No. CV13-10034-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

THE HONOURABLE MR
JUSTICE NEWMAN

)
)
)

FRIDAY, THE 15th
DAY OF MARCH, 2013

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO



~~INITIAL ORDER~~ HN

THIS APPLICATION, made by Starfield Resources Inc. (the "Debtor") pursuant to, *inter alia*, sections 64.1 and 64.2 of 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 affidavit of Philip S. Martin sworn March 8, 2013 and the exhibits thereto, the First Report of PricewaterhouseCoopers Inc., in its capacity as Proposal Trustee (the "Proposal Trustee") dated March 8, 2013 and the appendices thereto (the "First Report"), and on hearing the submissions of counsel for the Debtor, the Proposal Trustee and the directors of the Debtor, no one appearing for any other party although duly served as appears from the affidavit of service of Tasha Boyd sworn March 8, 2013, and on being advised that there are no secured creditors of the Debtor:

SERVICE

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

APPROVAL OF SALES PROCESS

2. **THIS COURT ORDERS** that the Sale Process, as set out and defined in the First Report, be and is hereby approved and that the Debtor and the Proposal Trustee are hereby authorized and empowered take such steps as are necessary or desirable to carry out the Sale Process, provided that any definitive agreement executed by the Debtor in respect of the sale of all or any part of the Property (as defined herein) shall require the further approval of this Court.

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time within which a proposal must be filed with the Official Receiver under section 62(1) of the BIA be and is hereby extended to April 26, 2013.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

4. **THIS COURT ORDERS** that the Debtor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtor from and after the filing of the Debtor's notice of intention under section 50.4 of the BIA, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

5. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceed thereof (the "Property"), which charge shall not exceed an aggregate amount of \$100,000, as security for the indemnity provided in paragraph 4 of this Order. The Directors' Charge shall have the priority set out in paragraphs 11 and 13 herein.

6. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Debtor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any

directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 4 of this Order.

ADMINISTRATION CHARGE

7. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, counsel to the Debtor and counsel to the directors of the Debtor 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 hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee, counsel for the Debtor and counsel for the directors of the Debtor as such accounts are rendered and, in addition, the Debtor is hereby authorized to pay to the Proposal Trustee, counsel to the Proposal Trustee, counsel to the Debtor and counsel to the directors of the Debtor, retainers in the amounts of \$50,000, \$15,000, \$25,000, and \$20,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

8. **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.

9. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, counsel to the Debtor and counsel to the directors of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 11 and 13 hereof.

EMPLOYEE RETENTION PAYMENTS

10. **THIS COURT ORDERS** that the Retention Payments, as described and defined in the First Report, are hereby approved and that the Debtor is hereby authorized and empowered to make the Retention Payments in accordance with the terms set out in the First Report.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

11. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge; and

Second – Directors' Charge.

12. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge and the Administration Charge (collectively, 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.

13. **THIS COURT ORDERS** that each of the Directors' Charge and the Administration Charge (each as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

14. **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 rank in priority to, or *pari passu* with, any of the Directors' Charge or the Administration Charge, unless the Debtor also obtains the prior written consent of the Proposal Trustee, the beneficiaries of the Directors' Charge and the Administration Charge or further Order of this Court.

15. **THIS COURT ORDERS** that the Directors' Charge and the Administration Charge 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") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made (expressly or impliedly) herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) any assignment for the general benefit of creditors made or deemed to have been made pursuant to

the BIA; (d) the provisions of any federal or provincial statutes; or (e) 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 payment of the Retention Payments 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 Key Employees (as defined in the First Report) or 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 paying the Retention Payments, the creation of the Charges, or the execution, delivery or performance of any related documents; and
- (c) the payments made by the Debtor pursuant to this Order, 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.

16. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtor's interest in such real property leases.

SERVICE AND NOTICE

17. **THIS COURT ORDERS** that the Debtor and the Proposal Trustee be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

18. **THIS COURT ORDERS** that the Debtor, the Proposal Trustee, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Proposal Trustee may post a copy of any or all such materials on its website at www.pwc.com/car-starfield.

GENERAL

19. **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.

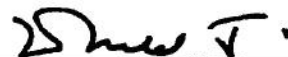
20. **THIS COURT ORDERS** that each of the Debtor and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, including the enforcement of any Charge established hereby.

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

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



MAR 15 2013



IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES INC., OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

ORDER

FASKEN MARTINEAU DuMOULIN LLP
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Aubrey E. Kauffman (LSUC#: 18829N)
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Solicitors for the Applicant, Starfield Resources Inc.

TAB 2B

APPENDIX B

Court File No. CV13-10034-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE MR.

)

FRIDAY, THE 26th

JUSTICE CUMMING

)

DAY OF APRIL, 2013



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
 R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
 INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER
(Second Stay Extension)

THIS MOTION, made by Starfield Resources Inc. (the "Debtor") pursuant to, *inter alia*, section 50.4(9) of 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 affidavits of Philip S. Martin sworn April 24, 2013 and April 25, 2013, and the exhibits thereto, the Second Report of PricewaterhouseCoopers Inc., in its capacity as Proposal Trustee (the "Proposal Trustee") dated April 24, 2013 and the appendices thereto (the "Second Report"), and on hearing the submissions of counsel for the Debtor, the Proposal Trustee, and the directors of the Debtor, no one appearing for any other party although duly served as appears from the affidavit of service of Tasha Boyd sworn April 24, 2013, and on being advised that there are no secured creditors of the Debtor:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time within which a proposal must be filed with the Official Receiver under section 62(1) of the BIA be and is hereby extended to May 20, 2013.
3. **THIS COURT ORDERS** that the Second Report and the activities of the Proposal Trustee as described therein be and are hereby approved.
4. **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.

April 26, 2013 *Robert A. Cumming J.*

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

[Signature]

APR 26 2013

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES INC., OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

**ORDER
(Second Stay Extension)**

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Stuart Brotman (LSUC#: 43430D)
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Solicitors for the Debtor, Starfield Resources Inc.

TAB 2C

APPENDIX C

Court File No. CV13-10034-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

THE HONOURABLE MADAM

)

THURSDAY, THE 16th

JUSTICE MESBUR

)

DAY OF MAY, 2013

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES
INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO



**ORDER
(Third Stay Extension)**

THIS MOTION, made by Starfield Resources Inc. (the "Debtor") pursuant to, *inter alia*, section 50.4(9) of 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 affidavit of Philip S. Martin sworn May 14, 2013, the Third Report of PricewaterhouseCoopers Inc., in its capacity as Proposal Trustee (the "Proposal Trustee") dated May 14, 2013, and the appendices thereto (the "Third Report"), and on hearing the submissions of counsel for the Debtor and the Proposal Trustee, ^{and the Directors of the Debtor} no one appearing for any other party although duly served as appears from the affidavit of service of Tasha Boyd sworn May 14, 2013, and on being advised that there are no secured creditors of the Debtor:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time within which a proposal must be filed with the Official Receiver under section 62(1) of the BIA be and is hereby extended to June 7, 2013.
3. **THIS COURT ORDERS** that the Third Report and the activities of the Proposal Trustee as described therein be and are hereby approved.
4. **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.



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



MAY 16 2013

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF STARFIELD RESOURCES INC., OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced in Toronto

ORDER
(Third Stay Extension)

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Solicitors for the Debtor, Starfield Resources Inc.

TAB 2D

APPENDIX D

**FIRST REPORT TO COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION OF
STARFIELD RESOURCES INC.**

March 8, 2013

Court File No. _____

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

**IN THE MATTER OF THE PROPOSAL OF
STARFIELD RESOURCES INC.**

**FIRST REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION OF
STARFIELD RESOURCES INC.**

MARCH 8, 2013

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APPENDICIES

APPENDIX "A" –	CERTIFICATE OF FILING ISSUED BY SUPERINTENDENT OF BANKRUPTCY
APPENDIX "B" –	STARFIELD RESOURCES INC. CORPORATE CHART
APPENDIX "C" –	STARFIELD RESOURCES INC. CREDITOR LIST
APPENDIX "D" –	STARFIELD RESOURCES INC. CASH FLOW PROJECTION
APPENDIX "E" –	TRUSTEE'S REPORT ON CASH FLOW STATEMENT

I. INTRODUCTION

1. This report ("**First Report**") is filed by PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as proposal trustee ("**Trustee**") in connection with the Notice of Intention to Make a Proposal ("**NOI**") filed by Starfield Resources Inc. ("**Starfield**" or the "**Company**") on March 7, 2013 (the "**Filing Date**") under Section 50.4 (1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B.-3, as amended (the "**BIA**"). A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is attached hereto as **Appendix "A"**.
2. PwC was previously retained by the Company to act as financial advisor to assist management in reviewing strategic alternatives to realize on the Company's assets and/or equity.

II. PURPOSE OF REPORT

3. The purpose of this First Report is to:
 - a) Provide this Court with a summary of the following:
 - (i) background information on the Company, including its corporate history, structure, operations, financial position and creditors;
 - (ii) the Company's cash flow forecast for the 9-week period from March 4, 2013 to May 3, 2013;
 - (iii) the proposed court-ordered charges, including a Directors & Officers charge and an Administrative charge;
 - (iv) the Company's proposed post-filing strategy, including the outline of a sale process to be undertaken by the Trustee in conjunction with the Company;
 - (v) the Company's proposed retention payments (the "**Retention Payments**"); and
 - (vi) the Company's request for an extension of the time required to file its proposal (the "**Extension**") to April 26, 2013.
 - b) Recommend that this Court issue an order:
 - (i) approving the terms of the Administrative charge, and proposed priority ranking of such charge;
 - (ii) approving the terms of the Directors' & Officers' charge, and proposed priority ranking of such charge;
 - (iii) approving the Company's post-filing strategy, and authorizing the Company and Trustee to implement same;

- (iv) approving the proposed Retention Payments;
- (v) approving the Company's request for an Extension to April 26, 2013.

III. QUALIFICATIONS

- 4. In preparing this First Report, the Trustee has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management and legal counsel to the Company. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information. Future-oriented financial information relied upon in this First Report is based on management's assumptions regarding future events.
- 5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

IV. BACKGROUND

Corporate History and Structure

- 6. Starfield is a Canadian-based exploration and emerging early-stage development company exploring for copper, cobalt, nickel and platinum group elements ("PGE") in North America. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "SRU" and in the U.S. on the Over-The-Counter Bulletin Board under the symbol "SRFDF".
- 7. Starfield was incorporated on April 22, 1994 under the Business Corporations Act (Alberta). The Company amended its articles on October 6, 1994 to change the Company's name to Starfield Communications Group Inc. The articles were amended again on December 18, 1997 to change its name to Starfield Resources Inc. On October 27, 2006, the Company filed articles of continuance in British Columbia. The Company is governed by the Business Corporations Act (British Columbia) and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and in the North West Territories. Starfield's registered office is located at 625 Howe Street, Suite 420, Vancouver, British Columbia, and the Company's head office is located at 120 Adelaide Street West, Suite 900, Toronto, Ontario.
- 8. The Company currently holds a direct or indirect interest in the following mineral properties/projects (the "**Projects**"):
 - (i) a nickel-copper-cobalt-PGE project in Ferguson Lake, Nunavut (the "**Ferguson Lake Project**");

- (ii) a nickel-copper-cobalt-PGE project in Montana, USA (the **"Stillwater Project"**);
 - (iii) a copper-silver project in California, USA (the **"Superior Project"**); and
 - (iv) an early stage gold property which straddles the Nevada-California border (the **"Dome Hill Project"**).
9. Substantially all of the Ferguson Lake Project assets are held by Starfield directly. The Company acquired its interest in the above U.S. projects through its acquisition of all of the shares of Nevoro Inc. (**"Nevoro"**), a formerly TSX listed corporation incorporated under the laws of Canada, pursuant to a plan of arrangement in October 2009.
10. Starfield Resources Inc. is the parent company and the primary direct or indirect shareholder of the following entities:
- (i) Nevoro Inc. (Canada);
 - (ii) Sheffield Resources Ltd. (B.C.);
 - (iii) Aurora Platinum Exploration Inc. (B.C.);
 - (iv) Nevoro Copper Inc. (Nevada);
 - (v) Nevoro Montana Inc. (Montana); and
 - (vi) Nevoro Nevada Inc. (Nevada).

The Company's corporate chart is attached hereto as **Appendix "B"**.

11. The Trustee understands that the Company has not initiated insolvency proceedings in the U.S. There is presently no intention to commence insolvency proceedings in respect of the Company's Canadian or U.S. subsidiaries. The Company advises that substantially all administrative and Project-related costs are paid for by Starfield.

Company Operations

12. As referenced above, Starfield's operations consist of three main projects:
- (i) the Ferguson Lake Project, located in the Kivalliq region of southern Nunavut, consists of 10 mineral leases covering 23,935 acres and 107 active claims totaling 220,273 acres. The Company incurred substantial exploration expenditures on the Ferguson Lake property in the last few years as it attempted to define this very large resource. On March 20, 2008, the Company announced positive economics from a preliminary economic assessment of the Ferguson Lake

Project. On February 21, 2012, the study was updated, and continued to show that the project was economically attractive. Per the preliminary economic assessment, the Ferguson Lake Project has indicated and inferred resource estimates of 672 million pounds of nickel, 1 billion pounds of copper and 57 million pounds of cobalt at grades of 0.66%, 1.00% and 0.06%, respectively.

- (ii) the Stillwater Project, comprised of approximately 5,700 acres, is located in south central Montana and consists of 34 patented lode claims, 234 unpatented lode mining claims, 7 unpatented placer claims, 2 mill site claims and 1 tunnel claim. Starfield's interests in the Stillwater Project are held through Nevoro Montana Inc.
 - (iii) the Superior Project, totaling approximately 3,160 acres, is located in northeastern California and consists of 36 patented lode mining claims and 122 unpatented lode mining claims. Starfield's interests in the Superior Project are held through Nevoro Copper Inc.
13. The Trustee understands Starfield no longer intends to pursue the Dome Hill project and in May 2011, the Company entered into a 3 year option agreement with a U.S. gold company to sell its interest the Dome Hill Project over a three year period for \$25,000. As at the date of this First Report, Starfield had received the first 2 payments of \$5,000 each pursuant to the option agreement with the final payment of \$15,000 due in June 2013. However, the Trustee understands that the U.S. gold company has the option to terminate this agreement at any time.
 14. As referenced above, Starfield operates from a 2,150 square foot leased office facility in Toronto, Ontario. The Company also owns a semi-permanent exploration camp on the western shore of Ferguson Lake, Nunavut, capable of accommodating a team of up to 65 persons. There is also a 830 metre gravel airstrip adjacent to the exploration camp, as well as several pieces of construction and exploration equipment located on the camp site.
 15. The Trustee understands that during 2012, Starfield had two full-time salaried employees. However, both individuals left the Company prior to January 1, 2013. In addition, the former CEO and CFO each left the Company on November 30, 2011 and March 23, 2012, respectively. As at the Filing Date, Starfield had four consultants under contract, including the present CEO and the CFO. All four consultants are being paid in the ordinary course.

Flow-Through Share Structure

16. As is common among exploration and early stage resource development companies, Starfield does not yet generate revenues from operations and relies on the equity markets to finance its activities. As the public company in the corporate group, financing activities have historically been undertaken by the Company, with the proceeds from such financings used to fund the activities of the Company and its subsidiaries. Since approximately January 2012, the equity markets have effectively been closed to exploration and early stage development companies.
17. The Company's three most recent equity financings have been through the issuance of flow-through common shares. As at the date of this First Report, Starfield had approximately 718 million issued and outstanding common shares, of which approximately 229 million are flow-through common shares.
18. A flow-through share is a Canadian tax-based financing incentive that is available to, among others, the mining sector for qualified projects located in Canada. It is a type of share issued by a corporation to an investor, pursuant to a subscription agreement with the corporation, under which the issuing corporation agrees to incur eligible Canadian exploration expenses (the "CEEs") in an amount up to the consideration paid by the investor for the shares in a particular year. The corporation renounces to the taxpayer an amount in respect of the expenditures so that the CEEs are considered to be the investor's expenses for tax purposes. As a result of the corporation renouncing the expenses, the investor can deduct the expenses for tax purposes as if incurred directly.
19. Subject to certain conditions, the CEEs qualify for the "look-back" rule, which allows a corporation to renounce the CEEs incurred within an entire calendar year ("Year 1") with the renunciation being effective for tax purposes in the preceding calendar year ("Year 0"), the year the investor purchased the flow-through shares. Where a corporation has not expended all or part of the amounts it has renounced by the end of Year 1, the corporation must notify the investor of the shortfall within two months after the end of Year 1. The investor is vulnerable to having the deductions taken in calculating their Year 0 taxes being partially denied, income taxes being reassessed and any amount owing becoming immediately due. In an effort to protect investors from such adverse consequences, subscription agreements typically contain an indemnity in favour of the investor from the issuing corporation. Furthermore, the corporation is also subject to penalties and interest from Canada Revenue Agency ("CRA") for the shortfall to compensate CRA for accelerating the investor's deduction by one year.

20. In 2010, Starfield raised gross proceeds of approximately \$4.9 million from investors through two private placements of flow-through common shares (the “**2010 Flow-Through Investors**”). All of the proceeds were raised for exploration purposes and, therefore, the CEEs were renounced to investors in 2010. In February 2012, Starfield notified the 2010 Flow-Through Investors that the Company’s expenditures in 2011 resulted in a shortfall of approximately \$969,000. As a result, the Company is subject to the provisions of the associated flow-through subscription agreement which the Company estimates has resulted in a contractual indemnity obligation to the 2010 Flow-Through Investors of approximately \$450,000. Starfield was also subject to penalties and interest from CRA of approximately \$60,000, although all these amounts were paid in 2012.
21. In May 2011, Starfield raised gross proceeds of approximately \$3.8 million from investors through the private placement of flow-through common shares (the “**2011 Flow-Through Investors**”). All of the proceeds were raised for exploration purposes and, therefore, the CEEs were renounced to investors in 2011. In December 2012, Starfield notified the 2011 Flow-Through Investors that the Company’s expenditures in 2012 resulted in a shortfall of approximately \$2.9 million. As a result, the Company is subject to the provisions of the associated flow-through subscription agreement which the Company estimates has resulted in a contractual indemnity obligation to the 2011 Flow-Through Investors of approximately \$1.4 million. In addition, the Company is subject to penalties and interest from CRA of approximately \$320,000.
22. In summary, the Trustee understands that the Company has potential liabilities relating to Starfield’s failure to incur adequate CEEs in connection with the issuance of its flow-through shares of approximately \$320,000 to CRA, \$450,000 to the 2010 Flow-Through Investors, and \$1.4 million to the 2011 Flow-Through Investors, as at the date of this First Report.

Historical Financial Results

23. The Company’s most recent year-to-date (“YTD”) summarized financial statements are presented as at November 30, 2012. Set out below is a summary of the Company’s financial results for: (i) the fiscal period ending 2010; (ii) the fiscal period ending 2011; (iii) the fiscal period ending 2012; and (iv) YTD November 30, 2012 (unaudited).

Starfield Resources Inc.				
Consolidated statement of income ⁽¹⁾				
(in \$000s CAD)				
	Nine months ended November 30, 2012	Year ended February 29, 2012	Year ended February 28, 2011	Year ended February 28, 2010
Expenses	\$ 1,932	\$ 6,644	\$ 5,956	\$ 2,075
Write-down of mineral properties	-	1,000	-	-
Amortization of equipment	30	57	79	110
Foreign exchange loss	-	-	27	-
Other expenses (income)	(5)	774	430	484
Loss before income taxes	\$ 1,957	\$ 8,475	\$ 6,492	\$ 2,669
Income tax expense	-	129	30	1,221
Net loss	<u>\$ 1,957</u>	<u>\$ 8,604</u>	<u>\$ 6,522</u>	<u>\$ 3,890</u>

(1) Fiscal 2010 is based on Canadian GAAP. Subsequent years were prepared in accordance with IFRS.

24. As none of Starfield's mineral properties are in production, the Company currently has no source of revenue. As detailed in the tables above, the Company had incurred significant recurring net losses over the past three fiscal years. Furthermore, the Company's net loss has increased each year since fiscal 2010. The Trustee understands that the majority of Starfield's expenses are related to exploration, maintenance and environmental remediation costs for the Ferguson Lake Project, claim maintenance fees related to the Projects, and limited exploration expenses related to the Stillwater Project.

25. Below is a summary of the Company's unaudited balance sheet as at November 30, 2012:

Starfield Resources Inc.			
Consolidated balance sheet as at November 30, 2012			
(in \$000s CAD)			
ASSETS		LIABILITIES AND SHAREHOLDER'S EQUITY	
Current Assets		Current Liabilities	
Cash	\$ 876	Accounts payable and accrued liabilities	\$ 748
Accounts receivable	26	Income tax payable	29
Prepaid expenses and deposits	420	Total Current Liabilities	<u>\$ 777</u>
Total Current Assets	<u>\$ 1,322</u>		
Mineral properties	\$ 13,893	Shareholders' Equity	
Equipment	186	Share capital	155,155
Total Assets	<u>\$ 15,401</u>	Contributed surplus	15,196
		Warrants	2,772
		Retained earnings (deficit)	(158,499)
		Total Shareholders' Equity	<u>\$ 14,624</u>
		Total Liabilities and Shareholders' Equity	<u>\$ 15,401</u>

26. The November 30, 2012 balance sheet reflects that the Company has an accumulated retained earnings deficit of approximately \$158 million. The notes accompanying the Company's

November 30, 2012 financial statements state that the Company's operating budget indicates that the cash on hand at November 30, 2012 will be depleted by April 2013 if the Company continues as a going concern and does not obtain additional cash through financing and/or investing activities. Furthermore, the November 30, 2012 balance sheet does not reflect the Company's obligations in connection with the May 2011 flow-through share issuance, as detailed above.

27. As a result of the sustained losses and challenging financial markets, Starfield has exhausted its liquidity and has no ability to raise additional equity, which historically has been the primary source of capital for the Company, and as such, has elected to file a NOI and restructure the Company.

Creditors

28. A copy of the creditor list included in the NOI filing is attached as **Appendix "C"**.
29. The Trustee understands that the Company does not have any secured creditors. The Company advises that all employee related amounts are current, all required remittances of employee withholdings and HST have been made when due, and the Company has no pension obligations whatsoever.
30. The Company estimates that it had total unsecured payables and accrued liabilities of approximately \$2.3 million as at March 6, 2013 (inclusive of the contractual indemnity claims of the 2010 Flow-Through Investors and the 2011 Flow-Through Investors). The following table summarizes the amounts owing to unsecured creditors:

Starfield Resources Inc.	
Estimated unsecured creditors as at March 6, 2013	
(\$000)	
Trade payables	\$ 144
Accrued liabilities	1,857
Taxes payable	320
	<u>\$ 2,321</u>

31. In addition, the Company is a defendant in three litigation matters, as follows:
- (i) a claim by Discovery 2010 Flow-Through Limited Partnership seeking damages in the amount of \$114,569.00 plus interest and costs relating to the contractual indemnity contemplated in its 2010 Flow-Through Investors subscription agreement;

- (ii) a claim by Nicholson & Associates Natural Resource Development Inc. for alleged non-payment of invoices in the amount of \$146,123.83 plus interest and costs; and
- (iii) a confidential private arbitration relating to a historic joint venture.

Each of these litigation matters is ongoing and is subject to defences and counterclaims asserted, or to be asserted by Starfield. The parties to these matters have been served with the materials in support of the Company's application.

V. COMPANY'S CASH FLOWS FOR PERIOD ENDING MAY 3, 2013

32. Starfield, with the assistance of the Trustee, has prepared consolidated cash flow projections of its receipts and disbursements for the 9-week period ending May 3, 2013 (the "**Cash Flow Projection**"). The Cash Flow Projection was filed with the Office of the Superintendent of Bankruptcy Canada on March 8, 2013. A copy of the Cash Flow Projection is attached hereto as **Appendix "D"**. The Trustee has reviewed the assumptions supporting the Cash Flow Projection and believes the assumptions to be reasonable. A copy of the Trustee's statement on the Cash Flow Projection is attached hereto as **Appendix "E"**.
33. As a result of its constrained liquidity position, the Company has suspended its exploration and development activities at the Projects. The Cash Flow Forecast assumes that the Company will continue to fund normal course obligations relating to the preservation and maintenance of the Projects in Canada and the U.S., such as claim maintenance fees and other required maintenance costs, during these BIA proceedings. The Trustee understands these costs were traditionally paid by Starfield through its Canadian accounts, and payment of these expenses going forward are necessary to preserve Starfield's interests in these properties during the proposed sales process.
34. As a result, based on the assumptions made by Starfield contained in the notes to the Cash Flow Projection, the Trustee believes that Starfield will have sufficient funds to meet its current obligations through to May 3, 2013.

VI. PROPOSED SALES PROCESS

35. The Trustee understands that in June 2011, Starfield retained the services of Gryphon Partners Canada Inc. to assist the Company with raising additional capital, finding an investor to acquire control of the Company's outstanding shares, or a sale of all or substantially all of

the Company's assets. The Trustee understands that the Company did not receive any serious expressions of interest through that process.

36. In November 2012, the Company retained PwC to assist and advise the Company on strategic alternatives to maximize value of the Company and its assets, including but not limited to a sale of all or a material portion of the assets of Starfield. PwC, with the assistance of Starfield's management, undertook a sale and investment solicitation process ("**SISP**") in which it prepared an information memorandum detailing the sale or investment opportunity and canvassed over 125 potential buyers or investors beginning on November 20, 2012. Each prospect received a copy of the information memorandum and was solicited to sign a Confidentiality Agreement ("**CA**") and conduct further due diligence. A total of four confidentiality agreements were executed and two non-binding letters of interest ("**LOIs**") were received as at February 22, 2013. Neither of these LOIs has resulted in a binding offer as at the date of this First Report.
37. The Trustee believes that a brief continuation of the sale or investment solicitation process in these BIA proceedings will bring a sense of finality to the SISP and provide the highest likelihood of a transaction or series of transactions to maximize value for the Company's stakeholders. The Trustee proposes to aggressively re-market the Company's assets to third parties for an additional period of approximately 37 days as follows: 30 days for submission of a non-binding LOI and an additional 7 days for submission of a binding offer.
38. The proposed sales process (the "**Sales Process**") would provide a further means for testing the market, gauging interest in the Company and/or its assets and determining whether a transaction that would result in realizations greater than liquidation value is available. The Trustee will be fully involved in all aspects of the proposed Sales Process to ensure that the marketing process is fair and reasonable, and that prospective interested parties have the ability to make an offer for the Company and/or its assets. The proposed Sales Process contemplates that the Company is not required to accept the highest, best or any offer received.
39. The principal elements of the proposed Sales Process are as follows:
- (i) As soon as practical, after the Sales Process is approved by this Court, an information memorandum will be sent to a list of potentially interested parties by the Trustee, which list has been developed by the Trustee and the Company.
 - (ii) Once a confidentiality agreement has been signed by any interested parties, they will receive access to an electronic data room to conduct preliminary due

diligence. The electronic data room is being refreshed by the Company with assistance of the Trustee.

- (iii) After preliminary due diligence has been conducted, interested parties are required to submit non-binding LOIs to the Trustee by 12pm EST on April 12, 2013 (the “**LOI Deadline**”). A template agreement for a non-binding LOI will be available in the Company’s electronic data room at least two weeks prior to the LOI Deadline.
- (iv) The acceptability of any LOI received is to be determined by the Company, in consultation with the Trustee.
- (v) If no satisfactory LOIs are received by the LOI Deadline, then the Company, in consultation with the Trustee, will consider whether to continue the Sales Process, and the Trustee will advise the Court accordingly.
- (vi) If satisfactory LOIs are received, a potential purchaser will be required to submit a binding asset purchase agreement (“**APA**”) by 12PM EST on April 19, 2013. These APAs will then be reviewed by the Trustee and the Company.
- (vii) Management and the Trustee will provide their recommendation to Starfield’s board of directors with respect to selecting offers to consummate a transaction, and the Trustee shall promptly notify all successful bidders.
- (viii) Once the terms and conditions of all recommended offers have been finalized, such offers will be submitted to this Court for approval. Closing of each transaction is anticipated to occur shortly thereafter.

40. The Trustee notes that while the proposed time-frame is condensed, the Trustee is of the view that the deadlines proposed in the Sales Process are reasonable given the Company’s previous marketing efforts and its lack of liquidity.

41. The Trustee will report back to this Court if facts or circumstances require the Company or the Trustee to re-evaluate the time periods or the Sales Process based on facts or circumstances at that time. The Trustee will be assisted by PricewaterhouseCoopers Corporate Finance Group in the Sales Process.

VII. SUMMARY OF PROPOSED COURT-ORDERED CHARGES

42. The Company proposes a charge in favour of its legal counsel, counsel to the directors of Starfield, the Trustee and the Trustee’s legal counsel to assist in these NOI proceedings (the

"Insolvency Professionals") in an amount not to exceed \$100,000, charging all of the assets of the Company as security for the professional fees and disbursements incurred both before and after the Filing Date (the **"Administrative Charge"**). The Trustee understands that the Company is current in the payment of the Insolvency Professionals' invoices and, subject to an accrual relating to the preparation of the Company's application and this First Report, there are no material amounts presently owing by the Company to the Insolvency Professionals.

43. Starfield was only able to provide the Insolvency Professionals with minimal retainer fees for their services as the Company needs its available cash to fund its limited operations during these proceedings. Depending upon the timing of cash receipts and disbursements, cash may not be available to pay ongoing professional fees on a timely basis and hence the reason the Administrative Charge is being sought.
44. The Company believes it is critical to the success of its restructuring to have such a charge in place to ensure that its Insolvency Professionals are protected with respect to their fees and disbursements.
45. The Company further proposes a charge to indemnify its directors and officers by way of a Directors' and Officers' Charge (the **"D&O Charge"**), for liabilities incurred by the Company that result in post-filing claims against the directors and officers in their personal capacities.
46. The Company does maintain an insurance policy for its directors and officers and that the premiums for such policy have been paid monthly and paid in respect of the current month.
47. The amount of the D&O Charge is capped at \$100,000 and was estimated by the Company's board of directors and its legal advisors by taking the provisions of the insurance policy for its directors and officers. The D&O Charge is proposed to rank immediately subsequent to the Administrative Charge as against all assets of the Company.
48. The board of directors and its legal counsel is not aware of any material directors' and officers' charges or potential liabilities; however, for the purpose of a filing, they believe the \$100,000 affords them some protection for issues that may arise. The Company's directors and officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified.
49. Furthermore, the Trustee has been advised that due to the potential for personal liability, the directors and officers of the Company are unwilling to continue their services and involvement in this restructuring without the protection of a small D&O Charge. As the

Company will require the participation of its directors and officers to effect a successful restructuring, the Trustee believes that the D&O Charge is required and reasonable in the circumstances.

50. The Trustee is of the view that the proposed Administrative Charge and the proposed D&O Charge (together the **"Court-Ordered Charges"**) and rankings are required and reasonable in the circumstances of the BIA proceedings, in order to preserve the Company's operations and attempt to maintain an enterprise value and, accordingly, supports the granting and the proposed priority ranking of the Court-Ordered Charges. The Trustee understands that the Company does not have any secured creditors (excluding any purchase money security interests, specific equipment lessors and statutory encumbrances) and, therefore, no secured creditor would be affected by the proposed Court-Ordered Charges. Furthermore, all known creditors of the Company, including the 2010 Flow-Through Investors and the 2011 Flow-Through Investors, have received notice of these proceedings.

VIII. PROPOSED RETENTION PAYMENTS

51. The Company believes that incentives are required to ensure that the consultants Starfield currently has under contract, including the current CEO and the current CFO, are willing to continue their services with the Company in its current circumstances through to completion of the Sales Process.
52. The Company, in conjunction with the Trustee, has formulated and is seeking this Court's approval of the Retention Payments to the Company's four remaining consultants (the **"Key Employees"**) in the aggregate amount of \$25,000 per month (the **"Aggregate Monthly Amount"**) payable on the 15th of each month in respect of the current month, commencing March 15, 2013, on following terms:
- (i) the Aggregate Monthly Amount is to be distributed among the Key Employees in accordance with a memorandum of distribution to be approved by the board of directors of the Company, the Trustee and the Key Employees on or before the March 15, 2013;
 - (ii) to be entitled to receive his or her share of each Aggregate Monthly Amount a Key Employee must not have resigned or had his contract terminated for cause prior to the applicable payment date; and
 - (iii) Each Retention Payment is subject to the Company having sufficient available cash to pay the Aggregate Monthly Amount, and the Retention Payments shall

cease upon the Company making or being deemed to have made an assignment in bankruptcy.

53. The Company believes that absent the approval of the Retention Payments in favour of the Key Employees, they are likely to seek other employment opportunities. The departure of any of the Key Employees would undermine Starfield's restructuring efforts and could have an adverse impact on the success of the Company's proposed Sales Process.
54. Starfield's Board of Directors have reviewed and approved the proposed Retention Payments and the terms and conditions thereof.
55. Based on the foregoing, the Trustee is of the view that the proposed Retention Payments appears to be appropriate and reasonable in the circumstances, in order to preserve the Company's operations and maintain some enterprise value and, accordingly, supports the Company's request for approval of the Retention Payments.

IX. COMPANY'S REQUEST FOR AN EXTENSION

56. The Company is seeking an extension to April 26, 2013 of the time to file a proposal to permit it and the Trustee to undertake the Sale Process described above. This represents a 20-day extension to the initial 30-day stay provided for in the BIA.
57. The Trustee supports the Company's request for an extension for the following reasons:
 - (i) the Company is acting in good faith and with due diligence in taking steps to facilitate a sale of its operations;
 - (ii) it is the Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
 - (iii) the Cash Flow Projection indicates that Starfield should have sufficient liquidity to continue to fund operations through the period ending April 26, 2013; and
 - (iv) at least 30 days will be required to establish whether there is any serious interest in acquiring the Company and/or its assets.
58. While it is too early to say whether a viable proposal will be presented by the Company to its creditors, the Trustee is of the view that the early request of the extension is appropriate given the circumstances, as it minimizes costs incurred in re-attending before this Court prior to April 7, 2013 solely for the purposes of seeking a short extension of the stay until the LOIs have been received and reviewed. Given that these LOIs are not due until April 12, 2012 (and the extension will have to be sought prior to that date), the current extension request more

properly reflects the timeframe by which the Trustee will be able to provide a meaningful update to this Court on the progress of the Sales Process.

X. RECOMMENDATION

59. The Trustee recommends that this Court issue an Order approving the proposed Court-Ordered Charges, the proposed Sales Process to sell the Company or its assets, the proposed Retention Payments, and the Company's request for an Extension as this would be the best course of action available for all stakeholders for the following reasons:

- (i) the Company qualifies for and requires protection under the BIA due to its liquidity issues and precarious financial position;
- (ii) the proposed Court-Ordered Charges and rankings are required and reasonable in the circumstances of the BIA proceedings, in order to preserve the Company's operations and maintain an enterprise value;
- (iii) the retention of the Key Employees is critical to maintaining operations during these proceedings and the success of the proposed Sales Process; and
- (iv) the proposed Sales Process will preserve some value for the assets of Starfield, whereas, should bankruptcy ensue, an immediate liquidation of the Company would likely result in an immediate and substantial diminution in realizable value for all creditors.

Dated the 8th day of March, 2013.

RESPECTFULLY SUBMITTED,



Paul van Eyk, CA·CIRP, CA·IFA
Senior Vice-President

PricewaterhouseCoopers Inc.
In its capacity as Proposal Trustee of
Starfield Resources Inc.
and not in its personal capacity

APPENDIX A



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

070

District of Ontario
Division No. 09 - Toronto
Court No. 31-1722720
Estate No. 31-1722720

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

Starfield Resources Inc.
Insolvent Person

PRICEWATERHOUSECOOPERS INC.
Trustee

Date of the Notice of Intention: March 07, 2013

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

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

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

Date: March 08, 2013, 08:36

E-File/Dépôt Electronique

Official Receiver

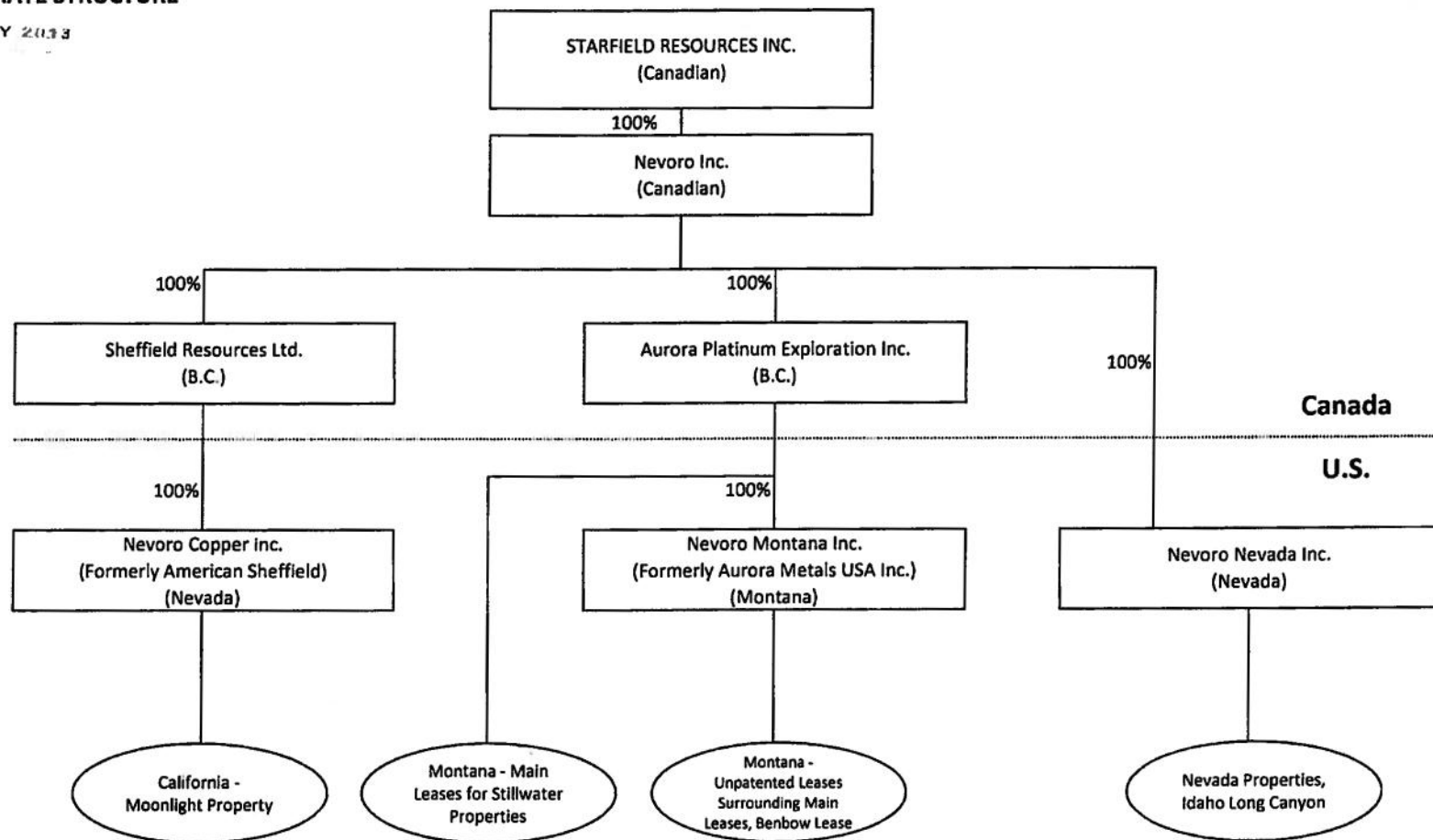
25 St. Clair Avenue East, 6th floor, Toronto, Ontario, Canada, M4T1M2, (877)376-9902

Canada

APPENDIX B

**STARFIELD RESOURCES INC.
CORPORATE STRUCTURE**

JANUARY 2013



20090618 Corporate Structure

APPENDIX C

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
Starfield Resources Inc.
Creditor List

074

Unsecured - Trade:

NAME:	AMOUNT:
Canada Revenue Agency	\$ 320,375.73
John E. Robins	12,500.00
KPMG LLP	73,541.53
Lawrence Barry	12,500.00
Major Drilling International Inc.	6,053.10
Matthew Mason	25,000.00
TSX Inc.	14,449.90
TOTAL:	\$ 464,420.26

Unsecured - Equity Claimants:

NAME:	AMOUNT:
Alan Grantham	Unknown
Canada Dominion Resources 2010 Limited Partnership	Unknown
CMP 2010 Resource Limited Partnership	Unknown
Cornelis Gysbers	Unknown
Daymond Loeb	Unknown
Discovery 2010 Flow-Through Limited Partnership	Unknown
Dwayne Swan	Unknown
Edward Kirk	Unknown
Greg Van Stavern	Unknown
Howard Winick	Unknown
Howard Winick	Unknown
James W. Gogan	Unknown
Joel Maser	Unknown
John R. Craig	Unknown
Justin Cohen	Unknown
Kabeer Baig	Unknown
Kodjo M. Zankpe	Unknown
Maple Leaf Short Duration 2010 FT LP	Unknown
Maple Leaf Short Duration 2011 Flow Through LP	Unknown
Mark Faircloth	Unknown
Matrix Explore 2011 - I FT LP	Unknown
Michael Botetzayas	Unknown
Michael Hartnett	Unknown
Mineral Fields 2011 - II Super Flow Through LP	Unknown
Mineral Fields 2011 IV Super Flow Through LP	Unknown
Mineral Fields 2011 V Super Flow Through LP	Unknown
Pathway Mining 2010 Flow-Through LP	Unknown
Pathway Mining 2011 Super Flow Through LP	Unknown
Pathway Quebec Mining 2010 Flow-Through LP	Unknown
Paul Freedman	Unknown

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
Starfield Resources Inc.
Creditor List

075

Philip S. Martin	Unknown
R.A. Bondy	Unknown
Richard Roussel	Unknown
Rimmer Mining Company Ltd.	Unknown
Ron Kimel	Unknown
Shand Holdings Ltd.	Unknown
Sheldon Inwetash	Unknown
Stone 2010 Flow Through L.P.	Unknown
Stone 2010 WCP Flow Through LP	Unknown
William & Dunya Botetzayas	Unknown
TOTAL	Unknown
GRAND TOTAL	<u>\$ 464,420.26</u>