

**APPENDIX D**

Starfield Resources Inc.  
 Projected Statement of Cash Flow  
 For the period ending May 3, 2013

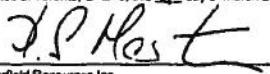
Week Ending (in CAD\$000s)	Notes	8-Mar	15-Mar	22-Mar	29-Mar	5-Apr	12-Apr	19-Apr	26-Apr	3-May	Total
Cash balance - Opening		524.0	330.3	240.5	232.5	186.8	113.1	90.1	93.2	69.6	524.0
Receipts											
Proceeds from U.S. bank accounts	1	-	-	-	-	-	-	57.0	-	-	57.0
Total Receipts		-	-	-	-	-	-	57.0	-	-	57.0
Disbursements											
Maintenance Costs - U.S. mineral properties	2	4.6	-	-	37.1	4.6	-	0.9	-	4.6	51.8
Maintenance Costs - Ferguson Lake	3	-	-	-	0.6	-	-	-	0.6	-	1.2
Compensation	4	36.7	25.0	-	-	42.7	-	25.0	-	36.7	166.1
Rent & Utilities	5	12.9	-	-	-	12.9	-	-	-	12.9	38.7
Insurance	6	4.7	18.8	-	-	-	-	-	-	-	23.5
SG&A	7	4.8	6.0	3.0	3.0	8.5	3.0	3.0	3.0	7.0	41.3
Professional Fees	8	130.0	40.0	5.0	5.0	5.0	20.0	25.0	20.0	5.0	255.0
Total Disbursements		193.7	89.8	8.0	45.7	73.7	23.0	53.8	23.8	66.2	577.8
Cash balance - Closing		330.3	240.5	232.5	186.8	113.1	90.1	93.2	69.6	3.4	3.4

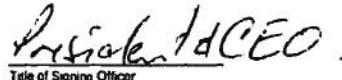
Notes:

- 1 Represents bank account balances in 100% owned Starfield subsidiaries located in the U.S. in the form of certificates of deposit and cash. Starfield is currently in the process of transferring these funds to its Canadian accounts, although the exact amount and timing is an estimate and subject to change.
- 2 Ongoing normal course expenses for Starfield's U.S. mining properties relating to claims maintenance, property leases, utilities, etc.
- 3 Ongoing normal course expenses for the Ferguson Lake property.
- 4 Represents compensation costs for all four consultants currently under contract, including the CEO and CFO. This forecast also assumes full payment of the proposed retention payments to each eligible consultant, subject to Court approval.
- 5 Represents rent and utilities costs for head office facility.
- 6 Represents premiums for existing D&O policy. This forecast assumes a lump sum prepayment in the week ending March 15, 2013 for all premiums owing to July 26, 2013.
- 7 Represents general office and administrative costs.
- 8 Professional fees for Starfield's legal counsel, legal counsel to the board of directors, the proposal trustee and its legal counsel, and costs related to the proposed sales process. This forecast includes retainers paid to Starfield's advisors and assumes these amounts are fully drawn by the end of the forecast period.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Toronto, Ontario, this 8 day of March 2013.

  
 Starfield Resources Inc.  
P.S. MARTIN  
 Name of Signing Officer

  
 President/CEO  
 Title of Signing Officer

This cash flow statement of Starfield Resources Inc. is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow and the Trustee's Report of the Cash-Flow Statement dated the 8 day of March 2013.

PricewaterhouseCoopers Inc., Trustee

Per:

  
 Paul van Eyk, Senior Vice President

420

## **APPENDIX E**

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

079

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the notice of intention to file a proposal of  
Starfield Resources Inc.  
of the City of Toronto, in the Province of Ontario

The attached statement of projected cash flow of Starfield Resources Inc., as of the 8th day of March, 2013, consisting of a weekly statement of projected cash flow for the period from March 4, 2013 to May 3, 2013, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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

Dated at the City of Toronto in the Province of Ontario, this 8th day of March 2013.

PricewaterhouseCoopers Inc. - Trustee

Per:



---

Paul van Eyk  
18 York Street, Suite 2600  
Toronto ON M5J 0B2  
Phone: (416) 863-1133      Fax: (416) 814-3219

# TAB 2E

**APPENDIX E**

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

**April 24, 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**

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

**April 24, 2013**

## TABLE OF CONTENTS

I.	INTRODUCTION .....	4
II.	PURPOSE OF REPORT .....	4
III.	QUALIFICATIONS .....	5
IV.	BACKGROUND.....	5
V.	COMPANY'S CASH FLOWS FOR PERIOD FROM MARCH 4, 2013 TO APRIL 19, 2013 .....	7
VI.	COMPANY'S CASH FLOWS FOR THE PERIOD ENDING MAY 20, 2013 .....	8
VII.	SALES PROCESS .....	9
VIII.	PROPOSED TRANSACTION .....	10
IX.	COMPANY'S REQUEST FOR THE STAY EXTENSION.....	11
X.	ACTIVITIES OF THE TRUSTEE .....	12
XI.	RECOMMENDATION.....	12

## APPENDICIES

APPENDIX "A" –	ORDER OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED MARCH 15, 2013
APPENDIX "B" –	FIRST REPORT OF PRICEWATERHOUSECOOPERS INC. DATED MARCH 8, 2013
APPENDIX "C" –	STARFIELD RESOURCES INC. REVISED CASH FLOW PROJECTION
APPENDIX "D" –	LETTER OF INTENT RECEIVED FROM AN INTERESTED PARTY

## I. INTRODUCTION

1. This report (the “**Second 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. To date, the Trustee has filed one report in respect of the Company’s NOI. A copy of this report, dated March 8, 2013 (the “**First Report**”), which among other things, 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. A copy of the First Report, without appendices, is attached hereto as **Appendix “B”**.

## II. PURPOSE OF REPORT

4. The purpose of this Second Report is to:
  - a) Provide this Court with a summary of the following:
    - (i) Background on the activities of the Company since the First Report;
    - (ii) The Company’s actual cash flows for the period from March 4, 2013 to April 19, 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 proposed Letter of Intent (the “**LOI**”) dated April 24, 2013 between the Company and an interested party (the “**Potential Purchaser**”) for the sale of Company’s assets related to its Ferguson Lake, Nunavut project (the “**Ferguson Lake Project**”);
    - (v) The Company’s request for an extension of the time required to file its proposal to May 20, 2013 (the “**Stay Extension**”); and
    - (vi) Report on the activities of the Trustee since the First Report.

b) Recommend that this Court issue an order:

- (i) Approving the Company's request for the Stay Extension; and
- (ii) Approving the activities of the Trustee as set out in this Second Report.

### III. QUALIFICATIONS

- 5. In preparing this Second 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**").
- 6. In accordance with industry practice, except as described in this Second 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 Second 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.
- 7. The Trustee has prepared this Second Report for the use of the Court in consideration of the motion described in the Notice of Motion dated April 24, 2013, filed by Fasken Martineau DuMoulin LLP, counsel to the Company. The Second Report should not be relied on by other parties.
- 8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

### IV. BACKGROUND

#### Overview

- 9. 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 on March 7, 2013 (the “**Cash Flow Projection**”).

10. 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.
11. In addition to the Sales Process discussed below, the Company reached a settlement with respect to the final \$15,000 payment due in June 2013 under its option agreement relating to an early stage gold property in Nevada (the “**Dome Hill Project**”). Payment in the settlement amount of \$7,000 is expected to be received during the week of April 29, 2013. As detailed in the First Report, Starfield no longer intends to pursue the Dome Hill Project and in May 2011, its U.S. subsidiary entered into an option agreement to sell its interest for \$25,000 payable over a three year period. As at the date of this Second Report, Starfield had received the first 2 payments of \$5,000 each pursuant to the option agreement. The Trustee understands that the U.S. gold company has the option to terminate this agreement at any time and as such is not contractually obligated to make the final payment in June 2013.
12. As of the date of this Second Report, the Trustee understands that each of the Company's four consultants (the “**Key Employees**”) are all being paid in the ordinary course by the Company and that each received his or her share of the Court-approved retention payments (the “**Retention Payments**”) on March 15, 2013 and April 15, 2013, respectively. The Trustee understands that all required Retention Payments under the Key Employee memorandum of distribution have been satisfied.

**V. COMPANY'S CASH FLOWS FOR PERIOD FROM MARCH 4, 2013 TO APRIL 19, 2013**

13. Set out below is a summary of the Company's actual cash flow as compared to the Cash Flow Projection for the seven week period ending April 19, 2013:

<b>Starfield Resources Inc.</b>			
<b>Statement of Cash Flow - Comparison Actual to Forecast</b>			
<b>For the 7 week period ending April 19, 2013</b>			
<b>Week Ending</b> (in CAD\$000s)	<b>Actual Total</b>	<b>Budget Total</b>	<b>Fav/(Unfav) Variance</b>
<b>Cash balance - Opening</b>	<b>524.0</b>	<b>524.0</b>	<b>-</b>
<b>Receipts</b>			
Proceeds from U.S. bank accounts	-	57.0	(57.0)
<b>Total Receipts</b>	<b>-</b>	<b>57.0</b>	<b>(57.0)</b>
<b>Disbursements</b>			
Maintenance Costs - U.S. mineral properties	4.7	47.2	42.5
Maintenance Costs - Ferguson Lake	-	0.6	0.6
Compensation	122.4	129.4	7.0
Rent & Utilities	25.8	25.8	-
Insurance	23.5	23.5	-
SG&A	(22.9)	31.3	54.2
Professional Fees	248.9	230.0	(18.9)
<b>Total Disbursements</b>	<b>402.4</b>	<b>487.8</b>	<b>85.4</b>
<b>Cash balance - Closing</b>	<b>121.6</b>	<b>93.2</b>	<b>28.4</b>

14. As detailed in the table above, the Company has achieved a net favourable cash flow variance of approximately \$28,400 as compared to forecast for the period from March 4, 2013 to April 19, 2013. The Company's actual net cash flow for the period was a net outflow of approximately \$402,400 as compared to a forecasted net outflow of approximately \$430,800.

15. The principal reasons for the favourable variance on net cash flow include:

- (i) Approximately \$54,200 SG&A - favourable variance due to lower than anticipated SG&A costs incurred to date and refunds of HST and corporate income taxes that were not forecasted;

- (ii) Approximately \$42,500 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;
- (iii) 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; and
- (iv) Approximately \$18,900 Professional Fees – unfavourable variance related primarily to timing difference of invoices paid to date.

16. The Trustee is of the view that the Company is acting in a manner consistent with the Cash Flow Projection and as at the date of this Second 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 MAY 20, 2013**

- 17. 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 May 20, 2013 (the “**Revised Cash Flow Projection**”). The Revised Cash Flow Projection was filed with the Office of the Superintendent of Bankruptcy Canada on April 24, 2013. A copy of the Revised Cash Flow Projection is attached hereto as **Appendix “C”**. The Trustee has reviewed the assumptions supporting the Revised Cash Flow Projection and believes the assumptions to be reasonable.
- 18. The Revised Cash Flow Forecast assumes that the Company will continue to fund normal course obligations relating to the preservation and maintenance of assets in Canada and the U.S. (held through subsidiary), 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, as well as rent and professional fees which are required to advance the Sales Process.
- 19. 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 May 20, 2013.

## VII. SALES PROCESS

20. 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 Honourable Court in the March 15 Order. The Trustee has been fully involved in all aspects of the Sales Process to date. It's 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.

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

- (i) 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;
- (ii) 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 (the "**Rolling Stock**") located at the Ferguson Lake Project camp site;
- (iii) 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;
- (iv) 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 was received by the Potential Purchaser on April 15, 2013, after the LOI Deadline;
- (v) 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 Potential Purchaser was the superior offer for substantially all of the assets relating to the Ferguson Lake Project. Two of the LOI's 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 believe there is significant execution risk with this aforementioned LOI.

- (vi) After negotiation/discussions with the Potential Purchaser, an LOI was submitted on the afternoon of April 24, 2013 (the “**Proposed Transaction**”) on terms acceptable to the Company. The LOI was subsequently approved by Starfield’s board of directors and accepted by the Company. The total consideration offered by the Potential Purchaser was significantly higher than the net minimum guarantee provided by one of the liquidators and, as discussed below, included a \$100,000 deposit against the purchase price. Furthermore, the Potential Purchaser’s LOI contained limited closing conditions and would allow for an expedited closing. As a result, the LOI from the Potential Purchaser was the only offer accepted; and
- (vii) As at the time of the Second Report there have been no offers received by the Company in relation to its U.S. assets including the Stillwater Project and Superior Project. The Company will continue to explore options relating to these assets.

## **VIII. PROPOSED TRANSACTION**

- 22. Attached hereto as **Appendix “D”** is a redacted copy of the LOI between the Company and the Potential Purchaser.
- 23. As detailed in the LOI, the Potential Purchaser will acquire all of the rights, titles and interests in and to all equipment, claims, leases and other assets and rights used or held for use in or in respect of the Ferguson Lake Project (the “**Purchased Assets**”), for the sum of \$800,000 plus applicable taxes (the “**Purchase Price**”).
- 24. The Company agrees to deal with the Potential Purchaser on an exclusive basis in regard to the Proposed Transaction, until the earlier of: May 15, 2013; the date on which the Potential Transaction is closed; and the date the Potential Purchaser indicates intent to terminate discussions with respect to the Proposed Transaction. This exclusivity relates only to the assets relating to the Company’s Ferguson Lake Project.
- 25. Upon acceptance of the LOI the Potential Purchaser provided a \$100,000 deposit which is to be held in trust; \$50,000 becomes non-refundable upon the later of May 3, 2013 and the Prospective Purchaser obtaining comfort with respect to the assignability and transfer of certain property and mining leases. If comfort is not obtained by May 10, 2013 the entire deposit shall be refunded. If comfort is obtained but the transaction does not close by May

15, 2013 (or such date as the respective parties may agree) the refundable portion of the deposit will be refunded to the Prospective Purchaser.

26. The Purchase Price is inclusive of a \$100,000 holdback which will be held in trust and shall be applied to any costs, expenses or fees in excess of \$5,000 which are reasonably required in order to obtain renewal of the water use permit of which the Potential Purchaser becomes aware on or before May 31, 2013, after which these funds will be released to the Company.
27. The Prospective Purchaser's remaining due diligence is expected to be completed in an expedited manner and closing of this transaction is expected by March 15, 2013 (the "Closing"). The signed APA will be conditional on Court approval as required under the BIA.
28. As detailed in the Revised Cash Flow Projection, should the Company not complete the Proposed Transaction prior to May 20, 2013 and/or have access to the non-refundable deposit from the Potential Purchase; the Company will allow the stay period to expire without an extension or filing of a plan and be deemed bankrupt.

## **IX. COMPANY'S REQUEST FOR THE STAY EXTENSION**

29. The Company is seeking the Stay Extension to permit it and the Trustee to undertake the Proposed Transaction described above. If granted, the Stay Extension will represent a further 24-day extension to the stay of proceedings which, together with 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 74 days from filing of the NOI.
30. The Trustee supports the Company's request for the Stay 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 the Stay Extension will not prejudice or adversely affect any group of creditors;
  - (iii) The Revised Cash Flow Projection indicates that Starfield should have sufficient liquidity to continue to fund operations through the period ending May 20, 2013; and
  - (iv) At least 24 days will be required to establish whether the Proposed Transaction can close and deposits become non-refundable.
31. 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 request for the Stay Extension is appropriate given the circumstances, as it minimizes costs incurred in re-attending before this Court prior

to the May 15, 2013 closing date in the Potential Purchaser's LOI solely for the purposes of seeking a short stay extension to complete the Proposed Transaction. The current Stay 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 Proposed Transaction.

## **X. ACTIVITIES OF THE TRUSTEE**

32. The Trustee's activities since the filing of the First Report include:

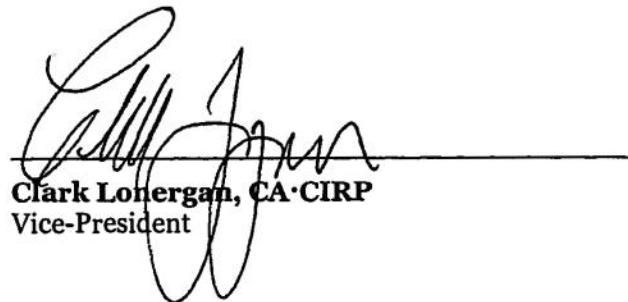
- (i) Review of the Company's weekly cash flow results, and discussions with the Company on material variances to the Cash Flow Projection;
- (ii) Discussions and correspondence with Fasken Martineau DuMoulin LLP, counsel to the Company;
- (iii) Discussions and correspondence with Cassels Brock & Blackwell LLP, counsel to the Trustee;
- (iv) Review of relevant material provided by the Company for the Sales Process;
- (v) Refreshing and posting additional materials to the electronic data room as part of the Sales Process;
- (vi) Drafting of LOI, and other materials related to the Sales Process;
- (vii) Discussions with the Company and its counsel on the Sales Process and a review of the LOIs received;
- (viii) Discussions with numerous interested parties in relation to the Sales Process; and
- (ix) Discussions with numerous creditors and shareholders on the status of the proceedings.

## **XI. RECOMMENDATION**

33. The Trustee recommends that this Court issue an Order approving the Company's request for the Stay Extension as this would be the best course of action available for all stakeholders as the Proposed Transaction 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 24th day of April, 2013.

**RESPECTFULLY SUBMITTED,**



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 2F**

## **APPENDIX F**

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

**May 14, 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**

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

**May 14, 2013**

## TABLE OF CONTENTS

I.	INTRODUCTION .....	4
II.	PURPOSE OF REPORT .....	4
III.	QUALIFICATIONS .....	5
IV.	BACKGROUND.....	6
V.	COMPANY'S CASH FLOWS FOR PERIOD FROM MARCH 4, 2013 TO MAY 10, 2013 .....	6
VI.	COMPANY'S CASH FLOWS FOR THE PERIOD ENDING JUNE 7, 2013.....	8
VII.	SALES PROCESS .....	8
VIII.	COMPANY'S REQUEST FOR THE STAY EXTENSION.....	9
IX.	ACTIVITIES OF THE TRUSTEE.....	10
X.	RECOMMENDATION .....	11

## APPENDICIES

APPENDIX "A" –	ORDER OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED MARCH 15, 2013
APPENDIX "B" –	ORDER (SECOND STAY EXTENSTION) OF THE HONOURABLE MR. JUSTICE CUMMING DATED APRIL 26, 2013
APPENDIX "C" –	FIRST REPORT OF PRICEWATERHOUSECOOPERS INC. DATED MARCH 8, 2013
APPENDIX "D" –	SECOND REPORT OF PRICEWATERHOUSECOOPERS INC. DATED APRIL 24, 2013
APPENDIX "E" –	STARFIELD RESOURCES INC. REVISED CASH FLOW PROJECTION
APPENDIX "F" –	LETTER OF INTENT RECEIVED FROM AN INTERESTED PARTY

## I. INTRODUCTION

1. This report (the “**Third 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. To date, the Trustee has filed two reports in respect of the Company’s NOI. A copy of the first report dated March 8, 2013 (the “**First Report**”) and second report dated April 24, 2013 (the “**Second Report**”) is attached hereto as **Appendix “C”** and **Appendix “D”** 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 addressed the Company’s post-filing strategy, including an update to the proposed sales process being carried out by the 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

5. The purpose of this Third Report is to:
  - a) Provide this Court with a summary of the following:
    - (i) Background on the activities of the Company since the Second Report;
    - (ii) The Company’s actual cash flows for the period from March 4, 2013 to May 10, 2013, including a comparison of actual to forecast results;

- (iii) The results of the Court-approved sales process (the “**Sales Process**”) including an update on the LOI dated April 24, 2013 (the “**Proposed Transaction**”) between the Company and an interested party (the “**Potential Purchaser**”) for the sale of Company’s assets related to the Ferguson Lake Project;
- (iv) The Company’s request for an extension of the time required to file its proposal to June 7, 2013 (the “**Stay Extension**”); and
- (v) Report on the activities of the Trustee since the Second Report.

b) Recommend that this Court issue an order:

- (i) Approving the Company’s request for the Stay Extension; and
- (ii) Approving the activities of the Trustee as set out in this Third Report.

### III. QUALIFICATIONS

- 6. In preparing this Third 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**”).
- 7. In accordance with industry practice, except as described in this Third 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.
- 8. The Trustee has prepared this Third Report for the use of the Court in consideration of the motion described in the Notice of Motion dated May 14, 2013, filed by Fasken Martineau DuMoulin LLP, counsel to the Company. The Third Report should not be relied on by other parties.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## IV. BACKGROUND

### Overview

10. 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 on March 7, 2013 and the Company's revised cash flow projection as filed with the Office of the Superintendent of Bankruptcy Canada on April 24, 2013.
11. 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.
12. In addition to the Sales Process discussed below, the Company reached a settlement with respect to its option agreement relating to an early stage gold property in Nevada (the "Dome Hill Project"). Payment in the settlement amount of \$7,000 was received during the week of May 3, 2013.
13. As of the date of this Third Report, the Trustee understands that each of the Company's four consultants (the "Key Employees") are all being paid in the ordinary course by the Company.

## V. COMPANY'S CASH FLOWS FOR PERIOD FROM MARCH 4, 2013 TO MAY 10, 2013

14. Set out below is a summary of the Company's actual cash flow as compared to the Cash Flow Projection for the ten week period ending May 10, 2013:

<b>Starfield Resources Inc.</b> <b>Projected Statement of Cash Flow</b> <b>For the period ending May 10, 2013</b>			
<b>Week Ending</b> (in CAD\$000s)	<b>Actual Total</b>	<b>Budget Total</b>	<b>Fav/(UnFav) Variance</b>
<b>Cash balance - Opening</b>	524.0	524.0	-
<b>Receipts</b>			
Sale Proceeds/Deposits/U.S. bank account funds	7.0	64.0	(57.0)
<b>Total Receipts</b>	7.0	64.0	(57.0)
<b>Disbursements</b>			
Maintenance Costs - U.S. mineral properties	7.5	51.2	43.7
Maintenance Costs - Ferguson Lake	-	0.6	0.6
Compensation	138.6	147.1	8.5
Rent & Utilities	38.7	38.7	-
Insurance	23.5	23.5	-
SG&A	(22.0)	39.9	61.9
Professional Fees	294.1	286.5	(7.6)
<b>Total Disbursements</b>	<b>480.4</b>	<b>587.5</b>	<b>107.1</b>
<b>Cash balance - Closing</b>	<b>50.6</b>	<b>0.5</b>	<b>50.1</b>

15. As detailed in the table above, the Company has achieved a net favourable cash flow variance of approximately \$50,100 as compared to forecast for the period from March 4, 2013 to May 10, 2013. The Company's actual net cash flow for the period was a net outflow of approximately \$473,400 as compared to a forecasted net outflow of approximately \$523,500.

16. The principal reasons for the favourable variance on net cash flow include:

- (i) Approximately \$61,900 SG&A - favourable variance due to lower than anticipated SG&A costs incurred to date and refunds of HST and corporate income taxes that were not forecasted;
- (ii) Approximately \$43,700 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;

- (iii) 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; and
- (iv) Approximately \$7,600 Professional Fees - unfavourable variance related primarily to timing difference of invoices paid to date.

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 Third 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 7, 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 7, 2013 (the **"Revised Cash Flow Projection"**). The Revised Cash Flow Projection was filed with the Office of the Superintendent of Bankruptcy Canada on May 14, 2013. A copy of the Revised Cash Flow Projection is attached hereto as **Appendix "E"**. The Trustee has reviewed the assumptions supporting the Revised Cash Flow Projection and believes the assumptions to be reasonable.

19. The Revised Cash Flow Forecast assumes that the Company will continue to fund normal course obligations relating to the preservation and maintenance of its assets in Canada and 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.

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 7, 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 Honourable Court in the March 15 Order. The Trustee has been fully involved in all aspects of the Sales Process to date. It's 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. As detailed in the Second Report a total of 4 LOI's were received as part of the Sales Process. As further discussed in the Second Report, the Proposed Transaction was the only LOI accepted by the Company and its board of directors as the total consideration offered of \$800,000 by the Potential 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 Proposed Transaction contained limited closing conditions and would allow for an expedited closing. Attached hereto as **Appendix "F"** is a redacted copy of the LOI between the Company and the Potential Purchaser;

23. Since the Second Report:

- a) The Potential Purchaser has 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 Company as of May 10, 2013. This amount was subsequently deposited into the Company's bank accounts and will be used to fund the closing costs of the Proposed Transaction and its associated asset and purchase agreement (the "APA");
- b) The Company continues to finalize the APA with the Potential Purchaser as of the date of this Third Report and, consistent with the Second Report, the Company still expects this transaction to close on or around May 15, 2013, and
- c) As at the time of the Third Report there have been no offers received by the Company in relation to its U.S. assets, including the Stillwater Project and Superior Project, however the Company will continue to explore options relating to these assets.

24. As detailed in the Revised Cash Flow Projection, should the Company not complete the Proposed Transaction prior to June 7, 2013, the Company will allow the stay period to expire without an extension or filing of a plan and be deemed to have made an assignment into bankruptcy.

## **VIII. COMPANY'S REQUEST FOR THE STAY EXTENSION**

25. The Company is seeking the Stay Extension to permit it and the Trustee to complete the Proposed Transaction and APA previously referenced. If granted, the Stay Extension will represent a further 19-day extension to the stay of proceedings which, together with the current 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 93 days from the filing of the NOI.

26. 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) The Revised Cash Flow Projection indicates that Starfield should have sufficient liquidity to continue to fund operations through the period ending June 7, 2013;
- d) It is the Trustee's view that the Stay Extension is required to provide the Company with sufficient time to close the Proposed Transaction; and
- 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.

27. 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 request for the Stay Extension is appropriate given the circumstances and more properly reflects the timeframe by which the Trustee will be able to provide a meaningful update to this Court and seek the Court's approval for the APA.

## IX. ACTIVITIES OF THE TRUSTEE

28. The Trustee's activities since the filing of the Second 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 LOI, APA, and other materials related to the Sales Process;
- c) Discussions with the Company related to the Sales Process, LOI and APA;
- d) Discussions and correspondence with Fasken Martineau DuMoulin LLP, counsel to the Company;
- e) Discussions and correspondence with Cassels Brock & Blackwell LLP, counsel to the Trustee;
- f) Discussions with the Potential Purchaser and its counsel related to the LOI and APA;

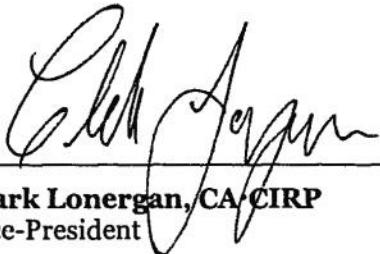
- g) Discussions with numerous interested parties in relation to the Sales Process; and
- h) Discussions with numerous creditors and shareholders on the status of the proceedings.

## **XI. RECOMMENDATION**

29. The Trustee recommends that this Court issue an Order approving the Company's request for the Stay Extension as this would be the best course of action available for all stakeholders as the Proposed Transaction 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 14th day of May, 2013.

**RESPECTFULLY SUBMITTED,**



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 2G**

**APPENDIX G**

Starfield Resources Inc.  
**Projected Statement of Cash Flow**  
For the period ending June 28, 2013

Period Ending (in CAD\$000s)	Notes	7-Jun	14-Jun	21-Jun	28-Jun	Total
<b>Cash balance - Opening</b>		73.8	35.1	662.1	640.1	73.8
<b>Receipts</b>						
Sale Proceeds/Deposits/U.S. bank account funds	1	-	700.0	-	50.0	750.0
<b>Total Receipts</b>		-	700.0	-	50.0	750.0
<b>Disbursements</b>						
Maintenance Costs - U.S. mineral properties	2	2.0	-	-	-	2.0
Maintenance Costs - Ferguson Lake	3	-	-	-	-	-
Compensation	4	16.2	-	-	-	16.2
Rent & Utilities	5	-	-	-	-	-
Insurance	6	-	-	-	-	-
SG&A	7	0.5	3.0	2.0	-	5.5
Professional Fees	8	20.0	70.0	20.0	5.0	115.0
<b>Total Disbursements</b>		38.7	73.0	22.0	5.0	138.7
<b>Cash balance - Closing</b>		35.1	662.1	640.1	685.1	685.1

**Notes/Assumptions:**

- 1 This forecast assumes the proposed transaction closes on or before June 12 ("Closing"), subject to Court approval. As such, proceeds from the remaining \$50K of the deposit pursuant to the Purchaser's LOI will become non-refundable on Closing and the balance of the purchase price (less the holdback) are both assumed to be received during the week ended June 14. The \$50k holdback is assumed to be received during the week ended June 28.
- 2 Ongoing normal course expenses for Starfield's U.S. mining properties relating to claims maintenance, property leases, utilities, etc.
- 3 Ongoing normal course expenses for the Ferguson Lake property. No further costs are expected subsequent to Closing.
- 4 Compensation is paid in advance. The forecast represents a half month of compensation costs (50%) for contract staff as it assumes staff will not be required beyond June 14.
- 5 Rent for the month of June was remitted on May 31. This forecast assumes the head office lease is not required beyond June.
- 6 D&O policy has been paid up to July 26, 2013.
- 7 Represents general office and administrative costs, net of excise tax refunds.
- 8 Professional fees for Starfield's legal counsel, legal counsel to the Board of Directors, the proposal trustee and its legal counsel, and costs incurred related to closing the proposed Transaction. This forecast includes retainers paid to Starfield's advisors and assumes these amounts are fully drawn by the end of the forecast period.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Toronto, Ontario, this 5th day of June 2013.



Starfield Resources Inc.

Mr. Philip Martin

Name of Signing Officer

President & CEO

Title of Signing Officer

This cash flow statement of Starfield Resources Inc. is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow and the Trustee's Report of the Cash-Flow Statement dated the 5th day of June 2013.

PricewaterhouseCoopers Inc., Trustee



Paul van Eyk, Senior Vice President

**TAB 2H**

**APPENDIX H**

Execution Copy  
[Subject to resolution only of section 3.3]

**AGREEMENT OF PURCHASE AND SALE**

Made as of the \_\_\_\_ day of June, 2013

between

**STARFIELD RESOURCES INC.**

(the "Vendor")

and

**2369785 ONTARIO INC.**

(the "Purchaser")

## TABLE OF CONTENTS

<b>ARTICLE 1 INTERPRETATION.....</b>	<b>6</b>
1.1    Definitions.....	6
1.2    Sections and Headings .....	11
1.3    Extended Meanings.....	11
1.4    Currency .....	11
1.5    Number and Gender .....	11
1.6    Time of Essence .....	12
1.7    Business Days .....	12
1.8    Statutory References .....	12
1.9    Applicable Law .....	12
1.10    Severability.....	12
1.11    Entire Agreement.....	12
1.12    Schedules.....	12
<b>ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT.....</b>	<b>13</b>
2.1    Sale and Purchase of Assets.....	13
2.2    Excluded Liabilities.....	13
2.3    Assignment and Assumption of Contracts and Licenses .....	14
2.4    As-is, Where-is.....	14
<b>ARTICLE 3 PURCHASE PRICE .....</b>	<b>15</b>
3.1    Purchase Price .....	15
3.2    Payment of the Purchase Price.....	15
3.3    Holdback .....	16
3.4    Allocation of Purchase Price.....	17
3.5    Taxes .....	17
<b>ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF VENDOR.....</b>	<b>18</b>
4.1    Organization.....	18
4.2    Authorization.....	18
4.3    Residency .....	19
4.4    GST/HST Registration .....	19
4.5    Contracts and Assumed Liabilities.....	19
4.6    Compliance with Laws.....	19
4.7    No Actions or Proceedings.....	19
4.8    Properties.....	20

4.9	Representations and Warranties at Closing.....	20
ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER.....		20
5.1	Organization.....	20
5.2	Authorization.....	21
5.3	No Actions or Proceedings.....	21
5.4	No Judgments or Encumbrances.....	21
5.5	Residency of Purchaser.....	21
5.6	GST/HST Registration .....	21
5.7	Brokers' or Finders' Fees.....	21
5.8	Representations and Warranties at Closing.....	21
ARTICLE 6 NON-WAIVER; SURVIVAL .....		22
6.1	Survival .....	22
6.2	Notice of Untrue Representation or Warranty .....	22
6.3	Insolvency of Vendor .....	22
ARTICLE 7 COVENANTS .....		22
7.1	Vendor's Covenants .....	22
7.2	Regulatory Matters.....	23
7.3	Conditions to Closing.....	23
7.4	Sealing Provision of Approval and Vesting Order.....	23
7.5	Vendor Restrictions.....	23
7.6	Access.....	24
7.7	Risk of Loss.....	24
ARTICLE 8 NON-SOLICITATION.....		25
8.1	Covenants Regarding Non-Solicitation.....	25
ARTICLE 9 CONDITIONS OF CLOSING.....		25
9.1	Conditions for the Benefit of Purchaser .....	25
9.2	Conditions of Closing in Favour of Vendor.....	26
9.3	Conditions for the Benefit of both Vendor and Purchaser .....	27
ARTICLE 10 CLOSING DATE AND TRANSFER OF POSSESSION.....		27
10.1	Time, Date and Place of Closing .....	27
10.2	Transfer of Possession.....	27
10.3	Closing Deliveries .....	27
10.4	Registration Costs.....	29
10.5	Purchaser's Acknowledgement .....	29
ARTICLE 11 TERMINATION.....		29

11.1	Termination .....	29
<b>ARTICLE 12 MISCELLANEOUS .....</b>		<b>30</b>
12.1	Specific Conveyances.....	30
12.2	Obligations to Survive.....	30
12.3	Damages .....	30
12.4	Further Assurances .....	30
12.5	Notices .....	30
12.6	Costs and Expenses .....	31
12.7	Successors and Assigns .....	32
12.8	No Brokers.....	32
12.9	Severability .....	32
12.10	Capacity of the Proposal Trustee.....	32
12.11	Counterparts.....	32

THIS PURCHASE AND SALE AGREEMENT is made as of June \_\_\_, 2013

BETWEEN:

**STARFIELD RESOURCES INC.**

a corporation incorporated under  
the laws of British Columbia,

(the "Vendor"),

- and -

**2369785 ONTARIO INC.**

a corporation incorporated under  
the laws of Ontario,

(the "Purchaser")

WHEREAS:

- A. Vendor is the owner of a nickel-copper-cobalt-PGE project in Ferguson Lake, Nunavut known as the Ferguson Lake Project (the "Project");
- B. Vendor filed a notice of intention to make a proposal (the "NOI") under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") on March 7, 2013, and PricewaterhouseCoopers Inc. ("PwC") was appointed proposal trustee in the NOI proceedings (the "Proposal Trustee");
- C. Pursuant to an order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated March 15, 2013 (the "Order"), the Proposal Trustee with the assistance of Vendor's management was empowered to conduct a sales process with respect to some or all of the property of Vendor, including the Purchased Assets (as defined herein), and to negotiate an agreement of purchase and sale with respect thereto, subject to the approval of the Court; and
- D. In accordance with the Order, Vendor desires to sell the Purchased Assets and Purchaser desires to purchase the Purchased Assets, as more particularly set out herein, subject to the terms and conditions hereof.

**FOR VALUE RECEIVED**, the parties agree as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.1 Definitions

For the purposes of this Agreement (including the recitals and the Schedules hereto), unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“AANDC” means Aboriginal Affairs and Northern Development Canada;

“AANDC Water Use Report” means the AANDC Water Use Report to the Vendor dated July 13, 2012;

“Alternative Proposal” means, including by any offer, proposal, agreement (including acceptance of any offer or proposal), plan, plan of arrangement, plan of arrangement and compromise, receivership, liquidation, or otherwise, and whether or not pursuant to the Proceedings or otherwise pursuant to the CCAA, the BIA, any receivership (whether by private or judicial appointment) or otherwise, any: (i) merger, amalgamation, consolidation, recapitalization, arrangement, business combination, corporate restructuring or reorganization, or take-over bid involving Vendor; (ii) sale or other disposition of all or any portion of the Purchased Assets ; (iii) sale or other disposition or issuance of any shares or other equity or ownership interests of Vendor or rights and interests therein or thereto; (iv) similar transaction or series or combination of transactions involving Vendor or the Purchased Assets; or (v) proposal, solicitation, or offer or announcement of an intention to do any of the foregoing; provided that, an Alternative Proposal shall not include a transaction referred to in (i), (iii), (iv) or (v) above which does not result in a sale, transfer or other disposition of all or any portion of the Purchased Assets or does not preclude, delay, or have any adverse effect on the transactions contemplated by this Agreement or Vendor’s obligation to sell, transfer, and assign to Purchaser all of the Purchased Assets as contemplated in this Agreement;

“Applicable Laws” means any statute, bylaw, rule or regulation or any judgment, order, writ, injunction or decree of any Governmental Authority to which a specified Person, property, transaction or event is subject;

“Approval and Vesting Order” has the meaning set out in Section 9.3(a);

“Assumed Liabilities” has the meaning set out in Section 2.1.

“BIA” has the meaning set out in the Recitals hereto;

“Bill of Sale” means a bill of sale for the equipment and fixed assets listed in Schedule A, substantially in the form attached as Schedule D hereto;

**“Business Day”** means any day, other than a Saturday or a Sunday or a statutory holiday in Ontario;

**“CCAA”** means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C36;

**“Closing”** means the transfer by Vendor to Purchaser of Vendor’s right, title and interest to the Purchased Assets in exchange for the payment by Purchaser to Vendor of the Purchase Price and the assumption by Purchaser of all obligations of Vendor under the Contracts that are included in the Purchased Assets and the completion of all matters incidental thereto as herein provided;

**“Closing Date”** means three Business Days following the date on which the Approval and Vesting Order is granted or such other date as Vendor and Purchaser may agree to in writing;

**“Contract”** means any contract, lease, license or any other agreement to which Vendor is a party;

**“Court”** means the Ontario Superior Court of Justice (Commercial List) overseeing the Proceedings;

**“Deposit”** has the meaning set out in Section 3.2(a);

**“ETA”** means the *Excise Tax Act* (Canada);

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

**“Environmental Laws”** means any Applicable Laws relating to the environment including without limitation those pertaining to (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety;

**“Exploration Data”** means, and for greater certainty, shall not limit the generality of the items defined and included as part of Records and Data:

- (a) geological, geochemical, geophysical, drilling, metallurgical and environmental analyses;
- (b) all drill core and other sample material for the Purchased Assets located both on and off-site of the property, including such materials in the Toronto office of the Vendor and in the offices of the Vendor’s third party consultants and assay labs; and

(c) all reports and data on the Purchased Assets, which include: (i) technical, geological, economic, metallurgical, environmental, geochemical, geophysical, resource estimation, and project planning reports; (ii) analytical, financial and modeling data in hard copy and digital formats including geochemical and environmental analyses; mineral deposit, metallurgical and financial models; (iii) drill and sample logs and summaries; (iv) budgets; (v) project and property proposals; (vi) information related to the infrastructure and equipment on the Real Property; (vii) agreements, and contracts; and (viii) communications and notices from any Governmental Authority.

**“Governmental Authority”** means any court or tribunal in any jurisdiction or any federal, provincial, municipal or other governmental body, agency, authority, department, commission, board, instrumentality, official or tribunal thereof;

**“Hazardous Substance”** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous wastes and subject wastes) and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law;

**“Holdback Amount”** has the meaning set out in Section 3.3(a);

**“Holdback Accounting Firm”** has the meaning set out in 3.3(d);

**“Holdback Dispute Notice”** has the meaning set out in Section 3.3(c);

**“Holdback Period”** has the meaning set out in Section 3.3(a);

**“Holdback Statement”** has the meaning set out in Section 3.3(b)(ii)(B);

**“HST”** means all taxes payable under the ETA and under any retail sales tax legislation or any other provincial legislation similar to the ETA or similar to retail sales tax legislation, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;

**“KIA”** means the Kivalliq Inuit Association;

**“KIA Letter”** means the letter from counsel to KIA to PricewaterhouseCoopers Inc., dated April 8, 2013, in respect of the Vendor’s default under the commercial lease agreement between the Vendor and KIA.

**“Letter of Intent”** means the letter of intent dated April 24, 2013, between Purchaser and Vendor;

**“Liabilities”** means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Laws, order of a Governmental Authority, any claim, action, demand, cause of action, suit, complaint, proceeding, arbitration, judgment, settlement, award, assessment, re-assessment, order, investigation, enquiry or

hearing made or threatened, and those arising under any contract, agreement, arrangement, commitment or undertaking;

**“Losses”** means, in respect of any matter, all claims, demands, actions, proceedings, losses, damages, liabilities, deficiencies, interest, penalties, fines, and amounts paid in settlement, costs and expenses (including, without limitation, all legal fees and expenses without reduction for tariff rates or similar reductions and all other professional fees and disbursements) arising directly or indirectly as a consequence of such matter;

**“Mineral Claims”** means the mineral claims set out in Class A of Schedule A;

**“Mining Leases”** means the mining leases set out in Class A of Schedule A;

**“NOI”** has the meaning set forth in the Recitals hereto;

**“Non-assigned Contract”** has the meaning set out in Section 2.3;

**“Outside Date”** means June 15, 2013;

**“Permits and Licences”** means all permits, consents, waivers, licences, sub-licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges, certification, quotas and exemptions, or any item with a similar effect, issued or granted by any Governmental Authority for or related to the Purchased Assets and the business carried on by Vendor with the Purchased Assets prior to and during the Proceedings;

**“Person”** means an individual, corporation, partnership, joint venture, association, company, trust, enterprise, unincorporated organization or Governmental Authority;

**“Proceedings”** means the proceedings pursuant to the BIA which were commenced with respect to Vendor by the filing of the NOI;

**“Project”** has the meaning set forth in the Recitals hereto;

**“Proposal Trustee”** has the meaning set forth in the Recitals hereto;

**“PwC”** has the meaning set out in the Recitals hereto;

**“Purchase Price”** has the meaning set out in Section 3.1;

**“Purchased Assets”** has the meaning set out in Section 2.1;

**“Purchaser”** has the meaning set out in the recitals hereto;

**“Purchaser’s Solicitor”** means Peterson Law Professional Corporation;

**“Real Property”** has the meaning set out in Schedule A hereto;

**“Records and Data”** means all of the books, records, books of account, business analyses and plans, surveys, building plans and specifications, warranties, bills of sale,

contracts, environmental analyses and assessments, records, data, tax records in respect of property taxes and other taxes related to the Purchased Assets, surveys, maps, geological and technical information, technical reports (including scoping studies and feasibility studies), samples (including but not limited to rock, till, bulk and core, whether located on site or off site), agreements, notices (including notices and communications from Governmental Authorities), correspondence and other communications and all other documents, files, records and information, financial or otherwise relating to the Purchased Assets or the Assumed Liabilities within the control or possession of Vendor (or to which Vendor has access) at the Closing Date, and all Exploration Data, including with respect to the foregoing, whether or not recorded on computer or computer related media;

**“Release”** means any release or discharge of any Hazardous Substance including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal;

**“Representative”** means, in respect of a party, each director, officer, employee, agent, affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such party or such party’s affiliates;

**“Sale Process”** has the meaning set forth in the Order of the Court dated March 15, 2013 made in the Proceedings;

**“Specific Conveyances”** means all conveyances, bills of sale, assignments, transfers, and other documents or instruments signed by Vendor that are reasonably required to convey, assign and transfer the Purchased Assets to Purchaser to the extent such Purchased Assets are not effectively conveyed pursuant to the Approval and Vesting Order, which may include:

- (a) a general conveyance for all of the Purchased Assets, whether or not specifically referred to in a Schedule to this Agreement;
- (b) a Bill of Sale;
- (c) registerable transfers of the Mining Leases and Mineral Claims listed in Schedule A;
- (d) specific assignments of each of the Contracts listed under the heading “Contracts to be Assigned” under Class F of Schedule A, except, for greater certainty, the Non-assigned Contracts;
- (e) specific assignments of each of the Permits and Licences listed in Schedule A; and
- (f) specific assignment of the reclamation security deposits posted by Vendor as described in Schedule A, and irrevocable directions to deposit-holders to apply such deposits on account for Purchaser;

“Tax” or “Taxes” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any Applicable Laws, including, Canadian federal, provincial, territorial, municipal and local, foreign or other income, capital, goods and services, sales, use, consumption, excise, value added, business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions, employment insurance premiums, and provincial workers’ compensation payments, including any interest, penalties and fines associated therewith;

“Time of Closing” means 4:00 p.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as Vendor and Purchaser may mutually determine;

“Transaction” means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;

“Vendor” has the meaning set out in the Recitals hereto;

“Vendor’s Solicitor” means Fasken Martineau DuMoulin LLP;

“Water License” means Nunavut Water Board Water License #2BE-FER0712, granted to the Vendor, and expired July 1, 2012; and

“Water Permit Letter” means the letter from the Nunavut Water Board to the Vendor, dated March 21, 2013, in respect of the Nunavut Water Board’s suspension of its internal review of the Vendor’s renewal application for the Ferguson Lake Project.

**1.2                    Sections and Headings**

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof.

**1.3                    Extended Meanings**

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and Governmental Authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

**1.4                    Currency**

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in and shall be paid in Canadian currency.

**1.5                    Number and Gender**

In this Agreement, words importing the singular number only shall include the plural and *vice versa* and words importing any gender shall include all genders.

**1.6        Time of Essence**

Time shall be of the essence of this Agreement.

**1.7        Business Days**

In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

**1.8        Statutory References**

Any reference in this Agreement to a statute includes all rules and regulations made thereunder, all amendments to such statutes or regulations in force from time to time and any statute, rule or regulation that supplements or supersedes such statute, rule or regulations.

**1.9        Applicable Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable in such province. Each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

**1.10        Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof and each provision is hereby declared to be separate, severable and distinct. To the extent that any provision is found to be invalid, illegal or unenforceable, the parties shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

**1.11        Entire Agreement**

This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, with respect to the subject matter hereof other than those contained in section 5 only of the Letter of Intent. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

**1.12        Schedules**

The following Schedules are attached to, and form part of, this Agreement:

Schedule A — List of Purchased Assets

Schedule B — Allocation of Purchase Price

Schedule C — Form of Approval and Vesting Order

Schedule D — Form of Bill of Sale

## ARTICLE 2

### SALE AND PURCHASE AND ASSIGNMENT

#### 2.1 Sale and Purchase of Assets

Subject to the provisions of this Agreement, Vendor agrees to sell, assign, convey and transfer to Purchaser and Purchaser agrees to purchase from Vendor, effective as of the Time of Closing, Vendor's right, title and interest, if any, in and to all equipment, claims, leases and other assets and rights used or held for use on or in respect of the Project, including, without limitation, the assets set forth and described in Schedule A and the Records and Data (collectively, the "Purchased Assets").

Subject to the provisions of this Agreement, Purchaser agrees that, on Closing, it will assume all liability for, and will in a due and proper manner pay, discharge, perform and fulfill, all obligations and liabilities with respect to the Contracts that are included in the Purchased Assets (collectively, the "Assumed Liabilities"), provided that such obligations and liabilities arise in respect of the period after the Time of Closing and are not related to any default existing at, prior to, or as a consequence of Closing.

#### 2.2 Excluded Liabilities

Purchaser shall not assume or have any responsibility for any Liabilities whatsoever other than the Assumed Liabilities. The Liabilities which are not specifically assumed by Purchaser shall include, without limitation:

- (a) all amounts owing by Vendor in respect of the Purchased Assets accruing from the ownership, operation and use of the Purchased Assets prior to and until the Time of Closing except the Assumed Liabilities;
- (b) all Liabilities arising in connection with the construction, location, ownership, operation and use of the Purchased Assets by Vendor including in respect of compliance with Environmental Laws up to the Time of Closing;
- (c) all Liabilities in any way relating to or arising from or out of assets owned by Vendor other than the Purchased Assets, whether or not accruing prior to or after the Time of Closing;
- (d) all Liabilities for any Taxes of Vendor, including any Taxes attributed to the ownership operation or use of Purchased Assets with respect to periods ending on or prior to the Closing Date (including interest, penalties and additions to such

Taxes) and for greater certainty shall not include any sale or transfer taxes exigible in respect of the transactions described in this Agreement; and

(e) all Liabilities in respect of any employees of Vendor, whether or not accruing prior to or after the Time of Closing, and whether or not such employees were engaged in Vendor's business operations with respect to the Purchased Assets.

2.3

Assignment and Assumption of Contracts and Licenses

Notwithstanding anything to the contrary herein, this Agreement shall not be construed as a sale, assignment, conveyance or transfer of, or an attempt to sell, assign, convey or transfer, directly or indirectly, any Contract listed on Schedule A hereto if such Contract cannot be sold, assigned, conveyed or transferred by Vendor without the consent or approval of another Person and such consent or approval has not been obtained or if such sale, assignment, conveyance or transfer or attempted sale, assignment, conveyance or transfer would constitute a breach or a termination of such Contract (each such Contract, a "Non-assigned Contract").

In respect of any Non-assigned Contract, Vendor, at the written request of Purchaser, in the name of Vendor or as otherwise specified by Purchaser, acting reasonably, and to the extent permitted by Applicable Law, shall take all such reasonable action and do or cause to be done, at the expense of Purchaser as described below, all such reasonable things which are necessary and advisable in order that the obligations of Vendor in connection with such Non-assigned Contract may be performed by Purchaser as agent of Vendor in such a manner that the value of such Non-assigned Contract shall be preserved and shall, as between Purchaser and Vendor, enure to the exclusive benefit of Purchaser, and that the collection of monies due and payable to Purchaser in connection with such Non-assigned Contract shall be received by Purchaser. Vendor shall promptly pay over to Purchaser all monies collected by or paid to or for Vendor corresponding to any post-Closing period in respect of any such Non-assigned Contract after recoupment of any costs of performance owing and unpaid by Purchaser to Vendor pursuant to this Section at that time.

Purchaser shall be entirely responsible for the timely performance of the obligations (including any payments) associated with any Non-assigned Contract it requests Vendor to maintain in accordance with the above. Purchaser shall reimburse Vendor promptly upon demand for any payments made and costs incurred after the Closing Date by Vendor pursuant to the terms of any such Non-assigned Contract, including, without limitation, the costs incurred by Vendor to perform its obligations in relation to any such Non-assigned Contract arising following Closing. All costs and expenses related to the sale, assignment, transfer, conveyance or reissuance of any Non-assigned Contract or the benefit of any Non-assigned Contract shall be paid by Purchaser. For greater certainty, Vendor will not be liable for any breaches by Purchaser in connection with any Non-assigned Contract, including, without limitation, the loss of right or termination of same. Purchaser will indemnify and hold harmless Vendor and its directors, officers, employees, agents, advisors, representatives and the Proposal Trustee from, and will pay for, all Losses imposed or asserted against any of them as a consequence of Vendor taking (or omitting to take) any action or causing (or omitting to cause) anything to be done at the written direction of Purchaser.

2.4

As-is, Where-is

The Purchaser acknowledges that it is relying entirely upon its own judgment, investigation and inspection in proceeding with the transactions contemplated hereunder. Notwithstanding any other provision of this Agreement, the Purchaser acknowledges and agrees that it is purchasing the Purchased Assets on an "as is, where is" basis, that it accepts the Purchased Assets in their current state, condition and location, that, except as set forth herein, the Vendor and the Proposal Trustee have made no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the title, merchantability, physical or financial condition, description, fitness for purpose, use or zoning, environmental condition, existence of latent defects, quality, quantity or any other thing affecting any of the Purchased Assets, or in respect of any other matter or thing whatsoever, including any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement and are hereby waived in their entirety by the Purchaser. The Purchaser acknowledges and confirms that any description of the Purchased Assets in this Agreement (including the Schedules hereto) or otherwise provided pursuant to the Sale Process is for identification purposes only. No representation, warranty or condition has or will be given by the Vendor concerning the completeness or accuracy of such descriptions, including the existence of any asset or property right described therein. The Purchased Assets are being purchased on an "as is, where is" basis as they exist as of the Closing Date and the Purchaser acknowledges and confirms that no adjustment of the Purchase Price will be made for any change in condition, value, quantity or quality of any of the Purchased Assets from the date of the execution of this Agreement to the Time of Closing or otherwise. The Purchaser further acknowledges that all written and oral information obtained from the Vendor or the Proposal Trustee or their respective Representatives with respect to the Purchased Assets has been obtained for the convenience of the Purchaser only, and that the Vendor and the Proposal Trustee have not made any representation or warranty, express or implied, statutory or otherwise, as to the accuracy and completeness of any such information. The Purchaser agrees that the Vendor shall not have any liability for any representations, express or implied, contained in, or omitted from, any written or oral communications transmitted to the Purchaser in the course of the Sale Process, the negotiation of this Agreement, or in the course of any of the Purchaser's investigations of the Purchased Assets.

## ARTICLE 3

### PURCHASE PRICE

#### 3.1 Purchase Price

The purchase price for the Purchased Assets shall be a total of \$800,000 (the "Purchase Price"), subject to adjustment in accordance with Section 3.3.

#### 3.2 Payment of the Purchase Price

Subject to this Agreement, Purchaser shall pay the Purchase Price to Vendor as follows:

- (a) the sum of \$100,000.00 (the "Deposit"), which was deposited with the parties' solicitors upon execution of the Letter of Intent, to be held in trust by those

solicitors in accordance with the terms of the Letter of Intent; with the amount of \$50,000 deposited with the Purchaser's Solicitor, in trust, and the amount of \$50,000 deposited with the Vendor's Solicitor, in trust. The Deposit shall be applied on account of the Purchase Price on Closing. If the Transaction is not completed for any reason, the Deposit shall be paid pursuant to the terms of the Letter of Intent;

- (b) the balance of the Purchase Price, after crediting the Deposit, less the Holdback Amount, shall be paid at the Time of Closing; and
- (c) the Holdback Amount shall be retained and released in accordance with Section 3.3.

Unless otherwise agreed, all amounts payable to Vendor shall be paid by certified cheque, draft issued by a Canadian chartered bank, or by wire transfer.

### 3.3 Holdback

- (a) At Closing, Purchaser shall deposit \$50,000 (the "Holdback Amount") with the Purchaser's Solicitor, in trust, to hold from the Time of Closing until June [10], 2013 (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 Water License. For certainty, the deduction, if any, from the Holdback Amount for any costs, expenses or fees which are reasonably required in order to obtain renewal of the Water License shall be limited to the amount that exceeds \$5,000.
- (b) Within [ten (10)] business days after the end of the Holdback Period, Purchaser's Solicitor shall:
  - (i) where no amount is deducted from the Holdback Amount pursuant to Section 3.3(a), deliver the full Holdback Amount to Vendor by certified cheque, draft issued by a Canadian chartered bank, or by wire transfer;
  - (ii) where any amount or amounts are deducted from the Holdback Amount pursuant to Section 3.3(a), deliver to Vendor:
    - (A) the remaining Holdback Amount, if any, by certified cheque, draft issued by a Canadian chartered bank, or by wire transfer; and
    - (B) a statement (the "Holdback Statement"), setting out:
      - (I) the amount to be deducted from the Holdback Amount pursuant to 3.3(a); and
      - (II) the aggregate amount claimed due and payable from the Holdback Amount;

- (iii) Purchaser shall include with the Holdback Statement documentation and information reasonably supporting the amounts set forth in the Holdback Statement.
- (c) If Vendor does not agree with any charge or cost identified in the Holdback Statement, it shall, within ten (10) Business Days of receipt of the Holdback Statement, give notice (a "Holdback Dispute Notice") to Purchaser of any disagreement with all or any part of such Holdback Statement. The Holdback Dispute Notice shall describe in reasonable detail Vendor's reasons for disagreement.
- (d) If a Holdback Dispute Notice is issued and Vendor and Purchaser fail to resolve the disputes set out within thirty (30) days after the date on which Vendor delivers its Holdback Dispute Notice, Vendor and Purchaser shall engage an internationally recognized and reputable accounting firm (the "Holdback Accounting Firm") to resolve any remaining disputes. The Holdback Accounting Firm shall be requested to render its decision within thirty (30) Business Days after the dispute is referred to it. The decision of the Holdback Accounting Firm shall be final and binding. The fees and expenses of the Holdback Accounting Firm shall be borne by Vendor and Purchaser (as the case may be) in proportion to (i) the difference between the amount in dispute as set out in the Holdback Dispute Notice and the amount determined by the Holdback Accounting Firm in its decision, and (ii) the difference between the relevant amount as set out in the Holdback Revision Notice and the amount determined by the Holdback Accounting Firm in its decision.
- (e) Payment of any upward adjustment to the remaining Holdback Amount arising by virtue of changes in the Holdback Statement pursuant to Section 3.3, if any, shall be paid to Vendor by Purchaser within ten (10) Business Days after the adjustment has been agreed to by Vendor and Purchaser or has been determined by the Holdback Accounting Firm pursuant to this Section 3.3(d).

#### **3.4 Allocation of Purchase Price**

The Purchase Price shall be allocated among the Purchased Assets as set forth in Schedule B. Purchaser and Vendor agree to cooperate in the filing of any elections under any applicable tax laws as may be desirable or necessary to give effect to such allocation. The parties agree to execute and file their own tax returns required under all applicable tax laws and to prepare their own financial statements and other documents on the basis of the allocation in Schedule B.

#### **3.5 Taxes**

- (a) Purchaser shall be liable for and shall pay all sales, use and value added taxes, including all harmonized sales tax and goods and services tax exigible pursuant to the ETA and land transfer taxes and other taxes, duties, fees or other like charges of any jurisdiction properly payable in connection with the sale or transfer of the Purchased Assets by Vendor to Purchaser and Purchaser shall indemnify, defend

and hold Vendor harmless from and against any liability of or claim against Vendor with respect to any such tax or interest or penalties in respect thereof. Alternatively, where applicable, Purchaser shall have the option to furnish Vendor with appropriate exemption certificates.

(b) Vendor and Purchaser shall make a joint election under section 167 of the ETA so that tax otherwise exigible under Part IX of the ETA will not be payable on the transfer of the Purchased Assets. The parties will execute the relevant form required pursuant to the ETA at the Time of Closing to effect such election. Purchaser will file that form with its goods and services tax return for the reporting period in which Closing occurs. Purchaser will provide Vendor with such supporting documentation as Vendor may reasonably request in order to confirm that such election has been made and properly filed. Purchaser shall, at all times, indemnify and hold harmless Vendor, its directors, officers, and employees against and in respect of any and all amounts assessed by any taxing authority in the event that this section 167 election was inapplicable, invalid, or not properly made, including all taxes, interest, and penalties assessed and including all reasonable legal and professional fees incurred by Vendor, its directors, officers, and employees as a consequence of or in relation to any such assessment. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing Date in perpetuity and shall not be subject to any caps or restrictions.

## ARTICLE 4

### REPRESENTATIONS AND WARRANTIES OF VENDOR

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

**4.1        Organization**

Vendor is a corporation duly incorporated and validly subsisting under the laws of British Columbia.

**4.2        Authorization**

(a) Vendor has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby, subject to the granting of the Approval and Vesting Order.

(b) Subject to approval of the Court in the Proceedings, this Agreement has been duly executed and delivered by Vendor and this Agreement will constitute a legal, valid and binding obligation of Vendor, enforceable against Vendor by Purchaser in accordance with its terms, except as enforceability may be limited by the discretion and jurisdiction of the Court in the Proceedings.

(c) Except for the Purchaser, no person has or will have (except as contemplated herein) a written or oral agreement for the purchase from the Vendor of any of the Purchased Assets.

**4.3 Residency**

Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

**4.4 GST/HST Registration**

Vendor is registered for purposes of Part IX of the ETA and its registration number is 87765 2461 RT0001.

**4.5 Contracts and Assumed Liabilities**

To the knowledge of Vendor, and except as otherwise disclosed to Purchaser by Vendor, the Proposal Trustee or any other Person:

(a) none of the Contracts, including the Non-assignable Contracts, Permits and Licenses have been amended, modified or terminated (and Vendor has not consented to any termination) nor have Vendor's rights thereunder been modified, except as set forth in Schedule A of this Agreement; and

(b) except for the Kia Letter and the Water Permit Letter, the expiry of the Water License and the AANDC Water Use Report, Vendor has not received any notice of termination, cancellation, breach or default under any Contract.

**4.6 Compliance with Laws**

To the knowledge of Vendor, and except as otherwise disclosed to Purchaser by Vendor, the Proposal Trustee or any other Person (including, for certainty, the Kia Letter, the Water Permit Letter, the expiry of the Water License and the AANDC Water Use Report), neither Vendor, nor any of its predecessors to the operations carried on with the Purchased Assets, has received written notice of any alleged violation of, or remedial action that may be required under, any Environmental Law in respect thereof.

**4.7 No Actions or Proceedings**

To the knowledge of Vendor, and except as otherwise disclosed to Purchaser by Vendor, the Proposal Trustee or any other Person:

(a) there is no claim, action, proceeding or investigation that has been commenced or is pending or threatened against Vendor or affecting any of the Purchased Assets by or before any Governmental Authority which, if determined adversely to Vendor, would prevent or materially delay the consummation of the transactions contemplated by this Agreement; and

(b) except for the Proceedings, Vendor is not subject, directly or indirectly, to any outstanding order, writ, injunction or decree that has had or is reasonably likely to prevent or delay the ability of Vendor to consummate the transactions contemplated herein.

**4.8      Properties**

To the knowledge of Vendor, and except as otherwise disclosed to Purchaser by Vendor, the Proposal Trustee or any other Person (including, for certainty, the Kia Letter, the Water Permit Letter, the expiry of the Water Licence and the AANDC Water Use Report):

- (a) the Vendor has not received any written notice from any Governmental Authority or any Person with jurisdiction or applicable authority of any revocation or intention to revoke the Vendor's interest in the Mineral Claims, Mining Leases and mineral rights comprising the Purchased Assets;
- (b) the Mineral Claims, Mining Leases and mineral rights comprising the Purchased Assets are in good standing and all work required to be performed has been performed and all taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred and all filings in respect thereof have been made; and
- (c) there are no adverse claims, actions, suits or proceedings that have been commenced or that are pending or threatened, affecting or which could affect the right to explore or develop the Mineral Claims, Mining Leases and mineral rights comprising the Purchased Assets.

**4.9      Representations and Warranties at Closing**

Each and every representation and warranty of Vendor made in this ARTICLE 4 shall be deemed to be repeated by Vendor as at the Time of Closing and shall be true and correct in all material respects at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

**ARTICLE 5**

**REPRESENTATIONS AND WARRANTIES OF PURCHASER**

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

**5.1      Organization**

Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of Ontario and has the corporate power to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. Purchaser is duly registered and authorized to carry on its business as now being conducted.

**5.2        Authorization**

This Agreement has been duly authorized, executed and delivered by Purchaser and is a legal, valid and binding obligation of Purchaser, enforceable against Purchaser by Vendor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

**5.3        No Actions or Proceedings**

There is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of Purchaser's knowledge, threatened against or relating to Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of Purchaser to enter into this Agreement or to consummate the transactions contemplated in this Agreement and Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success.

**5.4        No Judgments or Encumbrances**

Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms or transactions contained herein.

**5.5        Residency of Purchaser**

Purchaser is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada). Purchaser is a Canadian within the meaning of the *Investment Canada Act*.

**5.6        GST/HST Registration**

Purchaser is registered for purposes of Part IX of the ETA and its registration number is 81499 5247 RT0001.

**5.7        Brokers' or Finders' Fees**

Purchaser has not incurred any obligation or liability, contingent or otherwise, for any broker's or finder's fees in respect of the transaction contemplated by this Agreement for which Vendor shall have any obligation or liability.

**5.8        Representations and Warranties at Closing**

Each and every representation and warranty of Purchaser made in this ARTICLE 5 shall be deemed to be repeated by Purchaser as at the Time of Closing and will be true and correct in all material respects at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

## ARTICLE 6

### NON-WAIVER; SURVIVAL

#### 6.1 Survival

All representations and warranties contained in this Agreement on the part of each of the parties shall survive for a period of two (2) years from the Closing Date. If no claim shall have been made under this Agreement against a party for any incorrectness in or breach of any representation or warranty made in this Agreement prior to the expiry of the survival period, such party shall have no further liability under this Agreement with respect to such representation or warranty.

#### 6.2 Notice of Untrue Representation or Warranty

Each of the parties shall promptly notify the other party upon any representation or warranty of such party contained in this Agreement becoming untrue or incorrect from the date of this Agreement until the Time of Closing and for the purposes of this Section 6.2 each representation and warranty shall be deemed to be given at and as of all times during such period.

#### 6.3 Insolvency of Vendor

Purchaser acknowledges that Vendor is insolvent, has limited liquidity and is subject to the Proceedings, and that the Vendor may become bankrupt or have a receiver appointed in respect of all or any portion of its assets, undertakings and properties following Closing. Purchaser acknowledges and agrees that, as a result of the foregoing and notwithstanding any other provision of this Agreement, (a) Purchaser's recourse against Vendor for any breach or misrepresentation or under any indemnity or otherwise may be severely limited, and (b) in the event of a bankruptcy of the Vendor or the appointment of a receiver in respect of its assets, undertakings or properties, the Vendor may not have the ability to fulfil any covenants or obligations that survive Closing or arise thereafter.

## ARTICLE 7

### COVENANTS

#### 7.1 Vendor's Covenants

Vendor covenants and agrees to do the following at Vendor's sole cost and expense:

- (a) by no later than ten (10) days following execution of this Agreement, schedule a motion to be heard at a time satisfactory to Purchaser, acting reasonably, seeking the Approval and Vesting Order; and
- (b) diligently prosecute the motion to obtain the Approval and Vesting Order.

**7.2        Regulatory Matters**

Subject to Section 7.3, the Purchaser and, to the extent possible and at the Purchaser's expense, the Vendor, as promptly as practicable after the execution of this Agreement, will make, or cause to be made, all such filings and submissions under all Applicable Laws to all Governmental Authorities as may be required for it to consummate the purchase and sale of the Purchased Assets in accordance with the terms and conditions of this Agreement. Subject to Section 7.3, the parties will, subject to the Vendor's ability to do so, coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing, including providing each other with all notices and information supplied to or filed with any Governmental Authority (except for notices and information which any party, acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Authority.

**7.3        Conditions to Closing**

Each of the parties will, subject to the Vendor's ability to do so and at the Purchaser's expense, use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 9.1, 9.2, and 9.3 as soon as reasonably possible following execution of this Agreement to the extent that the satisfaction of the same is within the control of such party, provided that, a party shall have no obligation whatsoever to consider or treat any condition to have been satisfied if the satisfaction of such condition is expressed to be in such party's "sole discretion". In addition, each of the parties agrees to not take any action that could reasonably be expected to preclude, delay or have an adverse effect on the transactions contemplated by this Agreement, except in respect of any judgments or decisions to made herein which are expressed to be in a party's "sole discretion", or which would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

**7.4        Sealing Provision of Approval and Vesting Order**

Certain portions of this Agreement may be determined to be confidential, as determined by Purchaser acting reasonably and after consultation with Vendor. Such confidential portions will be redacted from any public filing of this Agreement. Vendor shall seek, as part of the Approval and Vesting Order, provisions to seal the unredacted version of the Agreement. Written notification of the application shall be given to such Persons as shall be required by Vendor and Purchaser, each acting reasonably and as required by the Ontario Rules of Civil Procedure.

**7.5        Vendor Restrictions**

From the date hereof until Closing, except with the prior written consent of Purchaser, Vendor will not amend or terminate, or agree to any amendment or termination of any Contract, Assumed Liability, Non-assigned Contract, Permit and License, equipment lease or any document, agreement or instrument relating to the Purchased Assets or enter into any new agreement or commitment relating to the Purchased Assets.

**7.6**

**Access**

Without limiting in any way the scope of, or the responsibility of Vendor for, any covenant, representation or warranty made by Vendor under this Agreement, Vendor shall permit Purchaser and its Representatives full access to the Purchased Assets (including the Records and Data) at such times and in such manner as reasonably required by Purchaser and to give Purchaser and its Representatives such copies and information with respect thereto as may be reasonably required and to permit Purchaser to complete all technical, environmental, performance, tax, financial, legal and regulatory due diligence to its sole satisfaction with respect to the Purchased Assets, Assumed Liabilities, Contracts and Non-assigned Contracts.

**7.7**

**Risk of Loss**

The Purchased Assets shall be and remain at the risk of Vendor until Closing and at the risk of Purchaser from and after Closing. If, prior to Closing, any or all of the Purchased Assets are damaged or destroyed by fire or other casualty or are appropriated, expropriated or seized by any Governmental Authority or other lawful authority, then, if the Purchase Price allocated to the Purchased Assets damaged, destroyed or appropriated is less than 15% of the Purchase Price, Purchaser shall complete the Transaction subject to a reduction of Purchaser Price by the amount of the cost of repair or replacement of the Purchased Assets damaged or destroyed. If the Purchase Price allocated to the Purchased Assets damaged, destroyed or appropriated is greater than 15% of the Purchase Price, Purchaser, at its option, may:

- (a) in the event of damage or destruction, complete the Transaction subject to a reduction of the Purchase Price by an amount equal to the cost of repair, or, if destroyed or damaged beyond repair, by an amount equal to the replacement cost of the assets forming part of the Purchased Assets so damaged or destroyed;
- (b) in the event of appropriation, expropriation or seizure, to complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for appropriation, expropriation or seizure shall be payable to Purchaser and all right and claim of Vendor to any such amounts not paid by the Closing Date shall be assigned to Purchaser; or
- (c) in either event, to terminate this Agreement and not complete the purchase, in which case all obligations of Purchaser shall terminate forthwith upon Purchaser giving notice as required herein and the Deposit, to the extent refundable in accordance with the Letter of Intent, shall be returned to Purchaser, without interest.

Such option shall be exercised by notice in writing within five (5) Business Days after notice to Purchaser by Vendor of the occurrence of damage, destruction, appropriation, expropriation or seizure (or prior to the Closing Date if such occurrence takes place within five (5) Business Days of the Closing Date).

## ARTICLE 8

### NON-SOLICITATION

#### 8.1 Covenants Regarding Non-Solicitation

Vendor shall not, directly or indirectly, through any Representatives or agent of Vendor or any of their affiliates, or otherwise:

- (a) solicit, initiate, encourage, pursue or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries or proposals regarding an Alternative Proposal or potential Alternative Proposal;
- (b) participate in any negotiations or discussions regarding, or provide any confidential information or other information whatsoever with respect to or otherwise cooperate in any way with, any Alternative Proposal or potential Alternative Proposal;
- (c) withhold, withdraw or modify the approval of the board of directors of Vendor in a manner which would result in a sale or other disposition of all or any portion of the Purchased Assets other than to Purchaser or preclude, delay, or have any adverse effect on the transactions contemplated by this Agreement or Vendor's obligation to sell, transfer, and assign to Purchaser all of the Purchased Assets;
- (d) approve or recommend any Alternative Proposal or potential Alternative Proposal; or
- (e) enter into any agreement or other commitment or undertaking whatsoever related to any Alternative Proposal or potential Alternative Proposal.

## ARTICLE 9

### CONDITIONS OF CLOSING

#### 9.1 Conditions for the Benefit of Purchaser

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of Purchaser, to be performed or fulfilled at or prior to the Time of Closing or such other time as is indicated below:

- (a) **Representations and Warranties.** The representations and warranties of Vendor contained in this Agreement shall be true and correct in all material respects at the Time of the Closing with the same force and effect as if such representations and warranties were made at such time, and a certificate of Vendor, dated as of the Closing Date, to that effect shall have been delivered to Purchaser, such certificate to be in form and substance satisfactory to Purchaser, acting reasonably;

- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Vendor at or before the Time of Closing shall have been complied with or performed in all material respects;
- (c) **Consents.** Purchaser shall have obtained the approval and/or consents required, to the sole satisfaction of Purchaser, including without limitation and to the extent not satisfied by the Approval and Vesting Order, in connection with the transfer of the Mineral Claims, Mining Leases and mineral rights comprising the Purchased Assets, and in respect of the transfer, renewal or extension of bonds, permits and licenses relating to reclamation, water use and land use as set forth in Schedule A, including without limitation from the KIA;
- (d) **Closing Documents.** At the Time of Closing, Vendor shall have delivered or caused to be delivered to Purchaser all of the items referred to in Section 10.3.

If any of the conditions contained in this Section 9.1 have not been satisfied, fulfilled or waived by Purchaser, in its sole discretion, at or prior to the Time of Closing, Purchaser may, by notice to Vendor, terminate this Agreement and the obligations of Vendor and Purchaser under this Agreement.

#### **9.2 Conditions of Closing in Favour of Vendor**

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of Vendor, to be performed or fulfilled at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of Purchaser contained in ARTICLE 5 of this Agreement shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at such time, and a certificate of Purchaser, dated as of the Closing Date, to that effect shall have been delivered to Vendor, such certificate to be in form and substance satisfactory to Vendor, acting reasonably;
- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Purchaser at or before the Time of Closing shall have been complied with or performed in all material respects; and
- (c) **Payment of Purchase Price.** Purchaser shall have tendered to the Vendor the Purchase Price in accordance with this Agreement.

If any of the conditions contained in this Section 9.2 have not been satisfied, or waived by Vendor, at or prior to the Time of Closing, Vendor may, by notice to Purchaser, terminate this Agreement and the obligations of Vendor and Purchaser under this Agreement.

**9.3**

**Conditions for the Benefit of both Vendor and Purchaser**

The respective obligations of the parties to complete the sale and purchase of the Purchased Assets contemplated hereunder are subject to the following terms and conditions for the benefit of both Vendor and Purchaser, to be performed, fulfilled or otherwise satisfied at or prior to the Time of Closing:

- (a) **Approval and Vesting Order.** An Approval and Vesting Order shall be made by the Court on or before the Closing Date approving the sale of the Purchased Assets substantially in the form attached hereto as Schedule C (the "Approval and Vesting Order") and no appeal or motion to set aside the Approval and Vesting Order shall be outstanding;
- (b) **Proposal Trustee's Certificate.** The Proposal Trustee shall have delivered to Purchaser a certificate confirming that the Purchase Price has been paid in full and all conditions of this Agreement have been satisfied, substantially in the form attached to the Approval and Vesting Order (the "Proposal Trustee's Certificate"); and
- (c) **No Action or Proceeding.** No legal or regulatory action or proceeding shall have been commenced, pending or threatened by any Person to enjoin, restrict, restrain, adversely alter or prohibit the purchase and sale of the Purchased Assets or transactions contemplated in this Agreement.

The foregoing conditions are for the mutual benefit of Vendor and Purchaser. If any of the conditions contained in this Section 9.3 have not been performed, fulfilled or satisfied at or prior to the Time of Closing to the satisfaction of all parties, acting reasonably, any party may, by notice to the other parties, terminate this Agreement and the obligations of Vendor and Purchaser under this Agreement. Waiver of any of the foregoing conditions must be jointly made and will not be binding unless made in writing.

**ARTICLE 10**

**CLOSING DATE AND TRANSFER OF POSSESSION**

**10.1**

**Time, Date and Place of Closing**

Subject to the conditions set out in this Agreement, Closing shall take place at the Time of Closing at the offices of Purchaser's counsel, Peterson Law Professional Corporation, or at such other place, on such other date, and at such other time as may be agreed upon in writing between Vendor and Purchaser.

**10.2**

**Transfer of Possession**

Subject to compliance with the terms and conditions hereof, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Time of Closing.

**10.3**

**Closing Deliveries**

- (a) At the Time of Closing, Vendor shall deliver the following to Purchaser:
  - (i) a copy of the Approval and Vesting Order as issued and entered;
  - (ii) the Proposal Trustee's Certificate;
  - (iii) certificate of Vendor referred to in Section 9.1(a);
  - (iv) the Specific Conveyances, in form and substance satisfactory to Purchaser;
  - (v) originals or true copies of the Records and Data together with electronic copies thereof, if available;
  - (vi) such authorizations, directions, consents, approvals, keys, lock and safe combinations, security codes and other similar items as the Purchase may require to obtain immediate, exclusive and full occupation and control-of the Purchased Assets;
  - (vii) the joint election pursuant to section 167 of the ETA; and
  - (viii) such other documents as may be specifically required hereunder or reasonably requested by Purchaser's solicitors.
- (b) At the Time of Closing, Purchaser shall deliver the following:
  - (i) the balance of the Purchase Price, less the Deposit and the Holdback Amount, by certified cheque, bank draft drawn on a Canadian chartered bank or wire transfer to Vendor's Solicitor, in trust;
  - (ii) an undertaking of the Purchaser in respect of the payment to the Vendor of the balance of the Holdback Amount;
  - (iii) a certificate of status of Purchaser;
  - (iv) a certified copy of a resolution of the board of directors of Purchaser, which resolution authorizes the execution and delivery of this Agreement and the completion of the purchase of the Purchased Assets in accordance with the provisions of this Agreement;
  - (v) an assumption agreement relating to the assumption by Purchaser of the Assumed Liabilities, in form and substance acceptable to Vendor, acting reasonably, and duly executed by Purchaser;
  - (vi) consents and approvals obtained by Purchaser in accordance with Section 9.1(c);
  - (vii) the joint election pursuant to section 167 of the ETA;

- (viii) evidence of payment of all applicable sale or transfer taxes or an undertaking satisfactory to Vendor in respect of same; and
- (ix) such other documents as may be specifically required hereunder.

**10.4 Registration Costs**

Purchaser shall bear all costs in registering any conveyances of title to the Purchased Assets to it. Purchaser shall register all such conveyances promptly after Closing. Immediately following Closing, Vendor, at Purchaser's sole expense, shall make such other filings as reasonably necessary to complete the Closing of the transactions contemplated in this Agreement.

**10.5 Purchaser's Acknowledgement**

Purchaser acknowledges that Vendor is selling the right, title and interest of Vendor in and to the Purchased Assets subject to and as authorized by the Approval and Vesting Order. Purchaser agrees to purchase and accept the right, title and interest of Vendor in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement and the Approval and Vesting Order.

**ARTICLE 11**

**TERMINATION**

**11.1 Termination**

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of Vendor and Purchaser;
- (b) as provided in ARTICLE 9;
- (c) by any party if the completion of the sale and purchase of the Purchased Assets has not occurred on or before the Outside Date, provided that such right to terminate this Agreement shall not be available to a party whose failure to comply with any of its obligations under this Agreement was the cause of, or resulted in, the failure of the completion of the sale and purchase of the Purchased Assets to have occurred on or before the Outside Date; or
- (d) by Purchaser in the event any further Court order prevents, hinders, extends, modifies or delays Closing for a period exceeding 30 days from the Closing Date.

The Purchaser shall be entitled, in its sole discretion, to extend the Outside Date by up to an aggregate of 30 days by notice or notices in writing to the Vendor in the event that the Approval and Vesting Order is not issued by June 15, 2013.

If this Agreement is terminated in the circumstances set out in paragraphs (a) through (d) of this Section 11.1, all further obligations of the Parties under this Agreement will terminate and

neither Party shall have any liability or further obligations hereunder; provided that if this Agreement is terminated as a result of any breach of a representation, warranty, covenant or obligation of a Party, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination.

## ARTICLE 12

### MISCELLANEOUS

#### 12.1 Specific Conveyances

All Specific Conveyances will be delivered by Vendor to Purchaser at Closing, unless Purchaser, acting reasonably, is satisfied that, by the terms of the Approval and Vesting Order such Specific Conveyances are not required or Purchaser agrees that any portion of the remaining Specific Conveyances will be delivered after Closing. Vendor shall prepare the Specific Conveyances for Purchaser's review and approval, acting reasonably, in advance of Closing, none of which shall confer or impose upon a party any greater right or obligation than contemplated in this Agreement. Purchaser shall, as applicable, be responsible for registering all Specific Conveyances and shall bear all costs incurred registering any Specific Conveyances and in preparing and registering any further assurances required.

#### 12.2 Obligations to Survive

Notwithstanding the Closing contemplated hereunder or the delivery of documents pursuant to this Agreement, and subject to Section 6.3, the obligations, covenants, representations and warranties of the parties set out in this Agreement shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties thereafter for a period of two (2) years.

#### 12.3 Damages

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

#### 12.4 Further Assurances

Each of the parties from and after the date hereof shall, from time to time, at the request of the other party, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the transactions contemplated by this Agreement and for more effectually carrying out the true intent and meaning of this Agreement.

#### 12.5 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(i) if to Vendor:

Starfield Resources Inc.  
Suite 900  
120 Adelaide Street West  
Toronto, Ontario  
M5H 1T1

Attention: President & CEO  
Fax No.: (416) 860-0822

(ii) if to Purchaser

2369785 Ontario Inc.  
Suite 806  
390 Bay Street  
Toronto, Ontario  
M5H 2Y2

Attention: President and CEO  
Fax No.: (416) 352-5693

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered in person or transmitted by facsimile or recorded electronic communication as aforesaid.

(c) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 13.5.

**12.6 Costs and Expenses**

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred. It is agreed that Purchaser shall fund the fees and travel expenses of Vendor's consultant to and from the Project for purposes of a due diligence visit up

to an aggregate of \$10,000, which amounts must be supported by appropriate invoices and receipts.

**12.7        Successors and Assigns**

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

**12.8        No Brokers**

It is understood and agreed that neither party shall be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the other party.

**12.9        Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

**12.10        Capacity of the Proposal Trustee**

The Proposal Trustee acting in its capacity as Proposal Trustee of Vendor shall have no personal or corporate liability under this Agreement.

**12.11        Counterparts**

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument, transmission by facsimile or other electronic means of transmission of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF** this Agreement has been executed by the Parties as of the date first written above.

**2369785 ONTARIO INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**STARFIELD RESOURCES INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE A**  
**PURCHASED ASSETS LIST**

**CLASS A. Leases and Claims**

*Mining Leases*

DISP.N#	DISP.N NAME	AC.	REC DATE	ANNIV DATE	EXTN DATE	DISP.N TERM END	CRITICAL DATE
4922	4922	2,534.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4923	4923	2,695.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4924	4924	1,527.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4925	4925	2,640.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4926	4926	2,425.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4927	4927	1,732.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4928	4928	2,616.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4929	4929	2,401.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4930	4930	2,592.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12
4931	4931	2,773.00	07-Sep-07	07-Sep-13		07-Sep-28	07-Sep-12

10 leases                    23,935.00

*Mineral Claims*

DISP.N#	DISP.N NAME	AC.	REC DATE	ANNIV DATE	EXTN DATE	DISP.N TERM END	CRITICAL DATE
F85628	NUB049	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85693	NUB114	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85694	NUB115	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85699	NUB120	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85700	NUB121	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85701	NUB122	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85705	NUB126	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85706	NUB127	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15

DISP/N#	DISP/N NAME	AC	REG DATE	ANNIV DATE	EXTEN DATE	DISP/N TERM END	CRITICAL DATE
F85707	NUB128	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85708	NUB129	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85709	NUB130	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85713	NUB134	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85714	NUB135	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85715	NUB136	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85716	NUB137	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85717	NUB138	2,582.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85722	NUB143	1,549.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85723	NUB144	1,549.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85724	NUB145	1,549.50	19-Apr-05	19-Apr-15		19-Apr-15	19-Apr-15
F85896	YLK001	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85903	YLK003	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85905	YLK004	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85906	YKL005	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85910	YLK009	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85911	YLK010	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85912	YLK011	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85913	YLK012	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85914	YLK013	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85916	YLK015	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85917	YLK016	2,501.94	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85926	HPC001	258.26	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85927	HPC002	258.26	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18
F85928	HPC003	258.26	26-Jun-08	26-Jun-18		26-Jun-18	26-Jun-18

33 claims

74,264.62

For greater certainty, the foregoing leases and claims shall include all of the real property and other property that comprises leases and claims, including, without limitation, the unpatented mining claims and all plant, buildings, structures, camp and fueling facilities, air strip, quarry, roads, water pipelines, head frames, improvements, appurtenances, fixtures (including fixed machinery and fixed equipment), bore holes, pits, shafts, dams, located thereon or thereunder or forming part thereof (such assets, collectively, the "Real Property"), and all contracts, deeds, grants, conveyances and other documents and rights giving rise to or creating the Real Property, and all rights arising thereunder against third persons, in favour of the Vendor.

#### **CLASS B. Security Deposits**

Residual interest, if any, in all reclamation security deposits, letters of credit (including those listed below) and any security posted with the issuing financial institution in relation to any letters of credit, and any other cash, deposits, or other amounts paid to or held by any of Nunavut Water Board, Federal Department of Fisheries and Oceans, KIA, and AANDC as security for the satisfaction of Vendor's abandonment and reclamation obligations. These security deposits include, among other things, the following Guaranteed Income Certificates registered in the name of KIA and deposited at the Canadian Imperial Bank of Commerce:

GIC Number	Account Number	Issue Date	Maturity Date	Principal Amount
LT-00175	00091-7374371	Aug 3, 2012	Aug 6, 2013	\$211,526.91
LT-00183	00091-7374371	Aug 3, 2012	Aug 6, 2013	\$36,958.16
FLGIC-00078	00042-4693178	Oct 16, 2012	Oct 16, 2013	\$41,762.82
<b>TOTAL:</b>				<b>\$290,247.89</b>

#### **CLASS C. Capital Assets**

All equipment, machinery, parts, supplies, goods and inventory pertaining to or located on the Purchased Assets, including all work-in-process inventories, parts, furniture, furnishings, tools, appliances, Records and Data including Exploration Data, licenses, intellectual property, prepaid expenses, rights to refunds, books, records, technical information and all tangible and intangible property and assets, together with Vendor's title and interest in and to any other personal property, personal property interests or assets pertaining to or located on the Purchased Assets which includes the following:

##### ***INCLUSIONS***

##### **Equipment**

- 1 Caterpillar 287B Skid Steer (2007)
- 1 Caterpillar 950F Loader (1997)
- 1 Caterpillar D4 Bulldozer (Series 2) (1994)
- 1 Caterpillar 320BL Excavator (1992)
- 2 250D Caterpillar Haul Truck (1998)
- 1 Caterpillar 140G Grader (1994)
- 1 BR160 Bombardier Snow Cat (1994)
- 9x Yamaha Bravo snowmobile
- 1x Yamaha Venture 500 snowmobile
- 2x Polaris 550 snowmobile

5x (other snowmobile—disabled)  
 4x Honda Fourtrax ATV  
 1x GMC 4x4 Crew Cap with Mattrax (1999)  
 1x GMC 4x4 Crew Cap with Mattrax (1997)  
 2x Duetz 75Kva generator  
 6x cargo sled, 25'  
 1x Isuzu 75Kva generator  
 1x Used waste oil furnace, 225,000BTO  
 4x 110 gallon dual walled tidy tank, including all pumps and hoses  
 1x Bobcat Welder (@006) and 10kw generator  
 1x Davis Vantage Pro2 weather station, including all equipment and consoles  
 1x rock crusher with motor  
 all other vehicles, spare parts, tools, and equipment located at or near the Ferguson Lake camp, stored offsite, or otherwise owned by Vendor in relation to the Ferguson Lake project

**Fuel**

211x Jet B fuel, drums of, including:  
 out of date: 120 drums  
 2012 expiry date: 91 drums  
 P-50 Fuel, including:  
 in camp: 107 drums  
 in tank in camp: ~65 drums  
 in Churchill Storage: 100 drums  
 in Arviat bulk storage: 185 drums  
 8x gasoline, drums of  
 275x propane, 100lb bottles of  
 170x waste fuel drum  
 23x oil, drums of

**Exploration Camp**

*Dormitories*

modular sleeping units  
 Weatherhaven portable shelter units  
 washrooms  
 shower facilities  
 all furniture and appliances

*Kitchen-Dining Complex*

kitchen, including camp stove, steam table, skin/counter system  
 dining room  
 all furniture and appliances  
 2<sup>nd</sup> crated full kitchen

*Office*

office building  
 all furniture, computers, office equipment, supplies, software, software licenses, and telecommunications equipment

*Lounge*

2x all furniture and appliances  
 2x Washing machine, dryer & installations

*Infrastructure*

2x diesel-powered water pump, including 2200' rubber hose  
 sewage system  
 heating systems

*Construction Materials*

linoleum (rolls)

*Supplies*

12.5x Pacto foil (box) (on site and at Nuna Shop, Rankin Inlet)  
 5x bleach, cases of  
 3x Medical grade oxygen bottles  
 all hard hats, vests, gloves, coveralls, safety glasses  
 all bedding  
 all maintenance supplies

***EXCLUSIONS***

2x diamond drill owned by Major Drilling

**CLASS D. Option and/or Joint Venture Agreements**

Not applicable.

**CLASS E. Other Leases, Licenses, Authorizations, Agreements and Other Property**

Commercial Lease KVCL305H27 between Kivalliq Inuit Association and the Vendor dated as of July 23, 2007, as amended.

Right of Way Licence KVRW06F09 between Kivalliq Inuit Association and the Vendor dated as of July 23, 2007, as amended June 8, 2012.

Quarrying Permit KVCA08Q17 between Kivalliq Inuit Association and the Vendor dated as of June 4, 2012, as amended.

**CLASS F. Contracts to be Assigned**

Commercial Lease KVCL305H27 between Kivalliq Inuit Association and the Vendor dated as of July 23, 2007, as amended.

Right of Way Licence KVRW06F09 between Kivalliq Inuit Association and the Vendor dated as of July 23, 2007, as amended June 8, 2012.

**SCHEDULE B**  
**ALLOCATION OF PURCHASE PRICE**

<b>CLASS A. Leases and Claims</b>	<b>\$359,752.11</b>
<b>CLASS B. Security Deposits</b>	<b>\$290,247.89</b>
<b>CLASS C. Capital Assets</b>	<b>\$100,000.00</b>
<b>CLASS D. Option and/or Joint Venture Agreements</b>	<b>\$Nil</b>
<b>CLASS E. Other Leases, Licenses, Authorizations, Agreements and Other Property</b>	<b>\$Nil</b>
<b>CLASS F. Contracts to be Assigned</b>	<b><u>\$50,000.00</u></b>
<b>Total</b>	<b><u>\$800,000.00</u></b>

**SCHEDULE C**  
**FORM OF APPROVAL AND VESTING ORDER**

Court File No. CV13-10034-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEEKDAY, THE #  
 )  
JUSTICE ) DAY OF MONTH, 20YR  
)

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 18, 2013 and appended to the Report of PricewaterhouseCoopers Inc. in its capacity as the proposal trustee dated [DATE] (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, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any  
other person on the service list, although properly served as appears from the affidavit of  
[NAME] sworn [DATE] filed:

1. 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.
2. 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 [and listed on Schedule B hereto] shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated March 15, 2013; (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; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
3. THIS COURT ORDERS that upon the registration in the 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 identified in Schedule B hereto.

4. 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.

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

6. 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.

7. THIS COURT ORDERS that, notwithstanding:

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a 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.

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

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the 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.

---

**Schedule A – Form of Certificate**

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.

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (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.

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

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in 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: \_\_\_\_\_

Title: \_\_\_\_\_

**Schedule B – Purchased Assets**

**Schedule C – Claims**

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants**

**SCHEDULE D**  
**FORM OF BILL OF SALE**

*[see attached]*

**BILL OF SALE**

**THIS BILL OF SALE** is made as of June **■**, 2013,

**BETWEEN:****STARFIELD RESOURCES INC.**

a corporation incorporated under  
the laws of British Columbia,

(the "Vendor"),

- and -

**2369785 ONTARIO INC.**

a corporation incorporated under  
the laws of Ontario,

(the "Purchaser")

**WHEREAS:**

- A. Vendor is the owner of a nickel-copper-cobalt-PGE project in Ferguson Lake, Nunavut known as the Ferguson Lake Project (the "Project");
- B. Pursuant to an agreement of purchase and sale (the "Purchase and Sale Agreement") dated June **■**, 2013, between Vendor and Purchaser, Vendor has agreed to sell, assign, convey and transfer to Purchaser, and Purchaser has agreed to purchase from Vendor, all of Vendor's right, title and interest in and to all equipment, claims, leases and other assets and rights used or held for use on or in respect of the Project, including, without limitation, the assets set forth and described in Schedule A hereto and the Records and Data (collectively, the "Purchased Assets"), upon the terms and conditions set out in the Purchase and Sale Agreement;
- C. This Bill of Sale is delivered by Vendor in accordance with section 10.3(a)(iv) of the Purchase and Sale Agreement.

**NOW THEREFORE** in consideration of the covenants and promises contained in the Purchase and Sale Agreement, and for other value received, the parties agree as follows:

**1. Capitalized Terms**

Except where defined herein, capitalized terms shall have the meaning given to them in the Purchase and Sale Agreement.

**2. Conveyance of Interest**

Vendor hereby sells, assigns, conveys and transfers to Purchaser, all of the right, title, and interest of Vendor in and to the Purchased Assets in accordance with the terms and conditions of the Approval and Vesting Order and on the terms and subject to the conditions set out in the Purchase and Sale Agreement.

**3. Exclusions**

This Bill of Sale specifically excludes two diamond drills owned by Major Drilling that are situated on the Purchased Assets.

**4. “As-Is” Condition**

The Purchaser acknowledges and agrees that the Purchased Assets are purchased on an “as-is, where-is” basis in accordance with Section 2.4 of the Purchase and Sale Agreement.

**5. Further Assurances**

To the extent possible and at Purchaser’s expense, Vendor shall, from time to time, at the request of the Purchaser, execute and deliver such additional documents and take such other actions as may be reasonably necessary to fully accomplish the transfer of interests meant to be effected by this Bill of Sale.

**6. Governing Law**

This Bill of Sale shall be governed by and construed in accordance with the laws of Ontario.

**7. Enurement**

This Bill of Sale shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**8. Counterparts**

This Bill of Sale may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Transmission by facsimile or other electronic means of transmission of an executed counterpart of this Bill of Sale shall be deemed to constitute due and sufficient delivery of such counterpart.

**9. Amendments**

This Bill of Sale shall not be amended except by written agreement between the Purchaser and the Vendor.

**10. Time of the Essence**

Time shall be of the essence of this Bill of Sale and each of its provisions.

11. **Paramountcy**

This Bill of Sale is delivered pursuant to and is subject to all of the terms and conditions contained in the Purchase and Sale Agreement. In the event of any inconsistency between the provisions of this Bill of Sale and the Purchase and Sale Agreement or the Approval and Vesting Order, the provisions of the Purchase and Sale Agreement or the Approval and Vesting Order, as applicable, shall prevail.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF this Bill of Sale has been executed by the parties hereto as of the date first written above.

**STARFIELD RESOURCES INC.**

Per:

Philip S. Martin  
President & Chief Executive Officer

**2369785 ONTARIO INC.**

Per:

Tony Pomeroy  
President

**SCHEDULE A**  
**PURCHASED ASSETS**

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]**

**Proceeding commenced at TORONTO**

---

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

---

**FASKEN MARTINEAU DuMOULIN LLP**  
333 Bay Street – Suite 2400  
Bay Adelaide Centre, Box 20  
Toronto, Ontario M5H 2T6

**Stuart Brotman [LSUC No. 43430D]  
Dylan Chochla [LSUC No. 62137I]**  
Tel: (416) 366 8381  
Fax: (416) 364 7813  
[sbrotman@fasken.com](mailto:sbrotman@fasken.com)  
[dchochla@fasken.com](mailto:dchochla@fasken.com)

Solicitors for the Debtor, Starfield Resources Inc.