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IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985 c. C-44, AS AMENDED**

AND

IN THE MATTER OF NORTH AMERICAN TUNGSTEN CORPORATION LTD.

ELEVENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

NOVEMBER 12, 2015



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On June 9, 2015, on the application of North American Tungsten Corporation Ltd. (the “**Company**” or “**NATC**”), the Supreme Court of British Columbia (the “**Court**”) made an order (the “**Initial Order**”) granting a stay of proceedings (the “**Stay of Proceedings**”) against or in respect of the Company and its assets until July 9, 2015 (the “**Stay Period**”) pursuant to the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings brought by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Monitor**”) was appointed as Monitor of the Company in the CCAA Proceedings.
- 1.3 The Initial Order along with select application materials and other documents filed in the CCAA Proceedings are posted on the Monitor’s website at www.alvarezandmarsal.com/northamerican (the “**Monitor’s Website**”).
- 1.4 On July 9, 2015, the Court granted an order extending the Stay of Proceedings to July 17, 2015 and confirming, amending and restating the Initial Order as well as an order authorizing and empowering NATC to:
 - a) enter into a forbearance agreement with Callidus Capital Corporation (“**Callidus**”); and
 - b) enter into, and borrow \$2.5 million under, a credit facility to be provided by Callidus to be secured by a super priority charge over all of the assets of NATC (the “**Interim Financing Facility**”).
- 1.5 On July 17, 2015, the Court granted an order (the “**SISP Order**”) extending the Stay of Proceedings to October 31, 2015 and approving and authorizing NATC to, among other things, conduct a sale and investment solicitation process (“**SISP**”) in respect of the Company, its business and/or its assets. In accordance with the terms of the SISP, the Company retained Alvarez & Marsal Canada Securities ULC (“**A&M Securities**” or the “**Financial Advisor**”) to act as its financial advisor to assist the Company in conducting the SISP.
- 1.6 On July 31, 2015, Mr. Justice Butler made an order (the “**Set Off Order**”):
 - a) declaring that Global Tungsten & Powders Corp. (“**GTP**”), one of two major customers of NATC, has a valid right of set off with respect to amounts due to the Company for post-filing shipments of tungsten concentrate and amounts advanced to the Company under a pre-filing loan agreement; and
 - b) staying GTP from exercising its right of set off during the Stay Period.
- 1.7 GTP sought leave to appeal the Set Off Order to the British Columbia Court of Appeal (the “**BCCA**”) and for a stay of the Set Off Order. On August 12, 2015, the BCCA denied GTP’s

- applications for leave to appeal and for a stay. GTP subsequently applied to a panel of the BCCA to vary that order, which application was denied on September 30, 2015.
- 1.8 On August 20, 2015, the Court granted an order authorizing and empowering NATC to enter into, and borrow up to \$2.5 million under, a revolving credit facility to be provided by Callidus (the “**AR Financing Facility**”) to finance accounts receivable owed to NATC by GTP, secured by a super priority charge over all the assets of NATC in the amount of \$2.5 million.
 - 1.9 On September 14, 2015, the Court granted an order varying the SISP Order and approving an amended sale and investment solicitation process (the “**Amended SISP**”) pursuant to which the Monitor assumed conduct of the Solicitation Process (as that term is defined in the SISP Order).
 - 1.10 On October 9, 2015, the Court granted an order extending the Stay of Proceedings to November 30, 2015.
 - 1.11 In accordance with the terms of the Amended SISP, a number of bids were delivered to the Monitor by September 30, 2015. The Monitor, in consultation with two of the Company’s senior secured creditors, Callidus and the Government of the Northwest Territories (“**GNWT**”), considered each of the bids and determined that none of the bids received were likely to result in a transaction being consummated. Accordingly, the Monitor terminated the Amended SISP effective October 21, 2015, notified each bidder of the termination and posted notice of the termination on the Monitor’s Website.
 - 1.12 On November 9, 2015, the Company filed a Notice of Application returnable on November 16, 2015 seeking orders extending the Stay of Proceedings to March 31, 2016 (the “**Extension Order**”) and enhancing the powers of the Monitor (the “**Enhancement of Powers Order**”).
 - 1.13 On November 9, 2015, GNWT filed a Notice of Application returnable on November 16, 2015 seeking an order (the “**Mactung Credit Bid Order**”) approving the sale of the Company’s Mactung property to GNWT, in part by way of offset of a portion of the secured debt owing to GNWT by NATC (the “**Mactung Credit Bid**”).
 - 1.14 On November 10, 2015, the Company filed an Amended Notice of Application (amending the Notice of Application filed on November 9, 2015) seeking an additional order (the “**Second Administration Charge Order**”) creating a “Second Administration Charge” to secure payment of the fees and disbursements of the Monitor and its legal counsel incurred after November 16, 2015.
 - 1.15 On November 10, 2015, the Company filed a Notice of Application returnable on November 16, 2015 seeking an order (the “**Redundant Equipment Order**”) lifting the stay of proceedings so as

to permit the return of certain equipment that will not be required for the Company's care and maintenance operations at the Cantung mine.

2.0 PURPOSE OF REPORT

2.1 The purpose of this Eleventh Report of the Monitor (the "**Eleventh Report**") is to provide the Court and the Company's stakeholders with:

- a) an update on the Company's operations and the transition of the Cantung mine to care and maintenance;
- b) a comparison of actual cash receipts and disbursements for the period June 9, 2015 to November 6, 2015 to those forecast in the sixth cash flow statement (the "**Sixth Cash Flow Statement**") which was included in the Ninth Report of the Monitor dated October 13, 2015;
- c) a cash flow statement (the "**Transition Cash Flow Statement**") prepared by the Company for the 29 week period ending December 25, 2015 and reflecting the cash receipts and disbursements anticipated to be incurred by the Company in relation to its operations and transition to care and maintenance as well as the key assumptions on which the Transition Cash Flow Statement is based;
- d) a cash flow statement (the "**Care and Maintenance Cash Flow Statement**") for the 20 week period ending April 1, 2016 prepared by the Company and reflecting the cash disbursements anticipated to be incurred by the Company after its transition to care and maintenance as well as the key assumptions on which the Care and Maintenance Cash Flow Statement is based;
- e) information concerning the Company's application for the Extension Order, the Enhancement of Powers Order, the Second Administration Charge Order and the Redundant Equipment Order;
- f) information concerning GNWT's application for the Mactung Credit Bid Order; and
- g) the Monitor's recommendations with respect to the above-referenced applications.

3.0 TERMS OF REFERENCE

3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Company ("**Management**"). Although this information has been subject to review, A&M has not conducted an audit or otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Company. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

- 3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecast and/or projected and the variations could be material.
- 3.3 Unless otherwise stated, all monetary amounts contained in this Eleventh Report are expressed in Canadian dollars.

4.0 UPDATE ON OPERATIONS

- 4.1 The Company has discontinued production at the Cantung mine. The last day of operations at the mill was October 26, 2015. Following shutdown of the mill, the Company has undertaken a number of tasks to transition the mine to care and maintenance including:
- a) preparing and shutting down the underground mine;
 - b) performing water treatment and environmental inspections;
 - c) performing tailings pond inspections;
 - d) deactivating the surface mining area;
 - e) winterizing buildings and water systems;
 - f) maintaining and winterizing equipment;
 - g) disposing of surplus acid, reagents and chemicals inventory;
 - h) preparing equipment for storage; and
 - i) preparing final product shipments.
- 4.2 The Company has advised the majority of its remaining mine employees that their last day of work will be November 18, 2015. Eight employees have been retained by the Company to assist with care and maintenance operations going forward and four additional employees have been retained until November 25, 2015 to conclude shutdown of certain infrastructure and the waste water treatment plant.
- 4.3 The Company's head office employees have been advised that the corporate offices of NATC will be shuttered and three employees have been terminated effective November 30, 2015. Four head office employees will continue to be employed by the Company to assist the Monitor through December 2015. Two executives, the Chief Executive Officer and Chief Financial Officer, are expected to resign as officers and directors of NATC effective November 16, 2015 upon the granting of the Enhancement of Powers Order.

MVLWB Water License – Cantung Mine

- 4.4 The Company has been working with the Mackenzie Valley Land and Water Board (“MVLWB”), including making submissions in respect of the Company’s application to renew the Water License for the Cantung mine which is currently due to expire in late January 2016. On November 3, 2015, the Company submitted its closing statements to the MVLWB on its ten year renewal application for the Water License. The Company has also made a request of the MVLWB that a public hearing be held to consider extending the Water License for a period of four months to May 29, 2016 to provide additional time to decide the best path forward while the Cantung mine is in care and maintenance. On November 12, 2015 the Company received two letters from the MVLWB in respect of the renewal of the Water License. The Company is considering its response to these letters, and given the timing the Monitor has yet to formulate a view on the letters.

5.0 CASH FLOW VARIANCE ANALYSIS

- 5.1 The Monitor has undertaken weekly reviews of the Company’s actual cash flow in comparison to that contained in the Sixth Cash Flow Statement. The Company’s actual cash receipts and disbursements as compared to the Sixth Cash Flow Statement for the period from June 9, 2015 to November 6, 2015 (the “**Initial Period**”) are summarized below:

North American Tungsten Corporation Ltd.
Unaudited Summary of Actual Versus Forecast Cash Flows
For the period June 9, 2015 to November 6, 2015
(\$000's)

	June 9, 2015 to November 6, 2015		
	Actual	Forecast	Variance
Cash Flow from Operations			
Collection of accounts receivable	\$ 16,963	\$ 17,803	\$ (840)
Other receipts	471	372	99
Employee costs - mine site	(8,075)	(7,952)	(123)
Operating disbursements	(8,586)	(8,845)	259
Net cash flow from operations	773	1,378	(605)
Employee costs - head office	(514)	(530)	16
Head office disbursements	(767)	(672)	(95)
Reclamation costs	(55)	(55)	-
Development costs - Mactung	(55)	(31)	(24)
Restructuring professional fees	(1,761)	(2,106)	345
	(3,152)	(3,394)	242
Net Cash Flow Before Financing	(2,379)	(2,016)	(363)
Net Cash Flow From Financing			
Proceeds from interim financing	3,000	3,000	-
Proceeds from AR Financing Facility	883	1,170	(287)
Interim financing fees and interest	(192)	(233)	41
AR financing fees and interest	(8)	(29)	21
Principal and interest on existing Callidus loans	(1,668)	(2,037)	369
Net cash flow from financing	2,015	1,871	144
Net Cash Flow	(364)	(145)	(219)
Cash Position			
Opening Cash Position	626	626	-
Closing Cash Position	\$ 262	\$ 481	\$ (219)

5.2 In summary, the Company experienced a net unfavourable cash flow variance of \$219,000 for the Initial Period. The principal components of the variance are described below:

- a) collections of accounts receivable were approximately \$840,000 lower than forecast, primarily due to timing differences as a result of a delay in shipments to GTP while the Company sought an order confirming that the stay in respect of GTP's rights of setoff would be extended beyond October 31, 2015;
- b) mine operating disbursements were approximately \$259,000 lower than forecast as a result of efforts to manage cash flow in light of the delayed shipments to GTP;

- c) restructuring professional fees were \$345,000 lower than forecast as the Company did not have sufficient liquidity to make scheduled catch up payments towards professional fee arrears;
- d) proceeds from the AR Financing Facility were \$287,000 lower than forecast as Callidus declined to approve a funding request for the re-advance of an amount collected from GTP and repaid to Callidus;
- e) head office disbursements include a \$140,000 payment for long tail directors and officers insurance; and
- f) principal and interests payments on the pre-filing Callidus loans were \$369,000 lower than forecast as the Company did not have sufficient liquidity to make the monthly principal and interest payment that was due at October 31, 2015.

5.3 Restructuring professional fees paid by the Company during CCAA Proceedings to date are summarized as follows:

North American Tungsten Corporation Ltd. Summary of Professional Fees For the period June 9, 2015 to November 6, 2015 (\$000's)					
Vendor	Fees	Disb.	Taxes	Total	
Dentons Canada LLP (Counsel to the Company)	\$ 681	\$ 25	\$ 83	\$ 789	
Alvarez & Marsal Canada Inc. (Monitor)	388	3	20	411	
Alvarez & Marsal Canada Securities ULC (Financial Advisor)	207	3	9	219	
Fasken Martineau DuMoulin LLP (Counsel to the Monitor)	115	3	14	132	
Borden Ladner Gervais LLP (Counsel to Callidus)	137	4	17	158	
Gowling Lafleur Henderson LLP	38	-	3	41	
Other	11	-	-	11	
Total	\$ 1,577	\$ 38	\$ 146	\$ 1,761	

5.4 As at November 9, 2015, outstanding restructuring professional fees (net of retainers) totalled \$393,000 not including accrued fees not yet billed. Other priority payables (primarily employee related remittances) as at November 9, 2015 totaled \$117,000.

6.0 TRANSITION CASH FLOW STATEMENT

6.1 Management has prepared the Transition Cash Flow Statement which sets out the Company's anticipated expenditures for the seven week period from November 7, 2015 to December 25, 2015 (the "**Transition Period**"), during which time the Company will be transitioning its operations to care and maintenance. A copy of the Transition Cash Flow Statement is attached as Appendix "A". Receipts and disbursement following the transition to care and maintenance are included in the Care and Maintenance Cash Flow Statement which is described in section 8.0.

6.2 A summary of the Transition Cash Flow Statement is set out in the table below:

North American Tungsten Corporation Ltd. Transition Cash Flow Statement For the period June 9, 2015 to December 25, 2015 (\$000's)			
	June 9 to November 6 Actual	November 7 to December 25 Forecast	Total
Cash Flow from Operations			
Collection of accounts receivable	\$ 16,963	\$ 2,612	\$ 19,575
Other receipts	471	55	526
Employee costs - mine site	(8,075)	(707)	(8,782)
Operating disbursements	(8,586)	(177)	(8,763)
Net cash flow from operations	773	1,783	2,556
Employee costs - head office	(514)	(31)	(545)
Head office disbursements	(767)	(193)	(960)
Reclamation costs	(55)	-	(55)
Development costs - Mactung	(55)	-	(55)
Restructuring professional fees	(1,761)	(413)	(2,174)
	(3,152)	(637)	(3,789)
Net Cash Flow Before Financing	(2,379)	1,146	(1,233)
Net Cash Flow From Financing			
Proceeds from interim financing	3,000	-	3,000
Proceeds from AR Financing Facility	883	(883)	-
Interim financing fees and interest	(192)	(86)	(278)
AR financing fees and interest	(8)	(29)	(37)
Principal and interest on existing Callidus loans	(1,668)	-	(1,668)
Contingency	-	(75)	(75)
Net cash flow from financing	2,015	(1,073)	942
Net Cash Flow	(364)	73	(291)
Cash Position			
Opening Cash Position	626	262	626
Closing Cash Position	\$ 262	\$ 335	\$ 335

6.3 Following is additional information concerning the anticipated receipts and disbursements during the Transition Period:

- a) collection of accounts receivable of \$2.6 million represents approximately \$2.2 million of collections from GTP for shipments of tungsten concentrate made in October 2015 and \$376,000 from sales to other customers. The Transition Cash Flow Statement has been

prepared based on the assumption that accounts receivable from GTP will be collected within 30 days of shipment in accordance with the terms of the supply agreement. The last payment from GTP is due to be received during the week ending December 4, 2015;

- b) employee costs for the Cantung mine site of \$707,000 include payroll, benefits and payroll withholdings remittances for employees retained to shut down the Cantung mine and transition it to care and maintenance as well as to prepare all related equipment and assets for winter storage;
- c) head office disbursements include royalty payments of \$173,000 due to Teck Resources in respect of post-filing tungsten production up to November 2015;
- d) restructuring professional fees are forecast to be \$413,000 during the Transition Period for services rendered by the Company's legal counsel, the Monitor and the Monitor's legal counsel as well as catch-up for professional fees outstanding from prior periods; and
- e) the AR Financing Facility will be retired during the week ending December 4, 2015 following repayments to Callidus totaling \$883,000.

6.4 The Company is forecasting to have approximately \$335,000 of cash on hand at the end of the Transition Period. It is expected that, subject to satisfaction of all prior ranking CCAA Charges, post-filing liabilities, and any allocation adjustment (refer to section 10.11), Callidus will seek to have the remaining cash on hand applied against its Interim Financing Facility.

7.0 CARE AND MAINTENANCE PLAN

7.1 The Company is planning to continue performing care and maintenance of the mine site and related assets during the period from November 19, 2015 to March 31, 2016 (the “**Care and Maintenance Period**”). During that time, subject to the Enhancement of Powers Order being granted, the Company will act under the direction of the Monitor. The Monitor intends to consult with the Government of Canada (“GC”) and GNWT during this period, including to ensure the Company is complying with all relevant environmental obligations. The enhanced powers of the Monitor being sought are described in section 9.0.

7.2 The Company, in consultation with GC, has prepared a care and maintenance plan which provides for retention of certain mine site and head office staff, maintaining environmental management and compliance and safeguarding certain fixed assets.

7.3 The GC and GNWT have not consented to fund certain costs previously forecast by the Company to be paid as part of the care and maintenance expenditures including:

- a) environmental consulting work of approximately \$250,000 that may be required in order to ensure the renewal of Cantung's Water License; and
- b) property taxes of approximately \$250,000 which will accrue with a potential priority charge against the Cantung property in favour of GNWT.

7.4 GC has committed to make arrangements, on or before November 16, 2015, for the funding of the Company's cash requirements during the Care and Maintenance Period. The Monitor understands that GNWT and GC are working collaboratively in relation to such funding, including with respect to accessing the reclamation security and trust arrangements currently in place in favor of GNWT which was posted to secure, among other things, costs in respect of environmental management and compliance, site reclamation and site restoration at the Cantung mine.

8.0 CARE AND MAINTENANCE CASH FLOW STATEMENT

8.1 The Company has prepared the Care and Maintenance Cash Flow Statement which reflects the Company's anticipated expenditures during the Care and Maintenance Period. A copy of the Care and Maintenance Cash Flow Statement is attached as Appendix "B".

8.2 A summary of the Care and Maintenance Cash Flow Statement is set out in the table below:

North American Tungsten Corporation Ltd. Care and Maintenance Cash Flow Statement For the period November 19, 2015 to April 1, 2016 (\$000's)		
	November 19, 2015 to April 1, 2016 Forecast	
Disbursements		
Employee costs - mine site	\$	(439)
Fuel		(272)
Insurance		(73)
Other operation costs		(470)
Administration		(141)
Restructuring professional fees		(325)
Contingency		(85)
		<u>(1,805)</u>
Net Cash Flow		<u>(1,805)</u>
Cash Position		
Opening Cash Position		-
Closing Cash Position	\$	<u><u>(1,805)</u></u>

- 8.3 Details concerning the major components of the Care and Maintenance Cash Flow Statement are as follows:
- a) mine employee costs include salary and wages for eight full time employees on a “four on, four off” shift rotation starting on November 19, 2015;
 - b) fuel costs are for diesel required the generators which provide power to the site;
 - c) insurance costs are forecast based on Management’s estimates of premiums, which are expected to be reduced when Cantung is in care and maintenance and operations have otherwise ceased;
 - d) other operating costs include environmental management, safety programs, site administration, catering and janitorial expenses and costs required to maintain and preserve the Company’s mineral claims;
 - e) administration costs include costs of arranging for a third party service provider to store the Company’s physical records, long term storage and back-up of the Company’s electronic records. It also includes salaries and wages for administrative employees including part time work by the Senior Manager, Finance, the Manager, Financial Reporting and the Payroll Manager. The administrative employee costs are expected to decrease after December 31, 2015 and will largely relate to accounting and payroll processing; and
 - f) restructuring professional fees are for services rendered by the Monitor and the Monitor’s legal counsel as well as a retainer for the Company’s legal counsel to be drawn upon for legal matters that may require Company counsel’s advice or input.
- 8.4 GC has committed to advancing funds to the Company to cover care and maintenance costs, including mine costs, administration and restructuring professional fees. The Care and Maintenance Cash Flow Statement shows a funding requirement of approximately \$1.8 million through to March 31, 2016, with the first draw being required on November 19, 2015. However, in the event that the Monitor anticipates a material increase in the cumulative amount spent, paragraph 19 of the proposed Enhancement of Powers Order provides that the Monitor may advise GC of the budget adjustment and that GC must notify the Monitor whether or not it consents to the adjustment within three business days. If GC does not consent to any such adjustment, the Monitor, in consultation with the relevant stakeholders, will have to consider at that time whether it will be able to continue to perform its duties or instead have no choice but to seek its discharge.
- 8.5 In discussions among the Company, the Monitor and the Company’s major stakeholders regarding the transition to care and maintenance, it was recognized that a number of pieces of

equipment would be required for care and maintenance and that Callidus was the primary creditor having a security interest in some of that equipment. Similarly, it was recognized that other equipment subject to Callidus' security, and which was not expected to be required for care and maintenance, would likely need to be stored in the Cantung mine or otherwise at the mine site.

8.6 In light of the foregoing, the Company and Callidus have settled the terms of a support agreement (the "**Support Agreement**"), a draft copy of which is attached as Appendix "C". Key commercial terms of the Support Agreement are as follows:

- a) NATC may continue to use certain equipment (the "**Care and Maintenance Equipment**") which is subject to Callidus' security in the care and maintenance of the Cantung mine, without charge;
- b) NATC shall maintain, repair and insure the Care and Maintenance Equipment at NATC's cost;
- c) NATC will store the remainder of the equipment subject to Callidus' security (the "**Stored Equipment**") at the Cantung mine without cost;
- d) NATC shall procure insurance for all of the equipment subject to Callidus' security and Callidus will pay NATC for the portion of NATC's insurance costs relating to the Stored Equipment; and
- e) the agreement is conditional upon the Enhancement of Powers Order being granted by this Honourable Court.

8.7 The Monitor understands that Callidus and NATC will execute the Support Agreement prior to the hearing on November 16, 2015.

9.0 ENHANCED POWERS OF THE MONITOR AND SECOND ADMINISTRATION CHARGE

9.1 As noted in section 7.0, the transition of the Cantung mine to care and maintenance is expected be largely completed by November 18, 2015. The Company has advised the Monitor that its officers and directors plan to resign on the earlier of November 18, 2015 and the date that the Enhancement of Powers Order is granted.

9.2 The Enhancement of Powers Order, if granted, would authorize the Monitor to do a number of things in addition to its powers set forth in the Initial Order, including but not limited to the following:

- a) take any and all steps in order to direct or cause the Company to exercise rights under paragraph 11 of the Initial Order;

- b) take any and all steps as the Monitor considers necessary in order to direct or cause the Company to deal with the property and operations, including restructuring, wind-down, liquidation, disposal of assets, or other activities;
 - c) monitor, review, and direct receipts and disbursements and implement such measures of control as the Monitor deems reasonably necessary to ensure the appropriate monitoring of expenses;
 - d) initiate and administer any claims bar and/or claims resolution process, or protocol as may be approved by this Honourable Court;
 - e) subject to the approval of this Honourable Court, direct or cause the Company to complete one or more transactions for the sale of all or any part of the business, property or any part thereof, and conduct, supervise and recommend to this Honourable Court any procedure regarding the allocation and/or distribution of proceeds of any sales;
 - f) settle, extend or compromise any indebtedness owing to or by the Company;
 - g) engage or cause the Company to engage advisors, appraisers, accountants, counsel and other such persons from time to time and on whatever basis as deemed necessary to carry out the Monitor's powers and duties;
 - h) apply to this Honourable Court for any orders necessary to carry out its powers and obligations, including for advice and directions with respect to any matter; and
 - i) meet with management of the Company, if any, with respect to any of the foregoing.
- 9.3 As described in section 8.3, in the event that the Monitor anticipates a material increase in the total amount to be expended by the Company during the Care and Maintenance Period, paragraph 19 of the Enhancement of Powers Order provides that the Monitor may advise GC of the budget adjustment and that GC must notify the Monitor of whether it consents to the adjustment within three business days.
- 9.4 The proposed Second Administration Charge Order contemplates the creation by court order of a charge (the "**Second Administration Charge**") over all assets of the Company (other than Mactung) to secure payment of the fees and disbursements of the Monitor and its counsel for the period after November 16, 2015. The Proposed Second Administration Charge would be limited to the aggregate amount of \$500,000.
- 9.5 The proposed Second Administration Charge Order also contemplates that the original Administration Charge granted as part of the Initial Order would be amended to secure only those fees and disbursements incurred up to and including November 16, 2015.

Monitor's Comments

- 9.6 In light of the planned resignation of the Officers and Directors of NATC on or before November 18, 2015, it is the Monitor's view that the expanded powers and duties proposed to be conferred on the Monitor pursuant to the Enhancement of Powers Order are appropriate in the circumstances and provide a sufficient degree of supervision and oversight to the Company's care and maintenance operations.
- 9.7 The Monitor has held a number of meetings and discussions with stakeholders in respect of the care and maintenance plan for the Cantung mine and related funding, including GC and GNWT, both of whom support the application.
- 9.8 The Monitor has conducted preliminary discussions with certain key senior mine management personnel regarding their ongoing retention by the Company following its transition to care and maintenance and believes there will be sufficient continuity of Company personnel to enable the Monitor to effectively oversee the Company's operations pursuant to the Enhancement of Powers Order.
- 9.9 The Monitor has considered the Second Administration Charge and related security and believes that the nature and quantum of the charge is fair and reasonable in the circumstances.

10.0 MACTUNG CREDIT BID

Results of the Amended SISP

- 10.1 The results of the Amended SISP are described in detail in the Tenth Report of the Monitor dated October 23, 2015. For ease of reference, a summary of the results of the Amended SISP are as follows:
- a) the Financial Advisor contacted 256 potentially interested parties;
 - b) 18 potential purchasers executed confidentiality agreements and were provided with a copy of a confidential information memorandum and access to an electronic data site;
 - c) 3 Qualified Bids (as defined in the Amended SISP) were received by the Financial Advisor and the Monitor on or before the bid deadline of September 30, 2015;
 - d) Callidus and GNWT executed confidentiality agreements and, with the consent of the parties that submitted Qualified Bids, were provided with copies of the Qualified Bids for their consideration and review; and

- e) the Monitor conducted discussions with Callidus and GNWT regarding the bids and the Amended SISP generally, and, as a result of those discussions, determined that none of the bids received were likely to result in a transaction being consummated.
- 10.2 Accordingly, the Monitor terminated the Amended SISP and notified each qualified bidder of the termination of the Amended SISP effective October 21, 2015.

Mactung Credit Bid

- 10.3 GNWT holds security for certain reclamation and environmental obligations of the Petitioner including a first registered charge (subject to the CCAA Charges, as defined below) over the Company's exploration property known as Mactung. A summary of the other creditors that hold registered security against Mactung subordinate to GNWT is set out in the Monitor's Third Report dated June 28, 2015 as well as the First Affidavit of D. Lindahl dated June 9, 2015. The Monitor has had its legal counsel review the security held by GNWT and confirm that the security is a valid charge against the Mactung assets.
- 10.4 Mactung is also encumbered by priority charges that have been created by court orders in the CCAA Proceedings, including the Administration Charge, Directors Charge, A/R Financing Charge and the Interim Lender's Charge (collectively, the "**CCAA Charges**"). There are not expected to be any amounts secured under the AR Financing Charge and the Directors Charge (each as defined in the Initial Order).
- 10.5 Following termination of the Amended SISP, GNWT submitted an asset purchase agreement (the "**Mactung APA**") to purchase the property, in part through an offset of the secured debts owing to it. A copy of the Mactung APA is attached as Appendix "**D**". GNWT is now applying for the Mactung Credit Bid Order, which, among other things, would approve of the Mactung APA and vest the Company's Mactung assets in GNWT free and clear of all encumbrances.

Summary of Select Commercial Terms of the Mactung APA

- 10.6 Select commercial terms of the Mactung APA are summarized below:
- a) NATC shall sell to GNWT all of NATC's right, title and interest in and to the Company's Mactung assets free and clear of all liens, claims and interests, excluding a Mactung Royalty Agreement between NATC and Aur Resources Inc., including the following:
 - i. the Mactung property located in the Selwyn mountain range in an area straddling the border between Yukon and the Northwest Territories;
 - ii. all mineral tenures related to the Mactung property;

- iii. all related business information, including books and records;
 - iv. all consents, licenses, permits and other rights entered into or obtained from any government entity or other third party;
 - v. all pre-paid expenses;
 - vi. copies of all tax records related to the assets and the business; and
 - vii. all water rights, permits, consents and other riparian rights of any kind relating to the business, the Mactung property or mineral tenures.
- b) GNWT shall assume and become responsible for the following liabilities:
- i. any liability in respect of the mineral tenures;
 - ii. transfer taxes in connection with the Mactung APA and the transactions contemplated thereunder;
 - iii. any obligation with respect to the post-closing operation of the business or ownership of the Mactung assets arising from and after the closing of the sale; and
 - iv. all amounts payable to obtain any consents, including filing and other fees, excluding any penalties or interest.
- c) the purchase price is \$4.5 million, subject to certain adjustments;
- d) GNWT shall pay out the CCAA Charges in full on closing subject to a potential allocation adjustment and being subrogated to the rights, claims and security of the beneficiaries of the CCAA Charges;
- e) the Mactung APA is subject to various conditions precedent, including a requirement that NATC obtain an approval and vesting order from this Honourable Court;
- f) within 10 days of the execution of the Mactung APA, both NATC and GNWT agree to prepare and file all necessary documents, registrations, statements and applications for transfer approvals and any other consents of any other government entities required to complete the transaction; and
- g) the closing date of the transaction shall be on November 18, 2015 at 10:00 am PST unless extended by written agreement of the parties, but in any event by no later than November 25, 2015.

Monitor's Review of the Mactung APA

- 10.7 In reviewing the Mactung APA, among other things, the Monitor considered the following:
- a) the total purchase price for the Mactung assets;
 - b) the timely payout of the Interim Lender's Charge and the Administration Charge, which is to occur on closing of the Mactung APA;

- c) the breadth and the period of exposure of the Mactung assets to the market through the Amended SISP;
 - d) the lack of successful offers resulting from the Amended SISP, including the fact that GNWT would have incurred a significant shortfall on their secured claim had any of the offers received completed;
 - e) the amount and nature of GNWT's secured claim
 - f) the extent to which the transaction is supported by certain key stakeholders including GNWT and Callidus; and
 - g) the lack of opposition from unsecured creditors.
- 10.8 The purchase price offered by GNWT of \$4.5 million is greater than any purchase price offered pursuant to any of qualified bids received in the Amended SISP. The purchase price is also vastly less than the estimated gross amount due to GNWT and secured against the Mactung assets, estimates of which range from approximately \$15 to \$28 million before taking into account cash security held by the GNWT.
- 10.9 After considering the matters set out above, and after discussions with the Company, GNWT and Callidus, the Monitor is satisfied that (i) the purchase price under the Mactung APA is superior to any purchase price contained in the three qualified bids, and (ii) subject to one comment below regarding GNWT's entitlement to subrogation, the terms of the Mactung APA are commercially reasonable. Accordingly, the Monitor supports GNWT's application for the Mactung Credit Bid Order.
- 10.10 The Mactung APA and the Mactung Credit Bid Order both contemplate that, upon payment of amounts outstanding under the CCAA Charges, GNWT will be subrogated to the rights, claims and security of the beneficiaries of the CCAA Charges, including the right to charge interest at the rates currently charged by those beneficiaries. While the Monitor appreciates the need for GNWT to be secured in an appropriate manner to ensure recovery by GNWT based on the ultimate allocation of the CCAA Charges across the various classes of assets, the Monitor takes no position on whether the order sought by GNWT, including as to whether GNWT is entitled to be subrogated to all rights of the beneficiaries, including the right to claim interest at the rates charged by the beneficiaries.
- 10.11 The proposed Mactung Credit Bid Order also directs the Monitor to forthwith prepare an allocation of the CCAA Charges as against the assets of the Petitioner. The Monitor has no concerns with preparing an allocation of the CCAA Charges following consultation with affected stakeholders, principally GNWT and Callidus, and an opportunity for those parties to seek to

resolve the allocation as between themselves. That said, depending on the methodology for the allocation either agreed by GNWT and Callidus or determined by the Monitor, it may not be possible for the Monitor to prepare the final allocation immediately, but rather it may be necessary to wait until additional assets – primarily the Company’s equipment – are sold. Accordingly, the Monitor supports this portion of the Mactung Credit Bid Order provided that the word “forthwith” is removed.

11.0 LIFTING OF STAY IN RESPECT OF REDUNDANT EQUIPMENT

- 11.1 NATC has approximately 22 pieces of equipment that are subject to financing lease or equipment financing arrangements. A number of these pieces (collectively, the “**Redundant Equipment**”) are expected to become redundant once the Company has transitioned the Cantung mine to care and maintenance. Accordingly, the Company is applying for the Redundant Equipment Order so that it can release the Redundant Equipment to the parties holding the senior security interest on appropriate conditions.
- 11.2 The Company has compiled a list of leased and financed equipment (the “**Equipment List**”) as well as the results of a preliminary review by the Company’s counsel of the various security interests in each piece of equipment. The list also identifies each piece of financed equipment as being Redundant Equipment or equipment that will be required for care and maintenance operations (such equipment is identified as “**Retained Equipment**”). A copy of the list is attached as Appendix “E”.
- 11.3 The proposed Redundant Equipment Order provides as follows:
- a) equipment financiers be authorized to remove and relocate the Redundant Equipment, provided that prior to removing the Redundant Equipment they pay to the Monitor, in trust, an amount estimated by the Monitor as necessary to satisfy the pro rata portion of the CCAA Charges associated with that equipment (the “**Allocated Amounts**”);
 - b) the Redundant Equipment, once returned to the applicable secured party, shall be free and clear of the CCAA Charges;
 - c) the Monitor shall hold the Allocated Amounts in trust which shall stand in place of the Redundant Equipment and shall be subject to the CCAA Charges; and
 - d) in the event any portion of the Allocated Amounts is not required to satisfy the CCAA Charges, the Monitor shall return that amount to the applicable equipment financier.

Monitor's Comments

- 11.4 The Monitor supports the Company's application for the Redundant Equipment Order for the following reasons:
- a) it allows the equipment financiers of the Redundant Equipment to recover and remove their security in a timely manner if they so desire;
 - b) the release of the Redundant Equipment will reduce the Company's ongoing equipment holding costs including insurance, maintenance and storage; and
 - c) the Allocated Amounts will sufficiently stand in place of the Redundant Equipment in respect of the CCAA Charges.
- 11.5 It should be noted that the Allocated Amounts are calculated based on the conservative, but in the Monitor's view necessary, assumptions that: (i) none of the CCAA Charges will be allocated against the Mactung assets; and (ii) the Company's remaining equipment has no realizable value. These assumptions are likely not correct, but until the foregoing amounts are known, there is no other practicable and safe way to calculate the Allocation Amounts at this time.
- 11.6 The Monitor has reviewed an analysis prepared by the Company identifying the appraised forced liquidation value and amounts due under financing lease and equipment loans for each piece of Redundant Equipment and notes that there may be material equity in certain pieces of equipment. Accordingly, it is the Monitor's view that the Company should make arrangements to retain these particular items and either dispose of them to realize on that equity or enter into disposition agreements with the applicable equipment financiers whereby realization proceeds in excess of the amounts due under equipment financing and /or leases are returned to the Company, subject to payment of applicable Allocation Amounts and prior ranking security interests of the Company's secured creditors.

12.0 EXTENSION OF THE STAY OF PROCEEDINGS

- 12.1 The Stay of Proceedings is currently set to expire on November 30, 2015. The Company has filed a notice of application for the Extension Order which provides for an extension of the Stay of Proceedings until March 31, 2016.
- 12.2 The Monitor supports the Company's application for the Extension Order for the following reasons:
- a) the Company requires time to effect an orderly transition from production to care and maintenance at the Cantung mine;

- b) the Company requires time to effect the sale of Mactung to GNWT pursuant to the Mactung APA;
- c) the ongoing care and maintenance of the Cantung mine and mine site are important not only to preserve those assets, but also to ensure continued compliance with the Company's environmental obligations, particularly over the winter months;
- d) GC has committed to fund care and maintenance expenses of the Company during the period of the extension;
- e) the Transition Cash Flow Statement and Care and Maintenance Cash Flow Statement indicate that Company will have sufficient liquidity during the period ending March 31, 2016;
- f) the Monitor does not believe there will be material financial prejudice to any of NATC's creditors, employees, customers or suppliers as a result of an extension of the stay period; and
- g) Management appears to be acting in good faith and with due diligence and the Company's prospects of affecting a viable restructuring would be enhanced by an extension of the Stay Period.

13.0 MONITOR'S RECOMMENDATIONS

- 13.1 The Company and its management have continued to act in good faith and with due diligence in relation to these restructuring proceedings, including in taking appropriate steps to transition the Cantung mine to care and maintenance.
- 13.2 For the reasons set forth in this Report, the Monitor respectfully recommends that this Honourable Court grant the following orders:
 - a) the Extension Order;
 - b) the Enhanced Powers Order;
 - c) the Second Administration Charge Order;
 - d) the Redundant Equipment Order; and
 - e) the Mactung Credit Bid Order.

All of which is respectfully submitted to this Honourable Court this 12th day of November, 2015.

Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
North American Tungsten Corporation Ltd.

A handwritten signature in black ink, appearing to read 'Todd Martin', written in a cursive style.

Per: Todd Martin
Senior Vice President

A handwritten signature in black ink, appearing to read 'Tom Powell', written in a cursive style.

Per: Tom Powell
Director

APPENDIX A

North American Tungsten Corporation Ltd.
Cash Flow Projection - Operations and Maintenance
For the period ended December 31,
November 9, 2015

North American Tungsten Corporation Ltd.																
Cash Flow Projection - Operations and Transition to Care & Maintenance																
For the 28 weeks ended December 25																
November 5, 2015																
	Transferring to Care and Maintenance >>								Care and Maintenance >>							
	Production Ends				Ho Production				Production Ends				Ho Production			
	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	
Receipts																
Collection of accounts receivable	\$ 716,852	\$ 148,197	\$ 431,258	\$ 1,140,895	\$ 822,448	\$ 217,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,575,008	
Cashless A/R financing	23,602	-	-	30,000	(822,448)	(60,241)	-	-	-	-	-	-	-	-	(10)	
Other receipts	738,453	148,197	431,258	1,170,895	-	157,584	-	-	25,000	20,100,738	-	-	-	-	536,672	
Total Receipts															20,100,738	
Disbursements															(8,672,032)	
Employee costs - mine site	(327,340)	(226,820)	(192,046)	(313,354)	(201,721)	-	-	-	-	-	-	-	-	-	(137,980)	
Key employee retention costs	-	(4,715)	(3,877)	(2,000)	-	-	-	-	-	-	-	-	-	-	(13,588)	
Equipment parts / supplies	-	(7,896)	(6,000)	(10,000)	-	-	-	-	-	-	-	-	-	-	(160,510)	
Mining direct materials (including pit program)	(798)	(8,000)	(8,000)	(10,000)	-	-	-	-	-	-	-	-	-	-	(889,487)	
M&M direct materials	(105,287)	(8,000)	(10,000)	(10,000)	-	-	-	-	-	-	-	-	-	-	(1,751,365)	
Other operating costs	(94,888)	(43,187)	(13,065)	(8,000)	-	-	-	-	-	-	-	-	-	-	(3,189,893)	
Contractors	(83,817)	(39)	(13,065)	(8,000)	-	-	-	-	-	-	-	-	-	-	(23,128)	
Operating leases and insurance	(92,076)	(44,456)	(41,072)	(5,000)	-	-	-	-	-	-	-	-	-	-	(1,752,735)	
Freight and Expediting	(41,822)	-	(37,200)	-	-	-	-	-	-	-	-	-	-	-	(865,838)	
Mine site cleaning and janitorial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,880)	
Tailings management and dredging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,920)	
Transportation & Reclamation study	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
M&M maintenance / improvements	(728,672)	(356,173)	(305,931)	(375,354)	(201,721)	-	-	-	-	-	-	-	-	-	(17,848,947)	
Net Cash Flow - Continuing Operations	12,781	(247,976)	128,288	791,591	(201,721)	157,584	-	-	25,000	-	-	-	-	-	2,151,797	
Receipts																
Interest financing proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000	
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disbursements																
Employee costs - head office	(22,444)	(10,086)	(17,588)	(12,000)	787	-	-	-	-	-	-	-	-	-	(514,948)	
Head office and corporate costs	(1,612)	(133,027)	(10,068)	(3,000)	(177,587)	-	-	-	-	-	-	-	-	-	(838,226)	
Mining purchases	-	(23,345)	-	-	-	-	-	-	-	-	-	-	-	-	(54,502)	
Restructuring professional fees	(46,545)	(38,733)	(91,756)	(297,964)	(23,074)	-	-	-	-	-	-	-	-	-	(2,173,437)	
Interest financing interest and fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(280,854)	
Cashless principal & interest on regular loan	(12,558)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,688,485)	
Other interest financing interest and fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,223)	
Consequency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75,000)	
Total Disbursements	(811,600)	(602,418)	(447,302)	(25,000)	(25,000)	(117,655)	-	-	-	-	-	-	-	-	(23,381,426)	
Net Cash Flow	(797,819)	(748,615)	(579,014)	(25,000)	(25,000)	(25,000)	-	-	25,000	-	-	-	-	-	(23,381,426)	
Cash Balance																
Opening Cash Balance	\$ 780,308	\$ 716,010	\$ 261,789	\$ 245,636	\$ 687,283	\$ 270,377	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 625,890	
Closing Cash Balance	\$ 716,010	\$ 261,789	\$ 245,636	\$ 487,283	\$ 697,283	\$ 270,377	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 310,306	\$ 235,308	

APPENDIX B

North American Tungsten Corporation Ltd.
Cash Flow Projection - For Care & Maintenance
For weeks 20 to 43
November 12, 2015

No Production
Care and Maintenance >>

	24 20-Nov-15	25 27-Nov-15	26 04-Dec-15	27 11-Dec-15	28 18-Dec-15	29 25-Dec-15	30 01-Jan-16	31 08-Jan-16	32 15-Jan-16	33 22-Jan-16
Receipts										
Collection of accounts receivable										
Calculus A/R Financing										
Other receipts										
Total Receipts										
Disbursements										
Employees costs - mine site		(42,033)		(48,500)		(45,500)			(45,809)	
Key employee retention costs										
Equipment parts / supplies										
Mining direct materials (including pit program)										
Mit direct materials		(5,000)	(13,624)	(2,500)	(15,324)	(11,500)	(18,837)	(31,837)	(18,837)	(18,837)
Other operating costs		(16,500)		(40,000)		(40,000)		(5,074)	(40,000)	
Diesel										
Operating leases and insurance				(5,000)	(5,000)	(5,000)	(6,074)	(5,074)	(6,074)	(6,074)
Freight and Expediting				(12,250)		(12,250)	(4,900)		(4,900)	(4,900)
Mine site catering and janitorial										
Canuting Disbursements		(80,933)	(58,824)	(108,250)	(20,324)	(114,250)	(29,811)	(42,811)	(115,620)	(29,811)
Net Cash Flow - Canuting Operations										
Receipts										
Interim financing proceeds										
Other receipts										
Disbursements										
Employee costs - head office		(25,000)		(17,924)		(18,171)			(5,000)	
Head office and corporate costs				(500)	(20,000)					
Machting purchases		(1,627)				(1,627)				
Restructuring professional fees										
Interim financing interest and fees										
Calculus principal & interest on regular loan		(70,000)	(55,000)	(20,000)	(5,000)	(5,000)	(11,000)	(11,000)	(11,000)	(11,000)
Calculus A/R financing interest and fees										
Contingency										
Total Disbursements		(178,550)	(20,316)	(10,000)	(10,000)	(10,000)	(2,500)	(2,500)	(2,500)	(2,500)
Net Cash Flow										
	(32,000)	(178,550)	(157,030)	(156,674)	(65,324)	(149,548)	(43,311)	(56,311)	(134,120)	(43,311)
	(32,000)	(178,550)	(157,030)	(156,674)	(65,324)	(149,548)	(43,311)	(56,311)	(134,120)	(43,311)
Cash Balance										
		(32,000)	(210,550)	(357,590)	(524,264)	(589,588)	(739,136)	(838,757)	(938,757)	(972,576)
Closing Cash Balance										
		(32,000)	(210,550)	(357,590)	(524,264)	(589,588)	(739,136)	(838,757)	(938,757)	(972,576)

**Total for
Week 24
to
Week 43**

**Total for
Week 24
to
Week 43**

APPENDIX C

SUPPORT AGREEMENT

The Agreement is made effective as of November 16, 2015 (the “**Effective Date**”).

Between:

Callidus Capital Corporation (“**Callidus**”)

and:

North American Tungsten Corporation Ltd. (“**NATC**”)

WHEREAS:

A. On June 9, 2015, on the application of **NATC**, the Supreme Court of British Columbia (the “**Court**”) made an Order (the “**Initial Order**”) granting a stay of proceedings (the “**Stay of Proceedings**”) against or in respect of **NATC** and its assets and Alvarez & Marsal Canada Inc. (“**A & M**” or the “**Monitor**”) was appointed the Monitor.

B. **NATC** intends to transition the Cantung mine to care and maintenance commencing on or about November 18, 2015, by which time it is anticipated that the majority of the employees of **NATC** will be terminated and management and the board of directors of **NATC** will have resigned.

C. On November 16, 2015, the Company will be making an application to the Court for an order, a copy of the current draft of which is attached as Schedule “A” (the “**Expanded Powers and Funding Order**”), which, if granted, will (i) extend the Stay of Proceedings to March 31, 2016; (ii) order the Government of Canada to provide funding for the care and maintenance of the Cantung mine for the period November 18, 2015 to March 31, 2016 (the “**Care and Maintenance Period**”); and (iii) enhance the Monitor’s powers so as to grant the Monitor the exclusive authority to act in respect of **NATC**’s property and business.

D. Callidus is a secured lender to NATC and currently holds security over all of the assets of NATC.

E. NATC has requested that, during the Care and Maintenance Period (and any extensions thereof), certain equipment which is listed on Schedule "B" hereto (collectively, the **"C&M Equipment"**) and which forms part of the collateral over which Callidus has security be used by NATC in the care and maintenance of the Cantung mine.

F. Callidus has requested that, during the Care and Maintenance Period, NATC store the balance of the equipment which forms part of the collateral over which Callidus has security (collectively, the **"Stored Equipment"**) in the underground portion of the Cantung mine and at various locations on the Cantung mine site.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The recitals are true and correct and form part of this agreement.

USE OF THE C&M EQUIPMENT AND STORAGE OF THE STORED EQUIPMENT

2. NATC may continue to use the C&M Equipment during the Care and Maintenance Period without charge on the condition that, during the Care and Maintenance Period, NATC shall, at its cost, maintain, repair and insure the C&M Equipment in substantially the same state of repair as such equipment is in at the Effective Date.

3. NATC will store the Stored Equipment in and at the Cantung mine, as appropriate, during the Care and Maintenance Period at no cost to Callidus.

4. During the Care and Maintenance Period, Callidus shall be given access to the Stored Equipment and may remove same on reasonable notice at Callidus' cost.

INSURANCE

5. During the Care and Maintenance Period:
- (a) subject to receiving funding from Callidus in accordance herewith, NATC shall procure insurance for property value of the C&M Equipment and the Stored Equipment (collectively, the "**Callidus Collateral**"), which insurance shall show Callidus as a loss payee in respect of the Callidus Collateral;
 - (b) Callidus shall be provided with a copy of such insurance; and
 - (c) Callidus will pay to NATC that portion of NATC's insurance costs relating to insuring the property value of the Stored Equipment.

TERMINATION

6. This Agreement shall expire on the earlier of:
- (a) the expiry of the Care and Maintenance Period (as may be extended by the parties);
 - (b) the bankruptcy of NATC;
 - (c) the lifting of the Stay of Proceedings; and
 - (d) the agreement of the parties.

CONDITION PRECEDENT

7. This Agreement is conditional upon the Court granting the Expanded Powers and Funding Order in substantially the form of the draft order attached hereto as Schedule "A".

GENERAL

8. Notices to be given to a party shall be in writing, personally delivered or sent by registered mail or email to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

To Callidus at: **Callidus Capital Corporation**
Attention: Craig Boyer
4620 – 181 Bay Street, P.O. Box 792
Toronto ON M5J 2T3
Email: cboyer@calliduscapital.com

With a copy to:
Borden Ladner Gervais LLP
Attention: William Skelly and Lisa Hiebert
1200 – 200 Burrard Street
Vancouver BC V7X 1T2
wskelly@blg.com and lhiebert@blg.com

To NATC at: **c/o Alvarez & Marsal Canada ULC**
Attention: Todd Martin
16480 – 400 Burrard Street
Vancouver BC V6C 3A6
Email: tmartin@alvarezandmarsal.com

With a copy to:
Fasken Martineau DuMoulin LLP
Attention: Kibben Jackson
2900 – 550 Burrard Street
Vancouver BC V6C 0A3
Email: kjackson@fasken.com

A notice personally delivered or mailed shall be deemed to have been validly and effectively given on the day of delivery. A notice set by email shall be deemed to have been validly and effectively given on the business day next following the date on which it was sent.

9. Notwithstanding anything contained in this Agreement, the parties reserve any and all rights they may have and nothing herein shall be considered a waiver, consent or modification of the terms of any agreements between them, including any security or documentation obtained by the parties as part thereof and the credit facilities provided thereby.

10. This Agreement shall be binding upon and ensure to the benefit of the parties and their successors and permitted assigns. NATC may not assign its rights and obligations hereunder and any interest herein without the prior written consent of Callidus.

11. This Agreement is governed and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of British Columbia.

12. This Agreement may be executed in counterparts and such counterparts together shall constitute a single instrument. The parties acknowledge and agree that electronically transmitted (pdf) copies hereof or any part hereof shall be treated as originals, fully binding and with full legal force and effect, and hereby waive any rights that may have to object to said treatment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

CALLIDUS CAPITAL CORPORATION

Per: _____
Authorized Signatory

Name: _____

Title: _____

**NORTH AMERICAN TUNGSTEN
CORPORATION LTD.**

Per: _____
Authorized Signatory

Name: _____

Title: _____

Schedule “A”

Draft Powers and Funding Order

Schedule “B”

List of C&M Equipment

- Caterpillar GP-25 forklift truck, serial no. 6AM-00309
- Maintenance shop inventory
- Volvo dump truck, serial no. 4V2SCBJH8LU506105
- Volvo G990 motor grader, serial no. VCE0G990V0039339
- Caterpillar D6D crawler tractor, serial no. 4X5555
- Caterpillar 950F tool carrier, serial no. 55K01176
- Komastu PC400LC – 7E0 excavator, serial no. 60008
- 2140 litre Tidy Tank
- Caterpillar model 3512 generator set
- Veolia waste water treatment system
- Mill Wright Shop
- Kenworth T470 plough/sander, serial no. 2NKBCN0X8CM953605
- Champion 736A-111 motor grader, serial no. X024636X

APPENDIX D

ASSET PURCHASE AGREEMENT

BY AND AMONG

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

AND

GOVERNMENT OF THE NORTHWEST TERRITORIES

DATED AS OF [____], 2015

"Agreement" means this Asset Purchase Agreement and all Schedules attached hereto and all amendments hereto made in accordance with Section 10.6.

"Amended and Restated Initial Order" has the meaning set forth in the recitals to this Agreement.

"Ancillary Agreements" means, in each case in a form reasonably acceptable to the Seller and the Purchaser: (i) a Bill of Sale for the assignment and conveyance of the Assets from the Seller to the Purchaser; (ii) deeds transferring title to the water rights described in Schedule 2.1.1(g) to the Purchaser; (iii) an Assignment and Assumption Agreement for the assignment and assumption of the Assumed Liabilities from the Seller to the Purchaser; and (iv) any necessary agreements to effect the transfer of the Mineral Tenures in accordance with applicable Laws.

"Approval and Vesting Order" has the meaning set forth in Section 5.1.2.

"Assets" has the meaning set forth in Section 2.1.1.

"Assumed Liabilities" has the meaning set forth in Section 2.1.3.

"Bankruptcy Laws" means the CCAA, the *Bankruptcy and Insolvency Act* (Canada) and the other applicable insolvency Laws of any jurisdiction where the CCAA Proceedings are held.

"Business" means the exploration activities of the Seller carried on at the MacTung Property, and all operations, maintenance and other activity related thereto.

"Business Day" means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Vancouver, British Columbia, Canada.

"Business Information" means all books, records, files, catalogues, data, information (including tangible and intangible information such as drill core, drill logs, assays, metallurgical test work, mine plans and similar information), agreements, operating records, operating, safety and maintenance manuals, engineering and design plans, blueprints and as-built plans, specifications, drawings, reports, procedures, facility compliance plans, test records and results, other records and filings made with regulatory agencies regarding operations of the Business, environmental procedures and similar records, correspondence with present or prospective, customers and suppliers, advertising materials, software programs, documentation and sales literature owned by the Seller and in the possession or under control of the Seller that are used or held for use in connection with the Business, including information, policies and procedures, manuals and materials and procurement documentation used in the Business and information received pursuant to Section 2.1.1(c), including all data and documents contained in the Data Site as of the Closing Date.

"CanTung Mine" means the Seller's mine and processing and other ancillary facilities located in Tungsten, Northwest Territories, Canada, known as the "CanTung Mine".

"CCAA" has the meaning set forth in the recitals to this Agreement.

"CCAA Charges" has the meaning set forth in the recitals to this Agreement.

"CCAA Charges Beneficiaries" has the meaning set forth in Section 2.2.2.

"CCAA Filing Date" has the meaning set forth in the recitals to this Agreement.

"CCAA Proceedings" has the meaning set forth in the recitals to this Agreement.

"Claim" has the meaning set forth in Section 2(1) of the CCAA.

"Closing" has the meaning set forth in Section 2.3.1.

"Closing Date" has the meaning set forth in Section 2.3.1.

"Consent" means any approval, authorization, consent, order, license, permission, permit, including any Permit, qualification, exemption or waiver by any Government Entity or other Third Party.

"Contract" means any legally binding contract, agreement, obligation, license, undertaking, instrument, lease, ground lease, commitment or other arrangement, whether written or oral.

"Control", including, with its correlative meanings, "Controlled by" and "under common Control with", means, in connection with a given Person, the possession, directly or indirectly, of the power to either (i) elect more than 50% of the directors of such Person; or (ii) direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, Contract or otherwise.

"Court" has the meaning set forth in the recitals to this Agreement.

"CRA" means the Canada Revenue Agency.

"Data Site" means the online data-room maintained by the Financial Advisor.

"Environmental Law" means any applicable Law relating to contamination, pollution or protection of the environment (including ambient air, surface water, ground water, subsurface or subsurface strata), plant life, animal and fish or other natural resources or human health, including Laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all Laws with regard to monitoring, recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

"Environmental Liabilities" shall mean any and all liability arising out of, based on or resulting from (i) the presence, Release, threatened Release, discharge or emission into the environment of any Hazardous Materials or substances existing or arising on, beneath or above the MacTung Property and/or emanating or migrating and/or threatening to emanate or migrate from the MacTung Property to other properties; (ii) storage, disposal or treatment of or the arrangement for the storage, disposal or treatment of Hazardous Materials originating or transported from the MacTung Property to an off-site treatment, storage or disposal facility; (iii) physical disturbance of the environment on or from the MacTung Property, including any reclamation obligations; or (iv) the violation or alleged violation of any Environmental Laws relating to the MacTung Property.

"Excluded Assets" has the meaning set forth in Section 2.1.2.

"Excluded Assets Allocation" has the meaning set forth in Section 2.2.4.

"Excluded Liabilities" has the meaning set forth in Section 2.1.4.

"Final Order" means an action taken or Order issued by the applicable Government Entity as to which: (i) no request for stay of the action or order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it is passed, including any extensions thereof; (ii) no petition for rehearing or reconsideration of the action or order, or protest of any kind, is pending before the Government Entity and the time for filing any such petition or protest is passed; (iii) the Government Entity does not have the action or order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (iv) the action or order is not then under judicial review, there is no notice of application for leave to appeal, appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof.

"Financial Advisor" means Alvarez & Marsal Canada Securities ULC.

"GNWT Debt" has the meaning set forth in the recitals to this Agreement.

"Government Entity" means any Canadian, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, bureau, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction.

"GST/HST" means goods and services tax, including harmonized sales tax, interest, penalties and fines payable under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

"Hazardous Materials" means (i) petroleum, petroleum products, asbestos in any form, mold, urea formaldehyde foam insulation, lead based paints, polychlorinated biphenyls or any other material or substance regulated pursuant to Environmental Laws; and (ii) any chemical, material or other substance, contaminant or pollutant which is regulated, defined or listed, alone or in any combination as "hazardous", "hazardous waste", "solid waste", "radioactive", "deleterious", "effluent", "toxic", "caustic", "dangerous", a contaminant, a pollutant, a "waste", a "special waste", a "source of contamination" or "source of pollution", under any Environmental Law.

"Interest" means any legal or equitable assertion of right in Property, including a royalty, net smelter production royalty, production royalty, restrictive covenant, or assertion of a right or interest in a percentage of income, production, minerals, profit, revenue, payment or sale, or any other right of payment asserted in the nature of a royalty or interest, other than the net smelter returns royalty of which Teck Resources Limited is the beneficial holder over the MacTung Property, pursuant to a royalty agreement dated October 7, 1997, between the Seller and Aur Resources Inc.

"Knowledge" or **"aware of"** or **"notice of"** or a similar phrase shall mean, with reference to the Seller, the actual knowledge of those Persons listed in Schedule 1.1(a) after reasonable inquiry,

and with reference to the Purchaser, the actual knowledge of those Persons listed in Schedule 1.1(a) after reasonable inquiry.

"Law" means any Canadian, foreign, domestic, federal, territorial, state, provincial, local, regional or municipal statute, law, common law, ordinance, rule, regulation, order, writ, injunction, directive, judgment, decree or policy or guideline having the force of law.

"Liabilities" means debts, liabilities, obligations and Claims, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or undeterminable, including those arising under any Law or Action and those arising under any Contract or otherwise, including any Tax liability, or under Environmental Laws that are required to be assumed or accepted in order to effectuate or achieve the Transfer Approvals of the Permits.

"Lien" means as to all Assets any lien, mortgage, deed of trust, judgment lien, pledge or security interest, hypothec (including legal hypothecs), encumbrance, mechanics lien, materialmen's lien, miner's lien, servitude, easement, encroachment, right-of-way, restrictive covenant on real or immovable property, real property license, other real rights in favor of Third Parties, charge, prior claim, lease, occupancy agreement, leasing agreement, statutory or deemed trust or conditional sale arrangement, including the liens in support of the CCAA Charges.

"MacTung Allocation" has the meaning set forth in Section 2.2.1.

"MacTung Property" means the Seller's property located in the Selwyn mountain range in an area straddling the territorial border between Yukon and the Northwest Territories, including, the Mineral Tenures related to the MacTung Property listed in Schedule 2.1.1(b).

"Mineral Tenures" means the mineral claims, mining leases, recorded claims, leased claims, leases of recorded claims, locations, quartz claims, placer claims, placer leases, undersurface rights and other mining rights, tenures and concessions of which the Seller is the recorded holder related to the MacTung Property, including those Mineral Tenures listed in Schedule 2.1.1(b).

"Monitor" means Alvarez & Marsal Canada Inc.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Government Entity.

"Party" or **"Parties"** means individually or collectively, as the case may be, the Seller and the Purchaser.

"Permit" means any approval, license, authorization, certificate, consent, decree, consent decree, registration, exemption, permit (including where applicable, export permit), certificate of authorization, waste management plan, operational certificate, approval in principle, certificate of compliance, voluntary remediation agreement, mine development permit or other Governmental Entity approval required by applicable Law to (i) conduct the Business as currently conducted; or (ii) in relation to the Assets, including those dealing with mining, air, water and Environmental Laws, including the Permits identified in Schedule 2.1.1(d).

"Permitted Encumbrances" means (i) statutory Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes which are being contested in good faith by appropriate proceedings, provided any such statutory Liens shall be discharged

pursuant to the Approval and Vesting Order to the extent permitted by Law; (ii) any other Liens set forth in Schedule 1.1(b); and (iii) zoning, entitlement, building and land use regulations, minor defects of title, servitudes, easements, rights of way, restrictions and other similar charges or encumbrances which do not impair in any material respect the use or the value of the related assets in the Business as currently conducted, and which are not listed as Excluded Assets.

"Person" means an individual, a partnership, a corporation, an association, a limited or unlimited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization or other legal entity or Government Entity.

"Property" means any interest in any kind of property or asset, whether real (including chattels real), personal or mixed, movable or immovable, tangible or intangible.

"Purchase Price" has the meaning set forth in Section 2.2.1.

"Purchaser" has the meaning set forth in the preamble to this Agreement.

"Release" means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, dumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property.

"Required Consents" has the meaning set forth in Section 7.1(e).

"Sale Hearing" has the meaning set forth in Section 5.1.2.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Subsidiary" of any Person means any Person Controlled by such first Person.

"Tax" means any domestic or foreign federal, state, local, provincial, territorial or municipal taxes or other impositions by any Government Entity, including Transfer Taxes and the following taxes and impositions: net income, gross income, capital, value added, goods and services, capital gains, alternative, net worth, harmonized sales, gross receipts, sales, use, ad valorem, business rates, transfer, franchise, profits, business, environmental, real or immovable property, municipal, school, Canada Pension Plan, withholding, workers' compensation levies, payroll, employment, unemployment, employer health, occupation, social security, excise, stamp, customs, and all other taxes, fees, duties, assessments, deductions, contributions, withholdings or charges of the same or of a similar nature, however denominated, together with any interest and penalties, additions to tax or additional amounts imposed or assessed with respect thereto.

"Tax Act" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

"Tax Authority" means any local, municipal, governmental, state, provincial, territorial, federal, including any Canadian or other fiscal, customs or excise authority, body or officials anywhere in the world with responsibility for, and competent to impose, collect or administer, any form of Tax.

"Tax Returns" means all returns, reports (including elections, declarations, disclosures, statements, schedules, estimates and information returns) and other information filed or required to be filed with any Tax Authority relating to Taxes.

"Third Party" means any Person that is neither a Party nor an Affiliate of a Party.

"Transaction Documents" means this Agreement, the Ancillary Agreements and all other ancillary agreements to be entered into, or documentation delivered by, any Party pursuant to this Agreement.

"Transfer Approvals" has the meaning set forth in Section 5.3.5.

"Transfer Taxes" means all goods and services, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated, in each case including interest, penalties or additions attributable thereto whether or not disputed, but excluding GST/HST, arising out of or in connection with the transactions provided for herein, regardless of whether the Government Entity seeks to collect the Transfer Tax from the Seller or the Purchaser.

1.2 Interpretation

1.2.1 Gender and Number

Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and vice versa.

1.2.2 Certain Phrases and Calculation of Time

- (a) In this Agreement (i) the words "including" and "includes" mean "including (or includes) without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it; (ii) the terms "hereof", "herein", "hereunder" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, and Article, Section, paragraph, and Schedule references are to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; and (iii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". If the last day of any such period is not a Business Day, such period will end on the next Business Day.
- (b) When calculating the period of time "within" which, "prior to" or "following" which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.2.3 Headings

The inclusion of a table of contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the

construction or interpretation of this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

1.2.4 Currency

All monetary amounts in this Agreement, including the symbol "\$", unless otherwise specifically indicated, are stated in Canadian currency. All calculations and estimates to be performed or undertaken, unless otherwise specifically indicated, are to be expressed in Canadian currency. All payments required under this Agreement shall be paid in Canadian currency in immediately available funds, unless otherwise specifically indicated herein.

1.2.5 Statutory References

Unless otherwise specifically indicated, any reference to a statute in this Agreement refers to that statute and to the regulations made under that statute as in force from time to time.

1.2.6 Schedules

All Schedules attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.

ARTICLE 2 PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale

2.1.1 Assets

Subject to the terms and conditions of this Agreement, at the Closing, the Purchaser shall purchase or cause to be assigned and assumed from the Seller, and the Seller shall sell, transfer, assign, convey and deliver to the Purchaser all of its right, title and interest in and to the following properties and assets of the Seller (other than the Excluded Assets), wherever located, real, personal or mixed, tangible or intangible, owned, leased, licensed, used or held for use in or relating to the Business (herein collectively called the "**Assets**") free and clear of all Liens, Claims and Interests (other than the Permitted Encumbrances) pursuant to the Approval and Vesting Order, when granted, including, but not limited to, all right, title and interest of the Seller in, to and under:

- (a) the MacTung Property;
- (b) the Mineral Tenures, including the Mineral Tenures listed in Schedule 2.1.1(b);
- (c) the Business Information, subject to Section 2.1.2(c);
- (d) the Consents of Government Entities (including those listed in Schedule 8.3(g)) to the extent transferable at Law including all Permits listed in Schedule 2.1.1(d);
- (e) all pre-paid expenses of the Business, including any deposits, but not including any rights described in Section 2.1.2(f);

- (f) copies of Tax records related to the Assets and the Business;
- (g) all water rights, permits, Consents and other riparian rights of any kind relating to the Business, the MacTung Property, or the Mineral Tenures, including all rights and interests listed in Schedule 2.1.1(g).

2.1.2 Excluded Assets

Notwithstanding anything in this Section 2.1 or elsewhere in this Agreement or in any of the Transaction Documents to the contrary, the Seller shall retain its right, title and interest in and to, and the Purchaser shall not acquire and shall have no rights with respect to the right, title and interest of the Seller in and to, the following assets (collectively, the "**Excluded Assets**");

- (a) the minute books and stock ledgers of the Seller;
- (b) all rights of the Seller under this Agreement and the Ancillary Agreements;
- (c) all records prepared in connection with the sale of the Assets to the Purchaser, except that the Business Information contained in the Data Site will be transferred as stated in Section 2.1.1(c) above;
- (d) all assets related to the Seller's head office operations and operations at the CanTung Mine;
- (e) any assets set forth in Schedule 2.1.2(e);
- (f) deposits held in trust accounts to secure payment of the reasonable fees and disbursements of the Monitor and the Financial Advisor and the professional advisors of the Seller and of the Monitor;
- (g) following the Closing, copies of any book, record, literature, list and any other written or recorded information constituting Business Information (the original of which has already been assigned or transferred to Purchaser) to which the Seller in good faith determine they are reasonably likely to need access for *bona fide* Tax or legal purposes;
- (h) all information, materials, documents, reports and/or records, whether written or electronic, prepared by the Seller's legal counsel, whether or not prepared before or after Closing, that is attorney-client privileged and any and all attorney work product; and
- (i) all cash and cash equivalents.

2.1.3 Assumed Liabilities

On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Purchaser shall assume and become responsible for, and perform, discharge and pay when due, the following Liabilities (the "**Assumed Liabilities**");

- (a) all Liabilities of the Seller in respect of the Mineral Tenures which are assumed and assigned pursuant to the Approval and Vesting Order arising from and after the Closing;

- (b) all Liabilities for, or related to any obligation for, any Tax that the Purchaser bears under Article 6 (including, for the avoidance of doubt, Transfer Taxes imposed in connection with this Agreement and the transactions contemplated hereunder or any other Transaction Document and the transactions contemplated thereunder);
- (c) all Liabilities with respect to the post-Closing operation of the Business or ownership of the Assets, but in each case only in respect of those Liabilities arising from and after Closing; and
- (d) all amounts payable to obtain Consents, including filing and other fees related thereto, excluding any penalties or interest.

2.1.4 Excluded Liabilities

Notwithstanding any provision in this Agreement to the contrary, other than the Assumed Liabilities, the Purchaser shall not assume or shall not be obligated to assume or be obligated to pay, perform or otherwise discharge any Liability of the Seller, and the Seller shall be solely and exclusively liable with respect to all Liabilities of the Seller, including Liabilities owed by the Seller to its current or former employees or service providers, accounts payable accrued in the Business prior to the Closing, Tax Liabilities accrued prior to the Closing, and Environmental Liabilities which accrued prior to the Closing which are not expressly assumed (collectively, the "**Excluded Liabilities**").

2.2 **Purchase Price**

2.2.1 Purchase Price

Pursuant to the terms and subject to the conditions set forth in this Agreement, the purchase price for the sale of the Assets shall be \$4,500,000.00, which amount shall be paid by the Purchaser at Closing by, firstly, satisfying and paying in full the CCAA Charges allocated to the Assets by the Court in the CCAA Proceedings (the "**MacTung Allocation**") and, secondly, (but subject to Section 2.2.4) by offsetting the remainder, if any, against the GNWT Debt owed by the Seller to the Purchaser. In addition, at the Closing, the Purchaser shall assume from the Seller and become obligated to pay, perform and discharge, when due, the Assumed Liabilities (collectively, the "**Purchase Price**").

2.2.2 Payment of CCAA Charges

Notwithstanding Section 2.2.1, on Closing, the Purchaser shall pay all amounts outstanding under the CCAA Charges (up to a maximum of \$4,500,000) to the Seller (or as directed by the Monitor) for distribution to the beneficiaries thereof (the "**CCAA Charges Beneficiaries**"). Upon making such payments, the Purchaser shall be fully subrogated to the rights, claims and security of the CCAA Charges Beneficiaries, including the right to charge interest at the rate currently charged by the CCAA Charges Beneficiaries.

2.2.3 Allocation of CCAA Charges

The Parties will seek as part of the Approval and Vesting Order terms confirming the subrogation of the Purchaser in relation to the CCAA Charges and that the Monitor forthwith prepare the MacTung Allocation.

2.2.4 Adjustment to CCAA Charges

In the event that the Excluded Assets are not sold for consideration sufficient to pay the CCAA Charges allocated to them by the Court in the CCAA Proceedings (the "**Excluded Assets Allocation**"), the Purchaser agrees that it will be responsible for any portion of the Excluded Assets Allocation subsequently allocated to the Assets after Closing as a result of such shortfall (the "**Additional MacTung Allocation**"). The Additional MacTung Allocation shall form part of the Purchase Price, and in order to reflect the payment of the Additional MacTung Allocation, the offset of the GNWT Debt shall be reduced by the amount of the Additional MacTung Allocation, such that the total Purchase Price remains unchanged.

2.2.5 No Payment Beyond Purchase Price

For greater certainty, in no circumstances will the Purchaser be required to pay total consideration, including the payment of the CCAA Charges, in excess of \$4,500,000.

2.3 **Closing**

2.3.1 The completion of the purchase and sale of the Assets and the assumption of the Assumed Liabilities (the "**Closing**") shall take place at the offices of Dentons Canada LLP, 20th Floor, 250 Howe Street, Vancouver, British Columbia, commencing at 10:00 a.m. local time on November 18, 2015, or at such other place and on such other date and at such other time as shall be mutually agreed upon in writing (which date shall be no later than November 25, 2015) by the Purchaser and the Seller (the day on which the Closing takes place being the "**Closing Date**"). Accordingly, the parties agree to use commercially reasonable efforts to satisfy the conditions set forth under Article 7 (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) on or before November 18, 2015. Legal title, equitable title and risk of loss with respect to the Assets will transfer to the Purchaser, and the Assumed Liabilities will be assumed by the Purchaser at the Closing.

2.3.2 At the Closing:

- (a) the Seller and the Purchaser shall deliver duly executed copies of and enter into the Ancillary Agreements to which it is contemplated that they will be parties, respectively;
- (b) the Seller shall deliver a certified copy of the Approval and Vesting Order; and
- (c) each Party shall deliver, or cause to be delivered, to the other any other documents reasonably requested by such other Party in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller as follows:

3.1 **Power and Authority**

The Purchaser has the requisite power and authority to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

3.2 Authorization; Binding Effect

The execution, delivery and performance of each Transaction Document to which the Purchaser is a party, or is to be a party to, have been, or will be, duly authorized by the Purchaser at the time of its execution and delivery. Assuming due authorization, execution and delivery by the Seller, each Transaction Document to which the Purchaser is a party constitutes, or upon execution thereof will constitute, a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its respective terms, except as such enforceability is limited by general principles of public policy.

3.3 No Other Representations or Warranties

Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that none of the Seller or any other Person is making any representations or warranties whatsoever, express or implied, beyond those expressly given by the Seller in Article 4, or with respect to any other information provided to the Purchaser in connection with the transactions contemplated hereby, including as to the probable success or profitability of the ownership, use or operation of the Business and the Assets after Closing. The Purchaser further represents that none of the Seller or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Seller, the Business or the transactions contemplated by this Agreement not expressly set forth in this Agreement, and none of the Seller or any other Person will have or be subject to liability to the Purchaser or any other Person resulting from the distribution to the Purchaser or its representatives or the Purchaser's use of any such information, including data room information provided to the Purchaser or its representatives, in connection with the sale of the Business. The Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business and the Assets and, in making the determination to proceed with the transactions contemplated by this Agreement, the Purchaser has relied on the results of its own independent investigation.

3.4 As Is Transaction

The Purchaser hereby acknowledges and agrees that, except as otherwise expressly provided in Article 4 of this Agreement, the Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Assets, the Business and Seller's ownership and operation thereof or liabilities, including environmental liabilities, associated therewith, and the quantity, quality, suitability for mining or costs of mining of any mineral reserves and resources included in the Assets. Without in any way limiting the foregoing, the Purchaser acknowledges that the Seller has not given, will not be deemed to have given and hereby disclaims any warranty, express or implied, of merchantability or fitness for any particular purpose as to any portion of the Assets. Accordingly, the Purchaser shall accept the Assets at the Closing "as is", "where is" and "with all faults".

3.5 Brokers

No broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of the Purchaser or any of its Affiliates.

3.6 GST/HST

The Purchaser is exempt from the application of the *Excise Tax Act* (Canada) and as such the transactions contemplated under this Agreement are not subject to GST/HST.

3.7 Financing

The Purchaser has, and at all times from the date hereof through and after the Closing, will have, sufficient funds available to pay the Purchase Price and all other amounts payable under the Transaction Documents and to otherwise consummate the transactions contemplated hereby and thereby, and to pay all fees and expenses related thereto. The Purchaser acknowledges that its obligations under this Agreement and the other Transaction Documents are not subject to any conditions regarding its ability to obtain financing for any portion of the foregoing amounts.

3.8 Regulatory, Transfer and Other Approvals

The Purchaser acknowledges and agrees that time is of the essence in effecting the Closing and otherwise consummating the transactions contemplated herein, and that it will promptly and timely provide written requests, execute and deliver all required documents and materials and perform all necessary and required actions to obtain Transfer Approvals for Permits from appropriate Government Entities.

3.9 Purchaser's Qualifications to Obtain Transfer Approvals and Hold Permits

The Purchaser is aware of no facts that would prevent the issuance of Transfer Approvals from any Government Entities for the transfer of the Permits from the Seller to the Purchaser or for the obtaining of replacement Permits by the Purchaser for those Permits presently held by the Seller that are not transferable.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Purchaser as follows:

4.1 Organization and Corporate Power

The Seller exists under the Laws of Canada. Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, the Seller has the requisite corporate power and authority to own or lease and to operate and use the Assets and carry on the Business as now conducted and to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

4.2 Authorization; Binding Effect; No Breach

4.2.1 Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, the execution, delivery and performance by the Seller of each Transaction Document to which the Seller is a party, or is to be a party to, have been, or will be, duly authorized at the time of its execution and delivery. Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, and assuming due authorization, execution and delivery by the

Purchaser, each Transaction Document to which the Seller is a party constitutes, or upon execution thereof will constitute, a legal, valid and binding obligation of the Seller, enforceable against it in accordance with its respective terms.

4.2.2 The execution, delivery and performance by the Seller of the Transaction Documents to which the Seller is, or on the Closing Date will be, a party do not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, result in the creation or imposition of any Lien upon any of the Assets, or require any Consent (other than the Transfer Approvals and the entry of the Approval and Vesting Order) or other action by or declaration or notice to any Government Entity pursuant to (i) the articles and by-laws of the Seller; (ii) any material Contract to which the Seller is a party or to which any of its assets is subject; (iii) any Order to which the Seller or any of the Assets are subject; or (iv) any Laws to which the Seller or any of the Assets are subject.

4.3 Title to Tangible Assets

Upon delivery to the Purchaser on the Closing Date of the instruments of transfer contemplated by Section 2.3.2, and subject to the terms of the Approval and Vesting Order, the Seller will thereby transfer to the Purchaser good, legal, and valid title to, or, in the case of property leased or licensed by the Seller, a valid leasehold or licensed interest in, all of the Assets, free and clear of all Liens, Claims and Interests pursuant to the Approval and Vesting Order, except for Permitted Encumbrances.

4.4 No Other Representations and Warranties

Except for the representations and warranties of the Seller contained in this Article 4, none of the Seller or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Seller, the Assets, the Business or otherwise, including any representation or warranty as to the accuracy or completeness of any information regarding the Seller furnished or made available to the Purchaser and its representatives or as to the future revenue, profitability or success of the Seller, the Assets, the Business, or any representation or warranty arising from statute or otherwise in Law.

4.5 Regulatory, Transfer and Other Approvals

The Seller acknowledges and agrees that time is of the essence in effecting the Closing and otherwise consummating the transactions contemplated herein, and that it will promptly and timely provide written requests, execute and deliver all required documents and materials and perform all necessary and required actions to obtain Transfer Approvals for Permits from appropriate Government Entities. Except for the Transfer Approvals and entry of the Approval and Vesting Order, to the best of the Seller's Knowledge, no notice, filing, authorization, approval, Order or Consent is required to be given, filed or obtained by the Seller to or from any Government Entity or Third Party in connection with the execution, delivery and performance by the Seller of this Agreement or the transactions contemplated hereby.

ARTICLE 5 COVENANTS AND OTHER AGREEMENTS

5.1 CCAA Proceedings

5.1.1 The Seller and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to the approval of the Court in the CCAA Proceedings.

5.1.2 The Purchaser shall use its commercially reasonable efforts to have the Court enter on or before November 18, 2015, upon a hearing to be held on a date specified by the Court (the "**Sale Hearing**"), an order in form and in substance acceptable to the Purchaser approving the sale of the Assets to the Purchaser pursuant to this Agreement and vesting in and to the Purchaser the Assets free and clear of all Liens, Claims and Interests (other than Permitted Encumbrances) (the "**Approval and Vesting Order**").

5.1.3 The Seller and the Purchaser acknowledge and agree that, in the event leave to appeal is sought, the Closing Date as defined in Section 2.3.1 shall be extended until two Business Days following dismissal of (i) the application for leave to appeal, or (ii) if leave is granted, the appeal.

5.2 Cooperation

5.2.1 Prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, making witnesses available in the Court or by declaration, as necessary, in obtaining the entry of the Approval and Vesting Order, and the taking of such actions as are necessary to obtain any requisite Consent; provided, however, at no time shall the Seller be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise provided herein) in order to obtain any Consent.

5.2.2 The Seller and the Purchaser shall promptly notify the other of the occurrence, to such Party's Knowledge, of any event or condition, or the existence, to such Party's Knowledge, of any fact, that would reasonably be expected to result in (i) any of the conditions set forth in Article 7 not being satisfied; or (ii) in the case of the Seller only, any of the representations and warranties in Article 4 not being true and correct.

5.3 Transfer Approvals

5.3.1 To the extent required by applicable Laws, each of the Parties agrees to prepare and file as promptly as practicable and in any event, within 10 Business Days from the execution of this Agreement, all necessary documents, registrations, statements, petitions, filings and applications for Transfer Approvals and any other Consent of any other Government Entities required to satisfy the conditions set forth in Article 7.

5.3.2 Each of the Parties shall use commercially reasonable efforts to (i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) keep the other Parties informed in all material respects of any material communication received by such Party from, or given by such Party to, any Government Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby; and (iii) permit the other Party to review any material communication given to it by, and consult with each other in advance of any meeting or conference with any Government Entity, including in connection with any proceeding by a private party. The foregoing obligations in this Section 5.3 shall be subject to any attorney-client, work product, or other privilege, and each of the Parties hereto shall coordinate and cooperate fully with the other Parties hereto in exchanging such information and providing such assistance as such other Parties may reasonably request in connection with the foregoing. The Parties

will not take any action that will have the effect of delaying, impairing or impeding the receipt of any required authorizations, consents, Orders or approvals. Fees incurred in connection with complying with any Law pursuant to Section 5.3 shall be borne solely by the Seller.

5.3.3 If any objections are asserted with respect to the transactions contemplated hereby under any Law or if any suit is instituted by any Government Entity or any private party challenging any of the transactions contemplated hereby as in violation of any Law or if the filing pursuant to Section 5.3 is reasonably likely to be rejected or conditioned by a federal, provincial or territorial Government Entity, each of the Parties shall use commercially reasonable efforts to resolve such objections or challenge as such Government Entity or private party may have to such transactions, including to vacate, lift, reverse or overturn any Action, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement.

5.3.4 Each of the Seller and the Purchaser shall use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to such Party's obligations hereunder as set forth in Section 7.1(a) to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to consummate the transactions contemplated by this Agreement, including using its commercially reasonable efforts with respect to any Consent of a Government Entity required to be obtained in order for the Parties to consummate the transactions contemplated by this Agreement.

5.3.5 No later than three Business Days after the date hereof, the Purchaser agrees to contact the applicable Government Entities and use its commercially reasonable efforts to understand what information those Government Entities will require in order to timely grant the transfer of the Permits from the Seller to the Purchaser or what information those Government Entities will require the Purchaser to submit in order for the Purchaser to obtain replacement Permits for those Permits presently held by the Seller that are not transferable. Prior to the Closing, the Purchaser (i) will file with the appropriate Government Entities all applications and other instruments of transfer for all of the Assets and the Permits which are subject to approval or other processing by such Government Entities, including the posting and acceptance by the appropriate Government Entity or private party of whatever financial assurance instruments are required in connection with such approval or other processing; (ii) will file with the appropriate Government Entity all required notices of transfers of Permits or any of the other Assets; and (iii) will file with the appropriate Government Entities all applications, instruments or notices for all of the Assets for approval or other processing by such Government Entities, including the posting and acceptance by the appropriate Government Entity or private party of whatever financial assurance instruments are required in connection with such approval or other processing, as necessary to obtain replacement Permits for those Permits presently held by the Seller that are not transferable (with those items referenced in sub-clauses (i), (ii), and (iii) above collectively referred to as the "**Transfer Approvals**"). The Purchaser will diligently pursue on a commercially reasonable efforts basis all Transfer Approvals necessary to complete transfer of such Assets and Permits from the Seller to the Purchaser or obtain Permits in the Purchaser's own name as of the Closing Date (provided that all such Transfer Approvals shall be contingent on the consummation of the Closing unless the terms of this Agreement provide otherwise), and will keep the Seller apprised of the status of its efforts to secure such Transfer Approvals (provided that use of "commercially reasonable efforts" shall not require the Purchaser to undertake extraordinary or unreasonable measures to obtain such Transfer Approvals as of the Closing Date, such as the payment of fees in excess of normal and usual filing and processing fees). All of the Transfer Approvals must be in place and effective as of the Closing Date, and the Purchaser shall have no right to conduct any activities under any Permit or Contract that has not been assigned, transferred or re-issued to the Purchaser; provided, however, that with respect to any Transfer Approval not obtained as

of the Closing Date through no fault of the Purchaser, the Purchaser may, at its election, waive in writing pursuant to Section 10.5 the requirement for such Transfer Approval to be in place and effective as of the Closing Date. The Seller agrees that they will cooperate in good faith with the Purchaser in its efforts to obtain the Transfer Approvals, and upon written request by the Purchaser, use their good faith efforts to make the appropriate employees available to assist the Purchaser in that process.

5.4 Pre-Closing Access to Information

Prior to the Closing, the Seller shall (a) give the Purchaser and its authorized representatives, upon advance notice and during regular business hours, access to all books, records, reports, plans, certificates, files, documents and information related to the Assets, personnel, officers and other facilities and properties of the Business; and (b) permit the Purchaser to make such copies and inspections thereof, upon advance notice and during regular business hours, as the Purchaser may reasonably request; provided, however, that any such access shall be conducted at Purchaser's expense, in accordance with Law (including any applicable Bankruptcy Law), under the supervision of the Seller's personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the business of the Seller; and (c) permit the Purchaser to undertake (at the Purchaser's sole cost and expense) a non-invasive environmental assessment of the Mineral Tenures.

5.5 Further Actions

From and after the Closing Date, each of the Parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and give effect to the transactions contemplated herein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Assets as provided in this Agreement; provided that, the Seller shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise specified herein) in order to obtain any Consent to the transfer of Assets or the assumption of Assumed Liabilities.

5.6 Transaction Expenses

Except as otherwise provided in this Agreement or the Ancillary Agreements (including Section 8.2), each of the Purchaser and the Seller shall bear its own costs and expenses (including brokerage commissions, finders' fees or similar compensation, and legal fees and expenses) incurred in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby. Without limiting the foregoing, Purchaser shall pay all recording costs associated with transferring the Mineral Tenures in accordance with applicable Laws.

5.7 Certain Payments or Instruments Received from Third Parties

To the extent that, after the Closing Date, (a) the Purchaser receives any payment or instrument that is for the account of the Seller according to the terms of this Agreement, the Purchaser shall promptly deliver such amount or instrument to the Seller; and (b) the Seller receives any payment that is for the account of the Purchaser according to the terms of this Agreement or relates to the Business, the Seller shall hold such payment in trust for the Purchaser and promptly deliver such amount or instrument to the Purchaser. All amounts due and payable under this Section 5.7 shall be due and payable by the applicable Party in immediately available funds, by wire transfer to the account designated in writing by the relevant Party. Notwithstanding the foregoing, each Party hereby undertakes to use reasonable best efforts to direct or forward all bills, invoices or like instruments to the appropriate Party.

5.8 Notification of Certain Matters

The Seller shall give written notice to the Purchaser and the Purchaser shall give written notice to the Seller, as applicable, promptly after becoming aware of (a) the occurrence of any event, which would be likely to cause any condition set forth in Article 7 to be unsatisfied in any material respect at any time from the date hereof to the Closing Date; or (b) any notice or other communication from (i) any Person alleging that the Consent of such Person is or may be required in connection with any of the transactions contemplated by this Agreement; or (ii) any Government Entity in connection with any of the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 5.8 shall not limit or otherwise affect the remedies available hereunder to the Seller or the Purchaser.

5.9 Casualty Loss

Notwithstanding any provision in this Agreement to the contrary, if, before the Closing, all or any portion of the Assets is (a) condemned or taken by eminent domain; or (b) a material portion is damaged or destroyed by fire or other casualty, the Seller shall notify the Purchaser promptly in writing of such fact, and (i) in the case of condemnation or taking, the Seller shall assign or pay, as the case may be, any proceeds thereof to the Purchaser at the Closing; and (ii) in the case of fire or other casualty, the Seller shall, at their option, either restore such damage or assign the insurance proceeds therefrom to the Purchaser at Closing. Notwithstanding the foregoing, the provisions of this Section 5.9 shall not in any way modify the Purchaser's other rights under this Agreement.

ARTICLE 6 TAX MATTERS

6.1 Transfer Taxes

6.1.1 The Parties agree that the Purchase Price is exclusive of any Transfer Taxes. Subject to Section 5.6, the Purchaser shall promptly pay directly to the appropriate Tax Authority, or promptly reimburse the Seller upon demand and delivery of proof of payment, all applicable Transfer Taxes that are properly payable by the Purchaser under applicable Law in connection with this Agreement and the transactions contemplated herein and the other Transaction Documents and the transactions contemplated therein.

6.1.2 If the Purchaser wishes to claim any exemption relating to, or a reduced rate of, Transfer Taxes, in connection with this Agreement or the transactions contemplated herein or the other Transaction Documents and the transactions contemplated therein, the Purchaser shall be solely responsible for ensuring that such exemption or election applies and, in that regard, shall provide the Seller prior to Closing with its permit number, or other similar registration numbers and/or any appropriate certificate of exemption, election and/or other document or evidence to support the claimed entitlement to such exemption or reduced rate by the Purchaser. The Seller shall make reasonable efforts to cooperate to the extent necessary to obtain any such exemption or reduced rate.

6.2 Tax Characterization of Payments Under This Agreement

The Seller and the Purchaser agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof to the extent permitted under applicable Tax Law.

6.3 Records

After the Closing Date, the Purchaser and the Seller will make available to the other, as reasonably requested, and to any Tax Authority, all information, records or documents relating to liability for Taxes with respect to the Assets, the Assumed Liabilities, and the Business for all periods prior to or including the Closing Date, and will preserve such information, records or documents until the expiration of any applicable statute of limitations or extensions thereof. In the event that one Party needs access to records in the possession of the other Party relating to any of the Assets, the Assumed Liabilities, the Business for purposes of preparing Tax Returns or complying with any Tax audit request, subpoena or other investigative demand by any Tax Authority, or for any other legitimate Tax-related purpose not injurious to the other Party, the other Party will allow representatives of the first Party access to such records during regular business hours at the other Party's place of business for the sole purpose of obtaining information for use as aforesaid and will permit the other Party to make extracts and copies thereof as may be necessary or convenient. The obligation to cooperate pursuant to this paragraph shall terminate at the time the relevant applicable statute of limitations expires (giving effect to any extension thereof).

ARTICLE 7 CONDITIONS TO THE CLOSING

7.1 Conditions to Each Party's Obligation

The Parties' obligation to effect the Closing is subject to the satisfaction or the express written waiver of the Parties, at or prior to the Closing, of the following conditions:

- (a) to the extent required by applicable Laws, all Transfer Approvals shall have been obtained pursuant to Section 5.3;
- (b) there shall be in effect no Law or Order prohibiting the consummation of the transactions contemplated hereby that has not been withdrawn or terminated;
- (c) no judgment, injunction, order or decree shall be in effect that prohibits the consummation of the transactions contemplated hereby;
- (d) none of the Parties nor any of their respective directors, officers, employees or agents, will be a defendant or third party to or threatened with any litigation or proceedings before any Governmental Entity which could prevent or restrict that Party from performing any of its obligations in this Agreement or any Transaction Document;
- (e) all Consents listed in Schedule 7.1(e) or waivers thereof shall have been obtained ("**Required Consents**"); and
- (f) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller, and shall have become a Final Order.

7.2 Conditions to the Seller's Obligation

The Seller's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Seller), at or prior to the Closing, of each of the following additional conditions:

- (a) except for any inaccuracy that has not had a material adverse effect on the ability of the Purchaser or the Seller to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Article 3 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date;
- (b) the covenants, obligations, and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with and not been breached in any material respect as determined in the sole discretion of the Seller; and
- (c) each of the deliveries required to be made to the Seller pursuant to Section 2.3.2 shall have been so delivered.

7.3 Conditions to Purchaser's Obligation

The Purchaser's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Purchaser), at or prior to the Closing, of each of the following additional conditions:

- (a) the Commissioner of the Northwest Territories having issued a special warrant authorizing the expenditure of \$4,500,000 in respect of the Purchase Price payable hereunder pursuant to s.33 of the *Financial Administration Act*, R.S.N.W.T. 1988 c.F-4;
- (b) except for any inaccuracy that has not had a material adverse effect on the ability of the Purchaser or the Seller to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Article 4 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date;
- (c) the covenants, obligations and agreements contained in this Agreement to be complied with by the Seller on or before the Closing shall have been complied with and not been breached in any material respect as determined in the sole discretion of the Purchaser; and
- (d) each of the deliveries required to be made to the Purchaser pursuant to Section 2.3.2 shall have been so delivered.

ARTICLE 8 TERMINATION

8.1 Termination

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

- (a) by mutual written consent of the Seller and the Purchaser;

- (b) by either Party, upon written notice to the other:
 - (i) in the event of a material breach by such other Party of such other Party's representations, warranties, agreements or covenants set forth in this Agreement, which breach (A) would result in a failure of the conditions to Closing set forth in Section 7.2 or Section 7.3, as applicable; and (B) is not cured within seven days from receipt of a written notice from the non-breaching Party; or
 - (ii) if a Government Entity issues an Order prohibiting the transactions contemplated hereby;
- (c) by the Purchaser, upon written notice to the Seller:
 - (i) if the Approval and Vesting Order is not entered by November 18, 2015; or
 - (ii) if the Closing does not take place by November 25, 2015;

provided, however, that the right to terminate this Agreement pursuant to Section 8.1(b)(ii) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such clauses.

8.2 Effects of Termination

If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of (a) Section 5.6 (Transaction Expenses); (b) Section 8.2 (Effects of Termination); (c) Section 10.7 (Successors and Assigns); (d) Section 10.8 (Governing Law; Submission to Jurisdiction); and (e) Section 10.9 (Notices).

ARTICLE 9 POST-CLOSING ACTIVITIES AND AGREEMENTS

9.1 Responsibility for Services to the MacTung Property

All charges for water, electricity, natural gas, propane, diesel, telephone, sewer, trash disposal and other recurring services provided to the MacTung Property which relate to such services provided prior to the Closing Date will be for the account of the Seller, and all charges for such services provided on and after the Closing Date will be for the account of Purchaser, regardless of the date on which the invoice or other statement for such services is rendered.

9.2 General Post-Closing Access to the Assets

In addition to the other provisions hereof granting to the Seller access to the MacTung Property after the Closing Date for certain specified purposes, the parties agree that upon reasonable prior notice to Purchaser, the Seller will be given reasonable access to the MacTung Property and to the Assets as necessary to enable the Seller to carry out or respond to day-to-day operational requirements, reporting requirements of Government Entities, removal of Excluded Assets from the MacTung Property, ongoing tax and accounting functions and obligations, and other activities of the Seller with respect to the sale of the Assets and the winding down of the Seller's responsibilities with respect thereto. All such activities of

the Seller will be conducted in a manner which complies with the Purchaser's safety and operating procedures and in a manner which will not interfere unreasonably with the activities of the Purchaser.

9.3 Post-Closing Cooperation

Notwithstanding the Purchaser's commercially reasonable efforts, in the event that the Purchaser and the Seller agree that the Transfer Approvals cannot be completed, or the issuance of new Permits cannot be achieved prior to the Closing pursuant to Section 5.3.5 above, the Parties shall cooperate after the Closing Date for the purpose of giving effect to the Transfer Approvals or achieving the issuance of new Permits and thereafter providing the complete, immediate and unrestricted release of the Seller's liabilities with respect thereto. In furtherance thereof, each Party shall prepare and submit such documents and applications as shall be necessary or appropriate, and cooperate with reasonable requests of the Government Entities to effectuate the Transfer Approvals or to achieve the issuance of new Permits.

ARTICLE 10 MISCELLANEOUS

10.1 No Survival of Representations and Warranties or Covenants

No representations or warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date. Accordingly, no Claim of any nature whatsoever for breach of such representations, warranties, covenants or agreements may be made, or Action instituted, after the Closing Date. Notwithstanding the foregoing, the covenants and agreements that by their terms are to be satisfied after the Closing Date shall survive until satisfied in accordance with their terms.

10.2 Seller Disclosure Supplements

From time to time prior to the Closing, the Seller shall supplement or amend the Schedules hereto with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the respective Schedules. The Schedules shall be deemed amended by all such supplements and amendments for all purposes (except for purposes of determining whether the conditions set forth in Section 7.3(b) of the Agreement have been satisfied).

10.3 Purchaser Disclosure Supplements

From time to time prior to the Closing, the Purchaser shall supplement or amend the Schedules hereto with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the respective Schedules. The Schedules shall be deemed amended by all such supplements and amendments for all purposes.

10.4 Remedies

No failure to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement by any Party will operate as a waiver of such right, remedy, power or privilege, nor will any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise of such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege.

10.5 No Third-Party Beneficiaries

This Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.6 Consent to Amendments; Waivers

No Party shall be deemed to have waived any provision of this Agreement or any of the other Transaction Documents unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. This Agreement and the Ancillary Documents shall not be amended, altered or qualified except by an instrument in writing signed by all the Parties hereto or thereto, as the case may be.

10.7 Successors and Assigns

Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements set forth in this Agreement or any of the Ancillary Agreements by or on behalf of the Parties thereto will be binding upon and enure to the benefit of such Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party, which consent may be withheld in such Party's sole discretion, except for assignment by the Purchaser to an Affiliate of the Purchaser (provided that the Purchaser remains liable jointly and severally with its assignee Affiliate for the assigned obligations to the Seller).

10.8 Governing Law; Submission to Jurisdiction

10.8.1 Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement, and any relief or remedies sought by any Parties, shall be governed exclusively by the Laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to the rules of conflict of laws applied therein or any other jurisdiction.

10.8.2 To the fullest extent permitted by applicable Law, each Party (i) agrees that any claim, action or proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the Court; (ii) agrees to submit to the non-exclusive jurisdiction of the Court for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby; (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any Claim that any such Action brought in such a court has been brought in an inconvenient forum; (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.9 or any other manner as may be permitted by Law shall be valid and sufficient service thereof; and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

10.9 Notices

10.9.1 All demands, notices, communications and reports provided for in this Agreement shall be deemed given if in writing and delivered, if sent by facsimile, electronic mail, courier or sent by reputable overnight courier service (delivery charges prepaid) to any Party at the address specified below, or at

such other address, to the attention of such other Person, and with such other copy, as the recipient Party has specified by prior written notice to the sending Party pursuant to the provisions of this Section 10.9.

(a) If to the Purchaser, to:

Mark Warren, Deputy Minister - Department of Lands
GOVERNMENT OF THE NORTHWEST TERRITORIES
2nd Floor Gallery Building
4923 - 52nd Street, PO Box 1320
Yellowknife, NT X1A 2L9

Facsimile: 867-765-5667
Email: mark_warren@gov.nt.ca

with copies (which shall not constitute notice) to:

Lance Williams and Mary Buttery
DLA PIPER (CANADA) LLP
2800 - 666 Burrard Street
Vancouver, BC V6C 2Z7

Facsimile: 604-605-4877
Email: lance.williams@dlapiper.com

(b) If to the Seller, to:

Todd Martin
NORTH AMERICAN TUNGSTEN CORPORATION LTD. c/o ALVAREZ & MARSAL
CANADA INC.
in its capacity as court-appointed Monitor and not in its personal capacity
400 Burrard Street
Suite 1680
Vancouver, BC, V6C 3A6

Facsimile: []
Email: tmartin@alvarezandmarsal.com

and to:

John Sandrelli and Michael Axford
DENTONS CANADA LLP
250 Howe Street, 20th Floor
Vancouver, BC, V6C 3R8

Facsimile: 604-683-5214
Email: john.sandrelli@dentons.com
michael.axford@dentons.com

10.9.2 Any such demand, notice, communication or report shall be deemed to have been given pursuant to this Agreement when delivered personally, when confirmed if by facsimile transmission or electronic mail, or on the calendar day after deposit with a reputable overnight courier service, as applicable.

10.10 Schedules

The Schedules attached hereto constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

10.11 Counterparts

The Parties may execute and deliver this Agreement in two or more counterparts (no one of which need contain the signatures of all Parties), including facsimile or scanned PDF document, with the same effect as if all Parties had executed and delivered the same copy, each of which will be deemed an original and all of which together will constitute one and the same instrument.

10.12 No Presumption

The Parties agree that this Agreement was negotiated fairly among them at arm's length and that the final terms of this Agreement are the product of the Parties' negotiations. Each Party represents and warrants that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The Parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a Party on the grounds that such Party drafted or was more responsible for drafting the provisions.

10.13 Severability

If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, illegal or incapable of being enforced in any jurisdiction, (i) as to such jurisdiction, the remainder of this Agreement or the application of such provision, clause or part under other circumstances; and (ii) as for any other jurisdiction, any provision of this Agreement, shall not be affected and shall remain in full force and effect, unless, in each case, such invalidity, illegality or unenforceability in such jurisdiction materially impairs the ability of the Parties to consummate the transactions contemplated by this Agreement. Upon such determination that any clause or other provision is invalid, illegal or incapable of being enforced in such jurisdiction, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible even in such jurisdiction.

10.14 Specific Performance

10.14.1 The Seller acknowledges and agrees that any breach of the terms of this Agreement by the Seller would give rise to irreparable harm for which money damages would not be an adequate remedy, and, accordingly agrees that, in addition to any other remedies, the Purchaser shall be entitled to enforce the terms of this Agreement.

10.14.2 The Seller agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that (i) there is adequate remedy at law; or (ii) an award of specific performance is not an appropriate remedy

for any reason at law or equity. In the event the Purchaser seeks an injunction or injunctions to prevent breaches of this Agreement when expressly available pursuant to the terms of this Agreement and to enforce specifically the terms and provisions of this Agreement when expressly available pursuant to the terms of this Agreement, it shall not be required to provide any bond or other security in connection with any such order or injunction.

10.15 Entire Agreement

This Agreement and the Ancillary Agreements set forth the entire understanding of the Parties relating to the subject matter thereof, and all prior or contemporaneous understandings, agreements, representations and warranties, whether written or oral, are superseded by this Agreement and the Ancillary Agreements, and all such prior or contemporaneous understandings, agreements, representations and warranties are hereby terminated. In the event of any irreconcilable conflict between this Agreement and any of the Ancillary Agreements, the provisions of this Agreement shall prevail, regardless of the fact that certain Ancillary Agreements may be subject to different governing Laws (unless the Ancillary Agreement expressly provides otherwise).

10.16 Damages

Under no circumstances shall any Party be liable for punitive damages or indirect, special, incidental, or consequential damages arising out of or in connection with this Agreement or the transactions contemplated hereby or any breach or alleged breach of any of the terms hereof, including damages alleged as a result of tortious conduct.

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

SELLER:

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

By: _____
Name:
Title:

PURCHASER:

GOVERNMENT OF THE NORTHWEST TERRITORIES

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULES

SCHEDULES

The following Schedules form an integral part of this Agreement.

Schedule A CCAA Charges

Schedule **Error! Reference source not found.**(a) Knowledge

Schedule **Error! Reference source not found.**(b) Permitted Encumbrances

Schedule **Error! Reference source not found.** Mineral Tenures

Schedule **Error! Reference source not found.** Permits

Schedule **Error! Reference source not found.** Water Rights

Schedule **Error! Reference source not found.** Excluded Assets

Schedule **Error! Reference source not found.** Required Consents

SCHEDULE A
CCAA CHARGES

1. Administration Charge (as defined in the Amended and Restated Initial Order) to a maximum of \$500,000;
2. Interim Lender's Charge (as defined in the Amended and Restated Initial Order) to a maximum of \$2,500,000 plus permitted interest, costs, fees and expenses;
3. Directors' Charge (as defined in the Amended and Restated Initial Order) to a maximum of \$250,000; and
4. AR Lender's Charge (as defined in the Order of the Court dated August 13, 2015 in the CCAA Proceedings) to a maximum of \$2,500,000 plus permitted interest, costs, fees and expenses.

SCHEDULE 1.1(a)
KNOWLEDGE

- With respect to the Seller, Dennis Lindahl (Chief Financial Officer) and Kurt Heikkila (Chief Executive Officer)
- With respect to the Purchaser, Mark Warren (Deputy Minister, Department of Lands)

SCHEDULE 1.1(b)
PERMITTED ENCUMBRANCES

1. The net smelter returns royalty of which Teck Resources Limited is the beneficial holder over the MacTung Property, pursuant to a royalty agreement dated October 7, 1997, between the Seller and Aur Resources Inc.

SCHEDULE 2.1.1(a)
MINERAL TENURES

Northwest Territories Mining Leases

The following eight mining leases located in the Northwest Territories:

Lease Number	Purpose
2605	Mining lease
2692	Mining lease
2886	Mining lease
2887	Mining lease
2888	Mining lease
2889	Mining lease
2890	Mining lease
2891	Mining lease

Yukon Claims and Leases

The following quartz claims and leases located in the Mayo Mining District in the Yukon Territory, NTS Map Sheet 105O08:

Claim Name and No.	Grant No.	Leases
Betty 1 – 2	Y 26638 – Y 26639	
Betty 13 – 20	Y 26650 – Y 26657	
Betty 13 Extens	YA77402	
Betty 3 Entensi	YA77399	
Betty 3A Extens	YA77400	
Betty 4 Extensi	YA77398	
BETTY NO. 3	Y 26642	Lease
BETTY NO. 4 – 5	Y26643 – Y 26644	Lease
BETTY NO. 6	Y 26645	Lease
BETTY NO. 7	Y 26646	Lease
BETTY NO. 8	Y 26647	Lease
BETTY NO. 9	Y 26648	Lease
BETTY NO. 10	Y 26649	Lease
BETTY NO. 11	Y 26640	Lease
BETTY NO. 12	Y 26641	Lease
Border 1 Extens	YA77390	

Claim Name and No.	Grant No.	Leases
Border 10 Exten	YA77397	
Border 3 Extens	YA77391	
Border 3A Exten	YA77392	
Border 5 Extens	YA77393	
Border 5A Extens	YA77394	
Border 6 Extens	YA77395	
Border 9 Extens	Y77396	
Border No. 1	Y 26946	Lease
Border No. 2	Y 26947	Lease
Border No. 3	Y 26948	Lease
Border No. 4	Y 26949	Lease
Border No. 6	Y 26951	Lease
Border 7 – 8	Y 26952 – Y26953	Lease
Border 9	Y 26954	Lease
Border NO. 5	Y 26950	Lease
BORDER NO. 10	Y 26955	Lease
Dawn 1 Extensio	YA77401	
DONNA 1	Y 68380	Lease
Grind 1 - 8	YC39588 – YC39595	
Grind 9	YC39596	
Grind 10 – 36	YC39597 – YC39623	
Gull 1 - 6	Y 68355 – Y 68360	
Gull 7	Y 68361	
NAT1F 1	YC01358	
NAT10F 10	YC01367	
NAT11F 11	YC01368	
NAT12F 12	YC01369	
NAT13F 13	YC01370	
NAT14F 14	YC01371	
NAT2F 2	YC01359	
NAT3F 3	YC01360	
NAT4F 4	YC01361	
NAT5F 5	YC01362	
NAT6F 6	YC01363	

Claim Name and No.	Grant No.	Leases
NAT7F 7	YC01364	
NAT8F 8	YC01365	
NAT9F 9	YC01366	
Par 1 – 24	Y 33480 – Y 33503	
Pat No. 1	Y 14731	Lease
Pat No. 3 – 8	Y 14733 – Y14738	Lease
Pat No. 18	Y 14748	Lease
Pat No. 20	Y 14750	Lease
Pat No. 22	Y 14752	Lease
Pat No. 24	Y 14754	Lease
Pat No. 25 – 26	Y 26801 – Y 26802	Lease
PAT NO. 17	Y 14747	Lease
PAT NO. 19	Y 14749	Lease
PAT NO. 21	Y 14751	Lease
PAT NO. 23	Y 14753	Lease
Pit 1 – 8	Y 33471 – Y 33478	
Wasteful 1	YB03251	

SCHEDULE 2.1.1(c)
PERMITS

	Permit	Issuing Body	Expiry
1.	Class 4 Land Use Permit	Yukon Mineral Resources Branch	21 December 2018

SCHEDULE 2.1.1(f)
WATER RIGHTS

NIL

SCHEDULE 2.1.2
EXCLUDED ASSETS

NIL

SCHEDULE 7.1(e)
REQUIRED CONSENTS

Consents of Government Entities:

1. Environmental Regulators and Permit Granting Agencies listed at Permits, Approvals and Registrations below; and
2. the Approval and Vesting Order, as required by section 5.1 of the Agreement.

Permits, Approvals and Registrations

1. Consents necessary to transfer the following permits, approvals and registrations:

	Permit/Registration/Approval	Granting Agency
a.	Class 4 Land Use Permit	Yukon Mineral Resources Branch

APPENDIX E

Schedule "B" to the NOTICE OF APPLICATION

Party	Manufacturer	Model	Asset Type	Serial No.	Registration Details	Reg. Date	Exp. Date	Category	Allocation Amount
Amalgamated Mining Inc.	Sandvik	DD321-40C	Drill	112D19905-1	NWT - 1237272 YK - 08981 BC - 4436491	Sep 4, 2015 Feb 19, 2015 Feb 17, 2015	Sep 4, 2020 Feb 19, 2020 Feb 17, 2020	Redundant	163,643
Caterpillar Financial Services Limited	Caterpillar	TH407C	Telehandler	MLH01016	NWT - 1220823 YK - 06671 BC - 4248131	Jul 7, 2015 Feb 9, 2015 Feb 4, 2021	Jul 7, 2022 Feb 9, 2021 Feb 4, 2021	Retained	21,385
The Driving Force Inc.	Ford	F350 XLT	Car	1FDWF37F71ED17536	YK - 43855	Jul 3, 2012	Jul 3, 2016	Retained	5,579
The Driving Force Inc.	GMC	Sierra 3500 SLE	Pickup Truck	1GT423CG9CF195040	YK - 87889	Nov 10, 2014	Nov 10, 2018	Retained	5,207
The Driving Force Inc.	GMC	Sierra 3500 SLE	Pickup Truck	1GT423CG0CF198585	YK - 76956	Sep 22, 2014	Sep 22, 2018	Retained	5,207
The Driving Force Inc.	GMC	Sierra 3500 SLE	Pickup Truck	1GT423CG8CF194901				Retained	5,207
The Driving Force Inc.	GMC	Sierra 3500 W/T	Pickup Truck	1GT422GG0BF202594	YK - 81199	Nov 30, 2012	Nov 30, 2017	Retained	4,463
The Driving Force Inc.	GMC	Sierra 3500 W/T	Pickup Truck	1GT422CG4BF146336	YK - 81199	Nov 30, 2012	Nov 30, 2017	Redundant	4,463
The Driving Force Inc.	Chevrolet	Suburban 1500 LT	Sport Utility Vehicle	1GNSKJE33BR139800	YK - 81199	Nov 30, 2012	Nov 30, 2017	Redundant	5,114
The Driving Force Inc.	GMC	Sierra 3500 W/T	Pickup Truck	1GT422CG9BF202657	YK - 81199	Nov 30, 2012	Nov 30, 2017	Redundant	4,463
The Driving Force Inc.	GMC	G3500 Savana	Van	1GJZ71FGXB1141273	YK - 83704	Mar 24, 2014	Mar 24, 2018	Redundant	3,161
The Driving Force Inc.	GMC	Sierra 3500 SLE	Pickup Truck	1GT423CG0CF195475	YK - 83704 ¹	Mar 24, 2014	Mar 24, 2018	Redundant	5,207

¹ Note typo in S/N in registration - listed as "11GT423CG0CF19547"

Party	Manufacturer	Model	Asset Type	Serial No.	Registration Details	Reg. Date	Exp. Date	Category	Allocation Amount
Finning (Canada)	Caterpillar	3516B	Generator Set	GZT00165	NWT - 1184756 YK - 30269 (lien) ² BC - 4255221	Feb 5, 2015 June 4, 2015 Feb 5, 2015	Feb 5, 2018 Dec 1, 2015 Feb 5, 2018	Redundant	78,102
Finning (Canada)	Caterpillar	R1700G	Scoop Tram	SBR00893	NWT - 1021263 BC - 221137H	Mar 5, 2013 Mar 5, 2013	Mar 5, 2019 Mar 5, 2019	Redundant	145,047
Finning (Canada)	Caterpillar	R1600G	Scoop Tram	9YZ00566 ³	BC - 3175561	Dec 1, 2014	Dec 1, 2020	Redundant	89,260
Kancho Office Equipment Ltd.	Sharp	MX4111N	Copier					Redundant	1,195
Kubota Canada Ltd.	Kubota	RTV1140	All-Terrain Vehicle	31076	BC - 825804H	Mar 3, 2014	Mar 3, 2018	Redundant	2,510
Kubota Canada Ltd.	Kubota	RTV1140	All-Terrain Vehicle	30515	BC - 825804H	Mar 3, 2014	Mar 3, 2018	Redundant	2,510
Kubota Canada Ltd.	Kubota	RTV1140	All-Terrain Vehicle	25640	BC - 825804H	Mar 3, 2014	Mar 3, 2018	Redundant	2,510
RCAP Leasing Inc.	Doosan	G30P-5	Forklift Truck	FGA0C129002082	YK - 85283 BC - 870499H	Apr 1, 2014 Mar 28, 2014	Apr 1, 2017 Mar 28, 2017	Redundant	3,500
RCAP Leasing Inc.	Doosan	G30P-5	Forklift Truck	MM00454	YK - 85283 BC - 870499H	Apr 1, 2014 Mar 28, 2014	Apr 1, 2017 Mar 28, 2017	Redundant	1,395
Roynat Inc.	Bobcat	S570	Loader	A7UJ711066	YK - 61919 BC - 646850H	Nov 20, 2013 Nov 5, 2013	Nov 20, 2018 Nov 5, 2018	Retained	5,579

² Note, typo in S/N in registration - listed as "GZT00155".

³ Only 1 year lease term.