



No. S154746
Vancouver Registry

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.

TENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

OCTOBER 23, 2015



ALVAREZ & MARSAL

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,
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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.
- 1.4 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.
- 1.5 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).
- 1.6 On October 14, 2015, the Company sought and obtained an extension of the Stay of Proceedings to November 30, 2015 during which time the Company would transition NATC’s Cantung mine to care and maintenance.

2.0 PURPOSE OF REPORT

- 2.1 The purpose of this Tenth Report of the Monitor (the “**Tenth Report**”) is to advise the Court that the Amended SISP was terminated on October 21, 2015.

3.0 TERMINATION OF THE AMENDED SISP

- 3.1 In accordance with the provisions of the Amended SISP, the Financial Advisor contacted 256 potentially interested parties. Of those contacted, 18 executed confidentiality agreements and were provided with a copy of a confidential information memorandum and access to an electronic data site.

- 3.2 From mid-July to late September 2015, the Financial Advisor responded to questions from interested parties and arranged site visits to Mactung and Cantung in the Northwest Territories.
- 3.3 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.
- 3.4 Two of the Company's senior secured lenders, Callidus Capital Corporation ("**Callidus**") and the Government of the Northwest Territories ("**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.
- 3.5 Since receiving bids on September 30, 2015, the Financial Advisor and the Monitor have been in communication with NATC and its primary secured stakeholders, Callidus and GNWT, to determine whether there was sufficient support from each of the Company and those stakeholders in respect of any of the Qualified Bids to justify proceeding with the Amended SISP as contemplated by paragraph 23 of the Amended SISP.
- 3.6 The Monitor has concluded its discussions with the aforementioned parties regarding the bids and the Amended SISP generally, and, as a result of those discussions, the Monitor has determined that none of the bids received are likely to result in a transaction being consummated.
- 3.7 Accordingly, as contemplated by paragraph 24 of the Amended SISP, the Monitor terminated the Amended SISP and notified each Qualified Bidder of the termination of the Amended SISP effective October 21, 2015.
- 3.8 The Monitor has posted a notice of the termination of the Amended SISP on the Monitor's website, a copy of which is attached hereto as Appendix "A".
- 3.9 The Company in conjunction with the Monitor and the Company's stakeholders continue to explore alternative courses of action and the best path forward in the CCAA Proceedings.

All of which is respectfully submitted to this Honourable Court this 23rd day of October, 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 'Callum Beveridge', written in a cursive style.

Per: Callum Beveridge
Senior Director

Website Notice – Termination of the Amended SISP

Dated October 23, 2015

Since receiving bids on September 30, 2015, the Monitor has been in communication with NATC and its primary stakeholders. As a result of those discussions, the Monitor has determined that none of the bids received are likely to result in a transaction being consummated. Accordingly, as contemplated by paragraph 24 of the Amended SISP, the Monitor has terminated the Amended SISP effective October 21, 2015.

The Monitor will continue to consult with the Company and its stakeholders regarding next steps and will report to the Court in that regard, including the outcome of the Amended SISP, in due course.