

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF
SEAFIELD RESOURCES LTD.
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT
SUBMITTED BY KPMG INC.,
RECEIVER**

May 11, 2015

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1.1 Introduction

1.1.1 Seafield Resources Ltd. (“**Seafield**” or the “**Company**”) is a company incorporated pursuant to the *Ontario Business Corporations Act* with a registered office at 36 Toronto Street, Suite 1000, Toronto, Ontario. Seafield is a development stage gold company with its principal asset being the shares of its wholly-owned subsidiary, Minera Seafield S.A.S (“**Minera**”), a Colombian company. Minera is 100% owner of 15 mining concessions covering an area of 6,042.8 hectares located in the Municipality of Quinchía, Department of Risaralda, Republic of Colombia.

1.1.2 The Company’s senior secured lender, and by far most significant creditor, is RMB Australia Holdings Ltd. (“**RMB**”), which is owed approximately CAD \$18.6 million¹ from Seafield and Minera. These amounts were borrowed by Seafield pursuant to a facility agreement between RMB and Seafield dated February 21, 2013 (the “**Facility Agreement**”). Seafield, as borrower under the Facility Agreement, and Minera, as guarantor of Seafield’s obligations under the Facility Agreement, each granted RMB security over all their respective assets, undertakings and property, including but not limited to (in the case of Seafield) all of the issued and outstanding shares in Minera (the “**Minera Shares**”).

1.1.3 As a result of the decline in the price of gold and continuing cash flow difficulties, the Company could not successfully restructure its financing arrangement with RMB, and ultimately failed to make an interest payment of approximately \$406,000 due on July 15, 2014, causing the Company in default under the Facility Agreement.

¹ All dollar amounts expressed herein, unless otherwise stated, are expressed in Canadian Dollars.

- 1.1.4** On August 28, 2014, RMB issued a demand for payment and notice of intention to enforce security (the “**BIA Notice**”) pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (“**BIA**”).
- 1.1.5** On September 4, 2014, Seafield publically announced that Minera filed a request to enter reorganization proceedings under the Colombian law 1116 of 2006².
- 1.1.6** RMB was strongly opposed to the decision taken by Seafield to file Minera for reorganization under Colombian law as RMB believed that such a filing request, if accepted, would materially prejudice the interests of RMB and other operating creditors of Minera. As such, RMB lost confidence in the executive management of Seafield.
- 1.1.7** Accordingly, shortly after RMB issued its BIA Notice, it commenced an application to appoint KPMG Inc. (“**KPMG**”) as receiver of Seafield (the “**Receiver**”) to among other things, take possession of and exercise control over the assets of the Company (including the Minera Shares) and any and all proceeds, receipts and disbursements arising out of or from the assets (the “**Property**”).
- 1.1.8** By order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice made on September 9, 2014, KPMG was appointed as Receiver (the “**Receivership Order**”). A copy of the Receivership Order is attached as **Appendix “A”**.

1.2 Purpose of Receiver’s First Report

- 1.2.1** This is the Receiver’s First Report to this Honourable Court in this matter and it is filed to:
- a) Provide an update with respect to the actions taken to obtain control over Minera;
 - b) Request this Honourable Court’s approval of the proposed sale process of the Company’s property, including its interest in Minera described herein;

² An insolvency proceeding under Colombian law which enables the business to continue as a going concern while seeking a settlement with its creditors.

- c) Present the statement of receipts and disbursements for the receivership period September 9 to April 30, 2015;
- d) Support the Receiver's request for authorization to assign Seafield into Bankruptcy;
- e) Support the Receiver's request for an order increasing the amount the Receiver is authorized to borrow from \$750,000 to USD \$3,000,000 and for an order that the advances made directly by RMB to Minera shall be deemed to be secured obligations under the Receiver's Borrowing Charge;
- f) Provide an update to this Honourable Court on various other matters; and
- g) Support the Receiver's request for the approval of the Receiver's First Report and the activities of the Receiver described therein.

2.1 Taking Possession of the Books and Records

2.1.1 The Company's registered office is that of DSA Corporate Services Inc. and Marrelli Support Services Inc. which Seafield engaged to provide corporate secretarial, financial accounting and reporting services for the Company and its subsidiaries.

2.1.2 Immediately upon appointment, the Receiver attended the Company's registered offices and took possession of the books and records.

2.2 Cash and Banking

2.2.1 After its appointment, the Receiver notified the Company's bank of its appointment and requested all accounts be frozen for deposit only.

2.2.2 The Receiver immediately arranged for the opening of new bank accounts in the name of the receivership estate to facilitate future receipts and disbursements with respect to the administration of the receivership.

2.3 Notice

2.3.1 The Receiver has issued the prescribed notice pursuant to Section 245(1) of the Bankruptcy and Insolvency Act to all known secured and unsecured creditors of the Company, providing notice of its appointment. A copy of the notice is attached hereto as **Appendix "B"**.

2.3.2 The prescribed notice pursuant to Section 245(2) also been provided to the Office of the Superintendent of Bankruptcy. This notice includes an interim statement of receipts and disbursements, a statement of all property of which the Receiver has taken possession or control that has not yet been sold or realized and information about the anticipated completion of the receivership.

2.4 Employees

2.4.1 Seafield did not have any employees as of the date of the Receivership Order.

2.4.2 The executives of Seafield, Mr. David Prins (former Chief Executive Officer, President and Chairman) (“**Prins**”) and Ms. Stephanie Ashton (former Chief Financial Officer) (“**Ashton**”) were engaged under contractor agreements which were terminated by the Receiver following appointment.

2.4.3 Minera has approximately 20 employees who are involved in the administration, care and maintenance of the Minera assets.

2.5 Independent Counsel

2.5.1 The Receiver has retained McMillan LLP (“**McMillan**”) as its independent counsel in these proceedings. McMillan is a well-known and highly regarded national Canadian business law firm.

2.5.2 The Receiver also retained Philippi, Prietocarrizosa & Uria (“**Colombian Counsel**” or “**PPU**”) as its independent local counsel in Colombia. PPU has approximately 230 lawyers and offices in Bogota and Barranquilla, Colombia and Santiago, Chile. PPU is recognized as a leading Latin American law firm and has received recognition from, among others, Chambers Latin America, International Financial Law Review, Euromoney, International Tax Review and Latin Lawyer.

3.1 Background of Minera

- 3.1.1** The Company's principal asset is its sole shareholding in Minera.
- 3.1.2** The assets of Minera were acquired in April 2010 through a sale purchase agreement with Asociación de Mineros de Miraflores. Following acquisition, the Company began advancing the exploration and development of Minera's assets toward commercial production of gold.
- 3.1.3** Minera hired several employees in Colombia to oversee the exploration, administration and security of the site. Prior to the Receivership Order, the assets of Minera were explored through a series of drilling programs, including two Preliminary Economic Assessments completed in April 2012 and August 2013 by SRK Consulting (U.S.), Inc. ("**SRK**"), a professional mining and geotechnical consulting firm.
- 3.1.4** An updated technical report (commissioned by RMB) was completed by SRK in February 2015 (the "**2015 Technical Report**") and indicates an after-tax net present value of expected future gold and silver production of greater than US\$70 million, to be derived from a development of the property into an underground and open pit mine. However, significant capital is required to bring the asset to production.

3.2 Overview of Activity Since the Date of Receivership

- 3.2.1** Up until August 30, 2014 the former directors of Minera (the "**Former Board**") consisted of the following individuals:

(a) Prins, Director;

(b) Ashton, Director;

(c) Giovanni Ortiz ("**Ortiz**"), Director and CEO

(d) Catalina Cadena (“**Cadena**”), Director and Deputy CEO;

(e) Cesar Lopez (“**Lopez**”), Director; and

(f) Juan Villarzu (“**Villarzu**”), Director

3.2.2 The Affidavit of Alvaro Belevan sworn September 8, 2014, filed in support of the application of RMB to this Honourable Court for the Receivership Order, set out RMB’s efforts to attempt to replace the Former Board and the objectives that would be achieved after changing the board. The primary objectives in replacing the Former Board were (a) to withdraw Minera’s application for admission into reorganization proceedings in Colombia; (b) to provide a stable funding source for Minera once the Former Board was removed; and (c) to run a sales process to maximize value for stakeholders.

3.2.3 Since its appointment and up until recently, the Receiver has faced significant challenges in achieving these objectives largely due to actions and positions taken by the Former Board immediately prior to and following the granting of the Receivership Order. The principal challenges arose from the Former Board’s refusal to acknowledge the authority of the Receiver to exercise the rights as the legal representative of Seafield as the sole shareholder of Minera. This refusal continued notwithstanding that the Receivership Order expressly granted the Receiver the power to exercise the powers of Seafield as sole shareholder of Minera, including the power to remove and replace the directors of Minera.

3.2.4 A chronology of events describing the challenges and summarizing the various steps taken and documents filed on behalf of the Former Board and the Receiver from August 2014 through to present has been prepared (the “**Chronology of Events**”) and is attached hereto as **Appendix “C”**. There are a number of documents referred to in the Chronology of Events; while the Receiver has access to these documents, the majority of them are in Spanish.

3.2.5 Ultimately, the activities in Colombia led to the Receiver requesting for Minera to be put under the control of the Office of the Superintendent of Companies in Colombia (the “**Control Measure**”). The imposition of the Control Measure over Minera facilitated the replacement of the Former Board with a new board (the “**New Board**”) (the members of the New Board are set out in **Appendix “C**”) and recognition of the Receiver’s authority by the relevant Colombian regulators.

3.2.6 Subject to the approval of this Honourable Court, the Receiver is now in position to conduct a sales and investment solicitation process involving Minera, as further described herein.

3.3 Significant Events in Colombia to be Brought to the Attention of the Court

3.3.1 The following section highlights specific events in Colombia the Receiver would like to bring to the Court’s attention including amendments to labour agreements of former Minera officers and directors, Prins and Ortiz.

3.3.2 On October 14, 2014, Prins and Ortiz informed the Receiver and Seafield of the existence of alleged amendments to their labour agreements with Minera (the “**Labour Agreement Amendments**”) which, among things, provided them with significant claims for compensation against Minera. The Receiver subsequently learned that the Labour Agreement Amendments were adopted by Minera following a resolution of the former board of directors of Seafield made shortly prior to the Receivership Order, at a time that Seafield was encountering significant cash flow problems and was in default under the RMB Facility Agreement. A summary of the Labour Agreement Amendments was prepared by PPU and is attached as **Appendix “D**”.

3.3.3 The existence of the alleged Labour Agreement Amendments came as a surprise to the Receiver. Despite the fact the Receiver had been appointed on September 9, 2014 and despite the fact the Receiver had made a number of requests for copies of any labour, employment, or consulting agreements between Seafield or Minera and its officers following September 9, 2014, the Receiver was only informed of the existence of the Labour Agreement Amendments on October 14, 2014.

- 3.3.4** It is the Receiver’s understanding that the Labour Agreement Amendments may have the effect of giving Prins and Ortiz a priority over the creditors of Minera in an insolvency proceeding under Colombian law and therefore may have a detrimental effect on the recoveries of the creditors of Seafield.
- 3.3.5** On October 24, 2014, the Receiver sent correspondence to Prins and Ortiz, requesting that any rights under the Labour Agreement Amendments be waived.
- 3.3.6** On November 29, 2014, Prins sent correspondence to Minera, requesting payment of “labour benefits” which he claimed under the Labour Agreement Amendments.
- 3.3.7** On December 11, 2014, correspondence from Minera was delivered by Mr. Alvaro Belevan (“**Belevan**”) terminating Prins’ labour contract and its amendments. Belevan negotiated a termination of Ortiz’ labour contract and its amendments on March 26, 2015 and signed a new agreement under which Ortiz would provide ongoing services to Minera.
- 3.3.8** On January 9, 2015, Prins filed a writ with the Superintendent of Companies that his rights under the Labour Agreement Amendments be recognized during the “reorganization procedure”. The Superintendent responded to Prins on February 2, 2015, indicating that there was no reorganization procedure in respect of Minera.
- 3.3.9** On April 5, 2015, Prins sent a letter (the “**April 5th Letter**”) to RMB and certain of its affiliates alleging breaches of Prins’ labour agreement relating to his termination, an undertaking by Minera to the Colombian government related to relocation expenses for former employees and, alleging defamatory statements made about him by employees of RMB and members of the New Board. RMB responded to the April 5th Letter on April 14, 2015, denying each and every allegation stated or implied therein.
- 3.3.10** Although the April 5th Letter was not addressed to the Receiver, the letter included certain references to the Receiver in connection with the allegations contained therein. The Receiver has reviewed the April 5th Letter in detail and is of the opinion that the complaints are without merit.

However, as the Receiver is mentioned in the letter, the Receiver felt it was appropriate to bring the letter to the attention of the Court.

3.3.11 The Receiver seeks the authorization of the Court to assign Seafield into bankruptcy in order to preserve any rights to challenge the Labour Agreement Amendments and any other reviewable transactions undertaken by Seafield or any related or controlling person.

4.1 Shares of Manitou Gold Inc.

- 4.1.1** At the date of the Receivership Order, the Company owned 1,000,000 shares of Manitou Gold Inc. (“**Manitou**”) a Canadian gold exploration company trading on the TSX Venture exchange.
- 4.1.2** The Receiver was approached by Manitou to purchase the shares. After a negotiation with Manitou and considering the marketability and potential disposal costs of the shares with the Company’s broker, the Receiver sold the shares to Manitou for a total of \$12,500.
- 4.1.3** On or around the date the Receiver agreed to sell the shares, the shares were trading at \$0.015 per share with limited volume (the shares did not trade on at least 20 trading days between the date of the Receivership Order and the date of the sale). This approach to the sale of the Manitou shares was considered to be the approach that would garner the highest net estate realizations.

4.2 Investment in the Elora Property

- 4.2.1** The Company has a 100% registered and beneficial interest in 14 patented parcels of mining land and one licence of occupation in the Upper Manitou Lake Area, Boyer Lakes Map Area, Kenora Mining Division (Dryden Area) District of Kenora, Ontario (the “**Elora Property**”), which it obtained pursuant to the terms of an Option Agreement between Elora Gold Mines Limited (“**Elora**”) and Gold Summit Mines Ltd. (“**Gold Summit**”) dated October 1, 2002. The interest was assigned to Seafield pursuant to an assignment agreement among Elora, Gold Summit and Seafield dated October 1, 2003, as restated between Elora and Seafield pursuant to an agreement dated October 1, 2005 (the “**Elora Option Agreement**”).
- 4.2.2** According to the Elora Option Agreement, Elora retained a 2.5% net smelter return royalty (“**NSR**”) and Seafield is required to make annual advance royalty payments of \$20,000 by December 1st of each year until the project reaches commercial production.

- 4.2.3** In 2012, the Company entered into an option agreement with Manitou (the “**Manitou Option Agreement**”) whereby Manitou could acquire the Company’s interest in the Elora Property in exchange for the payment of \$0.2 million in cash, the issuance of 2,000,000 common shares of Manitou and the completion of a \$2.5 million work commitment over a three year period.
- 4.2.4** In May 2014, Manitou approached the Company to renegotiate the terms of the Manitou Option Agreement, however, revised terms could not be agreed and the agreement was terminated.
- 4.2.5** The Receiver is proposing to market the Company’s interest in the Elora Property through the sale and investor solicitation process described further herein.

5.1.1 Pursuant to the Receivership Order, the Receiver is authorized to market and sell the Property. In this regard, the Receiver is of the view that it is necessary to execute a sale and investor solicitation process (“SISP”) to properly market Minera and the Elora Property with a goal of achieving maximum realizations for all creditors and stakeholders.

5.1.2 The Receiver is seeking approval from this Honourable Court to approve the SISP which has been developed in consultation with RMB. The SISP is attached hereto as **Appendix “E”**. The key activities and timelines of the SISP are summarized below:

Summary timelines of the SISP		
Phase/Event	Indicative Date	Description of Activities
SISP Order	May 19, 2015	<ul style="list-style-type: none"> If authorized, the Court grants an order approving the sales process (the “SISP Order”).
Publication Notice	By May 26, 2015	<ul style="list-style-type: none"> Within 5 business days after the granting of the SISP Order the Receiver will cause a notice of the SISP to be published in certain newspapers agreed to by the Company and stakeholders.
Phase 1	May 19-July 15, 2015	<ul style="list-style-type: none"> Solicitation of non-binding letters of intent (“LOI”s) for the Company. For a period of approximately 7 weeks after the granting of the SISP Order.
Phase 1 Bid Deadline	July 15, 2015	<ul style="list-style-type: none"> To occur at 5:00pm on July 15, 2015. LOIs will be considered in regard to the requirements of the SISP.
Assessment of LOIs	By July 22, 2015	<ul style="list-style-type: none"> Within 5 business days following the Phase 1 Bid Deadline, the LOIs received will be assessed to determine which LOIs will be qualified to move onto Phase 2 (“Prospective Bidders”).
Phase 2	July 15 – August 19, 2015	<ul style="list-style-type: none"> For a period of approximately 6 weeks after the identification of LOIs, Prospective Bidders conduct additional due diligence and prepare irrevocable bids (“Final Bids”). During Phase 2, Prospective Bidders will be given access to a more complete data room and the opportunity to meet with management and tour the Company’s facilities.
Phase 2 Bid Deadline	August 19, 2015	<ul style="list-style-type: none"> To occur at 5:00pm on August 19, 2015. Prospective bidders must deliver their Final Bids prior to the Phase 2 Bid Deadline.
Evaluation and Selection of the Successful Bid	August 19 – September 11, 2015	<ul style="list-style-type: none"> Terms of all Final Bids will be clarified. The Receiver will make a recommendation that the most favorable Final Bid is selected and the terms of the agreement will be negotiated (the “Successful Bid”). Court approval will be sought for approval of the Successful Bid.
Closing of any Successful Bid	September 30, 2015	<ul style="list-style-type: none"> Closing of transaction (i.e. of the Successful Bid) to occur no later than 6 weeks after the Phase 2 Bid Deadline.

5.1.3 Based on the proposed timeframe, the final closing of a sales transaction is contemplated for the end of September, 2015. The Receiver is of the view that the timeframe is commercially reasonable

given the nature of the asset and the market of potential investors. This timeline may be subject to regulatory approval requirements in Colombia.

- 6.1.1** As a development stage gold company, Seafield does not have any sources of revenue.
- 6.1.2** The disbursements during the receivership have primarily related to the preservation of Minera's operations in an idle state and include the payment of wages of Minera's employees, and other costs such as site security, insurance and property taxes. Funding Minera's operating costs on an ongoing basis was necessary to avoid reorganization proceedings which the Former Board attempted to initiate prior to the making of the Receivership Order and which could have prejudiced the interests of RMB and other operating creditors of Minera.
- 6.1.3** Minera's operating costs were initially financed by the Receiver's borrowings from RMB under Receiver's Certificates totalling USD \$443,471 in principal.
- 6.1.4** On December 19, 2014, Minera entered into a loan agreement directly with RMB (the "**Minera Loan Agreement**"). The Minera Loan Agreement, as amended,³ enables Minera to borrow up to USD \$3,000,000 from RMB in order to fund operating costs. The interest rate under the Minera Loan Agreement is LIBOR plus 7% (same as under the Facility Agreement) and there are no incremental fees associated with the Minera Loan Agreement.
- 6.1.5** The Minera Loan Agreement was put in place to facilitate direct funding to Minera in order to ensure that the funding provided by RMB to Minera would have priority over Minera's assets in the event of an asset sale in respect of Minera. The Receiver supported the Minera Loan Agreement to ensure the ongoing funding of Minera and to avoid reorganization proceedings in respect of Minera. In consideration of RMB providing funding to Minera under the Minera Loan Agreement,

³ The financial accommodations provided for in the Minera Loan Agreement were initially provided in Canadian dollars, however the Minera Loan Agreement was amended on February 5, 2015 to provide that the financial accommodations would be in US dollars.

the Receiver agreed to seek an order from the Court that the advances made under the Minera Loan Agreement be deemed to be secured under the Receiver's Borrowing Charge (as that term is defined in the Receivership Order).

6.1.6 The total amount outstanding under the Minera Loan Agreement as of April 30, 2015 is USD \$489,364.

6.1.7 The following table represents a summary of the Company's receipts and disbursements for the period September 9, 2014 to April 30, 2015. The table does not include the amounts advanced by RMB to Minera directly under the Minera Loan Agreement (USD \$489,364 as of April 30, 2015). The aggregate total of the funds advanced to the Receiver through Receiver's Certificates pursuant to the Facility Agreement and directly to Minera through the Minera Loan Agreement is close to \$1,000,000. Additional disbursements will be required in the coming months, including the ongoing funding of Minera and professional fees to the Receiver and its independent counsel. Accordingly, the Receiver is seeking to increase the authorized borrowings from \$750,000 to USD \$3,000,000 (inclusive of amounts borrowed directly from RMB by Minera under the Minera Loan Agreement).

**In the matter of the Receivership of Seafield Resources Ltd.
Statement of Receipts & Disbursements
For the period September 9, 2014 to April 30, 2015
As at April 30, 2015**

Account Description	Disbursements	Receipts
Cash realizations from Seafield bank accounts		41,587
Sale of share in Manitou		12,500
HST refunds		8,351
Payments to Minera to fund operations	469,107	
HST paid	54,220	
Web hosting services	2,540	
Bank charges	1,921	
CRA deemed trust claim	1,624	
Drilling sample storage	1,500	
Total Receipts and Disbursements	530,912	62,438
Net Disbursements over Receipts	468,473	
Funding provided by RMB (USD \$443,471)	477,393	
Cash used to fund receivership	(468,473)	
Net balance in Estate	8,920	

6.1.8 In addition to the above, fees of the Receiver, McMillan and Colombian Counsel up to and including November 30, 2014 have been paid by RMB pursuant to a fee and disbursement guarantee agreement. Details these fees have been included in **Appendix “F”**.

- 7.1.1** As may be evident from Section 3.0 and **Appendix “C”** of this First Report, the Receiver has faced significant difficulty in obtaining possession over the Company’s investment in Minera.
- 7.1.2** Though the Receiver has finally been able to replace the board of Minera as of the date of the First Report, a dispute remains between former executive of the Company, Prins, and Minera regarding the governance of Minera, as it relates to the Labour Agreement Amendments.
- 7.1.3** We submit this First Report to this Honourable Court in support of our Motion respectfully requesting this Honourable Court to:
- (a) Approve this First Report, and the activities of the Receiver described herein;
 - (b) Approve the SISP;
 - (c) Approve the Statement of Receipts and Disbursements for the period September 9, 2014 to April 30, 2015;
 - (d) Authorize the Receiver to assign the Company into bankruptcy;
 - (e) Increase the amount the Receiver is authorized to borrow from \$750,000 to USD \$3,000,000; and
 - (f) Order that the advances made directly by RMB to Minera shall be deemed to be secured obligations under the Receiver’s Borrowing Charge.

All of which is respectfully submitted this 11th day of May, 2015.

**KPMG INC. in its sole capacity as
COURT-APPOINTED RECEIVER OF SEAFIELD RESOURCES LTD.
and not in its personal capacity**



Per: _____
Philip Reynolds
Senior Vice President



Per: _____
Ryan Adlington
Senior Vice President

Appendix A

Receivership Order dated September 9, 2014

Court File No.:
CV-14-10686-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)
JUSTICE NEWBOULD) TUESDAY, THE NINTH
DAY OF SEPTEMBER, 2014

BETWEEN:

RMB AUSTRALIA HOLDINGS LIMITED

Applicant

- and -

SEAFIELD RESOURCES LTD.

Respondent

ORDER
(Appointment Order)

THIS APPLICATION made by the Applicant RMB Australia Holdings Limited ("RMB") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing KPMG Inc. ("KPMG") as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Seafield Resources Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Alvaro Belevan sworn September 8, 2014 and the Exhibits thereto and on hearing the submissions of counsel for RMB and the Debtor, no one else appearing although duly served as appears from the affidavit of service, filed, and on reading the consent of KPMG to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, KPMG is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent

security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have, including without limitation, the Debtor's rights as sole shareholder of Minera Seafield S.A.S. ("**Minera**") to, among other things, appoint one or more directors of Minera and to replace any of the directors of Minera;
- (s) to advance monies to Minera; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein

whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the

Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile

numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from

any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$750,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.kpmg.ca/seafielddresources'.

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or

facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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

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

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then

on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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



FILED
CLERK OF COURT
ILLINOIS

 SEP 09 2014

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties Seafield Resources Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the [9th] day of September, 2014 (the "**Order**") made in an action having Court file number 14-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2014.

KPMG Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

RMB Australia Holdings Limited Seafield Resources Ltd.
Applicant and Respondent

Court File No. »

CV-14-10686-00CL

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

Proceeding commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicant

Appendix B

Notice and Statement of the Receiver (Form 87)

FORM 87

NOTICE AND STATEMENT OF THE RECEIVER
IN THE MATTER OF THE RECEIVERSHIP OF
SEAFIELD RESOURCES LTD.

The Receiver gives notice and declares that:

1. On the 9th day of September, 2014 KPMG Inc., became the Receiver in respect of the assets undertakings and properties of Seafield Resources Ltd (“Seafield”), an insolvent person(s) that are described below.

Cash and Cash Equivalents	\$	31,949
Intercompany Loans	\$	30,356,697
Fixed Assets and Equipment	\$	22,537
Equity Investments ⁽¹⁾	\$	2,125,603
(Other Assets	\$	33,740

(1)The equity investments primarily consist of 100% of the shares of Minera Seafield S.A.S (Colombia) and 100% of the shares of Minera Tango S.A. (Mexico)

Note: the foregoing are the assets and book value as stated in the general ledger of Seafield as at the 10th day of September, 2014. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy of the foregoing. The Receiver provides no comment on the realizable value of the assets.

2. KPMG Inc. was appointed Receiver pursuant to the Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice granted September 9th, 2014.
3. The undersigned took possession or control of the property described above on the 9th day of September 2014.
4. The following information relates to the receivership.
 - a. Address of the insolvent person:
 - Suite 1000, 36 Toronto St., Toronto, ON, M5C 2C5
 - b. Principal line of business:
 - Exploration and development of mining resources in Canada and abroad.
 - c. Location of business:

- Canada, Colombia and Mexico.

d. Amounts owed by Seafield to each known creditor who holds a security on the property described above:

<u>Creditor</u>	<u>Claim Amount</u>
RMB Australia Holdings Ltd.	\$ 14,577,688
Royal Bank of Canada	\$ 154

e. The list of other creditors of the insolvent person and the amount owed to each creditor as stated in the books and records of Seafield, and the total amount due by the insolvent person is attached hereto as Schedule "1".

f. The intended plan of action of the Receiver during the receivership is to evaluate and execute on the appropriate steps to maximize the realization on the assets with a view to maximizing recoveries for creditors. This will likely involve a sale process for the equity and financial investments.

g. Contact person for the Receiver:

Seafield Resources Ltd. Receivership
Michael Basso - Manager
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5
Tel: (416) 777-3006
Fax: (416) 777-8818
mpbasso@kpmg.ca

Dated at Toronto, Ontario this 19th day of September, 2014.



Philip J. Reynolds for KPMG Inc.

KPMG Inc.

Solely in its capacity as Court Appointed Receiver of
Seafield Resources Ltd.

and not in its personal or corporate capacity.

Schedule 1

Known Creditor Listing

<u>Secured Creditors</u>	<u>Claim Amount</u>
RMB Australia Holdings Ltd.	\$ 14,577,688
Royal Bank of Canada	\$ 154
Total Secured Creditors	\$ 14,577,842
<u>Unsecured Creditors</u>	<u>Claim Amount</u>
Cesar Lopez	\$ 15,476
Harkel Office Furniture	\$ 520
Norton Rose	\$ 23,168
Posse Herrera & Ruiz S.A	\$ 1,837
Ernst and Young LLP	\$ 16,500
1595300 Ontario Inc.	\$ 418,000
Minera Seafield S.A.S	\$ 1,187
Stephanie Ashton	\$ 8,867
Tom Henricksen	\$ 28,684
Total Unsecured Creditors	\$ 514,238
Total Claims	\$ 15,092,080

Appendix C

Chronology of Events in Colombia

Chronology of Events in Colombia

C.1 Activity of the Former Board prior to the Receiver’s Appointment

C.1.1 Up until August 30, 2014 the former directors of Minera (the “**Former Board**”) consisted of the following individuals:

- (a) Prins, Director;
- (b) Ashton, Director;
- (c) Giovanni Ortiz (“**Ortiz**”), Director and CEO
- (d) Catalina Cadena (“**Cadena**”), Director and Deputy CEO;
- (e) Cesar Lopez (“**Lopez**”), Director; and
- (f) Juan Villarzu (“**Villarzu**”), Director

C.1.2 On August 30, 2014, after making demand and sending the BIA Notice, RMB (pursuant to a share pledge agreement given as security for the Facility Agreement) held a shareholder’s meeting of Minera where the following decisions were approved:

- (a) The Former Board was removed; and
- (b) The following individuals were appointed as the Board of Directors of Minera (the “**New Board**”):

Principal ¹	Alternate
Richard Winters	John Forwood
Alvaro Belevan	James Bennett
Arnold Vogel	Daniel Jiménez Pastor

¹ As described below, the New Board was re-elected on November 11, 2014, at which time Arnold Vogel was replaced by Richard Seledon and Daniel Jiménez Pastor’s position as an Alternate Board member was made vacant.

- C.1.3** Minutes of the August 30, 2014 shareholders' meeting were registered with the Chamber of Commerce of Medellin Colombia on September 2, 2014.
- C.1.4** On September 2, 2014, Prins, acting as principal member of the Former Board, filed a request for reconsideration and appeal with the Chamber of Commerce of Medellín, to revoke the registration of his removal and the New Board.
- C.1.5** Also on September 2, 2014, Cadena, acting as member of the Former Board and as "de facto" agent of Lopez, Villarzu and Ashton, filed a request for reconsideration and appeal with the Chamber of Commerce of Medellín, to revoke the registration of the removal of the Former Board and the appointment of the New Board.
- C.1.6** By way of context, under the Colombian Law, the Chamber of Commerce administers companies' registrations in its jurisdiction, and therefore all major corporate events including incorporation, liquidation, amendments to bylaws or corporate registrations and appointment of officers and directors must be filed with the Chamber of Commerce for purposes of public disclosure and enforceability.
- C.1.7** On September 3, 2014, the New Board held a meeting, in which it was decided to remove Ortiz and Cadena as CEO and Deputy CEO, respectively, and to appoint Mr. Alvaro Belevan, representative of RMB, as new legal representative for the company. A copy of such decision was filed with the Office of the Superintendent of Companies (the "**SOC**") on September 3, 2014.
- C.1.8** On September 4, 2014, certain members of the Former Board filed a petition with the SOC, requesting that Minera be admitted to an insolvency proceeding as per Colombian law 1116 of 2006 (the "**Insolvency Petition**").
- C.1.9** By way of context, under the Colombian Law, the SOC is (i) the governmental authority responsible for overseeing the conduct and corporate affairs of Colombian companies, and (ii) the authority with judicial powers over insolvency proceedings.

C.1.10 On September 5, 2014, the New Board held a further meeting, in which the following actions were approved:

(a) The New Board approved a resolution to withdraw the Insolvency Petition; and

(b) The New Board would take steps to notify the Superintendent that a third party (RMB) would be willing to fund the operation of Minera, to ensure its continuance

C.1.11 The minutes of the September 5, 2014 meeting of the New Board were filed with the Superintendent on September 5, 2014.

C.1.12 On September 9, 2014, Mr. Alvaro Belevan, acting as legal representative of Minera, filed a petition with the Superintendent, requesting dismissal of the Insolvency Petition.

C.2 Activity in Colombia since the Receiver's Appointment

C.2.1 Pursuant to the Receivership Order, the Receiver was vested with the powers for representing Seafield, the sole shareholder of Minera, including the power to remove and replace the directors of Minera.

C.2.2 On September 11, 2014, Mr. Andrés Velásquez Giraldo ("**Velásquez**"), legal advisor of the Former Board, communicated to the Receiver that Minera would not recognize the Receiver as representative of Seafield.

C.2.3 On September 16, 2014, Velásquez, acting on behalf of the Former Board, filed a petition for reconsideration and appeal with the Chamber of Commerce of Medellín, requesting to revoke the registration of the removal of the Former Board and the appointment of the New Board (the "**Former Board Petition**").

C.2.4 On September 16, 2014, Colombian Counsel delivered a letter to the Former Board advising that the Receiver was vested with powers for representing the shares of Minera and any investment of Seafield as shareholder, and refuting all arguments of them regarding the absence of powers of the Receiver. A translated copy of the Receivership Order was provided along with that letter.

C.2.5 On September 17, 2014, the Receiver, acting on advice of Colombian Counsel, held a shareholders' meeting of Minera in which the following decisions were ratified:

- (a) The removal of the Former Board and the appointment of the New Board was ratified;
- (b) The decision of the New Board to remove the former legal representative and its alternates, and to appoint a new legal representative;
- (c) The decision of the New Board to withdraw the Insolvency Petition.

C.2.6 These above decisions were communicated to the SOC along with a request that the Insolvency Petition be dismissed.

C.2.7 On September 19, 2014, acting on the advice of Colombian Counsel, the Receiver filed a petition with the Superintendent, requesting that Minera be put under control of the SOC (the "**Control Measure**") as a consequence of the governance disputes faced by Minera. The purpose of the Control Measure was to have the SOC investigate the actions of the Former Board and ratify its removal in order to put an end to the governance disputes, and ultimately, recognize the control of Minera by the Receiver.

C.2.8 On September 30, 2014, the Receiver along with McMillan and Colombian Counsel, met in Colombia with the members of the Former Board. The parties initiated negotiations with a view of attempting to consensually resolve all open issues. It was agreed that parties would seek suspension of all proceedings for a 10-day period to attempt a settlement while RMB provided funding to Minera for its reasonable operating expenses during that period.

C.2.9 On October 8, 2014, the Chamber of Commerce of Medellin dismissed the Former Board Petition.

C.2.10 On October 14, 2014, Prins and Ortiz, who were part of the Former Board of Minera, informed the Receiver and Seafeld of the existence of alleged amendments to their labour agreements (the "**Labour Agreement Amendments**") giving them significant claims for compensation against Minera. The Receiver learned that these amendments to the labour contracts were made at or about

the time that Seafield was encountering significant cash flow problems and was in default under the RMB Facility Agreement. As a consequence of learning of this information, the Receiver terminated further negotiations with the Former Board and filed a writ on behalf of Seafield reiterating its petition to submit Minera to the Control Measure.

C.2.11 For some period of time after the Receiver requested Minera to be put under the Control Measure, Velásquez alleging to be a legal advisor of Minera, continued to take certain steps and file various documents in furtherance of the Former Board’s Petition and the Insolvency Petition.

C.2.12 Meanwhile, the Receiver on the advice of Colombian Counsel took various steps and filed certain documents with the Colombian authorities to oppose the Insolvency Petition and to have the authority of the New Board recognized by the Former Board, who continued to occupy their roles notwithstanding the steps taken to remove them.

C.2.13 On October 29, 2014, Velásquez alleging to be a legal advisor of the Former Board, filed a petition with the Superintendent of Industry and Trade against the registration of the decisions adopted by the shareholders assembly in the meeting held on August 30, 2014 (the “**SIC Petition**”).

C.2.14 On October 30, 2014, Velásquez acting on behalf of the Former Board made an offer to the Receiver in order to resolve the governance disputes over Minera: the Former Board would drop the Former Board Petition and leave control of Minera to the Receiver provided that the registration of the minutes of the shareholders’ meeting of Minera held on August 30, 2014, would be withdrawn. The offer was accepted by the Receiver.

C.2.15 On November 11, 2014, a shareholders meeting of Minera was held, definitively dismissing the Former Board of Minera. The New Board of Minera was re-elected and registered with changes as described in paragraph C.1.2 above.

C.2.16 On November 12, 2014, the SOC imposed the Control Measure on Minera and initiated proceedings against certain members of the Former Board.

- C.2.17** On November 28, 2014, the SOC dismissed the Insolvency Petition pursuant to the agreement reached with the Former Board on October 30, 2014. Velásquez, on behalf of the Former Board, also requested a formal withdrawal of the Former Board Petition and the SIC Petition.
- C.2.18** On February 12, 2015, a shareholders meeting of Minera was held to appoint Cadena as legal representative and Belevan as her alternate.
- C.2.19** On February 16, 2015, a petition was filed on behalf of Seafield with the SOC to terminate the Control Measure, however, it required certain amendments to the corporate registration of Minera, including evidenced termination of the Former Board Petition and the SIC Petition. The required amendments were completed by Colombian Counsel and communicated to the SOC on April 8, 2015.
- C.2.20** Colombian Counsel believes the Control Measure will soon be terminated by the SOC.
- C.2.21** Now that the appointment of the New Board has been recognized, the Receiver, subject to the approval of this Honourable Court, plans to conduct a sales and investment solicitation process involving Minera, as further described in the First Report.

Appendix D

Summary of Labour Agreement Amendments

Appendix D Summary of Labour Agreement Amendments

The following rights were vested to Ortiz and Prins pursuant to the Labour Agreement Amendments:

Employee	Trigger	Obligations	Payment
Ortiz	<p>An event of Change of Control¹ occurs and employment of Ortiz with Minera is terminated either:</p> <p>i) as a result of termination by Minera or its successors within a period of 24 months following the change of control; or</p> <p>ii) as a result of termination by Ortiz within the period which commences after the three (3) month period following the date of Change of Control and ends 24 months following the date</p>	<p>Payment of lump sum of 18 months of salary plus continuation of all benefits and perquisites to which Ortiz was entitled during his employment for an 18 month period.</p>	<p>Change of Control Payment. USD\$270,000.</p>

¹ Change of Control means:

- i) Any change in the beneficial ownership of 51% of the outstanding Common Shares of Seafield which results in a person, or group of persons, acting jointly or in concert (within the meaning of the Securities Act (Ontario)) being in a position to exercise effective control of Seafield.
- ii) Incumbent Directors not constituting a majority of Seafield's board of directors,
- iii) the sale, lease or transfer of all or substantially all of Seafield's assets to any other person; or
- iv) Seafield entering into a merger, amalgamation, arrangement or other reorganization with another unrelated company.

Incumbent Directors means: those persons who were elected directors of Seafield.

Employee	Trigger	Obligations	Payment
	of Change of Control.		
Ortiz	Termination of labour contract without cause.	<p>The labour contract had a fixed term of three years.</p> <p>The Indemnification that an Employer must pay to the Employee for unilaterally terminating the labour agreement without just cause, will be the equivalent to the outstanding salaries owed to the employee under said agreement. According to the documents provided, the hiring date was September 12, 2011.</p> <p>Therefore, the agreement was renewed on September 11, 2014 for other three years.</p>	34.5 months of salary. Approximately USD\$517,500
Prins	An event of Change of Control ² occurs	An additional indemnification equivalent to CAD	An additional indemnification equivalent to CAD

² Change of Control means:

- i) Any change in the beneficial ownership of the outstanding common shares of Seafield which results in a person, or group of persons, acting jointly or in concert (within the meaning of the Securities Act (Ontario)) being in a position to exercise effective control of Seafield.
- ii) Incumbent Directors not constituting a majority of Seafield's board of directors,
- iii) the sale, lease or transfer of all or substantially all of Seafield's assets to any other person; or
- iv) Seafield entering into a merger, amalgamation, arrangement or other reorganization with another unrelated company.

Incumbent Directors means: those persons who were elected directors of Seafield at the annual or at a special meeting of the shareholders of Seafield held on May 29, 2012, together with any other person who was a director at such time whose election, or nomination for election, as a director of Seafield, was approved by at least a majority of the Incumbent Directors at the time of such election or nomination, with such approval being by either a resolution in writing, a specific vote or by approval of the proxy statement of Seafield in which such person is a nominee for director, without objection to such nomination.

Employee	Trigger	Obligations	Payment
	<p>and Prins' employment with Minera is terminated either:</p> <p>i) Minera terminates his labour contract without cause prior or during the 24 months following the Change of Control;</p> <p>ii) the termination of the employment contract during the negotiations or discussions regarding the Change of Control; or</p> <p>iii) Prins resigns to his position prior to or during the 24 months following the Change of Control.</p>	<p>\$720,000.</p> <p>A relocation fee for the Prins and his family of CAD \$50,000, and</p> <p>The "Milestones Bonuses" due as of the date of termination of the employment agreement, as follows:</p> <p>i) 100% of the projected amount of "Milestone Bonuses" corresponding to the year of the Change of Control; and</p> <p>ii) 50% of the projected amount of "Milestone Bonuses" corresponding to the following year after the Change of Control.</p> <p>If the Change of Control occurs outside the projected timeline of the "Milestone Bonuses", as included in Annex 1, or after year 2015, Minera must pay to the Employee the equivalent to 150% of the "Milestone Bonuses" projected for year 2015, which is equivalent to CAD \$927,000</p>	<p>\$720,000.</p> <p>A relocation fee for Prins and his family of CAD \$50,000, and</p> <p>The "Milestones Bonuses" due as of the date of termination of the employment agreement, as follows:</p> <p>i) 100% of the projected amount of "Milestone Bonuses" corresponding to the year of the Change of Control; and</p> <p>ii) 50% of the projected amount of "Milestone Bonuses" corresponding to the following year after the Change of Control.</p>
Prins	Termination of employment contract without cause	<p>An indemnification equivalent to CAD \$720,000.</p> <p>A relocation fee for Prins and his family of CAD \$50,000, and</p>	It is not specified in the agreement if these payments include legal indemnifications for termination without cause.

Employee	Trigger	Obligations	Payment
		<p>The <i>"Milestones Bonuses"</i> due as of the date of termination of the employment agreement.</p> <p>If 75% or more of the milestones have been achieved , Prins will be entitled to 100% of the relevant <i>"Milestone Bonuses"</i></p>	
Prins	<p>Seafield is not able or fails to pay amounts due to Prins derived from the Consultancy agreement with Prins.</p>	<p>Salary of CAD\$30,000 per month, or CAD\$360,000 per year (this amount includes the salary set forth in the employment agreement).</p> <p>A relocation fee for Prins and his family of monthly aid of CAD \$6,000.</p> <p>Two way tickets to Chile in first class for Prins up to CAD\$12,000 per year</p>	

Appendix E

Sale and Investment Solicitation Process

SALE AND INVESTOR SOLICITATION PROCEDURES

SEAFIELD RESOURCES LTD.

RECITALS

A. Pursuant to an Order (the “**Receivership Order**”) granted by the Ontario Superior Court of Justice (the “**Court**”) on September 9, 2014, KPMG Inc. was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Seafield Resources Ltd. (“**Seafield**”).

B. On May 19, 2015, the Court granted an order (the “**SISP Approval Order**”) approving a sale and investor solicitation process (the “**SISP**”) and the SISP procedures set forth herein (these “**SISP Procedures**”).

C. The SISP Approval Order, the SISP and these SISP Procedures shall govern the process for soliciting and selecting bids for (i) the sale of all or substantially all of the property, assets and undertakings of Seafield (the “**Seafield Property**”), including without limitation (a) all of the share capital of Minera (the “**Minera Shares**”), and (b) the Elora gold mine and related assets located in the Kenora Mining Division in Northwestern Ontario (the “**Elora Property**”) (a “**Sale**”); (ii) the sale of all or substantially all of the property, assets, and undertakings of Minera (the “**Minera Property**”) by Minera, subject to compliance with applicable Colombian law and approval by the Receiver acting as the authorized representative of the sole shareholder of Minera; and (iii) for the restructuring, recapitalization or refinancing of Seafield or Minera (an “**Investment**”).

D. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

ARTICLE 1 – DEFINED TERMS

In these SISP Procedures:

- (1) “**Approval Hearing**” has the meaning ascribed thereto in Section 5.8(1).
- (2) “**Backup Bid**” has the meaning ascribed thereto in Section 5.6(5).
- (3) “**Backup Bid Expiration Date**” has the meaning ascribed thereto in Section 5.6(7).
- (4) “**Backup Bidder**” has the meaning ascribed thereto in Section 5.6(5).
- (5) “**Bid Notice**” has the meaning ascribed to it in Section 4.3(5).
- (6) “**Business Day**” means any day other than (i) a Saturday or Sunday or (ii) a day which is a statutory holiday in either Toronto, Ontario or Medellin, Colombia.

- (7) **“Court”** has the meaning ascribed thereto in Recital A.
- (8) **“Confidentiality Agreement”** has the meaning ascribed thereto in Section 2.4(2).
- (9) **“Creditor Consultation Rights”** has the meaning ascribed to it in Section 5.7.
- (10) **“Definitive Investment Agreement”** has the meaning ascribed thereto in Section 5.3(a).
- (11) **“Deposit”** has the meaning ascribed thereto in Section 5.2(i).
- (12) **“Elora Property”** has the meaning ascribed thereto in Recital C.
- (13) **“Form of Purchase Agreement”** means the form of purchase and sale agreement to be developed by the Receiver and provided to Qualified Phase 2 Bidders that submitted a Qualified Non-Binding Indication of Interest that is a Sale Proposal prior to the Phase 1 Bid Deadline.
- (14) **“Investment”** has the meaning ascribed thereto in Recital C.
- (15) **“Investment Proposal”** has the meaning ascribed thereto in Section 2.5(1)(d).
- (16) **“Known Potential Bidders”** has the meaning ascribed thereto in Section 2.4(1).
- (17) **“Minera”** means Seafield’s wholly-owned Colombian subsidiary, Minera Seafield S.A.S.
- (18) **“Minera Property”** has the meaning ascribed thereto in Recital C.
- (19) **“Minera Shares”** has the meaning ascribed thereto in Recital C.
- (20) **“New Potential Bidder”** has the meaning ascribed thereto in Section 2.4(1).
- (21) **“Non-Binding Indication of Interest”** has the meaning ascribed thereto in Section 4.1(1).
- (22) **“Phase 1 Bid Deadline”** has the meaning ascribed thereto in Section 4.1(2).
- (23) **“Phase 2 Bid Deadline”** has the meaning ascribed thereto in Section 5.1.
- (24) **“Potential Bidder”** has the meaning ascribed thereto in Section 2.5(1).
- (25) **“Potential Bidder Deadline”** has the meaning ascribed thereto in Section 2.5(1).
- (26) **“Purchase Price”** has the meaning ascribed thereto in Section 5.2(b).
- (27) **“Qualified Bidder”** has the meaning ascribed thereto in Section 5.4(1).
- (28) **“Qualified Bids”** has the meaning ascribed thereto in Section 5.4(1).
- (29) **“Qualified Investment Bid”** has the meaning ascribed thereto in Section 5.3.

- (30) **“Qualified Non-Binding Indication of Interest”** has the meaning ascribed thereto in Section 4.2(1).
- (31) **“Qualified Phase 1 Bidder”** has the meaning ascribed thereto in Section 2.5(2).
- (32) **“Qualified Phase 2 Bidder”** has the meaning ascribed thereto in Section 4.3(4).
- (33) **“Qualified Purchase Bid”** has the meaning ascribed thereto in Section 5.2.
- (34) **“Receiver”** means KPMG Inc., in its capacity as receiver of Seafield pursuant to the Receivership Order.
- (35) **“Receivership Order”** has the meaning ascribed thereto in Recital A.
- (36) **“RMB”** means RMB Australia Holdings Limited.
- (37) **“RMB Facility”** means the lending facility made available to Seafield by RMB pursuant to that certain Credit Agreement dated February 21, 2013, as amended, restated, or supplemented from time to time.
- (38) **“Sale”** has the meaning ascribed thereto in Recital C.
- (39) **“Sale Proposal”** has the meaning ascribed thereto in Section 2.5(1)(d).
- (40) **“Seafield”** has the meaning ascribed thereto in Recital A.
- (41) **“Secured Claims Amount”** means the aggregate amount owing (whether for principal, interest, fees and recoverable expenses) to the Secured Creditor, as at the date which the transactions contemplated by the Qualified Bid or Successful Bid, if any, are completed, under the RMB Facility and validly secured by the Seafield Property, all as determined by the Receiver, Court or other court of competent jurisdiction.
- (42) **“Secured Creditor”** means RMB or any purchaser or assignee of the RMB Facility, related security documents and indebtedness outstanding thereunder.
- (43) **“SISP”** has the meaning ascribed thereto in Recital B.
- (44) **“SISP Approval Order”** has the meaning ascribed thereto in Recital B.
- (45) **“SISP Procedures”** has the meaning ascribed thereto in Recital B.
- (46) **“Solicitation Process”** has the meaning ascribed thereto in Section 2.1(1).
- (47) **“Successful Bid”** has the meaning ascribed thereto in Section 5.6(5).
- (48) **“Successful Bidder”** has the meaning ascribed thereto in Section 5.6(5).
- (49) **“Target Closing Date”** means September 30, 2015.
- (50) **“Teaser Letter”** has the meaning ascribed thereto in Section 2.4(1).

ARTICLE 2 – SOLICITATION

Section 2.1 Solicitation Process

(1) These SISP Procedures describe, among other things, the Seafield Property and the Minera Property available for sale, the opportunity for an investment in Seafield or Minera, the debts and equity interests of Seafield in need of restructuring, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Seafield, the Seafield Property, the Minera Shares, the Minera Property, and the Elora Property, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the ultimate selection of one or more Successful Bids and a Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures), and the approval thereof by the Court (collectively, the “**Solicitation Process**”).

(2) The Receiver, shall conduct the Solicitation Process as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures, the Court will have the jurisdiction to hear such matter and provide directions, upon application of the Receiver, or any other party, with a hearing on no less than three (3) Business Days notice.

Section 2.2 Sale and Investment Opportunity

These SISP Procedures provide for (i) a sale of all or part of the Seafield Property, (ii) a sale of all or part of the Minera Property and (iii) an investment in Seafield and/or Minera, in each case structured in a manner acceptable to the Receiver.

Section 2.3 “As Is, Where Is”

Any Sale or Investment will be on an “as is, where is” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver, Seafield or Minera or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in the relevant agreement with the Successful Bidder.

Section 2.4 Solicitation of Interest

(1) As soon as reasonably practicable after the granting of the SISP Approval Order, the Receiver, will prepare a list of potential bidders in respect of a Sale or Investment (the “**Known Potential Bidders**”). The Secured Creditor may on a timely basis identify any parties to the Receiver which shall be included in the list of Known Potential Bidders. Concurrently, the Receiver, will prepare an initial offering summary (the “**Teaser Letter**”) notifying Known Potential Bidders of the existence of the Solicitation Process and inviting the Known Potential Bidders to express their interest in participating in a Sale or an Investment.

(2) Promptly after the granting of the SISP Approval Order, the Receiver shall distribute to the Known Potential Bidders the Teaser Letter and a form of confidentiality agreement satisfactory to the Receiver (a “**Confidentiality Agreement**”). The Receiver shall also issue a press release announcing this SISP.

Section 2.5 Participation Requirements

(1) Unless otherwise provided for herein, ordered by the Court or agreed by the Receiver, in order to participate in the Solicitation Process and be considered for qualification as a Qualified Phase I Bidder, an interested party (a “**Potential Bidder**”) must deliver the following:

- (a) an executed Confidentiality Agreement, which shall inure to the benefit of any purchaser of any part of the Seafield Property or the Minera Property or any investor in Seafield or Minera;
- (b) a specific indication of the anticipated sources of capital for such Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Receiver and its legal and financial advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate a Sale or an Investment;
- (c) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, full disclosure of the direct and indirect owners of the Potential Bidder and their principals;
- (d) an indication of whether the Potential Bidder is offering to (i) acquire all or substantially all of the Seafield Property and/or the Minera Property (a “**Sale Proposal**”); or (ii) make an investment in Seafield and/or Minera (an “**Investment Proposal**”); and
- (e) a written acknowledgment of receipt of a copy of the SISP Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.

(2) A Potential Bidder will be deemed a “**Qualified Phase 1 Bidder**” if: (a) such Potential Bidder has satisfied all of the requirements described in Section 2.5(1) above; and (b) such Potential Bidder’s financial information and credit support or enhancement demonstrate to the satisfaction of the Receiver in its reasonable business judgment, the financial capability of such Potential Bidder to consummate a transaction and that such Potential Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale or an Investment. Notwithstanding the requirements set out in Section 2.5(1) (a) to (e), the Receiver may designate any Potential Bidder as a Qualified Phase I Bidder. Upon executing the Confidentiality Agreement, the Secured Creditor shall be deemed to be a Qualified Phase I Bidder.

(3) The determination as to whether a Potential Bidder is a Qualified Phase 1 Bidder pursuant to Section 2.5(2) will be made as promptly as practicable but no later than five (5) Business Days after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Phase 1 Bidder, the Receiver will promptly notify the Potential Bidder that it is a Qualified Phase 1 Bidder.

(4) If it is determined in accordance with Section 2.5(2) above, that there are no Qualified Phase 1 Bidders and that, as a consequence, proceeding with these SISP Procedures is not in the best interests of Seafield or its stakeholders, the Receiver shall notify the Secured Creditor

forthwith, and within five (5) Business Days of such determination, file an application with the Court seeking directions with respect to the conduct of the SISP.

ARTICLE 3 – DUE DILIGENCE

(1) As soon as practicable after the determination that a party is a Qualified Phase 1 Bidder, the Receiver will make available to such Qualified Phase 1 Bidder in a secure online electronic data room confidential due diligence information regarding (i) the Seafield Property and the Minera Property available for sale, and (ii) the debt and equity interests in Seafield and Minera. At the request of a Qualified Phase 1 Bidder, such confidential due diligence information shall also be provided to a proposed lender of such Qualified Phase 1 Bidder that is reasonably acceptable to the Receiver.

(2) Each Qualified Phase 1 Bidder shall have such access to due diligence materials and information relating to the Seafield Property, the Minera Property and the debt and equity interests in Seafield and Minera, as the Receiver deems appropriate.

(3) At the discretion of the Receiver due diligence access may include presentations (as may be scheduled by the Receiver), access to physical and secure online electronic data rooms, on-site inspections and such other matters as a Qualified Phase I Bidder or Qualified Phase 2 Bidder may reasonably request and as to which the Receiver, in its reasonable business judgment deems appropriate. The Receiver shall not be obligated to furnish any due diligence materials or information after the Phase 2 Bid Deadline.

(4) Without limiting the generality of any term or condition of any confidentiality agreement between the Receiver and any Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Successful Bidder or Backup Bidder, unless otherwise agreed by the Receiver or by further order of the Court, no Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Successful Bidder or Backup Bidder shall be permitted to have any discussions with any counterparty to any contract with Seafield or Minera or with any regulatory authority responsible for Seafield, Minera or any of their businesses or any other Potential Bidder, Qualified Phase 1 Bidder or Qualified Phase 2 Bidder in connection with a Non-Binding Indication of Interest or any other bid submitted in accordance with the terms hereof or in contemplation thereof.

(5) The Receiver is not responsible for, and will have no liability with respect to, any information obtained by any Known Potential Bidder, Potential Bidder or Qualified Bidder in connection with the Seafield Property, Minera Property, a Sale Transaction or Investment. The Receiver does not make any representations or warranties whatsoever as to the information or the materials provided, except, to the extent the information is provided under any definitive sale or investment agreement executed and delivered by a Successful Bidder or Backup Bidder.

ARTICLE 4 – PHASE 1

Section 4.1 Seeking Non-Binding Indications of Interest by Qualified Phase 1 Bidders

(1) From the date of the SISP Approval Order until the Phase 1 Bid Deadline, in accordance with the terms of the SISP Approval Order and these SISP Procedures, the Receiver will seek to identify and qualify Qualified Phase 1 Bidders, and will solicit non-binding indications of interest from Qualified Phase 1 Bidders to acquire all, or substantially all of the Seafield Property or the

Minera Property or to invest in Seafield and/or Minera (each a “**Non-Binding Indication of Interest**”).

(2) Subject to Section 4.3(5), in order to continue to participate in the SISP Process, a Qualified Phase 1 Bidder must deliver a Non-Binding Indication of Interest to the Receiver so as to be received by the Receiver not later than 5:00 p.m. (Toronto time) on July 15, 2015, or such later date or time as the Receiver may determine appropriate (the “**Phase 1 Bid Deadline**”).

Section 4.2 Non-Binding Indications of Interest by Qualified Phase 1 Bidders

(1) Unless otherwise ordered by the Court or agreed by the Receiver, a Non-Binding Indication of Interest will be considered a “**Qualified Non-Binding Indication of Interest**” only if it is submitted by a Qualified Phase 1 Bidder, received on or before the Phase 1 Bid Deadline, and contains the following information:

- (a) An indication of whether the Qualified Phase 1 Bidder is offering to (i) make a Sale Proposal; or (ii) make an Investment Proposal;
- (b) In the case of a Sale Proposal, it shall identify
 - i. the purchase price (including liabilities to be assumed by the Qualified Phase 1 Bidder);
 - ii. the assets included, any of the assets expected to be excluded, and/or any additional assets desired to be included in the transaction;
 - iii. the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable);
 - iv. an acknowledgement that the contemplated sale will be made on an “as is where is” basis;
 - v. the proposed treatment of employees of Minera;
 - vi. the key material contracts and leases, if any, the Qualified Phase 1 Bidder wishes to acquire and the Qualified Phase 1 Bidder’s proposed treatment of related cure costs, if any;
 - vii. any anticipated corporate, shareholder, internal or regulatory approvals, including without limitation any approvals with respect to the grant or transfer of any mining permits or licenses, required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;

- viii. a timeline to closing with critical milestones and a statement with respect to the Qualified Phase 1 Bidder's ability to consummate the contemplated transaction by the Target Closing Date;
 - ix. a detailed description of any additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline, if any;
 - x. contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction;
 - xi. a specific indication of sources of capital for the Qualified Phase 1 Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement, including contact information for capital/financing sources, that will allow the Receiver to make a reasonable business judgement as to the Qualified Phase 1 Bidder's financial or other capabilities to consummate the contemplated transaction;
 - xii. any conditions to closing that the Qualified Phase 1 Bidder may wish to impose; and
 - xiii. any other terms or conditions of the Sale Proposal which the Qualified Phase 1 Bidder believes are material to the transaction;
- (c) In the case of an Investment Proposal, it shall identify:
- (i) the aggregate amount of the equity and debt investment (including, the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and consummate the proposed transaction and any related contingencies, as applicable) to be made in Seafield or Minera;
 - (ii) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization);
 - (iii) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of Seafield and Minera and the proposed treatment of employees;
 - (iv) the structure and financing of the transaction including all requisite financial assurance including a specific indication of sources of capital for the Qualified Phase 1 Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement, including contact information for capital/financing sources, that will allow the Receiver to make a reasonable business judgement as to the Qualified Phase 1 Bidder's financial or other capabilities to consummate the contemplated transaction;

- (v) any anticipated corporate, shareholder, internal or regulatory approvals, including without limitation any approvals with respect to the grant or transfer of any mining permits or licenses, required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (vi) the proposed corporate governance structure of the entity or entities owning/operating the business, following implementation of the investment
 - (vii) contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction;
 - (viii) additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline, if any;
 - (ix) a timeline to closing with critical milestones and a statement with respect to the Qualified Phase 1 Bidder's ability to consummate the contemplated transaction by the Target Closing Date;
 - (x) to the extent not addressed elsewhere, the proposed treatment of stakeholders, including lenders, trade creditors, shareholders and employees;
 - (xi) any conditions to closing that the Qualified Phase 1 Bidder may wish to impose;
 - (xii) any other terms or conditions of the Investment Proposal which the Qualified Phase 1 Bidder believes are material to the transaction; and
- (d) Such other information reasonably requested by the Receiver.

(2) The Receiver may waive compliance with any one or more of the requirements specified herein and deem any non-compliant Non-Binding Indication of Interest to be a Qualified Non-Binding Indication of Interest.

Section 4.3 Assessment of Qualified Non-Binding Indications of Interest and Determination of Qualified Phase 2 Bidders

(1) The Receiver will provide copies of any Qualified Non-Binding Indications of Interest received to the Secured Creditor.

(2) The Receiver will assess any Qualified Non-Binding Indications of Interest received, and will determine whether proceeding with these SISP Procedures on the basis of such Qualified Non-Binding Indications of Interest is in the best interests of Seafield and its stakeholders. Such assessment will be made as promptly as practicable after the Phase I Bid Deadline.

(3) If the Receiver, in accordance with Section 4.2 above, determines that no Qualified Non-Binding Indication of Interest was received, the Receiver shall advise the Secured Creditor

forthwith, and within five (5) Business Days of the Phase 1 Bid Deadline, file an application with the Court seeking directions.

(4) If the Receiver, in accordance with Section 4.2 above, determines that (i) one or more Qualified Non-Binding Indications of Interest were received, and (ii) proceeding with these SISP Procedures is in the best interests of Seafield and its stakeholders, these SISP Procedures will continue and each Qualified Phase 1 Bidder who has submitted a Qualified Non-Binding Indication of Interest that is determined by the Receiver on consideration of the information delivered at Section 4.2(1), likely be consummated, shall be deemed to be a “**Qualified Phase 2 Bidder**”. Subject to the restrictions set out in Section 5.7, the Receiver shall provide advance written notice of the commencement of Phase 2 and the names of the Qualified Phase 2 Bidders to the Secured Creditor.

(5) Notwithstanding any other provision in these SISP Procedures, the Secured Creditor shall, subject to executing the Confidentiality Agreement, be deemed to be a Qualified Phase 2 Bidder even if it did not submit a Non-Binding Indication of Interest. Notwithstanding any other provision in these SISP Procedures, the Secured Creditor shall be permitted to submit a Qualified Purchase Bid or Qualified Investment Bid, provided that the Secured Creditor declares its intention to do so within 5 business days of the commencement of Phase 2 by delivering written notice thereof to the Receiver (the “**Bid Notice**”). The Bid Notice shall contain the amount of the Secured Creditor’s bid together with a summary of all material terms of the bid. The Secured Creditor shall not be entitled to increase the amount of its bid following delivery of the Bid Notice. The Receiver shall forthwith provide a copy of the Secured Creditor’s Bid Notice to all Qualified Phase 1 Bidders.

(6) If the Secured Creditor does not submit a Bid Notice within 5 business days of the commencement of Phase 2 then the Secured Creditor will not be permitted to submit any bid thereafter, save and except for in the circumstances described in Section 5.5(2).

ARTICLE 5 – PHASE 2

Section 5.1 Seeking Qualified Bids by Qualified Phase 2 Bidders

In order to continue to participate in the Solicitation Process, a Qualified Phase 2 Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid to the Receiver and such bids must be received by the Receiver by no later than 5:00 p.m. (Toronto time) on August 19, 2015, or such later date or time as the Receiver may determine appropriate (the “**Phase 2 Bid Deadline**”).

Section 5.2 Qualified Purchase Bids

A Sale Proposal submitted by a Qualified Phase 2 Bidder will be considered a “**Qualified Purchase Bid**” only if the Sale Proposal complies with all of the following:

- (a) it includes a letter stating that the Sale Proposal is irrevocable until the earlier of (a) the approval by the Court of a Successful Bid, and (b) 45 Business Days following the Phase 2 Bid Deadline; provided, however, that if such Sale Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the closing of the Successful Bid or the Backup Bid, as the case may be;

- (b) it includes a duly authorized and executed purchase and sale agreement substantially in the Form of Purchase Agreement specifying the purchase price, expressed in Canadian dollars (the “**Purchase Price**”), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Phase 2 Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and such ancillary agreements and the proposed orders to approve the sale by the Court, as well as copies of such materials marked to show the amendments and modifications to the Form of Purchase Agreement;
- (c) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment. Further, by submitting a Sale Proposal, a Qualified Phase 2 Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submissions of its Sale Proposal or these SISP Procedures;
- (d) it includes evidence sufficient to allow the Receiver to make a reasonable determination as to the bidder’s (and its direct and indirect owners’ and their principals’) financial and other capabilities to consummate the transaction contemplated by the Sale Proposal, which evidence could include but is not limited to evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution;
- (e) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (f) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Phase 2 Bidder’s direct and indirect owners and their principals, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Sale Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver, or any of its advisors, except as expressly stated in the purchase and sale agreement submitted by it; (iii) is a sophisticated party capable of making its own assessments in respect of making its Sale Proposal; and (iv) has had the benefit of independent legal advice in connection with its Sale Proposal;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Phase 2 Bidder’s board of directors (or comparable governing body) with respect to the submission,

execution, delivery and closing of the transaction contemplated by the Sale Proposal;

- (i) it is accompanied by a refundable deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of KPMG Inc., in trust, in an amount equal to 5% of the proposed gross purchase price, to be held and dealt with in accordance with these SISP Procedures;
- (j) it contains full details of the proposed number of employees of Minera who will become employees of the Qualified Phase 2 Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (k) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder will assume the obligations of Seafield or Minera under executory contracts, unexpired leases, and licences proposed to be assigned (or identifies with particularity which of such contracts, leases, and licenses of Seafield or Minera, as applicable, that the Qualified Phase 2 Bidder wishes not to assume, or alternatively wishes to assume), contains full details of the Qualified Phase 2 Bidder’s proposal for the treatment of related cure costs; and which of these the assumption of which is a condition of closing;
- (l) it provides for closing of the Qualified Purchase Bid by no later than the Target Closing Date;
- (m) if the Qualified Phase 2 Bidder is an entity newly formed for the purpose of the transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Receiver, that names the Receiver as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (n) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of compliance or anticipated compliance with any and all applicable Canadian, Colombian and any foreign regulatory approvals (including, if applicable, anti-trust regulatory approval and any approvals with respect to the grant or transfer of any mining permits or licenses), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (o) it contains other information reasonably requested by the Receiver; and
- (p) it is received by no later than the Phase 2 Bid Deadline.

Section 5.3 Qualified Investment Bids

An Investment Proposal submitted by a Qualified Phase 2 Bidder will be considered a “**Qualified Investment Bid**” only if the Investment Proposal complies with all of the following:

- (a) it includes duly authorized and executed binding definitive documentation setting out the terms and conditions of the proposed transaction, including the aggregate

amount of the proposed equity and/or debt investment and details regarding the proposed equity and/or debt structure of Seafield and/or Minera, if applicable, following completion of the proposed transaction (a “**Definitive Investment Agreement**”);

- (b) it includes a letter stating that the Investment Proposal is irrevocable until the earlier of (a) approval by the Court of a Successful Bid, and (b) 45 Business Days following the Phase 2 Bid Deadline; provided, however, that if such Investment Proposal is selected as the Successful Bid or Backup Bid, it shall remain irrevocable until the earlier of (i) the closing of the Successful Bid or the Backup Bid, as the case may be, and (ii) the outside date stipulated in the Successful Bid or the Backup Bid, as applicable;
- (c) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment. Further, by submitting an Investment Proposal, the Qualified Phase 2 Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submission of its Investment Proposal or these SISP Procedures;
- (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Receiver, to allow the Receiver to make a reasonable determination as to the Qualified Phase 2 Bidder’s financial and other capabilities to consummate the transaction contemplated by the Investment Proposal;
- (e) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Phase 2 Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Phase 2 Bidder has had an opportunity to conduct any and all required due diligence prior to making its bid;
- (f) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Investment Proposal, including the identification of the Qualified Phase 2 Bidder’s direct and indirect owners and their principals, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Investment Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of Seafield or Minera, or the completeness of any information provided in connection therewith, including by the Receiver or any of its advisors, except as expressly stated in the Definitive Investment Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its Investment Proposal; and (iv) has had the benefit of independent legal advice in connection with its Investment Proposal;

- (h) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Phase 2 Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Investment Proposal;
- (i) it is accompanied by a Deposit in the form of a wire transfer (to a trust account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of KPMG Inc., in trust, in an amount equal to 5% of the total proposed investment, to be held and dealt with in accordance with these SISP Procedures;
- (j) it provides for closing of the Qualified Investment Bid by no later than the Target Closing Date;
- (k) if the Qualified Phase 2 Bidder is an entity newly formed for the purpose of the transaction, the Investment Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, and satisfactory to the Receiver, that names the Receiver as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of compliance or anticipated compliance with any and all applicable Canadian, Colombian, and foreign regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (m) it contains other information reasonably requested by the Receiver; and
- (n) it is received by no later than the Phase 2 Bid Deadline.

Section 5.4 Qualified Bids

- (1) Qualified Purchase Bids and Qualified Investment Bids shall hereinafter be referred to as "**Qualified Bids**" and each a "**Qualified Bid**" and each bidder who has submitted a Qualified Bid shall hereinafter be referred to as a "**Qualified Bidder**".
- (2) Notwithstanding Section 5.2 and Section 5.3 hereof, the Receiver may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such non-compliant bids to be Qualified Purchase Bids or Qualified Investment Bids, as the case may be.

Section 5.5 No Qualified Bids

- (1) The Receiver will assess the Qualified Bids received, if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be consummated and whether proceeding with these SISP Procedures is in the best interests of Seafield and its stakeholders. Such assessments will be made as promptly as practicable but no later than five (5) Business Days after the Phase 2 Bid Deadline, provided that such time period may be extended upon the consent of the Receiver or order of the Court upon application and appropriate notice.

(2) If the Receiver, in accordance with Section 5.5(1) above, determines that (a) no Qualified Bid was received, or (b) at least one Qualified Bid was received but it is not likely that the transactions contemplated in any such Qualified Bids will be consummated, the Receiver shall notify the Secured Creditor forthwith, and within ten (10) Business Days of such determination, file an application with the Court seeking directions. In the circumstances described in this subsection, the Secured Creditor shall have the option within five (5) business days from such determination to submit a credit bid (that would constitute a binding agreement if accepted) even if they did not submit a credit bid at any other point during Phase 1 or Phase 2, and notwithstanding the receipt of any new information regarding bids or offers after the commencement of Phase 2.

Section 5.6 Selection Criteria

(1) In selecting the Successful Bid, the Receiver will review each Qualified Bid. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and the net value (including assumed liabilities and other obligations to be performed or assumed by the bidder) provided by such bid; (b) the claims likely to be created by such bid in relation to other bids; (c) the counterparties to the transaction; (d) the proposed revisions to the Form of Purchase Agreement and the terms of the transaction documents; (e) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (f) the assets included or excluded from the bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Seafield Property and/or the Minera Property; (g) the estimated number of employees of Minera that will be offered post closing employment by the bidder and any proposed measures associated with their continued employment; (h) the transition services required from Seafield or Minera post-closing and any related restructuring costs; and (i) the likelihood and timing of consummating the transaction by the Target Closing Date.

(2) Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the debt to equity structure post-closing; (c) the counterparties to the transaction; (d) the terms of the transaction documents; (e) other factors affecting the speed, certainty and value of the transaction; (f) planned treatment of stakeholders; and (g) the likelihood and timing of consummating the transaction by the Target Closing Date..

(3) The Receiver may select Qualified Bids for further negotiation and/or clarification of any terms or conditions of such Qualified Bids, including the amounts offered, before identifying the highest or otherwise best Qualified Bid(s) received (the “**Successful Bid**”).

(4) Upon completion of any further negotiations or clarifications that may be conducted pursuant to Section 5.4(3) above, the Receiver will identify the Successful Bid and may identify a next highest or otherwise best Qualified Bid received (such offer, the “**Backup Bid**”). The Qualified Bidders(s) who made the Successful Bid is/are the “**Successful Bidder**” and the Qualified Bidder(s) who made the Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures) is/are the “**Backup Bidder**”). The Receiver will notify the Successful Bidder and any Backup Bidder that they are, respectively, the Successful Bidder and the Backup Bidder.

(5) The Receiver will finalize definitive agreements in respect of the Successful Bid and the Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures), if any, conditional upon approval by the Court.

(6) If a Backup Bid is identified in accordance with these SISP Procedures, then such Backup Bid shall remain open until the consummation of the transaction contemplated by the Successful Bid (the “**Backup Bid Expiration Date**”).

(7) All Qualified Bids (other than the Successful Bid and any Backup Bid identified in accordance with these SISP Procedures) shall be deemed rejected by the Receiver on and as of the date of approval of the Successful Bid or any Backup Bid by the Court.

Section 5.7 Secured Creditor Consultation and Consent

(1) For the purposes of the Solicitation Process and these SISP Procedures, and notwithstanding any other provision in these SISP Procedures, any requirement for the Receiver to: (a) consult with the Secured Creditor, and (b) provide copies of any expressions of interest, bids or other offers submitted in connection with the Solicitation Process or these SISP Procedures (collectively, the “**Creditor Consultation Rights**”) shall all be subject to the terms, conditions and limitations contained in this Section 5.7.

(2) Subject to subsection 5.7(3), the Creditor Consultation Rights shall be suspended for the period commencing on the earlier of (x) the date that a Non-Binding Indication of Interest, Qualified Purchase Bid, Qualified Investment Bid (including any credit bid) is actually submitted by the Secured Creditor (y) the date that a Bid Notice is issued by the Secured Creditor as required by Section 4.3(5); provided, however, such Creditor Consultation Rights shall resume on the date when the Non-Binding Indication of Interest, Qualified Purchase Bid or Qualified Investment Bid, as applicable, submitted by the Secured Creditor has been rejected and is no longer being considered by the Receiver, as evidenced by written notice to the Secured Creditor from the Receiver.

(3) The suspension of Creditor Consultation Rights pursuant to Section 5.7(2) will not apply in the case of an Indication of Interest, Qualified Purchase Bid or Qualified Investment Bid that is submitted by the Secured Creditor which (a) is a credit bid that involves consideration (excluding assumed obligations) that does not exceed the Secured Claims Amount as determined by the Receiver, and (b) is delivered with a binding covenant and undertaking by the Secured Creditor in favour of the Receiver covenanting and undertaking that no change shall be made to the economic terms of the offer or bid from and after the date of its submission and the key terms of such bid are disclosed to other interested parties.

(4) For the purposes of the Solicitation Process and these SISP Procedures, prior to obtaining any Creditor Consultation Rights the Secured Creditor shall be required to execute a confidentiality agreement with the Receiver.

(5) The Receiver will not provide to the Secured Creditor any new information regarding bids obtained from the commencement of Phase 2 until the expiry of the period to submit a Bid Notice.

Section 5.8 Approval Hearing

(1) After definitive agreements in respect of a Successful Bid and Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures) have been finalized, in the case of the Successful Bid, signed (conditional on court approval) and, in the case of the Backup Bid signed (conditional on non-completion of the Successful Bid and on court approval) in accordance with these SISP Procedures, Seafield shall seek a hearing as soon as practicable on a date to be scheduled by the Court that will permit not less than 2 full business Days' notice to the service list (the "**Approval Hearing**") to approve the Successful Bid or to approve Seafield causing Minera to enter into an agreement with respect to the Successful Bid and to enter into an agreement with respect to the Backup Bid. The Approval Hearing may be adjourned or rescheduled by the Receiver, without further notice, by an announcement of the adjourned date at the Approval Hearing.

(2) If, following approval of the Successful Bid transaction by the Court, the Successful Bidder fails to consummate the transaction for any reason, then the Backup Bid, if there is one, will be deemed to be the Successful Bid hereunder and the Receiver shall effectuate a transaction with the Backup Bidder subject to the terms of the Backup Bid, without further order of the Court.

Section 5.9 Deposits

(1) All Deposits shall be retained by the Receiver and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved pursuant to the Approval Hearing shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the Successful Bid. The Deposit (plus accrued interest) paid by the Backup Bidder, if there is one, shall be retained by the Receiver until the Backup Bid Expiration Date or, if the Backup Bid becomes the Successful Bid, shall be applied to the purchase price to be paid or investment amount to be made by the Backup Bidder upon closing of the Backup Bid. The Deposits (plus applicable interest) of all Phase 2 Bidders not selected as the Successful Bidder or Backup Bidder shall be returned to such bidders without interest within five (5) Business Days of the later of the date upon which the Successful Bid and any Backup Bid are approved by the Court. If these SISP Procedures are terminated in accordance with the provisions hereof, all Deposits shall be returned to the bidders without interest within five (5) Business Days of the date upon which these SISP Procedures are terminated.

(2) If an entity selected as the Successful Bidder or Backup Bidder breaches its obligations to close, it shall forfeit its Deposit to the Receiver; provided, however, that the forfeiture of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Receiver has or may have against such breaching entity.

Section 5.10 Approvals

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by any Canadian, Colombian, or other foreign statute or are otherwise required at law in order to implement a Successful Bid or Backup Bid, as the case may be.

Section 5.11 Notice to the Receiver

Any notice or other communication to be given to the Receiver in connection with this SISP shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the Receiver as follows:

KPMG Inc.
333 Bay Street - Suite 4600
Toronto, ON M5H 2S5
Attention: Phil Reynolds and Ryan Adlington
Telephone No.: 416-777-8500
Facsimile No.: 416-777-3364
Email: pjreynolds@kpmg.ca
radlington@kpmg.ca

with a copy to:

McMillan LLP
Brookfield Place, Suite 4400
181 Bay Street
Toronto, ON M5J 2T3
Attention: Waël M. Rostom and Jennifer Cockbill
Telephone No.: 416.865.7790
Facsimile No.: 416.865.7048
Email: wael.rostom@mcmillan.ca
jennifer.cockbill@mcmillan.ca

Section 5.12 Reservation of Rights

(1) The Receiver (a) reject, at any time any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of these SISP Procedures or any orders of the Court applicable to Seafield, or (iii) contrary to the best interests of Seafield, its estate, and stakeholders as determined by the Receiver; (b) in accordance with the terms hereof accept bids not in conformity with these SISP Procedures to the extent that the Receiver determines, in its reasonable business judgment, that doing so would benefit Seafield, its estate, and stakeholders; and (c) in accordance with the terms hereof extend the Potential Bidder Deadline, Phase 1 Bid Deadline or Phase 2 Bid Deadline; and (d) reject all bids. The Receiver shall not be required to accept the highest bid, but shall be entitled to recommend to the Court a transaction that in its view maximizes value for all stakeholders.

(2) These SISP Procedures do not, and shall not be interpreted to, create any contractual or other legal relationship between the Receiver on the one hand and any Known Potential Bidder, Potential Bidder, Qualified Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Qualified Bidder, Successful Bidder or Backup Bidder, on the other hand, except as specifically set forth in definitive agreements that may be executed by the Receiver.

(3) Subject to the restrictions and limitations set out in Section 5.7, the Receiver will consult with the Secured Creditor.

Section 5.13 Further Orders

At any time during the SISP, the Receiver may apply to the Court for directions with respect to the discharge of its powers and duties hereunder.

Section 5.14 Credit Bid

These SISP Procedures permit the Secured Creditors to submit a credit bid, provided such credit bid is in accordance with the terms and conditions of these SISP Procedures and in accordance with applicable law.

Appendix F

Receiver and Counsel's fees

Receiver and Counsels' fees

F.1 Receiver Fees

F.1.1 The fees (excluding disbursements and HST) of KPMG Inc. in its capacities as Receiver for the period August 8 to October 31, 2014 total \$227,229.00 as summarized below.

Invoice Number	Invoice Date	Period	Hours	Fees	Disbursements	HST	Total	Average Hourly Rate
8000424158	17-Oct-14	August 8 to September 8, 2014	74.2	\$40,960.00	-	\$5,324.80	\$46,284.80	\$552.02
8000424155	17-Oct-14	September 9 to 30, 2014	182.6	\$108,340.00	\$5,738.00	\$14,830.14	\$128,908.14	\$593.32
8000480370	29-Dec-14	October 1 to November 30, 2014	112.4	\$77,929.00	-	\$10,130.77	\$88,059.77	\$693.32
		Total	369.2	\$227,229.00	\$5,738.00	30,285.71	\$263,252.71	\$615.46

F.2 McMillan's Fees

F.2.1 The fees (excluding disbursements and HST) of McMillan as counsel to the Receiver for the period August 26, 2014 to November 30, 2014 total \$178,317.50 as summarized below.

Invoice Number	Invoice Date	Period	Hours	Fees	Disbursements	HST	Total	Average Hourly Rate
1093467	30-Sep-14	August 26 to 30, 2014	148.3	\$103,048.50	\$5,846.23	\$13,872.03	\$122,766.76	\$694.87
1096744	30-Nov-14	October 1 to 31, 2014	61.6	\$45,117.00	\$145.75	\$5,866.25	\$51,129.00	\$732.42
1096873	30-Nov-14	November 1 to 30, 2014	62.4	\$30,152.00	-	\$3,919.76	\$34,071.76	\$483.21
		Total	272.3	\$178,317.50	\$5,991.98	\$23,658.04	\$207,967.52	\$654.86

F.3 Colombian Counsel's fees

F.3.1 The fees (excluding disbursements and HST) of Colombian Counsel to the Receiver for the period September 12, 2014 to November 27, 2014 total \$78,305.02 as summarized below.

Invoice Number	Invoice Date	Period	Fees (\$USD)	Disbursements (\$USD)	Sales tax (\$USD)	Total (\$USD)
57752	24-Sep-14	September 12 to 19, 2014	\$10,557.50	-	\$1,689.20	\$12,246.70
58245	23-Oct-14	September 22 to October 2, 2014	\$15,446.67	\$949.56	\$2,623.40	\$19,019.63
58745	19-Nov-14	October 3 to 31, 2014	\$34,800.01	\$838.15	\$5,702.11	\$41,340.27
59217	10-Dec-14	November 4 to 27, 2014	\$17,500.84	\$349.19	\$2,856.01	\$20,706.04
		Total	\$78,305.02	\$2,136.90	\$12,870.72	\$93,312.64