



COURT FILE NO. S-160322  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN

MCC NON-FERROUS TRADING INC.

PETITIONER

AND

BANKS ISLAND GOLD LTD.

RESPONDENTS

**FIRST REPORT OF FTI CONSULTING CANADA INC., IN ITS  
CAPACITY AS COURT-APPOINTED RECEIVER AND  
MANAGER OF BANKS ISLAND GOLD LTD.**

**September 16, 2016**

## A. INTRODUCTION

1. On January 15, 2016, FTI Consulting Canada Inc. was appointed receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Banks Island Gold Ltd. (“**BIG**” or the “**Company**”) pursuant to the order (the “**Receivership Order**”) of this Honourable Court.
2. The Receivership Order authorized and empowered, but did not obligate, the Receiver to, *inter alia*:
  - (a) to take possession of and exercise control over any or all assets, undertakings and properties of the Company, including any proceeds thereof (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 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;
  - (d) 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;
  - (e) to settle, extend or compromise any indebtedness owing to the Debtor;

- (f) 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;
- (g) to exclusively market for sale any or all of the Property, including advertising and soliciting offers in respect of Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (h) to sell, convey, transfer, lease or assign any or all of the Property or any part or parts thereof out of the ordinary course of business:
  - (a) 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 \$250,000; and
  - (b) 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 Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (i) 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;
- (j) 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;
- (k) 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 considered necessary or appropriate by the Receiver, in the name of the Debtor;

- (l) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
  - (m) to consult with representatives of Gitxaala Nation with regard to the potential sale of the Property and the potential future use of the Property;
  - (n) to abandon, dispose of or otherwise release any interest in the Property pursuant to Section 14.06(4)(a)(ii) of the BIA within ten days of the receipt of an order referred to in Section 14.06(4) of the BIA upon giving notice to the person who issued such an order; and
  - (o) to resign as Receiver upon issuance of three business days notice to the parties shown on pages one and two of the Petition and any other party who files a Response in these proceedings, subject to the receiver passing its accounts and a discharge order being obtained.
3. The Receiver's reports and other information in respect of these proceedings are posted on the Receiver's website at <http://cfcanafticonsulting.com/banksisland>.
4. The purpose of this report, the Receiver's first report (the "**First Report**"), is to:
- (a) inform the Court of the activities of the Receiver since the date of its appointment;
  - (b) seek approval of this Honourable Court for the Receiver to enter an auction agreement with Maynards Industries Canada Ltd. ("**Maynards**"), which agreement will allow for the sale of certain equipment and personal property of BIG and which is attached as Exhibit B to this report (the "**Maynards Agreement**");
  - (c) provide details of the Receiver's receipts and disbursements for the period of January 15, 2016 to August 31, 2016;

- (d) seek approval of this Honourable Court for the Receiver's activities, fees and expenses billed from January 15, 2016 to July 31, 2016; and
- (e) seek approval of an increase in the Receiver's Borrowing Charge from \$250,000 to \$500,000 pursuant to paragraph 20 of the Receivership Order.

## **B. TERMS OF REFERENCE**

- 5. In preparing this report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, BIG's books and records and discussions with various parties (collectively, the **"Information"**).
- 6. Except as described in this Report:
  - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 7. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein are as defined in the Receivership Order, other Orders granted in the Receivership proceedings or in the Receiver's previous reports.

### **C. BACKGROUND INFORMATION**

9. The Company was incorporated on January 18, 2011 in British Columbia, Canada and is a natural resource company engaged primarily in acquisition, exploration, development and operation of mineral properties. The Company began trading on the TSX Venture Exchange on October 28, 2011 under the trading symbol "BOZ".
10. In March 2011 the Company acquired the mineral rights to the Yellow Giant Mineral Property ("**Yellow Giant**") located 105 km south of Prince Rupert, British Columbia on the west central side of Banks Island.
11. Effective January 1, 2015 the Company declared commercial production at Yellow Giant.
12. The Company received a Pollution Abatement Order from the BC Ministry of Environment on July 10, 2015 in regards to a spill of water with sedimentation which occurred at the backfill dump location on site.
13. On July 16, 2015 the BC Ministry of Energy and Mines (the "**MEM**") inspected the Yellow Giant site and issued a stop work order on all mining activities and the mineral processing plant until a revised Sediment Control Plan, Water Management Plan, and Tailings Management Plan was approved by the Chief Inspector.

14. On August 4, 2015 the Company announced it had suspended all operations at Yellow Giant as at July 31, 2015 and was putting the mine into care and maintenance while the Company compiled the reports requested by the MEM to address the permitting and regulatory issues.
15. Additional working capital was advanced by one of the Company's secured lenders to fund the preparation of the reports requested by the MEM and for the operating costs while in care and maintenance.
16. On January 8, 2016 the Company had exhausted their working capital and accordingly the directors assigned the Company into bankruptcy, appointing D. Manning and Associates as Trustee in Bankruptcy.
17. On January 15, 2016, MCC Non-Ferrous Trading Inc. ("MCC") sought an Order of this Honourable Court for the appointment of a Receiver. One of the objectives for the appointment of a Receiver was to conduct a sale process to determine if there was a party interested in acquiring the Company's assets through an en bloc sale.

#### **D. RECEIVER'S ACTIVITIES SINCE APPOINTMENT**

##### **Statutory compliance**

18. On January 25, 2016, the Receiver mailed its Notice and Statement pursuant to subsections 245(1) and 246(1) of the BIA to the Superintendent of Bankruptcy and to all known creditors of the Company. A copy of the Notice and Statement is attached as Appendix A.
19. The Receiver established a website at <http://cfcanada.fticonsulting.com/banksisland/> (the "Receiver's Website") where it has posted copies of court orders, motion materials and reports filed in connection with the receivership proceedings.

### **Security of Assets**

20. Immediately following its appointment, the Receiver entered into an agreement with a former employee of BIG who was familiar with the project to reside on the mining site and safeguard the assets on Banks Island.
21. The MEM was advised of this security appointment by the Receiver and the Receiver has been in regular contact with the MEM to keep it apprised of the status of the receivership proceedings.

### **Removal of Explosives**

22. At the date of the Receivership Order, there were three explosives magazines on the Yellow Giant site containing undetonated explosives and detonators. The Receiver expressed its desire to remove the magazines from the site to the MEM, who were also supportive of the initiative.
23. Accordingly the magazines were removed from the site on March 31, 2016. With the assistance of the MEM, the undetonated explosives and detonators were transferred to another mining operator on the basis that the value of the usable inventory would offset the cost the Receiver would have otherwise had to bear for the disposal of the expired inventory.
24. The empty magazines were subsequently returned to the rental company that owned them.

### **Office Space**

25. The Receiver attended at the Company's head office located at 1055 W Hastings Street, Vancouver. The Receiver reviewed the Company's files retaining any that appeared to be helpful for any party conducting due diligence on the asset. All other files were disposed of and the lease for the space was disclaimed.



26. The Receiver also removed some computer equipment and 2 pieces of survey equipment from its head office.
27. The Receiver contacted three office equipment resellers for bids to purchase the computer equipment. The Receiver received two competitive bids from PC Galore and Officewise. The Receiver sold the computer equipment to Officewise who had submitted the highest offer.
28. The survey equipment recovered by the Receiver consisted of an Altus APS-3 GPS Satellite Surveyor and Leica Flexline TS02. The Receiver posted online ads for the sale of the equipment in addition to contacting a number of survey supply companies. The Altus APS-3 GPS Satellite Surveyor was sold to 3S Survey Supplies for \$6,600 and the Leica Flexline TS02 to Spatial Technologies for \$2,800. Both sales represented the highest offers received for the equipment.

### **Insurance**

29. The Receiver contacted the Company's insurance broker, Integro Insurance Brokers ("**Integro**") to amend the Company's existing insurance policies to reflect the Receiver's interest in the Company's assets and to revise the policy to include the Receiver as a loss payee in the event of a claim.
30. The Receiver continued to pay the monthly insurance premiums to maintain the insurance coverage on the equipment and machinery on site at Yellow Giant until the expiration of the policy on July 17, 2016.
31. The Receiver renewed the insurance policy for one year commencing July 17, 2016. The Receiver prepaid the premium on the basis that it would receive a refund based on the unearned amount of the premium as at the date of cancellation.

32. The Receiver notified WorkSafeBC of its appointment and had new accounts opened for WorkSafeBC insurance premiums arising subsequent to the Receivership Order.

### **Banking**

33. The Receiver set up a deposit account with the Bank of Nova Scotia for the administration of the receivership.
34. Paragraph 20 of the Receivership Order empowered the Receiver to borrow up to a maximum of \$250,000 through a revolving credit to fund the activities of the receivership.
35. The petitioning creditor, MCC agreed to provide the Receiver with the funding on terms consistent with its prior loan to the Company. Since the date of the Receivership Order the Receiver has borrowed an amount totaling \$219,500.
36. As the maximum borrowing is now being approached, the Receiver is seeking the Court's approval to increase the borrowing limit by \$250,000 to \$500,000 to fund ongoing receivership costs including the upfront costs of organizing the removal of assets from the site as will be discussed in a later section of this report.

### **Sale of Remaining Ore**

37. As at the date of the Receivership Order, there were numerous bags of ore concentrate that had been mined by BIG in the ordinary course of business, but remained unsold.
38. This inventory consisted of:
- (a) 328 bags of low grade ore stored at Bandstra Transportation Service Ltd. ("**Bandstra**") located in Prince Rupert (the "**Warehoused Ore**");

- (b) 45 bags of unprocessed ore remained on site at Yellow Giant; and
  - (c) 1 bag of high grade ore concentrate which was recovered by removing the liner and cleaning out the processing mill at Yellow Giant (which clean out MEM confirmed did not constitute mining activity).
39. The Receiver with assistance from MCC, initiated and negotiated the sale of BIG's remaining ore in 3 transactions:
- (a) The 328 bags of low grade Warehoused Ore which has been stored at Bandstra were sold to a smelter in China. After deduction of handling and shipping costs, the Receiver received \$248,586 USD or 90% of the provisional value. The remaining 10% is held as a reserve for any adjustment due resulting from differences in the original assay results to the final assays;
  - (b) The 45 bags of ore that were processed by BIG prior to its shutdown and remained on site at Yellow Giant as at the date of the Receivership Order, were barged to Prince Rupert and sold to a smelter in China. The Receiver received \$224,277 USD or 90% of the provisional value. The remaining 10% is held as a reserve for any adjustment due resulting from differences in the original assay results to the final assays; and
  - (c) The 1 bag of high grade ore concentrate was sold to a smelter in Europe for total consideration of \$314,143 USD. The Receiver has yet to receive payment on the shipments provisional invoice for \$282,792 USD or 90% of the compensation pursuant to the sale agreement.

40. Bandstra and Locher Evers International (“**LEI**”), the Company’s customs broker, both claimed a warehousemen’s lien over the Warehoused Ore which had been held at Bandstra. After discussions between the Receiver and Bandstra and LEI, it was agreed that the sale would proceed and that the Receiver would hold the amount claimed pursuant to the warehousemen’s lien in trust pending resolution of the priority of this lien claim over MCC’s claim of a security interest in the Warehoused Ore. Accordingly, an agreed upon amount of \$215,000 is held by the Receiver in its trust account pending resolution of such priority.

### **En Bloc Sale Process**

41. Subsequent to its appointment, the Receiver prepared a marketing brochure which included an overview of the assets of the Company, the history and geology of Yellow Giant, and details on the timeline for the sale process.
42. The Receiver compiled materials deemed necessary for interested parties to perform due diligence procedures through an online data room (the “**Data Room**”). Interested parties were provided with access to the Data Room after they provided the Receiver with a signed confidentiality agreement.
43. The Receiver identified 69 potential interested parties through market research or from parties that had contacted the Receiver expressing their interest in purchasing the assets of the Company.
44. On March 8, 2016 the Receiver sent the marketing brochure, along with a blank confidentiality agreement to all of the interested parties identified. The marketing brochure indicated the deadline to submit Letters of Interest (“**LOI**”) as 5:00 pm PST on April 6, 2016.
45. Eighteen interested parties returned signed confidentiality agreements to the Receiver and were given access to the Data Room.

46. The Receiver responded to numerous requests for information and assisted interested parties with their due diligence.
47. The Receiver arranged for the former geologist of BIG to be available for interested parties to contact to allow them to complete their due diligence.
48. As of April 6, 2016 the Receiver had not received any LOIs. However, there were a number of parties that still expressed interest in the assets and requested an extension to the LOI submission deadline.
49. The Receiver communicated with the parties still expressing interest to inform them any competitive offers would be considered regardless of the expired LOI submission deadline.

#### **Gitxaala First Nation Discussions**

50. The Gitxaala Nation has an aboriginal title claim over Banks Island.
51. The Gitxaala Nation and MEM have made it clear to the Receiver that their view is that any application for a transfer or amendment to BIG's mining permit under a sale of the BIG assets to a new purchaser would create an obligation for the MEM to engage in a consultation process with the Gitxaala Nation.
52. On May 12, 2016 the Receiver and the Petitioner met with Chief Clifford White, the elected Chief of the Gitxaala Nation, Chief Clarence Innis, the hereditary Chief of the Gitxaala Nation, and James Witzke, the Gitxaala Nations's environmental manager (the "**Gitxaala Representatives**").
53. At the meeting the Gitxaala Representatives expressed that the Gitxaala Nation would oppose any renewed mining operations on Banks Island.

### Maynard's Auction Agreement

54. On May 16, 2016, based on a failure to receive any LOIs to purchase the mining property as a going concern and the expressed opposition from the Gitxaala Representatives to mining operations, the Receiver sought and received four proposals from auction companies interested in conducting an auction of the machinery and equipment of BIG.
55. The Receiver, after consulting with the Petitioner, created a short list of two and met with both of the auction companies to clarify certain terms in their proposals and to interview the parties with respect to their experience and credentials.
56. Subsequent to those meetings, the Receiver has been working to identify assets which are either owned by third parties or subject to security interests ranking in priority to MCC. As a result, the original asset list provided to the auction companies was updated to exclude those assets either owned or secured by other parties.
57. The Receiver has decided to proceed with entering into an auction agreement with Maynards Industries Canada Ltd. ("**Maynards**") which agreement will allow for auction and sale of certain equipment and personal property of BIG (the "**Maynards Agreement**").
58. A copy of the Maynard's Agreement is attached as Appendix B to this report. However, the substantive terms of the Maynards Agreement are as follows:
  - (a) Maynards will charge a 12% buyer's premium on all asset sales;
  - (b) If any of the assets are sold to online buyers, then Maynards may charge a buyer's premium of 3% of the sale price which will be directed to the service provider;

- (c) Maynards will set an expense budget not to exceed \$30,000 for the out of pocket costs relating to marketing and advertising; and
  - (d) Maynards will pay the net proceeds from the auction to the Receiver within 10 days of the auction.
59. In accordance with the Receivership Order, the Receiver now seeks the approval of this Honourable Court to enter the Maynards Agreement.

### **Abandonment of the Island**

60. If the Maynard's Agreement is approved by this Court, subsequent to the removal of the machinery and equipment from the site, the Receiver will:
- (a) no longer pay for safeguarding of the mine site; and
  - (b) abandon or otherwise release any interest in the Property not already sold or realized upon under the Maynard's Agreement or otherwise and return to Court to pass its accounts and seek a final discharge in this matter.
61. The Receiver notified the MEM of its intention to vacate the site and relocate most of the remaining moveable assets to a site in Prince Rupert so that an auction of the equipment and machinery can be conducted prior to this report being issued.

### **Recent Interest in the Property**

62. With the rise in gold prices in June 2016, six additional interested parties ("New Parties") contacted the Receiver expressing their interest in the assets of BIG. Accordingly, concurrently with planning the removal of the equipment, the Receiver has been assisting these new parties with their due diligence.

63. Two of the New Parties arranged for site tours during August 2016. Four of the New Parties continue to express interest in the assets of BIG, however as at the date of this report none have provided the Receiver with an offer to purchase the assets.
64. Given that several parties are still conducting due diligence on the opportunity and to provide for some flexibility in the event one of the parties submits a formal offer to the Receiver, the Receiver negotiated a provision with Maynards allowing the Receiver to cancel the auction prior to November 10, 2016. In the event this option is exercised, Maynards is to receive a break fee of \$15,000 if the auction is cancelled prior to November 1, 2016 or a break fee of \$30,000 if the auction is cancelled prior to November 10, 2016, in addition to its out of pocket costs incurred to the date of cancellation.

#### **E. PROFESSIONAL FEES AND EXPENSES**

65. For the period from January 15, 2016 to July 31, 2016, the Receiver incurred 495 hours and billed fees totaling \$227,102 and expenses of \$9,147, exclusive of GST for the activities detailed in Section D of this report.
66. A summary of the Receiver's invoices for the period from January 15, 2016 to July 31, 2016 are attached as Appendix C. The detailed invoices of the Receiver have been provided to legal counsel and are available to the Court at its request.

#### **F. SUMMARY OF RECEIPTS AND DISBURSEMENTS**

67. A summary of the Receiver's receipts and disbursements for the period of January 15, 2016 to August 31, 2016 is presented below.



**Banks Island Gold Ltd.**  
**Receipts and Disbursements**

**TOTAL**

**Opening Cash (Canadian Dollar)**

**Cash Receipts**

Advances under Receiver's Certificates	219,533
Sale of Miscellaneous Equipment	10,150
Sale of Ore	514,887
Bank Interest	17
Receipt of Cost Sharing Funds	7,342
<b>Total - Operating Receipts</b>	<b>751,929</b>

**Cash Disbursements**

Site Supervision	195,900
Labour for Mill Clean Out	7,200
Out of pocket expenses (on site)	69,863
WorkSafeBC premium	7,369
Barge Rental Fees	25,425
PST/GST	12,100
Insurance	95,122
Receiver Fees	81,673
Trailer Rental	6,765
Legal Fees	6,031
Bank Charges	205
<b>Total - Operating Disbursements</b>	<b>507,652</b>

**Total Net Cash Flow**

**244,276**

**Ending cash (Canadian Dollar)**

**244,276**

68. The following is a description of the major cash receipts and disbursements in the above table:

- (a) Advances under Receiver's Certificates – receipts related to advances made pursuant to receiver certificates;
- (b) Sale of Miscellaneous Equipment – receipts from the sale of miscellaneous office and surveying equipment that was remaining in the Company's office;
- (c) Sale of Ore – provisional receipts for sale of ore to a smelter in China;
- (d) Receipt of Cost Sharing Funds – receipts from Aggreko Canada for sharing the barge costs to Bank Island;
- (e) Site Supervision – contractor fees for the site manager and assistant to safeguard the assets on site at Yellow Giant;
- (f) Labour for Mill Clean Out – contractor fees to clean out the processing mill at Yellow Giant to recover ore stuck in the equipment;
- (g) Out of pocket expenses (on site) – expenses paid by the contractor for flights, food, hotel and miscellaneous supplies and services;
- (h) Insurance – amount paid to date in respect of insurance premium on equipment, general liability, and marine shipments;
- (i) Barge Rental Fees – Expense to barge Ore and explosives off Banks Island
- (j) Receiver Fees – amount paid to the Receiver for fees, expenses, and GST to date;

- (k) Trailer Rental – Rental payments for office and lavatory trailers on Banks Island; and
- (l) Legal Fees – legal fees paid in connection with the receivership proceedings to date.

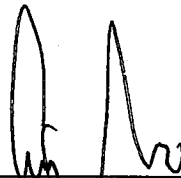
#### **G. INCREASE TO BORROWING LIMIT**

69. The Receiver is seeking the Court's approval to increase the borrowing limit by \$250,000 to \$500,000 for the following reasons:
- (a) As the maximum borrowing is now being approached there are insufficient funds to organize the demobilization of equipment from Banks Island for the purpose of holding an auction in Prince Rupert as discussed above. These costs include equipment rentals, barging fees, and general labour costs required for dismantling and demobilizing the equipment.
  - (b) There are insufficient funds to pay for ongoing site supervision including security of assets still located on Banks Island. Site supervision is required until the equipment is moved off of Bank Island to Prince Rupert.
  - (c) In the event the Receiver receives a formal offer from one of the interested parties still completing due diligence the Receiver may cancel the auction as allowed per the Maynards Agreement. In this case the Receiver will require the increased borrowing limit to maintain site supervision while a sale is completed.
  - (d) The Receiver is awaiting receipt of the funds from the sale of ore concentrate ore concentrate to the smelter in Europe and only expects to utilize additional borrowings from Receivers Certificates in the event the receipt of those funds is delayed.

## RECEIVER'S RECOMMENDATIONS AND APPROVALS SOUGHT

70. The Receiver recommends it proceed to enter the Maynard's Agreement and complete the auction process and it seeks approval of this Honourable Court:
- (a) to enter the Maynards Agreement;
  - (b) of the Receiver's activities, fees and expenses for the period from January 15, 2016 to July 31, 2016; and
  - (c) of an increase in the Receiver's Borrowing Charge from \$250,000 to \$500,000 pursuant to paragraph 20 of the Receivership Order.
71. All of which is respectfully submitted this 16<sup>th</sup> day of September, 2016.

FTI Consulting Canada Inc.,  
in its capacity as receiver and manager of  
the assets, property and undertaking of  
Banks Island Gold Ltd.



Name: Craig Munro  
Title: Managing Director,  
FTI Consulting Canada Inc.

# APPENDIX A

January 25, 2016

To: All Known Creditors of Banks Island Gold Ltd.

**Banks Island Gold Ltd. – In Receivership (collectively, “BIG” or the “Company”)**

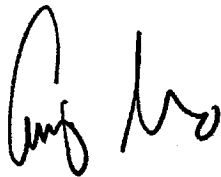
On January 15, 2016, FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties of the Company pursuant to an Order of the Supreme Court of British Columbia (the “**Receivership Order**”). A copy of the Receivership Order and other public materials in respect of the receivership proceedings are available at the Receiver’s website:

<http://cfcanada.fticonsulting.com/banksisland/>

Periodic updates on the progress of the receivership will be posted on the Receiver’s website. The Receiver may be contacted by email at [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com) or by phone at (604) 601-5691.

Enclosed is a copy of the Receiver’s Notice and Statement provided in accordance with Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,



FTI Consulting Canada Inc.,  
in its capacity as receiver of  
Banks Island Gold Ltd.  
and not in its personal capacity

FORM 87

NOTICE AND STATEMENT OF THE RECEIVER

(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF

Banks Island Gold Ltd.

The Receiver gives notice and declares that:

1. On the 15<sup>th</sup> day of January, 2016, FTI Consulting Canada Inc. became the receiver in respect of the property of Banks Island Gold Ltd., which is described below (in thousands of Canadian dollars).

Assets	\$000's
Cash	31
Inventory	800
Machinery, Equipment and Plant	5,286
Vehicles	350
Property	5,188
Total	<u>\$11,655</u>

**Note:** the foregoing are the assets and book value as stated in the unaudited statement of affairs of the Debtor as at January 7, 2016 filed in its bankruptcy proceedings. 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. FTI became a receiver by virtue of being appointed by an Order of the Supreme Court of British Columbia in Bankruptcy and Insolvency dated January 15, 2016.
3. The undersigned took steps to safeguard the property described above as of the 15<sup>th</sup> day of January, 2016
4. The following information relates to the receivership.

- a) Address of the insolvent person: 1055 W Hastings Street, #300  
Vancouver, BC  
V6E 2E9
- b) Principal line of business: Mining

- c) Location of business: Vancouver/Banks Island, BC
- d) The list of secured and unsecured creditors is summarized below.

<u>Liabilities</u>	<u>\$000's</u>	
Unsecured Creditors	6,161	See List "A"
Secured Creditors	9,462	See List "B"
Total	<u>\$15,623</u>	

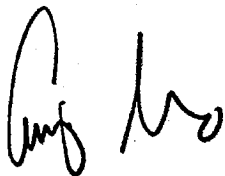
- e) The intended plan of action of the Receiver during the receivership is to evaluate and execute on an action plan intended to realize on the assets with a view of maximizing recoveries for all creditors.
- f) Contact person for the Receiver:

Scott Gallon  
FTI Consulting Canada Inc.  
Suite 1502, 701 W Georgia Street  
Vancouver, BC  
V7Y 1C6

Telephone: (604) 601-5691  
Email: scott.gallon@fticonsulting.com

Dated at the city of Vancouver in the province of British Columbia, this 25<sup>th</sup> day of January, 2016.

**FTI Consulting Canada Inc. - Receiver**



Craig Munro, CA, CIRP  
Managing Director



District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

List "A"  
 Unsecured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	ACA Control Systems Ltd.	1275 Eglinton Ave East, Unit 59 Mississauga ON L4W 3E6	2,346.75	0.00	2,346.75
2	ACB Services Inc.	1189 St. Andrews Way Kamloops BC V1S 1S7	4,410.00	0.00	4,410.00
3	Acklands-Grainger Inc.	PO Box 2970 Winnipeg MB R3C 4B5	13,705.12	0.00	13,705.12
4	Adnet Communications Inc.	Suite 401, 510 West Hastings Street Vancouver BC V6B 1L8	257.25	0.00	257.25
5	AFI Marketing Inc	2001 Zapala Street Freeport TX 77541 USA	9,105.90	0.00	9,105.90
6	AGAT Laboratories	5623 McAdam Road Mississauga ON L4Z 1N9	33,487.07	0.00	33,487.07
7	Aggreko Canada, Inc.	PO Box 1569, Station A Toronto ON M5W 3N9	94,464.11	0.00	94,464.11
8	Air Canada (Cargo)	PO Box / C.P. 966 Winnipeg MB R3C 2V6	150.15	0.00	150.15
9	ALS Canada	2103 Dollarton Hwy North Vancouver BC V7H 0A7	39,842.29	0.00	39,842.29
10	Aqua Clear Bottlers	4456 Greig Ave Terrace BC V8G 1M3	2,765.00	0.00	2,765.00
11	Arjay Engineering Ltd.	2851 Brinhton Road Oakville ON L6H 6C9	1,312.50	0.00	1,312.50
12	Assiniboine Customs Brokers Ltd.	PO Box 176 Winnipeg MB R3C 2G9	8,889.48	0.00	8,889.48
13	Atlas Electrical Sales ULC	PO Box 11861 Spokane WA 99211-1861 USA	9,373.06	0.00	9,373.06
14	Bandstra Transportation Systems Ltd. Attn: Accounts Receivables and Payables	Box 95 - 3394 Hwy 16 Smithers BC V0J 2N0	112,955.71	0.00	112,955.71
15	Bater Electric (1983) Ltd.	3674 - 18th Avenue Prince George BC V2N 1A9	9,625.38	0.00	9,625.38
16	Blue Coast Research Ltd	Unit 2 - 1020 Herring Gull Way Parksville BC V9P 1R2	37,626.59	0.00	37,626.59
17	CAC Industrial Equipment Ltd.	Unit A 484 Hasquiat North Saanich BC V8L 5K5	25,339.63	0.00	25,339.63
18	Canwest Tanks & Ecological Systems Ltd.	11975 Old Yale Road Surrey BC V3V 3X4	9,967.58	0.00	9,967.58
19	Canyon Equipment	130-12371 Horseshoe Way Richmond BC V7A 4X6	108.15	0.00	108.15
20	CARO Analytical Services	110 - 4011 Viking Way Richmond BC V6V 2K9	22,867.95	0.00	22,867.95
21	Cemen Tech Inc.	1700 North 14th Street Indianola IA 50125 USA	185.93	0.00	185.93
22	CK Logistics - Division de Transforce Inc.	6750, Chemin Saint-Francois Saint-Laurent QC H4S 1B7	28,125.56	0.00	28,125.56
23	Coastal Propane Inc.	P.O. Box 7, - 170 George Hills Way Prince Rupert BC V8J 3P4	1,478.37	0.00	1,478.37
24	Computershare Attr: Patti Stapleton	100 University Ave, 11th Floor Toronto ON M5J 2Y1	3,374.22	0.00	3,374.22

07-Jan-2016

Date

  
 Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

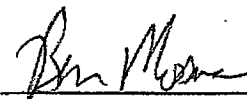
List "A"  
 Unsecured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
25	Dywidag-Systems International, Canada, Ltd.	3919 Millar Avenue Saskatoon SK S7P 0C1	169.00	0.00	169.00
26	E.B. Horseman & Son	19295 25 Ave Surrey BC V3S 3X1	143.88	0.00	143.88
27	E.C.S. Electrical Cable Supply Ltd.	3135 - 6900 Graybar Road Richmond BC V6W 0A5	13,000.00	0.00	13,000.00
28	ENB Services	1001 Kanoeha Drive Forked River NJ 08731 USA	39,370.80	0.00	39,370.80
29	Entrec Corporation	26420 Township Road 531A Acheson AB T7X 5A3	37,800.05	0.00	37,800.05
30	Enviro-Clear Company, Inc.	152 Cregar Road High Bridge NJ 08829 USA	654.40	0.00	654.40
31	Eriez Manufacturing Co.	2200 Asbury Road Erie PA 165 06-1440 USA	11,530.98	0.00	11,530.98
32	Fountain Tire Ltd. - Terrace Attn: Tracy	Site 17 Comp A8 RR#3 4641 Keith Avenue Terrace BC V8G 4R6	8,614.42	0.00	8,614.42
33	Gladiator Equipment	6803 - 44th Street Leduc AB T9E 7E5	127,100.00	0.00	127,100.00
34	Goodmans	Suite 1900 - 355 Burrard Street Vancouver BC V8C 2G8	33,833.12	0.00	33,833.12
35	Great Slave Helicopters Ltd	Bag 7500 - 106 Dickens St. Yellowknife NT X1A 2R3	8,631.53	0.00	8,631.53
36	Great West Equipment	3830 Sharples Road Terrace BC V8G 5P8	25,938.54	0.00	25,938.54
37	Greyhound Courier Express	PO Box 15414, Station A Toronto ON M5W 1C1	101.90	0.00	101.90
38	Group Severance Pay	c/o D. Manning & Associates Inc. Suite 520, 625 Howe Street Vancouver BC V6C 2T6	436,000.00	0.00	436,000.00
39	Guillevin International Co.	2233 Quinn Street Prince George BC V2N 2X4	210.10	0.00	210.10
40	Halyard	84 Furrow Lane Toronto ON M8Z 0A3	47,017.64	0.00	47,017.64
41	Hayden Diamond Bit Industries Ltd.	12020 No. 5 Road Richmond BC V7A 4G1	13,874.57	0.00	13,874.57
42	Hurley Ventilation Technologies Inc.	PO Box 4269 10 Nelson Road Lively ON P3Y 1N3	21,008.75	0.00	21,008.75
43	Inlet Express Services Ltd.	27 Cow Bay Road Prince Rupert BC V8J 1A4	5,322.53	0.00	5,322.53
44	JWOLF Capital Corp.	19-2715 Fairways Drive Sun Peaks BC V0E 5N0	50,788.50	0.00	50,788.50
45	Keystone Environment Ltd.	320 - 4400 Dominion Street Burnaby BC V5G 4G3	33,029.48	0.00	33,029.48
46	Landsea Camp Services Ltd.	PO Box 382 - 38143 Second Ave Squamish BC V8B 0B3	266,400.00	0.00	266,400.00
47	Locher Evers International	456 Humber Place, Annacis Island New Westminster BC V3M 6A5	137,291.60	0.00	137,291.60

07-Jan-2016

Date



Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

List "A"  
 Unsecured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
48	Lone Pine Equipment	17257 - 25A Ave Surrey BC V3S 0E6	26,326.00	0.00	26,326.00
49	Lonetrack Equipment Inc.	20989 - 43A Avenue Langley BC V6E 2E9	454,813.40	0.00	454,813.40
50	Lonetrack Parts Inc.	26290 Fraser Highway Aldergrove BC V4W 2Z7	82,855.90	0.00	82,855.90
51	Lonetrack Service Inc.	26290 Fraser Hwy Aldergrove BC V4W 2Z7	18,233.75	0.00	18,233.75
52	Malaspina Consultants Inc.	880 - 580 Homby Street Vancouver BC V6C 3B6	16,840.41	0.00	16,840.41
53	Marketwire LP	Suite 900 - 25 York Street, P.O. Box 403 Toronto ON M5J 2V5	1,309.36	0.00	1,309.36
54	MBI Pacific Drilling Product Ltd.	18 - 2600 Ackland Road Kelowna BC V1X 7J3	21,985.99	0.00	21,985.99
55	Met-Chem Inc.	777 East 82 St Cleveland OH 44103-1817 USA	130,953.47	0.00	130,953.47
56	MHA 1723416 Ontario Limited	2504 Ida St Sudbury ON P3E 4X1	107.00	0.00	107.00
57	Micon Products Ltd.	1325 Cartwright St - Granville Island Vancouver BC V6H 3R7	3,420.90	0.00	3,420.90
58	Micronics Inc.	200 West Road Portsmouth NH 3801 USA	917.62	0.00	917.62
59	MiniBulk Inc.	601 Manitou Road S.E. Calgary AB T2G 4C2	19,004.16	0.00	19,004.16
60	Moffatt Supply & Specialities	2-4080 B Sladevew Crescent Mississauga ON L5L 5Y5	23,734.70	0.00	23,734.70
61	Morien Resources Corp.	Suite 1480, 99 Wyse Road Dartmouth NS B5A 4S5	177,495.07	0.00	177,495.07
62	Motion Canada	162 Third Street Kitimat BC V8C 2H5	14,240.94	0.00	14,240.94
63	Mr. Aaron Burt Severance Pay	2305 Skeena Drive Kamloops BC V2E 1Y2	4,940.00	0.00	4,940.00
64	Mr. Aaron Green Severance Pay	1970 Bay Street Nanaimo BC V9T 3A5	1,202.45	0.00	1,202.45
65	Mr. Adam Devente Vacation Pay	643 McCurrach Place Kamloops BC V2B 8R1	280.00	0.00	280.00
66	Mr. Alan Moritz Vacation Pay	88 - 7545 Dallas Drive Kamloops BC V2C 6X9	1,216.80	0.00	1,216.80
67	Mr. Barry Smith Severance Pay	2540 Henderson Drive Armstrong BC V0E 1B1	3,553.35	0.00	3,553.35
68	Mr. Blair Noseworthy Severance Pay	PO Box 2618 Port Hardy BC V0N 2P0	2,616.26	0.00	2,616.26
69	Mr. Caddaric Meckert Severance Pay	1719 Tolino Place Comox BC V9M 1B8	3,771.42	0.00	3,771.42
70	Mr. Chris Behan Severance Pay	6591A Jentins Road Nanaimo BC V9T 6H7	1,265.82	0.00	1,265.82
71	Mr. Colin Young Severance Pay	310 - 791 Marine Drive Port Alice BC V0N 2N0	1,084.42	0.00	1,084.42

07-Jan-2016

Date



Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 – Continued


List "A"  
 Unsecured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
72	Mr. Cory Law Severance Pay	599 Cooks Road Vormillion Bay ON P0V 2V0	3,807.71	0.00	3,807.71
73	Mr. Daniel Dahl Severance Pay	2093 Broadway Street Abbotsford BC V2T 3G4	1,162.66	0.00	1,162.66
74	Mr. Daniel McKenzie Severance Pay	Box 93 Stanley Mission SK S0J 2P0	2,600.06	0.00	2,600.06
75	Mr. Darcy Caine Severance Pay	2696 Worthington Road Shawnigan Lake BC V0R 2W1	6,741.16	0.00	6,741.16
76	Mr. David Gladstone Severance Pay	201 - 1248 Summit Avenue Prince Rupert BC V8J 2A5	2,863.54	0.00	2,863.54
77	Mr. Duncan Ryan Severance Pay	329 5th Avenue West Prince Rupert BC V8J 1T6	1,461.49	0.00	1,461.49
78	Mr. Fred Sveinson	4655 Britannia Dr. Richmond BC V7E 6B1	32,546.74	0.00	32,546.74
79	Mr. Glenn Nazimek Severance Pay	PO Box 2255 Gimli MB R0C 1B0	2,846.06	0.00	2,846.06
80	Mr. Herman Melancon Severance Pay	Box 112 Mayo YT Y0B 1M0	2,849.66	0.00	2,849.66
81	Mr. James Skidnuk Severance Pay	315A Russell Avenue Smithers BC V0J 2N0	1,797.38	0.00	1,797.38
82	Mr. Jason Byrd Severance Pay	3040 Sheeler Road Quesnel BC V2J 3H5	1,911.37	0.00	1,911.37
83	Mr. Jerome Behan Severance Pay	6812 Cranberry Street Powell River BC V8A 3Z5	1,097.46	0.00	1,097.46
84	Mr. John Bennetts Severance pay	PO Box 142 Big Lake BC V0L 1G0	2,329.35	0.00	2,329.35
85	Mr. Joshua Fris Severance Pay	RR#1, 1044 Avonview Drive Hantsport NS B0P 1P0	1,841.67	0.00	1,841.67
86	Mr. Kevin Brown Severance Pay	42 Beach Street Kitkatla BC V0V 1C0	955.86	0.00	955.86
87	Mr. Kevin Kirby Vacation Pay	#403, 1190 Esquimalt Road Victoria BC V9A 3N8	70.85	0.00	70.85
88	Mr. Leonardus Dircks Severance Pay	210 - 1741 Kootenay Avenue Prince Rupert BC V8J 4A3	1,368.74	0.00	1,368.74
89	Mr. Marc Guilbeault Severance Pay	11530 Salmon Valley Road Prince George BC V2K 5T4	1,570.84	0.00	1,570.84
90	Mr. Marcel Stevens Severance Pay	201 Comorant Road Prince Rupert BC V8J 4E6	930.62	0.00	930.62
91	Mr. Mark Powder Severance Pay	112 Gladmer Park Saskatoon SK S7J 2X3	2,827.44	0.00	2,827.44
92	Mr. Michael Corbin Vacation Pay	2515 Reedman Pl. Road Blind Bay BC V0E 1H1	507.92	0.00	507.92
93	Mr. Michael Dupuis Severance Pay	1537 Todd Road Kamloops BC V2C 5B6	1,491.10	0.00	1,491.10
94	Mr. Miles Maxinuk Vacation Pay	6250 Hwy 6 New Denver BC V0G 1S0	346.00	0.00	346.00
95	Mr. Milford Johnston Severance Pay	21646 Crow Creek Road Burns Lake BC V0J 1E1	2,307.51	0.00	2,307.51

07-Jan-2016

Date



Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

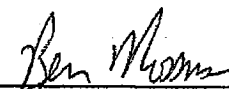
List "A"  
 Unsecured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
96	Mr. Neil Borkowski Severance Pay	12969 58A Avenue Surrey BC V3X 0C6	1,911.56	0.00	1,911.56
97	Mr. Richard Barnes Severance Pay	795 Boulbee Drive Parksville BC V9P 1W8	2,253.74	0.00	2,253.74
98	Mr. Richard Semke Severance Pay	1309 Fir Avenue Meritt BC V1K 1L1	3,700.88	0.00	3,700.88
99	Mr. Robert (Keith) Camilli Severance Pay	PO Box 864 Queen Charlotte BC V0T 1S0	2,841.74	0.00	2,841.74
100	Mr. Robert Oele Severance Pay	6619 Dover Street Powell River BC V8A 5M8	2,967.24	0.00	2,967.24
101	Mr. Robin Farrell Severance Pay	109 - 1007 Esquimalt Road Victoria BC V9A 3N1	823.47	0.00	823.47
102	Mr. Roger Douglas Severance Pay	121 View Street Kitkatla BC V0V 1C0	1,290.85	0.00	1,290.85
103	Mr. Ronny Roberts Severance Pay	PO Box 215 Stanley Mission SK S0J 2P0	6,224.96	0.00	6,224.96
104	Mr. Ryan Fabbie Severance Pay	1241 Conrod Street Prince Rupert BC V8J 4M5	1,104.93	0.00	1,104.93
105	Mr. Saurabh Handa	1254 E 11th Ave Vancouver BC V5T 2G3	32,588.41	0.00	32,588.41
106	Mr. Steve Rathwell Severance Pay	Box # 4012 Foster Way Williams Lake BC V2G 2V2	1,966.93	0.00	1,966.93
107	Mr. Steven Bolton Severance Pay	2607 - 1302 Pear Street Terrace BC V8G 4V5	1,605.22	0.00	1,605.22
108	Mr. Terry Clark Severance Pay	270 Holbrook Road East Kelowna BC V1X 1S8	2,464.58	0.00	2,464.58
109	Mr. Timothy Brinkman Vacation Pay	PO Box 244 Sorrento BC V0E 2W0	618.33	0.00	618.33
110	Mr. Willard Aster Severance Pay	445 7th Street West Prince Rupert BC V8J 2L7	2,437.45	0.00	2,437.45
111	Mr. Wolfgang Nickel	19-2715 Fairways Drive Sun Peaks BC V0E 5N0	70,400.00	0.00	70,400.00
112	Ms. Desarae Craig Vacation Pay	Box 431 Kimberly BC V1A 2Y9	201.60	0.00	201.60
113	Ms. Lillian Aster Severance Pay	PO Box 86 Kitkatla BC V0V 1C0	1,491.15	0.00	1,491.15
114	Ms. Shannon Dennis Severance Pay	5044 Agar Avenue Terrace BC V8G 1H7	3,683.35	0.00	3,683.35
115	Ms. Stephanie Nicholls Severance Pay	405 - 189 Ontario Place Vancouver BC V5W 4C6	3,791.67	0.00	3,791.67
116	Nalco Canada ULC	PO Box 57047 Toronto ON M5W 5M5	6,666.11	0.00	6,666.11
117	NAPA ODA Enterprises Ltd.	150 3rd Avenue East Prince Rupert MB V8J 1K5	2,754.14	0.00	2,754.14
118	Nautilus Environmental	8664 Commerce Court Burnaby BC V5A 3P4	1,496.25	0.00	1,496.25
119	Norco Septic Service Inc.	4011 Best St. Terrace BC V8G 5R8	8,894.70	0.00	8,894.70

07-Jan-2016

Date



Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

List "A"  
 Unsecured Creditors  
 Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
120	North Arm Transportation Ltd.	2582 Kent Avenue SE Vancouver BC V5S 2H8	1,301.53	0.00	1,301.53
121	Northern Industrial Sales	205 3rd Avenue, East Prince Rupert BC V8J 1K4	31,855.24	0.00	31,855.24
122	Orica Canada Inc.	PO Box 11022 Station A Toronto ON M5W 2G5	8,700.67	0.00	8,700.67
123	Pacific Inn	909 Third Ave West Prince Rupert BC V8J 1M9	109.25	0.00	109.25
124	Pacificus Biological Services Ltd.	Box 2760 Port Hardy BC V0N 2P0	10,179.70	0.00	10,179.70
125	Pine	PO Box 77232 - RPO Courtney Park Mississauga ON L5T 2P4	1,999.20	0.00	1,999.20
126	Praxair Canada Inc.	PO Box 2531 Station M Calgary AB T2P 0S6	4,279.62	0.00	4,279.62
127	Prince George Varsteel	922 Great Street Prince George BC V2N 5R7	0.11	0.00	0.11
128	Prince Rupert Airport Authority	Bag 4000 Prince Rupert BC V8J 3S3	1,711.50	0.00	1,711.50
129	Province of British Columbia Attn: Mineral, Oil and Gas Revenue Branch File 0148/BANKS (2015)	Mineral Tax Section PO Box 9328 Stn Prov Govt Victoria BC V8W 9N3	0.00	95,721.00	95,721.00
130	Quadra Chemicals Ltd.	3901 F.X. Tessier Vaudreuil-Dorion QC J7V 5V5	17,332.70	0.00	17,332.70
131	Redwood Plastics Corporation	3989 18th Ave Prince George BC V4W 3X5	188.16	0.00	188.16
132	Reflex Instrument North America Limited	70-C Mountjoy St. N., Suite 510 Timmins ON P4N 4V7	2,508.80	0.00	2,508.80
133	ROM Communications	540-1632 Dickson Ave Kelowna BC V1Y 7T2	369.60	0.00	369.60
134	Rupert Cleaners & Laundry Ltd.	340 McBride Street Prince Rupert BC V8J 3G2	91.20	0.00	91.20
135	Rupert Disposal	136 Montgomery Road Prince Rupert BC V8J 4M1	4,410.00	0.00	4,410.00
136	Selkirk Metals Corp.	200 - 580 Hornby Street Vancouver BC V6C 3B6	0.00	239,224.72	239,224.72
137	Sepro Mineral Systems Corp.	Unit 101A, 9850-201 Street Langley BC V1M 4A3	0.00	70,559.82	70,559.82
138	SGS Canada Inc.	PO Box 3400 - Station Terminal Vancouver BC V6B 3Y4	3,494.74	0.00	3,494.74
139	Silver Stream SEZC	HSBC House, 68 West Bay Rd, PO Box 10315, Grand Cayman V6C 2T6	1,940,444.63	0.00	1,940,444.63
140	SilverKing Helicopters	PO Box 4626 - 10032 Horlings Road Smithers BC V0J 2N0	14,764.52	0.00	14,764.52
141	Sissons (Tanks Direct)	26-26308 TWP Rd. 525A Acheson AB T7X 5A6	0.00	2,318.75	2,318.75
142	Skeena Taxi Ltd.	1047 Saskatoon Avenue Prince Rupert BC V8J 4J1	23.20	0.00	23.20

07-Jan-2016

Date

  
 Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 -- Continued

List "A"  
 Unsecured Creditors  
 Banks Island Gold Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
143	Smithers Lumber Yard Ltd.	PO Box 938 - 3528 Yellowhead Hwy 16 Smithers BC V0J 2N0	63.46	0.00	63.46
144	Smithers Parts and Service (2005) Ltd.	Box 3910 3465 Victoria Drive Smithers BC V0J 2N0	12,883.24	0.00	12,883.24
145	Taiga Constructors Inc.	Box 415 La Ronge SK S0J 1L0	4,900.00	0.00	4,900.00
146	Technosub Inc.	1156, Av Lariviere Rouyn-Noranda QC J9X 4K8	78,831.85	0.00	78,831.85
147	The Cat Rental Store	11634-142 St., Unit 300 Edmonton AB T5M 1V4	46,584.36	0.00	46,584.36
148	Thomas, Rondeau LLP	Suite 1780 - 400 Burrard Street Vancouver BC V6C 3A6	10,999.70	0.00	10,999.70
149	Treeline Wood Products Inc.	Box 4265 Smithers BC V0J 2N0	112.00	0.00	112.00
150	UBC Mining Engineering	517, 6350 Stores Road Vancouver BC V6T 1Z4	1,638.00	0.00	1,638.00
151	United Rentals	5011 Keith Avenue Terrace BC	16,460.00	0.00	16,460.00
152	Wainwright Marine Services Ltd.	PO Box 10 110 Duncan Road Prince Rupert BC V6J 3P4	209,221.48	0.00	209,221.48
153	Wajax Power Systems	10025 - 51st Avenue Edmonton AB T6E 0A8	45,530.78	0.00	45,530.78
154	Weir Canada Inc.	PO Box 573690 Station A Toronto ON M5W 5M5	21.73	0.00	21.73
155	Wesco Distribution Canada LP (Kilimat)	157 - 7 St Kilimat BC V8C 2C4	2.94	0.00	2.94
156	Western Belting Ltd.	6468 Bereford Street Burnaby BC V5E 1B6	16,050.72	0.00	16,050.72
157	Wolrige Mahon LLP	900 - 400 Burrard Street Vancouver BC V6C 3B7	37,193.53	0.00	37,193.53
158	Worker's Compensation Board of BC	PO Box 9600 SIn Terminal Vancouver BC V6B 5J5	184,997.05	0.00	184,997.05
<b>Total:</b>			<b>5,753,432.39</b>	<b>407,824.29</b>	<b>6,161,256.68</b>

07-Jan-2016

Date



Benjamin Mossman

District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

List "B"  
 Secured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	ATCO Structures & Logistics	Suite 300, 4838 Richard Road SW Calgary AB T3E 6L1	63,730.80	Other - 2006, 2011 and 2013 Atco Office Trailers	21-May-2014	63,730.80		
2	Bank of Montreal Secured GIC re Corp. Credit Card	2nd Floor, 234 Simcoe Street Toronto ON M5T 1T4	10,000.00	Other - Bank of Montreal GIC re Credit Card Facility	14-Feb-2012	10,000.00		
3	CRA - Canada Revenue Agency - Tax - Pacific Attn: Burnaby Fraser Tax Services Office, Regional Intake Centre for Insolvency 82991 8408 Source Deductions	PO Box 11575, Stn Main Surrey BC V3T 0E5	172,000.00	Other - Mineral Interests - Yellow Giant Mine  Cash on Hand - Chequing - 1754 538 - Bank of Montreal (Seized by CRA)	06-Jan-2016  06-Jan-2016	172,000.00  0.00		500.00
4	Finning Canada	P.O. Box 9179 Station Main Calgary AB T2P 5E1	667,739.88	Business Assets - Machinery - 2012 and 2013 Caterpillar R1600G Dump Trucks	06-Jun-2014	667,739.88		
5	Horizon North Relocatable Structures Trailer (Lease to own)	PO Box 3094, 3355 Sugertoaf Road Kamloops BC V2C 6B7	13,899.71	Other - 2008 Skidded Office Trailer	16-Apr-2014	13,899.71		
6	MCC Non Ferrous Trading Inc. Attn: Mr. Colin Brousson GSA and Ore	c/o Gowlings #2300, 550 Burrard Street Vancouver BC V6C 2B5	8,346,580.23	Business Assets - Machinery - Processing Plant  Business Assets - Machinery - Underground Mining Equipment  Business Assets - Stock In Trade - Inventories (Concentrate)  Motor Vehicles - Other - Vehicles  Business Assets - Trade Fixtures - Office and Computer Equipment  Motor Vehicles - Other - Vehicle Equipment  Other - Prepaid Expenses and Deposits  Other - Security Deposits-rental prem.  Other - Mineral Interests - Yellow Giant Mine	16-Sep-2015  16-Sep-2015  16-Sep-2015  16-Sep-2015  16-Sep-2015  16-Sep-2015  16-Sep-2015  16-Jun-2015	3,000,000.00  890,000.00  800,000.00  100,000.00  7,000.00  0.00  0.00  0.00  3,549,580.23		943,474.05
7	National Leasing Group Inc. Attn: Bankruptcy Designate	1525 Buffalo Place Winnipeg MB R3T 1L9	12,000.00	Other - 2007 Atco Office Trailer	15-Nov-2013	12,000.00	13,000.00	

07-Jan-2016

Date



Benjamin Mossman



District of: British Columbia  
 Division No. 03 - Vancouver  
 Court No.  
 Estate No.

FORM 78 - Continued

List "B"  
 Secured Creditors

Banks Island Gold Ltd.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
8	New-Line Products Ltd.	9415 - 189th St. Surrey BC V4N 5L8	6,242.25	Business Assets - Machinery - General Collateral Items at Mine Site	21-Oct-2014	6,242.25		
9	Province of British Columbia Attn: Mineral, Oil and Gas Revenue Branch File 0148/BANKS (2015)	Mineral Tax Section PO Box 9328 Stn Prov Govt Victoria BC V8W 9N3	95,721.00	Other - Mineral Interests - Yellow Giant Mine	21-Dec-2015	95,721.00		
10	Selkirk Metals Corp.	200 - 580 Hornby Street Vancouver BC V6C 3B6	239,224.72	Other - Mineral Interests - Yellow Giant Mine	16-Sep-2015	239,224.72		
11	Sepro Mineral Systems Corp.	Unit 101A, 9850-201 Street Langley BC V1M 4A3	170,559.82	Business Assets - Machinery - Sepro Modules	30-Oct-2014	100,000.00		70,559.82
12	Sissons (Tanks Direct)	26-26308 TWP Rd. 525A Acheson AB T7X 5A6	72,318.75	Other - Storage Tanks and Accessories	21-Aug-2015	70,000.00		2,318.75
<b>Total:</b>			<b>9,870,017.16</b>			<b>9,797,138.59</b>	<b>956,974.05</b>	<b>72,878.57</b>

07-Jan-2016

Date



Benjamin Mossman

# **APPENDIX B**

THIS Auction and Liquidation Services Agreement, dated for reference the 16 day of September, 2016 (The "Agreement")

MADE BETWEEN:

**BANKS ISLAND GOLD LTD.**, by and through its court-appointed receiver and manager, **FTI CONSULTING CANADA, Inc.** and not in its personal or corporate capacity

1502-701 West Georgia  
Vancouver, BC V7Y 1C6  
Attn: Craig Munro  
Email: craig.munro@fticonsulting.com

(hereinafter referred to as the "Company")

OF THE FIRST PART

AND:

**MAYNARDS INDUSTRIES CANADA LTD.**, a corporation incorporated pursuant to the laws of British Columbia

1837 Main Street  
Vancouver, BC V5T 3B8  
Attn: Aaron Stewardson  
Email: astewardson@maynards.com

(hereinafter referred to as the "Auctioneer")

OF THE SECOND PART

WHEREAS:

- A. Pursuant to a January 15, 2016 order of the Supreme Court of British Columbia (the "Court"), in proceedings No. S-160322, Vancouver Registry (the "Proceedings") FTI Consulting Canada, Inc. was appointed Receiver and Manager over the assets, undertakings and property of Banks Island Gold Ltd.;
- B. The Company wishes to retain the Auctioneer to sell all the property listed on Schedule "A" hereto (collectively, the "Assets" and individually, an "Asset") on behalf of the Company, subject to the terms and conditions hereof;
- C. The retainer of the Auctioneer and the terms of this Agreement are subject to the Company obtaining an order (the "Approval Order") from the Court authorizing the Company to sell the Assets and approve this form of Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the Company and the Auctioneer (together, the "Parties") agree as follows:

**1. RETENTION OF THE AUCTIONEER**

- 1.1 The Company hereby retains the Auctioneer to carry out, and the Auctioneer hereby agrees to carry out, a sales program (the "Sales Process") with respect to the Assets at the premises set out in **Schedule "B"** to this Agreement (the "Premises"), on the terms and conditions as set forth in this Agreement.
- 1.2 The Company and the Auctioneer covenant and agree with each other to carry out their respective obligations under this Agreement, including without limitation the obligations as set forth in **Schedule "C"** to this Agreement.

**2. THE AUCTION AND SALES PROCESS**

- 2.1 The Auctioneer will charge an expense budget to a maximum of \$30,000 for all out of pocket expenses ("**Expense Budget**").
- 2.2 The Auctioneer will charge a 12% buyer's premium (a "**Buyers Premium**") on all Asset sales for its account.
- 2.3 If any of the Assets are sold to online buyers, then the Auctioneer may charge a buyer's premium of 3% of the sale price (an "**Online Sale Charge**"), and all Online Sale Charge collected by the Auctioneer to be remitted to the applicable third party online provider.
- 2.4 For the purposes of this agreement, "**Net Proceeds of Sale**" shall be defined as the amount actually received by the Auctioneer from the purchaser(s) from sales of the Assets after deduction of:
- (a) the Expense Budget;
  - (b) any taxes collected by the Auctioneer,
  - (c) any Buyers Premium, and
  - (d) any Online Sale Charges collected by the Auctioneer
- 2.5 The Auctioneer will pay the amounts payable to the Company and the Auctioneer from the Net Proceeds of Sale as soon as reasonably possible but by no later than 10 business days after the applicable sale date, subject to Order of the Court.
- 2.6 In the event this Agreement is terminated by the Company, other than by reason of any default by the Auctioneer:
- (a) on or before November 1, 2016, the Company shall pay the Auctioneer a termination fee in the amount of \$15,000 (the "**Early Break Fee**"); and

- (b) after November 1, 2016 and up to and including November 10, 2016, the Company shall pay the Auctioneer a termination fee in the amount of \$30,000 (the "**Late Break Fee**")

at the time that notice of termination of this Agreement is delivered to the Auctioneer, except as provided in Article 2.7.

- 2.7 For the purposes of Article 2.6(b), in the event the Sales Process does not commence by November 10, 2016, this Agreement is deemed terminated by the Company on November 10, 2016.
- 2.8 The parties acknowledge and agree that each of the Early Break Fee and the Late Break Fee represent liquidated damages which are a genuine pre-estimate of the damages which the Auctioneer will suffer or incur as a result of the termination of this agreement and are not penalties.

### 3. **REPRESENTATIONS, WARRANTIES, AND COVENANTS WITH RESPECT TO THE ASSETS AND THE PREMISES**

- 3.1 The Company represents and warrants to the Auctioneer that the Assets are in running condition. The Company acknowledges and agrees that the Auctioneer solely and reasonably relies upon the foregoing representation and warranty in entering this Agreement.
- 3.2 The Company shall, at its own cost and at no expense to the Auctioneer, deliver the Assets to the Premises by no later than October 15, 2016 (the "**Delivery Date**"). The Assets shall be delivered in a condition that corresponds to the Company's representation and warranty set forth in paragraph 3.1 hereto.
- 3.3 The Company shall, immediately following the execution of this Agreement, deliver to the Auctioneer all pertinent documents relating to the Assets, including, without limitation, all documents of title, operating manuals, warranties, and registrations.
- 3.4 The Company shall provide, or make commercially reasonable efforts to provide, the Auctioneer and its agents, employees and representatives, with access to the Premises from the Delivery Date until 11:59 p.m. on November 30, 2016 (the "**General Deadline**"), or as agreed to between the Parties, for the purposes of showing the Assets to prospective purchasers, preparing for and conducting the auctions and removing the Assets. Accordingly, the Company agrees to pay, at its sole cost, all applicable rent and shall be responsible for the continued supply of all utilities to the Premises including, without limitation, gas, water, heat and hydro, and for the maintenance of insurance coverage on the Premises and Assets until the General Deadline.
- 3.5 Except as expressly set forth in this Agreement the Assets shall be sold by the Auctioneer to third parties on an "as is, where is" basis and save as aforesaid neither the Company nor the Auctioneer shall make vis-à-vis any third party purchasers, any representations or warranties, and there are no representations or warranties or terms or conditions whatsoever, whether expressed, implied, statutory or otherwise, with respect to the Assets

or any of them or any other matters whatsoever in any way related to the subject matter of the transaction which is the subject of, and any transaction which are contemplated by, this Agreement.

**4. DUTIES OF AUCTIONEER**

4.1 Except as otherwise provided for in this Agreement, the Auctioneer shall at its own cost and expense:

- (a) provide commercially reasonable best efforts to conduct the Sales Process;
- (a) provide sufficient auctioneers and other personnel as is generally required for the holding of auctions of this nature;
- (b) supervise the inspection of the Assets by potential purchasers prior to the auctions;
- (c) prepare for, arrange, conduct and conclude the auctions including, but not limited to, advertising, auction-related set-up, administrative services, collection of proceeds, banking, security/check out personnel, etc.;
- (d) advertise and promote the auctions;
- (e) organize, inventory, tag and lot the Assets for auction;
- (f) provide administrative services relating to the transfer of ownership of Assets to purchasers such that title to the Assets can be conveyed to the purchasers; and
- (g) allow representatives of the Company to be present at the auctions and to have access to all of the Auctioneer's records concerning the sale of the Assets.

**5. REMOVAL OF ASSETS**

5.1 The Auctioneer shall be responsible for, and shall supervise, the removal of all of the Assets from the Premises, which removal shall be done in a workmanlike manner, consistent with good industry practice, and completed by the General Deadline or such later date as may be agreed to in writing by the Company and the Auctioneer.

**6. ADDITIONAL REPRESENTATIONS, WARRANTIES AND CONDITIONS**

6.1 The Company represents and warrants to the Auctioneer that:

- (a) it has good and sufficient power and authority to enter into this Agreement and to complete the transactions contemplated by this Agreement.

6.2 The Auctioneer represents, warrants and acknowledges to the Company that:

- (a) the Auctioneer is a corporation duly incorporated, organized and subsisting under the laws of British Columbia;

- (b) the Auctioneer has good and sufficient power and authority to enter into this Agreement and to complete the transactions contemplated by this Agreement;
- (c) this Agreement constitutes a valid and legally binding obligation of the Auctioneer, enforceable against the Auctioneer in accordance with its terms;
- (d) the Auctioneer will, prior to conducting any sales pursuant to this Agreement, be registered under Part IX of the *Excise Tax Act* (Canada) and shall have all necessary registrations and authority to collect, report and remit any applicable taxes on or with respect to any sale of any Assets by the Auctioneer pursuant to this Agreement, in all applicable jurisdictions; and
- (e) the Auctioneer has not jointly elected with the Company pursuant to section 177(1.3) of the *Excise Tax Act* (Canada).

## 7. ASSIGNMENT

- 7.1 The Auctioneer may assign this Agreement to Maynards Industries Ltd. or to any other affiliate of the Auctioneer and the Company hereby agrees not to unreasonably withhold consent to any such assignment.

## 8. MISCELLANEOUS

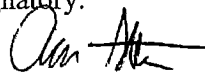
- 8.1 All references to currency in this Agreement and in the schedules hereto are to lawful currency of Canada.
- 8.2 If the doing of any act pursuant to this Agreement falls on a day on which the Premises are not ordinarily open for business, then the time for the doing of such act shall be deemed to be the next day on which such Premises are open for business.
- 8.3 Any notice, request, instruction or other communication to be given hereunder by any party to the other shall be in writing and effective when delivered personally or by electronic mail to the addresses and/or email addresses set forth at the beginning of this Agreement.
- 8.4 No waiver by either party of any of the conditions contained in this Agreement or of any breach of any of the covenants contained in this Agreement shall have effect or be binding upon that party unless expressed in writing and any waiver so given shall extend only to the particular condition or breach so waived and shall not limit or affect any rights with respect to any other condition or breach or any future breach.
- 8.5 This Agreement and the attached schedules constitute the entire Agreement between the Parties relating to the subject matter hereof and supersedes all prior proposals, communications and Agreements, whether written or oral.
- 8.6 This Agreement may be amended or modified only by an instrument in writing executed and delivered by the Parties hereto subsequent to the date hereof.

- 8.7 The Parties covenant to execute such further documents and do such further acts as may be required to implement the terms of this Agreement.
- 8.8 All stipulations in this Agreement as to time are strictly of the essence.
- 8.9 This Agreement shall be governed by the laws in effect in the Province of British Columbia and the Parties hereby attorn to the exclusive jurisdiction of the Courts of the Province of British Columbia.
- 8.10 The representations, warranties and covenants of the Auctioneer and the Company set forth in this Agreement will survive completion of the transactions contemplated by this Agreement.
- 8.11 This Agreement may be executed in counterparts by the Parties hereto, and executed counterparts may be delivered by electronic mail and such execution and delivery shall be valid for all intents and purposes and the executed counterparts shall together form one document.
- 8.12 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

**EXECUTED** at Vancouver, BC, this 16 day of September 2016.

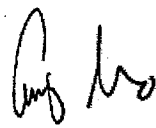
**Maynards Industries Canada Ltd.**

by its authorized signatory:

Per:   
\_\_\_\_\_  
Authorized Signatory

Aaron Stewardson, COO  
Print Name and Title of Signatory

**Banks Island Gold Ltd.** by and through its court-appointed receiver and manager, **FTI Consulting Canada Inc.**, and not in its personal or corporate capacity

Per:   
\_\_\_\_\_  
Authorized Signatory

Craig Munro, Managing Director  
Print Name and Title of Signatory



**SCHEDULE "A"**  
**THE ASSETS**

See Attached

**SCHEDULE "B"  
THE PREMISES**

An agreed location in or around the City Of Prince Rupert.

**SCHEDULE "C"**  
**THE COMPANY'S AND AUCTIONEER'S RESPONSIBILITIES**

The following sets out the Company's and Auctioneer's responsibilities, with respect to the disposition of the Assets. The Parties acknowledge and agree that:

***General***

1. The Auctioneer is acting only in its capacity as an independent contractor dealing with the Company and is otherwise not the Company's employee or assign, nor is it assuming the legal responsibilities, duties or obligations of the Company or of a "Secured Party" including but not limited to as set out in Section 17 and Part 5 of the *Personal Property Security Act*, R.B.C., as amended, or the like provisions contained within the *Personal Property Security Act*, R.S.A.
2. The Auctioneer will carry out the Sales Process in an orderly and professional manner, in accordance with industry practices.
3. It is agreed that existing security and communications systems (if any) shall remain operational until the General Deadline. The Company agrees to have representatives familiar with the Assets and with all mechanical, electrical and fire protection systems available to the Auctioneer for sales and listing purposes.
4. The Auctioneer will not be responsible for the following costs, claims, or liabilities, even if such are payable:
  - (a) lease payments to third Parties under any leases of the Assets;
  - (b) any legal costs associated with dealing with liens against the Assets; and
  - (c) any product warranties, conditions, or liabilities.
5. The Auctioneer will be responsible for any costs related to basic clean-up of the Premises to the extent such basic clean-up is reasonably necessary as a result of the Auctioneer's activities pursuant to this Agreement, as well as repair of any leasehold improvement deficiencies of the Premises the Auctioneer causes.
6. The Auctioneer shall seek the prior consent of the Company to all advertising, and such consent shall not to be unreasonably withheld.
7. The Auctioneer shall be permitted to use the name "Banks Island Gold Ltd." for promotional purposes, including in any advertisements and marketing materials in relation to the sale of the Assets.
8. The Auctioneer will determine the best way of selling the Assets, whether by private or public sale or by auction or otherwise.

*Taxes*

9. The Auctioneer shall collect, and promptly pay to the applicable authority and confirm such payment to the Company, all social services tax, goods and services tax and any other tax resulting from any sale transaction entered into by the Auctioneer with respect to any of the Assets.

*Insurance*

10. The Auctioneer will maintain insurance, and will provide to the Company proof of insurance, with respect to any public liability which could flow from the Auctioneer's activities, naming the Company as beneficiary of such insurance, providing for coverage of not less than \$5,000,000 per occurrence and otherwise in a form satisfactory to the Company acting reasonably.
11. Proceeds received on any insurance claim in respect of any insured Assets that otherwise would have been sold during the Sales Process shall be considered Net Proceeds of Sale.
12. As required by Workers Compensation Board ("WCB") regulations, the Company is to provide the necessary resources to ensure compliance with the WCB site safety regulations until the General Deadline, as the case may be.

*Event of Force Majeure*

13. If the Auctioneer is delayed, interrupted or precluded from completing the Sales Process in accordance with this Agreement by reason of *force majeure* which includes, without limitation, any event or circumstance of any nature whatsoever that is beyond the reasonable control of the Auctioneer, including earthquake, flood or other act of God, fire, explosion or accident, howsoever caused, any act or omission or delay by any governmental authority, strike, lockout, inability to obtain or delay in obtaining labour, supplies, materials or equipment, delay or failure by carriers or contractors, breakage or other casualty, or seasonal or climactic conditions. The Auctioneer shall give immediate notice thereof to the Company. The Auctioneer shall be entitled to be paid so much of the amounts payable to it pursuant to this Agreement to which it has become entitled as at the date of the event of *force majeure* after the Company has been paid the amounts it has become entitled as at the event of *force majeure*. In the event that, acting reasonably, the Parties are unable to negotiate a settlement, the matter will be determined in accordance with directions from the Supreme Court of British Columbia.

*Environmental*

14. For the purposes of this Schedule "C":
  - (a) "Contaminants" means any substance or thing or mixture of them which alone, or in combination, or in concentrations, are flammable, corrosive, reactive or toxic or which might cause adverse effects or be deemed detrimental to living things or to the environment, including, but not limited to, any pollutant, contaminant, toxic or hazardous substance, such as, by way of example, urea formaldehyde, asbestos, polychlorinated biphenyl, pesticides, or any other

substance of which the removal, manufacture, preparation, generation, use, maintenance, storage, transfer, handling or ownership is subject to any laws, rules or regulations.

- (b) The "Mine" means the Yellow Giant Gold Mine on the west coast of Banks Island, British Columbia, as more particularly referenced and described in the Proceedings.

***Indemnity - The Premises***

15. The Company will (i) be liable for and, in addition, (ii) indemnify, defend and hold harmless the Auctioneer, and any of its affiliates, from and against any and all:

- (a) loss of or damage to property (whether owned, hired or leased) of the Auctioneer and/or of any of its affiliates;
- (b) damages or injuries to, or death of, employees of the Auctioneer and/or any of its affiliates;
- (c) environmental costs incurred including removal, abatement, treatment, storage or disposal of Contaminants and remediation of the Premises and any other property affected, whether present or future,
- (d) any claim, action, proceeding, damage, loss, liability, cost (including solicitor and client costs and disbursements), charge, expense, penalty, payment or demand of any nature and whether present or future, fixed or unascertained, actual or contingent and whether at law, in equity, under statute, contract or otherwise made against the Auctioneer and/or any of its affiliates by any third party

to the extent that the same does not arise as a direct or indirect result of any acts or omissions of the Auctioneer and/or any of its affiliates.

16. The Auctioneer will (i) be liable for and, in addition, (ii) indemnify, defend and hold harmless the Company, and any of its affiliates, from and against any and all:

- (a) loss of or damage to property (whether owned, hired or leased) of the Company and/or of any of its affiliates;
- (b) losses or claims due to improper collection or remittance of taxes under paragraph 9 above;
- (c) environmental costs incurred including the removal, abatement, treatment, storage or disposal of Contaminants and remediation of the Premises and any other property affected, whether present or future,
- (d) any claim, action, proceeding, damage, loss, liability, cost (including solicitor and client costs and disbursements), charge, expense, penalty, payment or demand of any nature and whether present or future, fixed or unascertained, actual or

contingent and whether at law, in equity, under statute, contract or otherwise made against the Company and/or any of its affiliates by any third party.

to the extent the same arises as a direct or indirect result of any acts or omissions of the Auctioneer and/or any of its affiliates.

***Indemnity - The Gold Mine***

17. To the extent of the Net Proceeds from Sale as defined in this Agreement, the Company will defend, indemnify and save harmless the Auctioneer and its directors, officers, employees, agents, successors, affiliates, and assigns, from any and all liabilities, actions, damages, claims, losses, penalty, payment costs and expenses whatsoever (including without limitation, the full amount of all legal (on a solicitor and own client basis plus disbursements) and other professional costs and the costs of removal, abatement, treatment, storage or disposal of Contaminants and/or remediation of the Mine and any other property affected, whether present or future, fixed or unascertained, actual or contingent and whether at law, in equity, under statute, contract or otherwise, which may be paid by, incurred by or asserted against the Auctioneer or its directors, officers, employees, agents, successors, affiliates, or assigns for, with respect to, or as a direct or indirect result of, the presence of any Contaminants, known or unknown, on, in or under any part of the Mine, or the escape, seepage, leakage, spillage, discharge, emission or other release of any Contaminants, known or unknown, on, under or from any part of the Mine existing or having occurred as of the date of this Agreement, including but not limited to the removal, relocation, disassembly, modification, or inspection of the Assets pursuant to this Agreement, to the extent caused by the Company. For the avoidance of doubt, such indemnity shall not extend to any costs associated with Contaminants brought on to or created on the Mine by the Auctioneer subsequent to the date of this Agreement or the remediation of any contamination resulting therefrom.

# APPENDIX C

**Banks Island Gold Ltd.**  
**Summary of Receiver's Invoices**  
**January 15, 2016 - July 31, 2016**

<b>Invoice</b>	<b>Fees</b>	<b>Expesnes</b>	<b>Tax</b>	<b>Total</b>
31-Jan-16	30,044.00	-	1,502.20	31,546.20
29-Feb-16	46,634.50	1,105.01	2,386.98	50,126.49
31-Mar-16	48,734.00	2,961.60	2,584.78	54,280.38
30-Apr-16	25,935.00	285.00	1,311.00	27,531.00
31-May-16	39,105.00	3,152.81	2,112.89	44,370.70
30-Jun-16	20,675.00	1,643.40	1,115.90	23,434.30
31-Jul-16	15,975.00	-	798.75	16,773.75
	<u>227,102.50</u>	<u>9,147.82</u>	<u>11,812.50</u>	<u>248062.82</u>