

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.
JUSTICE NEWBOULD

) FRIDAY, THE 22nd
)
) DAY OF APRIL, 2016

BETWEEN:



BRIO FINANCE HOLDINGS B.V.

Applicant

and

CARPATHIAN GOLD INC.

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

LIMITED RECEIVERSHIP ORDER

THIS MOTION made by Brio Finance Holdings B.V. (the "**Applicant**") 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**") appointing FTI Consulting Canada Inc. ("**FTI**") as receiver (in such capacity, the "**Receiver**") without security, of certain of the assets, undertakings and properties of Carpathian Gold Inc. (the "**Debtor**"), as described in this Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Joseph M. Longpre sworn April 21, 2016 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Debtor and on reading the consent of FTI to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion 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 FTI is hereby appointed Receiver, without security, of all of the Debtor's rights and interests in or against:

- (a) all shares of Ore-Leave Capital (Brazil) Limited ("**OLC Brazil**");
 - (b) the membership in OLV Coöperatie U.A. ("**OLV**") including all of the Debtor's right, title and interest in and to such membership as well as all rights of the Debtor in connection with such memberships including, without limitation, the Debtor's entitlement to any account held by, and rights to receive payment from, OLV under OLV's articles of association; and
 - (c) all indebtedness owing by any of OLC Brazil, OLV, OLC Holdings B.V., or Mineração Riacho Dos Machados Ltda. (together, the "**Debtor's Brazilian Subsidiaries**"), to the Debtor
- (collectively, the "**Limited Receivership Assets**").

For greater certainty, the Receiver is hereby appointed only with respect to the Limited Receivership Assets and not any of the Debtor's right, title and interest in or to any of the Debtor's other property, assets or undertakings (the "**Non-Receivership Assets**"), such that the Debtor's right, title and interest in and to the Non-Receivership Assets and the rights of the employees and creditors of the Debtor, other than the Applicant, will not be affected hereby.

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 Limited Receivership Assets 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 Limited Receivership Assets;
- (b) to receive, preserve, and protect the Limited Receivership Assets, or any part or parts thereof;
- (c) to engage 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 execute, assign, issue and endorse documents of whatever nature in respect of any of the Limited Receivership Assets, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (e) to sell, convey, transfer or assign the Limited Receivership Assets or any part or parts thereof with the approval of this Court;
- (f) to apply for any vesting order or other orders necessary to convey the Limited Receivership Assets or any part or parts thereof to a purchaser or purchasers thereof free and clear of any liens or encumbrances affecting such Limited Receivership Assets;
- (g) 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 Limited Receivership Assets and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (h) to exercise any shareholder or other rights which the Debtor may have in or against the Limited Receivership Assets as the Receiver considers necessary or desirable; and
- (i) 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 (a) the Debtor, (b) 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 (c) 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 Limited Receivership Assets in such Person's possession or control, shall grant immediate and continued access to the Limited Receivership Assets to the Receiver, and shall deliver all such Limited Receivership Assets to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall co-operate fully with the Receiver in the exercise of its powers and discharge of its obligations and provide the Receiver with the assistance that is necessary to enable the Receiver to adequately carry out the Receiver's functions under this Order.

NO PROCEEDINGS AGAINST THE RECEIVER

6. 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 LIMITED RECEIVERSHIP ASSETS

7. THIS COURT ORDERS that no Proceeding against or in respect of the Limited Receivership Assets, or any of the Debtor's rights and interests in or against the Limited Receivership Assets, 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 Limited Receivership Assets, or any of the Debtor's rights and interests in or against the Limited Receivership Assets, are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. THIS COURT ORDERS that all rights and remedies against the Receiver, or affecting the Limited Receivership Assets, or any of the Debtor's rights and interests in or against the Limited Receivership Assets, are hereby stayed and suspended except with the written consent

of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (a) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (b) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

9. THIS COURT ORDERS that:

- (a) 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 in respect of the Limited Receivership Assets, without written consent of the Receiver or leave of this Court; and
- (b) no Person shall, solely as a result of the granting of this Order, 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 or any of the Debtor's subsidiaries without written consent of the Receiver or leave of this Court.

10. THIS COURT ORDERS that nothing herein shall affect any contracts, agreements, license or permits involving a) the Debtor in respect of assets other than the Limited Receivership Assets and/or b) the Debtor's subsidiaries.

RECEIVER TO HOLD FUNDS

11. 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, including, without limitation, from the sale of all or any of the Limited Receivership Assets, shall be deposited into one or more new accounts to be opened by the Receiver, if necessary, (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

12. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor and 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.

LIMITATION ON THE RECEIVER'S LIABILITY

13. 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. Nothing in this Order shall derogate from the protections afforded the Receiver by the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

14. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid by the Applicant 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 Limited Receivership Assets, 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 Limited Receivership Assets 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, 81.4(4) and 81.6(2) of the BIA.

15. THIS COURT ORDERS that the Receiver and its legal counsel shall not be required to pass their accounts unless requested to do so by the Applicant, the Court or any other interested party, and if so requested 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.

SERVICE AND NOTICE

16. THIS COURT ORDERS that The Guide Concerning Commercial List E-Service (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/eservice-commercial/> 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: <http://cfcanada.fticonsulting.com/Carpathian>

17. 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

18. 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.

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

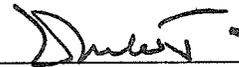
20. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States and elsewhere to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.

21. 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.

22. THIS COURT ORDERS that the Applicant shall have its costs of this motion, 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.

23. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than three (3) days' notice to the Receiver, the Applicant, the Debtor 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.



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Applicant

and **CARPATHIAN GOLD INC.**

Respondent

Court File No. CV-16-11359-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

LIMITED RECEIVERSHIP ORDER

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