

**THIS IS EXHIBIT "R" REFERRED TO IN THE
AFFIDAVIT OF STEVEN CHAMBERS
SWORN BEFORE ME
ON THIS 18th DAY OF DECEMBER, 2012.**


Andrea M. Rockhart
A COMMISSIONER FOR TAKING AFFIDAVITS

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OSLER

Toronto

December 13, 2012

Andrea Lockhart
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ALockhart@osler.com
Our Matter Number: 1138960

Montréal

Ottawa

BY ELECTRONIC MAIL AND FACSIMILE

Calgary

Tercon Investments Ltd.
#100-2079 Falcon Road
Kamloops, BC V2C 432

New York

Attention: Chief Executive Officer

- and -

Tercon Equipment Ltd.
Tercon Construction Ltd.
Tercon Enterprises Ltd.
Tercon MRC Limited
Tercon Mining Ltd.
Tercon Mining PV Ltd.
FNP Ventures Inc.
Tercon Equipment Alaska Partnership
#100-2079 Falcon Road
Kamloops, BC V2C 432

Attention: Milan Soucek

Dear Sirs:

Indebtedness of Tercon Investments Ltd. (the “Borrower”) and Tercon Equipment Ltd., Tercon Construction Ltd., Tercon Enterprises Ltd., Tercon MRC Limited, Tercon Mining Ltd., Tercon Mining PV Ltd., FNP Ventures Inc. and Tercon Equipment Alaska Partnership (collectively, the “Guarantors”) to Dumas Holdings Inc. (the “Lender”)

We are solicitors for the Lender in connection with the above-noted matter.

The Borrower is indebted to the Lender pursuant to the terms of (i) an Amended and Restated Operating Loan Agreement between 0833824 B.C. Ltd. (now the Lender), the Borrower and the Guarantors (other than Tercon Equipment Alaska Partnership (“TEAP”)) dated August 27, 2010 (as amended from time to time, the “**Loan Agreement**”), (ii) an Amended and Restated Debenture issued by the Borrower in favour of 0833824 B.C. Ltd. dated August 27, 2010 (as amended from time to time, the “**Debenture**” and together with the Loan Agreement, the “**Loan Documents**”), and (iii)

certain intercompany advances made by the Lender to the Borrower from time to time (the “**Secured Advances**”).

By way of Amended and Restated Guarantees each dated August 27, 2010 (the “**Guarantees**”), each of the Guarantors (other than TEAP) (i) irrevocably and unconditionally guaranteed to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Lender, (ii) agreed to pay and perform such obligations and pay all other amounts payable by it to the Lender under the Guarantees immediately upon demand, and (iii) agreed to indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such obligations. In addition, by way of an Agreement of Purchase and Sale between Tercon Equipment Ltd. and TEAP dated December 6, 2012, TEAP agreed to be bound by, observe and perform all of the terms and conditions to be performed by Tercon Equipment Ltd. under its Guarantee and Security (as defined herein) as if it were an original signatory thereto.

As security for the Loan Documents, the Secured Advances and the Guarantees, the Lender holds comprehensive security from the Borrower and the Guarantors including, but not limited to, that set out at Schedule “A” attached hereto (the “**Security**”).

The Borrower has committed one or more Events of Default under the Loan Documents, including, without limitation, that it has become unable to satisfy its liabilities as they become due. This constitutes an Event of Default under Section 10.1(c)(i) of the Loan Agreement and Section 7.1(c) of the Debenture.

Pursuant to the terms of the Loan Documents and the Security, upon the occurrence of an Event of Default, the Lender may declare the Obligations (as defined in the Loan Documents) to be immediately due and payable and may exercise any and all rights and remedies available to the Lender pursuant to the Security, at law or in equity.

As of December 13, 2012, the Borrower was indebted to the Lender in the aggregate principal amount of CAD\$41,249,326.01 pursuant to the Loan Documents and the Secured Advances, together with any additional interest, fees, costs and other allowable charges accrued or accruing to date (collectively, the “**Indebtedness**”).

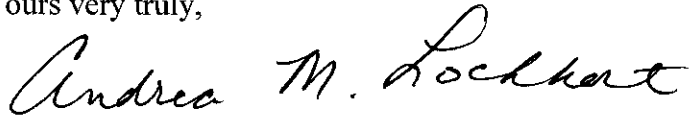
Accordingly, on behalf of the Lender, we hereby demand payment of the Indebtedness, together with any additional interest, fees, costs and other allowable charges in respect of the Loan Documents, the Secured Advances, the Guarantees and the Security accruing up to the date hereof until paid in full.

If we do not receive a certified cheque, money order or bank draft payable to Dumas Holdings Inc. for the total amount of the Indebtedness plus accrued and accruing interest, fees, costs and other allowable charges to the date of payment within ten (10) days of the date of this demand at our office address set out above, the Lender will take such further action, remedy or proceeding available to it under or in respect of the Loan Documents, the Secured Advances, the Guarantees and the Security and at law, equity or otherwise.

However, if prior to such date, circumstances require that the Lender take steps to protect, preserve or recover any or all of its Security, the Lender reserves the right to do so without further notice.

Concurrently with the delivery of this Demand Notice, we are delivering Notices of Intention to Enforce Security pursuant to the *Bankruptcy and Insolvency Act* (Canada) together with forms of Acknowledgement and Consent which the Borrower and each of the Guarantors may choose to execute and return to the undersigned.

Yours very truly,



Andrea Lockhart
Associate
AL:AL

Enclosure

c: Steven Chambers, *Dumas Holdings Inc.*
Marc Wasserman, *Osler, Hoskin & Harcourt LLP*

SCHEDULE "A"

1. Security Agreement between Tercon Investments Ltd., as Obligor, and WF Fund III Limited Partnership, carrying on business as Wellington Financial LP and Wellington Financial Fund III (collectively, "**Wellington**"), as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now Dumas Holdings Inc. ("**DHI**")) pursuant to an Assignment of Debt and Security Agreement between Wellington, 0833824 B.C. Ltd. and the other parties thereto dated August 27, 2010 (the "**Assignment of Debt and Security Agreement**").
2. Security Agreement between Tercon Equipment Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
3. Security Agreement between Tercon Construction Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
4. Security Agreement between Sowchuk Mine Services Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
5. Security Agreement between Tercon Mining TR Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
6. Security Agreement between Tercon Enterprises Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
7. Security Agreement between Tercon MRC Limited, as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
8. Security Agreement between Tercon Mining Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
9. Security Agreement between Tercon Mining PV Ltd., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.
10. Security Agreement between FNP Ventures Inc., as Obligor, and Wellington, as Secured Creditor, dated October 1, 2007, as assigned to 0833824 B.C. Ltd. (now DHI) pursuant to the Assignment of Debt and Security Agreement.