

**In the Matter of the Receivership of  
Ressources Dianor Inc. / Dianor Resources Inc.  
of the City of Val-D'Or  
in the Province of Quebec**

Interim Report of the Receiver  
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

## Introduction

1. This interim report, for the period ending September 30, 2021, is filed by Richter Advisory Group Inc. (“**Richter**”) in its capacity as receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Ressources Dianor Inc. / Dianor Resources Inc. (“**Dianor**” or the “**Company**”).

## Receivership Proceedings

2. On August 20, 2015 (the “**Date of Appointment**”), pursuant to an Order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), Richter was appointed Receiver of all of the Property of Dianor.
3. Dianor was a Canadian-based early stage diamond exploration company that owned certain mining claims in Ontario and Quebec. The Company’s shares were publicly traded on the TSX Venture Exchange (“**TSXV**”) under the symbol “DOR”. In October 2014, Dianor’s shares were delisted from the TSXV due to the Company’s failure to pay its quarterly listing maintenance fee.
4. As at the Date of Appointment, Dianor had no active operations and no employees, management personnel or board members. The Receiver understands that the Company had no significant operations since on or about December 2012.
5. On October 7, 2015, the Court granted an Order approving, among other things, a sale process (the “**Bid Process**”) to be carried out by the Receiver and authorizing the Receiver to take such steps as it deemed necessary to carry out the Bid Process.
6. On September 27, 2016, the Receiver sought an Order (the “**Approval and Vesting Order**”) of the Court approving, among other things, the sale of substantially all of the Property (other than certain excluded assets) (the “**Transaction**”) to Third Eye Capital Corporation (“**Third Eye**” or the “**Purchaser**”), the Company’s senior-ranking secured creditor. On October 5, 2016, the Court released its endorsement granting the relief sought by the Receiver, including approval of the Transaction. The consideration for the Transaction was \$2.4 million comprised of: (i) a credit bid of \$2 million, and (ii) a cash payment of \$400,000 to be allocated and distributed to the holders of royalty interests in certain of the purchased assets. The Purchaser also agreed to pay additional amounts to the Receiver on the closing of the Transaction to satisfy certain professional fees and expenses of the Receiver and its legal counsel. The consideration, however, was insufficient to satisfy, in full, the secured amounts due to Third Eye.

7. The Transaction closed on October 26, 2016. On November 3, 2016 (outside of the time period prescribed by rule 31 of the *Bankruptcy and Insolvency Act*), one of the royalty holders appealed the granting of the Approval and Vesting Order on the basis that the Court did not have the authority to vest mining claims free of gross overriding royalty (“GOR”) rights of third parties (the “Appeal”). The primary position of the opposing royalty holder was that its GOR was an interest in land that could not, or should not, be extinguished by a vesting order.
8. The Court of Appeal released a preliminary decision in March 2018 holding that GOR’s did constitute an interest in land and requesting further submissions from the parties. On June 19, 2019, the Court of Appeal released its decision, which upheld the jurisdiction of the court to grant vesting orders impairing third party rights and set out a test for when assets can be vested free and clear of interests in land.
9. With respect to the Dianor receivership proceedings and the Transaction, the Court of Appeal found that, given the nature of the opposing royalty holder’s interest and the absence of any agreement subordinating the priority of that interest, the Court erred in granting the Approval and Vesting Order extinguishing the GOR’s. The Court of Appeal also held that, as the applicable period (10 days) from the date of the Court’s decision granting the Approval and Vesting Order had lapsed prior to the filing of the Appeal, the Appeal was out of time. The Court of Appeal, therefore, dismissed the Appeal.

### **Statement of Unrealized Property**

10. As at the date of this report, the Receiver has realized on substantially all the Property and does not anticipate any realizations going forward.

### **Statement of Receipts and Disbursements**

11. Attached to this report as Schedule “A” is the Receiver’s interim statement of receipts and disbursements for the period ending September 30, 2021 (the “Interim R&D”).
12. As noted in the Interim R&D, and in accordance with the Approval and Vesting Order, the Receiver has distributed certain of the cash proceeds realized from the Transaction (\$400,000) to Essar Steel Algoma Inc. (\$150,000) and 2530614 Ontario Inc. (\$250,000) in respect of their royalty interests in the purchased assets.
13. The realizations from the Transaction and other amounts collected during the receivership proceedings are insufficient to satisfy, in full, the secured amounts due to Third Eye. Consequently, there are no funds available to support a distribution to Dianor’s lower-ranking secured creditors and unsecured creditors.
14. Any shortfall in receivership proceeds relative to the costs of the receivership administration will be borne by the Receiver.

### **Status of Receivership Proceedings**


15. In the Receiver’s view, it has completed its statutory duties as well as those duties set out in the Appointment Order. The Receiver will be proceeding to finalize Dianor’s receivership proceedings and seek its discharge as Receiver from the Court.

16. Further information regarding the receivership proceedings and materials relating to the receivership may be obtained from Richter's website at: <https://www.richter.ca/insolvencycase/dianor-resources-inc/>.

Dated at Toronto, Ontario, this 14<sup>th</sup> day of October, 2021

Richter Advisory Group Inc.  
in its capacity as Receiver of  
Ressources Dianor Inc. / Dianor Resources Inc.  
and not in its personal capacity

Per:



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Adam Sherman, MBA, CIRP, LIT

# Schedule "A"

IN THE MATTER OF THE RECEIVERSHIP OF  
RESSOURCES DIANOR INC. / DIANOR RESOURCES INC.  
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
for the Period from August 20, 2015 to September 30, 2021

		\$ CAN
<b>Receipts</b>		
Cash Sale Proceeds (Note 1)		459,600.92
Third Eye Capital Corporation Advances (Note 2)		208,981.76
Costs Award (Note 3)		40,486.58
Interest		95.97
<b>Total Receipts</b>		<b>709,165.23</b>
<b>Distributions per Approval and Vesting Order</b>		
Essar Steel Algoma Inc. (Note 1)	150,000.00	
2350614 Ontario Inc. (Note 1)	250,000.00	400,000.00
<b>Distributions</b>		
Filing Fee		70.00
Richter Advisory Group Inc.		74,975.13
Fasken Martineau DuMoulin LLP (Note 4)		205,114.45
Claims Renewal		13,138.66
Miscellaneous (photocopies, postage, courier, other)		2,120.91
Bank Charges		20.00
HST Paid (Note 5)		13,693.11
<b>Total Distributions / Disbursements</b>		<b>709,132.26</b>
<b>Cash in Bank</b>		<b>32.97</b>

## Notes

Note 1 - Amount paid pursuant to the Approval and Vesting Order.

Note 2 - Third Eye Capital Corporation was Dianor's senior ranking secured creditor and the applicant in these receivership proceedings.

Note 3 - Amount received pursuant to a costs endorsement of the Court of Appeal for Ontario.

Note 4 - Certain of the accounts for the Receiver's legal counsel, Fasken Martineau DuMoulin LLP, were paid directly by Third Eye Capital Corporation. These payments (and the associated receipts) have been included herein for presentation purposes only.

Note 5 - Represents HST paid on disbursements made by the Receiver.