

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COURTS OF JUSTICE ACT* (ONTARIO)
R.S.O 1990, c.C.43, AS AMENDED

BETWEEN:

RSM RICHTER INC., in its capacity as Court-Appointed Receiver of NORSHIELD ASSET MANAGEMENT (CANADA) LTD., NORSHIELD INVESTMENT PARTNERS HOLDINGS LTD., OLYMPUS UNITED FUNDS HOLDINGS CORPORATION, OLYMPUS UNITED FUNDS CORPORATION, OLYMPUS UNITED BANK AND TRUST SCC, OLYMPUS UNITED GROUP INC., NORSHIELD CAPITAL MANAGEMENT CORPORATION AND HONEYBEE SOFTWARE TECHNOLOGIES INC. and with no corporate or personal liability

Applicant

- and -

AMT INTERNATIONAL MINING CORPORATION

Respondent

**SECOND REPORT OF THE RECEIVER
DATED APRIL 15, 2013**

INTRODUCTION

1. By Order of the Court dated April 24, 2007 (the “**Appointment Order**”), RSM Richter Inc. (now Richter Advisory Group Inc.) (“**Richter**”) was appointed as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of AMT International Mining Corporation (the “**Debtor**”). A copy of the Appointment Order is attached as Exhibit “**A**”.
2. The Appointment Order authorized the Receiver to, among other things, take possession of and exercise control over the Property. Without limiting the foregoing, the

Appointment Order specifically authorizes the Receiver 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 collection of such monies, including, without limitation, to enforce any security held by the Debtor and to exercise the Debtor's rights and remedies as shareholder or creditor of AMT (USA), Inc. ("**AMT USA**"), a wholly owned subsidiary of the Debtor.

3. By Order dated September 17, 2012 the Court approved the Receiver's First Report to the Court dated September 12, 2012 (the "**First Report**"), together with the activities of the Receiver described therein, as well as the Chapter 7 Trustee Settlement and the AMT USA Settlement Agreement, each as defined and described below. A copy of the foregoing Order is attached as Exhibit "**B**".
4. The purpose of this second report ("**Second Report**") is to:
 - (a) provide the Court with a summary of the Receiver's activities since the date of the First Report;
 - (b) provide the Court with an update regarding the AMT USA Settlement Agreement;
 - (c) provide the Court with the evidentiary basis to make an Order:
 - (i) approving the activities of the Receiver as described in the Second Report;
 - (ii) approving the Claims Process (as defined below) and authorizing and directing the Receiver to carry out the Claims Process; and
 - (iii) approving the Receiver's Statement of Receipts and Disbursements for the period from September 11, 2012 to March 31, 2013.
5. The Orders in this proceeding, together with related Court documents, have been posted on the Receiver's website in English at www.richter.ca/en/insolvency-cases and in French at www.richter.ca/fr-ca/insolvency%20cases.
6. Unless otherwise provided, capitalized terms not otherwise defined in this Second Report are as defined in the Appointment Order.

TERMS OF REFERENCE

7. In preparing the Second Report and making the comments contained herein, Richter has been provided with and relied upon unaudited financial information, the limited and sometimes incomplete books and records and the limited financial information prepared by the Debtor and its advisors. Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, Richter expresses no opinion or other form of assurance on the information contained in the Second Report.
8. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

APPOINTMENT OF THE NORSHIELD RECEIVER

9. Pursuant to the Orders of the Court dated June 29, 2005 (“**Initial Order**”) and July 14, 2005 (“**Extension Order**”), Richter was appointed as receiver pursuant to Section 129 of the *Securities Act*, R.S.O. 1990, c.S-5, as amended, without security, of all of the assets, undertakings and properties of:
 - (a) Gestion de Placements Norshield (Canada) Ltée / Norshield Asset Management (Canada) Ltd. (“**NAM**”);
 - (b) Gestion des Partenaires d’Investissement Norshield Ltée / Norshield Investment Partners Holdings Ltd.;
 - (c) Olympus United Funds Holdings Corporation;
 - (d) Corporation de Fonds Unis Olympus / Olympus United Funds Corporation (“**Olympus Funds**”);
 - (e) Olympus United Bank and Trust SCC (“**Olympus Bank**”); and
 - (f) Groupe Olympus United Inc. / Olympus United Group Inc.,
(collectively, the “**Original Respondents**”).

Copies of the Initial Order and the Extension Order are attached hereto as Exhibits “C” and “D” respectively.

10. Pursuant to two additional Orders of the Court dated September 9, 2005 and October 14, 2005 (“**Expanded Orders**”), Richter was also appointed as receiver pursuant to Section 101 of the *Courts of Justice Act* (Ontario), without security, of all of the assets, undertakings and properties of:
 - (a) Norshield Capital Management Corporation / Corporation Gestion de l’Actif Norshield (“**Norshield Capital Management**”); and
 - (b) Honeybee Software Technologies Inc. / Technologies de Logiciels Honeybee Inc. (formerly Norshield Investment Corporation / Corporation d’Investissement Norshield) (“**Honeybee Software**”).

Copies of the Expanded Orders are attached hereto as Exhibits “E” and “F”.

11. The Original Respondents, Norshield Capital Management and Honeybee Software are collectively referred to as the “**Norshield Companies**” herein. Richter, in its capacity as the court-appointed receiver of the Norshield Companies is referred to herein as the “**Norshield Receiver**”.

BACKGROUND

12. The Debtor was incorporated pursuant to the laws of the Province of Ontario and carried on business as a mineral exploration company. The Debtor’s registered head office is 181 Bay Street, Toronto, Ontario, M5J 2T9.
13. According to the Information Circular prepared by the Debtor dated April 30, 2004 (the “**Circular**”), the Debtor was a reporting issuer in each Canadian province and traded on the Toronto Stock Exchange. According to the Circular, Honeybee Software owns approximately 18% of the issued and outstanding common shares and 100% of the issued and outstanding preferred shares of the Debtor and is its largest single shareholder. The Circular provides that cease trade Orders were issued by certain securities commissions in respect of the Debtor in May 2002 for failure to file its financial statements and, on

February 11, 2003, the Debtor was delisted from the Toronto Stock Exchange. A true copy of the Circular is attached hereto as Exhibit “G”.

14. The Debtor’s only asset of value is the intercompany receivable owing to the Debtor by AMT USA in the amount of approximately \$16.9 million, as well as the shares of AMT USA held by the Debtor.
15. AMT USA is incorporated pursuant to the laws of the State of Arizona and is a wholly owned subsidiary of the Debtor. AMT USA also carried on business as a mineral exploration company and maintained an office in Tucson, Arizona. AMT USA is bankrupt and exists solely as a debtor in a liquidation proceeding under chapter 7 of the United States Bankruptcy Code (the “**Bankruptcy Code**”). The United States Bankruptcy Court for the District of Arizona (the “**Bankruptcy Court**”) appointed Diane Mann as Trustee (the “**Chapter 7 Trustee**”) to administer the liquidation case for AMT USA.
16. Based on the circular, the Norshield Receiver determined that the Debtor was indebted to Honeybee Software in the amount of CAD \$1,834,769.00 as at April 30, 2004. AMT USA guaranteed the obligations of the Debtor to Honeybee Software pursuant to a guarantee limited to the principal amount of CAD \$1 million (the “**AMT USA Guarantee**”).
17. On November 30, 2006 all of the officers and directors of the Debtor resigned and the Debtor has been without officers and directors since that time.
18. As described in the First Report, AMT USA’s sole asset was its interest in and to certain properties located in Arizona collectively known as the “**Copper Creek Property**”. Pursuant to a letter agreement between the Debtor, AMT USA and Redhawk dated July 29, 2005 (the “**Letter Agreement**”), AMT USA sold its interest in the Copper Creek Property to Redhawk Resources, Inc. (“**Redhawk**”) for CAD \$1.6 million. As part of that transaction, Redhawk also agreed to pay to AMT USA an annual advance royalty payment of CAD \$125,000 (the “**Advance Royalty Payment**”) while Redhawk retained its ownership interest in the Copper Creek Property and prior to the time any commercial

mining production commenced at the Copper Creek Property. Redhawk also agreed to pay to AMT USA, upon commencement of any commercial mining production at the Copper Creek Property, a percentage royalty equal to 2.2% of all mineral production to a maximum of \$25 million.

19. Prior to the appointment of the Receiver, the balance of the purchase price under the Letter Agreement plus one Advance Royalty Payment in the total principal amount of CAD\$1.725 million (together, the “**Sale Proceeds**”) were paid to Pothier Valiquette, a law firm in Montreal, Quebec, which acted as the solicitors for AMT USA. In accordance with the terms of the Letter Agreement, approximately CAD\$373,000 of the Sale Proceeds was applied by Pothier Valiquette in payment of all outstanding trade payables with respect to the Copper Creek Property. Upon learning that the foregoing sale transaction had closed, the Norshield Receiver immediately took steps to recover the indebtedness of AMT USA to Honeybee Software.
20. On December 19, 2005, the Norshield Receiver instituted proceedings before the Superior Court, Province of Quebec, to recover from the Debtor the sum of CAD\$1,834,769 and from AMT USA the sum of CAD\$1,000,000 pursuant to the AMT USA Guarantee.
21. On February 20, 2006, the Norshield Receiver obtained default judgment in that proceeding pursuant to which the Debtor was ordered to pay to the Norshield Receiver the sum of CAD\$1,834,769 and AMT USA was directed to pay to the Norshield Receiver the sum of CAD\$1,000,000.
22. By judgment rendered on February 22, 2007 by the Superior Court, Province of Quebec, Pothier Valiquette was ordered to remit to the Norshield Receiver the net amount of the Sale Proceeds. The remaining Sale Proceeds in the amount of \$1,401,991.12 (which amount includes accrued interest of approximately \$49,000) was paid to the Norshield Receiver by Pothier Valiquette on February 26, 2007. Of this amount, \$1 million has been applied by the Norshield Receiver in satisfaction of AMT USA’s obligations under the AMT USA Guarantee and the balance has been transferred to the Receiver.

23. In September 2010, following extensive discussions and lengthy negotiations with the Receiver, Redhawk agreed to purchase AMT USA's interest in the royalty stream payable under the Letter Agreement for \$1,250,000. That amount has been paid by Redhawk to the Chapter 7 Trustee.

STATUS OF SETTLEMENT WITH CHAPTER 7 TRUSTEE

24. Following the bankruptcy of AMT USA, the Receiver filed a Proof of Claim with the Chapter 7 Trustee in the amount of \$16,940,659.40 in respect of funds advanced by the Debtor to or on behalf of AMT USA (the "**AMT International Proof of Claim**").
25. Following the filing of the AMT International Proof of Claim in the AMT USA estate, the Chapter 7 Trustee advised the Receiver that it took issue with the realization by the Norshield Receiver upon the Sale Proceeds as described above and that the AMT International Proof of Claim should not be allowed as a provable claim in the AMT USA estate but should instead be recharacterized as equity as opposed to debt. The Receiver disagreed with the Chapter 7 Trustee's position and extensive discussions regarding these issues continued throughout 2008 and into 2009.
26. Those discussions did not resolve the issues between the parties and, in September 2009, the Chapter 7 Trustee commenced a proceeding in the Bankruptcy Court pursuant to which the Chapter 7 Trustee alleged (i) that the sum of approximately \$1.4 million (being the net amount of the Copper Creek Property Sale Proceeds) paid to the Norshield Receiver by Pothier Valiquette constituted an avoidable transfer within the meaning of the Bankruptcy Code; and (ii) the AMT International Proof of Claim should be disallowed until the foregoing funds were returned to the Chapter 7 Trustee.
27. As described in the First Report, after approximately 18 months of ongoing negotiations, the Receiver and the Chapter 7 Trustee settled the Chapter 7 Trustee's Complaint (the "**Chapter 7 Trustee Settlement**").
28. However, Mani Verma ("**Verma**") and D&G Mining Co., LLC ("**D&G**"), creditors of both AMT USA and the Debtor, objected to the Chapter 7 Trustee Settlement. The Bankruptcy Court nevertheless approved the Chapter 7 Trustee Settlement solely as to the

alleged preference payments on February 3, 2011, but preserved the right of any party in interest to object to or seek to equitably subordinate the Debtor's claim in the AMT USA estate.

29. On August 17, 2011, D&G filed its adversary complaint in the Bankruptcy Court seeking to equitably subordinate the Debtor's claim in the AMT USA estate (the "**Adversary Proceeding**"). The Receiver disputed that claim and, through its Arizona counsel, engaged in numerous discussions with D&G in an attempt to resolve the Adversary Proceeding. The parties successfully negotiated an agreement (the "**AMT USA Settlement Agreement**") pursuant to which all matters in dispute regarding the claims by the parties in interest to the funds in the AMT USA estate were settled. Verma, D&G and Amalgamet Canada, each of which is a creditor of both the Debtor and AMT USA, are parties to the AMT USA Settlement Agreement.
30. All funds in the AMT USA estate have now been distributed to AMT USA's creditors. In accordance with the AMT USA Settlement Agreement the Receiver has received USD \$996,062 in respect of the intercompany receivable owing to the Debtor by AMT USA. Each of Verma, D&G and Amalgamet Canada have received their *pro rata* distribution from the AMT USA estate on account of their claims against AMT USA. As part of the AMT USA Settlement Agreement, Verma, D&G and Amalgamet Canada will not prove any claims in the Debtor's estate in Ontario.

CLAIMS PROCESS

31. Given that the Receiver has now completed its realization upon the Debtor's assets, it is appropriate to conduct the claims process described below (the "**Claims Process**") with a view to distributing the net proceeds of realization in the possession of the Receiver. As described above and in the First Report, only limited books and records of the Debtor have been made available to the Receiver. Now that the claims against the Debtor by Verma, D&G and Amalgamet Canada have been resolved, the Receiver is aware of only the following creditor claims against the Debtor:
 - (a) claim by Honeybee Software in the amount of approximately \$835,000;

- (b) claim by Blakes for unpaid legal fees in connection with the action by Verma against the Debtor in the amount of approximately CAD \$100,000.00;
 - (c) claim by TB Construction in the amount of approximately CAD \$67,000.00; and
 - (d) miscellaneous claims in the total amount of approximately CAD \$25,000.00.
32. The Receiver recommends that it be authorized to mail a proof of claim form to all known creditors in the form attached as Exhibit “H”. In addition, given the limited books and records of the Debtor available to the Receiver, the Receiver recommends that it be authorized to place an advertisement in *The Globe and Mail* and *La Presse* which will also provide notice of the Claims Process in the form attached as Exhibit “T”.
33. Creditors will be required to submit a completed proof of claim to the Receiver by June 3, 2013 (the “**Claims Bar Date**”).
34. The Receiver is proposing the following timeline for the Claims Process:

Milestones	Date
Mail to all known creditors a proof of claim	May 3, 2013
Post forms on the AMT receivership website	May 3, 2013
Place advertisements in <i>The Globe and Mail</i> and <i>La Presse</i>	May 3, 2013
Claims Bar Date for creditors to file a proof of Claim with the Receiver	June 3, 2013

35. The Receiver shall review all proofs of claim received by the Receiver on or before the Claims Bar Date and, where a proof of claim is disputed in whole or in part, the Receiver, prior to any distribution of funds to a creditor, shall issue a notice of

disallowance (“**Notice of Disallowance**”) indicating the reasons for the disallowance in whole or in part of the proof of claim.

36. Where a creditor objects to a Notice of Disallowance, the creditor must notify the Receiver of the objection (“**Notice of Objection**”) in writing by registered mail, courier service or facsimile within twenty (20) days following the date of issuance by the Receiver of the applicable Notice of Disallowance. Unless otherwise agreed by the Receiver in writing, the creditor must thereafter serve on the Receiver within thirty (30) days following the Notice of Objection a notice of motion in the Ontario Court for determination of the claim in dispute.
37. The Receiver will issue a further report to Court summarizing the results of the Claims Process and its proposed methodology for the distribution of funds recovered to creditors.
38. The Receiver recommends that the Claims Process be approved and that the Receiver be authorized and directed to carry out the Claims Process in order to determine and confirm the claims of creditors of the Debtor.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

39. Attached hereto as Exhibit “**J**” is the Receiver’s statement of receipts and disbursements for the period from September 11, 2012 to March 31, 2013. As described above, the Receiver has now completed its realization upon the known assets of the Debtor and does not anticipate receiving any additional funds.

40. As at March 31, 2013, the Receiver has cash on hand of \$923,141 which is net of payment of certain professional fees and disbursements of the Receiver and its Canadian and United States legal counsel. In accordance with the Appointment Order, the Receiver has been authorized to periodically pay such fees and disbursements, subject to approval by the Court. The Receiver anticipates that it will seek approval of the fees and disbursements of the Receiver and its legal counsel as part of a subsequent motion to approve the distribution of funds to creditors of the Debtor following completion of the Claims Process.

RECEIVER'S CONCLUSION AND RECOMMENDATIONS

41. For the reasons set out above, the Receiver recommends that:
- (a) the activities of the Receiver as described in the Second Report be approved;
 - (b) the Receiver's Statement of Receipts and Disbursements be approved; and
 - (c) the Claims Process be approved and the Receiver be authorized to carry out the Claims Process.

All of which is respectfully submitted at Toronto, Ontario this 15th day of April, 2013.

RSM RICHTER INC. (now Richter Advisory Group Inc.), solely in its capacity as the Court-appointed receiver of the Property (as defined herein) of AMT International Mining Corporation and without personal or corporate liability

Per: _____

