

COURT FILE NUMBER 2101-05160
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANT POLARIS FINANCIAL MANAGEMENT LIMITED

RESPONDENT AUVERT MINING GROUP INC.

DOCUMENT **FIRST REPORT OF BDO CANADA LIMITED. IN ITS CAPACITY AS RECEIVER DATED AUGUST 21, 2023**

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I. INTRODUCTION

1. BDO Canada Limited (“**BDO**”), was appointed as receiver and manager (the “**Receiver**”) of all the current and future assets, undertakings and properties (the “**Property**”) of AuVert Mining Group Inc. (“**AuVert**” or the “**Company**”), pursuant to an order (the “**Receivership Order**”) of the Honourable Justice D.B. Nixon of the Court of King’s Bench of Alberta (the “**Court**”) dated October 3rd, 2022 (the “**Date of Appointment**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.

II. PURPOSE OF REPORT

2. The purpose of this first report of the Receiver (the “**First Report**”) is to:
 - a) provide this Court with certain information pertaining to the receivership proceedings of the Company (the “**Receivership Proceedings**”), including:
 - (i) background and certain facts leading up to the appointment of the Receiver;
 - (ii) the activities of the Receiver since the Date of Appointment;
 - (iii) details of other ongoing matters including the Receiver’s request to obtain recognition of the Receivership Proceedings in Colombia;
 - (iv) the Receiver’s interim statement of receipts and disbursements from the Date of Appointment to August 15, 2023; and
 - (v) the Receiver’s fees and disbursements and those of the Receiver’s Canadian and Colombian legal counsel;
 - b) Recommend that this Court make an order(s):
 - (i) approving this First Report including the actions and activities of the Receiver set out herein;
 - (ii) authorizing Hidvegi & Betancourt Consultores S.A.S. to act as foreign representative (the “**Foreign Representative**”) of the Receivership Proceedings of AuVert in Colombia (the “**Foreign Proceedings**”);
 - (iii) authorizing the Foreign Representative to apply to the Superintendencia de Sociedades in Colombia in its capacity as the insolvency court (in such capacity, “**Colombian Insolvency Court**”) for appointment as the foreign representative of the Foreign Proceedings;
 - (iv) approving the Receiver’s interim statements of receipts and disbursements from the Date of Appointment to August 15, 2023; and
 - (v) approving the accounts of the Receiver and its Canadian and Colombian counsel, as set out in this First Report.

III. QUALIFICATIONS

3. In preparing this First Report, the Receiver has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought herein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook and, as such, the Receiver expresses no opinion or other form of assurance in respect of the Information.
4. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

IV. BACKGROUND AND EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER

5. While this First Report summarizes some of the information set out in the first affidavit of Nicolas Feron sworn on June 8, 2021 (the "**First Feron Affidavit**") in support of the appointment of the Receiver, along with additional information found in a second affidavit of Nicolas Feron also sworn on June 8, 2021 (the "**Second Feron Affidavit**") in support of an application for summary judgment against AuVert and certain related parties, readers are directed to the First Feron Affidavit and the Second Feron Affidavit. Copies of the First Feron Affidavit and the Second Feron Affidavit are posted on the Receiver's website at <https://www.bdo.ca/en-ca/extranets/auvert/> (the "**Receiver's Website**").

Company Overview & Corporate Structure

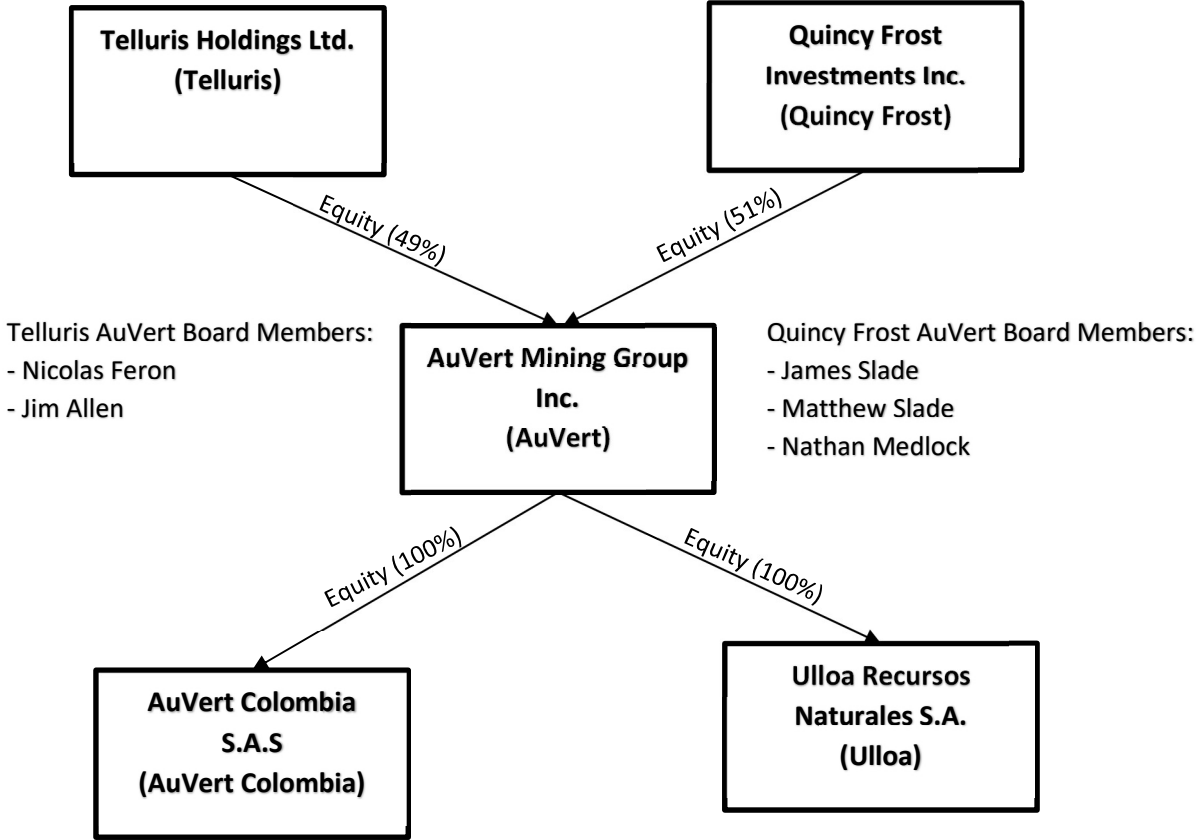
6. Prior to the Date of Appointment, AuVert, a Canadian company, was in the business of mining of stream beds for mineral deposits, otherwise known as alluvial mining through its subsidiaries in Colombia.
7. Below is a summary of the events leading up to the appointment of the Receiver and the transfer of the various assets to Colombia, which is relevant to the relief being sought by the Receiver. The Receiver's source of information for paragraphs 8 to 43 below is the Second Feron Affidavit. The Receiver has not independently verified the information contained in the Second Feron Affidavit.
8. In March 2017, a meeting took place between representatives of Fernhope Limited U.K. ("**Fernhope**") and the sole shareholder of AuVert, Mr. James Slade ("**Mr. Slade**"). Mr. Slade presented to Fernhope a business plan (the "**2017 Business Plan**"), which called for an investment of USD\$10,000,000 to purchase all of the components necessary to build an alluvial gold mining plant in Colombia, commission it and to start generating revenue from the completed plant within six months (the "**Colombian Operations**").

9. Fernhope agreed to support the implementation of the 2017 Business Plan financially through a joint venture with AuVert pursuant to a memorandum of understanding (“**MOU**”) dated June 30, 2017. At the time the MOU was executed, AuVert was controlled by Mr. Slade and neither Fernhope nor its affiliate, Telluris Holdings Ltd. (“**Telluris**”), had any equity interest in the Company.
10. Amongst other things, the MOU required a joint venture to be established with AuVert owning 51% of the Colombian Operations in exchange for contributing all of its mining rights, concessions, technology and intellectual property. Pursuant to the MOU, Fernhope would contribute USD\$10,000,000 in exchange for the remaining 49% ownership until such time that the JV Company (as defined below) could be established.
11. Following execution of the MOU, Fernhope started advancing funds to AuVert (the “**MOU Advances**”) and AuVert started using the money to advance the objectives of the anticipated joint venture company (the “**JV Company**”). By January 2018, Fernhope had provided USD\$4,750,000 to AuVert.
12. In January 2018, the relevant parties formalized the joint venture through a subscription and shareholders’ agreement (the “**AuVert UK Shareholders Agreement**”) among Telluris, Quincy Frost Investments Inc. (“**Quincy Frost**”) and AuVert Mining Group Limited (“**AuVert UK**”), an English limited company. Pursuant to the AuVert UK Shareholders Agreement, and in anticipation of establishing the JV Company, Fernhope assigned its rights in connection with MOU Advances to Telluris, and Telluris agreed to release AuVert from its obligations for the MOU Advances in exchange for a 49% interest in the JV Company, AuVert UK. Quincy Frost took a 51% interest in AuVert UK in exchange for its rights in AuVert. Based on an Alberta corporate registry search, as at November 13, 2020, Mr. Slade was a majority shareholder (61.5%) of Quincy Frost.
13. Five (5) directors were appointed to the board of AuVert UK. Three (3) of the directors were Quincy Frost nominees: James Slade, Matthew Slade and Nathan Medlock, each of whom are Quincy Frost shareholders. The remaining two (2) of the directors were Telluris nominees: Nicolas Feron and Jim Allen.
14. Telluris advanced the balance of Fernhope’s original USD\$10,000,000 commitment to AuVert UK over the course of several months spanning from February 2018 to May 2018. These funds were used by AuVert and a 100% owned Colombian subsidiary of AuVert, AuVert Colombia S.A.S. (“**AuVert Colombia**”) to purchase:
 - a) approximately USD\$7,000,000 in equipment necessary to construct a mining plant in Colombia;
 - b) a hi-tech \$1,000,000 sonic drill; and
 - c) the shares of Ulloa Recursos Naturales S.A.S. (“**Ulloa**”) and together with the AuVert Colombia, the “**Colombian Subsidiaries**”), which held mining rights to properties in Colombia that would provide raw materials for the plant to process.

15. In December 2018, the parties decided to consolidate the corporate structure of AuVert UK and move the joint venture to Canada. In furtherance of this consolidation:

- a) Telluris and Quincy Frost sold their shares in AuVert UK to an Alberta holding company (“**Holdco**”) in exchange for a pro rata interest in Holdco pursuant to a share exchange agreement dated December 31, 2018;
- b) on December 31, 2018, Telluris, Quincy Frost and Holdco entered a unanimous shareholders’ agreement (the “**AuVert Shareholders’ Agreement**”); and
- c) on January 1, 2019, Holdco and AuVert amalgamated and continued as AuVert.

16. As a result of this transaction, Telluris held 49% of the common shares in AuVert and Quincy Frost held 51% of the common shares in AuVert. In accordance with the AuVert Shareholders’ Agreement, the five (5) member board of directors for AuVert (the “**Board**”) included three (3) Quincy Frost nominee representatives, Mr. Slade, Matthew Slade and Nathan Medlock (the “**Quincy Frost Board Representatives**”) and two (2) Telluris nominee representatives, Nicolas Feron and Jim Allen, as evidenced by the following chart:



Events Leading to Receiver’s Appointment & Causes of Insolvency

17. As described in the Feron Affidavit by October 2018, AuVert UK had directly or indirectly obtained and shipped to Colombia all of the parts necessary to complete the construction of a plant that could process material on Ulloa's mining titles.
18. Also by this time, the MOU Advances were nearly exhausted and AuVert UK was in need of immediate additional funding to move the mining plant parts from the Colombian port to the site of Ulloa's mining titles for construction and commissioning. This process needed to occur before AuVert Colombia could start processing material.
19. AuVert UK relied on Telluris for these immediate funds whereby:
- a) Telluris arranged for Fernhope to loan USD\$380,000 to AuVert evidenced by a promissory note from AuVert dated October 29, 2018 (the "**First Fernhope Loan**") which had a maturity date of February 26, 2019 (later amended to April 20, 2019); and
 - b) Telluris arranged for Fernhope to loan a further USD\$100,000 to AuVert pursuant to a promissory note from AuVert dated November 19, 2018 (the "**Second Fernhope Loan**") with a maturity date of March 19, 2019 (later amended to April 20, 2019).
20. The First Fernhope Loan and Second Fernhope Loans (together as the "**First and Second Fernhope Loans**") were secured by a general security agreement dated October 29, 2018 (the "**Fernhope GSA**"), by which Fernhope was granted a security interest in all present and after acquired personal property of AuVert.
21. Shortly thereafter, additional funds were needed for the commissioning of the mining plant in Colombia.
22. Telluris arranged funding for AuVert UK through a company affiliated with Fernhope's principals: Capella Financial Management Limited ("**Capella**") whereby Capella loaned \$1,500,000 to AuVert pursuant to a promissory note from AuVert dated December 7, 2018 (the "**First Capella Loan**") which matured on the earlier of AuVert attracting outside investment of at least \$5,000,000 or December 7, 2021, subject to an outside date.
23. The First Capella Loan was secured by a general security agreement dated December 7, 2018 (the "**Capella GSA**"), by which Capella was granted a security interest in all present and after acquired personal property of AuVert.
24. In April 2019, Cappella advanced a further \$250,000 pursuant to an amendment of the promissory note evidencing the First Capella Loan.
25. In May 2019, Capella took an assignment (with AuVert's consent) of the First and Second Fernhope Loans.

26. In May and June 2019 additional funds were needed from Capella to pay the operating costs of AuVert and its Colombian Subsidiaries and were advanced as follows:

- a) \$140,000 to AuVert evidenced by promissory notes maturing June 3, 2020 (the “**Second Capella Loan**”);
- b) 54,000,000 in Colombian Pesos (“**COP**”, i.e., approximately \$21,600) to AuVert evidenced by promissory notes maturing June 3, 2020 (the “**Third Capella Loan**”);
- c) 340,000,000 COP (i.e., approximately \$139,000) pursuant to a promissory note maturing June 14, 2020 (the “**Fourth Capella Loan**” and collectively with the other Capella Loans and the Fernhope Loans, the “**Loans**”; and the Loans together the Fernhope GSA and Capella GSA the “**Loan and Security Agreements**”).

27. In June 2019, AuVert executed a Second Amendment to the Capella GSA which among other things, served to make the First and Second Fernhope Loans secured by the Capella GSA. By that time, AuVert owed Capella principal amounts of USD\$480,000, \$1,890,000 and 394,000,000 COP (i.e., approximately \$118,000).

28. In July 2019, Mr. Slade informed the Board of AuVert that he had obtained a USD\$250,000 loan from other sources to fund the Colombian Subsidiaries but did not provide any further details on it.

29. In August 2019, Mr. Slade informed the Board of Auvert that the Colombian plant had shut down and Quincy Frost was carrying the costs of a small staff in Colombia and Canada.

30. On December 10, 2019, Capella changed its name to Polaris Financial Management Limited (“**Polaris**”).

31. On May 27, 2020, Mr. Slade made a proposal for repaying the debt of Polaris and buying out Telluris’ equity interest in AuVert. The offer was rejected by Telluris and Polaris.

32. On June 15, 2020, Polaris issued a demand letter and a Notice of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”).

33. After engaging in forbearance discussions for over a month without success, Polaris directed a bailiff to take possession of its collateral under its security on July 28, 2020. Polaris sought to take possession of AuVert’s equipment in Alberta and AuVert’s shares in the Colombian Subsidiaries. Neither the equipment nor the shares were located at AuVert’s facility or at its registered office in Alberta.

34. In September 2020, a Board meeting occurred with the Quincy Frost representatives and Mr. Jim Allen (Mr. Feron had resigned from the Board on July 21, 2020) in which Mr. Slade revealed that in a meeting which occurred on July 7, 2020 in which only the Quincy Frost representatives were present, the then present

board of directors had resolved to approve a sale by AuVert of its shares in the Colombian Subsidiaries to Andean Mining S.A.S (“**Andean**”), a subsidiary of Quincy Frost in exchange for a promissory note in the amount of \$5,000,000 (the “**Share Sale Transaction**”).

35. Polaris and Telluris took the position that the Share Sale Transaction:

- a) was carried out without the knowledge of representative of Telluris or Polaris;
- b) stripped AuVert of its material assets;
- c) breached the terms of the AuVert Shareholders’ Agreement including the terms concerning matters reserved for shareholder approval; and
- d) breached the terms of the Capella GSA.

36. Counsel for Polaris wrote to counsel for AuVert on September 17, 2020 to object to the Share Sale Transaction.

37. Counsel for AuVert responded on September 30, 2020, with a letter that disclosed to Polaris for the first time that, among other things, Quincy Frost had obtained a loan for the Colombian Subsidiaries secured by the assets of the Colombian Subsidiaries.

38. The loan was ultimately found to be in the form of a USD\$1,250,000 pre-pay gold purchase agreement dated May 7, 2020 as amended on June 18, 2021 (the “**Pre-Pay Gold Purchase Loan**”) between AuVert Colombia and Quincy Frost which was facilitated by a promissory note and Colombian security registrations against the assets of AuVert Colombia in favor of Quincy Frost.

39. On November 13, 2020, Polaris and Telluris commenced an oppression action in Alberta (the “**Oppression Action**”) seeking, among other things, the reversal of the Share Sale Transaction and the deregistration of Quincy Frost’s security against AuVert Colombia.

40. On July 8, 2021, Polaris filed an application for the appointment of a receiver and manager over the property, assets and undertaking of AuVert (the “**Receivership Application**”) alleging various events of default pursuant to the Loan and Security Agreements:

41. The Receivership Application stated the debts owing to Polaris from AuVert totaled \$4,074,605.40 (CAD), which amount consisted of the following balances and items:

Loan	Currency	Principal	Interest	Total
First Fernhope	USD	380,000.00	66,867.76	446,867.76
Second Fernhope	USD	100,000.00	17,281.93	117,281.93
First Capella		1,750,000.00	747,368.92	2,497,368.92
Second Capella		140,000.00	48,180.64	188,180.64

Third Capella	COP	54,000,000.00	18,420,867.28	72,420,867.28
Fourth Capella	COP	340,000,000.00	114,946,588.55	454,946,588.55
Legal Costs		483,690.15	-	483,690.15

42. AuVert contested the Oppression Action and the Receivership Application through the balance of 2021 and into 2022. On October 3, 2022, the Honorable D.B. Nixon of the Court of King's Bench of Alberta pronounced two orders:

- a) an order in favour of Polaris (the "**Summary Judgment Order**"), a copy of which is attached hereto as **Appendix "B"** which, among other things:
 - (i) declared the Share Sale Transaction null and void; and
 - (ii) required AuVert, Quincy Frost and the Quincy Frost Representatives to deregister the security granted by AuVert Colombia in favor of Quincy Frost; and
- b) an order appointing the Receiver (i.e., the Receivership Order).

43. Mr. Matthew Slade, one of the Quincy Frost representatives, subsequently filed an appeal to the Alberta Court of Appeal seeking to overturn the Summary Judgment Order and Receivership Order. That appeal has not been prosecuted to date.

V. RECEIVER'S ACTIVITIES SINCE THE DATE OF APPOINTMENT

44. Since the Date of Appointment, the Receiver's activities have included:

- a) taking possession of the Company's books and records;
- b) freezing the Company's bank accounts with the Royal Bank of Canada ("**RBC**") and opening new bank accounts in the name of the Receiver;
- c) reviewing the Company's books and records;
- d) mailing, on October 13, 2022, a copy of the notice and statement of the Receiver pursuant to subsections 245(1) and 246(1) of the BIA to the Office and Superintendent of Bankruptcy and the Company's known creditors;
- e) meetings and correspondence with the Company's former legal advisor Miller Thomson LLP ("**Miller Thomson**") regarding the Company's minute book, Share Sale Transaction and legal fees;
- f) meetings and correspondence with James Slade and Matthew Slade regarding status updates on the Colombian Subsidiaries and ownership change requirements pursuant to the Summary Judgment Order;

- g) review and analysis of financial and operational information received on the Colombian Subsidiaries;
- h) contacting the Canada Revenue Agency (“**CRA**”) to set up new GST branch accounts in the name of the Receiver and regarding the Company’s existing payroll and GST accounts;
- i) responding to calls and enquiries from the Company’s creditors, including former employees, suppliers and other stakeholders regarding the Receivership Proceedings;
- j) communicating with Polaris and its counsel in connection with various aspects of the Receivership Proceedings and the Summary Judgment Order;
- k) meetings and correspondence with the Receiver’s Canadian and Colombian legal counsel in connection with various aspects of the Receivership Proceedings;
- l) meetings and correspondence with Metals and Catalyst Resources L.P (“**M&C**”), a creditor of AuVert Colombia;
- m) establishing the Receiver’s Website, where all materials filed with the Official Receiver and the Court in connection with the Receivership Proceedings are available in electronic format; and
- n) preparing this First Report.

VI. REALIZATION PROCESS

45. Through a review of the Company’s books and records and from information provided in the Second Feron Affidavit, the Receiver is currently aware of three distinct asset classes:

- a) shares of the Colombian Subsidiaries;
- b) equipment purchased by AuVert which was shipped to Colombia and is integrated into the main processing plant of AuVert Colombia (the “**P200 Equipment**”) which is either still owned directly by AuVert or was sold to AuVert Colombia and has not yet been paid for; and
- c) ancillary equipment purchased by AuVert (but not shipped to Colombia), which is currently located in British Columbia, Canada on consignment with a third-party for sale (the “**Ancillary Equipment**”).

Investments In the Colombian Subsidiaries

46. AuVert Colombia is the entity which operates the alluvial mine, which holds most of the equipment used to extract ore and is the entity from which employees are paid.

47. AuVert Colombia’s draft, unaudited 2022 financial statements (the “**AC 2022 Financials**”) show equipment on the balance sheet, including both rolling stock and the P200 Equipment, with a book value of the

approximately 18.7 billion COP (\$6.4 million as at August 15th, 2023) net of approximately 4.5 billion COP (\$1.5 million as at August 15th, 2023) of accumulated depreciation.

48. As discussed further in paragraphs 73 through 78, the P200 Equipment (gross book value of COP 19.1 billion or approximately \$6.4 million as of August 15, 2023) is accounted for on the books of AuVert Colombia as an asset with a related debt owing to AuVert. AuVert's financial records show the P200 equipment was purchased by AuVert and remains an asset and no further transaction (sale, lease or other) occurred to transfer it to AuVert Colombia. Given that AuVert Colombia does not have any documentation to support the purchase of the P200 Equipment from AuVert and the presentation of the P200 equipment as an asset on AuVert's books, the Receiver believes that some or all of the P200 equipment being used by AuVert Colombia may still be the property of AuVert.

49. In addition to the approximate 19.1 billion COP (\$6.6 million as at August 15th, 2023) owed to AuVert for the P200 Equipment, the AC 2022 Financials outline the following significant liabilities:

- a) approximately 15.8 billion COP (approximately \$5.4 million as at August 15th 2023) to 'Acreedores Oficiales' which the Receiver understands to be to the Colombian Government on account of taxes, fines and penalties associated with the importation of the P200 Equipment;
- b) approximately 10.1 billion COP (approximately \$3.5 million as at August 15th 2023) to Ulloa on account of financing provided by OCIM Precious Metals SA ("**OCIM**") to Ulloa in May 2022 which was then loaned to AuVert Colombia (as discussed below) and used to purchase additional equipment, vehicles and fund ongoing working capital requirements of the Colombian Subsidiaries;
- c) approximately 795 million COP (approximately \$273,000 as at August 15th 2023) to Metals and Catalyst Resources L.P. (i.e., M&C) on account of what we understand to be additional debt financing provided by M&C for working capital purposes in addition to the Pre-Pay Gold Purchase Loan (which Pre-Pay Gold Purchase Loan was assigned to M&C by Quincy Frost and is further discussed below); and
- d) advance payments and deposits totaling approximately 3.4 billion COP (approximately \$1.1 million) from Quincy Frost.

50. In aggregate, the AC 2022 Financials show a net deficit between assets and liabilities of approximately 22.1 billion COP (approximately \$7.6 million as at August 15th 2023) which indicates that AuVert Colombia has insufficient assets to pay its liabilities if they had to be settled in the short-term.

51.As noted previously, Ulloa is an entity which holds the mining rights, titles and other licenses and the entity from which extracted ore is allowed to be sold pursuant to Colombian regulatory requirements. Ulloa uses the services of AuVert Colombia to extract and process the ore.

52.Pursuant to the unaudited draft 2022 financial statements of Ulloa (the “**Ulloa 2022 Financials**”) the book value of the mining titles and related extraction rights held by Ulloa (the “**Mining Rights**”) are approximately \$600,000 (approximately 2.0 billion COP). The actual market value of the Mining Rights associated with the deposits may be significantly higher.

53.An independent third-party report dated July 7, 2020 on the mining assets of Ulloa (the “**2020 Valuation Report**”) estimates gross reserves of Gold and Platinum as follows:

	Proven Reserves	Probable Reserves	Estimated Reserves
Gold (troy oz)	1,165	3,991	37,308
Platinum (troy oz)	2,718	9,320	87,011

54.Using current spot prices as at August 15th, 2023 the gross ore reserves would translate to the following values, before consideration of extraction costs etc.:

	Proven Reserves	Probable Reserves	Estimated Reserves
Gold (troy oz)	1,165	3,991	37,308
Aug 15 spot price (USD/t.oz)	\$ 1,902	\$ 1,902	\$ 1,902
Gross Value (USD)	\$ 2,215,184.83	\$ 7,591,617.28	\$ 70,960,029.27
Platinum (troy oz)	2,718	9,320	87,011
Aug 15 spot price (USD/t.oz)	\$ 910	\$ 910	\$ 910
Gross Value (USD)	\$ 2,472,963.09	\$ 8,480,837.10	\$ 79,179,582.26
Combined Gross Value (USD)	\$ 4,688,147.92	\$16,072,454.38	\$150,139,611.53

55.The 2020 Valuation Report was prepared using data from a technical study that was conducted in 2007 and contained a number of qualifications including:

- a) ‘The gold and platinum mineral reserves reported for mining title FKJ-083 are poorly categorized, therefore, there is no support and reliability sufficient geological evidence to admit the figures reported as true’; and
- b) ‘The two mining titles studied present samples of previous mining works, denoted by deforested areas and tailings pools observable through satellite images, which reduces their economic potential.’

56.Accordingly, the Receiver is of the view that the market value of the Mining Rights may be higher than their book value. However, an updated technical study or a marketing process would be needed to ascertain a more reliable current value.

57.In addition to the Mining Rights, the other significant assets of Ulloa on the Ulloa 2022 Financials are:

- a) a debt owing by AuVert Colombia to Ulloa of approximately \$3,000,000 (approximately 10.1 billion COP) on account of debt financing provided by OCIM which was transferred to AuVert Colombia; and
- b) approximately \$1,200,000 (approximately 4.2 billion COP) of other non-financial assets which are supported by a note which contains a detailed list of items which all appear to be expenses (e.g., salaries, depreciation, insurance, legal expenses etc.). The basis for capitalizing these expenses on the balance sheet is not included in the note.

58. The significant liabilities included on the Ulloa 2022 Financials are as follows: approximately \$3,000,000 (approximately 10.1 billion COP) owed to OCIM; and approximately \$700,000 (approximately 2.5 billion COP) owed to AuVert Colombia for operating services. According to a public press release issued by OCIM on May 11, 2022, the terms of the financing were described as follows:

'AuVert Mining Group is now operating a first unit in Condoto, in the historical mining region of Chocé, in Colombia, via the companies Auvert Colombia SAS and Ulloa Recursos Naturales SAS (jointly "AuVert"). This site has the unique feature of combining native gold and platinum on the same alluvial site. Shut down for almost a year due to lack of funding, the site already has 5 million dollars worth of equipment and a fully trained and operational local team.

OCIM provided AuVert with prepaid financing of gold and platinum in the amount of US\$2.5 million. This non-dilutive alternative financing includes a grace period of 3 months and will be repaid over the following 12 months in the form of the monthly delivery of a quantity of gold and platinum fixed in advance. This quantity will be determined by applying a discount compared to the spot prices recorded on the date of the transfer of funds to AuVert.

This operation will finance both the acquisition of additional mining equipment for US\$2 million and the operator's WCR up to a residual amount of US\$500,000. It will enable the Condoto unit to be reactivated with a volume of 75m³ of ore processed per hour, with the objective of eventually extending it to maximum capacity, ie 200m³. Above all, it is the prerequisite for the widespread deployment of this innovative and responsible technology on other sites in Colombia, then in South America and potentially in Africa.

The future production of the Condoto unit will be delivered for refining of precious metals to the prestigious Swiss foundry MKS PAMP, a pioneer group in terms of sustainable development throughout the entire production chain: sourcing, anti-money laundering, impact and footprint carbon. An agreement between AuVert, OCIM and MKS PAMP is being drafted to secure the deliveries of precious metals provided for in the prepayment contract.'

59. The Receiver has requested but has not yet obtained copies of the loan agreement and other documents associated with the debt financing provided by OCIM. However, OCIM has made security registrations against AuVert Colombia and Ulloa and has issued an enforcement notice which is currently being disputed directly by Polaris.

60. The Ulloa 2022 Financials show a net surplus of assets compared to liabilities in the approximate amount of approximately \$1,300,000 (approximately 4.2 billion COP). Accordingly, the market value of Ulloa may be positive if it were to be wound-up or sold.

61. Pursuant to the Summary Judgment Order, among other things:

- a) the Share Sale Transaction was deemed to be null and void;
- b) AuVert Colombia and Ulloa were required update their respective share registers to reflect that Andean was never their owner; and
- c) James Slade and Matthew Slade were required to cause AuVert Colombia and Ulloa to comply with these changes, including if required by Telluris, by transferring share registers, minute books and share certificates to a person designated by Telluris.

62. Telluris has required the transfer of the documents listed above to the Receiver, but James Slade and Matthew Slade have not complied with the request, nor have they or the Colombian Subsidiaries undertaken the ownership change required by the Summary Judgment Order.

63. James Slade and Matthew Slade have been found in contempt of Court (the "**Contempt Judgment**") for not complying with the requirements on the Summary Judgment Order and were ordered by the Court to effect certain specific steps to unwind the Share Sale Transaction. A copy of the Summary Judgment is attached hereto as **Appendix "B"**.

64. In addition to the requirement to unwind the Share Sale Transaction, the Contempt Judgment also ordered the unwinding of a share issuance made by AuVert Colombia to Quincy Frost in December 2021 (the "**QF Share Issuance**") that was not disclosed prior to the granting of the Receivership Order and Summary Judgment Order.

65. The QF Share Issuance converted the \$1,250,000 owed by AuVert Colombia to Quincy Frost on account of the Pre-Pay Gold Purchase Loan to equity by granting it 377,592 common shares, representing an ownership interest of approximately 17.7%.

66. It is not clear to the Receiver how the QF Share Issuance is within the terms of the Pre-Pay Gold Purchase Loan or how it interacts with the assignment of the Pre-Pay Gold Purchase Loan to M&C pursuant to an agreement dated May 13, 2020 (the "**Assignment Agreement**"). However, the Receiver has received

documentation which indicates that both Quincy Frost and M&C have registered a security interest against the equipment (including the P200 Equipment) and shares of AuVert Colombia.

67. James Slade and Matthew Slade have not yet complied with the requirements of the Contempt Judgment. Accordingly, the Receiver through its equity interests in AuVert is not yet in control of the Colombian Subsidiaries.

68. During hearings related to the issuance of the Receivership Order and Summary Judgment Order and a hearing related to the Contempt Judgment, James Slade made representations to the Court regarding the inability of the Colombian Subsidiaries to legally undertake the ownership change requirements contemplated by the Summary Judgment, which included:

- a) AuVert Colombia's tax number (RUT) was frozen by the tax authorities;
- b) the accountant and auditor (known as the Revisor Fiscal) had both resigned so the Colombian Subsidiaries were without professional advice required to assess the companies' financial position and determine the actions needed to effect the ownership change;
- c) the minute books and other documents required to be transferred to the Receiver (as requested by Telluris) can only be transferred pursuant to an order of a Colombian court;
- d) the loan agreement with OCIM places restrictions on the transfer of shares;
- e) amounts owed to the Colombian tax authority (DIAN) for penalties and importation fees for the importation of the P200 Equipment is a personal liability for James Slade and he believes the ownership change would trigger a default and prompt collection actions against him; and
- f) reversal of the QF Share Issuance back to debt would put AuVert Colombia offside with Colombia's thin-capitalization tax laws.

69. The Receiver has had a number of status updates from James Slade and Matthew Slade who have disclosed the following related to the items noted above:

- a) the tax authorities have completed the site-visit necessary to unfreeze AuVert Colombia's tax number (RUT);
- b) the Colombian Subsidiaries had retained a new accountant and a new auditor (Revisor Fiscal) subsequent to the resignations of the prior ones (noted above); and
- c) OCIM has requested that Ulloa voluntarily give-up the Mining Rights to them on account of defaults in the financing provided by OCIM.

70. James Slade has yet to provide the Receiver with his proposed plan to effect the ownership change required by the Summary Judgment Order (i.e., as an alternative to the steps required in the Contempt Judgment).

71. Given the debts owed to M&C and OCIM, the Receiver has initiated contact with these organizations in order to determine their support for the Colombian Subsidiaries. So far, M&C has indicated they will continue supporting the Colombian Subsidiaries in order to receive repayment on the Pre-Pay Gold Purchase Loan through production. OCIM has not responded to requests by the Receiver for a meeting to discuss the situation. OCIM's enforcement on its security is currently in dispute with Polaris and therefore on hold in Colombia.

72. As the Receiver does not yet have control of the Colombian Subsidiaries and in light of the issues related to OCIM, the Receiver is evaluating potential options to advance AuVert's ownership interests without negatively impacting the value of the AuVert Colombian Equipment (as further discussed below in paragraphs 73 through 78).

Equipment in Colombia

73. AuVert records reviewed by the Receiver span from July 2017 to January 19, 2021 (i.e., the last date AuVert recorded any Canadian accounting transactions) show equipment valued at approximately \$8,500,000 (the "**AuVert Canada Listed Equipment**") in an asset clearing account. The Receiver understands such entries are associated with the procurement of the P200 Equipment and other assets that were acquired to be used by the Colombian Subsidiaries to advance the development of the alluvial mining operation.

74. According to the audited financial statements of AuVert Colombia as at December 31, 2022, there is approximately 19.1 billion COP (approximately \$6.4 million of equipment) which is reflected in AuVert Colombia's balance sheet as an asset and for which it has a corresponding liability to AuVert for repayment (the "**AuVert Colombia Listed Equipment**"). A list of the AuVert Colombia Listed Equipment is included in **Appendix "C"**.

75. The AuVert Canada Listed Equipment differs in quantum from the AuVert Colombia Listed Equipment due to what the Receiver believes to be poor accounting by AuVert. Specifically, it appears that a portion of the AuVert Canada Listed Equipment was capitalized by AuVert Colombia as an equity contribution transaction, which was not recorded by AuVert Canada and therefore remains as an asset on AuVert Canada's balance sheet.

76. Conversely, pursuant to the records of AuVert, the AuVert Colombia Listed Equipment was not actually purchased from AuVert but was instead imported into Colombia as a "Temporary Importation" for use in the Colombian Operations (i.e., and not as a purchase) so as to defer import duties and sales taxes. Documentation from AuVert indicates it had planned to capitalize the equipment as an equity contribution in the future once it had sufficient funding to do so.

77. On February 27, 2023, the Receiver wrote to Mr. James Slade informing him that pursuant to the Receivership Order and the powers granted to the Receiver therein, the Receiver was rescinding any prior authorizations by AuVert regarding the capitalization of the AuVert Colombia Listed Equipment and would not consent to any future capitalization.

78. The Receiver, through its Colombian Legal counsel, Philippi Prietocarrizosa Ferro DU & Uria (“**PPU**”), is in the processes of confirming with the Colombian Central Bank as to whether AuVert Colombia has a registered foreign investment as an in-kind contribution made with the P200 Equipment.

Equipment In Canada

79. While sourcing equipment for the Colombian Subsidiaries AuVert determined that eight (8) pieces of equipment which were located in British Columbia were redundant or unnecessary (the “**Residual Canadian Equipment**”). AuVert contracted with a third-party Savona Equipment Ltd. (“**Savona**”) on December 16, 2019, to sell the Residual Canadian Equipment on a consignment basis (the “**Consignment Agreement**”).

80. Pursuant to the Consignment Agreement and prior to the Date of Appointment, five (5) pieces of the Residual Canadian Equipment were sold by Savona for gross proceeds of \$77,500, corresponding to net proceeds of \$49,750 (the “**Pre-filing Savona Proceeds**”).

81. The Pre-Filing Savona Proceeds were paid directly into the trust account of AuVert’s Canadian legal counsel Miller Thomson.

82. Pursuant to a statement of account obtained from Miller Thompson, the funds received from Savona were used to pay the invoices of Miller Thomson and \$12,000 was sent to Quincy Frost Investments.

83. Miller Thomson represented AuVert, Quincy Frost and the Quincy Frost Board representatives in the Receivership Application and the Oppression Action. Accordingly, the use of these funds were not solely for the benefit of Auvert but for that of other parties.

84. Furthermore, the Pre-filing Savona Proceeds were proceeds of the sale of equipment which was subject to the Loan and Security Agreements and therefore should have been paid to Polaris.

85. Subsequent to its appointment, the Receiver contacted Savona to obtain an accounting of the equipment sales that occurred prior to the Date of Appointment, an inventory of what it had on hand and a copy of the consignment agreement.

86. There were three (3) pieces of the Residual Canadian Equipment located at Savona (i.e., the Ancillary Equipment) and due to the relatively low value of the equipment, the fact it was already at the premises of

a sales agent and would otherwise be costly to move, the Receiver elected to maintain the existing assignment agreement with Savona.

87. On November 1, 2022 Savona sold one (1) of the three (3) pieces of Ancillary Equipment, a Haver & Boeker deck rinse screen for gross proceeds of \$23,500 (\$18,800 after commissions). The proceeds are subject to a claim by CRA for unpaid source deductions and are currently being held by the Receiver, as further detailed herein at paragraphs 117 through 120.

88. The Receiver regularly follows up with Savona to check on the status of the remaining two (2) pieces of the Ancillary Equipment, a Orival self-cleaning water filter (offered for sale at \$20,000) and a Vestil Scissor Lift (offered for sale at \$7,400). These pieces are quite specialized and have not attracted any bids as at the date of this First Report.

89. Any proceeds generated from the sale of these two pieces of equipment would be subject to a claim by CRA for unpaid source deductions.

90. Pursuant to paragraph 3(k)(i) of the Receivership Order, the Receiver was granted the power “to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business 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 \$1,000,000.”

VII. OTHER ONGOING MATTERS

M&C Litigation

91. As previously outlined, on May 7, 2020 Quincy Frost and AuVert Colombia entered into the Pre-Pay Gold Purchase Loan for USD\$1,250,000. Although the Pre-Pay Gold Purchase Loan references a security agreement, the Receiver has not been provided with a copy of this security agreement and it remains unclear whether a security agreement was ever entered into, notwithstanding that Quincy Frost registered a security interest in relation to the assets of AuVert Colombia in the Colombian security registration system). On May 13, 2020, Quincy Frost assigned its right, title, interest and obligations under the Pre-Pay Gold Purchase Loan to M&C.

92. The Pre-Pay Gold Purchase Loan was amended and restated on June 18, 2021, to increase the prepaid gold amount by \$0.5 million USD to \$1.75 million USD. Quincy Frost obtained the funds through a second assignment agreement with M&C.

93. In December 2022 the Receiver contacted M&C to discuss the situation with the Colombian Subsidiaries and determine if M&C would be interested in supporting the marketing and sale of those entities pending approval of the Court. M&C was not supportive of that process or the Receiver's intention to monetize AuVert's interest in the Colombian Subsidiaries in the short term.

94. In January 2023, M&C appeared before the Court and obtained a stay from the Court of the operation of the Summary Judgment Order requiring the deregistration of Quincy Frost's security on the basis that M&C was prejudiced by it and were not notified of the proceedings prior to the issuance of the judgment.

95. The stay granted by the Court for approximately three (3) months until a hearing on the merits could occur.

96. On May 19th, 2023, the application was withdrawn on a without costs basis.

97. In a meeting on May 22nd, 2023, James Slade informed the Receiver that he had been contacted by Colombian legal counsel to M&C. The Receiver requested a copy of the correspondence from M&C and has written to M&C's Canadian legal counsel requesting notice of any actions in Colombia on the basis that AuVert owns equipment in Colombia which M&C has registered a security interest against.

Colombian Recognition Proceedings

98. As noted in paragraph 45 above, the Receiver is currently aware of three distinct asset classes:

- a) shares of the Colombian Subsidiaries;
- b) the P200 Equipment (or a receivable from AuVert Colombia related to the sale of it); and
- c) the Ancillary Equipment.

99. Given that two (2) of these three (3) asset classes are in Colombia, or require the cooperation of Colombian entities to realize on, the Receiver in consultation with Polaris, has determined that the best way to realize on the Company's assets is to have the Receivership Proceedings recognized in Colombia. As such, the Receiver is seeking an order (the "**Foreign Representative Order**") to, among other things: (i) authorize Hidvegi & Betancourt Consultores S.A.S. to act as "foreign representative" (in such capacity, the Foreign Representative) in respect of the Receivership Proceedings for the purpose of having the Receivership Proceedings recognized in Colombia; and (ii) authorize the Foreign Representative to apply to the Colombian Insolvency Court for recognition and approval of the Receivership Proceedings in Colombia. Assuming this Honourable Court grants an order authorizing the foregoing relief, a petition will be filed with the Colombian Insolvency Court to recognize in Colombian the Receivership Proceedings, and any orders granted in the Receivership Proceedings.

100. The Receiver is advised by its Colombian counsel that the Superintendencia de Sociedades is the insolvency court in Colombia where all insolvency proceedings for companies (unless alternate rules apply) must be dealt with.

101. The Receiver is advised by Colombian counsel that Law 1116 is the Colombian adoption of the UNCITRAL Model Law on Cross-Border Insolvency (1997) (the "**Model Law**").

102. The recognition of the Receivership Proceedings in Colombia and the appointment of the Foreign Representative are intended to:

- a) recognize AuVert's ownership of the AuVert Colombia Listed Equipment and empower (but not oblige) the Foreign Representative to administer these assets;
- b) obtain (if necessary) an unwinding of the Share Sale Transaction; and
- c) provide a forum and process for the realization of AuVert's Colombian assets and interest in the Colombian Subsidiaries in a timely manner and protect these assets from seizure or forfeit by the creditors of the Colombian Subsidiaries.

103. The Receiver is advised by its Colombian counsel that requirements of Law 1116 for the appointment of a Foreign Representative in Colombia are:

- a) existence of a foreign insolvency proceeding;
- b) assets or undertakings in Colombia associated with the foreign insolvency proceedings; and
- c) a foreign court has issued an order granting, among other things:
 - (i) appointing a foreign representative;
 - (ii) authorizing the foreign representative to apply in Colombia to act as the foreign representative of the proceedings in Colombia; and
 - (iii) defining the foreign representatives duties in Colombia.

104. As a result of the requirement described in subparagraph 103(c)(iii), the form of order being sought by the Receiver with respect to the appointment of the Foreign Representative is more robust than other "standard" orders appointing a foreign representative. More particularly, the form of order being sought by the Receiver specifically authorizes the Foreign Representative (if appointed) to apply to the Colombian Insolvency Court for certain relief and for an order authorizing the Foreign Representative to do (with the oversight of the Receiver) all things that the Receiver is empowered to do under the Receivership Order in addition to the following:

- a) seek recognition by the Colombian Insolvency Court of the Receivership Proceedings as a "foreign main proceeding" as that term is used in Article 2(b) of the Model Law;
- b) take any and all actions necessary to protect the Property of the Debtor in Colombia, provided that such actions are authorized by a Canadian Order or an order of the Colombia Court;

- c) take steps to protect, and if appropriate, monetize the interests of the Debtor in or related to the P200 Equipment;
- d) request that the Colombian Insolvency Court lend assistance to this Honourable Court; and
- e) seek any other appropriate relief from the Colombian Insolvency Court or any other court, tribunal, regulatory body, or administrative body having its jurisdiction in Colombia as the Receiver deems just and appropriate.

105. Given, among other things, that the proceedings in Colombia will occur in Spanish and upon the advice of PPU, the Receiver determined that it would be most efficient to appoint a Colombian National as the foreign representative of the Receivership Proceedings in Colombia, to act with the oversight of the Receiver.

106. The Receiver selected the Foreign Representative after interviewing and reviewing the qualifications of four (4) interested parties (including BDO's Colombian office). Hidvegi & Betancourt Consultores S.A.S. was selected on the basis that:

- a) its senior partner, Susana Hidvegi-Arango would be the individual responsible for overseeing this mandate and that Mrs. Hidvegi-Arango is highly qualified for the following reasons:
 - (i) Mrs. Hidvegi-Arango is an insolvency lawyer and former insolvency judge, she has extensive experience in the industry and understands her role and its duties; and
 - (ii) Mrs. Hidvegi-Arango is fluent in both English and Spanish; and
- b) Hidvegi & Betancourt Consultores S.A.S. compensation is on an hourly basis which provides an opportunity to save costs compared to candidates who intended to charge a fixed monthly fee.

107. The Receiver informed Polaris of its selection of the Foreign Representative and the proposed fee arrangement (including a retainer of USD \$5,000) Polaris informed the Receiver that they are supportive of the selection. A copy of the engagement letter with the Foreign Representative is attached hereto as **Appendix "E"**.

108. The form of Foreign Representative Order has been reviewed and revised by the Receiver's counsel in Colombia to ensure its effectiveness in that jurisdiction.

109. Based on the foregoing, the Receiver is of the opinion that:

- a) obtaining recognition of the Receivership Proceedings in Colombia is reasonable and necessary for the protection of AuVert's ownership interests and the realization of assets for the benefit of all creditors; and
- b) that the Foreign Representative is qualified to act and will undertake her duties in such a manner that is consistent with the expectations of the Court.

VIII. RECEIVER'S STATEMENTS OF RECEIPTS AND DISBURSEMENTS

110. The Receiver has prepared a statement of receipts and disbursements for AuVert for the period from the Date of Appointment to August 15th, 2023 (the "R&D") which is summarized as follows:

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS
(for the period October 3, 2022 to August 15, 2023)

INTERIM STATEMENT

RECEIPTS:	
Advance from secured creditor	\$300,000.00
Machinery and equipment	18,800.00
GST collected	940.00
Interest earned	2,272.96
Total Receipts	322,012.96
 DISBURSEMENTS:	
Receivers fees and costs	131,634.54
Legal Fees	139,213.75
GST paid on disbursements	10,528.29
Document Officiation	873.56
Postage	78.00
Receiver's Filing Fees	72.82
Accounting services	66.00
Bank Charges	68.00
Total Disbursements	282,534.96
 RECEIPTS OVER DISBURSEMENTS	 \$39,478.00

- a) As detailed in the table above, the Receiver had total receipts of \$322,012.96 between the Date of Appointment and Aug 15th, 2023, the majority of which were advances from Polaris which totaled \$300,000.00 required to fund the proceedings. In addition there was a minor receipt of \$18,800.00 on account of the sale of a single piece of Ancillary Equipment whose proceeds are subject to CRA's deemed trust for employee withholdings (approximately \$76,000);

- b) Total disbursements over the same period were \$282,534.96, the majority of which relate to professional fees for the Receiver and its legal counsel (both Canadian and Colombian); and
- c) Total excess receipts over disbursements as of Aug 15th, 2023 were \$39,478.00.

111. The Receiver anticipates that it will require additional funding to continue these proceedings given that that majority of AuVert's assets are located in Colombia and are currently in early stages of the realization process.

IX. CREDITORS

Secured Claims

112. As previously discussed, as at the Date of Appointment, AuVert is indebted to Polaris on a secured basis for \$4,074,605.40. Interest continues to accrue on this indebtedness.

113. The Receiver has not obtained an independent, written opinion from its legal counsel, Cassel Brock & Blackwell LLP ("**Cassels**"), with respect to the validity and enforceability of the Loan and Security Agreements as there is no pressing need to do so at this time and incur the associated costs.

Priority Claims

114. Polaris' security is subject to prior charges and security interests or claims in respect of the Property, which include:

- a) the Receiver's Charge;
- b) the Receiver's Borrowing Charge; and
- c) deemed trust claims.

Receiver's Charge

115. Pursuant to paragraph 20 of the Receivership Order, the Receiver and its counsel have the ability to receive ongoing payment for certain of their fees and disbursements incurred during the course of the Receivership Proceedings. For the period ending August 11th, 2023 the Receiver has been paid \$131,778.54 (excluding GST), its Canadian legal counsel has been paid \$76,872.21 (excluding GST) and its Colombian legal counsel have been paid \$40,196.49 USD (including VAT – unrecoverable by the Receiver) which cost \$62,341.44 Canadian Dollars. As these amounts have been paid, primarily from advances from the Polaris, they are now subject to the Receiver's Borrowing Charge.

Receiver's Borrowing Charge

116. Pursuant to paragraph 21 of the Receivership Order, the Receiver was authorized to borrow up to \$500,000, as it considered necessary or desirable. As of the date of this First Report, the Receiver has borrowed \$300,000, as evidenced by Receiver's Certificate (as defined in the Receivership Order).

Deemed Trust Claims

117. In a letter dated January 23, 2023 CRA informed the Receiver that AuVert owed approximately \$115,000 to it on account of unremitted employee taxes and other amounts related to its payroll account with CRA.

118. Of the approximately \$115,000 owed to CRA approximately \$76,000 was for unremitted employee source deductions and taxes which are deemed to be held in trust and do not form part of the property subject to the Receivership Proceedings and therefore rank ahead of the secured claims of Polaris.

119. The applicable appeal period for the notice of assessment which gave rise to the amounts owing to CRA has long expired. Accordingly, the Receiver has no plan or ability to dispute the amounts owing.

120. The Receiver is in the process of trying to obtain an administration agreement with CRA which will allow it to use the proceeds of asset sales to assist with the costs of the Receivership.

Unsecured Claims

121. According to the AuVert's books and records, unsecured creditors are owed approximately \$1.2 million at the Date of Appointment.

122. In addition, the Receiver has been contacted by the legal counsel of a former employee seeking to file an unsecured claim for approximately \$101,000 on account of unpaid wages, termination and severance. The employee worked for AuVert until August 2021. The Receiver has determined that the employee's claim (along with that of any other former employees) does not meet the qualifications for a priority claim pursuant to section 81.4 of the BIA nor the definition of eligible wages pursuant to the *Wage Earner Protection Program Act* ("WEPPA"). Accordingly, the Receiver is of the view that there are no employee priority claims nor an obligation to administer WEPPA.

123. The Receiver will seek an order from the Court for a claims process or will assign AuVert into bankruptcy if and when it appears that there will be excess funds available for a distribution to unsecured creditors.

Request for Approval of Fees

124. The Receiver and its counsel have maintained detailed records of their professional time and disbursements related to the Receivership Proceedings for the period extending from the Date of Appointment to August 11, 2023.

125. The Receiver's professional fees incurred for services rendered in relation to the receivership from the Date of Appointment to August 11, 2023 amount to \$131,512.50 plus disbursements in the amount of

\$266.04 (all excluding GST). These amounts represent professional fees and disbursements not yet approved by the Court.

126. The fees of the Receiver's Canadian counsel, Cassels, for services rendered in relation to the receivership from the Date of Appointment to August 11, 2023 total \$76,699.00 plus disbursements in the amount of \$173.21 (all excluding GST). These amounts represent professional fees and disbursements not yet approved by the Court.

127. The fees of the Receiver's Colombian counsel, PPU, for services rendered in relation to the receivership from the Date of Appointment to August 11, 2023 total USD \$33,267.92, plus disbursements in the amount of USD \$510.64 and unrecoverable VAT of USD \$6,417.93. These amounts represent professional fees and disbursements not yet approved by the Court.

128. Pursuant to section 20 of the Receivership Order, as at August 15, 2023 the Receiver has disbursed the following amounts (inclusive of fees, disbursements and taxes) from monies received from the Receiver's borrowings subject to the Receiver's Borrowing Charge:

- a) \$138,367.50 to the Receiver;
- b) \$80,710.57 to Cassels; and
- c) \$62,341.44 (USD \$40,196.49) to PPU.

129. The Receiver has reviewed the accounts of Cassels and PPU and determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

130. The time spent by the Receiver and its Canadian and Colombian legal counsel is detailed in **Appendix "D"**.

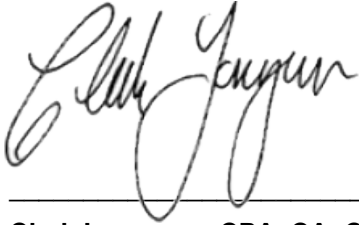
X. RECOMMENDATIONS

131. Based on the foregoing, the Receiver respectfully recommends that the Court issue an order(s):

- (a) approving the First Report and the actions, activities and conduct of Receiver set out therein;
- (b) authorizing Hidvegi & Betancourt Consultores S.A.S. to act as foreign representative of the Foreign Proceedings;
- (c) authorizing the Foreign Representative to apply to the Colombian Insolvency Court for recognition and approval of the Receivership Proceedings and any orders granted in the Receivership Proceedings, to the greatest extent permitted by the applicable laws, among other things;
- (d) approving the Receiver's statements of receipts and disbursements from the Date of Appointment to August 15, 2023 and
- (e) approving the accounts of the Receiver, Cassels and PPU as set out in this First Report.

132. All of which is respectfully submitted on the 21st day of August, 2023.

BDO Canada Limited in its capacity as Court-Appointed Receiver of the current and future assets, undertakings and properties of AuVert Mining Group Inc. and not in its personal or corporate capacity



Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President



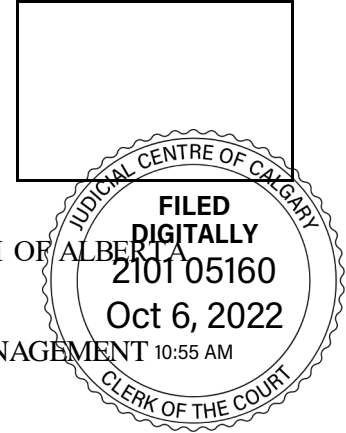
Michael Basso, CPA, CA, CIRP, LIT
Vice-President

Appendix “A”

Receivership Order

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of the
document digitally filed on Oct 6, 2022

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF
PLAINTIFF/APPLICANT:

DEFENDANT/RESPONDENT:
DOCUMENT
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT:

2101-05160
COURT OF KING'S BENCH OF ALBERTA
CALGARY
POLARIS FINANCIAL MANAGEMENT
LIMITED
AUVERT MINING GROUP INC.
RECEIVERSHIP ORDER
McMillan LLP
#1700, 421 – 7th Ave SW
Calgary, AB T2P 4K9
Attention: Jeffrey Levine/Preet Saini
Telephone: (416) 865.7791/ (403) 531.4716
Fax: (403) 531.4720
Email: jeffrey.levine@mcmillan.ca/
preet.saini@mcmillan.ca
File No. 277148

**DATE ON WHICH ORDER WAS
PRONOUNCED:**

October 3, 2022

**NAME OF JUDGE WHO MADE
THIS ORDER:**

The Honourable Justice D.B. Nixon

LOCATION OF HEARING:

Calgary Courts Centre

UPON the application of Polaris Financial Management Limited (“**Polaris**”) in respect of Auvert Mining Group Inc. (the “**Debtor**”); **AND UPON** having read the Application, the Affidavit of Nicolas Feron, filed June 24, 2021; and the Affidavit of Service of Lindsey Roy, filed; **AND UPON** reading the consent of BDO Canada Limited to act as receiver and manager (the “**Receiver**”) of the Debtor, filed; **AND UPON** hearing counsel for Polaris, counsel for the proposed Receiver and any other counsel or other interested parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 BDO Canada Limited is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property 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 Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to abandon, dispose of, or otherwise release any interest in any of the Debtors' Property;
 - (c) 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;

- (d) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (e) 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;
- (f) 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;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) 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;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (j) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) 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 \$1,000,000; and

(ii) 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 subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (l) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing 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;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate 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;
- (n) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority;
- (o) 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 thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have, including such rights as the Debtor may have as a holder of shares in AuVert Colombia S.A.S. and Ulloa Recursos Naturales S.A.S.;
- (r) to assign the Debtor into bankruptcy or obtain a bankruptcy order in respect of the Debtor; and
- (s) 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, including the Debtor, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) 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 (iii) 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 Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall

provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. 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 DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body’s investigation in respect of the Debtor or an action, suit or proceeding that is taken in respect of the Debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. “**Regulatory Body**” means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
 - (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;

- (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, 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, except with the written consent of the Debtor and the Receiver, or leave of this Court.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (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

14. The employment of all employees of the Debtor shall be automatically terminated and effective immediately upon the pronouncement of this Order. 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, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 (“**WEPPA**”).
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

- B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of **\$500,000**, as security for their professional fees and disbursements incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
- 19. The Receiver and its legal counsel shall pass their accounts from time to time.
- 20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

- 21. The Receiver shall be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount

as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver's Certificates**”) for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
31. The Receiver shall 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.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full 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.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver 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.

FILING

34. This Order is issued and shall be filed in the within action. All further proceedings shall be taken in this action unless otherwise ordered.

35. The Receiver shall establish and maintain a website in respect of these proceedings (the “**Receiver’s Website**”) and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
36. Service of this Order shall be deemed good and sufficient by:
- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order on the Receiver’s Website
- and service on any other person is hereby dispensed with.
37. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



Justice of the Court of King’s Bench of Alberta

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of AuVert Mining Group Inc. appointed by Order of the Court of King's Bench of Alberta and Court of King's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the [day] day of [month], [year] (the "Order") made in action number 2101-05160, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of [\$], being part of the total principal sum of \$500,000 that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ● day of each month] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of Bank of [●] from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

BDO Canada Limited, solely in its capacity as
Receiver of the Property (as defined in the Order),
and not in its personal or corporate capacity

Per: _____
Name:
Title:

Appendix “B”

Summary Judgement

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of the
document digitally filed on Oct 6, 2022

COURT FILE NUMBER 2001-13883

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFFS POLARIS FINANCIAL MANAGEMENT LIMITED
and TELLURIS HOLDINGS LTD.

DEFENDANTS AUVERT MINING GROUP INC., QUINCY FROST
INVESTMENTS INC., AUVERT COLOMBIA
S.A.S., ULLOA RECURSOS NATURALES S.A.,
MATTHEW SLADE, JAMES SLADE, MILTON
COX and ANDEAN MINING S.A.S.

DOCUMENT JUDGMENT

ADDRESS FOR SERVICE **McMillan LLP**
AND CONTACT #1700, 421 – 7th Avenue SW
INFORMATION OF Calgary, AB T2P 4K9
PARTY FILING THIS **Attention: Jeffrey Levine/Preet Saini**
DOCUMENT Telephone: (416) 865.7791/ (403) 531.4716
Facsimile: 403-531-4720
Email: jeffrey.levine@mcmillan.ca/
preet.saini@mcmillan.ca
File No: 277148

DATE ON WHICH JUDGMENT WAS PRONOUNCED: October 3, 2022

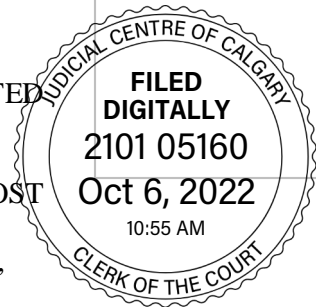
NAME OF JUSTICE WHO MADE THIS JUDGMENT: The Honourable D.B. Nixon

LOCATION OF HEARING: Calgary Courts Centre

UPON THE APPLICATION the plaintiffs, Telluris Holdings Ltd. (“**Telluris**”) and Polaris Financial Management Limited (“**Polaris**” and together with the Telluris, the “**Plaintiffs**”) seeking summary judgment; **AND UPON** being advised that service of the application was effected on the defendants, Auvert Mining Group Inc., Quincy Frost Investments Inc., Auvert Colombia S.A.S., Ulloa Recursos Naturales S.A.S, and Andean Mining S.A.S (collectively, the “**Corporate Defendants**”) and Matthew Slade, James Slade, Milton Cox (collectively with the Corporate Defendants, the “**Defendants**”), as set out in the Affidavit of Service of Lindsey Roy, filed; **AND UPON** reviewing the Affidavit of Nicolas Feron, filed June 24, 2021; **AND UPON** reviewing the brief of law filed in relation to this application; **AND UPON** Matthew Slade, James Slade, and Milton Cox having appeared before this Court on September 28, 2022 for the hearing of the Plaintiffs’ application; **AND UPON** hearing counsel for the Plaintiffs and Matthew Slade, James Slade, and Milton Cox; **AND UPON** this Court delivering its judgment on October 3, 2022;

IT IS HEREBY ORDERED THAT:

Clerk's Stamp



1. The sale on July 10, 2020 (the “**Sale**”) of the shares that AuVert Mining Group Inc. (“**AuVert**”) held in AuVert Colombia S.A.S (“**AuVert Colombia**”) and Ulloa Recursos Naturales S.A.S. (“**Ulloa**”) is hereby declared an act of AuVert and of Andean Mining Group Inc. (“**Andean**”) that effected a result that was oppressive to the Plaintiffs.
2. The votes of the defendants James Slade, Matthew Slade and Milton Cox as directors of AuVert on July 7, 2020 approving the Sale are hereby declared an exercise of their powers as directors of AuVert in a manner that was and is oppressive to the Plaintiffs.
3. The granting by AuVert Colombia of security interests over its property in favour of Quincy Frost further to the Pre-Paid Gold Purchase Agreement dated May 13, 2020 between AuVert Colombia as seller and Quincy Frost as buyer (the “**Loan**”) is hereby declared to have effected a result that was and is oppressive to the Plaintiffs.
4. The Sale is hereby declared null and void.
5. AuVert Colombia and Ulloa shall each update their respective share registers to reflect that Andean never owned, and that at all times AuVert owned and continues now to own, the entirety of the equity interests in the Colombian Subsidiaries transferred to Andean further to the Sale and James Slade and Matthew Slade shall cause AuVert Colombia and Ulloa to comply with their obligations under this paragraph 5 in all respects, including by causing the share certificates, share registers and shareholder meeting minute books of Auvert Colombia and Ulloa to be transferred to whomever AuVert may, with the prior written consent of Telluris but subject to any further order of this court, direct.
6. Quincy Frost shall cause Andean to execute such documentation and provide such direction as may be necessary for AuVert Colombia and Ulloa to satisfy their obligations under paragraph 5, above.
7. Quincy Frost shall forthwith discharge all security interests registered in its favour against AuVert Colombia further to the Loan and James Slade, Matthew Slade and Milton Cox shall cause Quincy Frost to comply with its obligations under this paragraph 7.
8. Quincy Frost, James Slade, Matthew Slade and Milton Cox, or any of them, are enjoined from transacting the affairs of AuVert without prior written consent of Telluris or further order of this court.
9. The Plaintiffs may return to this court for advice and direction in connection with the enforcement of the foregoing orders and directions.

10. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Judgment and the declarations, orders and directions set out herein.



Justice of the Court of King's Bench of Alberta

Appendix “C”

AuVert Colombia Listed Equipment

Appendix "C"

NIT TERCERO	TERCERO	NUMERO FACTURA	Value (USD)	TRM 31/12/2021	TOTAL	TRM 31/12/2022	DIFERENCIA	DIFERENCIA EN CAMBIO	SALDO A 31/12/2022
444444011	AUVERT MINING GROUP INC	5587	132,890.69	3,981.16	529,059,099.40	4,665.33	684.17	90,919,823.38	619,978,922.78
444444011	AUVERT MINING GROUP INC	5590	249,770.70	3,981.16	994,377,120.01	4,665.33	684.17	170,885,619.82	1,165,262,739.83
444444011	AUVERT MINING GROUP INC	5592	78,110.62	3,981.16	310,970,875.92	4,665.33	684.17	53,440,942.89	364,411,818.80
444444011	AUVERT MINING GROUP INC	5586	249,477.98	3,981.16	993,211,754.86	4,665.33	684.17	170,685,349.58	1,163,897,104.43
444444011	AUVERT MINING GROUP INC	5603	151,659.37	3,981.16	603,780,217.47	4,665.33	684.17	103,760,791.17	707,541,008.64
444444011	AUVERT MINING GROUP INC	5575	581,593.33	3,981.16	2,315,416,101.66	4,665.33	684.17	397,908,708.59	2,713,324,810.25
444444011	AUVERT MINING GROUP INC	5535	305,995.77	3,981.16	1,218,218,119.69	4,665.33	684.17	209,353,125.96	1,427,571,245.65
444444011	AUVERT MINING GROUP INC	5536	261,910.38	3,981.16	1,042,707,128.44	4,665.33	684.17	179,191,224.68	1,221,898,353.13
444444011	AUVERT MINING GROUP INC	5533	71,081.24	3,981.16	282,985,789.44	4,665.33	684.17	48,631,651.97	331,617,441.41
444444011	AUVERT MINING GROUP INC	5534	175,966.74	3,981.16	700,551,746.62	4,665.33	684.17	120,391,164.51	820,942,911.12
444444011	AUVERT MINING GROUP INC	5591	64,602.70	3,981.16	257,193,685.13	4,665.33	684.17	44,199,229.26	301,392,914.39
444444011	AUVERT MINING GROUP INC	4405214	78,557.58	3,981.16	312,750,295.19	4,665.33	684.17	53,746,739.51	366,497,034.70
444444021	CDE GLOBAL LIMITED	180518	107,555.00	3,981.16	428,193,663.80	4,665.33	684.17	73,585,904.35	501,779,568.15
444444021	CDE GLOBAL LIMITED	2668	272,648.40	3,981.16	1,085,456,904.14	4,665.33	684.17	186,537,855.83	1,271,994,759.97
444444021	CDE GLOBAL LIMITED	70919	372,498.68	3,981.16	1,482,976,844.87	4,665.33	684.17	254,852,421.90	1,737,829,266.76
444444022	STEINERT AUSTRALIA PTY LTD	9721	58,439.51	3,981.16	232,657,039.63	4,665.33	684.17	39,982,559.56	272,639,599.19
444444023	SAFETY RAIL COMPANY	1352	20,473.76	3,981.16	81,509,314.36	4,665.33	684.17	14,007,532.38	95,516,846.74
444444023	SAFETY RAIL COMPANY	1351	9,172.27	3,981.16	36,516,274.43	4,665.33	684.17	6,275,391.97	42,791,666.40
444444023	SAFETY RAIL COMPANY	1352	25,256.71	3,981.16	100,551,003.58	4,665.33	684.17	17,279,883.28	117,830,886.86
444444024	ARCH ENVIRONMENTAL EQUIPMENT, INC	135273	20,815.90	3,981.16	82,871,428.44	4,665.33	684.17	14,241,614.30	97,113,042.75
444444025	STEINERT US	9479	196,050.00	3,981.16	780,506,418.00	4,665.33	684.17	134,131,528.50	914,637,946.50
444444026	FLSMIDTH LTD	2248311	70,556.07	3,981.16	280,895,003.64	4,665.33	684.17	48,272,346.41	329,167,350.05
444444027	EIJKELKAMP SONICSAMPDRILL	4405212	211,432.31	3,981.16	841,745,855.28	4,665.33	684.17	144,655,643.53	986,401,498.81
444444027	EIJKELKAMP SONICSAMPDRILL	4405211	336,383.20	3,981.16	1,339,195,340.51	4,665.33	684.17	230,143,293.94	1,569,338,634.46
	SALDO CXP PROVEEDORES USD		4,102,898.91		16,334,297,024.53			2,807,080,347.25	19,141,377,371.79

Appendix “D”

Professional Fee Summary

AuVert Mining Group Inc.
Summary of Professional Fees
For the period October 03, 2022 to August 11, 2023

BDO Canada Limited (\$CAD)

Date Range	Invoice #	Fees	Adjustments	Net Fees	Disbursements	Subtotal	Sales Tax	Total
Sep 08, 2022 - Oct 07, 2022	CINV1988089	\$ 16,305.00	\$ -	\$ 16,305.00	\$ 50.00	\$ 16,355.00	\$ 817.75	\$ 17,172.75
Oct 08, 2022 - Oct 21, 2022	CINV2023156	16,120.00	0.00	16,120.00	72.04	16,192.04	809.60	17,001.64
Oct 22, 2022 - Nov 04, 2022	CINV2023160	9,796.00	0.00	9,796.00	0.00	9,796.00	489.80	10,285.80
Nov 05, 2022 - Nov 19, 2022	CINV2031343	5,434.00	0.00	5,434.00	0.00	5,434.00	271.70	5,705.70
Nov 20, 2022 - Dec 03, 2022	CINV2058796	4,998.50	0.00	4,998.50	0.00	4,998.50	249.93	5,248.43
Dec 04, 2022 - Dec 31, 2022	CINV2091936	7,676.00	0.00	7,676.00	78.00	7,754.00	387.70	8,141.70
Jan 01, 2023 - Jan 15, 2023	CINV2105962	6,473.00	0.00	6,473.00	0.00	6,473.00	323.65	6,796.65
Jan 16, 2023 - Jan 27, 2023	CINV2124272	6,384.00	0.00	6,384.00	0.00	6,384.00	319.20	6,703.20
Jan 28, 2023 - Feb 10, 2023	CINV2149855	4,525.00	0.00	4,525.00	0.00	4,525.00	226.25	4,751.25
Feb 11, 2023 - Feb 24, 2023	CINV2159524	8,170.50	0.00	8,170.50	0.00	8,170.50	408.53	8,579.03
Feb 25, 2023 - Mar 10, 2023	CINV2188393	9,848.00	0.00	9,848.00	66.00	9,914.00	495.70	10,409.70
Mar 11, 2023 - Mar 24, 2023	CINV2202749	6,908.50	-120.00	6,788.50	0.00	6,788.50	339.43	7,127.93
Mar 25, 2023 - Apr 07, 2023	CINV2242250	2,520.00	0.00	2,520.00	0.00	2,520.00	126.00	2,646.00
Apr 08, 2023 - Apr 21, 2023	CINV2272011	1,997.50	0.00	1,997.50	0.00	1,997.50	99.88	2,097.38
Apr 22, 2023 - May 05, 2023	CINV2320575	2,912.00	0.00	2,912.00	0.00	2,912.00	145.60	3,057.60
May 06, 2023 - May 19, 2023	CINV2334322	2,188.00	0.00	2,188.00	0.00	2,188.00	109.40	2,297.40
May 20, 2023 - Jun 02, 2023	CINV2374181	7,757.50	0.00	7,757.50	0.00	7,757.50	387.88	8,145.38
Jun 03, 2023 - Jun 16, 2023	CINV2388183	1,895.00	0.00	1,895.00	0.00	1,895.00	94.75	1,989.75
Jun 17, 2023 - Jun 30, 2023	CINV2415710	1,655.00	0.00	1,655.00	0.00	1,655.00	82.75	1,737.75
Jul 01, 2023 - Jul 14, 2023	CINV2442976	1,657.50	0.00	1,657.50	0.00	1,657.50	82.88	1,740.38
Jul 15, 2023 - Jul 28, 2023	CINV2459611	1,796.50	0.00	1,796.50	0.00	1,796.50	89.83	1,886.33
Jul 29, 2023 - Aug 11, 2023	CINV2482137	4,615.00	0.00	4,615.00	0.00	4,615.00	230.75	4,845.75
Total		131,632.50	-120.00	131,512.50	266.04	131,778.54	6,588.96	138,367.50

Cassels Brock & Blackwell LLP (\$CAD)

Date Range	Invoice #	Fees	Adjustments	Net Fees	Disbursements	Subtotal	Sales Tax	Total
Sep 12, 2022 - Oct 07, 2022	2180531	\$ 10,411.00	\$ -	\$ 10,411.00	\$ -	\$ 10,411.00	\$ 520.55	\$ 10,931.55
Oct 08, 2022 - Oct 21, 2022	2181563	1,752.00	0.00	1,752.00	0.00	1,752.00	87.60	1,839.60
Oct 22, 2022 - Nov 04, 2022	2182732	7,532.00	-600.00	6,932.00	42.00	6,974.00	348.40	7,322.40
Nov 05, 2022 - Nov 18, 2022	2183832	1,219.50	0.00	1,219.50	0.00	1,219.50	60.98	1,280.48
Nov 19, 2022 - Dec 02, 2022	2185564	3,335.00	0.00	3,335.00	0.00	3,335.00	166.75	3,501.75
Dec 03, 2022 - Dec 31, 2022	2188139	3,117.50	0.00	3,117.50	0.00	3,117.50	155.88	3,273.38
Jan 01, 2023 - Jan 13, 2023	2191331	5,622.50	0.00	5,622.50	0.00	5,622.50	281.13	5,903.63
Jan 14, 2023 - Jan 27, 2023	2191406	1,472.50	0.00	1,472.50	0.00	1,472.50	73.63	1,546.13
Jan 28, 2023 - Feb 10, 2023	2192356	2,588.50	0.00	2,588.50	0.00	2,588.50	129.43	2,717.93
Feb 11, 2023 - Feb 24, 2023	2193404	2,867.50	0.00	2,867.50	0.00	2,867.50	143.38	3,010.88
Feb 25, 2023 - Mar 10, 2023	2194649	1,317.50	0.00	1,317.50	0.00	1,317.50	65.88	1,383.38
Mar 11, 2023 - Mar 27, 2023	2195519	976.50	0.00	976.50	0.00	976.50	48.83	1,025.33
Mar 28, 2023 - Apr 07, 2023	2196528	465.00	0.00	465.00	100.00	565.00	23.25	588.25
Apr 08, 2023 - Apr 30, 2023	2199405	310.00	0.00	310.00	0.00	310.00	15.50	325.50
May 01, 2023 - May 19, 2023	2200795	1,627.50	0.00	1,627.50	0.00	1,627.50	81.38	1,708.88
May 20, 2023 - Jun 02, 2023	2202150	2,684.50	0.00	2,684.50	0.00	2,684.50	134.23	2,818.73
Jun 03, 2023 - Jul 02, 2023	2205390	9,422.00	-1,422.00	8,000.00	31.21	8,031.21	401.56	8,432.77
Jul 03, 2023 - Aug 11, 2023	2208682	24,324.00	-2,324.00	22,000.00	0.00	22,000.00	1,100.00	23,100.00
Total		81,045.00	-4,346.00	76,699.00	173.21	76,872.21	3,838.36	80,710.57

Philippi Prietocarrizosa Ferro DU & Uria S.A.S. (\$USD)

Date Range	Invoice #	Fees	Adjustments	Net Fees	Disbursements	Subtotal	Sales Tax	Total
Oct 25, 2022 - Nov 04, 2022	PPU171712	\$ 4,979.58	\$ -	\$ 4,979.58	\$ -	\$ 4,979.58	\$ 946.12	\$ 5,925.70
Nov 04, 2022 - Dec 28, 2022	PPU173142	2,641.67	0.00	2,641.67	0.00	2,641.67	501.92	3,143.59
Jan 01, 2023 - Jan 15, 2023	PPU173261	3,429.17	0.00	3,429.17	0.00	3,429.17	651.54	4,080.71
Jan 16, 2023 - Jan 31, 2023	PPU173588	5,457.50	0.00	5,457.50	0.00	5,457.50	1,036.93	6,494.43
Feb 01, 2023 - Feb 21, 2023	PPU174051	1,926.67	0.00	1,926.67	0.00	1,926.67	366.07	2,292.74
Feb 16, 2023 - Feb 28, 2023	PPU174425	5,051.66	0.00	5,051.66	0.00	5,051.66	959.82	6,011.48
Mar 01, 2023 - Jun 30, 2023	PPU176892	4,480.01	0.00	4,480.01	0.00	4,480.01	851.20	5,331.21
Jul 01, 2023 - Jul 31, 2023	PPU177579	2,213.33	0.00	2,213.33	510.64	2,723.97	517.55	3,241.52
Aug 01, 2023 - Aug 11, 2023	PPU177655	3,088.33	0.00	3,088.33	0.00	3,088.33	586.78	3,675.11
Total		33,267.92	0.00	33,267.92	510.64	33,778.56	6,417.93	40,196.49

Appendix “E”

Engagement Letter of
the Foreign Representative



BDO Canada Limited in
its capacity as Court-appointed
Receiver of the assets of AuVert Mining Group Inc.

20 Wellington st. West
Suite 500
M5E 1C5
Attn: Michael Basso, LIT
Via MBasso@bdo.ca

Re: Engagement of Hidvegi & Betancourt Consultores S.A.S. (the "Colombian Representative") by BDO Canada Limited ("BDO") in its capacity as Court-Appointed Receiver (in such capacity, the "Receiver") of the assets, undertakings and properties (collectively, the "Property") of Auvert Mining Group Inc. ("AuVert") to act as Foreign Representative of the Receivership Proceeding of Auvert in Colombia.

Mr. Basso,

The purpose of this letter (this "Engagement Letter") is to govern the scope and terms for the engagement by the Receiver of the Colombian Representative.

This Engagement Letter and the attached Schedules A, B, C, and D, constitute the agreement governing the engagement (the "Agreement").

Background. BDO was appointed as Receiver of the Property pursuant to an order of the Court of the King's Bench of Alberta (the "Court") pronounced on October 3, 2022 (the "Receivership Order") in Court Action No. 2101-05160 (the "Receivership Proceedings"). The Receivership Order authorizes the Receiver to engage such persons as may be necessary to assist the Receiver to carry out its duties under the Receivership Order, including to assist with the exercise of the Receiver's powers and duties under the Receivership Order. The Receiver intends to bring an application in the Court to seek an order (the "Foreign Representative Order") to, among other things: (i) authorize the Colombian Representative to act as the "foreign representative" (as that term is used in Article 2(d) of the Model Law on Cross-Border Insolvency adopted by the United Nations Commission on International Trade Law (the "Model Law") and in Law 1116 of 2006 ("Law 1116") of Colombia) in respect of the Receivership Proceedings for the purpose of having the Receivership Proceedings recognized in Colombia; and (ii) authorize the Colombian Representative in its capacity as foreign representative to apply to any court, tribunal, regulatory or administrative body in Colombia for foreign recognition and approval of the

Receivership Proceedings and any order granted in the Receivership Proceedings (the "**Foreign Recognition Proceedings**").

Scope of Engagement. Upon the granting of the Foreign Representative Order, the Colombian Representative will provide those services listed in Schedule A, Scope of Services (the "Services") to the Receiver on an as-needed and as-requested basis.

Fees and Expenses. The Colombian Representative will charge fees to the Receiver for its services as set forth in Schedule B, Fees and Expenses. The fees of the Colombian representative shall be subject to approval by the Court of King's Bench of Alberta (the "**Canadian Court**").

General Terms and Conditions. The Agreement is subject to the terms and conditions set forth in Schedule C, General Terms and Conditions.

Staffing. Susana Hidvegi-Arango will be the main representative of the Colombian Representative responsible for carrying out the Services, assisted by a team of consultants with appropriate experience and skills.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

If you agree with the terms of the Agreement, please sign and date this Engagement Letter below and return a copy to the undersigned. In addition, wire transfer payment of the Retainer (as defined below), in accordance with the instructions in Schedule B.

We very much appreciate this extraordinary opportunity.

Sincerely,

Hidvegi & Betancourt Consultores S.A.S.

By:  _____

Date: August 14, 2023

Name: **Susana Hidvegi Arango**

Title: Partner - HB Legal

Agreed and accepted:

**BDO Canada Limited in
its capacity as Court-appointed
Receiver of the assets, undertakings and properties of AuVert Mining
Group Inc., and not in its personal or corporate capacity**

By:  _____

Date: August 14, 20223

Name: Michael Basso, LIT

Title: Vice President

Schedule A – Scope of Engagement

The Colombian Representative is prepared to provide the following services to Receiver on an as-needed and as-requested basis:

1. Perform a detailed review of all materials and orders filed in the Receivership Proceedings.
2. Provided that the Foreign Representative Order is granted:
 - a. act as the “foreign representative” (as that term is defined in the Model Law and Law 1116) of the Receivership Proceedings in Colombia;
 - b. apply to the Superintendencia de Sociedades in Colombia in its capacity as insolvency court (in such capacity, the “**Colombian Insolvency Court**”) and in accordance with the instructions of the Receiver for, among other things, the recognition and approval of the Receivership Proceedings and any orders granted in the Receivership Proceedings (the “**Canadian Orders**”) in Colombia, and for assistance in carrying out the terms of the Canadian orders and the Receivership Proceedings in Colombia;
 - c. apply to the Colombian Insolvency Court (in accordance with the instructions of the Receiver) for, among other things, the relief described in the Foreign Representative Order;
 - d. draft all necessary motions, materials and documents required to obtain the recognition described in subsection 2(b) and (c) and required throughout the Foreign Recognition Proceedings and attend all hearings scheduled before the Colombian Insolvency Court in relation to the Foreign Recognition Proceedings; and
 - e. provide updates as requested by the Receiver to the Receiver and Court as required.
3. Provide all other services requested by the Receiver in connection with the Foreign Recognition Proceedings or the Foreign Recognition Order as requested by the Receiver from time to time; provided that if the additional services requested are beyond the scope of the activities reasonably expected from a foreign representative in such circumstances, the Colombian Representative reserves the right to propose additional fees for such services, which fees shall not be incurred or payable without the Receiver’s prior acceptance in writing.

Schedule B - Fees and Expenses

1. Retainer. Within 10 days of the Effective Date (as defined below), the Receiver will pay to the Colombian Representative a retainer in the amount of USD\$5,000 (the "Retainer"), which Retainer will be applicable to the anticipated fees and disbursements of the Colombian Representative. The Colombian Representative shall hold the Retainer as security over the course of the engagement, in which case the Receiver will still be required to remit payments on an ongoing basis in accordance with the terms of this Schedule B and as approved by the Court. The Retainer shall be immediately refundable to the Receiver in the event that the Foreign Representative Order is not granted or in the event that the Colombian Representative is not authorized to act as foreign representative in respect of the Receivership Proceedings. Additionally, the Colombian Representative shall reimburse the Receiver at the end of this matter for any remaining balance of the Retainer.

2. Fees and other Charges.

- a. The Colombian Representative will charge fees to the Receiver at a rate of USD\$300 per hour plus the applicable taxes (the "Fees"). There will be no deductions made by the Receiver from the Colombian Representative's Fees and the Colombian Representative will be personally responsible for its own payroll deductions and reporting of earnings to the appropriate taxing authorities. The Colombian Representative is and shall remain at all times an independent contractor and is not, and shall not represent the Colombian Representative to be an agent, joint venturer, partner, officer, director or employee of the Receiver. Nothing contained in this Agreement is intended to create nor shall be construed as creating an employment relationship between the Colombian Representative and the Receiver.
- b. The Colombian Representative has sole responsibility, as an independent contractor, to comply with all laws, rules and regulations relating to the provision of the Services (including all applicable Canadian and Colombian laws). The Colombian Representative shall be responsible for deducting any and all applicable Canadian federal and provincial taxes and any Colombian federal and departmental taxes, deductions, premiums, and amounts owing with respect to those fees paid by the Receiver for the Services. Accordingly, the Colombian Representative agrees to indemnify and hold the Receiver, its directors, officers, agents and employees harmless from and against any and all liabilities, claims, demands, suits, losses, fines, surcharges, damages, costs and expenses in respect of any failure on the part of the Receiver to (i) withhold any taxes, premiums, payments, benefit overpayments, levies or other amounts from all or any part of the fees or other amounts paid to the Colombian Representative during the term of this Agreement; or (ii) comply with requirements to make payments under any applicable legislation. In the event that any competent legal authority determines that the Receiver was required to withhold, deduct or remit any amounts, income tax, employment insurance premiums, or any other contributions, or upon demand by such competent legal authority, the Receiver shall be entitled, but not obligated, to

pay directly to such authority any amounts which are so claimed and shall deduct the amount of such payments, plus expenses reasonably attributable to making such payment, from any monies otherwise payable under this Agreement to the Colombian Representative, including, but not limited to, the Fees.

- c. The Colombian Representative shall render invoices for Fees on a biweekly basis and detailed time records will be submitted monthly or more frequently as agreed to from time to time by the Receiver and Colombian Representative. Invoices are to be addressed to BDO Canada Limited, in its capacity as receiver of the assets, undertakings and properties of AuVert Mining Group Inc. (Attention: Michael Basso).
- d. There shall be no set hours of work. However, the Colombian Representative agrees to be reasonably available to provide requested services to the Receiver as may be required. The Colombian Representative acknowledges that there may be special circumstances which will require requested services to be provided outside standard working hours for which no additional compensation will be provided.
- e. In connection with providing the services hereunder, the Colombian Representative will be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the services provided hereunder, such as travel, meals, and delivery services, provided that such expenses are authorized by the Receiver in writing. The Colombian Representative will remit all statements, receipts, and vouchers to the Receiver to be reimbursed for such approved expenses. The authorization and reimbursement of any expenses shall be in the Receiver's sole and absolute discretion and shall be subject to Court approval.

3. Invoicing and Payment. The Colombian Representative will submit invoices for its fees and expenses bi-weekly. All invoices will be due and payable upon receipt and are payable via wire transfer in accordance with the following instructions:

Bancolombia S.A.
Swift Code: COLOCOBM
Name: Hidvegi & Betancourt Consultores S.A.S.
Number account: 04000002985
Kind of account: Savings Account
NIT: 901553233-1
E-Mail: Hidvegi.S@outlook.com

In the event that the Canadian Court does not approve some or all of the Fees paid by the Receiver to the Colombian Representative (the "**Disallowed Fees**"), the Colombian Representative shall immediately repay the Disallowed Fees to the Receiver. In the event that the Disallowed Fees are not repaid, the Receiver shall be entitled to set-off the amount of the Disallowed Fees against any future Fees incurred.

Schedule C - General Terms and Conditions

These General Terms and Conditions ("Terms") are incorporated into the Engagement.

1. Confidentiality

The Colombian Representative shall not, during or after the period of this Agreement, make any use of or divulge to any unauthorized person, Confidential Information except in the course of work specified herein. This obligation of confidentiality in respect of the Confidential Information shall remain in effect for so long as the Confidential Information continues to be confidential. "**Confidential Information**" means proprietary data and related information which is confidential to the Property of or in any way relates to the business of the Debtor, but shall not include any information that is already in the public domain.

The Receiver is hereby authorized to disclose the invoices rendered in relation to the Fees to the Court or as otherwise required in accordance with the Receivership Proceedings.

2. Conflict of Interest Disclosures

The Receiver expressly acknowledges that the Colombian Representative may represent its competitors or business counterparties and those of its affiliated or related companies in matters not substantially related to the subject matter and scope of this Agreement or to any other legal services provided by Colombian Representative to the Receiver or its affiliated or related companies at any time.

The Agreement empowers the Colombian Representative to, among other things, provide legal services to competitors or business counterparties of the Receiver in matters not substantially related to the legal services rendered to the Receiver by Colombian Representative at any time and by virtue of this Agreement and other legal services rendered by the Colombian Representative to the Receiver or its affiliated or related companies at any time.

If the Receiver does not accept this Engagement Letter, the fact that we have submitted this Engagement Letter shall not imply the existence of a conflict of interest for Colombian Representative to represent interests in conflict with those of the Receiver.

3. Term and Termination

This Agreement shall be effective as of the date this Agreement is executed by both parties (the "Effective Date") and shall continue thereafter until further notice, unless terminated earlier as per the below.

- a) *Termination if Foreign Representative Order not Granted.* In the event that the Court does not grant the Foreign Representative Order, or that the Colombian Representative is not authorized to act as "foreign representative"

in respect of the Receivership Proceedings, then this Agreement shall automatically terminate.

- b) *Termination by the Receiver.* The Receiver may terminate this agreement by giving the Foreign Representative ten-days written notice of such termination (e-mail is acceptable) at any time; provided however that if this Agreement is terminated by the Receiver, and the Receiver instructs the Foreign Representative to do so, the Foreign Representative shall be solely responsible for ensuring that such termination complies with Colombian law and that the Foreign Representative is removed as "foreign representative" of the Foreign Recognition Proceedings and, if appropriate, replaced with an alternate "foreign representative", who has been preapproved by the Receiver acting in its sole discretion.
- c) *Termination by the Foreign Representative.* The Foreign Representative may terminate this agreement by giving the Receiver 10-days written notice of such termination (e-mail is acceptable) at any time; provided however that if this Agreement is terminated by the Foreign Representative, the Foreign Representative shall be solely responsible for ensuring that such termination complies with Colombian law and that the Foreign Representative is removed as "foreign representative" of the Foreign Recognition Proceedings and, if appropriate, replaced with an alternate "foreign representative", who has been preapproved by the Receiver acting in its sole discretion.

Notwithstanding the termination of this Agreement, the Receiver shall be obliged to pay all Fees validly incurred in accordance with this Agreement up to the date of the termination of this Agreement, as well as any expenses and third-party payments validly incurred in accordance with this Agreement.

4. Limitation of Liability / Indemnification

The Colombian Representative agrees to indemnify the Receiver for all loss or damages arising out of the negligence or misconduct of the Colombian Representative and agrees to indemnify and hold the Receiver harmless from any and all claims against the Receiver arising out of the negligence or misconduct of the Colombian Representative or related to the undue performance of the services provided by the Colombia Representative under this agreement.

5. Receivership Order

This Agreement is made in connection with the Receivership Order and remains subject to the Receivership Order and any other orders granted in the Receivership Proceedings.

6. Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto and supersedes and replaces any and all other representations, understandings, negotiations and previous agreements, written or oral, express or implied.

7. Legal Advice

The Colombian Representative acknowledges that the Colombian Representative has read and understands the terms and conditions contained in this agreement, and that

the Receiver has provided a reasonable opportunity for the Colombian Representative to seek independent legal advice prior to executing this agreement.

8. Assignment

This Agreement may not be assigned by either of the Parties without the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld by the Colombian Representative but may be withheld for any reason by the Receiver.

9. Applicable Law

This Agreement and all matters arising hereunder shall be interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable herein. The forum for enforcement or determination of any and all disputes and claims of any nature whatsoever arising out of or in connection with this Agreement shall be referred to the Court of King's Bench of Alberta in the Judicial Centre of Calgary.