No. S154746
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985 c. C-44, AS AMENDED

AND

IN THE MATTER OF NORTH AMERICAN TUNGSTEN CORPORATION LTD.

SIXTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

JULY 23, 2015

A&M
ALVAREZ & MARSAL

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1.0 INTRODUCTION

1.1 On June 9, 2015, on the application of North American Tungsten Corporation Ltd. (the "**Company**" or "**NATC**"), the Supreme Court of British Columbia (the "**Court**") made an order (the "**Initial Order**") granting a stay of proceedings against or in respect of the Company and its assets until July 9, 2015 (the "**Stay of Proceedings**") pursuant to the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings brought by the Company under the CCAA will be referred to herein as the "**CCAA Proceedings**".

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**" or the "**Monitor**") was appointed as Monitor of the Company in the CCAA Proceedings.

1.3 The Initial Order along with select application materials and other documents filed in the CCAA Proceedings are posted on the Monitor's website at www.alvarezandmarsal.com/northamerican.

1.4 On July 9, 2015, the Court granted an order extending the Stay of Proceedings to July 17, 2015 and confirming, amending and restating the Initial Order and an order authorizing and empowering NATC to:

a) enter into a forbearance agreement (the "**Forbearance Agreement**") with Callidus Capital Corporation ("**Callidus**"); and

b) enter into, and borrow $2.5 million under, a credit facility to be provided by Callidus (the "**Interim Lending Facility**") to be secured by a super priority charge over all of the assets of NATC.

1.5 On July 17, 2015, the Court granted an order extending the Stay of Proceedings to October 31, 2015 and approving and authorizing NATC to:

a) conduct a sales and investment solicitation process ("**SISP**") in respect of the Company, its business and/or its assets; and

b) enter into an engagement letter with Alvarez & Marsal Canada Securities ULC ("**A&M Securities**") to act as financial advisor to NATC in respect of the SISP.

1.6 The Company has filed Notices of Application returnable on July 24, 2015 seeking orders authorizing and empowering NATC to:

a) enter into, and borrow up to $2.5 million under, a revolving credit facility to be provided by Callidus (the "**AR Financing Facility**") to finance accounts receivable owed to NATC by Global Tungsten & Powders Corp ("**GTP**"), which facility is to be secured by a super priority charge (the "**AR Lender's Charge**") over all the assets of NATC in the amount of $2.5 million (the "**AR Facility Order**"); and

b) implement a key employee retention program ("**KERP**") to incentivize certain eligible non-executive management employees ("**Eligible Employees**") of NATC to continue their employment with the Company during the pendency of the CCAA Proceedings (the "**KERP Order**").

1.7 On July 22, 2015 NATC received a letter from GTP (the "**Set-off Notice**") notifying the Company of GTP's intention to set off (the "**Claimed Set-off**") amounts due to NATC in respect of post-filing invoices for shipments of tungsten concentrate during the CCAA Proceedings totaling approximately $1.6 million against amounts advanced to NATC by GTP under a loan agreement dated December 19, 2013 (the "**GTP Loan Agreement**").

2.0 PURPOSE OF REPORT

2.1 This Sixth Report of the Monitor (the "**Sixth Report**") has been prepared to provide this Honourable Court and the Company's stakeholders with the following:

a) a comparison of actual cash receipts and disbursements for the period June 9, 2015 to July 17, 2015 (the "**Initial Period**") to those forecast in the third cash flow statement (the "**Third Cash Flow Statement**") provided in the Fourth Report of the Monitor dated July 7, 2015 (the "**Fourth Report**");

b) a review of an updated cash flow statement prepared by the Company for the 21 week period ending October 30, 2015 (the "**Fourth Cash Flow Statement**"), including the key assumptions on which the Fourth Cash Flow Statement is based;

c) the particulars of the proposed AR Financing Facility;

d) a summary of the KERP;

e) information and the Monitor's comments with respect to the Set-off Notice and the Claimed Set-off; and

f) the Monitor's conclusions and recommendations with respect to the Company's application for the AR Facility Order and the KERP Order.

3.0 TERMS OF REFERENCE

3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Company ("**Management**"). Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Company. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecast and/or projected and the variations could be material.

3.3 Unless otherwise stated, all monetary amounts contained in this Sixth Report are expressed in Canadian dollars.

4.0 CASH FLOW VARIANCE ANALYSIS

4.1 The Monitor's comments with respect to the Third Cash Flow Statement and its review of same are included in the Fourth Report and are not repeated herein.

4.2 As part of the Monitor's ongoing oversight and monitoring of the business and financial affairs of the Company, the Monitor has undertaken weekly reviews of the Company's actual cash flow in comparison with that contained in the Third Cash Flow Statement. The Company's actual cash receipts and disbursements as compared to the Third Cash Flow Statement for the period from June 9, 2015 to July 17, 2015 (the "**Initial Period**") are summarized below:

North American Tungsten Corporation Ltd. Unaudited Summary of Actual Versus Forecast Cash Flows For the period June 9, 2015 to July 17, 2015 ($000's)			
	June 9 to July 17		
	Actual	Forecast	Variance
Cash flow from operations			
Collection of accounts receivable	$ 3,887	$ 4,355	$ (467)
Other receipts	117	102	15
Employee costs - mine site	(2,325)	(2,318)	(7)
Mining raw materials	(66)	(76)	10
Mill raw materials	(220)	(389)	168
Fuel	(924)	(943)	19
Equipment parts and supplies	(57)	(162)	105
Freight and expediting	(313)	(376)	64
Catering and janitorial	(266)	(261)	(5)
Tailings management and dredging	-	(26)	26
Other operating costs	(448)	(615)	167
Mill maintenance	-	-	-
Contingency	-	(50)	50
Net cash flow from operations	(616)	(760)	145
Head office disbursements			
Employee costs - head office	(186)	(151)	(35)
Operating leases and insurance	(87)	(86)	(1)
Head office and corporate costs	(38)	(74)	36
Total head office costs	(311)	(311)	-
Non-operating cash flow			
Development costs - Mactung	(2)	(2)	-
Restructuring professional fees	(513)	(526)	13
Total non-operating cash flow	(515)	(528)	13
Net cash flow before financing	(1,442)	(1,599)	157
Net cash flow from financing			
Proceeds from interim financing	2,000	2,000	-
Interim financing fees and interest	-	(55)	55
Principal and interest on existing Callidus loans	(537)	(537)	-
	1,463	1,408	55
Net Cash Flow	21	(191)	212
Cash Position			
Opening Cash Position	626	626	-
Closing Cash Position	$ 647	$ 435	$ 212

4.3 In summary, the Company experienced a net favourable cash flow variance of $212,000 for the Initial Period. The principal components of the variance are described below:

a) collections of accounts receivable were $467,000 lower than forecast, primarily due to a timing difference with respect to collections from GTP. Payments from GTP have historically been collected within five days of shipment through a prepayment arrangement (the "**RBS Prepayment Agreement**") between NATC and The Royal Bank of Scotland plc ("**RBS**") but the Monitor understands that GTP has advised the Company that RBS has recently cancelled the arrangement, resulting in GTP reverting to 30 day payment terms. The Third Cash Flow Statement was prepared based on the assumption that the Company would be able to negotiate expedited payment terms with GTP, identify an alternative customer, enter into a factoring arrangement, or otherwise accelerate collections for the tungsten concentrate sold to GTP. While the Company has not managed to advance the timing of its collections, it has reached an agreement with Callidus to provide the proposed AR Financing Facility to finance this timing difference on terms which are described in Section 6.0;

b) various mine operating disbursements, including raw materials, equipment parts, supplies, and other operating costs, were approximately $597,000 less than initially forecast as a result of efforts to manage cash flow following lower than forecast receipts; and

c) interim financing interest and fees were $55,000 lower than forecast due to timing differences.

4.4 During the CCAA Proceedings, the Company has made payments of less than $1,000 on account of pre-filing amounts due to trade creditors.

5.0 FOURTH CASH FLOW STATEMENT

5.1 Management has prepared the Fourth Cash Flow Statement, a copy of which is attached as Appendix "**A**". A summary of the Fourth Cash Flow Statement is set out in the table below:

North American Tungsten Corporation Ltd. Fourth Cash Flow Statement For the period ending October 30, 2015 ($000's)			
	June 9, 2015 to July 17, 2015 Actual	July 18, 2015 to October 31, 2015 Forecast	Total
Cash flow from operations			
Collection of accounts receivable	$ 3,887	$ 17,250	$ 21,137
Other receipts	117	807	924
Employee costs - mine site	(2,325)	(5,560)	(7,885)
Mining raw materials	(66)	(626)	(692)
Mill raw materials	(220)	(1,514)	(1,735)
Fuel	(924)	(2,592)	(3,516)
Equipment parts and supplies	(57)	(327)	(384)
Operating leases and insurance	-	-	-
Freight and expediting	(313)	(1,088)	(1,400)
Catering and janitorial	(266)	(506)	(772)
Tailings management and dredging	-	(30)	(30)
Other operating costs	(448)	(2,315)	(2,764)
Mill maintenance	-	(396)	(396)
Contingency	-	(925)	(925)
Net cash flow from operations	(616)	2,179	1,563
Head office disbursements			
Employee costs - head office	(186)	(355)	(541)
Operating leases and insurance	(87)	(205)	(292)
Head office and corporate costs	(38)	(477)	(515)
Total head office disbursements	(311)	(1,037)	(1,348)
Non-operating cash flow			
Proceeds from equipment sales	-	3,000	3,000
Reclamation costs	-	(400)	(400)
Development costs - Mactung	(2)	(998)	(1,000)
Restructuring professional fees	(513)	(954)	(1,467)
Total non-operating cash flow	(515)	648	132
Net cash flow before financing	(1,442)	1,790	348
Net cash flow from financing			
Proceeds from interim financing	2,000	1,000	3,000
Accounts receivable financing	-	1,177	1,177
Interim financing fees and interest	-	(201)	(201)
Accounts receivable financing fees and interest	-	(156)	(156)
Principal and interest on existing Callidus loans	(537)	(4,556)	(5,093)
Net cash flow from financing	1,463	(2,736)	(1,273)
Net Cash Flow	21	$ (946)	$ (926)
Openng			
Opening Cash Position	626	647	626
Closing Cash Position	$ 647	$ (300)	$ (300)

5.2 In summary, and as indicated in the Fourth Cash Flow Statement, during the 15 week period from July 18, 2015 to October 30, 2015 (the "Forecast Period"):

a) collection of accounts receivable of $17.3 million is based on expected shipment of approximately 82,000 MTUs of tungsten concentrate. The Fourth Cash Flow Statement has been prepared based on the assumption that accounts receivable from WBH will be collected within five days of shipment and accounts receivable from GTP will be collected within 30 days of shipment, in accordance with the terms of their respective supply agreements;
b) other receipts of $807,000 include fuel and GST rebates;
c) employee costs for the Cantung mine site and head office of approximately $5.9 million include payroll, benefits and payroll withholdings remittances as well as funding of a trust fund (the "**KERP Trust**") to be maintained by the Monitor in respect of the KERP. Payroll source deductions have been brought up to date and are forecast to remain current. Employee costs at the mine site reflect staged temporary layoffs of underground mine workers announced on June 1, 2015, and permanent layoffs implemented on July 3, 2015;
d) mining raw materials costs of $626,000 include costs of explosives, steel, drill bits and ground support and are estimated based on reduced production levels due to the layoffs of mine employees referred to in Section 5.2(c);
e) mill raw materials costs of $1.5 million include costs of reagents and other chemicals, grinding medium and other direct production costs. The Company expects to source ore primarily from existing stockpiles as well as limited underground mining;
f) fuel costs of $2.6 million primarily relate to diesel used by generators that provide power to the mine site;
g) equipment parts and supplies costs of $327,000 are forecast based on current run rates;
h) freight and expediting disbursements of $1.1 million is for shipping costs, a portion of which is recoverable from customers;
i) catering and janitorial of $506,000 has been forecast based on the projected number of employees on site at the Cantung mine site;
j) other operating costs of approximately $2.3 million include costs of environmental management, safety programs, site administration and maintenance of infrastructure and surface vehicles;
k) mill maintenance disbursements of $396,000 are for projects required to maintain operating efficiency and power distribution at the mine site;
l) head office and corporate costs of $477,000 include corporate and administrative costs;
m) the Company is forecasting to collect net proceeds of $3.0 million from the sale of equipment. The terms of the Forbearance Agreement require that the Company achieve

equipment sales of $3.0 million by September 30, 2015 and use the proceeds are assumed to reduce the pre-filing Callidus facilities;

n) reclamation costs of $400,000 relate to a drill program and engineering report which may be undertaken in order to potentially reduce the estimated reclamation costs of Cantung;

o) development costs of $1.0 million relate to definitional drilling and environmental data collection relating to Mactung. We note that both Callidus and the Government of the North West Territories have advised the Company that they do not support payment of these expenditures. The Monitor understands that the Company expects to make a decision in respect of these expenditures soon;

p) restructuring professional fees are forecast to be $1.0 million during the Forecast Period for services rendered by the Company's legal counsel, the Monitor and the Monitor's legal counsel, as well A&M Securities for advisory services with respect to the SISP;

q) interim financing proceeds relate to advances under the Interim Lending Facility which are forecast to be $1.0 million during the Forecast Period;

r) accounts receivable financing proceeds of $1.2 million (which is forecast to be retired subsequent to the end of the Forecast Period) relate to advances under the proposed AR Financing Facility, net of repayments. The key commercial terms of the AR Financing Facility are described in Section 6.2 and a continuity schedule for the AR Financing Facility is tabled in Section 6.3;

s) interim financing fees and interest of $201,000 include certain interest and fees related to the Interim Lending Facility;

t) accounts receivable financing fees and interest of $156,000 include interest and fees related to the proposed AR Financing Facility; and

u) principal and interest on existing Callidus loans of approximately $4.6 million includes scheduled monthly principal and interest payments of $1.6 million as well as a $3.0 million of principal repayments from the proceeds of the sale of equipment pursuant to the terms of the Forbearance Agreement.

5.3 Notwithstanding the negative closing cash balance, Management feels that there are sufficient contingencies in the Fourth Cash Flow Statement to offset or provide for any shortfall at the end of the Forecast Period.

6.0 REVOLVING ACCOUNTS RECEIVABLE FINANCING FACILITY

6.1 On July 21, 2015, the Company and Callidus agreed to the terms of the proposed AR Financing Facility. A copy of the executed Term Sheet is attached as Appendix "**B**".

6.2 The key commercial terms of the proposed AR Financing Facility are as follows:

a) Callidus will provide a revolving interim financing facility of up to $2.5 million based on the accounts receivable owed to NATC by GTP. The Monitor understands that Callidus will advance amounts in respect of the full amount of each invoice issued to GTP;

b) Advances will be made within five days of invoicing and proof of shipment to GTP;

c) Payments from GTP will be made into a designated blocked account within 30 days of invoicing and shall be swept by Callidus as payments are received and immediately applied by Callidus to pay down the outstanding indebtedness under the proposed AR Financing Facility;

d) The following fees and interest are to be paid to Callidus:

   i. a structuring fee of $25,000;

   ii. interest at a rate of 21% per annum; and

   iii. additional default interest at a rate of 2% per annum.

e) Security, in the amount of the aggregate net amount outstanding under the proposed AR Financing Facility from time to time (the "**Security**"), capped at $2.5 million, will consist of:

   i. the AR Lender's Charge to be granted by this Honourable Court, being a first-ranking super priority charge against all assets of NATC, but ranking behind the Administration Charge and those claims for reclamation costs identified in section 11.8(8) of the CCAA;

   ii. a general security agreement providing a first-ranking charge on all present and after-acquired property of NATC (including Mactung) (but ranking *pari passu* with the general security agreement dated July 13, 2015 granted by NATC to Callidus in respect of the Interim Lending Facility);

   iii. such other security as Callidus may deem necessary, including a first-ranking charge over equipment, mining permits and licenses related to Cantung and Mactung (subject to any claims for reclamation costs identified in section 11.8(8) of the CCAA), and any after-acquired concentrate and inventory from Cantung; and

   iv. a blocked account agreement.

f) The Security shall automatically terminate when the AR Financing Facility is repaid in full;

g) The maturity date (the "**Maturity Date**") is the earlier of November 15, 2015 and the end of the Stay of Proceedings, with possible monthly extensions subject to a fee of $10,000 and the approval of Callidus' credit committee.

h) Any borrowings are to be repaid upon the earliest of:

   i. the Maturity Date;

   ii. an event of default;

iii. dismissal or termination of the CCAA Proceedings; and

iv. commencement of proceedings pursuant to the *Bankruptcy and Insolvency Act*; and

i) The proposed AR Financing Facility is subject to a covenant that NATC's actual cash flow is not to vary from the cash flow statement provided to Callidus as a schedule to the Forbearance Agreement by more than $50,000 without written authorization from Callidus.

6.3 The Company has prepared a forecast of the transactions and balances under the AR Financing Facility based on NATC's most recent operational and financial projections, which is summarized as follows:

North American Tungsten Corporation Ltd. AR Financing Facility Continuity Schedule For the period July 25, 2015 to November 13, 2015 ($000s)				
Week Ending	Advances	Repayments	Ending Balance	Interest and Fees
July 31, 2015	$ 1,525	$ -	$ 1,525	$ -
August 7, 2015	568	291	1,802	25
August 14, 2015	594	605	1,791	-
August 21, 2015	584	598	1,777	-
August 28, 2015	584	534	1,827	-
September 4, 2015	584	568	1,843	37
September 11, 2015	701	594	1,951	-
September 18, 2015	701	584	2,068	-
September 25, 2015	701	584	2,186	-
October 2, 2015	701	584	2,303	48
October 9, 2015	615	701	2,217	-
October 16, 2015	615	701	2,130	-
October 23, 2015	450	701	1,879	-
October 30, 2015	-	701	1,177	47
November 6, 2015	-	615	563	-
November 13, 2015	-	563	-	-
	$ 8,924	$ 8,924	$ -	$ 156

Monitor's Comments

6.4 Having regard to section 11.2 of the CCAA and based on information made available by Management, the Monitor has the following comments to aid this Honourable Court in respect of NATC's application for approval of the AR Financing Facility:

a) the proposed AR Financing Facility would enable the Company to mitigate the impact on its liquidity of GTP's decision to revert back to a payment schedule of 30 days versus five days and to bridge the timing difference between the contractual payment terms (30 days) and the historic collection period of five days;

b) while the Security will rank in priority to existing secured creditors as a result of the AR Lender's Charge, the Security is relatively short-term absent failure to pay by GTP, given that all of the Security, including the AR Lender's Charge, will automatically terminate upon repayment in full of the advances. Management estimates that the AR Financing Facility will reduce to a nil balance by mid-November once all accounts receivable from GTP have been collected;

c) the terms of the AR Financing Facility, including interest rates and fees, are comparable to those of the existing Interim Financing Facility and are, in the Monitor's experience, consistent with the market terms for similar interim financings in the context of distressed companies and commercially reasonable in the circumstances when compared to the terms of other Court-approved interim financing facilities in recent and comparable CCAA proceedings. The terms are also reflective of the high concentration risk of the supporting accounts receivable and high level of advance rates being offered by Callidus.

d) The Monitor understands that the cost of the proposed AR Financing Facility is incrementally higher than that under the RBS Prepayment Agreement but that particular facility is no longer available and it is not unreasonable to expect that conventional bank financing would not be available to NATC in its current circumstances.

e) the Company sought out other sources of financing, including offering trade discounts to GTP to incentivize early payment (which GTP declined to provide), before finalizing the AR Financing Facility;

f) it is the Monitor's understanding that Callidus would not be prepared to extend the financing contemplated herein without the AR Lender's Charge;

g) the AR Financing Facility would provide sufficient liquidity and working capital for the Company to pursue various restructuring initiatives, including the SISP; and

h) absent the AR Financing Facility or other incremental financing, the Company would likely cease operations at Cantung, discontinue its progressive reclamation, and abandon its efforts to position Cantung for an orderly transition to care and maintenance in the fall of 2015.

6.5 It is the Monitor's view that the financing contemplated by the AR Financing Facility is necessary to fund the Company's cash requirements to continue operations, and therefore will enhance the prospects of the Company conducting a successful SISP and effecting a viable restructuring. Overall, the Monitor is of the view that, balancing the relative prejudices to the stakeholders and considering the short term of the facility and the terms of the AR Financing Facility are reasonable in the circumstances and the Monitor supports the Company's application for the AR Facility Order.

6.6 The Monitor notes that the proposed AR Financing Facility is premised on the continued payment by GTP of post-filing invoices on 30 day payment terms. Therefore, depending on whether GTP is permitted to effect the Claimed Set-off, the proposed AR Financing Facility may not be available and the Monitor's comments should be considered in light of that issue, which is discussed further in Section 8.0 below.

7.0 KEY EMPLOYEE RETENTION PLAN

7.1 The Company has advised the Monitor and the Monitor has been able to confirm directly with select Cantung mine employees, that a number of employees have expressed concerns with respect to their job security and that there is risk to the Company's operations and ability to affect a viable restructuring if certain of these employees depart the Company in order to seek alternative employment.

7.2 The Company has developed the KERP which is designed to provide for the retention of Eligible Employees through the following stages of the restructuring of NATC:

a) the anticipated Cantung mine production schedule into October 2015 and subsequent transition to care and maintenance; and
b) the SISP and implementation of a successful transaction in accordance with the objectives and interests of NATC and its stakeholders.

7.3 The key terms of the KERP are as follows:

a) a total incentive compensation pool of $290,000 to be allocated to 22 Eligible Employees who collectively receive total annual compensation of $2.6 million (or approximately 11% of annual compensation);
b) each Eligible Employee is entitled to its allocated KERP amount provided that the individual remains an employee of NATC until:
   i. the relevant installment date; or
   ii. their termination without cause by NATC.
c) individual amounts paid under the KERP will be made in two equal installments as follows:
   i. a first installment as part of the of the Eligible Employees' payroll for the period ended September 30, 2015; and

ii. a second installment as part of the Eligible Employees' payroll for the period ended December 31, 2015, or the date on which a successful transaction (as defined in the SISP) is implemented or the CCAA Proceedings are terminated, whichever is earlier.

d) in the event that an Eligible Employee is terminated without cause by NATC, the Eligible Employee will receive their full KERP amount as part of their final pay.

7.4 The proposed KERP Order provides for the Company to make payments into the KERP Trust which will be held by the Monitor on the terms set out in the proposed trust agreement between NATC and the Monitor (the "**KERP Trust Agreement**"), and subsequently disbursed to Eligible Employees in accordance with the KERP. The terms of the KERP Trust Agreement are summarized as follows:

a) NATC will deliver $290,000 to the Monitor on or before September 25, 2015;
b) the Monitor will disburse payments to Eligible Employees (net of applicable withholdings) at least five days after, and not more than ten days after payments becoming due under the KERP; and
c) the Monitor shall not be liable for any employee-related liabilities of the Company, statutory or otherwise, including successor employer liabilities, other than amounts the Monitor may specifically agree in writing.

7.5 Copies of the KERP and the KERP Trust Agreement are attached as Appendix "**C**".

7.6 NATC's Board of Directors approved the KERP on July 16, 2015 with respect to the aggregate amount payable thereunder, the number and identity of the Eligible Employees, and other applicable terms, as well the individual entitlements.

7.7 The details of the KERP and a list of individual entitlements are set out in the Affidavit #8 of Dennis Lindahl sworn July 23, 2015 which the Company intends to file under seal.

7.8 Payments to fund the proposed KERP are reflected in the Fourth Cash Flow Statement (refer to section 5.2(c) of this Report) and provisional amounts have been included in earlier versions of the Company's cash flow statements that have been filed in the CCAA Proceedings.

7.9 The Monitor is satisfied that a KERP is appropriate in the circumstances, that the aggregate amount of the payments under the proposed KERP is reasonable and that the number and identity of the Eligible Employees are appropriate given the relative scale and complexity of the Company's business, and its planned mine operations and financial restructuring, including the SISP. If GTP is permitted to effect the Claimed Set-off, the Company may not have sufficient funds to continue operations beyond the very short term, in which case the KERP will likely not be necessary or appropriate. Therefore, the Monitor's comments should be considered in light of that issue.

8.0 GTP SET-OFF NOTICE

8.1 NATC received the Set-off Notice from GTP at approximately 1:00 p.m. Vancouver time on July 22, 2015. A copy of the Set-off Notice is attached as Appendix "**D**".

8.2 A summary of the Set-off Notice is as follows:

a) GTP alleges that NATC is in default of the GTP Loan Agreement and the pre-filing supply agreement with GTP;

b) GTP is asserting contractual, legal and equitable rights to set off amounts owed to NATC for five post-filing invoices for shipments of tungsten concentrate totaling approximately US$1.2 million (approximately $1.6 million), against amounts due to GTP under the pre-filing GTP Loan Agreement; and

c) GTP intends to exercise similar rights of set-off against amounts due to NATC in respect of future shipments bringing the value of the potential set-off to approximately $2.1 million.

8.3 If set off occurs, there will be no asset backing to support the AR Financing Facility and the resultant impact on cash flow and viability of NATC may be so severe that in the absence of alternative financing and/or material changes to the current operating plan, this may also be of concern to Callidus within the context of its Interim Lending Facility.

8.4 The Monitor understands that NATC is of the position that GTP does not have rights of set-off in respect of post-filing shipments. On July 22, 2015, legal counsel for NATC wrote to counsel for GTP demanding on behalf of the Company that GTP immediately forward payment for due and past due invoices as soon as possible, and advising that if GTP refuses to change its position, NATC intends to apply to the Court for (among other things) an order compelling GTP to make immediate payment of all due or past due invoices for post-filing deliveries. A copy of the letter from counsel for NATC to counsel for GTP is attached as Appendix "**E**".

8.5 In regards to timing, the Monitor notes that:

a) prior to advising NATC, on or around June 22, 2015, that it would be reverting to 30 day payment terms, GTP paid four invoices (totaling $1.3 million) issued after the Filing Date, one of which was paid on five day terms (pursuant to the RBS Prepayment Agreement);

b) GTP has not made payment on any of the seven invoices issued on or after June 22, 2015 for concentrate shipped during the post-filing period. The unpaid invoices are for shipment of

8,915 MTUs of tungsten concentrate for an aggregate sales price of approximately $2.1 million; and

c) the Set-off Notice was delivered on the first due date for payment of invoices issued on or after June 22, 2015, and after notice of the application for the AR Financing Order was given to the service list in the CCAA Proceedings (including GTP).

8.6 Given that the Set-off Notice was delivered less than 24 hours prior to the date of this Report, the impact of the Claimed Set-off, if permitted, is not fully known at this time. However, at least on a preliminary basis, it is the Monitor's view that in the event GTP is permitted to effect the Claimed Set-off, it would have a material adverse effect on the Company's cash flow, may impair NATC's ability to carry on operations, and may impair the likelihood of the Company developing a successful plan of compromise or arrangement.

9.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

9.1 As a result of the Set-off Notice (which was only recently received by the Company), there is significant uncertainty surrounding the ability of the Company to achieve the cash flows described in the Fourth Cash Flow Statement and finalize the AR Financing Agreement. In light of the potential consequences of the Claimed Set-off, it is the Monitor's view that determination of the Claimed Set-off is an urgent matter.

9.2 Subject to an acceptable resolution in respect of the Claimed Set-off in a manner that enables the Company to achieve its forecast cash flows and complete the AR Financing Facility with Callidus, the Monitor respectfully recommends that this Honourable Court grant the following orders:

a) the AR Facility Order; and

b) the KERP Order.

*****

All of which is respectfully submitted to this Honourable Court this 23rd day of July, 2015.

Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
North American Tungsten Corporation Ltd.

Per: Todd M. Martin
Senior Vice President

Per: Tom Powell
Director

APPENDIX A

North American Tungsten Corporation Ltd.
Cash Flow Statement
For the 21 Week Period ending October 30, 2015
($000's)

	Notes	Week 1 to Week 6 Actual 17-Jul-15	Week 7 Forecast 24-Jul-15	Week 8 Forecast 31-Jul-15	Week 9 Forecast 7-Aug-15	Week 10 Forecast 14-Aug-15	Week 11 Forecast 21-Aug-15	Week 12 Forecast 28-Aug-15	Week 13 Forecast 4-Sep-15	Week 14 Forecast 11-Sep-15	Week 15 Forecast 18-Sep-15	Week 16 Forecast 25-Sep-15	Week 17 Forecast 2-Oct-15	Week 18 Forecast 9-Oct-15	Week 19 Forecast 16-Oct-15	Week 20 Forecast 23-Oct-15	Week 21 Forecast 30-Oct-15	Week 1 to Week 20 Total
Cash flow from operations																		
Collection of accounts receivable	2	$ 3,887	$ 1,362	$ 545	$ 923	$ 1,198	$ 1,182	$ 1,118	$ 1,216	$ 1,295	$ 1,285	$ 1,285	$ 1,349	$ 1,316	$ 1,316	$ 1,095	$ 765	$ 21,137
Other receipts	3	117	-	42	46	-	40	-	200	-	40	-	200	-	-	40	200	924
Employee costs - mine site	4	(2,325)	(372)	(280)	(510)	(312)	(488)	(228)	(273)	(522)	(236)	(409)	(572)	(342)	(464)	(445)	(104)	(7,885)
Mining raw materials	5	(66)	(69)	(23)	(59)	(59)	(59)	(59)	(54)	(54)	(54)	(54)	(28)	(28)	(28)	-	-	(692)
Mill raw materials	6	(220)	(18)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(60)	-	(1,735)
Fuel	7	(924)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(48)	(48)	(3,516)
Equipment parts and supplies	8	(57)	(4)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(13)	-	(384)
Freight and expediting	9	(313)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(38)	(1,400)
Catering and janitorial	10	(266)	-	(74)	-	(74)	-	(73)	-	(70)	-	(71)	-	(71)	-	(71)	-	(772)
Tailings management and dredging	11	-	-	-	(15)	(15)	-	-	-	-	-	-	-	-	-	-	-	(30)
Other operating costs	12	(448)	(142)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(168)	(126)	(31)	(2,764)
Mill maintenance	13	-	-	-	(96)	(100)	-	-	(50)	(100)	(50)	-	-	-	-	-	-	(396)
Contingency		-	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(50)	(925)
Net cash flow from operations		(616)	439	(421)	(342)	8	44	127	408	(107)	331	96	293	219	168	222	694	1,563
Head office disbursements																		
Employee costs - head office		(186)	-	(49)	(9)	(39)	(9)	(39)	(9)	(39)	(9)	(39)	(9)	(49)	(9)	(49)	-	(541)
Operating leases and insurance		(87)	-	(67)	(4)	-	-	-	(67)	-	-	-	(67)	-	-	-	-	(292)
Head office and corporate costs	14	(38)	(25)	(25)	(27)	(25)	(25)	(125)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(515)
Total head office disbursements		(311)	(25)	(141)	(40)	(64)	(34)	(164)	(101)	(64)	(34)	(64)	(101)	(74)	(34)	(74)	(25)	(1,348)
Non-operating cash flow																		
Proceeds of equipment sales	15	-	-	-	-	-	-	-	-	-	-	3,000	-	-	-	-	-	3,000
Reclamation costs	16	-	-	-	(100)	(100)	(100)	(50)	(50)	-	-	-	-	-	-	-	-	(400)
Development costs - Mactung	17	(2)	-	-	(300)	(132)	(32)	(82)	(82)	(32)	(32)	(32)	(32)	(32)	(100)	(110)	-	(1,000)
Restructuring professional fees	18	(513)	(182)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(53)	(61)	(61)	(53)	(53)	(61)	(61)	(1,467)
Total non-operating cash flow		(515)	(182)	(53)	(453)	(285)	(185)	(185)	(185)	(85)	(85)	2,908	(93)	(85)	(153)	(171)	(61)	132
Net cash flow before interim financing		(1,442)	232	(616)	(835)	(341)	(175)	(222)	122	(256)	212	2,940	100	60	(19)	(23)	608	348
Net cash flow from interim financing																		
Proceeds of interim financing	19	2,000	-	-	-	500	-	500	-	-	-	-	-	-	-	-	-	3,000
Accounts receivable financing	20		-	1,525	277	(11)	(14)	50	16	108	118	118	118	(87)	(87)	(251)	(701)	1,177
Interim financing fees and interest	21	-	-	(77)	-	-	-	-	(43)	-	-	-	(41)	-	-	-	(41)	(201)
Accounts receivable financing fees and interest	22	-	-	-	(25)	-	-	-	(37)	-	-	-	(48)	-	-	-	(47)	(156)
Principal and interest on existing Callidus loans	23	(537)	-	(391)	-	-	-	-	(391)	-	-	-	(3,383)	-	-	-	(391)	(5,093)
Net cash flow from interim financing		1,463	-	1,057	252	489	(14)	550	(455)	108	118	118	(3,354)	(87)	(87)	(251)	(1,180)	(1,273)
Net Cash Flow		**21**	**232**	**441**	**(583)**	**148**	**(189)**	**328**	**(332)**	**(148)**	**329**	**3,057**	**(3,254)**	**(26)**	**(105)**	**(274)**	**(572)**	**(926)**
Opening Cash Position		626	647	879	1,320	737	885	697	1,025	693	545	875	3,932	678	652	547	272	626
Closing Cash Position		**$ 647**	**$ 879**	**$ 1,320**	**$ 737**	**$ 885**	**$ 697**	**$ 1,025**	**$ 693**	**$ 545**	**$ 875**	**$ 3,932**	**$ 678**	**$ 652**	**$ 547**	**$ 272**	**$ (300)**	**$ (300)**

Notes:

1. The Cash Flow Statement has been prepared by management of North American Tungsten Corporation Ltd.(the "Company") to set out the Company's liquidity requirements during the 21-week period ending October 30, 2015 (the "Period"). Week 1 commences on June 9, 2015.
2. Collections of accounts receivable are estimated based on expected mine production and sales under supply agreements with the Company's two major customers. prepared based on the assumption that accounts receivable from WBH will be collected within five days of shipment and accounts receivable from GTP will be collected within 30 days of shipment.
3. Other receipts relate to post-filing GST and fuel tax refunds.
4. Employee costs are forecast based on current run rates and adjusted to reflect staged layoffs of mine employees as well as funding of a trust fund to be maintained by the Monitor in respect of the key employee retention plan. Payroll, benefits and source deduction remittances are forecast to remain current during the Period.
5. Mining raw material costs are forecast based on expected production levels which reflect reduced production due to temporary layoffs of mine employees (refer to Note 4).
6. Mill raw material costs are forecast based on expected production levels.
7. Fuel costs primarily relate to diesel used by the generators which provide power to the mine site.
8. Equipment parts and supplies costs are forecast based on current run rates.
9. Freight and expediting costs are forecast based on expected production and sales levels.
10. Catering and janitorial costs are estimated based on the number of employees expected to be at the mine site during the Period.
11. Tailings management and dredging includes construction of a tailings storage location, dredging of an existing tailings pond and construction of a temporary dry stack plant to provide tailings capacity for continued operations.
12. Other operating costs relate primarily to production costs at the mine site and is based on forecast production levels. It is estimated that many suppliers will require cash-on-delivery or other reduced payment terms during the Period.
13. Mill maintenance comprise projects to maintain and improve the operating efficiency and power distribution at the mine site.
14. Head office costs include corporate and administrative costs as well insurance and operating leases.
15. Potential proceeds for the first stage of equipment sales under the SISPs process.
16. Reclamation costs relate to a drill program and an engineering report relating to tailings ponds at the Canting site which potentially could significantly reduce the amount of the estimated reclamation costs for a tailings pond at Cantung.
17. Mactung development costs are costs to collect environmental data and to move the project forward through the regulatory process.
18. Restructuring professional fees include the estimated costs of the Company's legal counsel, the monitor and the monitor's legal counsel.
19. Proceeds from Interim Financing Facility provided by Callidus.
20. Net advances and repayments under the revolving AR Financing Facility provided by Callidus relating to sales to Global Powders & Tungsten.
21. Interest and financing costs relating to the Interim Financing Facility with Callidus.
22. Interest and financing costs relating to the AR Financing Facility with Callidus.
23. Repayments of principal and interest on the senior secured loans owed to Callidus.

APPENDIX B

CALLIDUS
CAPITAL

EXECUTION VERSION

July 21, 2015

North American Tungsten Corporation Ltd.
#1640 – 1188 West Georgia Street
Vancouver, British Columbia
V6E 4A2

Attention: Dennis Lindahl

RE: Term Sheet - $2.5 million Senior Secured Super-Priority Interim (A/R) Facility

This Term Sheet will provide you with the terms and conditions of the proposed interim financing facility (the "**A/R Facility**") that Callidus Capital Corporation proposes to provide, subject to Court approval of this Term Sheet. If this Term Sheet is acceptable to you, please sign below and deliver the Structuring Fee as detailed below.

Borrower: North American Tungsten Corporation Ltd. (the "**Borrower**").

Lender: Callidus Capital Corporation (the "**Lender**").

A/R Facility: $2.5 million revolving credit facility.

Lender will provide a revolving interim financing facility based upon the accounts receivable owed by Global Tungsten & Powders Corp. ("**GTP**" or the "**Customer**"). Advances will be made within 5 days of invoicing and proof of shipment.

Blocked Account: All payments from the Customer will be made into a designated blocked account within 30 days of invoicing and shall be swept by the Lender as payments are received and immediately applied by the Lender to pay down the outstanding indebtedness of the Borrower under the A/R Facility.

Interest: The A/R Facility will bear interest at 21% per annum payable in cash by the Borrower on the last day of each month.

Additional default interest of 2% per annum applies following a payment default.

Structuring Fee: $25,000

Term: The earlier of November 15, 2015 and the end of the stay of proceedings in the CCAA Proceeding (as defined below), with the possibility of monthly extensions subject to credit committee approval and the Borrower paying the Lender an extension fee in the amount of $10,000 per month (the last day of the Term shall be referred to as the "**Maturity Date**").

Security: The A/R Facility shall be secured by:

(a) a super-priority lien and claim to be granted by way of court order of the British Columbia Supreme Court in the proceeding (the "**CCAA Proceeding**") commenced by the Borrower under the Canadian *Companies' Creditors Arrangement Act* (the "**CCAA**"), over all of the assets of the Borrower (including without limitation, the Mactung Property (as defined in the Initial Order);

(b) a general security agreement providing a first ranking charge (ranking *pari passu* with the general security agreement dated July 13, 2015 granted by the Borrower in favour of the Lender) on all present and after acquired property of the Borrower (including without limitation, the Mactung mine and all assets related thereto), which shall be perfected under the provisions of the *Personal Property Security Act* in British Columbia, Yukon and the Northwest Territories by registration of a financing statement in respect of the security interest created by the general security agreement in the British Columbia, Yukon and Northwest Territories Personal Property Registries;

(c) such other security as the Lender and its solicitors may deem necessary, including but not limited to, a first ranking charge over the equipment of the Borrower, subject to section 11.8 claims, over the mining claims of the Borrower and all permits and licenses related to the Cantung Mine and the Mactung Property, and any present and after acquired concentrate and inventory from the Cantung Mine; and

(d) a blocked account agreement;

(collectively, the "**Security**") in the amount being the aggregate net amount outstanding under the A/R Facility from time to time. For the avoidance of doubt, the Security shall automatically terminate when the A/R Facility is repaid in full.

Repayment: Repayment at any time upon the earliest to occur of:

(a) the Maturity Date;

(b) an Event of Default (as defined below);

(c) dismissal or termination of the CCAA Proceeding; and

(d) the commencement of any proceeding (a "**BIA Proceeding**") pursuant to the *Bankruptcy and Insolvency Act* (Canada), or the conversion of the CCAA Proceeding into a BIA Proceeding, or the commencement of any similar proceeding in any jurisdiction.

Use of Proceeds: To pay for the costs and expenses related to the CCAA Proceeding and the approved (by Lender) budget expenditures.

Covenants: Compliance with certain specifically identified line items in the cash flow attached to the forbearance agreement between the Lender, the Borrower and Queenwood Capital Partners II LLC (the "**Forbearance Agreement**"), and to a 13-week cash flow forecast to be provided in accordance with the Forbearance Agreement (provided that variances to line items shall be permitted, provided the net cash flow line item will not vary by more than $50,000 unless specifically authorized by Callidus in writing), reported and tested weekly.

Reporting: As set out in the Forbearance Agreement.

Expenses:

All reasonable and documented out-of-pocket fees and expenses of the Lender, including without limitation all reasonable and documented fees and expenses of outside counsel in connection with the A/R Facility, including in connection with due diligence by the Lender associated with the preparation, execution and delivery, waiver or modification, and enforcement of the documentation contemplated hereby, are to be paid by the Borrower.

Conditions Precedent

Usual and customary for this type of transaction, including:

(a) approval of the transaction by the Lender's Credit Committee;
(b) the Lender being satisfied in its sole discretion that there has been no material deterioration of the Borrower's business prior to closing; and
(c) completion of Blocked Account Agreement and security in form and substance satisfactory to Lender.

Events of Default:

Each of the following events constitutes an "**Event of Default**" under this Term Sheet, whether any such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any governmental authority:

(a) **Payment**: The Borrower fails to make any payment of fees, interest or principal when due and payable under this Term Sheet. The Customer fails to make payment of an invoice within 30 days of the invoice date and such failure is not remedied within 5 days of the Lender delivering written notice of the default;
(b) **Breach of default of the Borrower**: The Borrower commits a material breach of, or defaults in the due and prompt performance or observance of any of its covenants, conditions or obligations pursuant to this Term Sheet or any other document executed by the Borrower in relation to this Term Sheet, and such breach is not remedied within 10 days of the Lender delivering written notice of the breach.
(c) **Change of Monitor**: There is a change in the party appointed by the Court in the CCAA Proceedings as monitor of the Borrower without the prior written consent of the Lender.
(d) **Breach of Orders**: The Borrower is in violation of, or non-compliance with, any order issued under the CCAA Proceedings.
(e) **Orders**: There is a further amendment to or variation of the Initial Order or the DIP Order that the Lender, acting reasonably, does not consent to.
(f) **Proceedings**: Except as permitted by the Initial Order, any proceeding is taken or commenced by any creditor against the Borrower or its assets and such is not remedied within seven days thereof.
(g) **Failure to Pay**: The Borrower fails to pay any claims ranking in priority to the Lender's Charge when such claims come due and such failure is not remedied within 10 days thereof.
(h) **Jeopardy**: The Lender, in good faith and on commercially reasonable grounds, believes that the prospect of payment or performance of any of the Borrower's obligations under this Term Sheet or under the Security is impaired.
(i) **Administration Charge**: The Administration Charge (as defined in the Initial Order) exceeds $500,000 without the prior written consent of the Lender.
(j) **Reporting**: Failure of the Borrower to provide the reporting as required

by and set out in the Forbearance Agreement.

Upon the occurrence of an Event of Default, the A/R Facility will become immediately due and owing, and Callidus shall be permitted to immediately apply for the appointment of a Receiver or to assign the Borrower into bankruptcy.

Costs: Whether or not the loan pursuant to this Term Sheet is made, the Borrower will reimburse the Lender for all reasonable costs incurred by the Lender, directly or indirectly, including without limitation, the expenses of the Lender's personnel, including reasonable travel expenses, and all legal fees and disbursements actually incurred by the Lender in respect of the A/R Facility (including preparation of this Term Sheet), the enforcement and preservation of the Lender's rights and remedies under this Term Sheet and the Security and preparation of any valuation of the assets of the Borrower (collectively, the "**Costs**"). The Lender shall be entitled to deduct the Costs from the draws made on the A/R Facility.

Counterparts: This Term Sheet and all related documents, may be executed in any number of counterparts and delivered electronically (including as a PDF attachment to an email), each of which when so executed and delivered shall be deemed to be an original and all taken together will constitute one and the same document.

Closing: No later than July 31, 2015.

This Term Sheet is open for acceptance until the close of business (in Vancouver) on July 21, 2015. Upon acceptance by the Borrower, this Term Sheet shall be deemed to be the Loan Agreement (A/R Facility) between the Borrower and the Lender.

ACCEPTED THIS 21ST DAY OF JULY 2015

CALLIDUS CAPITAL CORPORATION

Per:
Name:
Title:

I have the authority to bind the Corporation

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

Per:
Name: Dennis M Lindahl
Title: CFO

I have the authority to bind the Corporation

APPENDIX C

North American Tungsten Corporation Ltd. ("NATC")
Key Employee Retention Plan Terms

Management and the Board of NATC believe that retention of the key employees of NATC is critical to maximizing the value of NATC as NATC moves through its restructuring process under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"). The Board also recognizes that managing operations at its Cantung mine and achieving a result in the CCAA Proceedings that benefits the stakeholders generally and which may involve a sale, investment or restructuring plan (a "**Successful Transaction**") will require engagement, focus and proper incentives for the non-executive senior management team. Further, the Board concluded that an incentive plan for executive management is not necessary.

Accordingly, NATC proposes to implement a key employee retention plan ("**KERP**").

The objective of the KERP is to encourage the retention of certain employees in two stages, firstly, through the anticipated Cantung mine production schedule into October 2015 and the subsequent transition to care and maintenance; and secondly, through the sale and investment process and implementation of a Successful Transaction in accordance with the objectives and interests of NATC and its stakeholders.

The KERP comprises the program described in Schedule "A" – The Key Employee Retention Plan.

Implementation of the KERP is conditional on the Court making an Order (the "**KERP Approval Order**") approving the KERP and authorizing NATC to pay certain amounts from cashflow into trust as security for the amounts payable under the KERP (the "**Trust Fund**"), in an aggregate amount sufficient to secure payment of all entitlements under the KERP.

This is Exhibit " A " referred to in the
affidavit of ...Dennis Lindahl........
sworn before me at Vancouver, BC.......
this 21.. day of ...July............, 2015.
....
A Commissioner for taking Affidavits
for British Columbia

SCHEDULE "A" – KEY EMPLOYEE RETENTION PLAN

Purpose:

The purpose of this KERP is to provide for the retention of key non-executive management employees of NATC until the outcome of the sale and investment process and the CCAA Proceedings is known.

Retention Amount:

This KERP shall provide for payments totaling CAD$290,000 (the "**Retention Amount**"), allocated to 22 Eligible Employees with total annual compensation of CAD$2,600,000 (collectively, the "**Eligible Employees**").

Eligibility:

The Eligible Employees are entitled to their respective allocated shares of the Retention Amount provided that the Eligible Employee remains an employee of NATC until: a) the relevant installment date (described below) or (b) their termination without cause by NATC.

Payment:

The Retention Amount will be paid to the Eligible Employees in two equal installments, as follows:

First Installment: As part of the Eligible Employees' payroll for the period ended September 30, 2015;

Second Installment: As part of the Eligible Employees' payroll for the period ended December 31, 2015 or the date on which a Successful Transaction is implemented and the CCAA Proceedings are terminated, whichever is earlier.

In the event that an Eligible Employee is terminated without cause by NATC, the Eligible Employee will receive his or her full allocated share of the Retention Amount as part of their final pay.

All amounts payable under the Retention Plan will be net of applicable withholdings.

Payment of the Retention Amount shall be made from the Trust Fund.

This is Exhibit " B " referred to in the affidavit of Dennis Lindahl sworn before me at Vancouver, BC this 21. day of July 2015

A Commissioner for taking Affidavits for British Columbia

THIS TRUST AGREEMENT is made as of the 24th day of July, 2015.

BETWEEN:

NORTH AMERICAN TUNGSTEN CORPORATION LTD., a company incorporated under the laws of Canada (the "**Company**")

AND:

ALVAREZ & MARSAL CANADA INC., solely in its capacity as court appointed Monitor in the CCAA Proceedings (the "**Trustee**")

WHEREAS

A. On June 9, 2015, the Company commenced proceedings under the Companies' Creditors Arrangement Act in the Supreme Court of British Columbia, Vancouver Registry (the "**Court**"), Action No. S154746 (the "**CCAA Proceedings**").

B. The Company has approved a Key Employee Retention Plan (the "**KERP**"), a copy of which is attached hereto as Schedule "A", under which the Company intends to pay certain amounts (the "**Retention Amounts**") to certain non-executive senior management employees (the "**Eligible Employees**"), as specified in Schedule "B" hereto;

C. The Company is desirous that the Trustee be the trustee of a fund to be established in order to secure payment of the Retention Payments as contemplated by the KERP, and the Trustee is willing to do so pursuant to the terms of this Agreement; and

D. The Company and the Trustee have agreed to enter into this Agreement to: (i) provide for the appointment of the Trustee; (ii) record the Trustee's acceptance of the trust; and (iii) state the duties of the Trustee.

NOW THEREFORE the Company and the Trustee agree as follows:

Trust Account

1. The Company shall, from time to time but in any event on or before September 25, 2015, deliver the total sum of $290,000.00 (the "**Trust Funds**") to the Trustee to secure payment of the Retention Amounts under the KERP. The Trust Funds may be delivered by the Company to the Trustee in whole or in several parts, at the sole discretion of the Company.

2. Upon delivery of the Trust Funds or any part thereof to the Trustee, as set out in paragraph 1 hereof, the Company shall be deemed to have assigned, transferred and set over such amounts to the Trustee, in trust, upon and subject to the terms of this Agreement.

3. The Trustee accepts the trust herein set out and agrees to hold, distribute and administer the Trust Funds in trust for the benefit of the Eligible Employees and the Company in accordance with the provisions of this Agreement.

4. All contributions of the Trust Funds or any part thereof cannot be revoked and such property will not revert to the Company except on the terms and conditions provided for in this Agreement. Any and all distributions of the Trust Funds will be made in accordance with the terms and conditions of this Agreement.

Distributions of Trust Funds

5. Within five (5) business days of any Eligible Employee ceasing to be eligible to receive some or all of his or her Retention Amount, as described in Schedule "B" to this Agreement, pursuant to the KERP, the Company shall deliver to the Trustee a certificate (each an "**Exclusion Certificate**"), signed by the Chief Financial Officer of the Company, certifying:

(a) the relevant Eligible Employee (in each case, the "**Excluded Employee**") has ceased to be eligible to receive some or all of his or her Retention Amount pursuant to the KERP, as applicable; and

(b) the maximum aggregate amount of the Retention Amounts that may be payable to the remaining Eligible Employees after the date of the Exclusion Certificate (the "**Certificate Amount**").

Upon receipt of an Exclusion Certificate:

(a) the Trustee shall pay to the Company the amount (if any) of the Trust Funds held by the Trustee that is in excess of the Certificate Amount;

(b) the Trustee's obligations in respect of the Trust Funds shall be limited to the Certificate Amount; and

(c) the obligation of the Company to deliver the Trust Funds to the Trustee, as set out in paragraph 1 of this Agreement, shall be reduced to the Certificate Amount.

6. At least 5 business days, but no more than 10 business days, after each of the dates (each a "**Payment Date**") on which payment of the Retention Amounts, or any part thereof, becomes due under the KERP, the Trustee shall pay each Eligible Employee (other than any Excluded Employees) the applicable Retention Amount or part thereof, as indicated in Schedule "B" and in accordance with the KERP, in payment and satisfaction of the Retention Amount or part thereof payable to that Eligible Employee on that Payment Date.

7. The Trustee shall deduct from any moneys payable to an Eligible Employee out of the Trust Funds any amounts required to be withheld by reason of any law or regulation for payment of taxes or otherwise to the Government of Canada or any government of any province or territory in Canada and shall remit on a timely basis to the appropriate government official all amounts so deducted. The Company shall provide the Trustee, no later than 5 business days after each Payment Date, with such information as the Trustee may require to enable it to withhold and remit such amounts.

8. The Trustee shall not be liable for any employee-related liabilities of the Company, statutory or otherwise, including any successor employer liabilities, other than amounts the Trustee may specifically agree in writing to pay.

Powers of the Trustee

9. The Trustee shall have the following powers and authority in administration of the Trust Funds, to be exercised in accordance with and subject to the provisions of this Agreement:

(a) **Exercise of Owner's Rights** – to exercise any of the powers of an owner with respect to all deposits held as part of the Trust Funds;

(b) **Registration of Deposits** – to cause any deposits held as part of the Trust Funds to be registered in its own name as trustee, or in the name of one or more of its nominees as trustee;

(c) **Execution of Instruments** – to make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(d) **Settlement of Claims and Debts** – to settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Trust Funds, to commence or defend suits or legal or administrative proceedings, and to represent the Trust Funds in all suits and legal and administrative proceedings, provided that the Trustee shall not be obligated to do so unless it has first been indemnified by the Company to its satisfaction against any expenses or liabilities which it may incur as a result thereof;

(e) **Interpleader** – in the event of a dispute between the parties concerning their respective obligations under this Agreement, or in connection with this Agreement or the KERP, or in the event that any person makes a claim to any or all of the Trust Funds, to interplead the Trust Funds then held by the Trustee or any part thereof into Court, provided and on condition that the costs of the Trustee of doing so shall be paid by the Company;

(f) **Employment of Agents and Counsel** – to employ suitable agents and counsel and to pay their reasonable expenses and compensation; and

(g) **Power to do any Necessary Act** – to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the Trust Funds, including but not limited to the making of elections required or permitted or payment of tax required under the Income Tax Act.

The powers granted to the Trustee under this section shall be exercised by the Trustee in its discretion.

Accounting

10. The Trustee shall keep accurate accounts of all receipts, disbursements and other transactions in connection with the Trust Funds and all records relating thereto shall, subject to the prior consent and approval of the Trustee or order of the Court, be open to inspection and audit by any person designated by the Company at the Trustee's office in Vancouver, British Columbia.

6)

11. The Trustee shall furnish to the Company within 30 days after the distribution of the Trust Funds in accordance herewith or the removal or resignation of the Trustee or termination of the trust (collectively, the "**Termination Date**"), a written statement of account setting forth all receipts, disbursements and other transactions effected by it from the date of this Agreement to the Termination Date. Upon the expiration of 60 days from the date of delivery of such statement, or upon the prior approval of the Company or the Court, the Trustee shall be forever relieved and discharged from any and all liability in respect of its acts and transactions as shown in any such statement except with respect to any such acts or transactions:

(a) as to which the Company shall within such 60 day period deliver to the Trustee a written statement objecting thereto; and

(b) for loss to or diminution of the assets comprising the Trust Funds resulting from gross negligence or wilful misconduct of the Trustee.

Notwithstanding the foregoing, the Trustee shall have the right to elect to have its accounts settled by the Court whether or not the Company has delivered written objection to any account as hereinabove provided, and in the event of such election, only the Trustee and the Company shall be the necessary parties.

Use of Trust Account

12. The Trust Funds shall be held as security for and applied by the Trustee to satisfy payments required to be made by the Company to the Eligible Employees under the KERP in accordance with this Agreement.

13. Except as specifically provided herein, at no time shall any part of the Trust Funds revert to or be recoverable by the Company, or be used for or diverted to, purposes other than for the exclusive benefit of the Eligible Employees, except such part, if any, of the Trust Funds as may remain at the termination of the Trust after satisfaction of all liabilities with respect to the Eligible Employees under the KERP, as to which the Trustee may rely on the most recent Exclusion Certificate and the Certificate Amount referred to therein. Upon satisfaction of all such liabilities, the Trustee shall remit to the Company for its absolute use and benefit such part, if any, of the Trust Funds as may then remain.

Responsibilities

14. (a) **Standard of Care** – the Trustee shall exercise the powers and duties conferred upon it by this Agreement and shall not be liable for the making, retention or sale of any investment or reinvestment nor for any loss to or diminution of the Trust Funds unless due to the Trustee's own gross negligence or wilful misconduct.

(b) **Indemnity** – the Company (in addition to any right of indemnity given by law or supplementary indemnity) shall indemnify the Trust Funds and the Trustee against all claims, losses, liabilities, costs, damages or expenses (including reasonable counsel's fees and expenses) (collectively, "**Losses**") arising from or in connection with or related to this Agreement or being the Trustee hereunder including, but not limited to, Losses incurred by the Trustee in connection with its successful defence, in whole or in part, of any claim of gross negligence or wilful misconduct on its part, provided, however, that nothing contained herein shall require the Trustee to be indemnified for Losses caused by its gross negligence or wilful misconduct. The indemnity hereunder shall survive termination of this Agreement.

(c) **Compliance with Law** – the Trustee is authorized to comply with any law, order or regulation now or hereafter in force which imposes on the Trustee a duty to take or refrain from taking any action under the KERP or to permit authorized parties to have access to and the right on reasonable notice to examine and make copies of any records relating in any way to the KERP.

(d) **Services** – except as expressly stated herein, the Trustee makes no representations or warranties, express or implied, regarding the services which it will provide.

(e) **Liability** – the Trustee shall not be liable for any consequential, punitive or special damages for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence or wilful misconduct on its part.

Trustee's Compensation, Expenses and Taxes

15. The Company shall pay the Trustee a fee for its services in administration of the Trust Funds at a rate from time to time agreed to by the Company and the Trustee, together with all necessary out of pocket expenses.

Removal and Resignation

16. The Trustee may be removed as trustee of the Trust Funds by the Company, with approval of the Court, at any time upon 60 days (or such shorter time as may be agreed upon between the Company and the Trustee) notice in writing to the Trustee.

17. The Trustee may resign at any time upon 60 days' (or such shorter time as may be agreed upon between the Company and the Trustee) notice in writing to the Company.

18. Upon such removal or resignation (as applicable), the Company shall, subject to Court approval, appoint and designate a successor trustee, and the Trustee after settlement of its accounts shall, subject to its right to interplead the Trust Funds pursuant to paragraph 9(e) hereof, assign and transfer and pay over to such successor trustee the Trust Funds then in possession of the Trustee, less any amount constituting charges and expenses owing to the Trustee, whether in connection with the settlement of its account, or otherwise. Upon the earlier of the issuance of approval by the successor trustee that the Trust Funds are in order and 30 days from the date of delivery of the Trust Funds and all records pertinent thereto, the Trustee shall be forever released and discharged from any liability in respect of its acts hereunder, except any liability resulting from the gross negligence or wilful misconduct of the Trustee.

Rights of the Eligible Employees

19. Nothing in this Agreement shall be construed to give any Eligible Employee or his or her legal representatives any right, title or interest in or to any asset, profit, earning or accretion to the Trust Funds, except until, and only to the extent that, he or she is lawfully entitled to receive a payment out of the Trust Funds in accordance with the terms of the KERP and this Agreement.

Miscellaneous

20. This Agreement shall not be effective unless and until it has been approved by the Court and the Trustee and the Company have been authorized and directed by the Court to enter into and carry out the terms of this Agreement, by order of the Court in a form acceptable to the Trustee, acting reasonably. The parties acknowledge and agree that, notwithstanding anything contained in this Agreement, the Trustee's powers and obligations are at all times subject to any existing or subsequent orders of the Court in the CCAA Proceedings.

21. This Agreement shall be construed and enforced according to the laws of the Province of British Columbia and all provisions hereof shall be administered according to the laws of said Province, and any actions, proceedings, or claims against the Trustee or the Trust Funds shall be commenced in the courts of the Province of British Columbia.

22. If any term, condition or provision of this Agreement is determined to be void or unenforceable, in whole or in part, such determination shall not affect the validity of any other term, condition or provision or part thereof.

23. Communications to the Trustee or the Company shall be deemed sufficiently made if delivered personally, sent by prepaid mail, or sent by electronic mail,

To the Company:

North American Tungsten Corporation Ltd.
c/o Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

Attn: John R. Sandrelli
Email: john.sandrelli@dentons.com
AND
Attn: Michael Axford
Email: michael.axford@dentons.com

To the Trustee:

Alvarez & Marsal Canada Inc.
400 Burrard Street
Suite 1680, Commerce Place
Vancouver, BC V6C 3A6

Attn: Todd Martin
Email: tmartin@alvarezandmarsal.com
AND
Attn: Tom Powell
Email: tpowell@alvarezandmarsal.com

with copy to:

Fasken Martineau DuMoulin LLP
2900-550 Burrard Street
Vancouver, BC V6C 0A3

Attn: Kibben Jackson
Email: kjackson@fasken.com
AND
Attn: Vicki Tickle
E-mail: vtickle@fasken.com

24. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

25. This Agreement may be executed by electronic mail and in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement

IN WITNESS WHEREOF each of the parties hereto has caused this Agreement to be executed on the date first above mentioned:

North American Tungsten Corporation Ltd.
Per:

____
Name:
Title:

Alvarez & Marsal Canada Inc.
Per:

____
Name:
Title:

SCHEDULE "A"

KERP

APPENDIX D

VIA FEDEX AND EMAIL

July 22, 2015

North American Tungsten Corporation Ltd.
Attention: Kurt Heikkela / Dennis Lindahl
1640 – 1188 W. Georgia Street
Vancouver, BC V6E 4A2
Canada

Re: Notice of Set-Off

Dear Sirs,

You are in default and indebted to Global Tungsten & Powders Corp. ("GTP") in the amount of $4,406,250.00 USD plus accruing interest and costs under the Loan Agreement dated December 19, 2013. You are also in breach of the Supply Agreement dated December 19, 2013 resulting in additional damage to GTP. Please be advised that, pursuant to its contractual, legal and equitable set-off rights, GTP has retained the amount of $1,209,673.49 USD from funds owing to you for your invoices listed below and applied it against the amounts you owe to GTP (without prejudice to other available rights and remedies):

Invoice No.	Invoice Date	Due Date	Amount
NTCG201549	June 22, 2015	July 22, 2015	$250,601.76
NTCG201550	June 23, 2015	July 23, 2015	$253,693.35
NTCG201551	July 7, 2015	August 7, 2015	$229,259.22
NTCG201552	July 14, 2015	August 14, 2015	$238,141.48
NTCG201523	July 16, 2015	August 16, 2015	$237,977.68

Please also be advised that GTP intends to exercise its set-off rights in a similar fashion in repsect of future invoices.

Your truly,

Andreas Lackner
President & CEO

Eric Rowe
Finance Director

cc. Alvarez & Marsal Canada Inc., Monitor (Attention: Todd Martin/Tom Powell)

Global Tungsten & Powders Corp.
1 Hawes Street
Towanda, PA 18848-0504
www.globaltungsten.com
Telephone (570) 268-5000
Fax (570) 268-5157

APPENDIX E

DENTONS

John R. Sandrelli

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D +1 604 443 7132

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

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F +1 604 683 5214

Salans FMC SNR Denton
dentons.com

July 22, 2015

SENT VIA E-MAIL

Davies Ward Phillips & Vineberg LLP
1501 McGill College, 26th Floor
Montreal QC H3A 3N9

Attention: Christian Lachance

Bull, Housser & Tupper LLP
1800 - 510 West Georgia Street
Vancouver BC V6B 0M3

Attention: Kieran Siddall and Scott Boucher

Dear Sirs/Mesdames:

RE: **In the matter of the *CCAA* and North American Tungsten Corporation Ltd.**
S.C.B.C. Action No. S154746, Vancouver Registry
Notice of Set-off from Global Tungsten and Powders Corp. ("GTP")

As you know, we are counsel for North American Tungsten Corporation Ltd. ("**NATC**") in the above noted matter (the "**CCAA Proceedings**"). As June 9, 2015 was the initial filing date under the CCAA, we use such for purposes of reference to pre-filing and post-filing herein. We understand you are counsel for GTP.

As you are aware, your client delivered a "Notice of Set-Off" (the "**GTP Notice**") to our client earlier today. We enclose a copy of that correspondence with this letter. In that notice, GTP has asserted a contractual, legal and equitable right of set-off between:

(a) NATC's pre-filing debt to GTP of approximately US $4,406,250.00[1] (the "**Pre-filing Debt**"), arising pursuant to a Loan Agreement between GTP and NATC dated December 19, 2013 (the "**Loan Agreement**"); and

(b) GTP's post-filing debt to NATC of approximately US $1,209,673.49 (the "**Post-Filing Debt**"), arising from various shipments of product post-filing and invoices issued from June 22 to July 16, 2015. All shipments of tungsten ore were made under a Supply Agreement between GTP and NATC dated December 19, 2013 (the "**Supply Agreement**").

[1] We note the foregoing amounts were taken from the GTP Notice and have not been verified by our client as of yet. We reproduce these here merely for convenience.

We are of the view that your client is prohibited from taking this position given the CCAA Proceedings and, in particular, the stay of proceedings that has been ordered therein. In short, the refusal to make payment in regards to shipments post-filing on the basis of an alleged set-off amounts to a violation of the Initial Order made June 9, 2015, as confirmed by the Amended and Restated Order made July 9, 2015 (the "**ARIO**"). We note in particular that the ARIO was made on notice to GTP and GTP has appeared in the CCAA Proceedings. We view the violation of the ARIO as being a very serious matter.

In addition to GTP being in violation of the Order, our client is very surprised that GTP has sought at this point, almost 6 weeks into the CCAA Proceedings and following several Court hearings, to take the position that it has. As is apparent from the material filed throughout, NATC's liquidity has been very limited and its ability to continue as a going concern depends entirely upon receipt of payment for post-filing production and deliveries to its only two customers, one of which is GTP. Those liquidity issues have been front and centre before the Court. We also note that your client made payment for the deliveries made shortly after the filing date, totalling in excess of US $700,000. Not surprisingly therefor, your client's decision to refuse payment at this stage was entirely unexpected and is highly disruptive to NATC's restructuring efforts.

We reiterate that the refusal to make payment as required under the Supply Agreement has caused a critical and immediate cashflow issue for NATC. We have set out additional background and detail regarding these matters below and hereby demand on behalf of NATC that your client reconsider its decision to assert set-off and commit to immediate payment of the Post-Filing Debt, and all other post-filing obligations, as and when the same become due.

By way of background, NATC sought and was granted an initial order under the CCAA on June 9, 2015. In the first affidavit of Dennis Lindahl, the Loan Agreement, the Supply Agreement and GTP's security over the Mactung Property were all clearly set out for the Court. As a result, GTP's status as both creditor and customer has been fully disclosed and before the Court since the beginning of these CCAA Proceedings.

As was also noted in Mr. Lindahl's affidavit, GTP is one of NATC's only two customers. It has also been a central issue in these proceedings that NATC's cashflow is extremely tight, and NATC is reliant on prompt payment of its accounts receivable to continue meeting its post-filing obligations. We note, in particular:

(a) the cashflow attached to Mr. Lindahl's first affidavit, and note 2 to that cashflow, which states that NATC anticipates receiving payment from customers within 5 to 10 days of shipment; and

(b) the cashflow attached to the Monitor's Fourth Report, and paragraph 7.2 of that Report which specifically states that the cashflow assumes NATC will be able to achieve continuity of cash receipts from GTP, notwithstanding termination of the RBS factoring agreement (referenced below).

On or around June 22, 2015, the existing factoring arrangement between NATC and Royal Bank of Scotland plc ("**RBS**") was terminated by RBS. This factoring arrangement was the mechanism by which NATC was able to receive payment on invoices issued to GTP within 5 to 10 days (as noted above).

NATC made several requests to GTP to have it voluntarily accelerate its payment terms to 5 business days (as was agreed to by NATC's other customer). GTP advised that, for its own business reasons, it was unable to do so, and that it would be relying on the 30 day payment terms set out in Supply Agreement. While NATC was disappointed with that decision, our client acknowledged that GTP had a right under the Supply Agreement to make payment in 30 days. We stress, however, that during these discussions GTP did not provide any indication that it intended to begin setting off further invoices against the Pre-filing Debt and in fact led NATC to believe that payment would be made as required.

Nevertheless, the termination by RBS and GTP's decision still resulted in a gap in receivables (the "**Cashflow Gap**"). It is clear from Mr. Lindahl's third affidavit (among others) that given this Cashflow Gap, NATC would require further financing to meet its ongoing post-filing obligations in a timely way. This resulted in NATC bringing several applications to approve interim financing on an urgent basis, which was ultimately approved on July 9, 2015. However, as noted above, even accounting for interim financing, the cashflow projections through to the end of October still depend on NATC resolving the Cashflow Gap, and making some arrangement to receive payment on GTP invoices within a shorter period of time.

All of this evidences that GTP was clearly aware throughout these CCAA Proceedings that it was critical for NATC to be paid by GTP for its ongoing shipments if it was going to continue operations. As noted above, the cashflows filed with the Court were based on that very assumption and NATC continued to incur obligations post-filing based thereon. GTP took absolutely no steps whatsoever to cast any doubt on that assumption.

As is also reflected in the materials filed to date, NATC developed an Operating Plan and a SISP (as those terms are defined in the CCAA Proceedings), and sought an extension of the stay to October 31, 2015. The SISP was approved by the Court and an extension of the ARIO was granted until October 31, 2015. Those motions were made on notice to GTP and the Orders were premised, in part, on the assumption and determination that NATC would be able to meet its post-filing obligations, in reliance upon the funds generated from the sale of product to GTP under the Supply Agreement.

All of these steps in the CCAA Proceedings and the process generally have been put in jeopardy by GTP's refusal to make payment for post-filing deliveries under the Supply Agreement. There is, in our view, no basis in law for your client to assert set-off in this case. Without limitation, there is no provision in the Supply Agreement or the Loan Agreement allowing set-off of the obligations; there is no basis for legal or equitable set-off; and a claim of set-off would alter the status quo intended to be preserved by the ARIO and would unfairly elevate the priority of GTP's claim over the claims of other secured creditors.

Lastly, if your client refuses to change its position, that decision alone may well completely frustrate the Petitioner's restructuring efforts and result in a liquidation of NATC's assets. As referenced in the material filed to date, a liquidation would result in an abandoned mine site at Cantung, forced reclamation by the Government of Northwest Territories, and effectively eliminate any recovery for almost all stakeholders (including your client). If your client's wrongful action brings about that scenario, to the detriment of all stakeholders, it may be facing significant damage claims from both NATC and the remaining affected stakeholders as well.

For the foregoing reasons, we hereby demand on behalf of NATC that your client immediately reconsider their position, and forward payment for the invoices due or past due as soon as possible. Given that this issue is critical for NATC and the stakeholders generally, we require a response by end of day on Thursday, July 23, 2015. If your client refuses to change its position, or in the event we have not heard from you by 5:00 pm on July 23, 2015, we intend to set down an application for 10:00 am on Friday, July 24, seeking the following relief:

1. An Order and Declaration that GTP is in violation of the ARIO;
2. An Order compelling GTP to make immediate payment of all due or past due invoices for post-filing deliveries;
3. An Order restraining GTP from seeking to exercise any alleged right of set-off;
4. An Order compelling and directing GTP to make payment of all deliveries made for the period post-filing in accordance with the terms of the Supply Agreement; and
5. Solicitor and client costs.

In addition to the forgoing, we hereby advise on behalf of NATC that it hereby reserves any and all rights it has to hold GTP liable for any and all damages and costs suffered as a result of GTP's actions. We look forward to hearing from you as soon as possible.

Yours truly,
Dentons Canada LLP

John R. Sandrelli

Enclosure
c.c. Todd Martin, Alvarez & Marsal Canada Inc., Monitor
Kibben Jackson, Fasken Martineau LLP, Counsel to the Monitor
William Skelly, counsel to Callidus Capital Corporation