

COURT FILE NUMBER 2101-05160
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT POLARIS FINANCIAL MANAGEMENT LIMITED
RESPONDENT AUVERT MINING GROUP INC.
DOCUMENT SECOND REPORT OF BDO CANADA LIMITED. IN ITS CAPACITY AS RECEIVER DATED April 2, 2026

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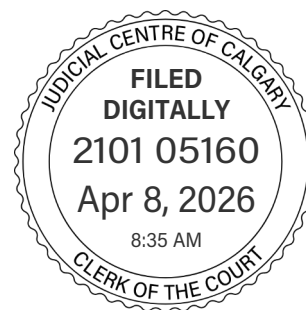


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I. INTRODUCTION

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 3, 2022 (the “**Date of Appointment**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. On August 28, 2023, the Court granted an order (the "**Foreign Representative Order**") which, among other things:
 - (a) authorized Hidvegi & Betancourt Consultores S.A.S. (the “**Foreign Representative**”) to act as the Foreign Representative in respect of the Receivership Proceedings for the purposes of having the Receivership Proceedings recognized in Colombia;
 - (b) authorized the Foreign Representative to apply for foreign recognition and approval of the Receivership Proceedings in Colombia, and for assistance in carrying out the terms of any orders granted in these Receivership Proceedings outside of Canada ("**Foreign Receivership Proceedings**"); and
 - (c) requested that the Superintendencia de Sociedades in Colombia, in its capacity as an insolvency court (the “**Colombian Insolvency Court**”), recognize the Foreign Representative as the “foreign representative” and grant the Foreign Representative status to participate in any “foreign proceeding”.
3. A copy of the Foreign Representative Order is attached hereto as **Appendix “B”**.
4. This second report of the Receiver (the “**Second Report**”), all other Court materials, and Orders issued and filed in this receivership proceeding (the “**Receivership Proceeding**”) are available on the Receiver’s website at: <http://www.bdo.ca/en-ca/extranets/auvert/> (the “**Receiver’s Website**”).

II. PURPOSE OF REPORT

5. The purpose of the Second Report is to:
 - (a) provide this Court with certain information pertaining to 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 first report of the Receiver dated August 21, 2023 (the “**First Report**”);
 - (iii) summary information on the identified assets of the Company and an update on the Receiver’s realization of same, as well as details of the known creditors of the Company;
 - (iv) an update on the Foreign Receivership Proceeding and the material activities of the Foreign Representative;
 - (v) the Receiver’s statement of receipts and disbursements from August 16, 2023 to March 31, 2026 (the “**SRD**”);
 - (vi) the Receiver’s fees and disbursements, the Foreign Representative’s fees, and the fees and disbursements of the Receiver’s Canadian and Colombian legal counsel; and
 - (vii) the facts leading to the Receiver's request for its discharge and the discharge of the Foreign Representative, and the conclusion of these proceedings;
- (b) to recommend that this Court make an order:
- (i) approving this Second Report including the actions and activities of the Receiver set out herein;
 - (ii) approving the Receiver’s SRD;
 - (iii) approving the accounts of the Receiver, the Foreign Representative and the Receiver’s Canadian and Colombian counsel, as set out in this Second Report, including the estimated fees to complete these Receivership Proceedings and the Foreign Receivership Proceedings;
 - (iv) discharging the Foreign Representative and Receiver, and releasing the Receiver and Foreign Representative from any and all liability that it now has or may have by reason of, or in any way arising out of, the Receiver’s or Foreign Representative's acts or omissions of while acting it in its capacity as Receiver herein, save and except for any gross negligence or willful misconduct on the Receiver or Foreign Representative's part, upon the filing of the Receiver’s Discharge Certificate; and

- (v) authorizing the Receiver to release or destroy any physical books and records (the "**Records**") of the Company that the Receiver may have in its possession upon 30 days' notice.

III. **QUALIFICATIONS**

- 6. In preparing this Second Report, the Receiver has relied upon unaudited financial information, the Company's unaudited books and records, financial information prepared by the Company, discussions with management, and the Feron Affidavits (defined below) (collectively, the "**Information**").
- 7. 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.
- 8. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

IV. **BACKGROUND**

- 9. This Second 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**", or collectively with the First Feron Affidavit, the "**Feron Affidavits**") in support of an application for summary judgment.
- 10. More information and factual background can be found in the First Report, which is attached as **Appendix "C"**. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the First Report.

Company Overview & Corporate Structure

11. Prior to the Date of Appointment, AuVert, a Canadian company, was in the business of mining stream beds for mineral deposits, otherwise known as alluvial mining, through its subsidiaries in Colombia.
12. In March 2017, Fernhope Limited U.K. (“**Fernhope**”) and the sole shareholder of AuVert, Mr. James Slade (“**Mr. Slade**”), agreed to implement a business plan. This business plan required an investment of USD\$10,000,000 from Fernhope to Mr. Slade 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.
13. The business plan was implemented through a joint venture with AuVert pursuant to a memorandum of understanding (“**MOU**”) dated June 30, 2017. Upon execution, Fernhope advanced funds to AuVert (the “**MOU Advances**”) and AuVert used the money to advance the objectives of the anticipated joint venture company. By January 2018, Fernhope had provided USD\$4,750,000 to AuVert.
14. In January 2018, the relevant parties formalized the joint venture through a subscription and shareholders’ agreement among Telluris Holdings Limited (“**Telluris**”), Quincy Frost Investments Inc. (“**Quincy Frost**”) and AuVert Mining Group Limited (“**AuVert UK**”), an English limited company. Three (3) out of five (5) of the directors of the board of AuVert UK, were Quincy Frost nominees: James Slade, Matthew Slade and Nathan Medlock. The remaining two (2) directors were Telluris nominees: Nicolas Feron and Jim Allen.
15. Telluris advanced the balance of Fernhope’s original USD\$10,000,000 commitment to AuVert UK over the course of 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.

16. In December 2018, the parties decided to consolidate the corporate structure of AuVert UK and move the joint venture to Canada. As a result of this, Telluris held 49% of the common shares in AuVert and Quincy Frost held 51% of the common shares in AuVert. 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 and two (2) Telluris nominee representatives, Nicolas Feron and Jim Allen.

Events Leading to Receiver’s Appointment & Causes of Insolvency

17. As described in the First 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 Loan (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 these funds 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**”); and
 - (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 (hereafter referred to as “**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*.
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, 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 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 (CAD).
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 (2) orders:
 - (a) an order in favour of Polaris (the “**Summary Judgment Order**”), a copy of which is attached as Appendix “B” to the First Report 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

44. Since the First Report, the Receiver's activities have included, among other things:

- (a) engaging the Foreign Representative and instituting the Foreign Receivership Proceedings, pursuant to the Foreign Representative Order;
- (b) responding to calls and inquiries from the Company's creditors, including former employees, suppliers and other stakeholders regarding the Receivership Proceedings and Foreign Receivership Proceedings;
- (c) communicating with Polaris and its counsel in connection with various aspects of the Receivership Proceedings and Foreign Receivership Proceedings;
- (d) meetings and correspondence with the Receiver's Canadian and Colombian legal counsel in connection with various aspects of the Receivership Proceedings and Foreign Receivership Proceedings;
- (e) meetings and correspondence with the Foreign Representative in connection with the Foreign Receivership Proceedings;
- (f) entering into an Administration Agreement with the Canada Revenue Agency (the "CRA") dated August 22, 2024, in which the CRA agreed to allow reasonable fees and costs, up to \$50,000 to be paid ahead of the Crown's priority claim. A copy of the Administration Agreement is attached as **Appendix "D"**;
- (g) corresponding with the CRA on the status of the Receivership Proceeding and Foreign Receivership Proceedings;
- (h) continuing to post all relevant materials to the Receiver's Website;
- (i) preparing this Second Report; and
- (j) attending to miscellaneous other administrative and reporting requirements in respect to this Receivership Proceeding.

VI. IDENTIFIED ASSETS OF THE COMPANY

45. As set out in the First Report, based on a review of the Company's unaudited books and records and from information provided in the Second Feron Affidavit, the Receiver is aware of three (3) 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**").

Columbian Subsidiaries and P200 Equipment

46. The First Report set out various background information and the Receiver's activities and/or investigations as of that date in respect to the Colombian Subsidiaries and the P200 Equipment. This ultimately led to the Receiver seeking and obtaining the Foreign Representative Order in an effort to advance potential recoveries of these asset classes, which is discussed further below.

Ancillary Equipment

47. As described in the First Report, as of the Date of the Appointment, there were three (3) pieces of equipment owned by AuVert which were located in British Columbia and remained in the possession of a third-party contractor that had been engaged by the Company prior to the Receivership Proceedings to sell these assets on a consignment basis. That contractor was Savona Equipment Ltd. ("**Savona**"). For the reasons set out in the First Report, the Receiver determined that it was appropriate to leave the equipment with Savona and to continue to engage Savona in an effort to realize on the Ancillary Equipment.

48. As of the First Report and as set out therein, the Receiver had sold one (1) a Haver & Boeker deck rinse screen for gross proceeds of \$23,500 (\$18,800 after commissions).

49. Subsequent to the First Report, the Receiver has sold one (1) Orival self-cleaning water filter, for gross proceeds of \$10,000 (\$8,000 after commissions).

50. The remaining one (1) Vestil Scissor Lift was being offered for sale at a price of \$7,400 and has not generated any offers to date, noting that it is understood to be very specialized. Accordingly, the Receiver intends to assign the Vestil Scissor Lift to either Polaris or Savona in accordance with paragraph 3(k) of the Receivership Order prior to its discharge, or otherwise abandon its interest in the Vestil Scissor Lift in accordance with paragraph 3(b) of the Receivership Order.

VII. COLUMBIAN RECOGNITION PROCEEDINGS

51. Given that two (2) of the three (3) assets classes of the Company were in Colombia or required the cooperation of Colombian entities to realize on, the Receiver in consultation with Polaris, determined that the best way to realize on the Company's assets was to have the Receivership Proceedings recognized in Colombia, as the Colombian assets were expected to constitute the primary source of funds for repayment to the Company's creditors.

52. Accordingly, the Receiver sought and obtained the Foreign Representative Order and the Receivership Proceedings were thereafter recognized by the Colombian Insolvency Court on May 23, 2024.

53. As set out in the First Report, the Foreign Receivership Proceedings were commenced with the intention to, among other things:

- (a) recognize AuVert's ownership of the P200 Equipment and empowerment (but not obligation) of the Foreign Representative to administer the assets;
- (b) unwind (if necessary) 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 the assets from seizure or forfeit by the creditors of the Colombian Subsidiaries.

54. The Foreign Representative Order was more robust than other "standard" orders appointing a foreign representative. More particularly, the Foreign Representative Order specifically authorized the Foreign Representative 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;
- (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; and
- (f) the Receiver, on behalf of the Foreign Representative, shall pass the Foreign Representative's fees from time to time, and for this purpose, the Foreign Representative's fees are hereby referred to a judge of the Commercial List of the Court.

55. Pursuant to the Foreign Representative Order, the Foreign Representative's activities to date have included, among other things:

- (a) filing a petition with the Colombian Insolvency Court to recognize the Foreign Receivership Proceedings;
- (b) recognizing AuVert's ownership of the AuVert Colombia Listed Equipment and administering the assets; and
- (c) protecting AuVert's Colombia assets from seizure or forfeit by the creditors of the Colombian Subsidiaries.

56. Notwithstanding the foregoing, no substantive steps, other than the material activities summarized above, were taken in the Foreign Receivership Proceedings. This is primarily due to the anticipated costs and the absence of available funding in the receivership. The Receiver notes that the P200 Equipment is understood to be located in a very remote and difficult-to-access location in Columbia. Further, for the reasons supported by the commentary in the First Report, any potential realization of the assets located in Columbia, which may be subject to certain other security interests or claims, would require significant additional expenditures, with no assurance of recovery. Accordingly, the parties funding the proceedings ultimately elected not to provide further funding to the Receiver.

VIII. CREDITORS

Secured Claims

57. As previously discussed, as at the Date of Appointment, AuVert is indebted to Polaris on a secured basis for \$4,074,605. Interest continues to accrue on this indebtedness.
58. The Receiver did not obtain an independent, written opinion from its legal counsel, Cassels, with respect to the validity and enforceability of the Loan and Security Agreements as there was no need to do so in course of the Receivership Proceedings and incur the associated costs.

Priority Claims

59. 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

60. Pursuant to paragraphs 18 to 20 of the Receivership Order, the Receiver and its counsel were provided a Receiver's Charge of up to \$500,000 and have the ability to receive ongoing payment for certain of their fees and disbursements incurred during the course of the Receivership Proceedings.

Receiver's Borrowing Charge

61. Pursuant to paragraph 21 of the Receivership Order, the Receiver was authorized to borrow up to a maximum of \$500,000, as it considered necessary or desirable. As reflected in the SRD, the Receiver has borrowed a total of approximately \$387,000 to date pursuant to various Receiver's Certificates issued by the Receiver (the "**Receiver's Borrowings**").

Deemed Trust Claims

62. As set out in the First Report, in a letter dated January 23, 2023, CRA informed the Receiver that AuVert owed approximately \$115,000 to it on account of outstanding employee source remittances, of which approximately \$76,000 represents a deemed trust claim as against the Company's assets.

63. As set out earlier, the Receiver entered into an Administration Agreement with CRA, whereby CRA agreed to allow the reasonable fees and costs up to \$50,000. However, due to nominal asset realizations as shown in the SRD and the Receiver's Charge and the Receiver's Borrowing Charge, there will be no distribution to CRA.

Unsecured Claims

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

65. As set out herein, there will be no distributions to any creditors.

IX. RECEIVER'S STATEMENTS OF RECEIPTS AND DISBURSEMENTS

66. The Receiver has prepared the SRD which is attached as **Appendix "E"**. As shown therein, the Receiver has two bank accounts, one denominated in USD and the other denominated in CAD, summarized as follows (converted to CAD as applicable):

- (a) total receipts of approximately \$421,034, the majority of which were advances from Polaris which totaled approximately \$386,835 required to fund the proceedings. In addition there was \$26,800 realized on account of the sale of the Ancillary Equipment which was discussed earlier;
- (b) total disbursements of approximately \$371,275 the majority of which relate to professional fees for the Receiver, its legal counsel (both Canadian and Colombian) and the Foreign Representative; and
- (c) total excess receipts over disbursements as of March 31, 2026 were \$49,759.

67. The SRD and the above summary do not include payment of the Receiver's and Cassels' latest professional fee invoices to March 31, 2026 in the amount of \$11,169 (plus GST) and \$15,739 (plus GST), respectfully, which are currently outstanding and are in the process of being paid.

68. Based on the foregoing and the estimates of professional fees to conclude the Receivership Proceeding and the Foreign Receivership Proceedings, which are estimated and summarized below, the Receiver is anticipating that there will be nominal to no funds remaining. However, to the extent that there are net funds after the payment of all professional fees and costs to conclusion of the proceedings, the Receiver intends to issue a partial repayment of the Receiver's Borrowings pursuant to paragraph 25 of the Receivership Order.

X. PROFESSIONAL FEES

69. The Receiver sought and obtained the Court's approval of the professional fees of the Receiver and its legal counsel (both Columbian and Canadian) which were set out in the First Report.
70. The Receiver's additional professional fees incurred for services rendered in relation to the receivership from August 11, 2023 to March 31, 2026 amount to \$40,967.00 (plus GST). These amounts represent professional fees and disbursements not yet approved by the Court.
- (a) as set out earlier, the Receiver's latest invoice for services from December 16, 2024 to March 31, 2026 in the amount of \$11,169.00 (plus GST) has not yet been paid and is therefore not reflected in the SRD.
71. The fees of the Receiver's Canadian counsel, Cassels, for services rendered and disbursements in relation to the receivership from the August 11, 2023 to March 31, 2026 total \$36,857.66 (plus GST). These amounts represent professional fees and disbursements not yet approved by the Court.
- (a) as set out earlier, the Cassels' latest invoice for services from January 13, 2026 to March 31, 2026 in the amount of \$15,738.98 (plus GST) has not yet been paid and is therefore not reflected in the SRD.
72. The fees of the Receiver's Colombian counsel, PPU, for services rendered in relation to the receivership from the August 11, 2023 to December 31, 2024 total USD \$22,528.18 (inclusive of disbursements and any applicable taxes). These amounts represent professional fees and disbursements not yet approved by the Court.
73. The fees of the Foreign Representative for services rendered in relation to the receivership have totaled USD \$8,589.75 (inclusive of disbursements and any applicable taxes). These amounts are reflective of the fee arrangement provided for in the engagement letter with the Foreign Representative and have not yet been approved by the Court.
74. The Receiver has reviewed the accounts of Cassels, PPU and the Foreign Representative and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

75. In addition to the foregoing, the following professional fees are estimated to fully conclude the Receivership Proceeding and the Foreign Receivership Proceeding:

- (a) Receiver – \$10,000;
- (b) Cassels – \$15,000;
- (c) PPU – \$5,000; and
- (d) Foreign Representative – \$5,000.

76. The Receiver submits that the foregoing professional fees, inclusive of the estimates to complete, are reasonable and therefore respectfully recommends that the Honourable Court approve the foregoing professional fees.

XI. DISCHARGE OF THE RECEIVER

77. Despite the Foreign Receivership Proceedings, the realization process has been materially delayed and there has been minimal success, due to the associated costs necessary to advance the proceeding and the lack of available funding to do so.

78. The Receiver now seeks an order for discharge for the following reasons, among others:

- (a) the Receiver lacks funding to continue to advance the Receivership Proceeding and the Foreign Receivership Proceeding;
- (b) the Receiver advised Polaris on February 9, 2026, of its intention to seek a discharge as Receiver and a conclusion of the proceedings, and Polaris indicated its support of this relief; and
- (c) the Foreign Representative intends to terminate the Foreign Receivership Proceedings.

79. Subject to the resolution of any outstanding funds, including the payment of all professional fees and disbursements to conclusion, and a distribution of net available funds (if any) on account of Receiver's Borrowings, the Receiver has substantially completed its mandate.

80. As a result, the Receiver is in a position to seek its final discharge and is therefore recommending that the Court approve the Receiver's discharge upon the filing of the Receiver's Discharge Certificate.

81. The Receiver is additionally recommending that this Court formally discharge the Foreign Representative. The Foreign Representative has advised that Receiver that since it was appointed by this Court pursuant to the Foreign Representative Order, it must also be discharged by this Court for the purposes of terminating the Foreign Receivership Proceedings.

XII. DESTRUCTION OF RECORDS

82. The Receiver is in the possession of certain Records of the Company. Accordingly, it is proposing that it keep these Records for a period of at least 30 days from the date a copy of the related Order is posted to the Receiver's website, for any entitled party to claim possession and take transfer at the cost of such party, after which the Receiver shall be entitled to destroy any of the Records remaining in its possession or control.

83. The Receiver notes that the Records are minimal, are older records, and that the Receiver has no ongoing purpose for retaining them.

XIII. RECOMMENDATIONS

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

- (a) approving the Second Report and ratifying the actions, activities and conduct of the Receiver, set out therein;
- (b) approving the Receiver's SRD;
- (c) approving the accounts of the Receiver, Cassels, PPU and the Foreign Representative, including the estimates to conclude the proceedings, as set out in this Second Report;
- (d) discharging the Receiver as the Court-appointed receiver and manager of the assets, undertakings and properties of the Company and declaring that the Receiver has satisfied its obligations;
- (e) discharging the Foreign Representative; and
- (f) the destruction of any Records as set out herein.

85. All of which is respectfully submitted on the 2nd day of April, 2026.

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



Breanne Scott, CPA, CIRP, LIT
Senior Vice-President