



This is the 1st affidavit of
Graeme Currie in this case and was
made on November 4, 2022

No. S-228723
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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF
PURE GOLD MINING INC.

PETITIONER

AFFIDAVIT

I, **GRAEME CURRIE**, of c/o Suite 1900 – 1055 West Hastings, Vancouver, BC, Businessman,
SWEAR THAT:

I. INTRODUCTION

2. I am the Chairman of the Board of Directors of Pure Gold Mining Inc. ("**Pure Gold**"), the Petitioner in this *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") proceeding, and as such I have personal knowledge of the matters deposed to in this Affidavit except where I depose to a matter based on information from an informant I identify in which case I believe that both the information from the informant and the resulting statement are true.

3. I have been a Director and the Chairman of the Pure Gold Board since May 2014 and am a member of Pure Gold's Audit Committee. I previously served as Director of Investment Banking at Canaccord Genuity Limited where I concentrated specifically on the junior mining sector. Prior to my role in investment banking I was with Canaccord as a Senior Mining Analyst for over 22 years, where I also focused on the junior mining sector.

4. This Affidavit is made in support of Pure Gold's application for an order: (a) approving a Key Employee Retention Plan (the "**KERP**") for certain of Pure Gold's key employees (the "**KERP Employees**"); (b) granting a charge in the amount of \$750,000 over Pure Gold's Property (as defined in the "**Initial Order**" of this Court granted October 31, 2022) to secure the amounts payable pursuant to the KERP; and (c) sealing my Confidential Affidavit #2 (the "**Confidential Second Affidavit**"), which is also being sworn on November 4, 2022, as it contains confidential information with respect to the KERP that is both personally and commercially sensitive.

5. The KERP was developed by Pure Gold, in consultation with the Court-appointed "**Monitor**", KSV Restructuring Inc., to facilitate and encourage the continued participation of its senior management and other key employees who are required to guide Pure Gold through its restructuring efforts and preserve the value of its assets for stakeholders. The KERP is intended to provide the participating KERP Employees with additional payments as an incentive to continue their employment through these CCAA proceedings. The KERP Employees have significant experience and specialized expertise that cannot be easily replicated or replaced, particularly in the context of these proceedings.

6. It is my belief, and that of Pure Gold's Board of Directors, that the KERP is critical to ensuring that the KERP Employees continue in their employment with Pure Gold as it works to continue its ongoing business and implement its restructuring strategy to preserve and maximize value, to the benefit of its stakeholders. For the reasons set out in this Affidavit, Pure Gold believes that the terms of the KERP, including the amounts payable thereunder, are commercially reasonable and appropriate in the circumstances. As noted above, the KERP has also been developed in consultation with the Monitor, which I understand is supportive of its approval by this Court. I also understand that "**Sprott**", Pure Gold's senior secured and interim lender, is supportive of approval of the KERP.

II. THE NEED FOR THE KERP

7. Pure Gold obtained CCAA protection on October 31, 2022. The circumstances that led to the commencement of these CCAA proceedings are described in detail in Affidavit #1 of Chris Haubrich made October 30, 2022 (the "**First Haubrich Affidavit**").

8. While Pure Gold has only been under CCAA protection for a brief period of time, it has made significant strides towards its restructuring goals since the Initial Order was granted. As is described in greater detail in Affidavit #2 of Chris Haubrich, made November 4, 2022 (the “**Second Haubrich Affidavit**”) these efforts have included the development of a sales and investment solicitation process (the “**SISP**”) to solicit offers to purchase, or invest in, Pure Gold, its assets or the Pure Gold mine (the “**Mine**”) and the engagement of National Bank Financial Inc. to act as “**Sales Agent**” in the SISP, which Pure Gold concurrently seeks Court approval of.

9. To that end, in the days since the Initial Order was granted (and indeed, in the weeks leading up to Pure Gold’s filing for CCAA protection), Pure Gold’s employees and officers have been working tirelessly to consider and implement the steps required to both stabilize and restructure Pure Gold’s business. In particular, the KERP Employees have recently expended significant time and effort in demanding circumstances to stabilize Pure Gold’s business and preserve value for its stakeholders.

10. As with any company in CCAA protection, there is significant uncertainty surrounding the employment future of Pure Gold’s employees (either with Pure Gold or a prospective investor in, or purchaser of, its assets or business), particularly in light of Pure Gold’s recent decision to put the Mine on care and maintenance and to temporarily lay-off approximately 195 employees working at the Mine site. This uncertainty, in combination with the need to continue Pure Gold’s day-to-day operations, preserve the value of the Mine, and undertake the significant work required to guide Pure Gold’s restructuring efforts, have emphasized the importance of retaining the KERP Employees.

11. Pure Gold has therefore determined it is in its and its stakeholders’ best interests that steps be taken to ensure the continued retention of the KERP Employees. In consultation with the Monitor, Pure Gold has identified fifteen KERP Employees who will be subject to the proposed KERP.

12. The KERP Employees are drawn from a broad range of various teams and departments within Pure Gold’s business and include members of its senior management, operations, human resources, mine safety, geological, environmental, and finance teams. They collectively provide critical leadership, experience, and resources to run Pure Gold’s business operations. In particular, they have intimate knowledge of Pure Gold’s operations at the Mine, including critical technical and operational knowledge, and many are party to important external

relationships in the Red Lake community where the Mine operates (including with the Wabauskang and Lac Seul First Nations) and the Canadian mining community more generally.

13. The continued employment of the KERP employees will be critical to the ongoing operations of the Mine as well as the company's ability to preserve and maximize its value. Many of the KERP Employees will be required to ensure operational and environmental integrity at the Mine site while it is in care and maintenance and during the pendency of these CCAA proceedings. Certain of them will also be necessary to ensure that a new Pre-Feasibility Study (or, alternatively, a new Preliminary Economic Assessment) and updated Life of Mine Plan (collectively, and including any Preliminary Economic Assessment done in place of a Pre-Feasibility Study, the "PFS"), which are discussed in greater detail in the First Haubrich Affidavit, can be completed, which Pure Gold anticipates will be complete in the next two months. As is also discussed in the First Haubrich Affidavit, completion of the PFS, which will re-establish the Company's long-term development and production plans for the Mine, is critical to maintaining the value of Pure Gold's business and therefore to Pure Gold's ability to reach its restructuring goals more broadly.

14. In addition to their roles in supporting Pure Gold's business operations, I believe that retention of the KERP Employees will be of significant importance to Pure Gold in completing the necessary steps to a successful restructuring under the CCAA. They will provide strategic direction for Pure Gold's restructuring efforts and will be necessary to identify, develop, and implement initiatives intended to maximize value. In particular, the KERP Employees will be essential to implementing the SISP in a manner that maximizes value for Pure Gold's assets, which is discussed in further detail in the Second Haubrich Affidavit, including by, among other things, communicating and negotiating with potential purchasers at all levels, liaising with other interested stakeholders and the Monitor, working to complete the necessary financial, technical and regulatory due diligence, touring the Mine site, conducting management presentations, and evaluating potential bids.

15. Pure Gold has also considered the roles of the KERP Employees in both its ongoing business operations and its restructuring efforts in light of the roles played by both the Monitor and the proposed Sales Agent and does not believe there is any unwarranted duplication of roles.

16. It is Pure Gold's view that while not only will the KERP Employees face a significantly increased workload during these CCAA proceedings, they will also have other, more certain employment opportunities available to them with other companies due to their experience and expertise. Without the benefit of the KERP, Pure Gold is highly concerned that the KERP Employees would likely consider accepting other employment opportunities. Indeed, four on-site employees have resigned since the Mine was placed on care and maintenance, including one operational employee who would have been identified as one of the KERP Employees due to their expertise and experience.

17. The departures of additional key employees will be costly, disruptive, and detrimental to Pure Gold's restructuring efforts. While most of the KERP Employees have irreplaceable knowledge with respect to Pure Gold's business operations (and are therefore themselves considered critical), to the extent it will be possible to replace any of the KERP Employees externally, it will be expensive and time consuming to do so. Further departures are also likely to press additional challenges on Pure Gold in terms of work and morale at a time that they are most in need of stability and continuity, and Pure Gold believes that retention of the KERP Employees will help to ensure a supportive work environment and avoid an exodus of employees more generally.

III. THE KERP TERMS AND CHARGE

18. The "**Retention Bonuses**" payable to each of the KERP Employees under the KERP will be paid in the form of three lump sums, payable as follows:

- (a) 25% of the total Retention Bonus will be paid on completion of the PFS; and
- (b) 25% of the total Retention Bonus will be paid on the earlier of:
 - (i) 30 days following the closing of an asset sale transaction or a restructuring transaction ("**Closing**") in accordance with the proposed SISF; or
 - (ii) March 31, 2023; and
- (c) 50% of the total Retention Bonus will be paid 30 days following Closing.

19. The Retention Bonuses will only be paid to the respective KERP Employees if they have not resigned or been terminated for cause. If the KERP Employees are terminated without

cause, the full amount of their Retention Bonuses (to the extent not already paid) will be payable to them on termination.

20. The KERP order being sought includes a provision allowing Pure Gold to reallocate any unpaid Retention Bonus amount in the case of a departure of any KERP Employee to other of its employees, so long as the total dollar value of Retention Bonuses payable under the KERP does not increase. This flexibility is being sought to allow Pure Gold to address, in a timely way, any unexpected departures and to avoid the potential for cascading employment issues.

21. It is anticipated that each Retention Bonus payable under the KERP will be funded out of Pure Gold's cash flow. However, to ensure that the KERP Employees receive reasonable assurances that their entitlements under the KERP are secure given Pure Gold's insolvency, Pure Gold requests a charge (the "**KERP Charge**") in respect of its obligations under the KERP in an amount of no more than \$750,000 on account of anticipated Retention Bonus payments. The KERP Charge is intended to provide the KERP Employees with a reasonable level of assurance that the Retention Bonuses will be paid.

22. The proposed KERP Charge would rank after the Administration Charge, the D&O Charge, and the Interim Lender's Charge (each as defined in the Initial Order) but before the Sales Agent Charge (as defined and discussed in greater detail in the Second Haubrich Affidavit).

23. In the above circumstances, Pure Gold and its Board of Directors believe that the amounts payable to the KERP Employees under the KERP and the provision of the KERP Charge are reasonable and appropriate in the circumstances.

24. Pure Gold also understands from its discussions with Sprott that Sprott has agreed to provide additional incentive payments to each of the KERP Employees, which payments will be tied to certain outcomes of the SISP. These additional amounts will be paid out of recoveries that Sprott would otherwise be entitled to and as such do not impact recoveries of the other creditors of Pure Gold. The terms of this arrangement remain subject to formal documentation.

IV. THE NEED FOR CONFIDENTIALITY

25. I have attached a list of the KERP Employees, their salaries, their Retention Bonuses, the timelines for payment of the Retention Bonuses, and a short summary of their roles in and importance to Pure Gold's business and restructuring efforts, which was developed by

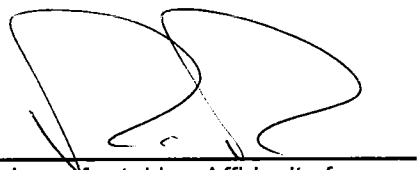
Pure Gold's senior management in consultation with the Monitor, as Exhibit "A" to my Confidential Second Affidavit.

26. Disclosure of the information contained in my Confidential Second Affidavit could be prejudicial to Pure Gold, the KERP Employees, and others. Among other issues, disclosure of the information in my Confidential Second Affidavit could (a) create morale and other issues as between employees who are either not subject to the KERP or are receiving different entitlements under the KERP; (b) allow Pure Gold's business competitors and others to attempt to induce the KERP Employees to depart from their employment for more lucrative opportunities; and (c) make it more difficult for Pure Gold to negotiate employment terms for replacement employees if required. In addition, and generally speaking, salary and compensation levels for employees is a particularly personal and private matter to employees.

27. These issues and disruptions would be prejudicial to Pure Gold at a time that it is most in need of stability and continuity. As the information found in my Confidential Second Affidavit is not of a nature that would normally be made public, I don't believe that anyone would be prejudiced by it remaining sealed from public view.


28. For these reasons, Pure Gold seeks an order that my Confidential Second Affidavit be filed under seal and kept confidential.

SWORN BEFORE ME at West Vancouver,)
British Columbia on November 4, 2022)



A Commissioner for taking Affidavits for)
British Columbia)

PETER RUBIN
#2600 - 595 BURKARD STREET
VANCOUVER, BC



GRAEME CURRIE