



This is the 4th affidavit of
C. Haubrich in this case and was
made on January 18, 2023

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, Chris Haubrich, of Suite 1900 – 1055 West Hastings, Vancouver, British Columbia, AFFIRM
THAT:

I. INTRODUCTION

1. I am the Vice President of Business Development and Chief Financial Officer of Pure Gold Mining Inc. ("**Pure Gold**"), the petitioner in this proceeding. As such, I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based upon information provided to me, in which case I believe the same to be true.
2. I previously made affidavits in these proceedings including on October 30, 2022 (my "**Affidavit #1**") and on November 4, 2022 (my "**Affidavit #2**").
3. This affidavit provides an update on Pure Gold's restructuring efforts since my Affidavit #2.
4. Capitalized terms not otherwise defined in this affidavit have the meanings ascribed to them in my Affidavit #1 and Affidavit #2, as applicable.

The Status of the SISP

5. My Affidavit #2 was made in support of Pure Gold’s application for approval of a Court-supervised sales and investment solicitation process (the “SISP”), among other relief.

6. As approved by this Court, the SISP was divided into two phases, with the following timelines:

EVENT	Target Date
Commencement of Phase I of the SISP	November 10, 2022
Deadline for Submission of Letters of Intent (LOIs)	December 19, 2022
Commencement of Phase II of the SISP	December 20, 2022
Final Bid Deadline	February 6, 2023
Final Agreement Deadline	February 21, 2023
Outside Closing Date	March 10, 2023

7. Phase I of the SISP was carried out by Pure Gold with the assistance of its Court-approved “Sales Agent”, National Bank Financial Inc., the oversight of the Monitor, and in consultation with Sprott, in its capacity as Pure Gold’s senior secured lender, Interim Lender in these proceedings, and largest creditor.

8. In excess of 70 parties were contacted as part of the SISP process. The opportunity provided for by the SISP generated material expressions of interest from participants and a material number of parties executed confidentiality agreements. However, Pure Gold did not receive any acceptable letters of interest by the LOI deadline of December 19, 2022.

9. Since the LOI deadline, Pure Gold, with the assistance of the Sales Agent, has continued – and is continuing – to engage with several potential bidders regarding a transaction and their ongoing due diligence.

10. Based on discussions among the company, the Sales Agent, the Monitor and Sprott, it is the collective view that parties who are or may be interested in pursuing an opportunity to complete a transaction with respect to Pure Gold or its assets would be assisted by further information regarding the company, its assets, and its prospects as a viable mining operation, including the Scoping Study, as described below.

11. As advised in my Affidavit #1, at the commencement of these proceedings Pure Gold had intended to continue its efforts to complete a new "Life of Mine Plan" ("**LOM Plan**") in the form of a "Pre-Feasibility Study" ("**PFS**") or a "Preliminary Economic Assessment" ("**PEA**") to re-establish Pure Gold's long-term development and production plans for its Mine.

12. When the SISP was commenced in early November 2022, it was anticipated that the new LOM Plan in the form of a PFS or PEA would be completed in early 2023 and be available to Phase II SISP participants.

13. However, in the weeks that followed the commencement of the SISP, Pure Gold and its external technical consultants became aware that completing the updated LOM Plan in the form of a PFS or PEA in accordance with the requirements of NI 43-101 (*Standards of Disclosure for Mineral Projects*) would require more time and resources than initially expected.

14. Under the circumstances, Pure Gold has determined, in consultation with Sprott, the Sales Agent, and the Monitor, that it is not prudent at this time for Pure Gold to allocate more time and resources in these CCAA proceedings to the completion of a full PFS or PEA report to summarize the new LOM Plan. Instead, Pure Gold, in consultation with Sprott, the Sales Agent, and the Monitor, has determined that at this time Pure Gold's restructuring objectives would be better served from a timing, resources and cost perspective through the completion of a "**Scoping Study**", rather than a full NI 43-101 compliant PFS or PEA, to summarize the new LOM Plan.

15. Like a PEA or PFS, the Scoping Study includes a financial analysis of the potential viability of mineral resources to be economically extracted based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors. In contrast to a PEA or PFS, the Scoping Study is based in part on simplifying and time-saving assumptions in key areas such as underground mine scheduling which help to resolve key trade-offs and determine the overall scope more efficiently, but lack the underlying resolution required for Qualified Persons, as defined by NI 43-101, to "sign off" on the document as would be required for a PEA or PFS. In practice, a Scoping Study is

generally an “internal facing” document used to broadly define the project whereas a PFS or PEA is a more detailed external “public-facing” document developed to inform trading on the equity markets.

16. Based on extensive work completed to date, Pure Gold and its technical consultants estimate that a Scoping Study for the Mine could be finalized within a matter of weeks of the date of this affidavit. In contrast, it is estimated that an additional number of months and an additional approximately \$500,000 would be required to advance the Scoping Study to an NI 43-101 compliant PEA and even further cost and time would be required to complete a PFS.

17. Having consulted with the Sales Agent, Pure Gold believes that the completion of a Scoping Study will accomplish the goal of re-establishing Pure Gold’s long-term development and production plans (including a detailed restart plan) to a level of detail that will be sufficient to assist parties interested in completing a transaction with respect to Pure Gold or its assets in assessing the opportunity for doing so.

Stay Extension Required

18. To provide the company with the “breathing room” required to complete the Scoping Study and undertake necessary consultations on the future direction of its restructuring efforts, Pure Gold is requesting that the stay of proceedings granted by this Court be extended from January 27, 2022, to March 10, 2023. Pure Gold believes that the proposed extension will provide sufficient time for the company to make necessary decisions on how to advance its restructuring efforts.

19. Upon the completion of the Scoping Study, Pure Gold intends to undertake further consultation with the Sales Agent, Sprott, and the Monitor with a view to determining how best to advance its restructuring efforts, including the SISP, in the context of these CCAA proceedings. During that time, the Mine will continue to remain on care and maintenance status.

20. Pure Gold has continued to make good faith efforts towards a restructuring and a plan forward including (i) continuing to operate its mine on a care and maintenance basis; (ii) engaging with stakeholders including secured creditors, unsecured creditors, suppliers, the DIP lender, the government, and employees; (iii) continuing to advance the SISP process; (iv) engaging with the Monitor; (v) engaging with the Sales Agent; (vi) engaging with consultants and

considering technical matters such as the LOM Plan; and (vi) complying with its reporting obligations and other requirements under applicable court orders.

21. Based on its updated cash flow projections, a copy of which will be attached to the Second Report of the Monitor (to be filed), Pure Gold has sufficient liquidity to carry it through the extended stay period.

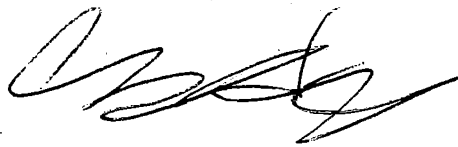
22. I believe that Pure Gold has been acting in good faith and with due diligence in these CCAA proceedings and that the proposed stay extension is in the best interest of the company and its stakeholders.

KERP Amendment


23. As discussed in Affidavit #1 of Graeme Currie made on November 4, 2022, certain of Pure Gold's key employees were necessary to advance the company's efforts to complete the LOM Plan and PFS or PEA. For this reason, the KERP developed by Pure Gold, as approved by this Court, contemplated the granting of "Retention Bonuses" to these employees upon the completion of such study. With Pure Gold's shift to the completion of a Scoping Study, Pure Gold is seeking a clarifying amendment to the Order of this Court granted on November 9, 2022 providing that the relevant Retention Bonuses will be paid upon the completion of the Scoping Study rather than a PFS or PEA.

24. I understand that the Monitor and Sprott are supportive of this amendment.

AFFIRMED BEFORE ME at Vancouver,
British Columbia on January 18, 2023



A Commissioner for taking Affidavits for
British Columbia



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