



This is the 1<sup>st</sup> affidavit of J. Alambre in this case and was made on October 31, 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, AS AMENDED

- 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.

AFFIDAVIT OF JENNIFER ALAMBRE  
(Sworn October 31, 2022)

I, JENNIFER ALAMBRE, of 2600 – 595 Burrard Street, Vancouver, legal assistant, AFFIRM THAT:

1. I am the legal assistant to Peter Rubin of Blake, Cassels & Graydon LLP, counsel to Pure Gold Mining Inc. 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.

2. Attached to this affidavit and marked as "Exhibit "A" is a copy of an Interim Financing Term Sheet dated October 30, 2022.

AFFIRMED BEFORE ME at Vancouver,  
British Columbia on October 31, 2022

  
A Commissioner for taking Affidavits for British  
Columbia

  
JENNIFER ALAMBRE

This is Exhibit "A" referred to in the affidavit of Jennifer Alambre sworn before me at Vancouver, British Columbia this 31<sup>st</sup> day of October, 2022.



A Commissioner for taking Affidavits  
for British Columbia

**CLAIRE HILDEBRAND**  
*Barrister & Solicitor*  
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**USD \$10,000,000**  
**INTERIM FINANCING TERM SHEET**

**Dated: October 30, 2022**

WHEREAS the Borrower (as defined below) will make an application before the Supreme Court of British Columbia (the "Court") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA");

AND WHEREAS the Borrower has requested that the Interim Lender (as defined below) provide financing in accordance with the terms and conditions set forth herein to fund certain cash requirements of the Borrower during the pendency of the Borrower's proceedings under the CCAA (the "CCAA Proceedings");

NOW THEREFORE, the parties, for good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the parties hereto), agree as follows:

- |                         |   |
|-------------------------|---|
| <b>1. BORROWER</b>      | Pure Gold Mining Inc. (the "Borrower").   |
| <b>2. LENDER</b>        | Sprott Private Resource Lending II (Collector), LP (the "Interim Lender").  |
| <b>3. DEFINED TERMS</b> | Capitalized terms used in this Interim Financing Term Sheet (also referred to herein as "this Term Sheet") not otherwise defined herein shall have the meanings given thereto in Schedule A.                          |
| <b>4. PURPOSE</b>       | The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower's pursuit of the CCAA Proceedings: |

(B) TO FUND PROFESSIONAL FEES, INCLUDING FEES OF THE MONITOR (AS THAT TERM IS DEFINED BELOW) AND THE LEGAL FEES OF COUNSEL TO THE INTERIM LENDER, THE BORROWER AND THE MONITOR. IT IS AGREED TO AND ACKNOWLEDGED BY THE BORROWER AND THE INTERIM LENDER THAT THOSE FEES AND EXPENSES INCURRED TO THE DATE HEREOF, AS AND INCLUDING THOSE PROVIDED FOR IN THE AGREED BUDGET AS OF THE DATE HEREOF ARE REASONABLE AND CAN BE FUNDED FROM THE INTERIM FACILITY.

(C) TO FUND THE PAYMENT OF INTEREST AND OTHER AMOUNTS PAYABLE UNDER THE INTERIM FACILITY UNDER THIS INTERIM FINANCING TERM SHEET IN ACCORDANCE WITH THE TERMS HEREOF.

(D) TO FINANCE ONLY (I) AGREED OPERATING EXPENSES OF THE BORROWER, (II) RESTRUCTURING COSTS IN THE CCAA PROCEEDINGS, AND (III) AGREED GENERAL CORPORATE PURPOSES OF THE BORROWER INCLUDING THE PAYMENT OF INSURANCE COSTS, IN EACH CASE AND ALL IN ACCORDANCE WITH THE AGREED BUDGET

(E) TO FUND SUCH OTHER COSTS AND EXPENSES AS AGREED TO BY THE INTERIM LENDER, IN WRITING AND CONSENTED TO BY THE MONITOR.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Interim Lender and the Monitor; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay (i) fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings

owing to counsel to the Borrower, the Monitor and counsel to the Monitor; (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget; or (iii) any other amounts owing by the Borrower to the extent specifically identified in the Agreed Budget.

**5. INTERIM FACILITY, MAXIMUM AMOUNT**

A super-priority, debtor-in-possession interim, non-revolving credit facility (the "Interim Facility") up to a maximum principal amount of USD \$10,000,000 (the "Maximum Amount"), subject to the terms and conditions contained herein. Advances under the Interim Facility (collectively the "Interim Advances" and individually an "Interim Advance") shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

**6. INTEREST RATE**

The Interim Advances shall bear interest at a rate per annum equal to 15.00%. Such interest shall accrue daily and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period. All interest shall be computed on the basis of a 360-day year of twelve 30-day months, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

**7. CONDITIONS PRECEDENT TO EFFECTIVENESS AND INTERIM ADVANCES**

The effectiveness of this Interim Financing Term Sheet and the agreement of the Interim Lender to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

(B) THE COURT SHALL HAVE ISSUED AN ORDER IN THE CCAA PROCEEDINGS (THE "DIP ORDER"), SATISFACTORY TO THE INTERIM LENDER IN ITS SOLE DISCRETION, ON NOTICE TO SUCH PARTIES AS ARE ACCEPTABLE TO THE INTERIM LENDER, WHICH SHALL: (I) APPROVE THIS INTERIM FINANCING TERM SHEET AND THE INTERIM FACILITY; (II) GRANT THE INTERIM LENDER A CHARGE (THE "INTERIM LENDER CHARGE") OVER THE PROPERTY OF THE BORROWER SECURING ALL OBLIGATIONS OWING BY THE BORROWER TO THE INTERIM LENDER UNDER THIS INTERIM FINANCING TERM SHEET, RESPECTIVELY (THE "INTERIM FINANCING OBLIGATIONS"), WHICH SHALL HAVE PRIORITY OVER ALL LIENS OTHER THAN THE PERMITTED PRIORITY LIENS; AND (III) TREAT THE INTERIM LENDER AS AN UNAFFECTED CREDITOR IN THE CCAA PROCEEDINGS.

(C) THE INTERIM LENDER SHALL HAVE RECEIVED, AND ACCEPTED IN ITS SOLE DISCRETION, THE AGREED BUDGET.

THE MAKING OF EACH INTERIM ADVANCE BY THE INTERIM LENDER SHALL BE FURTHER SUBJECT TO THE SATISFACTION OF THE FOLLOWING CONDITIONS PRECEDENT (COLLECTIVELY, THE "FUNDING CONDITIONS") AS DETERMINED BY THE INTERIM LENDER:

(D) THE DIP ORDER SHALL NOT HAVE BEEN STAYED, VACATED OR OTHERWISE CAUSED TO BE INEFFECTIVE OR MATERIALLY AMENDED, RESTATED OR MODIFIED,

WITHOUT THE CONSENT OF THE INTERIM LENDER AND SUCH DIP ORDER SHALL HAVE BECOME A FINAL ORDER NOT SUBJECT TO APPEAL.

- (E) ALL INTERIM FINANCING FEES AND EXPENSES FOR WHICH INVOICES HAVE BEEN PROVIDED TO THE BORROWER SHALL HAVE BEEN PAID, OR ARRANGEMENTS SATISFACTORY TO THE INTERIM LENDER SHALL HAVE BEEN MADE TO PAY SUCH AMOUNTS.
- (F) THE BORROWER SHALL BE IN COMPLIANCE WITH ALL ORDERS ISSUED IN THE CCAA PROCEEDINGS;
- (G) THE BORROWER SHALL HAVE PAID ALL STATUTORY LIENS, TRUST AND OTHER PRIMING GOVERNMENT CLAIMS INCLUDING, WITHOUT LIMITATION, SOURCE DEDUCTIONS, EXCEPT, IN EACH CASE, FOR ANY SUCH AMOUNTS THAT ARE NOT YET DUE AND PAYABLE OR WHICH ARE IN DISPUTE IN WHICH CASE APPROPRIATE RESERVES HAVE BEEN MADE.
- (H) ALL OF THE REPRESENTATIONS AND WARRANTIES OF THE BORROWER AS SET FORTH HEREIN SHALL BE TRUE AND ACCURATE IN ALL MATERIAL RESPECTS.
- (I) NO DEFAULT OR EVENT OF DEFAULT SHALL HAVE OCCURRED OR, IF APPLICABLE, SHALL OCCUR AS A RESULT OF THE REQUESTED INTERIM ADVANCE.
- (J) NO MATERIAL ADVERSE CHANGE SHALL HAVE OCCURRED AFTER THE DATE HEREOF.
- (K) THERE SHALL BE NO LIENS RANKING IN PRIORITY TO THE INTERIM LENDER CHARGE OTHER THAN THE PERMITTED PRIORITY LIENS.
- (L) THE INTERIM LENDER SHALL HAVE RECEIVED A WRITTEN REQUEST FOR AN INTERIM ADVANCE FROM THE BORROWER, SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS SCHEDULE B, WHICH SHALL BE EXECUTED BY A DIRECTOR OR OFFICER OF THE BORROWER, AND SHALL CERTIFY, *INTER ALIA*, THAT (I) THE REQUESTED INTERIM ADVANCE IS WITHIN THE MAXIMUM AMOUNT AND IS CONSISTENT WITH THE AGREED BUDGET, AND (II) THE BORROWER AND THE OTHER BORROWER ARE IN COMPLIANCE WITH THIS INTERIM FINANCING TERM SHEET AND THE COURT ORDERS.
- (M) THE REQUESTED INTERIM ADVANCE SHALL NOT CAUSE THE AGGREGATE AMOUNT OF ALL OUTSTANDING INTERIM ADVANCES TO EXCEED THE MAXIMUM AMOUNT OR BE GREATER THAN THE AMOUNT SHOWN ON THE AGREED BUDGET AS AT THE DATE OF SUCH INTERIM ADVANCE.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied, or waived by the Interim Lender, and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in

form and content satisfactory to the Interim Lender in their sole discretion (unless specified otherwise). All present and future obligations of the Borrower under or in connection with this Interim Financing Term Sheet and all other documents in connection with the Interim Facility will be satisfactory to the Interim Lender.

#### 8. COSTS AND EXPENSES

The Borrower shall pay all of the reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any costs of the Interim Lender in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, or the CCAA Proceedings, and for certainty, including without limitation the preparation and negotiation of all of the Interim Financing Term Sheet and court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Interim Lender thereunder or in connection with in connection with the CCAA Proceedings (collectively, the "Interim Financing Fees and Expenses").

#### 9. INTERIM LENDER CHARGE

All Interim Financing Obligations of the Borrower shall be secured by the Interim Lender Charge which shall be granted by the Court on terms and conditions satisfactory to the Interim Lender in their sole discretion. The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.

#### 10. MONITOR

The court-appointed monitor in the CCAA Proceedings shall be KSV Restructuring Inc. (the "Monitor"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time. The Borrower does not object to the Monitor retaining Fasken Martineau DuMoulin LLP as its legal counsel.

#### 11. TERM AND MATURITY

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of:

(i) the occurrence of any Event of Default hereunder which is continuing and has not been cured;

(ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "Plan") which has been approved by the requisite majorities of the Borrower's creditors and by an order entered by the Court;

(iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and

(iv) the date that is six months from the date of the Initial Advance.

(the earliest of such dates being the "Maturity Date")

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan or Bankruptcy Sale shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date such Plan is implemented or Bankruptcy Sale is completed.

#### 12. AGREED BUDGET AND REVISED BUDGETS

The Borrower has delivered, and the Interim Lender has accepted in its sole discretion, on the date hereof a current weekly line item budget covering the period of at least ninety-one (91) days following the date of this Interim Financing Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the "Agreed Budget"). The Agreed Budget sets forth expected receipts and the expected operating and

other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Tuesday of each week by 5:00 p.m. (Vancouver time), commencing on the second Tuesday after the Initial Advance (defined below), the Borrower shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion (if so approved by the Interim Lender, the "Revised Budget").

### 13. AVAILABILITY UNDER INTERIM FACILITY

Provided that the Funding Conditions are satisfied to the satisfaction of the Interim Lender, each Interim Advance shall be made separately by the Interim Lender to the Borrower within two (2) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially in the form attached hereto as Schedule A. Each Interim Advance shall be in a minimum aggregate amount that is no less than \$100,000 and in excess thereof in integral multiples of \$50,000. All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

The initial Interim Advance shall be in an amount not in excess of \$2,000,000 or such lesser amount as authorized in the DIP Order (the "Initial Advance").

### 14. EVIDENCE OF INDEBTEDNESS

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

### 15. VOLUNTARY PREPAYMENTS AND MANDATORY PREPAYMENTS

Provided the Monitor is satisfied that there are sufficient cash reserves in the Borrower's bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least two Business Days' prior notice and provided that any such prepayment is not less than \$50,000 and in excess thereof in integral multiples of \$25,000. Any amounts prepaid can be re-borrowed prior to the Maturity Date.

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that the Borrower have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon:

- (i) a sale of any of the Collateral out of the ordinary course of business and consented to in writing by the Interim Lender, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof); or
- (ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof).

Any amount repaid may not be re-borrowed prior to the Maturity Date.

### 16. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender rely on entering into this Interim Financing Term Sheet, that:

(B) SUBJECT TO THE GRANTING OF THE DIP ORDER,

THE EXECUTION AND DELIVERY OF, AND TRANSACTIONS CONTEMPLATED BY, THIS INTERIM FINANCING TERM SHEET:

- (I) ARE WITHIN THE POWERS OF THE BORROWER;
  - (II) HAVE BEEN DULY AUTHORIZED BY ALL NECESSARY CORPORATE APPROVALS;
  - (III) HAVE BEEN DULY EXECUTED AND DELIVERED BY OR ON BEHALF OF BORROWER;
  - (IV) CONSTITUTE LEGAL, VALID AND BINDING OBLIGATIONS OF THE BORROWER;
  - (V) DO NOT REQUIRE THE CONSENT OR APPROVAL OF, REGISTRATION OR FILING WITH, OR ANY OTHER ACTION BY, ANY GOVERNMENTAL AUTHORITY.
- (C) THE ACTIVITIES OF THE BORROWER HAVE BEEN CONDUCTED IN MATERIAL COMPLIANCE WITH ALL APPLICABLE LAW, SUBJECT TO THE PROVISIONS OF THE CCAA AND ANY COURT ORDER, UNLESS: (I) OTHERWISE ORDERED BY THE COURT, OR (II) THE SANCTIONS FOR NON-COMPLIANCE ARE STAYED BY A COURT ORDER.
- (D) THE BORROWER HAS MAINTAINED ITS OBLIGATIONS FOR PAYROLL, SOURCE DEDUCTIONS, GOODS AND SERVICES TAX AND HARMONIZED SALES TAX, AND OTHER TAXES, AS APPLICABLE, AND IS NOT IN ARREARS IN RESPECT OF PAYMENT OF THESE OBLIGATIONS.
- (E) THE AGREED BUDGET IS REASONABLE AND PREPARED IN GOOD FAITH.
- (F) NO DEFAULT OR EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING.
- (G) THE BORROWER HAS MADE FULL AND COMPLETE DISCLOSURE IN WRITING TO THE INTERIM LENDER OF:
- (I) ALL LITIGATION OR OTHER PROCEEDINGS INVOLVING THE BORROWER (OR ANY ONE OR MORE OF THEM); AND
  - (II) ALL CLAIMS AND/OR THREATENED CLAIMS, LITIGATION OR PROCEEDINGS AGAINST ANY ONE OR MORE OF THE BORROWER.

#### 17. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- (B) PROVIDE THE INTERIM LENDER OR ITS ADVISORS, ON REASONABLE NOTICE AND DURING NORMAL BUSINESS HOURS, FULL ACCESS TO THE BOOKS AND RECORDS OF THE BORROWER;
- (C) CAUSE MANAGEMENT OF THE BORROWER TO FULLY CO-OPERATE WITH THE INTERIM LENDER AND THE MONITOR OR THEIR RESPECTIVE AGENTS AND ADVISORS, AS



APPLICABLE;

- (D) ALLOW THE INTERIM LENDER OR ITS ADVISORS, ON REASONABLE NOTICE DURING REGULAR BUSINESS HOURS, TO ENTER ON AND INSPECT THE BORROWER'S ASSETS AND PROPERTIES;
- (E) KEEP THE INTERIM LENDER AND THE MONITOR APPRISED ON A TIMELY BASIS OF ALL MATERIAL DEVELOPMENTS WITH RESPECT TO THE BUSINESS AND AFFAIRS OF THE BORROWER;
- (F) DELIVER TO THE INTERIM LENDER:
  - (I) DOCUMENTS REFERRED TO IN SECTION 12 ABOVE, ON THE DATES AND TIMES SPECIFIED IN SECTION 12;
  - (II) COPIES OF ALL PLEADINGS, MOTIONS, APPLICATIONS, JUDICIAL OR FINANCIAL INFORMATION AND OTHER DOCUMENTS TO BE FILED BY OR ON BEHALF OF THE BORROWER WITH THE COURT, AT LEAST THREE (3) BUSINESS DAYS PRIOR TO THE DATE ON WHICH SUCH MATERIAL IS FILED, UNLESS IT IS NOT PRACTICAL IN THE CIRCUMSTANCES TO PROVIDE SUCH MATERIALS ON SUCH TIMING IN WHICH CASE THE BORROWER SHALL PROVIDE SUCH MATERIAL AS FAR IN ADVANCE AS THE CIRCUMSTANCES PERMIT; ALL SUCH COURT FILINGS BY THE BORROWER SHALL BE IN FORM AND SUBSTANCE SATISFACTORY TO THE INTERIM LENDER TO THE EXTENT THAT ANY SUCH FILINGS AFFECT OR CAN REASONABLY BE EXPECTED TO AFFECT THE RIGHTS AND INTERESTS OF THE INTERIM LENDER;
  - (III) PROMPT NOTICE OF MATERIAL EVENTS, INCLUDING, WITHOUT LIMITATION, DEFAULTS, NEW MATERIAL LITIGATION OR CHANGES IN STATUS OF ONGOING MATERIAL LITIGATION, REGULATORY AND OTHER FILINGS;
  - (IV) OTHER REASONABLE INFORMATION REQUESTED BY THE INTERIM LENDER FROM TIME TO TIME;
  - (V) PROMPT NOTICE OF ANY EVENT THAT COULD REASONABLY BE EXPECTED TO RESULT IN A MATERIAL ADVERSE CHANGE;
  - (VI) COPIES OF ALL MATERIAL COMMUNICATIONS RECEIVED FROM EXISTING OR PROSPECTIVE CLIENTS; AND
  - (VII) WITHOUT LIMITING THE FOREGOING, IN A TIMELY MANNER AND PRIOR TO EFFECTING OR INCURRING SUCH TRANSACTION OR EXPENSE, THE BORROWER SHALL DELIVER TO THE MONITOR AND THE INTERIM LENDER COPIES OF ANY FINANCIAL REPORTING WHICH SHOWS A MATERIAL TRANSACTION OR MATERIAL EXPENSE, OR A MATERIALLY ADVERSE FINANCIAL POSITION OF THE BORROWER, WHICH IS NOT REFLECTED IN THE AGREED BUDGET, AND SHALL FORTHWITH PROVIDE ANY REPORTS OR COMMENTARY RECEIVED FROM THE MONITOR IN RESPECT OF SAME;

- (G) USE THE PROCEEDS OF THE INTERIM FACILITY ONLY FOR THE PURPOSES DESCRIBED IN SECTION 4, AND IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET OUT HEREIN;
- (H) COMPLY WITH THE PROVISIONS OF THE COURT ORDERS MADE IN THE CCAA PROCEEDINGS (COLLECTIVELY, THE "COURT ORDERS" AND EACH A "COURT ORDER");
- (I) CONDUCT ALL ACTIVITIES IN A MANNER CONSISTENT WITH THE AGREED BUDGET;
- (J) FORTHWITH NOTIFY THE INTERIM LENDER AND THE MONITOR OF THE OCCURRENCE OF ANY DEFAULT OR EVENT OF DEFAULT;
- (K) COMPLY WITH ALL APPLICABLE LAW EXCEPT TO THE EXTENT NOT REQUIRED TO DO SO PURSUANT TO THE INITIAL ORDER OR ANY OTHER COURT ORDER;
- (L) TAKE ALL ACTIONS NECESSARY OR AVAILABLE TO DEFEND THE COURT ORDERS FROM ANY APPEAL, REVERSAL, MODIFICATIONS, AMENDMENT, STAY OR VACATING NOT EXPRESSLY CONSENTED TO IN WRITING IN ADVANCE BY THE INTERIM LENDER (I) IN ITS SOLE DISCRETION IN RESPECT OF ANY APPEAL, REVERSAL, MODIFICATION, AMENDMENT STAY OR VACATING RELATING TO THE INTERIM FACILITY OR ANY OTHER MATTER THAT ADVERSELY AFFECTS THE INTERIM LENDER, AND (II) ACTING REASONABLY IN RESPECT OF ANY OTHER APPEAL, REVERSAL, MODIFICATION, AMENDMENT, STAY OR VACATING;
- (M) PROMPTLY UPON BECOMING AWARE THEREOF, PROVIDE DETAILS OF THE FOLLOWING TO THE INTERIM LENDER: (I) ANY PENDING, OR THREATENED CLAIMS, POTENTIAL CLAIMS, LITIGATION, ACTIONS, SUITS, ARBITRATIONS, OTHER PROCEEDINGS OR NOTICES RECEIVED IN RESPECT OF SAME, AGAINST THE BORROWER, BY OR BEFORE ANY COURT, TRIBUNAL, GOVERNMENTAL AUTHORITY OR REGULATORY BODY, WHICH WOULD BE REASONABLY LIKELY TO RESULT IN, INDIVIDUALLY OR IN THE AGGREGATE, IN A JUDGMENT IN EXCESS OF \$250,000 OR THE EQUIVALENT AMOUNT THEREOF IN ANY OTHER CURRENCY; AND
- (N) PROVIDE TO THE INTERIM LENDER REGULAR UPDATES REGARDING THE STATUS OF THE CCAA PROCEEDINGS INCLUDING, WITHOUT LIMITATION, REPORTS ON THE PROGRESS OF ANY PLAN OR RESTRUCTURING OPTION AND ANY INFORMATION WHICH MAY OTHERWISE BE CONFIDENTIAL, SUBJECT TO SAME BEING MAINTAINED AS CONFIDENTIAL BY THE INTERIM LENDER; PROVIDED HOWEVER, IN NO EVENT SHALL ANY INFORMATION SUBJECT TO PRIVILEGE BE REQUIRED TO BE PROVIDED TO THE INTERIM LENDER.

#### 18. NEGATIVE COVENANTS

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (B) TRANSFER, LEASE, FARM-OUT OR OTHERWISE DISPOSE OF ALL OR ANY PART OF ITS PROPERTY, ASSETS OR UNDERTAKING, EXCEPT FOR PERMITTED DISPOSITIONS.
- (C) MAKE ANY INVESTMENTS OR ACQUISITIONS OF ANY KIND, DIRECT OR INDIRECT, IN ANY BUSINESS OR OTHERWISE OTHER THAN AS EXPRESSLY PROVIDED FOR, OR PERMITTED TO BE INCURRED, IN THE AGREED BUDGET AND THE COURT ORDERS.
- (D) MAKE ANY PAYMENTS OR DISTRIBUTIONS OF ANY KIND OTHER THAN AS MAY BE PERMITTED BY A COURT ORDER AND THAT DOES NOT RESULT IN AN EVENT OF DEFAULT AND IS PROVIDED FOR IN THE AGREED BUDGET.
- (E) CREATE OR PERMIT TO EXIST INDEBTEDNESS, LIABILITIES OR OBLIGATIONS OTHER THAN (I) EXISTING (PRE-FILING) DEBT AND DISCLOSED TO THE INTERIM LENDER IN WRITING, (II) DEBT CONTEMPLATED BY THIS INTERIM FINANCING TERM SHEET, (III) POST-FILING TRADE PAYABLES OR OTHER POST-FILING UNSECURED OBLIGATIONS INCURRED IN THE ORDINARY COURSE OF BUSINESS IN ACCORDANCE WITH THE AGREED BUDGET AND ANY COURT ORDER, AND (IV) INDEBTEDNESS, LIABILITIES OR OBLIGATIONS EXPRESSLY PROVIDED FOR, OR PERMITTED TO BE INCURRED, IN THE AGREED BUDGET AND THE COURT ORDERS.
- (F) MAKE OR GIVE ANY ADDITIONAL FINANCIAL ASSURANCES, IN THE FORM OF BONDS, LETTERS OF CREDIT, GUARANTEES OR OTHERWISE, TO ANY PERSON INCLUDING WITHOUT LIMITATION ANY GOVERNMENTAL AUTHORITY.
- (G) SUPPORT OR NOT OPPOSE A MOTION BY ANOTHER PERSON TO PROVIDE TO ANY THIRD PARTY A LIEN ON THE COLLATERAL, OTHER THAN THE PERMITTED LIENS.
- (H) CHANGE ITS NAME, AMALGAMATE, CONSOLIDATE WITH OR MERGE INTO, OR ENTER INTO ANY SIMILAR TRANSACTION WITH ANY OTHER ENTITY.
- (I) OTHER THAN TRANSITIONING TO AND ENTERING A STATE OF CARE AND MAINTENANCE, CEASE (OR THREATEN TO CEASE) TO CARRY ON THEIR BUSINESS OR ACTIVITIES AS CURRENTLY BEING CONDUCTED OR MODIFY OR ALTER IN ANY MATERIAL MANNER THE NATURE AND TYPE OF THEIR OPERATIONS, BUSINESS OR THE MANNER IN WHICH SUCH BUSINESS IS CONDUCTED.
- (J) AMEND, REPLACE OR MODIFY THE AGREED BUDGET OTHER THAN IN ACCORDANCE WITH THE TERMS OF THIS TERM SHEET.
- (K) APPLY FOR, OR CONSENT TO, ANY COURT ORDERS OR ANY CHANGE OR AMENDMENT TO ANY COURT ORDER WHICH AFFECTS THE INTERIM LENDER OR THE AGENT, WITHOUT THE PRIOR CONSENT OF THE INTERIM LENDER.
- (L) ENTER INTO ANY CONTRACT OR OTHER

AGREEMENT WHICH INVOLVES POTENTIAL EXPENDITURES IN EXCESS OF \$200,000 OR THE EQUIVALENT AMOUNT THEREOF IN ANY OTHER CURRENCY WITHOUT THE PRIOR WRITTEN CONSENT OF THE INTERIM LENDER, PROVIDED THAT THE PAYMENT OF SUCH AMOUNT MUST BE PERMITTED BY AND WILL NOT CONSTITUTE A DEFAULT UNDER THE AGREED BUDGET OR ANY COURT ORDER.

- (M) MAKE (I) ANY DISTRIBUTION, DIVIDEND, RETURN OF CAPITAL OR OTHER DISTRIBUTION IN RESPECT OF EQUITY SECURITIES (IN CASH, SECURITIES OR OTHER PROPERTY OR OTHERWISE); OR (II) A RETIREMENT, REDEMPTION, PURCHASE OR REPAYMENT OR OTHER ACQUISITION OF EQUITY SECURITIES OR INDEBTEDNESS (INCLUDING ANY PAYMENT OF PRINCIPAL, INTEREST, FEES OR ANY OTHER PAYMENTS THEREON).
- (N) (I) ENTER INTO, RENEW, AMEND OR MODIFY ANY TRANSACTION OR CONTRACTUAL RELATIONSHIP WITH ANY RELATED PARTY; OR (II) MAKE ANY PAYMENT WITH RESPECT TO, OR PERFORM ANY OBLIGATION UNDER, AN AGREEMENT WITH A RELATED PARTY OTHER THAN IN ACCORDANCE WITH THE AGREED BUDGET.
- (O) ENTER INTO, RENEW, AMEND, MODIFY OR ASSUME ANY EMPLOYMENT, CONSULTING OR ANALOGOUS AGREEMENT, KEY EMPLOYEE RETENTION PLAN OR OTHER ARRANGEMENT WITH OR FOR THE BENEFIT OF ANY DIRECTOR, SENIOR OR EXECUTIVE OFFICER OR SENIOR MANAGEMENT OF THE BORROWER OR ANY RELATED PARTY, OR MAKE ANY PAYMENT TO ANY SUCH PERSON IN RESPECT OF ANY BONUS, CHANGE OF CONTROL PAYMENT OR SEVERANCE PACKAGE OF ANY KIND WHATSOEVER OTHER THAN (I) AS CONSENTED TO BY THE MONITOR AND APPROVED BY THE COURT ON PRIOR NOTICE TO THE INTERIM LENDER OR (II) AS CONSENTED TO BY THE INTERIM LENDER, ACTING REASONABLY.
- (P) MAKE ANY INVESTMENTS OR ACQUISITIONS OF ANY KIND, DIRECT OR INDIRECT, IN ANY BUSINESS OR OTHERWISE OTHER THAN AS REFLECTED IN THE AGREED BUDGET.
- (Q) OTHER THAN THE MONITOR, ITS LEGAL COUNSEL AND LEGAL COUNSEL TO THE BORROWER, AND THE INTERIM LENDER ENGAGED AS OF THE DATE HEREOF, PAY, INCUR ANY OBLIGATION TO PAY, OR ESTABLISH ANY RETAINER WITH RESPECT TO, THE FEES, EXPENSES OR DISBURSEMENTS OF A LEGAL, FINANCIAL OR OTHER ADVISOR OF ANY PARTY, UNLESS SUCH FEES, EXPENSES OR DISBURSEMENTS, AS APPLICABLE, ARE REVIEWED AND APPROVED IN ADVANCE BY THE MONITOR AND THE INTERIM LENDER.
- (R) THE BORROWER SHALL NOT AGREE TO OR CONSENT TO ANY LIENS OVER THE COLLATERAL, EXCEPT FOR PERMITTED LIENS.

- (S) MAKE ANY PAYMENTS OR EXPENDITURES (INCLUDING CAPITAL EXPENDITURES) OTHER THAN IN ACCORDANCE WITH THE AGREED BUDGET.
- (T) SEEK, OBTAIN OR SUPPORT (I) ANY COURT ORDER OR ANY AMENDMENT TO A COURT ORDER EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE INTERIM LENDER, (X) IN THEIR SOLE DISCRETION IN RESPECT OF ANY COURT ORDER OR AMENDMENT THERETO RELATING TO THE INTERIM FACILITY, OR ANY OTHER MATTER THAT ADVERSELY AFFECTS THE INTERIM LENDER AND (Y) ACTING REASONABLY IN RESPECT OF ANY OTHER COURT ORDER OR AMENDMENT THERETO.
- (U) AMALGAMATE, CONSOLIDATE WITH OR MERGE INTO OR SELL ALL OR SUBSTANTIALLY ALL OF THEIR ASSETS TO ANOTHER ENTITY, OR CHANGE ITS CORPORATE OR CAPITAL STRUCTURE (INCLUDING ITS ORGANIZATIONAL DOCUMENTS) OR ENTER INTO ANY AGREEMENT COMMITTING TO SUCH ACTIONS EXCEPT IN CONNECTION WITH A PLAN WHICH WILL RESULT IN THE REPAYMENT IN FULL OF ALL OF THE INTERIM FACILITY OBLIGATIONS.

#### 19. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("Event of Default") under this Interim Financing Term Sheet:

- (B) THE ISSUANCE OF AN ORDER OF THE COURT (INCLUDING ANY COURT ORDER) OR ANY OTHER COURT OF COMPETENT JURISDICTION:
- (I) DISMISSING THE CCAA PROCEEDINGS, OR LIFTING THE STAY IN THE CCAA PROCEEDINGS TO PERMIT (A) THE ENFORCEMENT OF ANY LIEN, JUDGMENT OR EXECUTION AGAINST THE BORROWER, OR A MATERIAL PORTION OF ITS PROPERTY, ASSETS OR UNDERTAKING, OR (B) THE APPOINTMENT OF A RECEIVER AND MANAGER, RECEIVER, INTERIM RECEIVER OR SIMILAR OFFICIAL, OR SUBSTITUTING THE MONITOR, OR THE MAKING OF A BANKRUPTCY ORDER AGAINST THE BORROWER; GRANTING ANY LIEN WHICH IS SENIOR TO OR *PARI PASSU* WITH THE INTERIM LENDER CHARGE, OTHER THAN THE PERMITTED PRIORITY LIENS; OR
- (II) STAYING, REVERSING, VACATING OR OTHERWISE MODIFYING ANY COURT ORDER WITHOUT THE PRIOR CONSENT OF THE INTERIM LENDER (I) IN THE SOLE DISCRETION OF THE INTERIM LENDER IN RESPECT OF ANY COURT ORDER OR AMENDMENT THERETO RELATING TO THE INTERIM FINANCING FACILITY OR ANY OTHER MATTER THAT ADVERSELY AFFECTS THE INTERIM LENDER AND (II) ACTING REASONABLY IN RESPECT OF ANY OTHER AMENDMENT;

- (C) THE FILING OF ANY PLEADING BY THE BORROWER SEEKING ANY OF THE MATTERS SET FORTH IN PARAGRAPH (A) ABOVE, OR FAILURE OF THE BORROWER TO DILIGENTLY OPPOSE ANY PERSON THAT BRINGS AN APPLICATION OR MOTION FOR THE RELIEF SET OUT IN PARAGRAPH (A) ABOVE;
- (D) FAILURE OF ANY OF THE BORROWER TO COMPLY WITH (I) ANY OF THE NEGATIVE COVENANTS IN THIS INTERIM FINANCING TERM SHEET, AND TO THE EXTENT SUCH FAILURE OR DEFAULT IS CAPABLE OF BEING REMEDIED, SUCH FAILURE OR DEFAULT SHALL CONTINUE UNREMEDIED FOR A PERIOD OF FIVE (5) BUSINESS DAYS OR (II) ANY OF THE POSITIVE COVENANTS IN THIS INTERIM FINANCING TERM SHEET, AND TO THE EXTENT SUCH FAILURE OR DEFAULT IS CAPABLE OF BEING REMEDIED, SUCH FAILURE OR DEFAULT SHALL CONTINUE UNREMEDIED FOR A PERIOD OF TEN (10) BUSINESS DAYS;
- (E) ANY REVISED BUDGET IS NOT DELIVERED TO THE INTERIM LENDER WHEN DUE;
- (F) (I) ANY REVISED BUDGET (A) CONTEMPLATES OR FORECASTS AN ADVERSE CHANGE OR CHANGES FROM THE THEN-EXISTING AGREED BUDGET, AND SUCH CHANGE(S) CONSTITUTE A MATERIAL ADVERSE CHANGE OR (B) CONTEMPLATES OR FORECASTS A CASH FLOW DEFICIT IN EXCESS OF \$500,000 OR THE EQUIVALENT AMOUNT THEREOF IN ANY OTHER CURRENCY OR (II) THERE SHALL EXIST AN OVERALL NEGATIVE EXPENSE VARIANCE IN EXCESS OF THE GREATER OF 15% OR \$100,000 IN THE THEN CURRENT AGREED BUDGET (EACH, AN "UPDATED BUDGET DEFAULT");
- (G) THE OCCURRENCE OF A MATERIAL ADVERSE CHANGE;
- (H) ANY REPRESENTATION OR WARRANTY BY THE BORROWER IN THIS INTERIM FINANCING TERM SHEET IS INCORRECT OR MISLEADING IN ANY MATERIAL RESPECT;
- (I) THE AGGREGATE AMOUNT OF THE OUTSTANDING INTERIM ADVANCES UNDER THE INTERIM FACILITY EXCEEDS THE MAXIMUM AMOUNT;
- (J) ANY MATERIAL VIOLATION OR BREACH OF ANY COURT ORDER;
- (K) ANY PROCEEDING, MOTION OR APPLICATION IS COMMENCED OR FILED BY ANY OF THE BORROWER, OR IF COMMENCED BY ANOTHER PARTY, SUPPORTED OR OTHERWISE CONSENTED TO BY THE BORROWER, (I) SEEKING THE INVALIDATION, SUBORDINATION OR OTHER CHALLENGING OF OR IS OTHERWISE INCONSISTENT WITH THE TERMS OF THE INTERIM FACILITY, INCLUDING WITHOUT LIMITATION THE INTERIM LENDER CHARGE, THIS INTERIM FINANCING TERM SHEET; (II) CHALLENGING THE VALIDITY, PRIORITY, PERFECTION OR ENFORCEABILITY OF THE LIENS CREATED PURSUANT TO THE INTERIM LENDER

CHARGE; (III) UNLESS THE PLAN, RESTRUCTURING OPTION OR BANKRUPTCY SALE PROVIDES FOR REPAYMENT IN FULL OF THE INTERIM FACILITY OBLIGATIONS, SEEKING THE APPROVAL OF ANY PLAN, RESTRUCTURING OPTION OR BANKRUPTCY SALE WHICH DOES NOT HAVE THE PRIOR CONSENT OF THE INTERIM LENDER; OR (IV) COULD OTHERWISE REASONABLY BE EXPECTED TO ADVERSELY AFFECT THE INTERESTS OF THE INTERIM LENDER; THE PRIORITY OF THE LIENS CREATED PURSUANT TO THE INTERIM LENDER CHARGE IS VARIED WITHOUT THE CONSENT OF THE INTERIM LENDER ANY PLAN IS SANCTIONED OR ANY BANKRUPTCY SALE IS CONSUMMATED BY ANY OF THE BORROWER THAT IS NOT CONSISTENT WITH OR CONTRAVENES ANY PROVISION OF THIS INTERIM FINANCING TERM SHEET, IN A MANNER THAT IS MATERIALLY ADVERSE TO THE INTERESTS OF THE INTERIM LENDER, AS DETERMINED BY THE INTERIM LENDER, OR WOULD REASONABLY BE EXPECTED TO MATERIALLY ADVERSELY AFFECT THE INTERESTS OF THE INTERIM LENDER, AS DETERMINED BY THE INTERIM LENDER, UNLESS THE INTERIM LENDER HAVE CONSENTED THERETO;

- (L) FAILURE OF THE BORROWER TO PAY ANY PRINCIPAL AMOUNT OWING UNDER THIS INTERIM FINANCING TERM SHEET WHEN DUE;
- (M) FAILURE OF THE BORROWER TO PAY (I) INTEREST OR ANY PORTION THEREOF OWING UNDER THIS TERM SHEET WHEN DUE AND SUCH DEFAULT SHALL REMAIN UNREMEDIED FOR A PERIOD OF FIVE (5) BUSINESS DAYS OR (II) LEGAL OR OTHER ADVISORY FEES AND EXPENSES OF THE INTERIM LENDER WITHIN SEVEN (7) DAYS AFTER RECEIPT BY THE BORROWER OF AN INVOICE FOR SUCH FEES ;
- (N) THE BORROWER COMMENCES AN ACTION OR TAKES ANY OTHER PROCEEDING TO OBTAIN ANY FORM OF RELIEF AGAINST THE INTERIM LENDER;
- (O) THE EXPIRY WITHOUT FURTHER EXTENSION OF THE STAY OF PROCEEDINGS PROVIDED FOR IN THE INITIAL ORDER;
- (P) THE BORROWER CEASES (OR THREATENS TO CEASE) TO CARRY ON BUSINESS AS CURRENTLY OPERATED (THE TRANSITIONING TO AND ENTERING A STATE OF CARE AND MAINTENANCE BEING PERMITTED), EXCEPT WHERE SUCH CESSATION OCCURS IN CONNECTION WITH A PLAN OR BANKRUPTCY SALE WHICH OTHERWISE SATISFIES THE TERMS AND CONDITIONS CONTAINED HEREIN; OR

the denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Interim Financing Term Sheet.

## 20. REMEDIES

Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all Interim

Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, on not less than 5 Business Days' notice to the Borrower and Monitor, and subject to any Court Order:

- (B) APPLY TO A COURT FOR THE APPOINTMENT OF A RECEIVER, AN INTERIM RECEIVER OR A RECEIVER AND MANAGER OVER THE COLLATERAL TO SUBSTITUTE THE MONITOR AND/OR ENHANCE ANY POWERS OF THE MONITOR, OR FOR THE APPOINTMENT OF A TRUSTEE IN BANKRUPTCY OF THE BORROWER;
- (C) SET-OFF OR COMBINE ANY AMOUNTS THEN OWING BY THE INTERIM LENDER (OR ANY ONE OR MORE OF THEM) TO ANY OF THE BORROWER AGAINST THE OBLIGATIONS OF ANY OF THE BORROWER TO THE INTERIM LENDER HEREUNDER;
- (D) APPLY TO THE COURT FOR AN ORDER OR ORDERS, ON TERMS SATISFACTORY TO THE MONITOR AND THE INTERIM LENDER, PROVIDING THE MONITOR WITH THE POWER, IN THE NAME OF AND ON BEHALF OF THE BORROWER, TO TAKE ALL NECESSARY STEPS IN THE CCAA PROCEEDINGS;
- (E) SUBJECT TO OBTAINING PRIOR APPROVAL FROM THE COURT, EXERCISE THE POWERS AND RIGHTS OF A SECURED PARTY UNDER THE *PERSONAL PROPERTY SECURITY ACTS OF BRITISH COLUMBIA AND/OR ONTARIO* OR ANY OTHER APPLICABLE LAW RELATING TO THE ENFORCEMENT OF LIENS BY SECURED CREDITORS AGAINST ANY TYPES OF PROPERTY AND FOR CERTAINTY INCLUDING THE COLLATERAL; AND
- (F) SUBJECT TO OBTAINING PRIOR APPROVAL FROM THE COURT, EXERCISE ALL SUCH OTHER RIGHTS AND REMEDIES UNDER THE, THE COURT ORDERS AND APPLICABLE LAW.

The rights and remedies of the Interim Lender under this Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA.

**21. AMENDMENTS, WAIVERS, ETC.** No amendment or waiver of any provisions of this Interim Financing Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

**22. COUNTERPARTS AND FACSIMILE SIGNATURES**

This Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or



"DocuSign", each of which shall be deemed to be an original hereof.

- 23. CONFIDENTIALITY** This Interim Financing Term Sheet is delivered on the condition that each of the Borrower and their affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.
- 24. FURTHER ASSURANCES** Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.
- 25. TIME IS OF THE ESSENCE** Time is of the essence in this Interim Financing Term Sheet and the Interim Financing Facility and all transactions contemplated thereby.
- 26. ENTIRE AGREEMENT** This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in the Interim Financing Loan Documentation.
- 27. SEVERABILITY** Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
- 28. GOVERNING LAW** This Interim Financing Term Sheet shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender and the Agent to enforce this Interim Financing Term Sheet in any other proper jurisdiction, each of the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.
- 29. NOTICES** Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Pacific Time or on a day other than a Business Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

IN WITNESS WHEREOF the parties hereto have executed this Term Sheet.

**BORROWER:**

Address: Suite 1900 – 1055 West Hastings,  
Vancouver, British Columbia

**PURE GOLD MINING INC.**

Attention: Mark O'Dea, President & Chief Executive Officer  
Email: modea@oxygencapitalcorp.com

By: \_\_\_\_\_  
Name: Mark O'Dea  
Title: President and Chief Executive Officer

With a copy to: Chris Haubrich, Chief Financial Officer  
Email: chaubrich@puregoldmining.ca

**INTERIM LENDER:**

Address: **SPROTT RESOURCE LENDING CORP. in its capacity as  
General Partner of SPROTT PRIVATE RESOURCE  
LENDING II (COLLECTOR), LP**  
200 Bay Street, Suite 2600  
Toronto ON, M5J 2J1

Attention: Jim Grosdanis

Email: jgrosdanis@sprott.com By: 

Name: Jim Grosdanis  
Title: Managing Partner

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**SCHEDULE A  
DEFINED TERMS**

**"Administration Charge"** means the administration charge on the Collateral in an aggregate amount not to exceed \$750,000.

**"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation, save and except any reporting issuer obligations applicable to the Borrower, which shall be complied with to the extent practicable and within the Agreed Budget.

**"Bankruptcy Sale"** means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

**"Business Day"** means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of British Columbia.

**"Collateral"** means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired;

**"D&O Charge"** means the directors and officers' charge on the Collateral in the amount set out in the Court Order(s) granting (or amending) the D&O Charge (which Court Orders and D&O Charge amount shall have been agreed to by the Interim Lender in advance);

**"Default"** means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

**"Deposit Account"** means the account(s) maintained by the Borrower to which payments and transfers under the Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Interim Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

**"Environmental Liabilities"** means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Borrower including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Borrower, or any real or personal property that was previously owned, leased or occupied by any of the Borrower.

**"Governmental Authority"** means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

**"Interest Payment Date"** means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

"Liens" means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

"Material Adverse Change" means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

- (A) THE ABILITY OF THE BORROWER TO TIMELY AND FULLY PERFORM ANY OBLIGATION UNDER THIS INTERIM FINANCING TERM SHEET OR ANY COURT ORDER, OR THE ABILITY OF THE BORROWER TO CARRY OUT A PLAN OR RESTRUCTURING OPTION;
- (B) THE VALIDITY OR ENFORCEABILITY OF ANY OF (I) THE INTERIM LENDER CHARGE OR THE RANKING OF ANY OF THE LIENS GRANTED THEREBY OR THE MATERIAL RIGHTS OR REMEDIES INTENDED OR PURPORTED TO BE GRANTED TO THE INTERIM LENDER UNDER OR PURSUANT TO SUCH INTERIM LENDER CHARGE;
- (C) THE RIGHTS AND REMEDIES OF THE INTERIM LENDER UNDER THIS TERM SHEET;
- (D) THE BUSINESS, PROSPECTS, OPERATIONS, ASSETS, CONDITION (FINANCIAL OR OTHERWISE) OR RESULTS OF OPERATIONS OF THE BORROWER, ON A CONSOLIDATED BASIS, INCLUDING WITHOUT LIMITATION A MATERIAL ADVERSE QUALIFICATION (OTHER THAN A "GOING CONCERN" QUALIFICATION RESULTING FROM THE CCAA PROCEEDINGS);
- (E) ANY MATERIAL ADVERSE MISSTATEMENT OF THE FINANCIAL STATEMENTS OF THE BORROWER;
- (F) THE ABILITY OF THE BORROWER TO CARRY ON ITS BUSINESS AS CONDUCTED AS OF THE DATE OF THIS TERM SHEET (THE TRANSITIONING TO AND ENTERING A STATE OF CARE AND MAINTENANCE BEING PERMITTED); OR
- (G) THE COLLATERAL.

"Permitted Disposition" means assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding Cdn. \$500,000 (or the equivalent amount thereof in any other currency) for such fiscal year, and any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

"Permitted Liens" means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender as confirmed in writing by the Interim Lender and for certainty, including the D&O Charge; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising in the ordinary course of business, provided all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

"Permitted Priority Liens" means: (a) the Administration Charge; (b) the D&O Charge; (c) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (d) Liens for unpaid municipal or county property taxes or utilities to the extent that they are given first priority over other Liens by Applicable Law; and (e) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens".

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Restructuring Option" means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower's businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

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**SCHEDULE B  
REQUEST FOR ADVANCE**

**REQUEST FOR ADVANCE**

TO: The Interim Lender

AND TO: The Monitor

DATE: \_\_\_\_\_, 202\_\_

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of October 30, 2022 (the "Term Sheet") made among Pure Gold Mining Inc. (the "Borrower") and the Interim Lender.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. THE BORROWER HEREBY GIVES YOU NOTICE PURSUANT TO THE TERM SHEET THAT THE UNDERSIGNED REQUESTS AN INTERIM ADVANCE UNDER THE INTERIM FACILITY (THE "INTERIM FACILITY ADVANCE") IN THE TERM SHEET BE DEPOSITED INTO THE DEPOSIT ACCOUNT AS FOLLOWS:

(A) AMOUNT OF INTERIM ADVANCE REQUESTED: \$ \_\_\_\_\_

(B) REQUESTED FUNDING DATE: \_\_\_\_\_

(C) TOTAL PRINCIPAL AMOUNT CURRENTLY OUTSTANDING (EXCLUDING THIS INTERIM FACILITY ADVANCE): \$ \_\_\_\_\_

(D) AVAILABILITY REMAINING UNDER THE INTERIM FACILITY (EXCLUDING THIS INTERIM FACILITY ADVANCE): \$ \_\_\_\_\_

3. EACH OF THE UNDERSIGNED, BEING \_\_\_\_\_ AN OFFICER OF THE BORROWER, HEREBY CERTIFY TO YOU FOR AND ON BEHALF OF THE BORROWER (AND NOT IN HIS OR HER PERSONAL CAPACITY) AS FOLLOWS:

(A) ALL OF THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE TERM SHEET ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS IN EACH CASE ON AND AS OF THE DATE HEREOF AND WILL BE TRUE AND CORRECT AS OF THE DATE OF THE REQUESTED INTERIM FACILITY ADVANCE AS THOUGH MADE ON AND AS OF SUCH DATE (UNLESS EXPRESSLY STATED TO BE MADE AS OF A SPECIFIED DATE);

(B) NO DEFAULT OR EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING OR SHALL RESULT FROM THE REQUESTED INTERIM FACILITY ADVANCE;

(C) THE INTERIM FACILITY ADVANCE SHALL NOT CAUSE THE AGGREGATE AMOUNT OF ALL OUTSTANDING INTERIM ADVANCES TO EXCEED THE MAXIMUM AMOUNT OR BE GREATER THAN THE AMOUNT SHOWN ON THE AGREED BUDGET AS AT THE DATE OF SUCH INTERIM FACILITY ADVANCE;

(D) THE INTERIM FACILITY ADVANCE IS CONSISTENT WITH THE AGREED BUDGET; AND

(E) THE OTHER BORROWER ARE IN COMPLIANCE WITH THE TERM SHEET AND THE COURT ORDERS.

The undersigned certifies that [he/she] is \_\_\_\_\_, of the Borrower, and that as such [he/she] is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

**PURE GOLD MINING INC.**

By:

Name:

Title:

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