



This is the 1st affidavit of
J. Singh in this case and was
made on May 4, 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, **Jonathan Singh**, c/o Suite 2600, 595 Burrard Street, Vancouver BC, Chartered Professional Accountant, AFFIRM THAT:

1. I am the Chief Administrative Officer ("**CAO**") of Pure Gold Mining Inc. ("**Pure Gold**"), the petitioner in this 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.

2. I was appointed CAO pursuant to an order of this Court made March 30, 2023. I make this Affidavit to provide an update on Pure Gold's restructuring efforts since my appointment and in support of Pure Gold's application for the following orders:

- (a) a Stay Extension Order extending the stay of proceedings from May 12, 2023 until June 16, 2023; and

- (b) a Post-Filing Director/Officer Claims Process Order, which will permit Pure Gold and the Monitor (as defined below) to call for and assess all post-filing claims against Pure Gold's directors and officers.

3. In Pure Gold's view, the relief contemplated in both the Stay Extension Order and the Post-Filing Director/Officer Claims Process Order is appropriate and necessary in the circumstances.

Update on Pure Gold's Restructuring Efforts

4. Pure Gold has continued to make good faith efforts towards the implementation of its restructuring objectives with the assistance of its Court-approved "**Sales Agent**", National Bank Financial Inc., and in consultation with KSV Restructuring Inc., the Court-appointed "**Monitor**", and "**Sprott**", in its capacity as Pure Gold's senior secured lender, interim (DIP) lender in these proceedings, and largest creditor.

5. Most notably, as was announced in a Pure Gold Press Release dated April 17, 2023, Pure Gold's efforts to maximize value for its assets have resulted in a binding letter agreement among Pure Gold, West Red Lake Gold Mines Ltd. ("**WRLG**") and Sprott for the acquisition by WRLG of all of Pure Gold's issued and outstanding shares (the "**Transaction**"). A copy of Pure Gold's April 17, 2023, Press Release is attached to this Affidavit as **Exhibit "A"**.

6. WRLG has agreed to pay CAD \$6.5 million in cash, issue 28.46 million shares and grant a 1% net smelter royalty ("**NSR**") as consideration payable pursuant to the Transaction. It has also agreed to a US \$10 million deferred consideration payment. The share and NSR consideration are expected to accrue to Sprott as Pure Gold's senior secured lender.

7. Pure Gold is currently working with WRLG, Sprott, the Monitor, and their advisors to prepare the definitive documentation required to effect the Transaction.

8. The Transaction is subject to certain conditions precedent, including the granting of a transaction approval and reverse vesting order by this Court. Pure Gold anticipates seeking Court approval of the Transaction in the coming weeks.

9. In addition to its efforts with respect to the Transaction, Pure Gold has continued with its other restructuring efforts which include the following:

- (a) operating its mine on a care and maintenance basis;
- (b) implementing the "Site Employee Retention Plan" that was approved by this Court on March 30, 2023 to assist to retain Pure Gold's key on-site employees;
- (c) working to ensure a smooth transition in Pure Gold's management following the recent departures discussed in greater detail in Affidavit #6 of Chris Haubrich, Pure Gold's former Vice-President of Business Development and Chief Financial Officer, affirmed March 24, 2023;
- (d) engaging with stakeholders including secured creditors, unsecured creditors, suppliers, the government and employees;
- (e) engaging with the Monitor and the Sales Agent;
- (f) engaging with consultants and considering technical matters; and
- (g) complying with its reporting obligations and other requirements under applicable court orders.

Stay Extension Required

10. Pure Gold's restructuring efforts to date have benefitted from the "breathing room" provided by this Court's granting of a stay of proceedings in favour of the company, which has been extended on numerous occasions since the granting of the Initial Order on October 31, 2022, including most recently to May 12, 2023. Given the status of its restructuring efforts, including the Transaction that it is working to complete with WRLG, Pure Gold continues to require a stay of proceedings and the other protections afforded by this Court's orders.

11. In the circumstances, Pure Gold is requesting that the stay of proceedings granted by this Court be extended from May 12, 2023 until June 16, 2023. The stay extension will afford Pure Gold the opportunity to continue advancing the Transaction including taking the necessary steps towards obtaining court approval of and, if approved by this Court, closing the Transaction.

12. Pure Gold has prepared an updated cash flow, in consultation with the Monitor, and it is expected that Pure Gold will have sufficient available cash through to June 16, 2023 without having to seek an increase in the US\$15 million interim (DIP) lending facility provided by Sprott and previously approved by the Court.

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

14. I understand that the Monitor and Sprott, in its capacity as Pure Gold's senior secured lender, interim (DIP) lender in these proceedings, and largest creditor, support the requested stay extension.

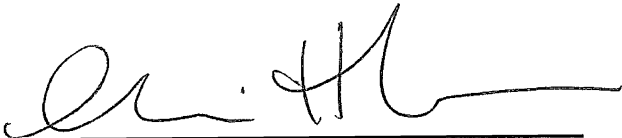
Post-Filing Director/Officer Claims Process

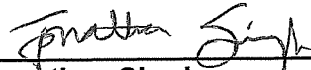
15. In light of the progress made in Pure Gold's restructuring to date and the anticipated application to this Court to approve the Transaction, it is Pure Gold's view, in consultation with, and with the support of the Monitor and Sprott, that it is appropriate for Pure Gold to undertake a limited claims process with respect to post-filing claims against its Directors and Officers at this time.

16. This Post-Filing Director/Officer Claims Process will provide Pure Gold with certainty as to the realm of post-filing claims, if any, that may be asserted against its Directors and Officers. It will also allow for the evaluation of these claims, should any claims be filed.

17. Running this limited claims process at this time will help to avoid or reduce delays in any distribution of proceeds that may occur following the closing of the Transaction and will help to put Pure Gold in a position to seek the Court's approval of reducing or eliminating the \$650,000 D&O Charge created under the Initial Order. Pure Gold is of the view that implementing the Post-Filing Director/Officer Claims Process at this time is appropriate and prudent in the circumstances and that the terms of the proposed Post-Filing Director/Officer Claims Process are fair and reasonable.

18. Pure Gold has prepared the proposed Post-Filing Director/Officer Claims Process Order in consultation with the Monitor. Pure Gold has been advised that the Monitor and Sprott support its approval of the process.

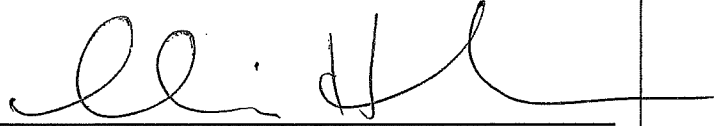
AFFIRMED BEFORE ME at Vancouver,)
British Columbia on May 4, 2023)
)
)
)
A Commissioner for taking Affidavits for)
British Columbia)



Jonathan Singh

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This is Exhibit "A" referred to in the affidavit of Jonathan Singh affirmed before me at Vancouver, British Columbia this 4th day of May, 2023.



A Commissioner for taking Affidavits
for British Columbia

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News

PureGold to be Acquired by West Red Lake Gold Mines Ltd.

April 17, 2023

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

VANCOUVER, B.C. – Pure Gold Mining Inc. (NEX:PGM.H) (the “**Company**”) announces that it has entered into a binding letter agreement with West Red Lake Gold Mines Ltd. (“**West Red Lake**” or “**WRLG**”) (TSXV: WRLG, OTC: WRLGF) and Sprott Resource Lending Corp. (“**Sprott**”), whereby WRLG will, subject to certain conditions precedent, acquire all of the issued and outstanding shares of the Company (the “**Acquisition**”), subject to

NEX PGM.H: 0.0125 (0.00)



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grant a new secured net smelter royalty (NSR) on the Hudson Gold Project as consideration for the Acquisition, as well as make up to US\$10.0 million in deferred consideration payments. The share and NSR consideration is expected to accrue to Sprott as a fund managed by Sprott is the senior secured lender to the Company. In addition, US\$10.0 million in deferred consideration is payable upon a change of control of WRLG with WRLG having the right to pay down any part of the deferred consideration prior to any change of control. In conjunction with the Acquisition, WRLG has entered into an engagement letter with Canaccord Genuity in respect of a “bought-deal” private placement of subscription receipts for gross proceeds of C\$20,000,050 and an underwriter’s option of C\$5,000,100.

Closing of the Acquisition will be subject to several conditions precedent, including the negotiation and execution of a definitive agreement for the Acquisition by no later than May 1, 2023, Court approval of the Transaction, including the grant of a reverse vesting order from the Court, WRLG shareholder approval, and all requisite regulatory approvals, including the approval of the TSX Venture Exchange.

About Pure Gold Mining Inc.

The Company is a Canadian gold mining company with a mine (the “**Mine**”) located in Red Lake, Ontario, Canada. The Company owns and operates the Company’s Mine, which began gold production in 2021 after the successful construction of an 800 tpd underground mine and processing facility. The Company’s Mine is centered on a forty-seven square kilometre property with significant discovery potential.

Additional information about the Company and its activities may be found on the Company’s website at www.puregoldmining.ca and under the Company’s profile at www.sedar.com

ON BEHALF OF THE COMPANY

“Jonathan Singh”

Jonathan Singh, Chief Administrative Officer

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

All statements in this press release, other than statements of historical fact, are “forward-looking information” with respect to the Company within the meaning of applicable securities laws, including, but not limited to statements relating to the expected terms, timing and completion of the Acquisition, the negotiation and execution of a definitive agreement, the receipt of the reverse vesting order from the Court, and the receipt of all



results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold and other metal prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Such forward-looking information, involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to the CCAA proceedings and the impact of the same on the Company's operations; completing the Acquisition and the timing thereof; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; the costs and timing of the development of new deposits; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; the timing and success of exploration and development activities generally; delays in permitting; possible claims against the Company; the timing of future economic studies; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of exploration as well as those factors discussed in the Annual Information Form of the Company dated March 30, 2022 in the section entitled "Risk Factors", under the Company's SEDAR profile at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.

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