

This is the 1st affidavit  
of Thomas Meredith in this case and  
was made on May 25, 2023

No. S228723  
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, Thomas Meredith, care of 2500-700 West Georgia Street, Vancouver, CEO, AFFIRM THAT:

1. I am the chief executive officer of West Red Lake Gold Mines Ltd. (“**WRLG**”), 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 make this Affidavit in support of the Petitioner’s application for an order (the “**Approval and Reverse Vesting Order**”) approving a share purchase agreement (the “**SPA**”) dated May 17, 2023, among PGM ResidualCo Inc. (“**PGM ResidualCo**”), as vendor, WRLG, as purchaser, the Petitioner, Sprott Private Resource Lending II (Collector) LP, and Sprott Private Resource Lending II (CO) Inc. (together with Sprott Private Resource Lending II (Collector) LP, “**Sprott**”, and collectively with PGM ResidualCo, WRLG, the Petitioner, and Sprott Private Resource Lending II (Collector) LP, the “**Transaction Parties**”) and the transaction described therein (the “**Transaction**”).

**Background**

3. WRLG was incorporated under the *Business Corporations Act* of Ontario and continued under the *Business Corporations Act* of British Columbia on November 27, 2017.
4. WRLG changed its name to West Red Lake Gold Mines Ltd. on December 29, 2022, and is listed on the TSX Venture Exchange under the symbol ‘WRLG’.

5. On December 30, 2022, the Company completed the acquisition of West Red Lake Gold Mines Inc. (“**RLG**”), pursuant to which WRLG acquired all of the issued and outstanding common shares of RLG, and became focused on gold exploration and development in the prolific Red Lake Gold District of Northwestern Ontario (the “**Rowan Property**”). On March 8, 2023, the Company completed the purchase of the remaining interest from Evolution Mining Limited in certain claims on the Rowan Property.
6. On April 17, 2023, WRLG announced that it had entered into a binding letter agreement with the Petitioner and Sprott to acquire the shares of the Petitioner through a reverse vesting order in the above-captioned CCAA proceedings that would ensure that the liabilities and claims that WRLG did not want retained by the Petitioner would be vested off on closing (the “**LOI**”).

#### **Ability to Fund Pure Gold Mining Inc.**

7. In connection with the Transaction, WRLG has entered into a “bought deal” engagement letter with Canaccord Genuity Corp. (the “**Underwriter**”) for a private placement of 71,429,000 subscription receipts (the “**Subscription Receipts**”) at a price of \$0.35 per Subscription Receipt for aggregate gross proceeds of \$25,000,150 (the “**Offering**”).
8. The proceeds of the Offering will be used, in large part, to fund pre-production development with a plan to restart the Madsen mine, care and maintenance, and other ongoing operational expenses of the Petitioner post closing of the Transaction.
9. WRLG has leading technical experts as part of its management team, who are already working with site staff to further develop the underground mine for eventual restart.
10. WRLG already has operations on the neighbouring Rowan Property, leading to operational synergies and enabling WRLG to bring the Madsen mine forward efficiently.

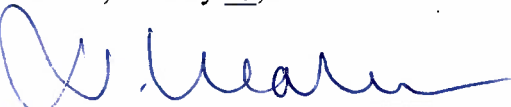
#### **Structure of Transaction and Retained Contracts**

11. WRLG required that the Transaction be structured by way of a reverse vesting order to preserve essential non-transferable permits and licenses.
12. In particular, the ability to retain existing permits and licenses with respect to the mining operations at the Madsen Mine, along with existing environmental bonding and like, was a deciding factor in whether to work towards a binding agreement with the Transaction Parties.
13. The ability to bring forward the existing permits, and the mine closure plan bonding were the two primary factors in going ahead with a Transaction on the pricing that WRLG offered.
14. WRLG intends to cause the Petitioner to continue operating without interruption, and in particular to continue care and maintenance activities at the mine. The structure of the Transaction was negotiated to avoid any business interruptions and enable such continuation.


- 15. WRLG worked with representatives of the Petitioner to determine what contracts were necessary for the ongoing care and maintenance activities at the mine. To the best of my knowledge, those contracts, identified in the SPA as assumed contracts, are critical to the ability of the Petitioner to continue to satisfy environmental requirements post-closing. WRLG views these contracts as a critical element to the Transaction.

**Royalties**

- 16. Pursuant to the LOI, WRLG expected to acquire the Petitioner without liens, charges, and other interests registered as against the Petitioner's assets.
- 17. Upon conducting due diligence, WRLG became aware of six royalties related to certain of the Petitioner's mineral claims, that reduced the value to WRLG of the shares of the Petitioner.
- 18. After significant negotiation regarding the royalties, and in view of their history, documentation, registration (or lack thereof), WRLG agreed to retain one of the royalties that was registered against title to certain mineral claims.
- 19. WRLG supports the vesting in ResidualCo of the other five royalties, and to the extent any of these royalties are supported by a lien, charge, or interest against the mineral claims of the Petitioner, the vesting off of the Petitioner's assets such liens, charges or interests.

AFFIRMED BEFORE ME at Toronto, )  
 Ontario, on May 25, 2023 )  
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 A Commissioner for taking Affidavits )  
 for Ontario. )

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**Thomas Meredith**