



ksv advisory inc.



No. VLC-S-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.

PETITIONER

FOURTH REPORT OF KSV RESTRUCTURING INC.  
AS MONITOR

March 24, 2023

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## 1.0 Introduction

1. Pursuant to an order (the “Initial Order”) issued by the Supreme Court of British Columbia (the “Court”) on October 31, 2022, as amended and restated by further order made on November 9, 2022 (the “ARIO”), Pure Gold Mining Inc. (the “Company”) was granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), and KSV Restructuring Inc. (“KSV”) was appointed monitor of the Company (in such capacity, the “Monitor”).
2. The principal purpose of these CCAA proceedings, at this time, is to facilitate the continued operation of the Mine (as defined below) on a care and maintenance basis with financing provided by the Interim Lender (as defined below), while the Company continues to pursue a sale and/or restructuring of its business and assets through a Court-supervised sale and investment solicitation process (“SISP”).
3. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
  - a) granted a stay of proceedings in favour of the Company and its directors and officers (the “Initial Stay”) from October 31, 2022 to and including November 10, 2022 (the “Initial Stay Period”);
  - b) approved an interim financing loan facility (the “Interim Financing Facility”) in the maximum principal amount of US\$10 million to be made available by Sprott Private Resource Lending II (Collector), LP (“Sprott” or the “Interim Lender”), pursuant to a term sheet dated October 30, 2022, but limited borrowings by the Company thereunder to US\$2 million;
  - c) granted charges on all of the Company’s current and future assets, property and undertakings (collectively, the “Property”) having the following priorities:
    - i. a charge in the amount of \$750,000 to secure the fees and disbursements of the Company’s legal counsel and the Monitor and its legal counsel (the “Administration Charge”);
    - ii. a charge in the amount of \$650,000 in favour of the Company’s directors and officers to secure the Company’s indemnity obligations to such persons (the “D&O Charge”); and
    - iii. a charge in favour of the Interim Lender to secure the Company’s obligations to the Interim Lender in respect of advances made under the Interim Financing Facility (the “Interim Lender’s Charge”).

4. Pursuant to the terms of the ARIO, *inter alia*, the Court:
  - a) extended the Initial Stay Period to January 27, 2023 (the “**Stay Period**”);
  - b) increased the amount of authorized borrowings under the Interim Financing Facility from US\$2 million to US\$10 million;
  - c) approved a key employee retention plan (“**KERP**”) and granted a corresponding charge in the maximum amount of \$750,000 (the “**KERP Charge**”) as security for amounts payable to certain of the Company's employees under the KERP (the “**KERP Employees**”), which charge ranks behind the Administration Charge, D&O Charge and the Interim Lender's Charge;
  - d) approved the SISP;
  - e) approved an agreement dated November 1, 2022 (the “**Sales Agent Agreement**”) between the Company and National Bank Financial Inc. (“**NBF**”), in respect of NBF's engagement as sales agent to carry out the SISP (in such capacity, the “**Sales Agent**”); and
  - f) granted a charge on the Property as security for the Sales Agent's fees under the Sales Agent Agreement (the “**Sales Agent Charge**”), which charge ranks behind the Administration Charge, D&O Charge, Interim Lender's Charge and KERP Charge.
5. Pursuant to a Court order dated January 23, 2023, the Stay Period was extended from January 27, 2023 to March 10, 2023.
6. Pursuant to a Court order dated March 7, 2023, the Stay Period was extended from March 10, 2023 to May 12, 2023, and the maximum amount that can be borrowed under the Interim Financing Facility was increased from US\$10 million to US\$15 million.

## 1.1 Purposes of this Report

1. The purposes of this report (the “**Report**”) are to:
  - a) provide the Court with an update on recent developments concerning the departure of the Company's management team and the planned resignation of the Company's Board of Directors;
  - b) provide information and the Monitor's comments concerning the proposed appointment of a Chief Administrative Officer (“**CAO**”);
  - c) summarize the terms of a consulting agreement dated March 24, 2023 between the Company and Jonathan Singh, whereby, subject to Court approval, Mr. Singh would be engaged as the CAO (the “**Consulting Agreement**”);

- d) provide information and the Monitor's comments concerning a proposed site employee retention plan (the "SERP") for the Company's remaining site employees (the "SERP Employees"); and
- e) provide the Monitor's recommendations in respect of the Company's applications for orders:
  - approving the Consulting Agreement; and
  - approving the SERP and granting the corresponding charge on the Property for an amount up to \$2.2 million as security for amounts payable to the SERP Employees under the SERP (the "SERP Charge").

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

## 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 2.0 Background

1. The Company is a British Columbia corporation principally engaged in the acquisition, exploration, development and operation of Canadian precious metal properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size and access to existing infrastructure.
2. Prior to the commencement of these proceedings, the Company's shares were traded on the TSX Venture Exchange under the symbol PGM and on the London Stock Exchange ("LSE") under the symbol PUR. On October 31, 2022, the TSX Venture Exchange (the "TSXV") advised the Company that trading of the Company's common shares would be transferred to the NEX Board of the TSXV effective at the opening of the market on November 2, 2022. The trading symbol for the Company changed from PGM to PGM.H at that time. On January 13, 2023, the Company commenced a process to have its shares delisted from the LSE. On March 21, 2023, the TSXV halted the trading of the Company's shares pending its review of the Company's compliance with exchange requirements.

3. The Company's principal business is the operation of its mine, which is located on approximately 4,600 hectares in the Red Lake mining district of Northwestern Ontario, just east of the Manitoba border (the "Mine"). The Mine's infrastructure includes two ramps that provide access from surface, an ore processing facility with design capacity of 800 tonnes of ore per day and tailings and rock storage facilities.
4. Effective October 24, 2022, the Company suspended active mining operations and placed the Mine on care and maintenance with a materially reduced workforce. The Mine is expected to remain on care and maintenance throughout these proceedings.
5. Prior to placing the Mine on care and maintenance on October 24, 2022, the Company had approximately 271 employees. The Company presently has 40 employees and the workforce is projected to be approximately 38 at the end of March, 2023. The Company's workforce is not unionized and the Company does not maintain any registered pension plans.
6. The commencement of these proceedings by the Company was supported by Sprott, its major secured creditor, which is owed in excess of \$133 million before post-filing advances under the Interim Financing Facility, which total US\$10 million as at the date of this Report, plus interest and costs which continue to accrue.
7. KSV's pre-filing report dated October 30, 2022 (the "**Pre-Filing Report**"), the Monitor's first three reports filed in these proceedings and the Company's affidavits provide additional background information concerning the Company and these proceedings. Court materials filed in these proceedings are available on the Monitor's case website at <https://www.ksvadvisory.com/experience/case/pure-gold->.

### 3.0 Management Departures and Board Resignations

1. On March 6, 2023, the Company issued a press release (the "**March 6<sup>th</sup> Press Release**") advising of the resignation of its Chief Operating Officer, who submitted his resignation effective March 10, 2023 and the VP Mine General Manager, who submitted his resignation effective March 16, 2023. A copy of the March 6<sup>th</sup> Press Release is attached as Appendix "A".
2. On March 17, 2023, the Company issued a press release (the "**March 17<sup>th</sup> Press Release**") announcing the immediate departures of Mark O'Dea, President & CEO; Phil Smerchanski, VP Exploration & Technical Services; Chris Lee, Chief Geoscientist; and Adrian O'Brien, Director Marketing and Communications. The Company also announced the planned departures of Chris Haubrich, VP Business Development & CFO, and Ashley Kates, VP Finance & Corporate Secretary, effective March 31, 2023. A copy of the March 17<sup>th</sup> Press Release is attached as Appendix "B". The Monitor understands that Mr. Haubrich and Ms. Kates have advised that they will continue to provide assistance to the Company in a consulting capacity, as may be needed for a period of time, in order to facilitate an orderly transition of their functions.

3. The March 17<sup>th</sup> Press Release also referenced: (a) the Company's application scheduled to be heard on March 30, 2023 in which the Company will be seeking to appoint Mr. Singh as CAO; and (b) that the members of the Company's Board of Directors have indicated an intention to resign after the Court appoints the CAO.

#### 4.0 Chief Administrative Officer

1. Mr. Singh was identified by Sprott as someone who could assist the Company upon the departures of management and resignation of the Board of Directors. Mr. Singh is a Chartered Professional Accountant with significant experience in the mining sector. A copy of Mr. Singh's CV is attached as Appendix "C".
2. A summary of the key terms of the Consulting Agreement is provided below.
  - a) **Term:** Commences on the date the Court grants an order approving the Consulting Agreement and the CAO's engagement thereunder (the "**Effective Date**").
  - b) **Services:** Mr. Singh shall provide the following services (collectively, the "**Services**") on a full-time basis commencing on the Effective Date:
    - acting as the sole signing authority for the Company, including in respect of all banking arrangements, and entering into agreements on behalf of the Company, provided that any material agreement to be entered into by the Company is approved by the Monitor or the Court;
    - engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going-concern value of the Company;
    - assisting the Company, the Sales Agent and the Monitor in carrying out the SISP and any resulting transaction or CCAA plan of compromise and arrangement ("**CCAA Plan**");
    - making decisions with respect to Company operations that will enable or assist the Company and its major stakeholders to preserve the value of the Company, and implement a transaction or CCAA Plan; and
    - providing direction for the Company throughout the CCAA proceedings.
  - c) **Consultants:** The CAO shall not delegate or assign the performance of the Services to any other person without the prior written consent of the Monitor.
  - d) **Fees:** During the term of the Consulting Agreement, the Company shall pay to the CAO a base fee of \$32,500 plus HST per month, plus any expenses incurred by the CAO in performing the Services, provided that any expense must be pre-approved by the Monitor in writing.

- e) **Administration Charge:** The Consulting Agreement contemplates that, during the CCAA proceedings, the CAO shall be included as a beneficiary of the Administration Charge granted pursuant to the ARIO, as security for the CAO's fees and disbursements.
- f) **Termination:** The Consulting Agreement may be terminated as follows:
- by the CAO at any time and for any reason upon 60 days' written notice to the Company;
  - by the Company, without cause, upon the direction of the Monitor in consultation with Sprott, at any time and with immediate effect by paying the CAO any fees to such date, together with the sum of \$65,000 as pay in lieu;
  - by the Company, for cause, upon the direction of the Monitor in consultation with Sprott, at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the CAO's failure to comply with any provision of the Consulting Agreement or commission of any act or omission that would constitute just cause at common law were the CAO an employee of the Company. In the event of termination for cause, the Company shall pay all amounts owing to the CAO up to and including the effective date of termination; and
  - the CAO's Services shall terminate at the end of the term, at which time the CAO shall be entitled to any outstanding fees for Services rendered up to the end of the term.
3. The Monitor recommends that the Court approve the Consulting Agreement and that the CAO be added as a beneficiary of the Administration Charge for its fees and disbursements, for the following reasons:
- a) the appointment of a CAO will provide the Company with an administrative leader who has experience in the mining sector and can direct the employees in performing the care and maintenance of the Mine and direct the SISP for the benefit of the Company and its stakeholders;
  - b) the Company requires the appointment of the CAO in light of its recent management departures and the planned resignation of its Board of Directors;
  - c) Sprott, being the most significant economic stakeholder in these proceedings, supports the retention of Mr. Singh as CAO and the terms of the Consulting Agreement, including the amount of the CAO's compensation and the compensation structure;
  - d) the Monitor was consulted in connection with the negotiation of the Consulting Agreement and the Services to be performed thereunder;



- e) the Monitor is of the view that the proposed remuneration for the CAO is fair and reasonable in the circumstances, and the retention of the CAO should assist to reduce professional fees, particularly as it relates to the Monitor's involvement in the Company's day-to-day administrative functions;
- f) it is customary for a CAO (or similar court officer, such as a chief restructuring officer) to have the benefits of a court-ordered charge for its fees and expenses; and
- g) Mr. Singh appears qualified to perform the mandate.

## 5.0 SERP

1. The SERP was developed by the Company in consultation with Sprott and the Monitor. The SERP covers all remaining employees of the Company, including those performing care and maintenance functions at the Mine. The details of the SERP are provided in the Affidavit of Chris Haubrich filed in support of the Company's applications.
2. The total value of the SERP if paid in full is \$2.2 million.
3. SERP Employees are entitled to up to 50% of their respective annual base salaries, on the following basis:

Payment Date	(% of Annual Base Salary)		
	Retention Bonus	Performance Bonus	Total
April 30, 2023	7.5%	5%	12.5%
September 30, 2023	7.5%	5%	12.5%
December 31, 2023	15%	10%	25%
Total	30%	20%	50%

4. While the retention bonuses are fixed sums to be paid according to the foregoing schedule, the performance bonuses are contingent and dependent on whether the SERP Employees, as a whole, meet certain performance criteria.
5. The SERP Employees have been identified as individuals integral to the care and maintenance of the Mine. The SERP is intended to incentivize the SERP Employees to properly maintain the Mine and to assist the Company throughout its restructuring proceedings.
6. The Company is seeking approval of the SERP and a corresponding SERP Charge in the amount of \$2.2 million. Pursuant to the terms of the SERP, as described in the Haubrich Affidavit, the SERP Charge is proposed to rank in priority to every other claim, lien and security interest against the Company, other than the Administration Charge, the D&O Charge and Interim Lender's Charge. It is intended that the SERP Charge will rank equally with the KERP Charge and in priority to the Sales Agent Charge. The Monitor has been advised that the Sales Agent does not oppose the priority afforded to the SERP Charge vis-à-vis the Sales Agent Charge.

7. The Monitor supports the SERP and the corresponding SERP Charge for the following reasons:
- a) the continued involvement and cooperation of the SERP Employees is critical to the overall success of the Company's restructuring;
  - b) the proposed payments under the SERP are required to incentivize the SERP Employees to continue to attend to the care and maintenance of the Mine and the advancement of these proceedings, including the conduct of the SISP;
  - c) in the Monitor's view, the amounts payable under the SERP are reasonable;
  - d) charges in favour of employees of a debtor company subject to CCAA proceedings are commonly granted to provide them with certainty of payment and to secure their support for the restructuring process; and
  - e) Sprott has advised that it supports the SERP and the SERP Charge.
8. The Monitor notes that, based on the most recent cash flow forecast filed with the Court for the period ending May 18, 2023, the Company is projected to have sufficient liquidity to fund its operations and costs, including professional costs, through to the next stay extension date (including the first tranche of the SERP, which is projected to be paid on or around April 30, 2023). Accordingly, an increase in the amount of the Interim Financing Facility is not presently required.

## 6.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Company.

\* \* \*

All of which is respectfully submitted,

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS CCAA MONITOR OF PURE GOLD MINING INC.  
AND NOT IN ITS PERSONAL CAPACITY**

Per: Robert Kofman, President

## Appendix "A"



*Source: Pure Gold Mining Inc*

*March 06, 2023 06:30 ET*

## **PureGold Provides Update on CCAA Proceedings; Announces Management Departures**

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

VANCOUVER, British Columbia, March 06, 2023 (GLOBE NEWSWIRE) -- Pure Gold Mining Inc. (NEX:PGM.H) ("PureGold" or the "Company"), announces today that it has filed a court application with the Supreme Court of British Columbia (the "Court"), to be heard on March 7, 2023, seeking to extend the stay of proceedings in the Company's ongoing Companies' Creditors Arrangement Act ("CCAA") proceedings up to and including May 8, 2023, and approval of an Amended Interim Financing Term Sheet to provide for an increase to the authorized borrowings under the Interim Facility from US\$10 million to US\$15 million on substantially the same terms to the previously approved Interim Financing Term Sheet between a fund managed by Sprott Resource Lending Corp. ("Sprott") as lender and the Company as borrower.

PureGold believes that the duration of the proposed stay extension and associated financing will provide it sufficient time to make necessary decisions on how to advance its restructuring efforts. PureGold intends to continue to engage in discussions with Sprott and interested third parties concerning a possible transaction. The PureGold Mine near Red Lake, Ontario remains in a state of care and maintenance and is expected to remain in such state for the duration of the CCAA proceedings.

### **Organizational Departures**

PureGold also announces that Terry Smith, Chief Operating Officer and Bryan Wilson, VP Mine General Manager have submitted their resignations to PureGold, effective March 10, 2023 and March 16, 2023, respectively. Mr. Smith and Mr. Wilson both joined the Company in February 2022. Mr. Smith and Mr. Wilson have each committed to remain with the Company until their respective departure dates to support an orderly transition.

The Company would like to thank Terry and Bryan for their outstanding leadership, dedication, and commitment and wishes them all the very best in their new roles in the industry.

### **About Pure Gold Mining Inc.**

The Company is a Canadian gold mining company, located in Red Lake, Ontario, Canada. The Company owns the PureGold 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](http://www.puregoldmining.ca) and under the Company's profile at [www.sedar.com](http://www.sedar.com)

### **ON BEHALF OF THE BOARD**

*"Mark O'Dea"*

**Mark O'Dea, President & CEO**

### **Investor inquiries:**

Adrian O'Brien, Director, Marketing and Communications

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*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 application to extend the stay of CCAA proceedings, the application to approve the Amended Interim Financing Term Sheet, and the timing to advance its restructuring efforts. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or 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, 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](http://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.*

## Appendix "B"



**Source:** Pure Gold Mining Inc

March 17, 2023 20:00 ET

## PureGold Announces Management Departures

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

VANCOUVER, British Columbia, March 17, 2023 (GLOBE NEWSWIRE) -- Pure Gold Mining Inc. (NEX:PGM.H) ("PureGold" or the "Company") announces today the departures of Mark O'Dea, President & CEO; Phil Smerchanski, VP Exploration & Technical Services; Chris Lee, Chief Geoscientist; and Adrian O'Brien, Director Marketing and Communications, effective immediately. The Company also announces the departures of Chris Haubrich, VP Business Development & CFO and Ashley Kates, VP Finance & Corporate Secretary, effective March 31, 2023.

The above noted departures are taking place in consultation with the Company's senior lender, a fund managed by Sprott Resource Lending Corp. ("Sprott") and the court appointed Monitor in the ongoing Companies' Creditors Arrangement Act ("CCAA") proceedings, KSV Restructuring Inc. ("KSV"). The departures are being made in connection with an application scheduled to be heard on March 30, 2023 in the ongoing CCAA proceedings in which the Company will be seeking to appoint a Chief Administrative Officer ("CAO"). Mr. Haubrich, Ms. Kates, and Mr. Smerchanski have agreed to continue to provide support beyond their termination dates to the Company in a consulting capacity, as needed. The members of the Board of Directors have each indicated an intention to resign after the court appointment of the CAO.

The Company's PureGold Mine near Red Lake, Ontario remains in a state of care and maintenance and is expected to remain in such state for the foreseeable future as part of the ongoing CCAA proceedings. On March 7, 2023, the CCAA stay of proceedings was extended to May 12, 2023 and an additional US\$5 million in authorized borrowings was approved. The Mine remains staffed with a full-time workforce of approximately 40 employees who are focused on care and maintenance activities and preserving the value of the asset. PureGold continues to engage in discussions with Sprott and interested third parties concerning a possible transaction.

The Company would like to thank Mark, Phil, Chris, Adrian, Chris, and Ashley for their leadership, dedication, and commitment and wishes them all the very best in their future endeavours.

#### **About Pure Gold Mining Inc.**

The Company is a Canadian gold mining company, located in Red Lake, Ontario, Canada. The Company owns the PureGold 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](http://www.puregoldmining.ca) and under the Company's profile at [www.sedar.com](http://www.sedar.com)

#### **ON BEHALF OF THE BOARD**

*"Graeme Currie"*

**Graeme Currie, Chairman**

#### **Investor inquiries:**

Tel: 604-646-8000

[info@puregoldmining.ca](mailto:info@puregoldmining.ca)

*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 departure of certain employees, the efforts to preserve the value of the PureGold Mine while in care and maintenance, and the timing of a potential transaction. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases and state that certain actions, events or 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, 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](http://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.



## Appendix "C"

## CONSULTING AGREEMENT

BETWEEN:

JONATHAN SINGH  
(the "Consultant" or "Chief Administrative Officer")

-and-

PURE GOLD MINING INC.  
(the "Company")

WHEREAS on October 31, 2022 the Supreme Court of British Columbia (the "Court") made an order granting the Company protection under the *Companies' Creditors Arrangement Act* (the "CCAA", with such proceeding being the "CCAA Proceeding") and appointing KSV Restructuring Inc. as monitor in respect of the Company (the "Monitor");

AND WHEREAS the primary purpose of the CCAA Proceeding is to provide the Company with the opportunity to restructure its debt obligations pursuant to one or more going-concern sale or investment transactions (a "Transaction") including, without limitation, by way of a plan of compromise or arrangement (a "CCAA Plan");

AND WHEREAS the Company, with the approval of the Court, has engaged the services of National Bank Financial Inc. as sales agent ("Sales Agent") to assist the Company in carrying out a Court approved sales and investment solicitation process ("SISP") in respect of the Company's business and assets, principally the Company's mine and related facilities located in the Red Lake District of Northern Ontario (the "Mine").

AND WHEREAS since the commencement of the CCAA Proceeding, a number of the Company's Vancouver head office employees have resigned or had their employment terminated as part of the Company's restructuring under the CCAA;

AND WHEREAS the Company would like to engage the Consultant, and the Consultant wishes to be engaged by the Company, to provide certain services as described below during the CCAA Proceedings;

NOW THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the Consultant and the Company agree as follows:

### 1. Services

- (a) The Company hereby engages the Consultant to perform the following services and any other services as the parties may agree upon from time to time (the "Services") under this Agreement:
  - (i) during the "CCAA Period", being the period from the Effective Date (as defined below) up to and including the earlier of; (i) the effective date of the termination of this Agreement by agreement of the Monitor, Sprott Private Resource Lending II (Collector), LP ("Sprott") and the Consultant, (ii) the effective date of the termination of this Agreement in accordance with Section 11 below, and (iii) the effective date of the termination of the CCAA Proceeding in respect of the Company (the "Term"), the Consultant shall perform for the Company the

services typically performed by a Chief Administrative Officer of a debtor company during a CCAA proceeding, including but not limited to, the following:

- (A) acting as the sole signing authority for the Company, including in respect of all banking arrangements, and entering into agreements on behalf of the Company, provided that any material agreement to be entered into by the Company is approved by the Monitor or the Court;
  - (B) engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of the Company;
  - (C) assisting the Company, the Sales Agent and the Monitor to carry out the SISF and any resulting Transaction or CCAA Plan;
  - (D) making decisions with respect to Company operations that will enable or assist the Company and its major stakeholders to preserve the value of the Company, and implement a Transaction or CCAA Plan; and
  - (E) providing direction for the Company throughout the CCAA Period.
- (b) The Consultant shall not delegate or assign the performance of the Services to any other person without the prior written consent of the Monitor during the CCAA Period.
- (c) The Consultant will perform the Services on a "full-time" basis commencing as of the Effective Date. The Company acknowledges that the Consultant has disclosed certain active business mandates for other clients (the "**Existing Mandates**"). The Company hereby agrees that the Consultant may continue performing services on the Existing Mandates consistent with current levels. The Consultant will not accept any new mandates during the CCAA Period without the Monitor's prior written consent.

## 2. **Term of Agreement**

This Agreement is conditional upon obtaining an Order of the Court in form and substance acceptable to the Company and the Consultant which, among other things, (i) approves this Agreement, (ii) provides that the Consultant shall have no liability to any party during the CCAA Period other than in respect of gross negligence or wilful misconduct by the Consultant, (iii) provides that during the CCAA Period the Consultant shall be entitled to the benefit of the Administrative Charge granted pursuant to the Amended and Restated Initial Order of the Court made on November 9, 2022 in the CCAA Proceedings, as security for the Consultant's fees and disbursements incurred hereunder, (iv) during the CCAA Period provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant without leave of the Court, and (v) provides that this Agreement will be effective from the date of such Order (the "**Effective Date**").

## 3. **Base Fee for Services and Invoicing**

During the Term, the Company shall pay to the Consultant for the provision of the Services a base fee at the rate of \$32,500 per month (the "**Base Fee**") plus applicable Harmonized Sales Tax ("**HST**"). Invoices for the Base Fee and HST, together with satisfactory statements and receipts for all expenses claimed by the Consultant in accordance with section 4 below, shall be submitted by the Consultant to the Company

on the 15<sup>th</sup> day of each month during the term of this Agreement. Payment will be made to the Consultant by the Company within 10 business days from receipt by the Company of an invoice.

**4. Expenses**

Any expense of the Consultant must be pre-approved by the Monitor in writing. For all approved expense reimbursements, the Consultant shall furnish to the Company satisfactory statements and receipts,

**5. Equipment and Tools**

The Consultant shall provide at its own risk and expense all equipment and tools that may be required to perform the Services. The Consultant warrants that all such equipment and tools will be in good repair and appropriate for the task.

**6. Licenses and Permits**

To the extent applicable, the Consultant shall be responsible for obtaining all necessary licenses and permits and for complying with all applicable laws, codes and regulations in connection with the provision of the Services.

**7. D&O Insurance**

During the CCAA Period, the Consultant shall be covered by the Company's directors' and officers' liability insurance, which shall be established and maintained by the Company at its expense.

**8. Indemnities**

The Consultant shall indemnify the Company and any related or associated companies and their respective boards of directors, officers, employees or agents, from and against all claims, actions, demands, suits, liabilities, losses, expenses, costs, penalties, or damages for liabilities under the *Income Tax Act* or other applicable legislation for the failure of the Company to make withholdings from any fees or payments from the Company to the Consultant under this Agreement, which the Company, or any related or associated companies, and their respective boards of directors, officers, employees or agents may have or suffer arising out of the Consultant providing the personal services of the Consultant.

The Company agrees to indemnify the Consultant to the maximum extent permitted by law, against all costs, charges and expenses, including, without limitation, all amounts paid to settle any action or satisfy any judgment, reasonably incurred by the Consultant in respect of any civil, criminal, administrative, investigative or other proceeding (collectively, a "**Proceeding**") in which the Consultant is involved because of the Consultant's association with the Company, provided that: (i) the Consultant acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Consultant had reasonable grounds for believing that the Consultant's conduct was lawful. The Company shall advance monies to the Consultant for the costs, charges and expenses of any Proceeding referred to above, provided that the Consultant shall repay the monies if it is determined by a court that the Consultant has not fulfilled the conditions set out in (i) and (ii) above.

## 9. Independent Contractor

- (a) In the performance of this Agreement, the Consultant will at all times act in the Consultant's own capacity and right as an independent contractor. The Company will not be required to pay for or maintain any employee benefits, including workplace safety insurance (workers' compensation), Canada Pension Plan, employer health tax, employment insurance and other similar levies, nor to make withholdings and remittances for income tax in respect of any remuneration payable by the Company to the Consultant pursuant to this Agreement or otherwise. The Consultant will be solely responsible for making all such contributions, premium payments and income tax remittances in conformity with any applicable statutory requirements on the Consultant's own behalf.
- (b) The Consultant is not an employee of the Company and shall not be entitled to receive from the Company any employment benefits. For clarity, the Consultant agrees that he is not entitled to the rights and benefits afforded to the Company's employees, including participation in any of the Company's group insurance plans, vacation pay, overtime pay, termination pay or severance pay. The Consultant expressly acknowledges and agrees that the Company shall not, under any circumstances, be required to provide any notice, or compensation or damages in lieu of notice, of the termination of the Services beyond that provided for under Section 11 below.

## 10. Confidentiality

The Consultant acknowledges that, because of the nature of the Services to be provided, the Consultant will have access to confidential information about the business and affairs of the Company and its subsidiaries or affiliates ("**Confidential Information**"). The Consultant agrees that, during and after the term of this Agreement, the Consultant will not disclose to any person (except in the proper course of the performance of the Services) or use for their own purposes or for any purposes other than the provision of the Services, any Confidential Information acquired, created or contributed to by them. Confidential Information does not include (a) the general skills and experience gained by the Consultant during the Term, (b) information publicly known or received by them from a third party unrelated to the Company without a breach of an obligation of confidentiality, (c) information the disclosure of which is required to be made by any law or court, and (d) information the disclosure of which is permitted pursuant to any applicable regulatory whistleblowing legislation.

## 11. Termination

- (a) *By the Consultant:* The Consultant may terminate this Agreement at any time and for any reason upon the giving of 60 days' written notice to the Company.
- (b) *By the Company without Cause:* The Company, upon the direction of the Monitor (in consultation with Sprott), may terminate this Agreement at any time the without cause and with immediate effect by paying the Consultant any unpaid Base Fees to such date, together with the sum of \$65,000 as pay in lieu of Base Fees.
- (c) *By the Company for Cause:* Notwithstanding Section 15(b) above, the Company upon the direction of the Monitor (in consultation with Sprott), may terminate this Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's failure to comply with any provision of this Agreement or commit any act or omission that would constitute just cause at common law in the event that the Consultant was an employee of the Company. In the event of

termination for cause pursuant to this Section 15(c), the Company shall pay all amounts owing to the Consultant under Section 3 above up to and including the effective date of termination.

- (d) *Termination at end of Term:* The Consultant's Services shall terminate at the end of the Term and the Consultant shall be entitled to (i) any outstanding Base Fees for Services rendered up to the end of the Term, and, if applicable, any amounts due under subsection 11(b) above;

In the event that, contrary to the intention of the parties, a court or tribunal having jurisdiction over the parties determines that the relationship between the Company on the one hand and the Consultant on the other is that of a dependent contractor or employment relationship, then the Consultant acknowledges and agrees that he will only be entitled to the greater of (1) the Consultant's entitlements under Section 11(b) above and (2) such minimum amount of notice, severance pay and other minimum entitlements required by the applicable employment standards legislation in full and final satisfaction of any Claim which he might have arising from or relating to the termination of the Services hereunder, whether such Claim arises under statute, contract, common law or otherwise.

## **12. Effect of Termination**

Upon the termination of this Agreement for any reason:

- (a) the Company shall provide the Consultant with all Base Fees accrued and owing as of the effective date of termination, upon the Consultant's provision of an invoice, as well as reimbursement for all eligible expenses that have been incurred and remain outstanding as of the effective date of termination, upon the Consultant's submission of satisfactory statements and receipts; and
- (b) the Consultant shall immediately deliver to the Company or permanently delete/destroy any Company property and information (including Confidential Information) that may be in the Consultant's possession or control and the Consultant acknowledges that the Consultant is not permitted to use any of the Company's Confidential Information following the termination of the Consultant's Services for any reason whatsoever.

## **13. No Other Entitlements**

The Consultant acknowledges and agrees that he shall have no other entitlements (including to damages of any kind), whether under contract, statute, common law or otherwise, upon the termination of the Services for any reason, except as provided in Section 11 above and the Consultant shall sign a release of claims as a condition of any payment under Section 11.

## **14. Survival**

Notwithstanding any termination of this Agreement for any reason, the provisions of Sections 8, 10, 11, 12, 13, 14 and 15, and any other provisions of this Agreement necessary to give efficacy those Sections, shall continue in full force and effect.

## **15. Entire Agreement**

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties

with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express or implied or statutory between the parties other than expressly set out in this Agreement. Each party waives any right to assert a claim based on pre-contractual representations, negligent or otherwise, made by the other party, its subsidiaries or affiliates or their representatives.

**16. Amendments and Waivers**

No amendment to this Agreement shall be valid or binding unless in writing and duly executed by both parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

**17. Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in full or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.

**18. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

**19. Attornment**

The Company and the Consultant each hereby attorns to the jurisdiction of the courts of the Province of British Columbia.

**20. Independent Legal Advice**

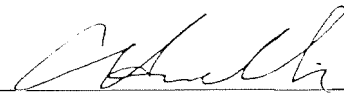
The Consultant confirms that he has had the reasonable opportunity to confer with an independent legal advisor if he so wished, in advance of signing this Agreement. The Consultant further confirms that he has read this Agreement and accepts and agrees to be bound by its terms.

**21. Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF** the parties have executed this Agreement this 24th day of March 2023.

**PURE GOLD MINING INC.**

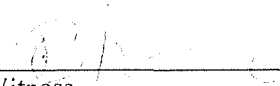

Per: 

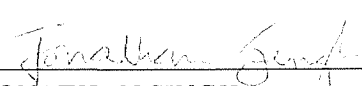
Name: Chris Haubrich

Title: CFO & VP Business Development

*I have authority to bind the corporation*

**SIGNED** in the presence of:

  
Witness  
Name: 

}  
  
**JONATHAN SINGH**



K V

ksv advisory inc.



No. VLC-S-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.

PETITIONER

FOURTH REPORT OF KSV RESTRUCTURING INC.  
AS MONITOR

March 24, 2023

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## APPENDICES

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## 1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) issued by the Supreme Court of British Columbia (the “**Court**”) on October 31, 2022, as amended and restated by further order made on November 9, 2022 (the “**ARIO**”), Pure Gold Mining Inc. (the “**Company**”) was granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor of the Company (in such capacity, the “**Monitor**”).
2. The principal purpose of these CCAA proceedings, at this time, is to facilitate the continued operation of the Mine (as defined below) on a care and maintenance basis with financing provided by the Interim Lender (as defined below), while the Company continues to pursue a sale and/or restructuring of its business and assets through a Court-supervised sale and investment solicitation process (“**SISP**”).
3. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
  - a) granted a stay of proceedings in favour of the Company and its directors and officers (the “**Initial Stay**”) from October 31, 2022 to and including November 10, 2022 (the “**Initial Stay Period**”);
  - b) approved an interim financing loan facility (the “**Interim Financing Facility**”) in the maximum principal amount of US\$10 million to be made available by Sprott Private Resource Lending II (Collector), LP (“**Sprott**” or the “**Interim Lender**”), pursuant to a term sheet dated October 30, 2022, but limited borrowings by the Company thereunder to US\$2 million;
  - c) granted charges on all of the Company’s current and future assets, property and undertakings (collectively, the “**Property**”) having the following priorities:
    - i. a charge in the amount of \$750,000 to secure the fees and disbursements of the Company’s legal counsel and the Monitor and its legal counsel (the “**Administration Charge**”);
    - ii. a charge in the amount of \$650,000 in favour of the Company’s directors and officers to secure the Company’s indemnity obligations to such persons (the “**D&O Charge**”); and
    - iii. a charge in favour of the Interim Lender to secure the Company’s obligations to the Interim Lender in respect of advances made under the Interim Financing Facility (the “**Interim Lender’s Charge**”).

4. Pursuant to the terms of the ARIO, *inter alia*, the Court:
  - a) extended the Initial Stay Period to January 27, 2023 (the “**Stay Period**”);
  - b) increased the amount of authorized borrowings under the Interim Financing Facility from US\$2 million to US\$10 million;
  - c) approved a key employee retention plan (“**KERP**”) and granted a corresponding charge in the maximum amount of \$750,000 (the “**KERP Charge**”) as security for amounts payable to certain of the Company’s employees under the KERP (the “**KERP Employees**”), which charge ranks behind the Administration Charge, D&O Charge and the Interim Lender’s Charge;
  - d) approved the SISP;
  - e) approved an agreement dated November 1, 2022 (the “**Sales Agent Agreement**”) between the Company and National Bank Financial Inc. (“**NBF**”), in respect of NBF’s engagement as sales agent to carry out the SISP (in such capacity, the “**Sales Agent**”); and
  - f) granted a charge on the Property as security for the Sales Agent’s fees under the Sales Agent Agreement (the “**Sales Agent Charge**”), which charge ranks behind the Administration Charge, D&O Charge, Interim Lender’s Charge and KERP Charge.
5. Pursuant to a Court order dated January 23, 2023, the Stay Period was extended from January 27, 2023 to March 10, 2023.
6. Pursuant to a Court order dated March 7, 2023, the Stay Period was extended from March 10, 2023 to May 12, 2023, and the maximum amount that can be borrowed under the Interim Financing Facility was increased from US\$10 million to US\$15 million.

## 1.1 Purposes of this Report

1. The purposes of this report (the “**Report**”) are to:
  - a) provide the Court with an update on recent developments concerning the departure of the Company’s management team and the planned resignation of the Company’s Board of Directors;
  - b) provide information and the Monitor’s comments concerning the proposed appointment of a Chief Administrative Officer (“**CAO**”);
  - c) summarize the terms of a consulting agreement dated March 24, 2023 between the Company and Jonathan Singh, whereby, subject to Court approval, Mr. Singh would be engaged as the CAO (the “**Consulting Agreement**”);

- d) provide information and the Monitor's comments concerning a proposed site employee retention plan (the "SERP") for the Company's remaining site employees (the "SERP Employees"); and
- e) provide the Monitor's recommendations in respect of the Company's applications for orders:
  - approving the Consulting Agreement; and
  - approving the SERP and granting the corresponding charge on the Property for an amount up to \$2.2 million as security for amounts payable to the SERP Employees under the SERP (the "SERP Charge").

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

## 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 2.0 Background

1. The Company is a British Columbia corporation principally engaged in the acquisition, exploration, development and operation of Canadian precious metal properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size and access to existing infrastructure.
2. Prior to the commencement of these proceedings, the Company's shares were traded on the TSX Venture Exchange under the symbol PGM and on the London Stock Exchange ("LSE") under the symbol PUR. On October 31, 2022, the TSX Venture Exchange (the "TSXV") advised the Company that trading of the Company's common shares would be transferred to the NEX Board of the TSXV effective at the opening of the market on November 2, 2022. The trading symbol for the Company changed from PGM to PGM.H at that time. On January 13, 2023, the Company commenced a process to have its shares delisted from the LSE. On March 21, 2023, the TSXV halted the trading of the Company's shares pending its review of the Company's compliance with exchange requirements.

3. The Company's principal business is the operation of its mine, which is located on approximately 4,600 hectares in the Red Lake mining district of Northwestern Ontario, just east of the Manitoba border (the "Mine"). The Mine's infrastructure includes two ramps that provide access from surface, an ore processing facility with design capacity of 800 tonnes of ore per day and tailings and rock storage facilities.
4. Effective October 24, 2022, the Company suspended active mining operations and placed the Mine on care and maintenance with a materially reduced workforce. The Mine is expected to remain on care and maintenance throughout these proceedings.
5. Prior to placing the Mine on care and maintenance on October 24, 2022, the Company had approximately 271 employees. The Company presently has 40 employees and the workforce is projected to be approximately 38 at the end of March, 2023. The Company's workforce is not unionized and the Company does not maintain any registered pension plans.
6. The commencement of these proceedings by the Company was supported by Sprott, its major secured creditor, which is owed in excess of \$133 million before post-filing advances under the Interim Financing Facility, which total US\$10 million as at the date of this Report, plus interest and costs which continue to accrue.
7. KSV's pre-filing report dated October 30, 2022 (the "Pre-Filing Report"), the Monitor's first three reports filed in these proceedings and the Company's affidavits provide additional background information concerning the Company and these proceedings. Court materials filed in these proceedings are available on the Monitor's case website at <https://www.ksvadvisory.com/experience/case/pure-gold->.

### 3.0 Management Departures and Board Resignations

1. On March 6, 2023, the Company issued a press release (the "March 6<sup>th</sup> Press Release") advising of the resignation of its Chief Operating Officer, who submitted his resignation effective March 10, 2023 and the VP Mine General Manager, who submitted his resignation effective March 16, 2023. A copy of the March 6<sup>th</sup> Press Release is attached as Appendix "A".
2. On March 17, 2023, the Company issued a press release (the "March 17<sup>th</sup> Press Release") announcing the immediate departures of Mark O'Dea, President & CEO; Phil Smerchanski, VP Exploration & Technical Services; Chris Lee, Chief Geoscientist; and Adrian O'Brien, Director Marketing and Communications. The Company also announced the planned departures of Chris Haubrich, VP Business Development & CFO, and Ashley Kates, VP Finance & Corporate Secretary, effective March 31, 2023. A copy of the March 17<sup>th</sup> Press Release is attached as Appendix "B". The Monitor understands that Mr. Haubrich and Ms. Kates have advised that they will continue to provide assistance to the Company in a consulting capacity, as may be needed for a period of time, in order to facilitate an orderly transition of their functions.

3. The March 17<sup>th</sup> Press Release also referenced: (a) the Company's application scheduled to be heard on March 30, 2023 in which the Company will be seeking to appoint Mr. Singh as CAO; and (b) that the members of the Company's Board of Directors have indicated an intention to resign after the Court appoints the CAO.

#### 4.0 Chief Administrative Officer

1. Mr. Singh was identified by Sprott as someone who could assist the Company upon the departures of management and resignation of the Board of Directors. Mr. Singh is a Chartered Professional Accountant with significant experience in the mining sector. A copy of Mr. Singh's CV is attached as Appendix "C".
2. A summary of the key terms of the Consulting Agreement is provided below.
  - a) **Term:** Commences on the date the Court grants an order approving the Consulting Agreement and the CAO's engagement thereunder (the "**Effective Date**").
  - b) **Services:** Mr. Singh shall provide the following services (collectively, the "**Services**") on a full-time basis commencing on the Effective Date:
    - acting as the sole signing authority for the Company, including in respect of all banking arrangements, and entering into agreements on behalf of the Company, provided that any material agreement to be entered into by the Company is approved by the Monitor or the Court;
    - engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going-concern value of the Company;
    - assisting the Company, the Sales Agent and the Monitor in carrying out the SISF and any resulting transaction or CCAA plan of compromise and arrangement ("**CCAA Plan**");
    - making decisions with respect to Company operations that will enable or assist the Company and its major stakeholders to preserve the value of the Company, and implement a transaction or CCAA Plan; and
    - providing direction for the Company throughout the CCAA proceedings.
  - c) **Consultants:** The CAO shall not delegate or assign the performance of the Services to any other person without the prior written consent of the Monitor.
  - d) **Fees:** During the term of the Consulting Agreement, the Company shall pay to the CAO a base fee of \$32,500 plus HST per month, plus any expenses incurred by the CAO in performing the Services, provided that any expense must be pre-approved by the Monitor in writing.

- e) **Administration Charge**: The Consulting Agreement contemplates that, during the CCAA proceedings, the CAO shall be included as a beneficiary of the Administration Charge granted pursuant to the ARIO, as security for the CAO's fees and disbursements.
- f) **Termination**: The Consulting Agreement may be terminated as follows:
- by the CAO at any time and for any reason upon 60 days' written notice to the Company;
  - by the Company, without cause, upon the direction of the Monitor in consultation with Sprott, at any time and with immediate effect by paying the CAO any fees to such date, together with the sum of \$65,000 as pay in lieu;
  - by the Company, for cause, upon the direction of the Monitor in consultation with Sprott, at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the CAO's failure to comply with any provision of the Consulting Agreement or commission of any act or omission that would constitute just cause at common law were the CAO an employee of the Company. In the event of termination for cause, the Company shall pay all amounts owing to the CAO up to and including the effective date of termination; and
  - the CAO's Services shall terminate at the end of the term, at which time the CAO shall be entitled to any outstanding fees for Services rendered up to the end of the term.
3. The Monitor recommends that the Court approve the Consulting Agreement and that the CAO be added as a beneficiary of the Administration Charge for its fees and disbursements, for the following reasons:
- a) the appointment of a CAO will provide the Company with an administrative leader who has experience in the mining sector and can direct the employees in performing the care and maintenance of the Mine and direct the SISP for the benefit of the Company and its stakeholders;
  - b) the Company requires the appointment of the CAO in light of its recent management departures and the planned resignation of its Board of Directors;
  - c) Sprott, being the most significant economic stakeholder in these proceedings, supports the retention of Mr. Singh as CAO and the terms of the Consulting Agreement, including the amount of the CAO's compensation and the compensation structure;
  - d) the Monitor was consulted in connection with the negotiation of the Consulting Agreement and the Services to be performed thereunder;



- e) the Monitor is of the view that the proposed remuneration for the CAO is fair and reasonable in the circumstances, and the retention of the CAO should assist to reduce professional fees, particularly as it relates to the Monitor's involvement in the Company's day-to-day administrative functions;
- f) it is customary for a CAO (or similar court officer, such as a chief restructuring officer) to have the benefits of a court-ordered charge for its fees and expenses; and
- g) Mr. Singh appears qualified to perform the mandate.

## 5.0 SERP

1. The SERP was developed by the Company in consultation with Sprott and the Monitor. The SERP covers all remaining employees of the Company, including those performing care and maintenance functions at the Mine. The details of the SERP are provided in the Affidavit of Chris Haubrich filed in support of the Company's applications.
2. The total value of the SERP if paid in full is \$2.2 million.
3. SERP Employees are entitled to up to 50% of their respective annual base salaries, on the following basis:

Payment Date	(% of Annual Base Salary)		
	Retention Bonus	Performance Bonus	Total
April 30, 2023	7.5%	5%	12.5%
September 30, 2023	7.5%	5%	12.5%
December 31, 2023	15%	10%	25%
<b>Total</b>	<b>30%</b>	<b>20%</b>	<b>50%</b>

4. While the retention bonuses are fixed sums to be paid according to the foregoing schedule, the performance bonuses are contingent and dependent on whether the SERP Employees, as a whole, meet certain performance criteria.
5. The SERP Employees have been identified as individuals integral to the care and maintenance of the Mine. The SERP is intended to incentivize the SERP Employees to properly maintain the Mine and to assist the Company throughout its restructuring proceedings.
6. The Company is seeking approval of the SERP and a corresponding SERP Charge in the amount of \$2.2 million. Pursuant to the terms of the SERP, as described in the Haubrich Affidavit, the SERP Charge is proposed to rank in priority to every other claim, lien and security interest against the Company, other than the Administration Charge, the D&O Charge and Interim Lender's Charge. It is intended that the SERP Charge will rank equally with the KERP Charge and in priority to the Sales Agent Charge. The Monitor has been advised that the Sales Agent does not oppose the priority afforded to the SERP Charge vis-à-vis the Sales Agent Charge.

7. The Monitor supports the SERP and the corresponding SERP Charge for the following reasons:
  - a) the continued involvement and cooperation of the SERP Employees is critical to the overall success of the Company's restructuring;
  - b) the proposed payments under the SERP are required to incentivize the SERP Employees to continue to attend to the care and maintenance of the Mine and the advancement of these proceedings, including the conduct of the SISP;
  - c) in the Monitor's view, the amounts payable under the SERP are reasonable;
  - d) charges in favour of employees of a debtor company subject to CCAA proceedings are commonly granted to provide them with certainty of payment and to secure their support for the restructuring process; and
  - e) Sprott has advised that it supports the SERP and the SERP Charge.
  
8. The Monitor notes that, based on the most recent cash flow forecast filed with the Court for the period ending May 18, 2023, the Company is projected to have sufficient liquidity to fund its operations and costs, including professional costs, through to the next stay extension date (including the first tranche of the SERP, which is projected to be paid on or around April 30, 2023). Accordingly, an increase in the amount of the Interim Financing Facility is not presently required.

## 6.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Company.

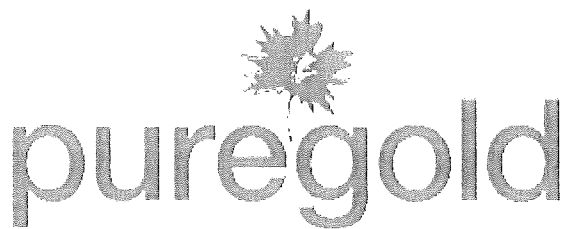
\* \* \*

All of which is respectfully submitted,

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS CCAA MONITOR OF PURE GOLD MINING INC.  
AND NOT IN ITS PERSONAL CAPACITY**

Per: Robert Kofman, President

## Appendix "A"



*Source: Pure Gold Mining Inc*

*March 06, 2023 06:30 ET*

## **PureGold Provides Update on CCAA Proceedings; Announces Management Departures**

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

VANCOUVER, British Columbia, March 06, 2023 (GLOBE NEWSWIRE) -- Pure Gold Mining Inc. (NEX:PGM.H) ("PureGold" or the "Company"), announces today that it has filed a court application with the Supreme Court of British Columbia (the "Court"), to be heard on March 7, 2023, seeking to extend the stay of proceedings in the Company's ongoing Companies' Creditors Arrangement Act ("CCAA") proceedings up to and including May 8, 2023, and approval of an Amended Interim Financing Term Sheet to provide for an increase to the authorized borrowings under the Interim Facility from US\$10 million to US\$15 million on substantially the same terms to the previously approved Interim Financing Term Sheet between a fund managed by Sprott Resource Lending Corp. ("Sprott") as lender and the Company as borrower.

PureGold believes that the duration of the proposed stay extension and associated financing will provide it sufficient time to make necessary decisions on how to advance its restructuring efforts. PureGold intends to continue to engage in discussions with Sprott and interested third parties concerning a possible transaction. The PureGold Mine near Red Lake, Ontario remains in a state of care and maintenance and is expected to remain in such state for the duration of the CCAA proceedings.

### **Organizational Departures**

PureGold also announces that Terry Smith, Chief Operating Officer and Bryan Wilson, VP Mine General Manager have submitted their resignations to PureGold, effective March 10, 2023 and March 16, 2023, respectively. Mr. Smith and Mr. Wilson both joined the Company in February 2022. Mr. Smith and Mr. Wilson have each committed to remain with the Company until their respective departure dates to support an orderly transition.

The Company would like to thank Terry and Bryan for their outstanding leadership, dedication, and commitment and wishes them all the very best in their new roles in the industry.

### **About Pure Gold Mining Inc.**

The Company is a Canadian gold mining company, located in Red Lake, Ontario, Canada. The Company owns the PureGold 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](http://www.puregoldmining.ca) and under the Company's profile at [www.sedar.com](http://www.sedar.com)

### **ON BEHALF OF THE BOARD**

*"Mark O'Dea"*

**Mark O'Dea, President & CEO**

### **Investor inquiries:**

Adrian O'Brien, Director, Marketing and Communications

Tel: 604-809-6890

[aobrien@puregoldmining.ca](mailto:aobrien@puregoldmining.ca)

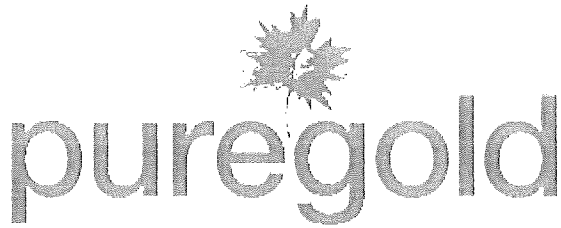
*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*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 application to extend the stay of CCAA proceedings, the application to approve the Amended Interim Financing Term Sheet, and the timing to advance its restructuring efforts. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or 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, 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](http://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.*

## Appendix "B"



*Source: Pure Gold Mining Inc*

*March 17, 2023 20:00 ET*

## **PureGold Announces Management Departures**

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

VANCOUVER, British Columbia, March 17, 2023 (GLOBE NEWSWIRE) -- Pure Gold Mining Inc. (NEX:PGM.H) ("PureGold" or the "Company") announces today the departures of Mark O'Dea, President & CEO; Phil Smerchanski, VP Exploration & Technical Services; Chris Lee, Chief Geoscientist; and Adrian O'Brien, Director Marketing and Communications, effective immediately. The Company also announces the departures of Chris Haubrich, VP Business Development & CFO and Ashley Kates, VP Finance & Corporate Secretary, effective March 31, 2023.

The above noted departures are taking place in consultation with the Company's senior lender, a fund managed by Sprott Resource Lending Corp. ("Sprott") and the court appointed Monitor in the ongoing Companies' Creditors Arrangement Act ("CCAA") proceedings, KSV Restructuring Inc. ("KSV"). The departures are being made in connection with an application scheduled to be heard on March 30, 2023 in the ongoing CCAA proceedings in which the Company will be seeking to appoint a Chief Administrative Officer ("CAO"). Mr. Haubrich, Ms. Kates, and Mr. Smerchanski have agreed to continue to provide support beyond their termination dates to the Company in a consulting capacity, as needed. The members of the Board of Directors have each indicated an intention to resign after the court appointment of the CAO.

The Company's PureGold Mine near Red Lake, Ontario remains in a state of care and maintenance and is expected to remain in such state for the foreseeable future as part of the ongoing CCAA proceedings. On March 7, 2023, the CCAA stay of proceedings was extended to May 12, 2023 and an additional US\$5 million in authorized borrowings was approved. The Mine remains staffed with a full-time workforce of approximately 40 employees who are focused on care and maintenance activities and preserving the value of the asset. PureGold continues to engage in discussions with Sprott and interested third parties concerning a possible transaction.

The Company would like to thank Mark, Phil, Chris, Adrian, Chris, and Ashley for their leadership, dedication, and commitment and wishes them all the very best in their future endeavours.

#### **About Pure Gold Mining Inc.**

The Company is a Canadian gold mining company, located in Red Lake, Ontario, Canada. The Company owns the PureGold 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](http://www.puregoldmining.ca) and under the Company's profile at [www.sedar.com](http://www.sedar.com)

#### **ON BEHALF OF THE BOARD**

*"Graeme Currie"*

**Graeme Currie, Chairman**

#### **Investor inquiries:**

Tel: 604-646-8000

[info@puregoldmining.ca](mailto:info@puregoldmining.ca)

*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 departure of certain employees, the efforts to preserve the value of the PureGold Mine while in care and maintenance, and the timing of a potential transaction. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or 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, 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](http://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.



## Appendix "C"

## CONSULTING AGREEMENT

**BETWEEN:**

**JONATHAN SINGH**  
(the "Consultant" or "Chief Administrative Officer")

-and-

**PURE GOLD MINING INC.**  
(the "Company")

**WHEREAS** on October 31, 2022 the Supreme Court of British Columbia (the "Court") made an order granting the Company protection under the *Companies' Creditors Arrangement Act* (the "CCAA", with such proceeding being the "CCAA Proceeding") and appointing KSV Restructuring Inc. as monitor in respect of the Company (the "Monitor");

**AND WHEREAS** the primary purpose of the CCAA Proceeding is to provide the Company with the opportunity to restructure its debt obligations pursuant to one or more going-concern sale or investment transactions (a "Transaction") including, without limitation, by way of a plan of compromise or arrangement (a "CCAA Plan");

**AND WHEREAS** the Company, with the approval of the Court, has engaged the services of National Bank Financial Inc. as sales agent ("Sales Agent") to assist the Company in carrying out a Court approved sales and investment solicitation process ("SISP") in respect of the Company's business and assets, principally the Company's mine and related facilities located in the Red Lake District of Northern Ontario (the "Mine").

**AND WHEREAS** since the commencement of the CCAA Proceeding, a number of the Company's Vancouver head office employees have resigned or had their employment terminated as part of the Company's restructuring under the CCAA;

**AND WHEREAS** the Company would like to engage the Consultant, and the Consultant wishes to be engaged by the Company, to provide certain services as described below during the CCAA Proceedings;

**NOW THEREFORE**, in consideration of the covenants and agreements contained in this Agreement, the Consultant and the Company agree as follows:

### 1. Services

- (a) The Company hereby engages the Consultant to perform the following services and any other services as the parties may agree upon from time to time (the "Services") under this Agreement:
  - (i) during the "CCAA Period", being the period from the Effective Date (as defined below) up to and including the earlier of; (i) the effective date of the termination of this Agreement by agreement of the Monitor, Sprott Private Resource Lending II (Collector), LP ("Sprott") and the Consultant, (ii) the effective date of the termination of this Agreement in accordance with Section 11 below, and (iii) the effective date of the termination of the CCAA Proceeding in respect of the Company (the "Term"), the Consultant shall perform for the Company the

services typically performed by a Chief Administrative Officer of a debtor company during a CCAA proceeding, including but not limited to, the following:

- (A) acting as the sole signing authority for the Company, including in respect of all banking arrangements, and entering into agreements on behalf of the Company, provided that any material agreement to be entered into by the Company is approved by the Monitor or the Court;
  - (B) engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of the Company;
  - (C) assisting the Company, the Sales Agent and the Monitor to carry out the SISP and any resulting Transaction or CCAA Plan;
  - (D) making decisions with respect to Company operations that will enable or assist the Company and its major stakeholders to preserve the value of the Company, and implement a Transaction or CCAA Plan; and
  - (E) providing direction for the Company throughout the CCAA Period.
- (b) The Consultant shall not delegate or assign the performance of the Services to any other person without the prior written consent of the Monitor during the CCAA Period.
- (c) The Consultant will perform the Services on a "full-time" basis commencing as of the Effective Date. The Company acknowledges that the Consultant has disclosed certain active business mandates for other clients (the "**Existing Mandates**"). The Company hereby agrees that the Consultant may continue performing services on the Existing Mandates consistent with current levels. The Consultant will not accept any new mandates during the CCAA Period without the Monitor's prior written consent.

## 2. **Term of Agreement**

This Agreement is conditional upon obtaining an Order of the Court in form and substance acceptable to the Company and the Consultant which, among other things, (i) approves this Agreement, (ii) provides that the Consultant shall have no liability to any party during the CCAA Period other than in respect of gross negligence or wilful misconduct by the Consultant, (iii) provides that during the CCAA Period the Consultant shall be entitled to the benefit of the Administrative Charge granted pursuant to the Amended and Restated Initial Order of the Court made on November 9, 2022 in the CCAA Proceedings, as security for the Consultant's fees and disbursements incurred hereunder, (iv) during the CCAA Period provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant without leave of the Court, and (iv) provides that this Agreement will be effective from the date of such Order (the "**Effective Date**").

## 3. **Base Fee for Services and Invoicing**

During the Term, the Company shall pay to the Consultant for the provision of the Services a base fee at the rate of \$32,500 per month (the "**Base Fee**") plus applicable Harmonized Sales Tax ("HST"). Invoices for the Base Fee and HST, together with satisfactory statements and receipts for all expenses claimed by the Consultant in accordance with section 4 below, shall be submitted by the Consultant to the Company

on the 15<sup>th</sup> day of each month during the term of this Agreement. Payment will be made to the Consultant by the Company within 10 business days from receipt by the Company of an invoice.

**4. Expenses**

Any expense of the Consultant must be pre-approved by the Monitor in writing. For all approved expense reimbursements, the Consultant shall furnish to the Company satisfactory statements and receipts,

**5. Equipment and Tools**

The Consultant shall provide at its own risk and expense all equipment and tools that may be required to perform the Services. The Consultant warrants that all such equipment and tools will be in good repair and appropriate for the task.

**6. Licenses and Permits**

To the extent applicable, the Consultant shall be responsible for obtaining all necessary licenses and permits and for complying with all applicable laws, codes and regulations in connection with the provision of the Services.

**7. D&O Insurance**

During the CCAA Period, the Consultant shall be covered by the Company's directors' and officers' liability insurance, which shall be established and maintained by the Company at its expense.

**8. Indemnities**

The Consultant shall indemnify the Company and any related or associated companies and their respective boards of directors, officers, employees or agents, from and against all claims, actions, demands, suits, liabilities, losses, expenses, costs, penalties, or damages for liabilities under the *Income Tax Act* or other applicable legislation for the failure of the Company to make withholdings from any fees or payments from the Company to the Consultant under this Agreement, which the Company, or any related or associated companies, and their respective boards of directors, officers, employees or agents may have or suffer arising out of the Consultant providing the personal services of the Consultant.

The Company agrees to indemnify the Consultant to the maximum extent permitted by law, against all costs, charges and expenses, including, without limitation, all amounts paid to settle any action or satisfy any judgment, reasonably incurred by the Consultant in respect of any civil, criminal, administrative, investigative or other proceeding (collectively, a "**Proceeding**") in which the Consultant is involved because of the Consultant's association with the Company, provided that: (i) the Consultant acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Consultant had reasonable grounds for believing that the Consultant's conduct was lawful. The Company shall advance monies to the Consultant for the costs, charges and expenses of any Proceeding referred to above, provided that the Consultant shall repay the monies if it is determined by a court that the Consultant has not fulfilled the conditions set out in (i) and (ii) above.

## 9. Independent Contractor

- (a) In the performance of this Agreement, the Consultant will at all times act in the Consultant's own capacity and right as an independent contractor. The Company will not be required to pay for or maintain any employee benefits, including workplace safety insurance (workers' compensation), Canada Pension Plan, employer health tax, employment insurance and other similar levies, nor to make withholdings and remittances for income tax in respect of any remuneration payable by the Company to the Consultant pursuant to this Agreement or otherwise. The Consultant will be solely responsible for making all such contributions, premium payments and income tax remittances in conformity with any applicable statutory requirements on the Consultant's own behalf.
- (b) The Consultant is not an employee of the Company and shall not be entitled to receive from the Company any employment benefits. For clarity, the Consultant agrees that he is not entitled to the rights and benefits afforded to the Company's employees, including participation in any of the Company's group insurance plans, vacation pay, overtime pay, termination pay or severance pay. The Consultant expressly acknowledges and agrees that the Company shall not, under any circumstances, be required to provide any notice, or compensation or damages in lieu of notice, of the termination of the Services beyond that provided for under Section 11 below.

## 10. Confidentiality

The Consultant acknowledges that, because of the nature of the Services to be provided, the Consultant will have access to confidential information about the business and affairs of the Company and its subsidiaries or affiliates ("**Confidential Information**"). The Consultant agrees that, during and after the term of this Agreement, the Consultant will not disclose to any person (except in the proper course of the performance of the Services) or use for their own purposes or for any purposes other than the provision of the Services, any Confidential Information acquired, created or contributed to by them. Confidential Information does not include (a) the general skills and experience gained by the Consultant during the Term, (b) information publicly known or received by them from a third party unrelated to the Company without a breach of an obligation of confidentiality, (c) information the disclosure of which is required to be made by any law or court, and (d) information the disclosure of which is permitted pursuant to any applicable regulatory whistleblowing legislation.

## 11. Termination

- (a) *By the Consultant:* The Consultant may terminate this Agreement at any time and for any reason upon the giving of 60 days' written notice to the Company.
- (b) *By the Company without Cause:* The Company, upon the direction of the Monitor (in consultation with Sprott), may terminate this Agreement at any time the without cause and with immediate effect by paying the Consultant any unpaid Base Fees to such date, together with the sum of \$65,000 as pay in lieu of Base Fees.
- (c) *By the Company for Cause:* Notwithstanding Section 15(b) above, the Company upon the direction of the Monitor (in consultation with Sprott), may terminate this Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's failure to comply with any provision of this Agreement or commit any act or omission that would constitute just cause at common law in the event that the Consultant was an employee of the Company. In the event of

termination for cause pursuant to this Section 15(c), the Company shall pay all amounts owing to the Consultant under Section 3 above up to and including the effective date of termination.

- (d) *Termination at end of Term:* The Consultant's Services shall terminate at the end of the Term and the Consultant shall be entitled to (i) any outstanding Base Fees for Services rendered up to the end of the Term, and, if applicable, any amounts due under subsection 11(b) above;

In the event that, contrary to the intention of the parties, a court or tribunal having jurisdiction over the parties determines that the relationship between the Company on the one hand and the Consultant on the other is that of a dependent contractor or employment relationship, then the Consultant acknowledges and agrees that he will only be entitled to the greater of (1) the Consultant's entitlements under Section 11(b) above and (2) such minimum amount of notice, severance pay and other minimum entitlements required by the applicable employment standards legislation in full and final satisfaction of any Claim which he might have arising from or relating to the termination of the Services hereunder, whether such Claim arises under statute, contract, common law or otherwise.

## **12. Effect of Termination**

Upon the termination of this Agreement for any reason:

- (a) the Company shall provide the Consultant with all Base Fees accrued and owing as of the effective date of termination, upon the Consultant's provision of an invoice, as well as reimbursement for all eligible expenses that have been incurred and remain outstanding as of the effective date of termination, upon the Consultant's submission of satisfactory statements and receipts; and
- (b) the Consultant shall immediately deliver to the Company or permanently delete/destroy any Company property and information (including Confidential Information) that may be in the Consultant's possession or control and the Consultant acknowledges that the Consultant is not permitted to use any of the Company's Confidential Information following the termination of the Consultant's Services for any reason whatsoever.

## **13. No Other Entitlements**

The Consultant acknowledges and agrees that he shall have no other entitlements (including to damages of any kind), whether under contract, statute, common law or otherwise, upon the termination of the Services for any reason, except as provided in Section 11 above and the Consultant shall sign a release of claims as a condition of any payment under Section 11.

## **14. Survival**

Notwithstanding any termination of this Agreement for any reason, the provisions of Sections 8, 10, 11, 12, 13, 14 and 15, and any other provisions of this Agreement necessary to give efficacy those Sections, shall continue in full force and effect.

## **15. Entire Agreement**

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties

with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express or implied or statutory between the parties other than expressly set out in this Agreement. Each party waives any right to assert a claim based on pre-contractual representations, negligent or otherwise, made by the other party, its subsidiaries or affiliates or their representatives.

**16. Amendments and Waivers**

No amendment to this Agreement shall be valid or binding unless in writing and duly executed by both parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

**17. Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in full or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.

**18. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

**19. Attornment**

The Company and the Consultant each hereby attorns to the jurisdiction of the courts of the Province of British Columbia.

**20. Independent Legal Advice**

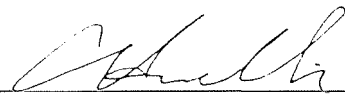
The Consultant confirms that he has had the reasonable opportunity to confer with an independent legal advisor if he so wished, in advance of signing this Agreement. The Consultant further confirms that he has read this Agreement and accepts and agrees to be bound by its terms.

**21. Counterparts**

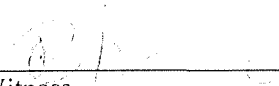

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

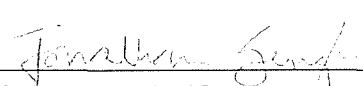
**IN WITNESS WHEREOF** the parties have executed this Agreement this 24th day of March 2023.

**PURE GOLD MINING INC.**

Per:   
Name: Chris Haubrich  
Title: CFO & VP Business Development  
*I have authority to bind the corporation*

**SIGNED** in the presence of:

  
Witness  
Name: 

}  
  
**JONATHAN SINGH**