



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

SECOND REPORT OF KSV RESTRUCTURING INC.
AS MONITOR

January 18, 2023

Contents		Page
1.0	Introduction	1
1.1	Purposes of this Report.....	2
1.2	Restrictions	3
1.3	Currency	3
2.0	Background	3
3.0	Update on the Company's Activities	4
4.0	Monitor's Activities since the First Report	5
5.0	SISP	5
6.0	KERP	6
7.0	Cash Flow Forecast.....	6
8.0	Stay Extension	7
9.0	Professional Fees.....	8
9.1	Monitor's Fees and Costs	8
9.2	Fasken's Fees and Costs.....	9
10.0	Conclusion and Recommendation	9

APPENDICES

Appendix	Tab
Cash Flow Forecast and Management's Report on Cash Flow Forecast.....	A
Monitor's Report on Cash Flow Forecast.....	B
Monitor's Invoices.....	C



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 the commencement of these CCAA proceedings was to create a stabilized environment to enable the Company to secure urgently required financing and 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 "**Stay**") from October 31, 2022 to and including November 10, 2022 (the "**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 Stay Period to January 27, 2023;
 - 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 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 (the "**KERP Employees**"), which 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 ranks behind the Administration Charge, D&O Charge, Interim Lender's Charge and KERP Charge.

1.1 Purposes of this Report

1. The purposes of this report (the "**Report**") are to:
 - a) provide the Court with an update on the Company's and the Monitor's activities since the Monitor's first report to Court dated November 7, 2022 (the "**First Report**");
 - b) provide an update on the status of the SISP;
 - c) describe a proposed minor amendment to the KERP;
 - d) report on the Company's updated cash flow projection for the period January 16 to March 10, 2023 (the "**Cash Flow Forecast**");
 - e) discuss the rationale for extending the Stay Period from January 27 to March 10, 2023; and
 - f) provide the Monitor's recommendations in respect of the Company and the Monitor's applications for orders:
 - extending the Stay Period from January 27 to March 10, 2023;
 - amending the KERP; and
 - approving the Monitor's activities, as set out in the First Report and this Report, and the fees and disbursements of the Monitor and its legal counsel, Fasken Martineau DuMoulin LLP ("**Fasken**"), from the commencement of these proceedings to December 31, 2022.

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.
3. An examination of the Company's Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

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.
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. The Company presently has 61 employees. Prior to placing the Mine on care and maintenance on October 24, 2022, the Company had approximately 271 employees. 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 presently total approximately US\$6.5 million.
7. KSV's pre-filing report dated October 30, 2022 (the "**Pre-Filing Report**"), the First Report 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 Update on the Company's Activities

1. Since the date of the First Report, the Company has, among other things:
 - a) continued to operate the Mine on a care and maintenance basis;
 - b) worked with NBF on all aspects of the SISP, including to facilitate diligence performed by prospective purchasers;
 - c) dealt with suppliers to secure the continued provision of goods and services, including coordinating with the Monitor regarding certain supplier discussions;
 - d) worked with the consultants engaged by the Company to perform a pre-feasibility study and updated life of mine plan (jointly, the "**PFS**"), including amending the scope of that study (the "**Scoping Study**") due to the time and cost to complete the full PFS;
 - e) communicated with employees regarding these proceedings, including in respect of the KERP;
 - f) complied with its reporting obligations to the Interim Lender under the Interim Financing Facility, including cash flow reporting; and
 - g) made four draws under the Interim Financing Facility.
2. The Affidavit of Chris Haubrich filed in support of the Company's application in respect of the relief addressed in this Report, as well as Mr. Haubrich's previous affidavits filed in these proceedings, provide further details regarding the Company's activities since the date of the Initial Order.

4.0 Monitor's Activities since the First Report

1. The Monitor's activities from the commencement of these proceedings to the date of the First Report (November 7, 2022) were summarized in the First Report.
2. Since the date of the First Report, the Monitor has, among other things:
 - a) corresponded regularly with the Company's management team regarding all aspects of these proceedings;
 - b) corresponded with NBF regarding the SISP, including attending weekly video conference meetings regarding same;
 - c) assisted the Company to deal with suppliers in connection with the ongoing supply of goods and services;
 - d) monitored the Company's receipts and disbursements, including reviewing and commenting on the Company's weekly cash flow reporting required under the Interim Financing Facility;
 - e) engaged extensively with Fasken, Blake Cassels & Graydon LLP (the Company's legal counsel) and DLA Piper (Canada) LLP (Sprott's legal counsel) regarding various matters relating to these proceedings, including the SISP;
 - f) reviewed and commented on the Company's materials filed in support of the applications to be heard on January 23, 2023; and
 - g) prepared this Report.

5.0 SISP

1. Since the granting of the order approving the SISP on November 9, 2022, NBF has been working with the Company to carry out the SISP, under the supervision of the Monitor.
2. As detailed in the First Report, the SISP contemplates the following milestones and timelines:

Milestone	Deadline
SISP Commencement Date	November 10, 2022
Deadline (the "LOI Deadline") for submission of Letter(s) of Intent ("LOIs")	December 19, 2022
Final Bid Process Commencement Date	December 20, 2022
Final Bid Deadline	February 6, 2023
Final Agreement Deadline	February 21, 2023
Outside Closing Date	March 10, 2023

3. As of the date of this Report, the Company, with the assistance of the Sales Agent, is continuing to facilitate due diligence with several Potential Bidders (as defined in the SISP).
4. Due to the time and cost required to prepare a full PFS, the Company is preparing only the Scoping Study. As of the date of this Report, the Scoping Study has not been completed and accordingly, the Scoping Study was not available to prospective purchasers prior to the LOI Deadline. The Scoping Study addresses, *inter alia*, the economics of the Mine. The Company and the Monitor are of the view that the Scoping Study provides important information that will assist prospective purchasers to perform due diligence and further their understanding of the acquisition opportunity.
5. As no acceptable bids were submitted at the LOI Deadline, the parties have agreed that Sprott is entitled to have discussions directly with Potential Bidders regarding a transaction concerning the Company and/or its assets, whether in the context of the SISP or otherwise. In the context of any such discussions, Sprott remains bound by the confidentiality provisions of the SISP, including specifically paragraph 13 thereof. Depending on the level of interest expressed by the Potential Bidders, the Company and Sprott will consider whether to terminate or seek to amend the SISP, including extending the relevant deadlines thereunder. If the SISP is formally terminated or amended, the Monitor will provide notice of same to the Service List maintained by the Monitor.

6.0 KERP

1. As summarized in the First Report, 25% of each of the KERP Employees' respective KERP entitlement is payable on completion of the PFS. The proposed amendment to the KERP will instead see this amount paid on completion of the Scoping Study. The Monitor believes this is an immaterial amendment which should not affect the entitlements of the KERP Employees, particularly given their importance during these proceedings to the continued operation of the Mine and the advancement of the SISP. Sprott has also advised the Monitor that it consents to the proposed KERP amendment.

7.0 Cash Flow Forecast

1. The Company's cash flow is ahead of budget since the commencement of these proceedings.
2. The Company's actual funding requirement for the 11-week period ending January 13, 2023 was approximately \$8.8 million compared to the projected funding requirement of \$10.9 million reflected on the Company's forecast filed as an appendix to the First Report (the "**Prior Forecast**"). A comparison of the budget-to-actual results is reflected in the table below.

(unaudited; C\$000s)	Actual	Projected	Difference	Difference %
Receipts				
Revenue – gold sales	2,051	1,326	725	55%
HST Refund	821	142	679	479%
	<u>2,872</u>	<u>1,468</u>	<u>1,404</u>	<u>96%</u>
Disbursements				
Site-Related Disbursements	(7,978)	(8,255)	277	3%
Consulting costs re PFS	(116)	(950)	834	88%
Financial Advisory	(315)	(450)	135	30%
Professional Fees	(590)	(600)	10	2%
KERP	-	(188)	188	100%
Corporate G&A Expense	(821)	(1,040)	219	21%
DIP Lender interest	(114)	(196)	82	42%
Contingency	-	(550)	550	100%
Net Cash Flow	<u>(7,062)</u>	<u>(10,761)</u>	<u>3,699</u>	<u>34%</u>

3. The material variances and explanations therefor are summarized below:
 - a) gold sales exceeded budget;
 - b) the Company collected HST refunds that were not included in the Prior Forecast;
 - c) operating costs and general and administrative costs were lower than budgeted;
 - d) there were certain timing variances, including those related to the PFS (now the Scoping Study) and KERP; and
 - e) the Company budgeted contingency costs of \$550,000, which have not materialized.
4. The Cash Flow Forecast for the period January 16 to March 10, 2023 and the Company's statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached hereto as Appendix "A".
5. The Cash Flow Forecast reflects that the Company is projected to operate within the approved amount of the Interim Financing Facility (US\$10 million) until March 10, 2023.
6. Based on the Monitor's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached hereto as Appendix "B".

8.0 Stay Extension

1. The Stay currently expires on January 27, 2023. The Company is requesting an extension of the Stay Period until March 10, 2023.
2. The Monitor supports the Stay extension for the following reasons, among others:
 - a) the Company is acting in good faith and with due diligence to advance its restructuring;

- b) an extension of the Stay Period will allow the Company and Sprott to continue discussions with potential bidders and in relation to the continuation of the SISP, which is in the interests of the Company and its stakeholders;
- c) the Monitor does not believe that any creditor will be materially prejudiced if the extension is granted; and
- d) the Company is projected to have sufficient liquidity to fund its operations and the costs of these proceedings until March 10, 2023, as reflected in the Cash Flow Forecast.

9.0 Professional Fees

9.1 Monitor's Fees and Costs

1. Pursuant to paragraph 30 of the Initial Order, the Monitor and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges.
2. The fees and disbursements (excluding sales taxes) of the Monitor and Fasken from the commencement of these proceedings to December 31, 2022, including the fees incurred in connection with preparing for these proceedings and drafting the Pre-Filing Report, total approximately \$147,000 and \$55,000, respectively.
3. The Monitor has maintained detailed records of its professional time and costs. Copies of the invoices issued by the Monitor in respect of such fees for the period immediately prior to the date of the Initial Order (October 31, 2022) through to December 31, 2022 (the "**Fee Period**") are attached hereto as Appendix "C" (collectively, the "**Monitor's Invoices**"). A summary of the Monitor's Invoices is provided in the table below:

Invoice Date	Fees (\$)	Disbursements (\$)	HST (\$)	Total (\$)
November 9, 2022	57,301.25	-	7,449.16	64,750.41
December 12, 2022	66,143.75	274.37	8,634.36	75,052.48
January 11, 2023	23,948.75	-	3,113.34	27,062.09
Total	147,393.75	274.37	19,196.86	166,864.98

4. As detailed in the Monitor's Invoices, which also include summaries of the work done by each staff member, during the Monitor's Fee Period, the Monitor invoiced fees amounting to \$147,393.75 and incurred and invoiced for disbursements in the amount of \$274.37, and taxes in the amount of \$19,196.86, for a total of \$166,864.98.
5. The Monitor's average hourly rate for the referenced billing period was \$602.47.
6. Accordingly, the Monitor seeks this Court's approval of its fees and disbursements for the Monitor's Fee Period in the amount of \$166,864.86.

7. It is the Monitor's opinion that the fees and disbursements of the Monitor accurately reflect the work done by the Monitor in connection with these proceedings. The Monitor is of the view that the work completed by the Monitor was delegated to the appropriate professionals in the Monitor's organization based on experience, seniority and hourly rates. To the best of the Monitor's knowledge, the Monitor's Fees are commensurate with fees charged by similar firms in British Columbia with the capacity to handle a file of size and complexity comparable to this matter.

9.2 Fasken's Fees and Costs

1. A summary of Fasken's fees and disbursements is included in the first affidavit of Kibben Jackson (the "**Jackson Affidavit**") filed in the accompanying application materials. The invoices of Fasken for the Fee Period are summarized in the table below and are attached as Exhibit "A" to the Jackson Affidavit.

Invoice Date	Fees (\$)	Disbursements (\$)	HST (\$)	PST (\$)	Total (\$)
Nov. 7, 2022	10,356.00	-	1,346.28	724.92	12,427.20
Dec. 14, 2022	33,816.00	175.40	4,417.97	2,367.12	40,776.49
Jan. 17, 2023	1,469.50	14.80	192.96	102.86	1,780.12
Total	45,641.50	190.20	5,957.21	3,194.90	54,983.81

2. The Monitor seeks approval of Fasken's fees and disbursements for the Fee Period in the amount of \$54,983.81 ("**Fasken's Fees**").
3. With respect to Fasken's Fees, the Monitor confirms that:
 - a) it has examined all invoices issued by Fasken in respect thereof;
 - b) the services were duly authorized and rendered; and
 - c) in its opinion, the charges are reasonable.
4. The Monitor is of the view that the hourly rates charged by Fasken are consistent with the rates charged by corporate law firms practicing in the areas of corporate insolvency and restructuring in the British Columbia market, and that the overall fees charged by Fasken are reasonable and appropriate in the circumstances.

10.0 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”

Pure Gold Mining Inc.
Weekly Cash Flow Projection
\$CAD thousands

<i>Week #</i>		12	13	14	15	16	17	18	19	
<i>Week Ending Date</i>	<i>Notes</i>	20-Jan-23	27-Jan-23	3-Feb-23	10-Feb-23	17-Feb-23	24-Feb-23	3-Mar-23	10-Mar-23	Total
Receipts										
DIP Advances		-	-	2,720	-	-	2,040	-	-	4,760
Revenue - gold sales	2	329	-	-	-	-	-	-	-	329
GST receivable	3	244	-	-	-	-	-	159	-	403
Total Receipts		573	-	2,720	-	-	2,040	159	-	5,492
Site-Related Disbursements										
Workforce Labour costs	4	(39)	(268)	(11)	(360)	-	(268)	(11)	(360)	(1,317)
Non-Labour Opex + Capex	5	(432)	(311)	(353)	(170)	(391)	(178)	(270)	(227)	(2,331)
Total Site Disbursements		(472)	(578)	(364)	(530)	(391)	(446)	(281)	(587)	(3,649)
Corporate Disbursements										
Updated Life of Mine Plan	6	(184)	-	-	(500)	-	-	-	-	(684)
Financial Advisory	7	(158)	-	-	(158)	-	-	-	(158)	(473)
Professional Fees	8	(250)	-	-	(250)	-	-	-	(300)	(800)
KERP	9	(188)	-	-	-	-	-	-	-	(188)
Corporate G&A expense	10	-	(77)	(104)	(10)	(104)	(77)	(104)	-	(476)
DIP Interest	11	-	-	(110)	-	-	-	(169)	-	(279)
Total Corporate Disbursements		(779)	(77)	(214)	(918)	(104)	(77)	(273)	(458)	(2,899)
Contingency		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(400)
Net Weekly Cash Flow		(728)	(705)	2,092	(1,498)	(545)	1,468	(446)	(1,095)	(1,456)
Cash Balance										
Opening Cash Balance		2,028	1,301	596	2,688	1,190	645	2,113	1,667	2,028
Net Cash Flow		(728)	(705)	2,092	(1,498)	(545)	1,468	(446)	(1,095)	(1,456)
Ending Cash Balance		1,301	596	2,688	1,190	645	2,113	1,667	573	573

Pure Gold Mining Inc. (the "Petitioner")

Notes to Projected Statement of Cash Flow

For the Period Ending March 10, 2023

(Unaudited; \$CAD in 000's)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Petitioner for the period January 16, 2023 to March 10, 2023 (the "Period") in respect of the proceedings under the *Companies' Creditors Arrangement Act* ("CCAA").

The cash flow projection has been prepared based on most probable assumptions.

Hypothetical Assumptions

None.

Probable Assumptions

2. Management has assumed a final gold sale in week 12 which is from ore previously processed.
3. Management has assumed HST/GST refunds for post CCAA filing operating expenses only.
4. Workforce labour is assumed to include the employees required for care and maintenance activities at the Petitioner's Red Lake Mine, paid on a semi-monthly basis at current run rates.
5. Non-Labour Opex + Capex include expenditures required for care and maintenance operations, including water treatment costs, environmental monitoring activities, utilities, maintenance and supplies.
6. Represents costs to complete the ongoing scoping study.
7. Represents the fees of NBF in its capacity as Sales Agent under the SISP.
8. Professional fees include the fees and disbursements of the Petitioner's legal counsel, the Monitor and the Monitor's legal counsel.
9. Represents the portion of the proposed key employee retention plan payable during the Period.
10. Corporate G&A expense includes monthly payroll for the Petitioner's corporate office, as well as office rent and administration expenditures.
11. Reflects interest on the Court-approved Interim Financing Facility.

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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
PURE GOLD MINING INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Pure Gold Mining (the "Petitioner") have developed the assumptions and prepared the attached statement of projected cash flow as of the 16th day January, 2023 for the period January 16, 2023 to March 10, 2023 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Vancouver, British Columbia this 16th day of January, 2023.

Pure Gold Mining Inc.



Per: Chris Haubrich, Chief Financial Officer

Appendix “B”

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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
PURE GOLD MINING INC.

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Pure Gold Mining (the "Petitioner"), as of the 16th day January, 2023, consists of a weekly projected cash flow statement for the period January 16, 2023 to March 10, 2023 ("Cash Flow") which has been prepared by the management of the Petitioner for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Petitioner. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Petitioner or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 16th day of January, 2023.

KSV Restructuring Inc.

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

Appendix "C"



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INVOICE

Pure Gold Mining, Inc.
#1900 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

November 9, 2022

Invoice No: 2821
HST #: 818808768RT0001

Re: Pure Gold Mining Inc. (the "Company")

For professional services rendered during October 2022 both as CCAA monitor ("Monitor") of the Company pursuant to an order issued by the Supreme Court of British Columbia (the "Court") dated October 31, 2022 and preparing for the commencement of the CCAA proceedings, including:

- Corresponding with the Company, its legal counsel, Blake Cassels & Graydon LLP ("Blakes"), Sprott Resource Lending Corp. ("Sprott") and its legal counsel, DLA Piper (Canada) LLP ("DLA"), and the Monitor's legal counsel, Fasken Martineau DuMoulin LLP ("Fasken") in order to prepare for the Company's CCAA proceedings, including calls on October 11, 14, 17, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30 and 31, 2022;
- Reviewing correspondence among Sprott, the Company, National Bank of Canada ("National Bank"), and a former banker retained by the Company (the "Former Banker") in respect of the SISP Agreement dated July 11, 2022 between Sprott and the Company (the "Pre-Filing SISP"), including updates on the results of the Pre-Filing SISP;
- Reviewing and commenting on multiple drafts of a US\$10 million interim financing facility between the Company and Sprott;
- Reviewing and commenting on a key employee retention plan prepared by the Company and discussing same with Sprott;
- Reviewing and commenting on multiple drafts of the Court materials filed in connection with Company's CCAA Application, including;
 - Affidavit of Chris Haubrich sworn October 30, 2022;
 - Petition to the Court dated October 31, 2022; and
 - Initial Order;
- Drafting a report dated October 30, 2022 (the "Pre-Filing Report");

- Corresponding with Fasken, DLA and Blakes regarding the Pre-Filing Report before finalizing same on October 30, 2022;
- Assisting the Company to prepare a cash flow projection for the period ending January 27, 2023, which was appended to the Pre-Filing Report;
- Reviewing multiple versions of the cash flow projection and discussing same with the Company;
- Preparing the statutory reports on cash flow filed by the Company and the Monitor;
- Drafting a communication plan for the Company, including a letter to employees and scripts to assist the Company to address vendor and employee issues;
- Incorporating comments from Fasken, DLA and Blakes on the communication plan;
- Discussing with the Company the amounts owing to certain pre-filing vendors and considering issues related to payment of some of these amounts;
- Attending the Initial Application by videoconference on October 31, 2022;
- Preparing a statutory notice that was published in *The Globe and Mail* and *Northern Miner* in accordance with the Initial Order;
- Preparing CCAA Form 1 and CCAA Form 2 and filing same with the Office of the Superintendent of Bankruptcy (Canada);
- Drafting and sending a CCAA notice to creditors (the "CCAA Notice");
- Assisting the Company to prepare a preliminary list of creditors and arranging for the mailing of the CCAA Notice to all known creditors after the commencement of the CCAA proceedings;
- Corresponding with Blakes and Fasken concerning matters to be addressed at the Comeback Application on November 9, 2022, including a proposed sale and investment solicitation process ("SISP");
- Reviewing and commenting on multiple drafts of a SISP, a draft engagement letter with National Bank to conduct the SISP and a draft confidentiality agreement; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$ 57,301.25
HST	7,449.16
Total due	<u>\$ 64,750.41</u>

Wire Instructions

Payee: KSV Restructuring Inc., 150 King St. W., Suite 2308, TO M5H 1J9
 Bank of Montreal, 1 First Canadian Place, 100 King Street West, Toronto, ON M5X 1A3
 Bank Transit (ABA) #: 32132
 Bank Account #: 32132-1995-665
 Bank Swift code: BOFMCAM2
 Name of account: KSV Restructuring Inc.

KSV Restructuring Inc.
Pure Gold Mining Inc.

Time Summary

For the period October 1, 2022 to October 31, 2022

Personnel	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	775	36.30	28,132.50
David Sieradzki	675	22.00	14,850.00
Christian Vit	425	31.25	13,281.25
Other staff and administrative			1,037.50
Total Fees			57,301.25
Disbursements			-
Total Fees and Disbursements			57,301.25



ksv advisory inc.

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ksvadvisory.com

INVOICE

Pure Gold Mining, Inc.
#1900 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

December 12, 2022

Invoice No: 2876
HST #: 818808768RT0001

Re: Pure Gold Mining Inc. (the "Company")

For professional services rendered during November 2022 as CCAA monitor (the "Monitor") of the Company pursuant to an order issued by the Supreme Court of British Columbia (the "Court") dated October 31, 2022, including:

- Corresponding with the Company, its legal counsel, Blake Cassels & Graydon LLP ("Blakes"), Sprott Resource Lending Corp. ("Sprott") and its legal counsel, DLA Piper (Canada) LLP ("DLA"), and the Monitor's legal counsel, Fasken Martineau DuMoulin LLP ("Fasken") in respect of the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including videoconferences on November 1, 2, 9, 21 and 28, 2022;
- Sending a CCAA notice to creditors on November 3, 2022 (the "CCAA Notice");
- Assisting the Company to prepare a preliminary list of creditors and arranging for the mailing of the CCAA Notice to all known creditors on November 3, 2022;
- Reviewing and commenting on multiple drafts of the Court materials filed in connection with the Comeback Application in the Company's CCAA proceedings returnable November 9, 2022, including the;
 - Affidavit of Chris Haubrich sworn November 4, 2022;
 - Affidavit of Graeme Currie sworn November 4, 2022;
 - Sale and investment solicitation process ("SISP");
 - Key employee retention plan ("KERP");
 - Notice of Application dated November 4, 2022; and
 - Amended and Restated Initial Order;

- Discussing multiple iterations of the KERP and SISP with the Company and Sprott;
- Drafting the Monitor's First Report to Court dated November 7, 2022 (the "First Report");
- Corresponding with Fasken, DLA and Blakes regarding the First Report before finalizing same on November 7, 2022;
- Assisting the Company to prepare a cash flow projection for the period ending January 27, 2023, which was appended to the First Report;
- Reviewing multiple versions of the cash flow projection and discussing same with the Company;
- Preparing the statutory reports on cash flow filed by the Company and the Monitor;
- Attending the Comeback Application by videoconference on November 9, 2022;
- Corresponding with National Bank Financial Inc. ("NBF") in respect of the Court-approved SISP, including SISP update videoconferences on November 21 and 28, 2022;
- Reviewing draft SISP materials before being placed in the data room, including the Company's confidential information memorandum;
- Reviewing correspondence between NBF and certain prospective purchasers in connection with the negotiation of confidentiality agreements;
- Assisting the Company to prepare its budget-to-actual cash flow variance analyses and discussing same with the Company before being submitted to Sprott on November 8, 15, 22 and 29, 2022;
- Assisting the Company to deal with certain creditors, including ADP and Dumas Contracting; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$ 66,418.12
HST	8,634.36
Total due	<u>\$ 75,052.48</u>

Wire Instructions

Payee: KSV Restructuring Inc., 150 King St. W., Suite 2308, Toronto, ON M5H 1J9
 Bank: Bank of Montreal, 1 First Canadian Place, 100 King Street West, Toronto, ON M5X 1A3
 Bank Transit (ABA) #: 32132
 Bank Account #: 3213-1995-665
 Bank Swift code: BOFMCAM2
 Name of account: KSV Restructuring Inc.

KSV Restructuring Inc.
Pure Gold Mining Inc.

Time Summary

For the period November 1, 2022 to November 30, 2022

<u>Personnel</u>	<u>Rate (\$)</u>	<u>Hours</u>	<u>Amount (\$)</u>
Bobby Kofman	775	30.40	23,560.00
David Sieradzki	675	41.00	27,675.00
Christian Vit	425	32.00	13,600.00
Other staff and administrative			1,308.75
Total Fees			<u>66,143.75</u>
Add: Out of Pocket Disbursements			
Postage			218.12
Photocopies			56.25
Disbursements			<u>274.37</u>
Total Fees and Disbursements			<u><u>66,418.12</u></u>

**ksv advisory inc.**

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INVOICE

Pure Gold Mining, Inc.
#1900 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

January 11, 2023

Invoice No: 2911
HST #: 818808768RT0001

Re: Pure Gold Mining Inc. (the "Company")

For professional services rendered during December 2022 as CCAA monitor (the "Monitor") of the Company pursuant to an order issued by the Supreme Court of British Columbia (the "Court") dated October 31, 2022, including:

- Corresponding with the Company, its legal counsel, Blake Cassels & Graydon LLP ("Blakes"), Sprott Resource Lending Corp. ("Sprott") and its legal counsel, DLA Piper (Canada) LLP ("DLA"), and the Monitor's legal counsel, Fasken Martineau DuMoulin LLP ("Fasken"), in respect of the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including videoconferences on December 20, 22 and 26, 2022;
- Corresponding with National Bank Financial Inc. ("NBF") in respect of the Court-approved Sale and Investment Solicitation Process ("SISP"), including SISP update videoconferences on December 5, 12 and 19, 2022;
- Assisting the Company to prepare its weekly budget-to-actual cash flow variance analyses and discussing same with the Company before being submitted to Sprott on December 6, 13, 20 and 28, 2022;
- Reviewing the Company's advance requests prior to the Company submitting same to Sprott on December 13 and 28, 2022;
- Reviewing the status of the SISP with Blakes, DLA and Fasken on December 29, 2022 and exchanging emails regarding same;
- Reviewing a strategic mine plan summary prepared by SRK Consulting ("SRK") in connection with a mine study being performed by SRK, which presentation was circulated by the Company on December 28, 2022;
- Corresponding with ADP Employee Financial Solutions ("ADP") on December 7 and 8, 2022 at the request of the Company to remove a hold ADP placed on the Company's payroll services, which ADP confirmed was removed on December 8, 2022;

- Corresponding with Veolia Water Technologies in connection with its pre-filing and post-filing invoices;
- Assisting the Company to deal with certain creditors, including Secure Store Thunder Bay and Aercoustics Engineering Ltd; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	23,948.75
HST		<u>3,113.34</u>
Total due	\$	<u>27,062.09</u>

Wire Instructions

Payee: KSV Restructuring Inc., 220 Bay Street, Suite 1300, Toronto, ON M5J 2W4
Bank: Bank of Montreal, 1 First Canadian Place, 100 King Street West, Toronto, ON M5X 1A3
Bank Transit (ABA) #: 32132
Bank Account #: 3213-1995-665
Bank Swift code: BOFMCAM2
Name of account: KSV Restructuring Inc.

KSV Restructuring Inc.
Pure Gold Mining Inc.

Time Summary

For the period December 1, 2022 to December 31, 2022

Personnel	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	775	12.20	9,455.00
David Sieradzki	675	12.50	8,437.50
Christian Vit	425	14.25	6,056.25
Total Fees			<u>23,948.75</u>