



FORCE FILED

No. S2110503
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36
AND
IN THE MATTER OF OTSO GOLD CORP., OTSO GOLD OY, OTSO GOLD AB, and
2273265 ALBERTA LTD.

PETITIONERS

NOTICE OF APPLICATION

Name of applicants: Petitioners

To: Service List

TAKE NOTICE that an application will be made by the applicants to the Honourable Mr. Justice Gomery at the courthouse at Vancouver, BC on January 14, 2022 at 10:00 a.m. by MS TEAMS for the orders set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. An order extending the Stay Period as defined in the Amended and Restated Initial Order pronounced December 15, 2021 (the "ARIO") in these proceedings to January 21, 2022.

Part 2: FACTUAL BASIS

1. On December 15, 2021 (the "Comeback Hearing") this Court pronounced the ARIO, extending the stay of proceedings in this CCAA proceeding to January 14, 2022. The Petitioners sought an extension of the stay of proceedings to:
 - (a) Work with A&M and the Monitor to:
 - (i) Refine and revise their production projections;
 - (ii) Refine and revise their cash flow projections based on revised production estimates; and
 - (iii) Create a new plan and mine plan to finance and re-start operations;
 - (b) Stabilize operations, including:
 - (i) Obtaining certainty surrounding the Services Agreement; and

- (ii) Obtaining business property, including business infrastructure;
- (c) Further communicate with Pandion; and
- (d) Ultimately consider whether a re-financing transaction, an equity injection, a plan of arrangement, or a liquidating CCAA is in the best interests of all stakeholders.

Mining Resumption Progress

2. The primary focus of the Petitioners' efforts since the Comeback Hearing has been to update its mine plan.
3. Through significant efforts with consultants, the Petitioners have prepared a long-term mine plan, including revised production projections. This is the essential first step in resuming mine operations.
4. The long-term mine plan allows the Petitioners to:
 - (a) Prepare medium and short-term mine plans. They have not been able to prepare those yet, as the long-term mine plan took all of the Petitioners' capacity since the Comeback Hearing; and
 - (b) Prepare a cash flow projection for the life of the mine, in order to determine the mine's working capital needs.
5. The Petitioners have prepared a short-term cash flow, estimating the amounts required to fund the maintenance of the mine and the steps required to finalize the planning, which the Petitioners would like to complete by the end of February.

DIP Financing

6. The Petitioners are continuing efforts to obtain a debtor-in-possession financing commitment.
7. It is not clear that, absent any recognition of this order by Finnish courts, that any charge in favour of a DIP lender would be effective to charge any assets outside Canada's borders.
8. Given that difficulty, the Petitioners have focused their efforts on parties currently involved in this proceeding, and on parties who have expressed interest in potential financings.
9. The only parties to deliver any term sheets in respect of debtor-in-possession financing were Brunswick Gold Limited ("BGL") and Pandion Mine Finance Ltd. ("Pandion"). The BGL term sheet would have required Pandion's consent in Finland; Pandion has advised that it will not provide that consent. Accordingly, the only potential remaining lender is Pandion.

10. The Petitioners have been discussing potential debtor in possession terms with Pandion. It is not clear if an agreement can be reached, but all parties agree that it in the best interests of all stakeholders to grant a brief stay extension to allow those discussions to continue.

Proposed Stay Extension

11. The Petitioners seek an extension of the stay of proceedings to January 24, 2022, or such other date subject to Court availability. The sole purpose of that extension is to continue negotiations with Pandion with respect to debtor in possession financing.

Part 3: LEGAL BASIS

1. Under s. 11.02(2) of the CCAA, the Court has broad jurisdiction to extend a stay of proceedings where the circumstances warrant and for any period the Court considers necessary. Baseline considerations include those set out in s. 11.02(3) of the CCAA, including confirmation that:
 - (a) the debtor is acting with due diligence and in good faith; and
 - (b) that the relief sought is appropriate.
2. The stay of proceedings is one of the main tools available to achieve the purpose of the CCAA. The stay provides the debtors with a degree of time in which to attempt to arrange an acceptable restructuring plan or sale of assets in order to maximize recovery for stakeholders. The court's jurisdiction in granting a stay extends to both preserving the status quo and facilitating a restructuring.
3. In the circumstances, the Petitioners are acting with due diligence and in good faith. A stay is reasonable and appropriate to allow the Petitioners to continue negotiating debtor in possession financing, which will be required to continue operations.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #5 of Thomas Dillenseger, to be sworn;
2. Affidavit #1 of Dan Andersson, sworn January 11, 2022;
3. Monitor's Report, to be filed.

The applicants estimate that the application will take one hour.

This matter is not within the jurisdiction of a master because Mr. Justice Gomery is assigned to this proceeding.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to the application, you must, within 5 business days after service of this notice of application or,

if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Dated: January 12, 2022

Signature

Applicant Lawyer for applicants

Tim Louman-Gardiner

THIS NOTICE OF APPLICATION is prepared and delivered by Tim Louman-Gardiner of the firm Farris LLP, Barristers & Solicitors, whose place of business and address for service is 2500 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. Telephone: 604-661-1729. Email: tlg@farris.com. **Attention: Tim Louman-Gardiner.**

To be completed by the court only:

Order made

- in the terms requested in paragraphs of Part 1 of this notice of application
- with the following variations and additional terms:

Dated:

Signature of

Judge **Master**

Appendix

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- other