



**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

THE HONOURABLE

JUSTICE DUNPHY

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ADW

**FRIDAY
TUESDAY, THE 21st**

DAY OF DECEMBER, 2018

IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.

and

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS
AMENDED; AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990, C. C.43, AS AMENDED**

ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Sage Gold Inc. ("**Sage Gold**") for an order amending Paragraph 16 of the Order of the Honourable Justice Dunphy dated July 30, 2018 appointing the Receiver (the "**Receivership Order**") was heard this day.

ON READING the Supplement to the Second Report of the Receiver dated December 20, 2018 (the "**Supplemental Report**") and on hearing the submissions of counsel for the Receiver and Counsel for the Director of Mine Rehabilitation:

1. **THIS COURT ORDERS** that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that Her Majesty the Queen in right of Ontario ("**HMQ**") shall be entitled to and is hereby granted a charge (the "**Abandonment Cost Charge**") on all real property comprising the Clavos Property (as defined in the

Supplemental Report) in an amount not to exceed \$50,000, as security for out of pocket costs and expenses actually incurred by HMQ in respect of non-environmental remediation at the Clavos Property; provided that such Abandonment Cost Charge shall only be effective and attach to such property on the date of actual abandonment of the Clavos Property by the Receiver pursuant to paragraph 16 of the Receivership Order (as amended).

3. **THIS COURT ORDERS** that the Abandonment Cost Charge shall rank in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (as defined in the Receivership Order), but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

4. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend the relief granted in paragraphs 2 and 3 herein on not less than seven (7) days notice to the Receiver, HMQ and CRH (as defined in the Supplemental Report) and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

5. **THIS COURT ORDERS** that Paragraph 16 of the Receivership Order be and hereby is deleted in its entirety and replaced with the following:

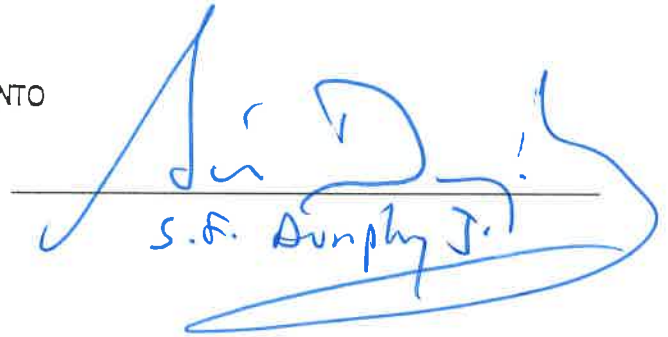
"16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the

meaning of any Environmental Legislation, unless it is actually in possession. The Receiver shall be deemed not to have taken possession of any of the Property for the purpose of Environmental Legislation or the Mining Act, R.S.O. 1990, C. M.14 during the period up to August 31, 2018 while it assesses the environmental condition of the Property and the requirements of completing the process of placing the Debtor's mines on care and maintenance. The Receiver will have the option at any time of abandoning all or any part of the Property on two business days' written notice to the Director of Mine Rehabilitation describing the abandoned Property (with a copy of any notice of abandonment to be served on the Service List). Any exercise of the Receiver's right to abandon all or any of the Property pursuant to this paragraph is without prejudice to the Debtor's interest in such property and rights and interests of creditors (including creditors with security arising as a consequence of this Order) to the abandoned Property and all such rights and interests are expressly reserved. Nothing in this Order affects the ability or the Receiver to abandon all or any of the Property in accordance with Section 14.06(4) of the *BIA* and the protections provided to the Receiver under that Section."

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Court File No. CV-18-601307-00CL

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SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

AMENDING ORDER

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