

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

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

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**

MOTION RECORD
(Returnable December 19, 2019)

December 11, 2019

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Wael Rostom
wael.rostom@mcmillan.ca
Tel: 416-865-7790

Stephen Brown-Okruhlik
stephen.brown-okruhlik@mcmillan.ca
Tel: 416-865-7043
Fax: 416-865-7048

Lawyers for the Receiver,
Deloitte Restructuring Inc.

TO: **SERVICE LIST**

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Tab 1

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NOTICE OF MOTION
(returnable December 19, 2019)

Deloitte Restructuring Inc., in its capacity as receiver (the “**Receiver**”) of Sage Gold Inc. (“**Sage**”), will bring a motion before the Court on Thursday, December 19, 2019, at 10 am or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

THE MOTION IS FOR:

- (a) if necessary, an abridgement of the time for service of this Notice of Motion and motion materials of the Receiver and a dispensation of any further service thereof;
- (b) An Order substantially in the form attached to the Motion Record (the “**New Clavos Approval and Vesting Order**”), among other things:

- (i) approving the Asset Purchase Agreement (the “**New Clavos APA**”) between the Receiver and Grace Gold Ltd. (the “**H. Quint/Flowers Purchaser**”) dated December 6, 2019, and the transaction contemplated therein;
 - (ii) vesting in the H. Quint/Flowers Purchaser Sage’s right, title, and interest in and to the Purchased Assets (as defined in the New Clavos APA) free and clear of any security, charges, claims or encumbrances other than the Permitted Encumbrances (as defined in the New Clavos APA);
 - (iii) assigning certain of Sage’s contracts to the H. Quint/Flowers Purchaser in connection with the New Clavos APA transaction; and,
 - (iv) rescinding certain paragraphs of the Order of the Honourable Justice Dietrich dated January 29, 2019 (the “**Original Clavos Approval and Vesting Order**”), which approved the sale and vesting of certain property;
 - (v) sealing the contents of certain confidential appendices (the “**Confidential Appendices**”) to the Fourth Report of the Receiver to the Court until such time as the New Clavos APA transaction is consummated; and,
- (c) Such further and other relief as to the Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

Background

- (a) The Receiver was appointed by an Order of this Court on July 30, 2018, which, among other things, granted the Receiver the power to market and sell Sage’s property. The Court subsequently granted an Order approving

a Sale and Investment Solicitation Procedure (“**SISP**”) in respect of Sage’s property;

- (b) Sage’s principal asset is a mining project located in the German, Stock and Clergue townships in Ontario (the “**Clavos Property**”);
- (c) In December of 2018, the applicant in this receivership proceeding withdrew its funding of the Receiver’s activities. Consequently, the Receiver’s activities in this proceeding have been largely self-funded since January 3, 2019;
- (d) On January 29, 2019 the Court granted, among other things, the Original Clavos Approval and Vesting Order, approving the sale of the Clavos Property to a prospective purchaser. However, the purchaser was not able to consummate the sale of the Clavos Property as a result of a split in the group supporting the purchase;
- (e) Following the failure of the Clavos Property sale transaction to close, the Receiver invited each of the two sides of the dissolved investor group to submit proposals for an alternative sale transaction on substantially the same terms as previously approved by the Court, which included the principals of the H. Quint/Flowers Purchaser;
- (f) The H. Quint/Flowers Purchaser promptly made a proposal acceptable to the Receiver. The parties entered a letter agreement and negotiated the definitive New Clavos APA, which was executed on December 6, 2019;

Grounds for Approval of the H. Quint/Flowers Clavos APA

- (g) The Receiver believes that the transaction contemplated in the New Clavos APA represents the best disposition of the Clavos Property given the interests of all parties, the surrounding circumstances and the absence of funding since January 3, 2019 in the receivership to support further marketing of Sage’s assets;

- (h) The Receiver believes that, if approved by this Court, the New Clavos APA is likely to be consummated because, among other reasons, the H. Quint/Flowers Purchaser has made a substantial non-refundable deposit and has funded ongoing operations at the Clavos Property;
- (i) The New Clavos APA contemplates the assignment to, and assumption by, the H. Quint/Flowers Purchaser of: (i) three commercial agreements specified in the Schedules to the New Clavos APA, and (ii) the royalty agreements specified in the Schedules to the New Clavos APA, along with any royalty agreements (or other agreement granting similar rights) to which the purchased assets under the New Clavos APA are subject that create a valid and binding and enforceable interest in land. These agreements were all subject to assignment under the Original Clavos Approval and Vesting Order;

Grounds for Sealing Order

- (j) The Receiver is of the view that the Confidential Appendices to the Fourth Report should remain sealed until the closing of the transaction contemplated under the New Clavos APA, as they contain commercially sensitive information about Sage and certain bidders, the public dissemination of which would be prejudicial to the legitimate commercial interests of stakeholders in Sage;

Grounds for varying the Original Clavos Approval and Vesting Order

- (k) The Original Clavos APA has been abandoned, so no Receiver's certificate will be filed under the Original Clavos Approval and Vesting Order and no property should vest thereunder;
- (l) Given the circumstances, the Original Clavos Approval and Vesting Order should be varied to remove relief that would convey or vest the Clavos Property in the previous purchaser;

OTHER GROUNDS FOR THIS MOTION

- (m) The circumstances that exist make the Orders sought by the Receiver appropriate;
- (n) The provisions of the BIA, as amended, and this Court's equitable and statutory jurisdiction thereunder;
- (o) The grounds set out in the Third Report and the Fourth Report; and,
- (p) Such other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (q) The Fourth Report of the Receiver to the Court dated December 11, 2019; and,
- (r) Such further material as counsel may advise and this Court may permit.

December 11, 2019

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Wael Rostom
Tel: 416-865-7790

Stephen Brown-Okruhlik
Tel: 416-865-7043
Fax: 416-865-7048

Lawyers for the Receiver,
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TO: **SERVICE LIST**

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

Proceeding commenced at Toronto

**NOTICE OF MOTION
(Returnable December 19, 2019)**

MCMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Wael Rostom LS#: 43165S
Tel: 416.865.7790
Fax: 416.865.7048

Stephen Brown-Okruhlik LS#: 66576P
Tel: 416.865.7043
Fax: 416.865.7048

Lawyers for the Receiver,
Deloitte Restructuring Inc.

Tab 2

Court File No. 18-601307-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

CRH Funding II Pte. Ltd.

Applicant

- and -

SAGE GOLD INC.

Respondent

**FOURTH REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.
DATED DECEMBER 11, 2019**

INTRODUCTION AND PURPOSE OF THIS REPORT

1. Pursuant to an Order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2018 (the “**Receivership Date**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Sage Gold Inc. (“**Sage**” or the “**Company**”) acquired for, or used in relation to business carried on by Sage (the “**Property**”) pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O., 1990, C-43 (“**CJA**”) on the application of CRH Funding II Pte. Ltd. (“**CRH**”), the senior secured creditor of the Respondent. A copy of the Receivership Order is attached hereto as Appendix “**A**”.
2. Background information summarizing Sage’s receivership proceedings to January 23, 2019 is included in the Third Report of the Receiver dated January 23, 2019 (the “**Third Report**”), the Report of the Proposed Receiver, the Report of the Interim Receiver, the Receiver’s First Report, the Receiver’s Second Report, the Supplement to the Receiver’s Second Report and the Second Supplement to the Receiver’s Second Report, all of which are attached, without appendices, as Appendices “**B**”, “**C**”, “**D**”, “**E**”, “**F**”, “**G**” and “**H**”, respectively.
3. On August 29, 2018, the Court granted an Order approving a Sale and Investment Solicitation Procedure (the “**SISP Order**”), attached hereto as Appendix “**I**”. The SISP Order, among other things, authorized and directed the Receiver and its agent, Deloitte Corporate Finance Inc. (“**DCFI**”), to carry out the activities in connection with the sale of all or substantially all of the properties of Sage as prescribed in the Sale and Investment Solicitation Procedure (the “**SISP**”).
4. As described in depth in the Second Report, pursuant to the SISP Order, the Receiver conducted

a sale process in respect of the Property. At the time of the SISP, Sage's Property consisted primarily of two mining interests, an exploration mining property northeast of Thunder Bay, Ontario (the "**Onaman Property**"), and a mining project located in Timmins, Ontario (the "**Clavos Property**").

5. As described in the Third Report and further below, the SISP initially resulted in a credit bid for the Clavos Property and the Onaman Property. Such bid was submitted by CRH, the applicant in this proceeding and Sage's principal secured creditor and was the only binding offer. The Receiver wished to proceed with the credit bid and worked with CRH to prepare court materials for the eventual sale approval motion. However, before the Receiver could obtain court approval to close CRH's bid, CRH withdrew its bid and ceased funding this receivership proceeding. As a result, the Receiver was required to seek urgent relief from the Court on December 21, 2018, permitting it to abandon the Clavos Property on short notice, which relief was granted.
6. In an urgent effort and with an absence of funding, the Receiver secured two separate transactions for Sage's Property. The first was an asset purchase agreement for the Onaman Property with RZJ Capital Management (a SISP participant that had only indicated its interest in the Onaman Property). The second was an asset purchase agreement (the "**Original Clavos APA**") for the Clavos Property with Mr. Eric Quint (a SISP participant that had only indicated his interest in the Clavos Property) on behalf of a corporation to be incorporated. At the time the Original Clavos APA was approved, Mr. Eric Quint ("**E. Quint**") and his father, Mr. Harry Quint ("**H. Quint**"), were working together with an investor (collectively, the "**Quint Group Purchaser**").
7. On January 29, 2019, the Receiver sought and obtained an order of the Court approving the Onaman transaction, which subsequently closed on April 7, 2019.
8. Also on January 29, 2019, the Receiver sought and obtained an order of the Court (the "**Original**

Clavos Approval and Vesting Order”), among other things, approving the Original Clavos APA. However, as discussed in greater detail below, the transaction set out in the Original Clavos APA did not ultimately close.

9. While the Original Clavos APA did not close as initially scheduled, the Quint Group Purchaser continued with its efforts to consummate the transaction. At some time in mid-summer of 2019, H. Quint replaced E. Quint in advancing the Original Clavos APA to closing. When H. Quint had not closed the Original Clavos APA at the end of August, 2019 and sought more time to do so, the Receiver came to understand that E. Quint maintained an interest in acquiring the Clavos Property.
10. In a final attempt to realize value for the stakeholders of Sage, the Receiver offered both E. Quint and H. Quint and their new respective purchasing groups an opportunity to secure the Clavos Property. Expending significant effort, the Receiver was able to conclude a new agreement of purchase and sale for the Clavos Property (the “**New Clavos APA**”) with H. Quint and his purchasing group (which include, Mrs. Gail Quint, Grace Gold Ltd. and Mr. Jayson Flowers) (the “**H. Quint/Flowers Purchaser**”), for which approval is sought from this Court.
11. The Receiver has received confirmation of available funds to close the New Clavos APA from the H. Quint/Flowers Purchaser, as described in more detail below.
12. The Receivership Order and the SISP Order, together with related Court documents, including Deloitte’s previously issued reports and this Fourth Report of the Receiver have been posted on the Receiver’s website at: www.insolvencies.deloitte.ca/en-ca/sagegoldinc .
13. The purpose of this Fourth Report is to provide the Court with information regarding the following:

- a) The Receiver's activities since the date of the Third Report in respect of the sale of the Onaman Property, efforts to close the Original Clavos APA transaction, and the Receiver's subsequent efforts to enter into a new transaction for the sale of the Clavos Property, culminating in the proposed sale of the Clavos project to the H. Quint/Flowers Purchaser;
 - b) The Receiver's actual receipts and disbursements for the period from January 18, 2019 to November 29, 2019 (the "**Reporting Period**"); and
 - c) Respectfully recommend that the Court make Orders:
 - i) Approving the New Clavos APA and vesting the Clavos Property and other assets described in the New Clavos APA in the H. Quint/Flowers Purchaser, and
 - ii) Rescinding the relevant portions of the Original Clavos Approval and Vesting Order.
14. Unless otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian dollars.
15. Unless otherwise provided, all other capitalized terms not otherwise defined in this Fourth Report are as defined in the Receivership Order or the Receiver's previously issued reports.

TERMS OF REFERENCE

16. In developing this Fourth Report, the Receiver has relied upon the Company's books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to be the *CPA Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

RECEIVER'S ACTIVITIES SINCE THE THIRD REPORT

Background and the CRH Credit Bid

17. As part of the SISP (and as further detailed in the Third Report), the Receiver identified a number of parties that were interested in bidding for the Clavos Property and the Onaman Property. At the end-stages of the SISP, only one party, CRH, had submitted a binding offer, which was in the form of a credit bid (the “**CRH Credit Bid**”).
18. Since the Receiver’s appointment until mid-December, 2018, CRH had been providing operating funding for the Clavos Property and the Receiver was dependent on such funding in order to maintain the mine in a safe and environmentally responsible manner during the course of these receivership proceedings.
19. Following submission of the CRH Credit Bid, and while the Receiver (with CRH’s input) was preparing court materials for approval of that bid, the Receiver was unexpectedly advised (on December 8, 2018) that the CRH Credit Bid would not proceed and, as a result, that CRH would no longer be providing funding for the estate. The Receiver challenged CRH’s ability to withdraw its credit bid and issued a letter to CRH setting out its position and reserving its rights. The Receiver also subsequently advised the Court on December 21, 2018 of CRH’s unexpected withdrawal of the CRH Credit Bid and funding, and the reservation of the Receiver’s rights as against CRH.
20. In light of CRH’s refusal to provide any further funding to the Receiver, the Receiver calculated that it would likely run out of funding to maintain the safety of the Clavos mine as early as January 3, 2019. The Receiver attended court on an urgent basis on December 21, 2018 to advise the Court of the developments and its need to abandon the mine as early as January 3, 2019. The Receiver sought and obtained an order of the Court amending the Receivership Order to shorten the abandonment notice period required to be given by the Receiver to relevant ministries of the

Government of Ontario (the “**Government**”), so that it could, in the short time available, continue to seek out bidders for the Clavos Property and the Onaman Property.

21. The Receiver was unable to obtain any binding bids and was forced to issue its notice of abandonment to the Director of Mine Rehabilitation on January 3, 2019 (effective on January 8, 2019). Prior to abandonment, the Receiver notified suppliers and equipment owners that it would not be performing on-site maintenance after January 7, 2019 and discussed de-powering of the site with Hydro One.
22. Despite abandoning the Clavos Property, the Receiver retained the permission of the Ministry of Energy, Northern Development and Mines (the “**MENDM**”) to continue its sale efforts. In order to maintain the option of selling the Clavos Property, the Receiver ultimately elected to fund the hydro costs and site security and has been paying for same since that time.

Sale activities subsequent to CRH’s Withdrawal of Credit Bid

23. Notwithstanding the unexpected collapse of the CRH Credit Bid and the abandonment of the Clavos mine, the Receiver voluntarily elected to try to find a new purchaser for the Onaman and Clavos Properties. The Receiver believed that both properties retained commercial value that could be realized. Absent independent funding, the Receiver took on significant risk for the benefit of Sage’s estate by incurring additional professional time and fees in order to find a buyer for both the Onaman and Clavos Properties, in addition to the out of pocket costs that were noted above.
24. As discussed above and in the Third Report, the Receiver found a purchaser, in December 2018, for the Onaman Property amongst the original SISP participants and sought and obtained approval of the Court for its sale. The sale of the Onaman Property, which was sold to Noronex Ltd.

(assigned from RZJ Capital Management LLC), closed on April 9, 2019 for a purchase price of \$342,500.

25. Similarly, the Receiver was able to negotiate the sale of the Clavos Property to the Quint Group Purchaser in January, 2019 pursuant to the Original Clavos APA. Under the proposed sale, E. Quint acted as purchaser on behalf of a corporation to be incorporated, which was supported by investors that included E. Quint and his father, H. Quint. The Court granted the Original Clavos Approval and Vesting Order on January 29, 2019 and the transaction was anticipated to close on January 31, 2019 (but, in any event, not later than March 31, 2019 unless extended by the parties).
26. Under the Original Clavos APA, the Quint Group Purchaser assumed responsibility for paying the care and maintenance costs of the mine before closing, which formed part of the “Purchaser’s Activities” under the Original Clavos APA. These activities included supervision and maintenance of the operation of the underground pumps and heaters for fresh air raise and to ensure the Clavos Property was properly secured. The Quint Group Purchaser was to pay the care and maintenance costs directly and such amounts would be credited against the purchase price. The Receiver understands that the Quint Group Purchaser engaged individuals at B. Ritchie Services Ltd. (“**Ritchie**”), a mining services contractor located in Timmins, Ontario, to carry out its responsibilities for care and maintenance of the mine. The Receiver also understands that the Quint Group Purchaser made arrangements with former Ritchie employees, as contractors, to continue to maintain the site while the Quint Group Purchaser worked to close the transaction.
27. On January 25, 2019, the Receiver set up an introductory call between the MENDM and the Quint Group Purchaser to orient both parties as to the access required by the original Clavos Purchaser to the mine site and the proposed “Purchaser’s Activities”, as set out in the Original Clavos APA. Thereafter the Receiver was not involved in the Quint Group Purchaser’s dealings with

contractors and suppliers engaged to perform the “Purchaser Activities”.

28. From January, 2019 onwards, the Receiver understood that the Quint Group Purchaser was working to secure the MENDM’s consent to the transfer of the Clavos mining licenses.

July 31, 2019

29. On July 31, 2019, the Receiver was advised by counsel to the Quint Group Purchaser that H. Quint would be replacing E. Quint under the Original Clavos APA. As a result of that change, H. Quint requested a formal extension of the closing date to August 31, 2019, with all other terms under the Original Clavos APA to be essentially maintained.
30. The Receiver granted the requested extension in exchange for payment by H. Quint of a non-refundable deposit to be used to compensate the estate for the delay in closing and to cover the additional costs (hydro and insurance) associated with the delay. At that time, the Receiver understood that the change of the purchaser under the Original Clavos APA to H. Quint was consensual.

THE PROPOSED NEW CLAVOS SALE

Background

31. In early September, 2019, the Receiver learned that H. Quint was not yet in a position to close the Original Clavos APA and was seeking more time. Further, H. Quint advised the Receiver that he had a new investor, Mr. Jayson Flowers (“**Flowers**”). In addition, the Receiver learned that there had been a split in the two main parties involved in the original Quint Group Purchaser, and that E. Quint was again interested in acquiring the Clavos Property separate and apart from the interest expressed by H. Quint.
32. The Receiver recognized an opportunity to maximize value for the estate and resolve the split

between the backers of the Quint Group Purchaser by offering both sides an opportunity to secure ownership the Clavos Property.

33. Since January of 2019, the Receiver and its counsel had significant outstanding and unpaid professional fees which, in total, far exceeded the proceeds from the sale of the Onaman Property, the only material receipts to the estate thus far. The majority of these fees were incurred by the Receiver in connection with administering its duties under the Receivership Order and its efforts with CRH to develop the SISP and finalize and accept CRH's credit bid (which was withdrawn by CRH). By September, 2019, the Receiver had largely recouped its funding of the costs relating to the Clavos Property from the deposits and extension fees paid by the Quint Group Purchaser and H. Quint. The Receiver viewed the renewed interest of both H. Quint and E. Quint as an opportunity and elected to reinvest its time and effort to achieve a sale of Clavos.
34. Accordingly, the Receiver contacted E. Quint to advise him that he had another opportunity to bid on the Clavos Property, following which the Receiver sent both parties a letter on September 12, 2019 setting out the terms and process by which they could acquire the Clavos Property. Copies of the letters are attached as Appendices "J" and "K" (the "**Re-bid Letters**").
35. The Re-bid Letters set an outside date of September 21, 2019 to receive a new proposal from each of H. Quint and E. Quint. Following the delivery of the Re-bid Letters, the Receiver had a number of conversations with E. Quint, and his capital associate, Mr. Anthony Habib ("**Habib**"), on the one hand and H. Quint, on the other. After being provided a short extension of time, only H. Quint and his investor, Flowers, submitted a formal bid in response to the Re-bid Letters. Certain of the requirements set out in the Re-bid Letters were not followed by H. Quint and Flowers, but the Receiver was comfortable waiving such compliance in the circumstances and, in particular, absent a bid from E. Quint.

36. During late September, 2019, the Receiver negotiated the preliminary terms of a new transaction with H. Quint and Flowers on behalf of the H. Quint/Flowers Purchaser. The agreement was memorialized in a letter agreement dated September 30, 2019 (the “**Letter Agreement**”). The Letter Agreement will be filed with the Court as Confidential Appendix “**1**”. Material terms of the Letter Agreement include the following:
- a) The same form of approval and vesting order received by the Quint Group Purchaser would be sought from the Court;
 - b) The cash purchase price, less certain credits for the benefit of the H. Quint/Flowers Purchaser, was detailed;
 - c) The H. Quint/Flowers Purchaser would provide the Receiver with a non-refundable deposit of \$125,000;
 - d) A further \$50,000, on account of certain contractor costs, was to be paid by the H. Quint/Flowers Purchaser;
 - e) The H. Quint/Flowers Purchaser was granted the right to inspect the mine, which it has done. The Receiver was present for such inspection and the condition was subsequently waived; and
 - f) The definitive agreement was to be reached by October 31, 2019 or the Letter Agreement would terminate. The Receiver granted extensions to the H. Quint/Flowers Purchaser.
37. Following the execution of the Letter Agreement, the Receiver received a written expression of interest in the Clavos assets on October 30, 2019 directly from Habib. A copy of Habib’s October 30 offer will be filed with the Court as Confidential Appendix “**2**”. The Receiver was surprised to receive such a late bid from Habib, as E. Quint (who received a Re-bid Letter) had always

described Habib as his financial backer. For example, at the time that the Re-bid Letters were issued, E. Quint referred to “my capital associate Anthony Habib” in an email to the Receiver on September 10, 2019. Mr. Habib also made further references to his involvement with E. Quint’s interest in the mine in subsequent email correspondence with the Receiver. The Receiver understands that Habib, through his October bid, was advancing his interest independently of E. Quint through a corporation that Habib controls. At the time, the Receiver became concerned that Habib’s newly asserted independence from E. Quint was intended solely to overcome the fact that E. Quint did not make a timely bid in response to the Re-bid Letters. The Receiver maintains that view. There are clear indications that Habib has been working with E. Quint throughout the Receiver’s efforts with E. Quint, including at the time the Re-bid Letter was sent as set out above.

38. In any event, at the time that Habib announced his interest in the Clavos assets, the Receiver was in advanced discussions with the H. Quint/Flowers Purchaser and was of the view that, given the conditions of the Habib expression of interest and certain financial and timing considerations, it was not desirable to engage in discussions with him. The principal challenge to Habib’s expression of interest, in the Receiver’s business judgment, was the 30-day due diligence period required by Habib. The H. Quint/Flowers Purchaser had already paid its non-refundable deposit, had significantly advanced its due diligence efforts and had addressed the majority of its open diligence points by October 30, 2019. Another important consideration for the Receiver is that H. Quint was at all times dealing with the Government and contractors in the course of the Original Clavos APA transaction, is well known to the stakeholders involved, and appears to be viewed as credible by the relevant Government authorities that would be asked to approve the transfer of applicable mining permits. The Receiver formed the view that it was more prudent to advance a transaction with the H. Quint/Flowers Purchaser due to substantially lower closing risk, rather

than engage with Habib. Moreover, having established a process for soliciting bids from the parties involved in the Original Clavos APA, the Receiver believed that it would be unfairly prejudicial to H. Quint and Flowers to abandon their bid in favour of a party who had not complied with the Receiver's process.

Details related to the new asset purchase agreement

39. Since the execution of the Letter Agreement, the H. Quint/Flowers Purchaser diligently advanced the transaction towards the execution of an asset purchase agreement with the Receiver. During the period up to the signing of the New Clavos APA on December 6, 2019, the H. Quint/Flowers Purchaser has expended material sums and taken material actions, including the following:
- a) Paying \$125,000 in respect of the first deposit required to be paid under the Letter Agreement and the New Clavos APA;
 - b) Paying of \$50,000 in respect of the second deposit to be paid under the Letter Agreement and the New Clavos APA;
 - c) Paying the contractors on account of services rendered in the amount of approximately \$41,300;
 - d) Depositing with the Receiver an additional \$50,000 as security for payments to contractors for work done prior to October 1, 2019;
 - e) Engaging environmental contractors to provide the MENDM with a draft mine closure plan that is acceptable to it;
 - f) Maintaining the Clavos mine site;
 - g) Delivering a comfort letter from his bank demonstrating that Flowers has sufficient funds to close the transaction. Due to the sensitive personal information included in the letter, a copy

of the bank comfort letter is included in the Confidential Appendix referred to below; and

- h) Delivering the personal undertaking of Flowers to use the funds deposited at the bank or other funds to close the transaction. Flowers personal undertaking is set out at Appendix “L”.

40. The Receiver and the New Clavos Purchaser have now executed the New Clavos APA. A redacted copy of the New Clavos APA is attached to this Fourth Report as Appendix “M”. An unredacted version of New Clavos APA will be filed with the Court as Confidential Appendix “3”. The Receiver is seeking an Order allowing the unredacted New Clavos APA to be sealed in the event that the current sale does not close, as disclosure of the purchase price and other terms could be detrimental to the re-marketing of the Clavos Property. Notwithstanding the requested sealing, the Receiver is able to advise of the following significant terms, which shall be settled prior to closing:

- a) Consents related to the transfer of mining licenses or claim shall have been obtained, or shall have been waived;
- b) Relevant permits (i.e. mining and environmental) shall have been transferred to the H. Quint/Flowers Purchaser;
- c) An acceptable draft mine closure plan shall have been delivered to the MENDM; and
- d) An approval and vesting order shall have been obtained.

41. The Receiver notes that the terms and conditions set out above are substantially similar to those in the Original Clavos APA, which were approved by the Court. However, the Receiver notes that the MENDM requires that any costs related to the H. Quint/Flowers Purchaser’s mine closure costs be funded, in escrow until closing, in advance.

42. Other materials terms of the New Clavos APA include the H. Quint/Flowers Purchaser’s

commitment to perform and fund the Purchaser's Activities and to assume a significant portion of the pre-closing contractor costs incurred, in part, by the Original Clavos Purchaser.

43. Finally, the New Clavos APA contemplates assignment of the same three commercial contracts that were assigned by court order under the Original Clavos Approval and Vesting Order. The H. Quint/Flowers Purchaser has advised that the assignment of commercial contracts connected with the Clavos Property is an important aspect of the proposed transactions. The H. Quint/Flowers Purchaser has agreed to pay the cure costs in relation to each of the assigned contracts. Following service of the Receiver's motion record, the Receiver will re-deliver letters to the counterparties to such commercial agreements soliciting new consent to assignment before closing of the Transaction. At the H. Quint/Flowers Purchaser's request, the Receiver is seeking an order of the court assigning the commercial agreements to be effective in the event that consent to assignment cannot be obtained by the closing date. The Receiver views this request as reasonable in the circumstances as it has been advised by the H. Quint/Flowers Purchaser that it has investors who are prepared to fund the purchase price and all cure costs.

44. The target closing date of the New Clavos APA is December 20, 2019.

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE REPORTING PERIOD

45. Attached as Appendix "N" to this Fourth Report is a summary of the Receiver's receipts and disbursements from January 18, 2019 to November 30, 2019 (the "**Reporting Period**"). The Receiver notes the following:

- a) Total receipts were approximately \$737,000, which include the Onaman sale proceeds and Clavos deposits and extension fees. The balance of receipts relate to tax refunds and miscellaneous refunds;

- b) Disbursements totaled approximately \$336,000 with the significant disbursements representing hydro and utilities (approximately \$150,000), insurance (approximately \$52,000) and costs related to site maintenance (approximately \$63,000).
46. As at the end of the Reporting Period, the Receiver held approximately \$544,000 in cash.
47. The Receiver notes that neither it nor its counsel received payment for outstanding or accrued fees during the Reporting Period notwithstanding significant time spent administering Sage's estate.

RECOMMENDATIONS

48. Based on the foregoing, the Receiver respectfully requests that the Court make orders:
- a) Approving the New Clavos APA and vesting the Clavos Property in the H. Quint/Flowers Purchaser;
 - b) Rescinding the relevant portions of the Original Clavos Approval and Vesting Order; and
 - c) Sealing the unredacted New Clavos APA until such time as the transaction closes.

All of which is respectfully submitted at Toronto, Ontario this 11th day of December, 2019.

Deloitte Restructuring Inc.,
Solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity

Per:



Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “A”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
 JUSTICE S.F. DUNPHY)

MONDAY, THE 30TH
 DAY OF JULY, 2018



CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. as receiver ("**Deloitte**" or, in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Sage Gold Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Wehrley sworn July 10, 2018, the Exhibits thereto and the Supplemental Affidavit of Andrew Wehrley sworn July 12, 2018 and on hearing the submissions of counsel for the Applicant, counsel for the Debtor, no one else appearing

although duly served as appears from the affidavits of service of Amy Sevigny sworn July 12, 2018 and on reading the consent of Deloitte to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, ^{ADD (but on three days notice to Debtor)}
- (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property, including the proceedings commenced by Toromont Industries Ltd., carrying on business as Battlefield Equipment Rentals, against the Debtor and the Applicant before the Ontario Superior Court of Justice in the Court file number CV-18-00000097-0000, are hereby stayed and suspended pending further Order of this Court, and that any Proceedings seeking to challenge the validity of the Applicant's claim against the Debtor or priority of the Applicant's security interest against its Property shall be brought before this Court, in the context of the present receivership proceedings.

without prejudice to the Debtor seeking leave to commence arbitration proceedings.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,

licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related

liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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 purposes of Environmental Legislation or the Mining Act, R.S.O. 1990, C. M.14 during the Review Period (as defined below) while it assesses the environmental condition of the Property and the requirements for completing the process of placing the Debtor's mines on care and maintenance. The Receiver will have the option at any time up to and including August 31, 2018 (the "**Review Period**") of abandoning all or any part of the Property at any time upon filing a certificate with this court so certifying and describing the abandoned Property, all without prejudice to the Debtor's interest in such property and rights and interests of creditors to the abandoned Property and all such rights and interests are expressly reserved. The Receiver shall provide prior written notice to the Director of Mine Rehabilitation and CRH (with a copy to the Service List) of its intention to file a certificate of abandonment at least ten business days in advance of filing such certificate with this Court prior to the expiry of the Review Period. In the event that the Receiver seeks to abandon all or any part of the Property at any other time during these proceedings, save and except for abandonment pursuant to section 14.06(4) of the BIA, the Receiver may do so only with leave of the Court obtained on motion with reasonable notice to the Director of Mine Rehabilitation and CRH (with a copy to the Service List).

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise.

in favour of any Person, 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.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier,

personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

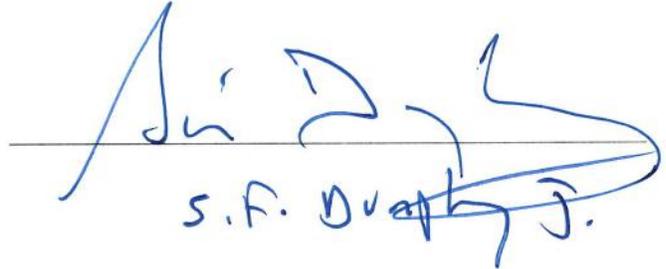
28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver 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.



S.F. Duagh J.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 30 2018

PER / PAR: RW

Appendix “B”

Court File No. 18-601307-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

**THIRD REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.
DATED JANUARY 23, 2019**

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Appendix “D” – Property Abandonment Order

Appendix “E” – Notice of Abandonment – Clavos Property

Appendix “F” – Second Supplement to the Second Report

Appendix “G” – Redacted Asset Purchase Agreement – Onaman

Appendix “H” – Redacted Asset Purchase Agreement – Clavos

Appendix “I” – Interim Statement of Receipts and Disbursements from August 18, 2018 to January 17, 2019

Confidential Appendix “A” – Unredacted Asset Purchase Agreement – Onaman

Confidential Appendix “B” – Unredacted Asset Purchase Agreement - Clavos

Confidential Appendix “C” – Confidential Report of the Receiver

INTRODUCTION

1. Pursuant to an Order (“**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2018 (“**Receivership Date**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Sage Gold Inc. (“**Sage**” or the “**Company**”) acquired for, or used in relation to business carried on by Sage (the “**Property**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O., 1990, C-43 (“**CJA**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. The application for the appointment of Deloitte as the Receiver pursuant to section 243 of the BIA and section 101 of the CJA over the Property made on July 13, 2018 by CRH Funding II Pte. Ltd. (“**CRH**”), the senior secured creditor of the Respondent, was opposed by the Company. At that time, the Court found it appropriate in the circumstances to make an Order for the appointment of Deloitte as an interim receiver pending resolution of the Company’s opposition to the appointment at a subsequent hearing. On July 30, 2018, Mr. Justice Dunphy granted the Receivership Order.
3. On August 29, 2018, the Court granted an Order to approve the Sale and Investment Solicitation Process (the “**SISP Order**”), attached hereto as **Appendix “B”**. The SISP Order, among other things, authorized and directed the Receiver and its agent, Deloitte Corporate Finance Inc. (“**DCFI**”) to carry out the activities in connection with the sale of all or substantially all of the properties Sage as prescribed in the SISP Order (the “**SISP**”).

PURPOSE OF REPORT

4. The purpose of this Third Report is to:

- a. provide the Court with an update on the Receiver's activities since our Second Report, some of which are noted above, related to the abandonment of Clavos Property, including the co-operative efforts and communication between representatives of HMQ, the Director and the Receiver;
- b. summarize the results of the SISP and provide an update on the Receiver's activities related to the sale and marketing efforts immediately prior to and following the abandonment of the Clavos Property;
- c. describe the proposed transaction for the Onaman Property, which subject to Court approval, is to be effected through an executed asset purchase agreement, dated January 11, 2019 (the "**Onaman APA**") between the Receiver and RZJ Capital Management LLC;
- d. describe the proposed transaction for the Clavos Property, certain other exploratory mining properties and a residential property, which subject to Court approval, is to be effected through an executed asset purchase agreement, dated January 14, 2019 (the "**Clavos APA**") between the Receiver and Eric Quint, on behalf a corporation to be incorporated under the laws of Ontario;
- e. Respectfully recommend that this Honourable Court make orders:
 - i) approving the APAs and the Receiver's execution thereof;
 - ii) granting the approval, vesting and assignment order in the forms attached to the Receiver's Motion Record;

iii) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from August 18, 2018 to January 17, 2019;

iv) approving the activities of the Receiver since August 21, 2018;

v) sealing Confidential Appendices "A", "B" until the Proposed Transactions are closed, subject to further order of Court;

vi) sealing Confidential Appendix "C" subject to further order of Court;

vii) providing such other relief that this Honourable Court considers just and warranted in the circumstances.

5. Unless otherwise stated, all dollar amounts contained in this Third Report are expressed in Canadian dollars.
6. Unless otherwise provided, all other capitalized terms not otherwise defined in this Third Report are as defined in the Receivership Order or the Receiver's previously issued reports.

TERMS OF REFERENCE

7. In developing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Company's management ("Management"), the Company's books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to be the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

RELIEFE SOUGHT BY THE RECEIVER FROM THE COURT

8. The Receiver attended Court before Mr. Justice Dunphy on December 18, 2018 to request an increase to the Receiver's Borrowings Charge from \$1 million to \$2 million as additional funding was required to continue the Care and Maintenance Program and to seek the approval of a Priority Claims Process. As noted in more detail below, CRH withdrew its credit bid immediately prior to the court hearing and CRH advised the Receiver that the future receivership funding was unlikely; therefore, the proposed Priority Claims Process was adjourned *sine die*. The Receiver advised the Court about the lack of funds available and uncertainty of additional funding from CRH and communicated the potential need for the Receiver to abandon the Clavos Property as early as December 27, 2018. Attached hereto as **Appendix "C"**, is a copy of an Order of the Court dated December 18, 2018 ("**Receiver Borrowings Charge Order**").
9. On the evening of December 18, 2018, the Receiver's counsel served notice of a motion to abandon the Clavos Property returnable on December 21, 2018.
10. Pursuant to an Order ("**Property Abandonment Order**") of the Court dated December 21, 2018, the Court ordered that (a) paragraph 16 of the Receivership Order be amended to permit the Receiver to abandon the Clavos Property on two (2) business days' written notice to the Director of Mine Rehabilitation (the "**Director**") rather than having to schedule a court attendance and (b) Her Majesty the Queen in right of Ontario ("**HMQ**"), shall be entitled to and granted a charge on all property comprising the Clavos Property in an amount not to exceed \$50,000, as security for out of pocket costs incurred by HMQ in respect of non-environmental remediation post-abandonment ("**Abandonment Cost Charge**"). The Abandonment Cost Charge ranks subordinate to the Receiver's Charge but in priority to the Receiver's Borrowings Charge. The Receiver, HMQ and

CRH consented to the Order and a copy of the Property Abandonment Order, is attached hereto as **Appendix “D”**.

11. The Receivership Order and other Orders, together with related Court documents including Deloitte’s previously issued reports and this third report of the Receiver (the “**Third Report**”) have been posted on the Receiver’s website at: www.insolvencies.deloitte.ca/en-ca/sagegoldinc.

UPDATE ON EVENTS SINCE OUR SECOND REPORT

12. As noted in more detail below, the Receiver completed the sale process outlined in the SISP Order by mid-November and unfortunately, there were no binding offers for the Property of Sage other than the credit bid submitted by CRH pursuant to its Bid Notice as contemplated by the SISP.
13. After several discussions about the SISP results and negotiations between the Receiver and CRH, on December 14, 2018, CRH withdrew its credit bid for the Clavos Property and the Onaman Property. Further, CRH had advised that it was considering abandoning its interest in the Sage Gold Inc.’s property, including the Clavos Property and ceasing to provide any further funding of the sale process and administration of the receivership.
14. As noted in paragraph 24 of the Second Report, the Receiver had only \$90,000 on hand as at December 11, 2018. The Receiver notified CRH that if sufficient funding was not provided before the holidays then it had no alternative but to seek directions of the Court in respect of filing an abandonment notice with the Director.
15. The Receiver requested funding from CRH to maintain the Clavos Property until January 31, 2019 in order to facilitate the Receiver completing a transaction with urgent timeframes following the

renewed negotiations with various bidders, in particular two parties that had been most active in the SISP.

16. During this period of time, the Receiver also engaged in discussions with CRH about alternative funding scenarios, including the parameters of continuing to fund the receivership proceedings in order to transition the Clavos Property to a “state of inactivity” to reduce operating expenses should an acceptable transaction be unavailable.
17. In parallel with the expedited sale efforts, the Receiver and its counsel engaged in detailed communications with multiple representatives of HMQ and the Director in order to plan for the contingency that the Receiver would abandon the Clavos Property. The Receiver facilitated a pre-abandonment inspection on-site and representatives of the Director provided specific observations about the property to the Receiver that allowed the on-site staff to prepare the site in these circumstances.
18. On December 20, 2018, the Receiver received \$190,000 in funding from CRH, which was sufficient to continue activities at the Clavos Property until January 3, 2019. This short-term funding was provided in order to give the Receiver a final opportunity to finalize one or more sale agreements with the SISP Participants, in light of CRH’s withdrawal of the CRH Credit Bid.
19. Despite its urgent efforts, the Receiver was unable to obtain a viable offer for the Clavos Property before the January 3, 2019 deadline and consequently CRH declined to fund the receivership administration further.
20. On January 3, 2019, the Receiver issued a notice of abandonment for the Clavos Property, which was effective on January 8, 2019 (“**Notice of Abandonment – Clavos Property**”). A copy of the Notice

of Abandonment – Clavos Property, is attached hereto as **Appendix “E”**. A copy of this notice was provided to the Service List on January 3, 2019.

21. In order to provide the Service List and the Court with an update regarding the material events since December 20, 2018 related to the abandonment of Clavos Property, the Receiver completed a Second Supplemental Report dated January 8, 2019. A copy of the report, is attached hereto as **Appendix “F”**.
22. As noted in more detail below, the Receiver abandoned the Clavos Property on January 8, 2019. However, the Receiver elected to continue its expedited sale efforts pursuant to the Receiver’s sale authority under the Receivership Order and, as provided for under the Property Abandonment Order, the abandonment of Clavos Property was without prejudice to the Debtor’s interest, the interests of any creditor (including the beneficiaries of the court ordered charges) and contractual counter-parties. The Receiver’s sale efforts were carried out in consultation with the Director.
23. Without funding available in the estate, the Receiver made a voluntary election to personally fund, on a day to day basis, the costs for 24-hour on-site security and continued hydro services to facilitate the expedited sale efforts. This voluntary election by the Receiver permitted negotiations with the two interested parties for the Clavos Property to continue in consultation with representatives of the Director. In addition, the Receiver continued the negotiations for the exploration mining property known as the Onaman Property.
24. The Receiver has been successful in obtaining two binding offers for the sale of the significant properties in this estate, being the Clavos Property and the Onaman Property. These asset purchase agreements are fully disclosed in a Confidential Supplemental Report and are summarized herein.

ABANDONMENT OF CLAVOS PROPERTY

25. Since the inception of the Interim Receivership and Receivership Administration, the Receiver engaged Sage's previous mine manager and staffing company, R. Ritchie Services Ltd. ("**Ritchie Services**") for the Clavos Property to complete care and maintenance activities, including dewatering activities, environmental water testing, equipment clean-up, winterization measures and property maintenance ("**Care and Maintenance Program**").
26. As noted above, the receivership estate did not have estate funding to continue the Care and Maintenance Program after the January 3, 2019 offer deadline for the Receiver's expedited sale process.
27. On December 19, 2018 and January 7, 2019, representatives of the Director attended the Clavos Property to conduct pre-abandonment inspections. During this period, the Receiver and its counsel continued discussions with the representatives of HMQ and the Director with respect to a possible abandonment of the property should it be required. Representatives of the Director assisted the Receiver by providing its observations and priority steps to prepare the site for abandonment. The Receiver, with assistance of Ritchie Services, completed certain tasks and other risk mitigation steps during this time in consultation with the Director.
28. On January 3, 2019, the Receiver provided its written notice to the Director of Mine Rehabilitation that it intended to abandon, renounce and divest its control (and ancillary possession), if any, of the Clavos Property, all 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 the Receivership Order), effective January 8, 2019.

29. Prior to the abandonment of the Clavos Property, the Receiver notified the suppliers and parties with equipment on-site in order to advise that it would not be responsible for the on-site costs after January 7, 2019.
30. The Receiver engaged in a number of discussions with Hydro One representatives about the options to suspend the Receiver's account and about the necessary process to engage a contractor to de-power the site.
31. Upon the abandonment, one of the prospective purchasers expressed concerns to the Receiver about the physical security of the equipment at the abandoned Clavos Property. Another prospective purchaser expressed interest in funding an agent to attend on-site, with the permission of the Director, to attend underground to monitor the pumps and de-watering activities and to inspect the property for damage because of the severe winter temperatures.
32. In consultation with the representatives of the Director, the Receiver voluntarily elected to provide funding on a day to day basis for 24-hour security on-site and electricity. The security and continued hydro provided, among other things, the opportunity for interested parties to visit the Clavos Property with Ritchie Services for the purposes of trying to complete a sale of the property. The Receiver estimates that the *per diem* costs incurred for security and hydro were approximately \$2,000.
33. On January 11, 2019, one of the prospective purchasers provided the Receiver with a non-refundable payment of \$10,000 USD to be applied to its deposit to allow the Receiver, in conjunction with the Director, to provide access to the purchaser's agent to inspect the pumps underground and to inspect the Clavos Property.

34. As described above and below, these efforts lead to the Receiver securing definitive agreements for the purchase of the Onaman and the Clavos properties.

RESULTS OF THE SALE AND INVESTOR SOLICITATION PROCESS

35. The Company's primary assets consist of the Clavos property (the "**Clavos Property**") located near Timmins and the Onaman property northeast of Thunder Bay (the "**Onaman Property**"), each as more fully described in the affidavit of Andrew Wehrley dated July 10, 2018. In addition, Sage also has interests in early stage exploration properties in Northern Ontario, the majority of which are in a similar geographical location as the Onaman Property and the Company owned a residential property near Clavos Property that served as a staff house.

36. As noted in paragraphs 12 to 14 in our Second Report, the Receiver completed a sale process pursuant to the SISP Order. Key documents including the Teaser, press release and CIM were enclosed as Appendices to our Second Report. The Receiver undertook the following key steps in accordance with the requirements of the SISP:

- a. DCFI identified and contacted 142 potential purchasers ("**Known Potential Bidders**"), primary global mining producers, operators, and investors with a focus in North America as well as other relevant parties. All Known Potential Bidders, were provided a copy of the Teaser and a confidentiality agreement ("**Confidentiality Agreement**");
- b. Any party who expressed an interest in the Property was required to sign the Confidentiality Agreement in order to receive further information. Subsequent to which, the parties were provided access to an electronic data room (the "**Data Room**") containing detailed financial, technical and other relevant information;

- c. On September 14, 2018, the Receiver issued a press release in the Canadian Newswire announcing the SISP and providing the Receiver's contact information for interested parties.
- d. 15 parties executed the Confidentiality Agreement and each was determined to be a "**Potential Bidder**" in accordance with the SISP and were provided with the CIM and access to the Data Room;
- e. Of those 15 parties, seven (7) withdrew from the process and eight (8) submitted a non-binding indications of interest to acquire all, or substantially all of Sage's Property or to invest in Sage (each a "**Non-Binding Indication of Interest**") which were delivered to the Receiver on or before 5:00 p.m. (Toronto time) on September 28, 2018 (the "**Phase 1 Bid Deadline**");
- f. The Receiver, in conjunction with DCFI, reviewed the eight (8) Non-Binding Indications of Interest and determined that six (6) parties would each be designated as a "**Qualified Phase 1 Bid**" and each bidder was accepted as a "**Qualified Phase 2 Bidder**" based on the criteria set out in the SISP. The Receiver promptly notified each party;
- g. In accordance with the SISP, CRH issued a bid notice (the "**Bid Notice**") to the Receiver identifying its intention to participate in Phase 2 and setting out the general terms of its potential credit bid. CRH also executed a Confidentiality Agreement and subsequently it was deemed to be a Qualified Phase 2 Bidder;
- h. The Receiver arranged introductory teleconference calls with each Qualified Phase 2 Bidder and facilitated the due diligence process;

- i. To facilitate ongoing negotiations and to allow additional time for further due diligence, the Receiver exercised its discretion twice to extend the Phase 2 bid deadline, ultimately to November 12, 2018 (the “**Final Phase 2 Bid Deadline**”);
- j. Of the seven (7) Qualified Phase 2 Bidders (including CRH), the Receiver received three (3) bids, as follows:
 - i. one bidder delivered a draft asset purchase agreement, however it did not provide a deposit;
 - ii. a second bidder delivered an asset purchase agreement for the Onaman Property only; and
 - iii. CRH delivered a credit bid for both the Clavos Property and the Onaman Property on substantially the same terms as the Bid Notice.

37. After the Final Phase 2 Bid Deadline, the Receiver pursued obtaining a deposit from all parties and provided feedback on the various asset purchase agreements with these parties in an effort to negotiate binding bids for the assets of Sage. Discussions with CRH consisted mainly of ensuring consistency of the Credit Bid with the Bid Notice including that any and all priority claims would be paid or assumed.

38. Following the withdrawal of the CRH Credit Bid on December 14, 2018, the Receiver engaged in expedited discussions with seven (7) parties about a possible transaction the Clavos Property and / or the Onaman Property. In addition, the Receiver commenced the process to list the residential property, which is close proximity to the Clavos Property, with a real estate broker and the Receiver contacted three (3) liquidators for an assessment of the equipment located at Clavos Property.

39. During this period, the Receiver and CRH discussed the terms of potential further financing of the Clavos Project. However, despite the Receiver's continued efforts to achieve a sale transaction in respect of Sage's property, by January 3, 2019, it had not entered into any agreements of purchase and sale for the Clavos Property, the Onaman Property or any other of Sage's assets. In light of those circumstances, CRH was not prepared to commit to providing further financing.
40. As noted above, through the steps taken in consultation with representatives of HMQ and the Director, the Receiver has been successful in obtaining two executed and binding agreements to sell substantially all of the Property of Sage.
41. Executing two agreements was necessary when CRH, as the only prospective purchaser expressing interest in both Clavos Property and Onaman Property, withdrew its credit bid. On January 11, 2019 the Receiver executed the Onaman APA and on January 14, 2019 the Receiver executed the Clavos APA (together the "**Proposed Transactions**"). Enclosed as **Confidential Appendix "C"**, is a Confidential Report of the Receiver that encloses the bid summary for all stages of the SISP and the provides a comparative analysis of the proposed asset purchase agreements for the Proposed Transactions. Confidential Appendix "C" is subject to a sealing order request. It is the Receiver's view that this document should remain sealed until the Proposed Transactions are completed to allow for the possibility that if the Proposed Transactions do not close, other transactions can be pursued.

PROPOSED SALE TRANSACTION - ONAMAN APA

42. The Receiver held discussions with RZJ Capital Management LLC ("**RZJ Capital**" or "**Proposed Onaman Purchaser**") throughout the SISP. RZJ Capital provided the highest cash offer on the Onaman Property for a stand-alone transaction, and the following attributes of this transaction support the Receiver's recommendation for the Court to issue an Approval and Vesting Order:

- a. The Receiver is holding a sufficient deposit of approximately 10% of initial cash purchase price;
- b. The Proposed Onaman Purchaser is assuming the existing royalty contract (the “**Onaman Royalty Agreement**”) registered against the property and it is responsible for all cure costs;
- c. The Onaman APA terms related to Environmental Liabilities and the form of the Approval and Vesting Order have been provided to the representatives of HMQ in advance; and
- d. Estimated closing date will follow immediately upon receiving appropriate Consents to transfer permits and mining claims from the Ministry of Energy, Northern Development and Mining following the completion of Approval and Vesting Order and the passage of the appeal periods applicable thereto.

43. Enclosed as **Appendix “G”**, is a copy of the Onaman APA, which has been redacted for financial terms.

44. Enclosed as **Confidential Appendix “A”**, is the unredacted copy of the Onaman APA.

PROPOSED SALE TRANSACTION – CLAVOS APA

45. The Receiver held discussions with Eric Quint on behalf of a corporation to be incorporated under the laws of Ontario and his representatives (“**Quint**” or “**Proposed Clavos Purchaser**”) throughout the SISP. Quint provided the highest value offer on the Clavos Property and the offer is solely comprised of cash (other interested parties had proposed shares). Included in the proposed Clavos transaction is the residential property owned by Sage, which is approximately one (1) km from the site and three (3) early stage exploration properties in Northern Ontario. The following attributes of this transaction support the Receiver’s recommendation for the Court to issue an Approval and Vesting Order:

- a. The Receiver is holding a sufficient deposit of \$100,000, which is non-refundable;
 - b. The Proposed Clavos Purchaser has agreed to fund the Care and Maintenance Program until the transaction is closed. The cash payment on closing will be reduced by up to \$200,000 for validated expenses incurred by the Proposed Clavos Purchaser during this pre-closing period. The Receiver's only obligations during this period are for hydro costs;
 - c. The Proposed Clavos Purchaser will be assuming all royalty agreements specifically listed on the Schedules to the Clavos APA, along with all other royalty agreements to which Clavos Property is subject that create a valid and enforceable interest in land and are valid and enforceable under law;
 - d. The Proposed Clavos Purchaser will also be assuming all commercial agreements specified in the schedules thereto;
 - e. The Clavos APA terms related to Environmental Liabilities and the form of the Approval and Vesting Order have been provided to the representatives of HMQ in advance; and
 - f. The estimated closing date will follow immediately upon receiving appropriate Consents to transfer permits and mining claims from the Ministry of Energy, Northern Development and Mining following the completion of Approval and Vesting Order.
46. The Proposed Clavos Purchaser has agreed to provide funding (in addition to its deposit) in order to engage the previous mine manager Ritchie Services as its agent to continue the Care and Maintenance Program and provide 24-hour security over the site until closing and beyond. The combination of hydro services maintenance on-site and the attendance of the mine staff on-site protects the interests of equipment financing companies with equipment underground and provides monitoring to the site

for safety purposes. All of the foregoing is being done by the Clavos Purchaser in consultation with representatives of the Director.

47. Enclosed as **Appendix “H”**, is a copy of the Clavos APA which has been redacted for financial terms.

48. Enclosed as **Confidential Appendix “B”**, is the unredacted copy of the Clavos APA.

ASSIGNMENT OF AGREEMENTS

49. As noted above, the Clavos Purchaser’s APA contemplates assignment of three commercial contracts.

The Clavos Purchaser has advised that the assignment of commercial contracts connected with the Clavos Property is an important aspect of the proposed Clavos transactions. The Clavos Purchaser has agreed to pay the cure costs in relation to each of the assigned contracts. Following service of the Receiver’s Motion Record, the Receiver will deliver letters to the counterparties to such commercial agreements soliciting consent to assignment before closing of the Clavos Transaction. At the Clavos Purchaser’s request, the Receiver is seeking an order of the court assigning the commercial agreements to be effective in the event that consent to assignment cannot be obtained by the closing date. The Receiver views this request as reasonable in the circumstances as it has been advised by the Clavos Purchaser that it has investors who are prepared to fund the purchase price and all cure costs plus significant operating capital to put the Clavos mine back into operation.

50. The Receiver is strongly of the opinion that completing the Onaman APA and Clavos APA represents the best combination of transactions for the stakeholders of the Company, including that Clavos Property not remain indefinitely abandoned.

51. More particularly, the projected value of the Proposed Transactions have been maximized for the receivership estate. The projected value provides value to address the Receiver’s Charge, the Property

Abandonment Charge and the remaining recovery to the Receiver's Borrowings Charge. The Proposed Transactions provide value for the assumed liabilities and cure costs provide value to the royalty holders and other stakeholders. As mentioned above, executing a transaction for the Clavos Property will avoid its continued abandonment.

RECEIVER'S INTERIM RECEIPTS AND DISBURSEMENTS

52. Attached hereto as **Appendix "T"**, is the Interim Statement of Receipts and Disbursements for the period August 18, 2018 to January 17, 2019 (the "**Interim R&D**"). Excluding deposits by prospective purchasers, as at January 17, 2018, the closing cash balance was approximately \$143,000.

53. The Receiver collected approximately \$58,000 for an HST refund in the week ending January 12, 2019 and it is in the process of funding its commitments for costs incurred to date.

CONCLUSIONS AND RECOMMENDATIONS

54. For the reasons set out above, the Receiver recommends that the Court make Orders in the forms of the proposed Approval and Vesting Orders, approving the Onaman APA and Clavos APA and the Proposed Transactions (including the assignment of relevant contracts, as necessary).

55. In addition, we submit this Third Report to in support of the Receiver's motion to this Court making orders:

- a. approving the Receiver's Interim Statement of Receipts and Disbursements for the period from August 18, 2018 to January 17, 2019;
- b. approving the activities of the Receiver since August 21, 2018;

- c. sealing Confidential Appendices “A” and “B” until the Proposed Transactions are closed, subject to further order of Court;
- d. sealing Confidential Appendix “C” subject to further order of Court; and
- e. providing such other relief that this Honourable Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Toronto, Ontario this 23rd day of January, 2019.

Deloitte Restructuring Inc.,
solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “C”

Court File No. 18-601307-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

REPORT OF THE PROPOSED RECEIVER
DELOITTE RESTRUCTURING INC.
DATED JULY 12, 2018

INTRODUCTION

1. This report (“**Report**”) is filed by Deloitte Restructuring Inc. (“**Deloitte**”) as proposed receiver over the assets, property and undertakings (the “**Property**”) of Sage Gold Inc. (“**Sage**” or the “**Company**”).
2. The application for the appointment of Deloitte as Receiver is being made by CRH Funding II Pte. Ltd. (“**CRH**”), the senior secured creditor of the Respondent.
3. Sage is a publically traded company headquartered in Toronto, Ontario, with its common shares listed on the TSX Venture Exchange under the symbol “SGX”.
4. Sage is primarily engaged in the exploration of gold in Ontario Canada. Its main properties consists of the Clavos property (the “**Clavos Property**”) located near Timmins and the Onaman property northeast of Thunder Bay (the “**Onaman Property**”).
5. As set out in the Affidavit of Andrew Wehrley sworn on July 10, 2018, Sage is in default of its obligations under a Gold Purchase Agreement dated November 17, 2016 and the obligations owed by Sage to CRH are secured pursuant to a Debenture dated November 17, 2016.
6. On June 25, 2018, CRH issued a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the “**244 Notice**”) with a view to seeking the appointment of Deloitte as receiver.
7. On July 10, 2018, Sage publicly announced its financial results for the quarter-ended March 31, 2018, it suffered a net loss of approximately \$3.0 million, and EBITDA (a proxy for cash flow) was approximately negative \$2.5 million.

8. The purpose of the proposed receivership proceedings is to secure the Property, complete the process of placing the mines on care and maintenance and for the receiver to realize on the Property.
9. The purpose of this Report is to provide this Honourable Court with the observations of Deloitte based on its recent attendance on site at the Clavos Property.
10. All references to currency are in Canadian dollars unless otherwise noted.

TERMS OF REFERENCE

11. In preparing this Proposed Receiver's Report, Deloitte has relied upon unaudited financial information, discussions with representatives of Ritchie Services (defined below) who are engaged in Sage's mining operations. The Proposed Receiver has not performed an audit or other verification of such information and accordingly, the Proposed Receiver expresses no opinion or other form of assurance in respect of such information contained in this Proposed Receiver's Report.

RECEIVER'S ATTENDANCE

12. On Friday July 6, 2018, Mr. Nigel Lees, Chief Executive Officer of Sage permitted representatives of Deloitte to attend, on an short term basis, at Sage's primary mine at the Clavos Property in order to assess the situation, inspect the property and meet with representatives of the contract mine manager, R. Ritchie Services Ltd. ("**Ritchie Services**").
13. Sage does not have any of its own employees that work at the Clavos Property or the Onaman Property. Sage retains Richie Services as the contract mine manager and Ritchie Services directly engages employees that attend at Clavos Property to carry out the required activities and care and maintenance operations. Sage is invoiced by Ritchie Services for the manpower and supplies utilized at the Clavos Property. Accordingly, Ritchie Services is very familiar with the operations at the Clavos Property.

14. Commencing Saturday July 7, 2018, Rob Biehler, Senior Vice-President of Deloitte attended at the Clavos Property and met with Bob Ritchie, P. Eng., principal of Ritchie Services, mine project manager and Qualified Person (i.e. a defined term in the mining industry that reflects subject matter expert possessing technical skills and experience in mineral exploration, mine development and operations), Ross Penney, mine superintendent and Keith Gage, mining compliance administrator.
15. The Receiver's representative attended the Clavos Property on a daily basis until Tuesday July 10, 2018, and completed the following activities:
 - a) Interviewing representatives of Ritchie Services with a view to understand the care and maintenance and physical security activities being carried out at the Clavos Property, in addition to the proposed budget for manpower and operating supplies and adequacy of capital resources (collectively "**Care and Maintenance Program**");
 - b) Identifying risks and status of key suppliers of Sage impacting the Care and Maintenance Program;
 - c) Reviewing the status of payment arrangements with Ritchie Services and the impacted employees that work on-site at Clavos Property;
 - d) Reviewing the status of the staff's environmental compliance monitoring and reporting practices;
 - e) Reviewing the status of compliance in respect of matters related to Ministry of Labour ("**MOL**") and Ministry of Environment, Conservation and Parks ("**MOE**"); and
 - f) Other matters impacting the stakeholders, including CRH.

PROPOSED RECEIVER'S OBSERVATIONS

16. Sage is facing severe liquidity and other issues which impact the Company's ability to effectively complete and continue the Care and Maintenance Program. These issues include:

- a) Sage has not provided a payment to Ritchie Services since mid-May 2018. Bob Ritchie estimates that his company is owed over \$1.4 million by Sage and as a result it has ceased making payroll and other payments to its employees that work at the Clavos Property;
- b) In order to complete and continue the Care and Maintenance Program, Ritchie Services will require a minimum of 8 employees, including Bob Ritchie, in light of the various roles and 24 hour, 7 day nature of the security and operations required;
- c) Ritchie Services employees are paid on the 10th and 25th of the month for work completed up to the last day of the month prior and 15th day, respectively. The latest day of payment that these employees have been paid is May 25, 2018 and therefore the employees that have continued the Care and Maintenance Program for Sage are approximately 45 days in arrears. Deloitte was advised that the significant majority of the remaining former employees of Ritchie Services serving Sage have been laid off or have resigned;
- d) the purchase of consumable materials, including diesel fuel, water treatment chemicals, mobile equipment parts, pump parts, etc. are critical to the effective execution of the Care and Maintenance Program. Sage does not have sufficient funding the secure supply of these materials;
- e) Deloitte has requested from management, but has not received, confirmation of the payment of insurance premiums to date, and therefore it is unclear whether Sage currently has insurance coverage in place;

- f) Two key suppliers that Sage requires for its MOE reporting, Testmark Laboratories Ltd. who test the quality of water discharged into the environment, and WSP Canada Inc. who provide reporting on the Company's water sampling volumes and other parameters have ceased providing information to the Company. It is unclear whether the water samples have been tested and the recent results are unknown to the Company;
 - g) Sage has seven (7) underground pumps in the mine down to the 261 meter level. These pumps are discharging water out of the mine at the rate of approximately 750,000 L per day as part of the Care and Maintenance Program. The pumping is necessary to maintain the water levels. Sage only has one spare pump in the case of a failure; and
 - h) Bob Ritchie advises that the pumps operate solely on electrical power and that to his knowledge the Hydro One invoice has not been paid in at least 90 days. If power service is terminated, pumping would stop and the resulting rise in water levels would place the underground equipment in peril and potentially diminish the economic recovery in respect of the mine. In addition, the underground equipment, such as transformers and electrical equipment, contain contaminants and therefore maintaining the water levels at safe levels is important for environmental compliance.
17. There is one outstanding order issued by the MOL and three outstanding orders issued by the MOE orders which cannot be addressed without additional liquidity and appropriate management.
18. The outstanding MOL order relates to the required installation of a tester for the brightness, which is measured in lumens, of the miners' hats.
19. The MOE orders are effective June 8, 2018 and are in respect of the installed septic tank and septic bed adjacent to the office facility at the Clavos Property. These orders, include:

- a) the need for signage and markers of the septic system by July 1, 2018 and Sage has addressed this action;
 - b) the inspection of the septic system and assessment of the impact of potential damage caused by equipment by July 31, 2018; and
 - c) a submission of an Environmental Compliance Assessment amendment to amend Sage's permit to include the design of the septic system which Sage built without obtaining appropriate permits.
20. Bob Ritchie and Keith Gage of Ritchie Services have indicated that Sage does not have the financial resources to comply with these orders by these deadlines. Although an extension of the deadline may be granted, Sage's ability to comply is questionable in the current circumstances.
21. Representatives of Ritchie Services have advised that their own testing of the water quality and volumes have been continued at the Clavos Property and that results are within required thresholds. Deloitte has been advised that Sage is currently compliant with MOE reporting deadlines. However, without the continued service by third-party verified information the future reporting deadlines appear to be at risk.
22. Executing the Care and Maintenance Program safely and effectively is critical to preserving the value of the Property.
23. Ritchie Services representatives advise that the diesel air compressor has been repossessed and that an immediate replacement is necessary to provide emergency air to the underground levels of the mine. Sage does not have a planned replacement or funding to put this into place.

All of which is respectfully submitted at Toronto, Ontario this 12th day of July, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Proposed Court-appointed receiver of
Sage Gold Inc., and not in its personal capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT

Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT

Senior Vice-President

Appendix “D”

Court File No. 18-601307-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

REPORT OF THE INTERIM RECEIVER
DELOITTE RESTRUCTURING INC.
DATED JULY 26, 2018

INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 13, 2018 (“**Interim Receivership Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as interim receiver (the “**Interim Receiver**”) of all of the assets, undertakings and properties of Sage Gold Inc. (“**Sage**” or the “**Company**”) acquired for, or used in relation to business carried on by Sage (the “**Property**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O., 1990, C-43 (“**CJA**”). A copy of the Interim Receivership Order is attached hereto as **Appendix “A”**.
2. The application for the appointment of Deloitte as receiver pursuant to section 243 of the BIA and section 101 of the CJA over the Property (“**Receiver**”) made on July 13, 2018 by CRH Funding II Pte. Ltd. (“**CRH**”), the senior secured creditor of the Respondent, was opposed by the Company. At that time, the Company requested that the Court grant it additional time to prepare responding materials. The Court found it appropriate in the circumstances to grant the Interim Receivership Order and schedule a hearing on July 30, 2018 to address CRH’s application for the appointment of Deloitte as Receiver and the Company’s opposition to the receivership proceedings.
3. The Company’s main properties consist of the Clavos mine located near Timmins (the “**Clavos Property**”) and the Onaman exploration property northeast of Thunder Bay (the “**Onaman Property**”). The Clavos Property has been developed by Sage (and the prior owner) as a producing gold mine. The mine has been developed with an underground ramp access to 300 metre level and the surface has infrastructure including, an office and staff facility, first aid trailer, core cutting shed and a shop building. The Company also maintains two ponds for the water discharge.

4. The Onaman Property is an exploration property and does not have any infrastructure. The Interim Receiver has not attended on this site, as attending was not required to preserve this property.
5. The purpose of this Report is to provide this Honourable Court with an update on the Company and the activities of Deloitte since its appointment as Interim Receiver.
6. All references to currency are in Canadian dollars unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Interim Receiver's Report, Deloitte has relied upon unaudited financial information, the Company's books and records, discussions with representatives of Ritchie Services (defined below) who are engaged in Sage's mining operations and management of the Company. The Interim Receiver has not performed an audit or other verification of such information and accordingly, the Interim Receiver expresses no opinion or other form of assurance in respect of such information contained in this Interim Receiver's Report.

INTERIM RECEIVER'S ACTIVITIES

Attending to the Critical Situation at the Clavos Property

8. Pursuant to the Interim Receivership Order, Sage continued to maintain possession of the Clavos Property and management control of its operations. However, the Interim Receiver has been actively engaged in assisting Sage to secure, preserve and protect the Property.
9. Immediately following the issuance of the Interim Receivership Order, the Interim Receiver attended at the Clavos Property in order to assess the situation at the mine and meet with representatives of the contract mine manager, R. Ritchie Services Ltd. ("**Ritchie Services**") to review the status of the care and maintenance program (collectively "**Care and Maintenance Program**").

10. Deloitte was advised that unpaid creditors repossessed two rented mobile equipment pieces that were utilized in the Care and Maintenance Program at the Clavos Property. Sage's Toyota truck and 1.25 tonne scoop tractor were repossessed on July 12th and 13th respectively. This equipment was used, among other things, to attend to underground activities.
11. On Saturday July 14, 2018, representatives of Ritchie Services advised the Interim Receiver that the decreased volume of water flowing at the surface of the mine led them to believe that at least one of the underground pumps had ceased to operate. This raised serious concern that, as a consequence of there being no mobile equipment on site to inspect and repair the pumps on a timely basis, water levels in the mine could rise rapidly.
12. Due to the self-help remedies taken by the applicable creditors, Ritchie Services personnel could not attend to underground activities, including checking the pumps used to maintain water levels in the mine at the required level. A material increase in water levels in the mine could cause, among other things, damage to the mine and the equipment and explosives located underground.
13. The Interim Receiver made inquiries with a bailiff and the unpaid supplier about the return of the Toyota truck over the weekend. However, in light of the demands of the supplier and the critical timing constraints, it was not feasible to secure the return of the equipment from the supplier.
14. The Interim Receiver with assistance of Ritchie Services secured the rental of a mine tractor in the following days that could be used by Ritchie Services to address the rising water in the mine and to carry out the Care and Maintenance Program. The Interim Receiver was able to make the financial commitment for the rental based on the funding commitments made by CRH.
15. Ritchie Services was prevented from attending underground for approximately eight (8) days while the replacement tractor was obtained. Pumping activities were restored on July 20th and as a result,

among other things, water damage to the equipment was averted. The Interim Receiver was advised by Ritchie Services that, in its view, two pumps and an electrical panel would likely have been significantly damaged if underground activities had not been restored that day.

Securing Interim Funding From CRH

16. To date, due to the Company's inability to finance the care and maintenance of the Clavos Property, CRH has had to provide \$170,000 in funding through Receiver's Certificates, reflecting the Interim Receiver's estimate of spending for the interim receivership period up to July 30, 2018.
17. The Interim Receiver has been working with CRH representatives in reviewing the estimated expenditures related to a court-appointed receivership and in this regard, the current expenditure estimates are in excess of \$260,000 per month and in aggregate will approach or potentially exceed the Receiver's Borrowing Charge of \$1,000,000 in paragraph 19 of the Initial Receivership Order.
18. The Interim Receiver has been advised by CRH that it is only prepared to provide funding beyond July 30th if the order to approve the full receivership proceedings is granted. The Interim Receiver is not aware of Sage having secured sources of funding sufficient to continue the Care and Maintenance Program.

Discussions with Representatives of Provincial Government Ministries

19. The Interim Receiver has been actively engaged in discussions with representatives from the Ministry of Energy, Northern Development and Mines ("MNDM") and the Ministry of Environment, Conservation & Parks ("MOE"), (Collectively the "Ministries"). These discussions have been comprised of an in-person site meeting and various conference calls. The discussions are intended to provide an exchange information regarding the state of Sage's compliance with applicable laws and requirements, the environmental condition of the mine and potential steps to mitigate environmental

risks at the Clavos Property in the context of the receivership proceedings and available funding. Discussions with the Ministries are continuing as the Interim Receiver continues to review the situation. Based on the current status, it is likely that the Interim Receiver will require more time to assess the situation with the Ministries and may request extension of the time period for such evaluation set out in paragraph 16 of the Interim Receivership Order.

Other Activities

20. Since the date of the Interim Receivership Order, the Interim Receiver had conducted the following additional activities to monitor, preserve and protect the Property:

- a) Meeting with the mine manager and staff of Ritchie Services to discuss the plan to execute the Care and Maintenance Program and to arrange for invoicing and communications to the Interim Receiver;
- b) Negotiating the re-commencement of the water quality testing and reporting by Testmark Laboratories Ltd.;
- c) Contacting WSP Canada Inc., Sage's independent engineering firm that provides periodic reports to the MOE, in order to discuss the going forward plan to complete appropriate reports;
- d) Contacting certain suppliers for continued supply of consumables such as diesel fuel, oil and filters for equipment;
- e) Contacting local equipment rental companies and with assistance of a supplier representative, located, and secured an air compressor for monthly rental;
- f) Providing a copy of the Interim Receivership Order to key suppliers and creditors to advise of the appointment of Deloitte and the stay of proceedings in place for Sage;

- g) Attending to calls with representatives of Sage's management to discuss information requests and arranging for funding of the payment of insurance from Sage's bank accounts;
- h) In conjunction with its counsel, the Interim Receiver responded to the counsel to Ritchie Services to consent to the issuance of a Statement of Claim to perfect its claim under the *Construction Lien Act*;
- i) Monitoring Ritchie Services' physical count of capital assets, inventory key supplies above and below ground (including explosives, fuels, chemicals, and waste);
- j) Monitoring the operations, security and Care and Maintenance Program on-site and assessing the effectiveness of the monitoring and testing procedures being carried out at the Clavos Property;
- k) Collecting approximately \$24,000 related to an amount due for scrap sold to waste company pursuant to the Interim Receivership Order;
- l) Reviewing the geological data and core samples being stored on-site and on the server and monitored the back-up procedures undertaken by Ritchie Services personnel to secure the mine data for Sage; and
- m) Posting the Interim Receivership Order, together with related Court documents and Deloitte's report as proposed receiver dated July 12, 2018 to the Interim Receiver's website at www.insolvencies.deloitte.ca/en-ca/sage.

Interim Receiver's Receipts and Disbursements

21. The receipts and disbursements of the Interim Receiver from the period of July 13, 2018 to July 25, 2018 are summarized in the Interim Receiver's Interim Statement of Receipts and Disbursements as

shown in **Appendix “B”**. It should be noted that the Company’s receipts and disbursements have not been included in this statement.

22. As of the Interim Receivership Order, Sage had \$13,359.19 and \$421.54 in its two operating accounts. Based on the information provided by Sage, the following banking transactions have occurred:

- a) On July 17, 2018, Sage collected an HST refund of \$42,799.07;
- b) Since July 13, 2018, Sage has incurred \$43.79 in overdraft interest; and
- c) A cheque for \$6,738.59 issued prior to the interim receivership cleared the bank, which was in respect of Sage’s employee source deductions for the payroll period ending July 15, 2018.

23. As of the date of this Report, Sage has approximately \$49,000 in its accounts.

INTERIM RECEIVER’S OBSERVATIONS

24. The activities of the Interim Receiver and the interim funding provided by CRH have been instrumental in preserving and protecting the Property.

25. Sage continues to face severe liquidity issues and has no apparent funding available.

26. The purpose of the proposed receivership proceedings and the appointment of Deloitte as Receiver is to complete the process of placing the Clavos Property on care and maintenance and for the Receiver to develop a process that would lead to the sale of all or part of the Property and maximize recoveries.

All of which is respectfully submitted at Toronto, Ontario this 26th day of July, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Interim Receiver of
Sage Gold Inc., and not in its personal capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “E”

Court File No. 18-601307-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

**FIRST REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.
DATED AUGUST 21, 2018**

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Appendix “F” – Interim Statement of Receipts and Disbursements from July 13, 2018 to August 17, 2018

Appendix “G” – Sale and Investor Solicitation Procedures

INTRODUCTION AND PURPOSE OF REPORT

1. Pursuant to an Order (“**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2018 (“**Receivership Date**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of Sage Gold Inc. (“**Sage**” or the “**Company**”) acquired for, or used in relation to business carried on by Sage (the “**Property**”) pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O., 1990, C-43 (“**CJA**”) . A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. The application for the appointment of Deloitte as the Receiver pursuant to section 243 of the BIA and section 101 of the CJA over the Property made on July 13, 2018 by CRH Funding II Pte. Ltd (“**CRH**”), the senior secured creditor of the Respondent, was opposed by the Company. At that time, the Court found it appropriate in the circumstances to make an Order for the appointment of Deloitte as an interim receiver under Section 47 of the BIA (“**Interim Receivership Order**”) pending resolution of the Company’s opposition to the appointment at a subsequent hearing. On July 30, 2018, Mr. Justice Dunphy heard arguments from CRH, Deloitte (as interim receiver) and the Company, ultimately granting the Receivership Order. A copy of the Interim Receivership Order is attached hereto as **Appendix “B”**.
3. Sage is a publically traded company headquartered in Toronto, Ontario, with its common shares listed on the TSX Venture Exchange under the symbol “**SGX**”. Sage is primarily engaged in the exploration of gold in Ontario, Canada. Its main properties consist of the Clavos property (the “**Clavos Property**”) located near Timmins and the Onaman property northeast of Thunder Bay (the “**Onaman Property**”), each as more fully described in the affidavit of Andrew Wehrley dated July 10, 2018.

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4. Deloitte previously issued two reports to the Court in these proceedings. Attached hereto is the Report of the Proposed Receiver (without appendices) and Report of the Interim Receiver (without appendices) as **Appendix “C”** and **“D”**, respectively.
5. The Clavos Property has been developed by Sage (and the prior owner) as a producing gold mine. The mine has been developed with an underground ramp access to 300 meter level and the surface has infrastructure including, an office and staff facility, first aid trailer, core cutting shed and a shop building.
6. The Onaman Property is an exploration property and does not have any infrastructure. The Receiver has not attended on this site, as attending was not required to preserve this property.
7. The Receivership Order authorized the Receiver to, among other things, take possession of, and exercise control over the Property and any and all proceeds, receipts and disbursements, arising out of, or from, the Property.
8. The Receivership Order, together with related Court documents, the Notice to Creditors and this report (the **“First Report”**) have been posted on the Receiver’s website at: www.insolvencies.deloitte.ca/en-ca/sagegoldinc .
9. The purpose of this First Report is to:
 - a. Provide this Honourable Court with an update on the Receiver’s activities and the administration of the receivership since its appointment; and
 - b. Respectfully recommend that this Honourable Court make orders:
 - i) Approving the sales and investment solicitation process (the **“SISP”**) proposed and developed by the Receiver and its legal counsel in consultation with CRH and its legal counsel in respect of the Property and authorizing and directing the Receiver, including through its affiliate, Deloitte

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Corporate Finance Inc. (“**DCFI**”), to take all steps and actions necessary to implement, conduct and carry-out the SISP.

- ii) Approving the Receiver’s Interim Statement of Receipts and Disbursements for the period from July 13, 2018 to August 17, 2018;
- iii) Approving the activities of the Receiver since July 13, 2018; and
- iv) Providing such other relief that this Honourable Court considers just and warranted in the circumstances.

10. Unless otherwise stated, all dollar amounts contained in this First Report are expressed in Canadian dollars.

11. Unless otherwise provided, all other capitalized terms not otherwise defined in this First Report are as defined in the Receivership Order or the Report of the Interim Receiver.

TERMS OF REFERENCE

12. In developing this First Report, the Receiver has relied upon unaudited financial information prepared by the Company’s management (“**Management**”), the Company’s books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to be the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

RECEIVER’S ACTIVITIES

Taking possession and safeguarding assets

13. The Receiver has undertaken the following activities in accordance with the terms of the Receivership Order:

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Toronto Head Office

- a. attended the Company's premises at 67 Yonge Street, Unit 808 in Toronto and took possession of the books and records;
- b. met with Sage's former Chief Financial Officer and the former accounts payable administrator (the only remaining employees of Sage) on-site to advise them of the appointment of the Receiver and, pursuant to paragraph 14 of the Receivership Order, delivered notices of termination of their employment by the Company;
- c. ensured access to the building was restricted only to those individuals engaged or authorized by the Receiver;
- d. arranged for the backing up of Sage's computer cloud system and revoked the access of all non-authorized users;
- e. engaged two former employees as independent contractors to assist the Receiver with certain activities including to prepare a listing of known creditors, Records of Employment and T4 slips, to bring the books and records of Sage up to date, to file the HST and other statutory returns, to preserve the books and records, complete a listing of Sage's records held offsite and attended other additional matters as they arose from time to time;
- f. arranged for a complete inventory to be made of the Company's assets at the head office and arranged for a walk through and informal appraisal of the assets, net of moving costs;
- g. made arrangements for the continuation of services with the existing off-site storage provider;
- h. provided Sage and its counsel with notice that it intended to terminate Sage's interest in the premises lease;

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- i. contacted Davpart Inc. (the “**Landlord**”) to obtain a copy of the head office lease and issued receivership notification to terminate the lease effective August 16, 2018 and requested an accounting for occupation rent; and
- j. responded to inquiries made by several creditors with outstanding invoices related to pre-receivership period.

Clavos Property

- k. attended the Clavos Property and took possession of the Company’s assets located there;
- l. made arrangements for continuation of services with utilities and other service providers including in respect of electricity, telephone and internet;
- m. arranged for a complete inventory to be made of the Company’s equipment and inventory located underground at various levels and on the surface;
- n. made arrangements with the mine manager and staff of Ritchie Services regarding staffing, billing arrangements and communications with representatives of the Receiver;
- o. arranged for continued environmental testing and commissioning of regulatory and compliance reporting provided by Testmark Laboratories Ltd. and WSP Canada Inc.;
- p. made arrangements with certain suppliers for continued supply of consumables such as diesel fuel, water treatment chemicals, oil and filters for equipment.
- q. contacted companies that rented pumping equipment to Sage in order to reconcile the status of the accounts, identify pumps being utilized in the dewatering process in order to determine the expenses related the Receiver’s activities.

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- r. issued receivership notification to suppliers and creditors or any other party who may have had Sage's property in their possession, of the appointment of Deloitte as the Receiver and the stay of proceedings;
- s. coordinated with the management to obtain a list of Company's independent contractors and consultants to advise of the receivership and to release Sage's books and records in their possession to the Receiver;
- t. continued monitoring the security and maintenance activities, movement of underground mining equipment to surface, dewatering activities related to with the Care and Maintenance Program on-site and continued assessing the effectiveness of the monitoring and testing procedures being carried out at the Clavos Property by representatives of Ritchie Services;
- u. ensured that backing up of electronic data at Clavos Property which was undertaken by Ritchie Services personnel and monitored by a representative of Deloitte;
- v. reviewing geological data, resource calculations, core sample inventory and drilling records and interviewing former independent contractors and representatives of Ritchie Services were undertaken by Receiver's staff with geotechnical and mining expertise;
- w. continued communication with representatives of provincial government Ministries to provide information regarding the current status of Sage's compliance with applicable laws and requirements, the environmental condition of the mine and potential steps to mitigate environmental risks at the Clavos Property through the receivership proceedings.

Other Activities of the Receiver

13. The Receiver completed the following activities since its appointment:

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- a. established the Receiver's website and issued the Notice and Statement of Receiver pursuant to subsections 245(1) and 246(1) of the BIA. A copy of the notice is attached hereto as **Appendix "E"**. The prescribed notice pursuant to Section 245(2) also been provided to the Office of the Superintendent of Bankruptcy;
- b. notified the Company's bank, Royal Bank of Canada, of its appointment and requested all accounts be frozen for deposit only. The Receiver arranged for the opening of new bank accounts to facilitate future receipts and disbursements with respect to the administration of the receivership;
- c. informed the Canada Revenue Agency ("**CRA**") of the receivership and requested the establishment of a new HST account for the post-receivership period and audits of the pre-receivership HST and payroll accounts of Sage;
- d. provided notice of the Receiver's appointment to Hub International HKMB, the Company's insurance broker, who arranged for continued insurance coverage through the Company's insurer, Chubb Insurance Co. of Canada ("**Chubb**"). Additionally, the Receiver requested to be added as named insured and loss payee on the Company's policies with Chubb; and
- e. registered with Service Canada and calculated the *Wage Earner Protection Program Act* ("**WEPPA**") claims for the only former employee and forwarded the appropriate information to Service Canada.

Environmental and Regulatory Matters

14. Representatives of the Receiver and its legal counsel have continued to conduct regular conference call meetings with representatives of the Ministry of Environment, Conservation and Parks ("**MOECP**") and the Ministry of Northern Development, Mines and Forestry ("**MNDMF**"), collectively referred to as

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“**Ministries**”, in order to assess the current status of the Clavos Property, environmental compliance and risks associated with the Clavos Property and collect copies of relevant current records and other matters.

15. Further to the Receiver’s discussions with the Ministries and its own due diligence, and subject to available financing, the Receiver has developed a go forward plan which involves placing mining activity at the Clavos Property on temporary suspension, and has shared this plan with the Ministries.
16. The Receiver contacted two licensed companies that have the capability to inspect, remove and transport explosive materials in order to remove the existing materials on-site and in this regard, the Receiver has prepaid for this service with the incumbent supplier. The supplier is scheduling an inspection and appropriate steps will commence within two weeks of the date of this Report.
17. The Receiver engaged a licensed contractor to inspect and pump the septic tank system at Clavos Property. The location of the septic bed has been flagged and marked.
18. A representative of the Receiver with appropriate technical qualifications reviewed the latest laboratory test results for water quality of the discharge and the latest reports by WSP in order to confirm water quality and volumes being discharged were within normal levels.

INTERIM FUNDING

19. To date, CRH has provided \$549,000 in funding through Receiver’s Certificates which has been utilized in the Care and Maintenance Program and in the receivership administration.
20. The Receiver has been working with CRH representatives to establish the budget and reporting processes in the receivership proceeding. Representatives of CRH have attended conference calls to review the actual expenditures and to discuss the forecasted expenditures.

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21. As noted in previous reports the funding of the Care and Maintenance Program will be principally funded by Receiver's Certificates.

RECEIVER'S INTERIM RECEIPTS AND DISBURSEMENTS

22. Attached as **Appendix "F"** is the Interim Statement of Receipts and Disbursements for the period July 13, 2018 to August 17, 2018 (the "**Interim R&D**"). As at August 17, 2018, the closing cash balance was approximately \$483,000.

PROPOSED SALE AND INVESTOR SOLICITATION PROCESS

23. The Receiver and its legal counsel have developed the SISP with respect to the marketing and sale of the Property and solicitation of investment proposals from interested parties. A copy of the SISP is attached hereto as **Appendix "G "**. The Receiver is of the view that it is necessary to execute the SISP to properly market the Company's Property and is seeking approval from this Honourable Court to approve the SISP.

24. The following is a summary of the key components of the SISP (to be undertaken by the Receiver and its affiliate):

- a. the Receiver, including through its affiliate, DCFI, shall conduct the Solicitation Process as defined in the SISP;
- b. as soon as reasonably practicable after the granting of an Order approving the SISP, the Receiver shall issue a press release announcing this SISP;
- c. the Receiver, will prepare a list of potential bidders in respect of a Sale or an Investment in Sage (the "**Known Potential Bidders**"). The Secured Creditor may identify any parties to the Receiver which shall be included in the list of Known Potential Bidders;

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- d. the Receiver, will prepare an initial offering summary (the “**Teaser Letter**”) notifying prospective buyers of the existence of the SISP and inviting such parties to enter into a confidentiality agreement (“**Confidentiality Agreement**”) in order to receive further information;
- e. following the execution of a Confidentiality Agreement and submission of documentation to the Receiver demonstrating that a party has the financial and other capabilities to consummate a Sale or an Investment in Sage, that party shall be deemed to be a potential bidder (“**Potential Bidder**”);
- f. the Receiver, based on the criteria set out in the SISP, will make a determination as to whether a Potential Bidder is a “**Qualified Phase 1 Bidder**” as promptly as practicable, but not later than five (5) Business Days after a Potential Bidder delivers all of the materials required. The Receiver will promptly notify the Potential Bidder that it is a Qualified Phase 1 Bidder;
- g. the Receiver will establish an electronic data room containing detailed relevant information related to Sage Property for sale and the debt and equity interests in Sage;
- h. the Receiver will make due diligence materials and information relating to the Sage Property and the debt and equity interests in Sage available to Potential Bidders as the Receiver deems appropriate;
- i. Qualified Phase I Bidders interested in submitting non-binding indications of interest to acquire all, or substantially all of the Sage Property or to invest in Sage (each a “**Non-Binding Indication of Interest**”) must deliver a Non-Binding Indication of Interest to the Receiver by 5:00 p.m. (Toronto time) on September 28, 2018, or such later date or time as the Receiver may determine appropriate (the “**Phase 1 Bid Deadline**”);
- j. a Non-Binding Indication of Interest will be considered a “**Qualified Non-Binding Indication of Interest**” only if it is submitted by a Qualified Phase 1 Bidder, received on or before the Phase 1 Bid

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Deadline, and contains the necessary information described in the SISP, including the intention to make a Sale Proposal or to make an Investment Proposal;

- k. following the Receiver's assessment, each Qualified Phase 1 Bidder who has submitted a Qualified Non-Binding Indication of Interest may be accepted as a "**Qualified Phase 2 Bidder**". Pursuant to the SISP, if CRH executes a Confidentiality Agreement, it will be deemed to be a Qualified Phase 2 Bidder and may, upon notice to the Receiver (within 5 days of the commencement of Phase 2 of the process), participate in Phase 2 of the sales process;
- l. a Sale Proposal submitted by a Qualified Phase 2 Bidder will be considered a "**Qualified Purchase Bid**" and an Investment Proposal submitted by a Qualified Phase 2 Bidder will be considered a "**Qualified Investment Bid**" only if they comply with all of the SISP requirements;
- m. a Qualified Phase 2 Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid, (each a "**Qualified Bid**") to the Receiver by no later than 5:00 p.m. (Toronto time) on October 29, 2018, or such later date or time as the Receiver may determine appropriate (the "**Phase 2 Bid Deadline**");
- n. the Receiver will assess and consider whether the Qualified Bid(s), if any, are likely to be consummated and in the best interests of stakeholders of Sage and may select Qualified Bids for further negotiation and/or clarification of any terms or conditions before identifying the highest or otherwise best Qualified Bid(s) received (the "**Successful Bid**"). The Qualified Bidder(s) who made the Successful Bid is/are the successful bidder ("**Successful Bidder**");
- o. The Receiver, will finalize definitive agreements in respect of the Successful Bid conditional upon approval by the Court; and
- p. in the event that no Qualified Bid was received, or at least one Qualified Bid was received but it is not likely that the transactions contemplated in such Qualified Bids will be consummated, the

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Receiver shall notify the Secured Creditor within ten (10) business days of such determination and file an application with the Court seeking directions. The Secured Creditor shall have the option within five (5) business days from such determination to submit a credit bid (that would constitute a binding agreement if accepted) even if they did not submit a credit bid at any other point during Phase 1 or Phase 2, and notwithstanding the receipt of any new information regarding bids or offers after the commencement of Phase 2.

25. CRH is permitted to participate in the Solicitation Process as prescribed in the SISP. Should CRH wish to participate in the Solicitation Process, its rights to consult with the Receiver during the Solicitation Process are limited.

26. The key activities and estimated timelines of the SISP are summarized below:

Summary timelines of the SISP		
Phase/Event	Date	Description of Activities
SISP Order	August 29, 2018	➤ If authorized, the Court grants an order approving the sales process (the “ SISP Order ”).
Publication Notice		➤ As soon as reasonably practicable after the granting of the SISP Order, the Receiver shall issue a press release announcing the SISP.
Phase 1		<ul style="list-style-type: none"> ➤ Indications of Interest for the Company. ➤ The Receiver will promptly identify and notify Qualified Phase 1 Bidders. ➤ Qualified Phase 1 Bidders may submit Non-Binding Indications of Interest in a sale or investment in the Company. ➤ For a period of approximately 30 days after the granting of the SISP Order.
Phase 1 Bid Deadline	September 28, 2018	<ul style="list-style-type: none"> ➤ To occur at 5:00 pm on September 28, 2018. ➤ All Qualified Non-Binding Indications of Interest will be considered in regard to the requirements of the SISP.
Assessment of Non-Binding Indications of Interest		➤ As promptly as practicable after the Phase 1 Bid Deadline, each Qualified Non-Binding Indication of Interest will be assessed to determine whether it is a Qualified Phase 2 Bidder to move onto Phase 2.
Phase 2		<ul style="list-style-type: none"> ➤ Solicitation of Qualified Purchase Bid or Qualified Investment Bid. ➤ The Secured Creditor may declare its intention to make a Qualified Purchase Bid and deliver a Bid Notice within five days of the commencement of Phase 2. ➤ For a period of approximately 30 days following the Phase 1 Bid Deadline.

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Phase 2 Bid Deadline	October 29, 2018	<ul style="list-style-type: none"> ➤ To occur at 5:00 pm on October 29, 2018. ➤ A Qualified Phase 2 Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid to the Receiver prior to the Phase 2 Bid Deadline.
Evaluation and Selection of the Successful Bid		<ul style="list-style-type: none"> ➤ Terms of all Qualified Purchase Bid or Qualified Investment Bid will be clarified. ➤ The Receiver may select Qualified Bids for further negotiation and/or clarification of any terms or conditions of such Qualified Bids, including the amounts offered, before identifying the Successful Bid. ➤ Upon completion of any further negotiations or clarifications, the Receiver will identify the Successful Bid and may identify a next highest or otherwise best Qualified Bid received (such offer, the "Backup Bid").
Approval Hearing	November 12, 2018 or such other date as the Receiver may determine necessary and the Court may hear the Receiver's motion	<ul style="list-style-type: none"> ➤ After the Successful Bid and Backup Bid have been finalized in accordance with the SISP, the Receiver shall seek a hearing as soon as practicable on a date to be scheduled by the Court that will permit not less than two full business Days' notice to the service list (the "Approval Hearing") to approve the Successful Bid or the Backup Bid should the Successful Bid not close for any reason.

CONCLUSIONS AND RECOMMENDATIONS

27. We submit this First Report in support of the Receiver's motion to this Honourable Court making orders:

- a. Approving the SISP proposed and developed by the Receiver and its legal counsel in consultation with CRH and its legal counsel in respect of the Property and authorizing and directing the Receiver (including through its affiliate, DCFI) to take all steps and actions necessary to implement, conduct and carry-out the SISP.
- b. Approving the Receiver's Interim Statement of Receipts and Disbursements for the period from July 13, 2018 to August 17, 2018;
- c. Approving the activities of the Receiver since the July 13, 2018; and
- d. Providing such other relief that this Honourable Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Toronto, Ontario this 21st day of August, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity

A handwritten signature in blue ink, appearing to read "Biehler".

Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “F”

Court File No. 18-601307-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

SECOND REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.
DATED DECEMBER 12, 2018

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Appendix “H” – Sale and Investor Solicitation Process Press Release

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INTRODUCTION AND PURPOSE OF REPORT

1. Pursuant to an Order (“**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2018 (“**Receivership Date**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Sage Gold Inc. (“**Sage**” or the “**Company**”) acquired for, or used in relation to business carried on by Sage (the “**Property**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O., 1990, C-43 (“**CJA**”) . A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. The application for the appointment of Deloitte as the Receiver pursuant to section 243 of the BIA and section 101 of the CJA over the Property made on July 13, 2018 by CRH Funding II Pte. Ltd. (“**CRH**”), the senior secured creditor of the Respondent, was opposed by the Company. At that time, the Court found it appropriate in the circumstances to make an Order for the appointment of Deloitte as an interim receiver (“**Interim Receivership Order**”) pending resolution of the Company’s opposition to the appointment at a subsequent hearing. On July 30, 2018, Mr. Justice Dunphy heard arguments from CRH, Deloitte (as interim receiver) and the Company, ultimately granting the Receivership Order. A copy of the Interim Receivership Order is attached hereto as **Appendix “B”**.
3. Background information summarizing Sage’s receivership proceedings to August 21, 2018 is included in the Report of the Proposed Receiver, Report of the Interim Receiver and Receiver’s First Report, all of which are attached, without appendices, as **Appendix “C”**, “**D**” and “**E**”, respectively.
4. As previously discussed and in the First Report, the Company’s assets consist of the Clavos property (the “**Clavos Property**”) located near Timmins and the Onaman property northeast of Thunder Bay (the “**Onaman Property**”), each as more fully described in the affidavit of Andrew Wehrley dated July 10, 2018.

5. On August 29, 2018, the Court granted an Order to approve the Sale and Investment Solicitation Process (the “**SISP Order**”), attached hereto as **Appendix “F”**. The SISP Order, among other things, authorizes and directs the Receiver and its agent, Deloitte Corporate Finance Inc. (“**DCFI**”) to carry out the activities in connection with the sale of all or substantially all of the properties Sage as prescribed in the SISP (the “**SISP**”).
6. The Receivership Order and the SISP Order, together with related Court documents including Deloitte’s previously issued reports and this second report of the Receiver (the “**Second Report**”) have been posted on the Receiver’s website at: www.insolvencies.deloitte.ca/en-ca/sagegoldinc .
7. The purpose of this Second Report is to provide this Honourable Court with information regarding the following:
 - a. The Receiver’s activities since the date of the First Report; and
 - b. Respectfully recommend that this Honourable Court make orders:
 - i) Approving the Priority Claims Process;
 - ii) Approving the Receiver’s Interim Statement of Receipts and Disbursements for the period from August 18, 2018 to December 7, 2018;
 - iii) Approving an increase to the maximum principal amount of the Receiver’s borrowing and the Receiver’s Borrowings Charge (as defined in the Receivership Order) from \$1.0 million to \$2.0 million;
 - iv) Approving the activities of the Receiver since August 21, 2018; and
 - v) Providing such other relief that this Honourable Court considers just and warranted in the circumstances.

8. Unless otherwise stated, all dollar amounts contained in this Second Report are expressed in Canadian dollars.
9. Unless otherwise provided, all other capitalized terms not otherwise defined in this Second Report are as defined in the Receivership Order or the Receiver's previously issued reports.

TERMS OF REFERENCE

10. In developing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Company's management ("**Management**"), the Company's books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to be the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

RECEIVER'S ACTIVITIES

11. Since the First Report, the Receiver has undertaken the following activities in accordance with the terms of the Receivership Order:

Administrative activities

- a. On August 13, 2018, notified the Company's counsel, Ormston List Frawley LLP, of the intention to terminate lease of Corporate Office of Sage Gold Inc. located at 808, 67 Yonge Street, Toronto, Ontario, Canada;
- b. On August 16, 2018, terminated the head office lease and issued a final payment to Davpart Inc. (the "**Landlord**") for the post receivership period;
- c. Filing post-receivership Harmonized Sales Tax ("**HST**") returns, corresponding with Canada Revenue Agency ("**CRA**") in respect of trust audits and filing requirements. CRA has completed its trust audits

and there are no HST amounts or payroll source deductions outstanding that would stand in priority over CRH's secured indebtedness;

- d. Reviewing correspondence from CRA to the Company outlining a proposed reassessment on the pre-receivership balance for unpaid HST on Sage's outstanding accounts payable. The preliminary amount is approximately \$1.1 million, which appears to be an unsecured claim.
- e. Administering the *Wage Earner Protection Program Act*, for a former employee;
- f. Co-ordinated with Hub International HKMB, the Company's insurance broker, and Chubb Insurance Co. of Canada, the Company's insurer, to continue and extend the current insurance plan to December 31, 2018;
- g. Instructing McMillan LLP, the Receiver's independent legal counsel ("**McMillan**"), to conduct a review of the CRH's security and the construction liens;
- h. Engaging former employees to assist with the creation of the data room and to respond to questions from prospective purchasers in respect of Sage's geological data, resource calculations and other business matters;
- i. Corresponding with several creditors, stakeholders and other interested parties during the administration; and
- j. Conducting the SISP as described in more detail below, including negotiating the terms of the APA.

Clavos mine activities

- k. Co-ordinating, through the continued engagement of Ritchie Services:
 - i. ongoing Care and Maintenance Program at the Clavos Property;

- ii. continued environmental testing and regulatory and compliance reporting; and
- 1. Identifying, through Ritchie Services, the specific needs and areas for winterization and implementing the logistics to mitigate the risks of cold weather hazards at the Clavos Property. The Receiver, among other things, made arrangements for the supply of propane to the mine, the purchase of necessary materials to seal the mine's portal for winter, the completion of the heat inspection on-site and secured the rental of 13 million BTU heater from a supplier.

Environmental Regulatory Matters

- m. Completing the renewal of the Permit to Take Water application for both ground and surface water on behalf of Sage. Sage's application for ground water and surface water were submitted to the Ministry during the week ended November 29, 2018;
- n. As reported previously, the Receiver has continued to conduct regular conference call meetings with representatives of the Ministry of Environment, Conservation and Parks ("MOECP") and the Ministry of Northern Development, Mines and Forestry ("MNDMF"), collectively referred to as "Ministries". The Receiver discussed the status and activities at the Clavos Property and verbally communicated to the Ministries information regarding the current status of Sage's environmental compliance obligations at the Clavos Property; and
- o. Reviewing a draft report resulting from the Ministries' visit during July 2018.

SALE AND INVESTOR SOLICITATION PROCESS

- 12. As discussed in the First Report of the Receiver, the Receiver and its legal counsel developed the SISP with respect to the marketing and sale of the Property and solicitation of investment proposals from interested parties. The Honourable Court approved the SISP Order on August 29, 2018.

13. Following the granting of the SISP Order, the Receiver undertook the following steps in accordance with the requirements of the SISP:

- a. DCFI, in consultation with the Receiver, developed an initial offering summary (the “**Teaser**”) and a confidential information memorandum (the “**CIM**”). A copy of Teaser is attached as **Appendix “G”**;
- b. DCFI identified and contacted 142 potential purchasers (“**Known Potential Bidders**”), primary global mining producers, operators, and investors with a focus in North America as well as other relevant parties. All Known Potential Bidders, were provided a copy of the Teaser and a confidentiality agreement (“**Confidentiality Agreement**”);
- c. Any party who expressed an interest in the Property was required to sign the Confidentiality Agreement in order to receive further information. Subsequent to which, the parties were provided access to an electronic data room (the “**Data Room**”) containing detailed financial, technical and other relevant information;
- d. On September 14, 2018, the Receiver issued a press release in the Canadian Newswire announcing the SISP and providing the Receiver’s contact information for interested parties. A copy of the press release is attached as **Appendix “H”**;
- e. 15 parties executed the Confidentiality Agreement and each was determined to be a “**Potential Bidder**” in accordance with the SISP and were provided with the CIM and access to the Data Room;
- f. Of those 15 parties, seven (7) withdrew from the process and eight (8) submitted a non-binding indications of interest to acquire all, or substantially all of Sage’s Property or to invest in Sage (each a “**Non-Binding Indication of Interest**”) which were delivered to the Receiver on or before 5:00 p.m. (Toronto time) on September 28, 2018 (the “**Phase 1 Bid Deadline**”);

- g. The Receiver, in conjunction with DCFI, reviewed the eight (8) Non-Binding Indications of Interest and determined that six (6) parties would each be designated as a “**Qualified Phase 1 Bid**” and each bidder was accepted as a “**Qualified Phase 2 Bidder**” based on the criteria set out in the SISP. The Receiver promptly notified each party;
- h. In accordance with the SISP, CRH issued a bid notice (the “**Bid Notice**”) to the Receiver identifying its intention to participate in Phase 2 and setting out the general terms of its potential credit bid. CRH also executed a Confidentiality Agreement and subsequently it was deemed to be a Qualified Phase 2 Bidder;
- i. The Receiver arranged introductory teleconference calls with each Qualified Phase 2 Bidder and facilitated the due diligence process;
- j. To facilitate ongoing negotiations and to allow additional time for further due diligence, the Receiver exercised its discretion twice to extend the Phase 2 bid deadline, ultimately to November 12, 2018 (the “**Final Phase 2 Bid Deadline**”);
- k. Currently the Receiver has received a number of Phase 2 bids and is currently in negotiations with Qualified Phase 2 Bidders in an attempt to finalize one or more transactions for the sale of Sage’s assets and expects to return to this Honourable Court in the near term in order to seek the approval of such a transaction(s).

14. The key activities and timelines undertaken by the receiver in respect of SISP are summarized below:

Summary timelines of the SISP		
Phase/Event	Date	Description of Activities
SISP Order	August 29, 2018	➤ the Court granted an order approving the sales process (the “ SISP Order ”).
Publication Notice	September 14, 2018	➤ The Receiver issued a press release in Canadian Newswire

Phase 1	August 29 – September 27, 2018	<ul style="list-style-type: none"> ➤ Circulation of the Teaser and Confidentiality Agreement ➤ CIM and Data Room were made available for access to parties who executed the Confidentiality Agreement ➤ Received Indications of Interest for the Company ➤ The Receiver and DCFI identified and notified Qualified Phase 1 Bidders who submitted Non-Binding Indications of Interest in a sale or investment in the Company
Phase 1 Bid Deadline	September 28, 2018	<ul style="list-style-type: none"> ➤ Occurred at 5:00 pm on September 28, 2018 ➤ All Qualified Non-Binding Indications of Interest were reviewed and considered in regard to the requirements of the SISP.
Assessment of Non-Binding Indications of Interest	September 29 – October 2, 2018	<ul style="list-style-type: none"> ➤ After the Phase 1 Bid Deadline, each Qualified Non-Binding Indication of Interest was assessed to determine whether it is a Qualified Phase 2 Bidder to move onto Phase 2.
Phase 2	October 3, 2018 – November 12, 2018	<ul style="list-style-type: none"> ➤ Solicitation of Qualified Purchase Bid or Qualified Investment Bid commenced ➤ The Secured Creditor declared its intention to make a Qualified Purchase Bid and delivered a Bid Notice within five days of the commencement of Phase 2
Initial Phase 2 Bid Deadline	October 29, 2018	<ul style="list-style-type: none"> ➤ Initially was set to occur at 5:00 pm on October 29, 2018 ➤ At the request of the Secured Creditor and others, the Phase 2 Bid Deadline was extended. ➤ Notification sent to parties in regard to further extend the deadline for Final Phase 2 Bid Deadline
Final Phase 2 Bid Deadline	November 12, 2018	<ul style="list-style-type: none"> ➤ Occurred at 5:00 pm on November 12, 2018 ➤ Qualified Phase 2 Bidders delivered a Qualified Purchase Bid or Qualified Investment Bid to the Receiver

INDEPENDENT LEGAL REVIEW OF CRH SECURITY

15. At the Receiver’s request, its counsel McMillan conducted a review of, and provided an opinion on validity and enforceability of certain security granted in connection with the Gold Prepayment Agreement dated as of November 17, 2016 (the “**GPA**”) between CRH as purchaser and Sage as seller of gold deliveries.
16. McMillan has provided a written opinion confirming that CRH’s security:
- a. Constitutes legal, valid and binding obligations against Sage under the GPA and the Debentures;
 - b. Has been duly registered, filed or recorded in the province of Ontario; and
 - c. Has remained registered against title to the lands and the property charged.

CONSTRUCTION LIENS AND PRIORITY CLAIMS

17. The Receiver notes that under the terms of CRH credit bid, the purchaser's obligation to close the transaction is conditional on the value of any valid claims that rank ahead of CRH's security being less than or equal to a specified cap. In addition, if the Receiver elects to close a cash bid, priority claims will also need to be determined to ensure appropriate distribution of the proceeds. Accordingly, the Receiver is of the view that a reasonable process (as described in more detail below) for determining the quantum and validity of any priority claims will be necessary to complete the administration of the estate.
18. At this time, the Receiver has received eight (8) construction liens that were filed against Sage and its property (the "**Construction Liens**") on or before the Interim Receivership Order date which led to commencement of the Receivership proceeding.
19. As the result of the WEPPA administration and the audit conducted by CRA, the Receiver is of the view that the only potential creditors with a potential claim in priority to CRH may be the Construction Liens.
20. Based on the Receiver's review and the nature of the potential bids noted above, in conjunction with its counsel, McMillan, the Receiver is of the view that a limited claims process to determine whether any priority claims rank in priority to CRH's security is necessary in the circumstances. In consultation with the CRH as Purchaser, the Receiver designed a priority claims process, which is set out in the draft Priority Claims Order attached to the motion record of the Receiver (the "**Priority Claims Process**").
21. The key terms of the Priority Claims Process are as follows:
 - Within five (5) business days of the granting of the Priority Claims Order, the Receiver will provide written notice of the Priority Claims Process and the claims bar date of January 28, 2019 (the "**Priority Claims Bar Date**") to (i) all known potential priority claimants listed in Sage's books and records; (ii) all persons

with registered construction liens against Sage's property; and all persons that have registered an interest against Sage under the *Personal Property Security Act* (Ontario);

- The Receiver will also publish notice of the Priority Claims Bar Date for one (1) business day, in *The Globe and Mail* (National Edition) and the *Timmins Daily Press*;
- By the Priority Claims Bar Date, any person asserting a priority claim must delivery to the Receiver information and supporting documentation necessary to establish such person's priority claim, including evidence of the quantum of such claim and the basis on which it ranks in priority to CRH's security. If a construction lien claim is asserted, the claimant must include additional specific information set out in the Priority Claims Order. Any person who fails to submit a priority claim to the Receiver by the Priority Claims Bar Date will be forever barred from asserting such a priority claim and that claim will be designated as a "Barred Priority Claim" and be forever extinguished as against the assets and property of Sage;
- The Receiver will review all priority claims (and supporting materials) and shall accept, settle or dispute the amount or priority of each such asserted priority claim;
- If the Receiver, in consultation with CRH, as secured creditor, is unable to resolve a particular asserted priority claim and wishes to dispute such claim, the Receiver shall deliver a notice of dispute (in the form attached to the Priority Claims Order) to such claimant setting out in detail the basis upon which the claim is disputed. Any notices of dispute must be delivered by the Receiver by no later than February 4, 2019; and
- The Receiver, in consultation with CRH, may at any time refer a disputed priority claim (or a portion thereof) to this Court for adjudication. In addition, a priority claimant may seek directions of this Court in respect of the Priority Claims Process.

22. The Receiver believes that the Priority Claims Process, including the Priority Claims Bar Date, is a fair and reasonable way of determining the quantum and validity of any priority claims, which will allow the Receiver to expeditiously complete one or more sales transactions for the benefit of Sage and its stakeholders.
23. Finally, as the bids that are currently under consideration by the Receiver in respect of the Clavos Property each contemplate assumption of the various net smelter return royalty agreements to which Sage's the Clavos Property is subject, the Receiver does not anticipate requiring the counterparties to those contracts to file priority claims in the Priority Claims Process.

RECEIVER'S INTERIM RECEIPTS AND DISBURSEMENTS

24. Attached hereto as **Appendix "I"**, is the Interim Statement of Receipts and Disbursements for the period August 18, 2018 to December 7, 2018 (the "**Interim R&D**"). As at December 11, 2018, the closing cash balance was approximately \$90,000.

RECEIVER'S BORROWINGS AND ADDITIONAL FUNDING REQUIREMENT

25. As noted in previous reports the Care and Maintenance Program and the receivership costs have been principally funded by Receiver's Certificates. To date, CRH has provided \$899,000 in funding through Receiver's Certificates, which is approaching the \$1.0 million principal limit prescribed in the Receiver's Borrowing Charge in paragraph 19 of the Receivership Order.
26. Based on the estimated timelines to close a sale and costs that will continue to be incurred, it is apparent that the current expenditures will in aggregate exceed the Receiver's Borrowings Charge of \$1.0 million. The Receiver intends to fund the ongoing Care and Maintenance Program, such as winterization, environmental and water management, regulatory compliance, insurance costs, professional fees and other costs up to the anticipated closing of a sale transaction.
27. The Receiver is of the view that such borrowings are necessary and appropriate in the circumstances.

28. Accordingly, the Receiver is seeking authorization to borrow up to \$2.0 million, an increase of \$1.0 million in the Receiver's Borrowing Charge. CRH supports the Receiver's proposed increase in required borrowings.

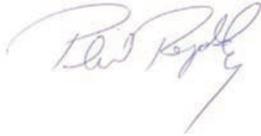
CONCLUSIONS AND RECOMMENDATIONS

29. We submit this Second Report to in support of the Receiver's motion to this Honourable Court making orders:

- a. Approving the Priority Claims Process;
- b. Approving the Receiver's Interim Statement of Receipts and Disbursements for the period from August 18, 2018 to December 7, 2018;
- c. Approving an increase to the maximum principal amount of the Receiver's Borrowing and the Receiver's Borrowing Charge (as defined in the Receivership Order) from \$1.0 million to \$2.0 million;
- d. Approving the activities of the Receiver since August 21, 2018; and
- e. Providing such other relief that this Honourable Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Toronto, Ontario this 12th day of December, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “G”

Court File No. 18-601307-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

**SUPPLEMENT TO THE
SECOND REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.
DATED DECEMBER 20, 2018**

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INTRODUCTION AND PURPOSE OF REPORT

1. The purpose of this report is to provide this Honourable Court with an update regarding recent material events in the Receivership proceedings since our second report filed on December 12, 2018 (the “**Second Report**”) and seek directions and obtain appropriate relief.
2. Capitalized terms not otherwise defined herein shall have the meanings attributed to them in the Second Report.

BACKGROUND

3. As noted in the Second Report, the Receiver has been administering the final stages of the sale and investment solicitation process approved by this Court on August 29, 2018 and, until the occurrence of the events described below, the Receiver had been in the process finalizing one or more transactions (including the CRH Credit Bid.)
4. In connection with those transactions, and with CRH’s consent and support, the Receiver served a motion returnable on December 18, 2018 for an order approving the Priority Claims Process and an order increasing the Receiver’s Borrowings Charge from \$1.0 million to \$2.0 million.
5. Throughout the receivership proceedings, CRH has provided funding on an as needed basis since the commencement of these Receivership Proceedings. The Receiver has issued five (5) separate Receiver’s Certificates evidencing advances totaling \$899,000 in borrowings authorized under the Receiver’s Borrowings Charge. Advances have been used to fund operations, primarily at the Clavos Project¹, including the environmental Care and Maintenance Program described in the Second Report.

¹ Clavos Property means (i) the area located about 46 kilometres northeast of Timmins, Ontario, and centred at 514000 E and 5384000 N in NAD83, Zone 10, presently consisting of 73 contiguous leased and/or patented claims, unpatented claims and mining leases covering 2,540 hectares, as further described in the schedules to the SISP; (ii) and any and all real property interests, mineral claims, mineral leases, and any related rights, concessions or interests, owned or in respect of which an interest is held in respect of the Clavos Project, directly or indirectly, by Sage and includes all buildings, structures, improvements, appurtenances and fixtures thereon or attached thereto, whether created privately or by the action of any

6. In light of the higher operating costs being incurred during the winter and the upcoming holiday season as part of the Care and Maintenance Program during the week ending on December 14th, and minimal cash in the Receiver's bank account, the Receiver urgently requested an additional \$100,000 to provide funding within the authorized Receiver's Borrowings Charge, plus an amount to be determined prior to December 21st on the basis that the requested increase to the Receiver's Borrowings Charge would be granted by this Honourable Court. CRH indicated to the Receiver that it was concerned with the ongoing carrying costs of the mine.

DECEMBER 14, 2018

7. Over the course of December 14, 15, 16 and 17, 2018, the Receiver engaged CRH in urgent business discussions to obtain a commitment from CRH to fund operations during the holiday period and during the period up to January 31, 2019 in order to complete the sale and investment solicitation process. The Receiver was unable to secure committed funding by the morning of December 18, 2018.
8. In light of the insufficient funding in place for the Receiver, the Receiver advised CRH that it would be taking immediate steps to notify the Director of Mine Rehabilitation, along with representatives of the Ministry of the Environment, Conservation and Parks and the Ministry of Northern Development and Mining, that the Receiver may have no choice but to abandon the Clavos Property as early as December 27, 2018. Such communication was provided to the various government authorities on the morning of December 18, 2018.

governmental authority; (iii) any term extension, renewal, replacement, conversion or substitution of any such real property interests, mineral claims, mineral leases, and any related rights, concessions or interests, owned or in respect of which an interest is held, directly or indirectly, by Sage; and (iv) and all other present and after-acquired real or personal property or other assets and rights (including water rights and surface rights) of Sage in respect of the Clavos mining, exploration and development project described in the Affidavit of Andrew Wehrley sworn on July 10, 2018 in support of the appointment of the Receiver.

DECEMBER 18, 2018

9. On December 18, 2018, the Receiver's counsel appeared before the Honourable Justice Dunphy to request the adjournment of the motion to approve the Priority Claims Process and to advise the Court of the uncertainty of additional funding and the potential need for the Receiver to abandon the Clavos Property.
10. On the evening of December 18, 2018, the Receiver's counsel served a short notice of motion on the e-service list for a motion to abandon the Clavos Property returnable on December 21, 2018.

DECEMBER 19-20, 2018

11. The Receiver and its legal counsel had several discussions with CRH and its counsel over the course of December 19 and December 20, 2018. At CRH's request, the Receiver provided its most up to date funding projections which were prepared under various scenarios, including the costs associated with putting the Clavos Property into a formal "state of inactivity" in accordance with applicable environmental legislation.
12. The Receiver and its counsel also continued its discussions with representatives of the Director of Mine Rehabilitation to discuss a smooth turnover of the Clavos Property on or before December 27, 2018, should such a turnover be required. In addition, representatives of the Director of Mine Rehabilitation attended at the Clavos Property on December 19, 2018 to conduct a pre-abandonment inspection.

DECEMBER 20, 2018

13. On the afternoon of December 20, 2018, the Receiver received confirmation from CRH that it had initiated a wire in the amount of \$190,000 to the Receiver's trust account. This amount is sufficient to continue activities at the Clavos Property until January 3, 2019. The short-term funding was provided by CRH in order to give the Receiver an opportunity to finalize one or more sale agreements with the SISP Participants, in light of CRH's withdrawal of the CRH Credit Bid.
14. In the event that the Receiver is successful in obtaining sale agreements acceptable to CRH, it expects CRH to provide such additional funding as may be necessary to close those transactions.

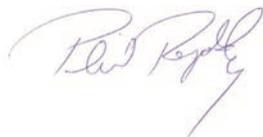
15. In the meantime, the Receiver is currently discussing the parameters on which CRH would be prepared to continue funding the receivership proceedings in order to transition the Clavos Property to a “state of inactivity” should an acceptable transaction be unavailable. Those discussions have included detailed plans for financing the necessary operational work and a potential path through to early spring, along with a possible further attempt to sell the inactive Clavos Property.
16. While those discussions continue, the Receiver is mindful that absent committed financing, it may need to abandon the Clavos Property as early as January 3, 2019. Accordingly, given the funding and time constraints at play, the Receiver believes that it is reasonable and appropriate to amend the Receivership Order to allow the Receiver to abandon the Clavos Property on two (2) business days notice to the Director of Mine Rehabilitation, rather than having to schedule a further court appearance.

CONCLUSIONS AND RECOMMENDATIONS

17. We submit this Supplementary to the Second Report to in support of the Receiver’s motion to this Honourable Court making orders:
 - a. amending paragraph 16 of the Receivership Order in accordance with the draft order attached to the Receiver’s motion record; and
 - b. Providing such other relief that this Honourable Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Toronto, Ontario this 20th day of December, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “H”

Court File No. 18-601307-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

CRH FUNDING II PTE. LTD.

Applicant

- and -

SAGE GOLD INC.

Respondent

**SECOND SUPPLEMENT TO THE
SECOND REPORT OF THE RECEIVER
DELOITTE RESTRUCTURING INC.**

DATED JANUARY 8, 2019

CONTENTS

INTRODUCTION AND PURPOSE OF REPORT	3
BACKGROUND	3
ACTIVITIES SINCE DECEMBER 21, 2019	4
NOTICE OF ABANDONMENT	5

INTRODUCTION AND PURPOSE OF REPORT

1. The purpose of this report is to provide this Honourable Court with an update regarding recent material events in the Receivership proceedings since our supplemental report filed on December 20, 2018 (the “**First Supplemental Report**”). Please be advised that this report should be read in conjunction with the First Supplemental Report.
2. Capitalized terms not otherwise defined herein shall have the meanings attributed to them in the Second Report.

BACKGROUND

3. The First Supplemental Report was filed in order to advise the Court and Sage’s stakeholders of the potential risk that the Receiver would not have sufficient funding to continue the environmental Care and Maintenance Program at the Clavos Property past January 3, 2019, which could necessitate the Receiver’s abandonment of the site.
4. As noted in Paragraph 13 in the First Supplemental Report, on December 20, 2019, the Receiver borrowed an additional \$190,000 advance from CRH. These funds were provided to continue the environmental Care and Maintenance Program through January 3, 2019 to allow for continued negotiations with interested parties for the divestiture of the Clavos Property.
5. Pursuant to an Order of this Honourable Court dated December 21, 2018, Her Majesty the Queen in right of Ontario (“**HMQ**”) was granted a charge (the “**Abandonment Cost Charge**”) on all real property comprised of the Clavos Property (as defined in the Supplementary 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 in respect of an abandonment of the Clavos Property. CRH consented to the granting of the Abandonment Cost Charge.

6. In addition, Paragraph 16 of the Receivership Order was modified to permit the Receiver to abandon all or any of the Property on two business days' written notice to the Director of Mine Rehabilitation describing the abandoned Property. CRH consented to this modification to the Receivership Order.
7. At the December 21, 2018 hearing, CRH's counsel advised the Court that its client intended to continue to work with the Receiver to settle an appropriate funding solution for the Clavos Property. Counsel to CRH also handed-up to His Honour, Mr. Justice Dunphy, a copy of a letter delivered by CRH to the Receiver setting out a proposal to fund the Clavos Property into 2019 (the "**CRH Funding Proposal**") on certain terms. The CRH Funding Proposal is attached hereto as Schedule "A".

ACTIVITIES SINCE DECEMBER 21, 2019

8. Following the December 21, 2018 hearing, the Receiver continued its marketing efforts with SISP Participants and other potential interested parties in addition to continuing Care and Maintenance activities. These activities have included,
 - a. Facilitating on-site attendances by an interested party;
 - b. Ongoing discussions and negotiation of asset purchase agreement terms with an interested party for the Onaman Property;
 - c. Calls and correspondence with six (6) interested parties for the Clavos Property;
 - d. Calls and correspondence with CRH to provide updates about these activities and to discuss other potential opportunities for the Clavos Property, including putting the mine into state of inactivity or other marketing efforts.
 - e. Discussions with mine staff about Care and Maintenance activities and questions and responding to requests by Ministry representatives; and

9. Engaging in conference calls and other discussions with Ministry representatives about the potential abandonment and facilitating a second visit from Ministry representatives on January 7, 2019.
10. During that period, the Receiver and CRH discussed the terms of potential further financing of the Clavos Project. However, despite the Receiver's continued efforts to achieve a sale transaction in respect of Sage Gold's property, by January 3, 2019, it had not entered into any agreements of purchase and sale for the Clavos Property, the Onaman Property or any other of Sage Gold's assets. In light of those circumstances, CRH was not prepared to commit to providing further financing.

NOTICE OF ABANDONMENT

11. The Receiver estimated that it had insufficient funds to continue operations at the Clavos Property past January 7, 2109. Accordingly, it had no other choice but to seek to turn over the care and maintenance of the Clavos Property to the Director of Mine Rehabilitation by issuing a notice under paragraph 16 of the Receivership Order (as amended).
12. On January 3, 2019, the Receiver provided its written notice to the Director of Mine Rehabilitation that it intended to abandon, renounce and divest its control (and ancillary possession), if any, of the Clavos Property, all 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 the Receivership Order), effective January 8, 2019. The notice was circulated to the Service List in accordance with the Receivership Order.
13. Since delivery of the abandonment notice, the Receiver has been in close communication with staff for the Director of Mine Rehabilitation to ensure a smooth transfer of responsibility for the site. Notwithstanding having issued its notice of abandonment, the Receiver has worked hard (with assistance from CRH) during the notice period to secure a binding agreement for the sale of the Clavos Property, subject to satisfactory arrangements with the Ministry of Energy, Northern Development and Mines.

All of which is respectfully submitted at Toronto, Ontario this 8th day of January, 2019.

Deloitte Restructuring Inc.,
solely in its capacity as the
Receiver of Sage Gold Inc., and not in its personal
capacity



Per:

Philip J. Reynolds, CPA, CA, CIRP, LIT
Senior Vice-President



Per:

Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “I”

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

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE

JUSTICE

HAINES

))))

29th

DAY OF AUGUST, 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 pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (“BIA”) and Section 101 of the *Courts of Justice Act* (the “Receiver”) of Sage Gold Inc. (“Sage”) and the Order of the Honourable Justice Dunphy dated July 30, 2018 (the “Receivership Order”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Receiver, the Factum of the Receiver and the First Report of the Receiver to the Court, dated August 21, 2018 (the “First Report”), and on hearing the submissions of counsel for the Receiver and counsel for CRH Funding II PTE Ltd., the principal secured creditor of Sage, and no one appearing for any other parties, although properly served as appears from the affidavit of Stephen Brown-Okruhlik dated August 22, 2018:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record of the Receiver is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Sales and Investor Solicitation Procedure, attached as Schedule "A" to this Order (the "**SISP**"), is hereby approved.
3. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to perform its obligations under the SISP, including through its affiliate, Deloitte Corporate Finance Inc., and to take any and all steps that are reasonably necessary or desirable to carry out the SISP.
4. **THIS COURT ORDERS** that Deloitte Corporate Finance Inc., as agent of the Receiver, shall incur no liability or obligation as a result of assisting the Receiver with the carrying out of the SISP or the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Deloitte Corporate Finance Inc. shall enjoy all of the protections from liability that were granted to the Receiver under the Receivership Order in carrying out or in assisting the Receiver in carrying out the SISP and related activities.
5. **THIS COURT ORDERS** that the First Report and the actions and activities of the Receiver described therein be and hereby are approved.
6. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any other Canadian and foreign court, tribunal, regulatory or administrative body ("**Judicial Body**") to give effect to this Order and to assist the Receiver and its respective agents in carrying out the terms of this Order. All Judicial Bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver as an officer of this Court, as may be necessary or desirable to give effect to this Order, to

grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its respective agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Haimy J.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

AUG 29 2018

PER / PAR: *RW*

Appendix “J”



Deloitte Restructuring Inc.
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

www.deloitte.ca

Via electronic mail

September 12, 2019

Mr. Harry Quint
hqint@aol.com

Dear Mr. Quint,

**Re: Sage Gold Inc., in receivership
Purchase of Clavos Property**

We are writing to confirm our recent discussions with respect to your interest in completing an acquisition of the Clavos Property. This letter sets out the expedited and non-exclusive process for submission of an offer for consideration by the Receiver.

Background

We refer you to the Asset Purchase Agreement dated January 14, 2019 between Eric Quint on behalf a corporation to be incorporated, OrganiQ Mining Inc. ("**OrganiQ**"), which was approved by the Ontario Superior Court of Justice on January 28, 2019 ("**Prior Clavos APA**") for the context of these matters. All capitalized terms not otherwise defined herein have the meaning given to them in the Prior Clavos APA. The Prior Clavos APA is available on the Sage Gold case website at <https://www.insolvencies.deloitte.ca/en-ca/Pages/SageGoldInc.aspx>.

As you are aware, OrganiQ did not comply with its obligations under the Prior Clavos APA and failed to close the transaction. As a result, the Prior Clavos APA was terminated. Thereafter, you approached the Receiver and asked the Receiver to provide you and a different investor group with an opportunity to raise capital and acquire the Clavos Property by no later than the end of August, 2019 under certain terms and conditions. As of today's date, neither you nor OrganiQ are party to a binding agreement with the Receiver for the acquisition of the Clavos Property, but both you and OrganiQ continue to be interested in negotiating and completing a transaction. We are inviting both you and OrganiQ to submit an offer for the acquisition of the Clavos Property in accordance with the procedures set out in this letter.

Pursuant to the APA, OrganiQ was responsible for engaging all contractors, agents and or employees to carry out the care and maintenance of the Clavos Property and to carry out all other Purchaser Activities at its own costs. The Receiver understands that OrganiQ engaged suppliers to perform these obligations, but that these suppliers remain unpaid under the separate arrangements OrganiQ made with them. The Receiver expects that OrganiQ will pay all amounts outstanding to its agents, contractors, employees and supplier who provided goods and services in connection with the Clavos Property since the date of the Prior Clavos APA whether or not it submits an offer or are successful in closing a transaction. In addition, since the Receiver does not have funds in the estate to pay the cost of care and maintenance on a go-forward basis, time is of the essence.

Via electronic mail

September 12, 2019

Page 2

Process and Timeline

Should you wish to submit a qualified offer for the acquisition of the Clavos Property, you must provide the required deliverables on or before the deadlines set out below and any offer and supporting documentation submitted must meet the criteria set out herein.

1. Offer

Your offer must be substantially in the form of the Prior Clavos APA with the following modifications (the "**New APA**"):

- (a) a non-refundable deposit in immediately available funds equal to 25% of the cash purchase price (the "**Deposit**"), which will be submitted to the Receiver together with the New APA duly executed by you;
- (b) the Deposit will be available for use by the Receiver to pay the expenses set out in the cash-flow attached hereto as Schedule "A" up to the date of Closing;
- (c) a covenant to assume responsibility for all obligations, and pay all costs when due, associated with the activities described as Purchaser Activities in the Prior Clavos APA from January 11, 2019 whether or not the New APA is terminated for any reason. The purchaser will be entitled to a credit against the purchase price for Pre-Closing Disbursements up to a maximum amount of \$200,000;
- (d) the purchaser will further agree to do all other work necessary to maintain the site in a condition the purchaser expects the site to be in on Closing at its own cost;
- (e) all conditions to Closing in favour of the purchaser will be deleted from the New APA, save and except for a condition requiring court approval and a vesting order;
- (f) an acknowledgement from the purchaser that the Receiver is not required to take any steps to seek court approval of the New APA until it is provided with evidence, satisfactory to the Receiver, that the balance of the cash purchase price is on deposit in the purchaser's counsel's trust account for the purpose of paying the balance of the cash purchase price on Closing;
- (g) the Closing date shall be set for October 15, 2019, but in any event no later than October 31, 2019; and
- (h) agreement that the purchaser will be liable for damages should the purchaser fail to close in breach of the New APA.

The New APA must be accompanied with (i) evidence of the Pre-Closing Disbursements Funding being held by the purchaser's counsel in trust together with a representation by the purchaser that the funds are irrevocably in place for the payment of Pre-Closing Disbursements, and (ii) a confirmation by any and all capital providers to the purchaser that sufficient funds to pay the balance of the cash purchase price in accordance with terms of the New APA have been unconditionally committed by them and that no further approvals are required to deploy the funds, and an unconditional covenant to the Receiver to fund such amounts to the purchaser for the purpose of Closing in accordance with the New APA (collectively, the "**Capital Commitment**").

Via electronic mail

September 12, 2019

Page 3

2. Timeline

Your offer in the form of the New APA, executed by the purchaser, together with the Deposit and the Capital Commitment must be received by the Receiver by not later than **5 p.m. (Toronto time) on Friday September 21, 2019** (the "**Submission Deadline**").

If the Receiver elects, in its discretion, to accept an offer for the Clavos Property, its acceptance of the offer will be subject to approval of the Court. The Receiver would anticipate seeking court approval of the court by no later than October 9, 2019, subject to satisfaction of the conditions in paragraph 1(g) above.

The outside date for closing will be set for October 31, 2019.

3. Miscellaneous

By submitting an offer, you are deemed to acknowledge and represent that you: (i) have relied solely upon your own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making the offer; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver, or any of its advisors, except as expressly stated in the purchase and sale agreement submitted by it; (iii) are a sophisticated party capable of making its own assessments in respect of making an offer; (iv) agree to the terms of this letter, (v) waive any and all claims or potential claims, whether known or unknown, which you may have against the Receiver any of its agent as of the date hereof, and (iv) have had the benefit of independent legal advice in connection with submitting an offer. **We encourage you to provide your legal counsel with a copy of this letter.**

This letter does not create any contractual or other legal relationship between you and the Receiver. The Receiver is not under any obligation to accept the highest offer or any offer.

The Receiver may, in its discretion, waive compliance with any condition set out in this letter. The Receiver may amend or terminate this process at any time in its sole and absolute discretion.

Please contact the undersigned at 416 607 0781 or tambachtsheer@deloitte.ca should you have any questions.

Yours very truly,

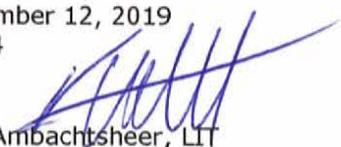
Deloitte Restructuring Inc.

Solely in its capacity as Receiver of
Sage Gold Inc.,
and not in its personal capacity

Per:

Via electronic mail

September 12, 2019
Page 4



Todd Ambachtsheer, LIT
Vice President

cc: Phil Reynolds, Deloitte Restructuring Inc.
Wael Rostom and Tushara Weerasooriya, McMillan LLP

Via electronic mail

September 12, 2019
Page 5

Schedule "A"
Cash flow forecast

CASH FLOW FORECAST	Forecast							
Week ending	2019-09-07	2019-09-14	2019-09-21	2019-09-28	2019-10-05	2019-10-12	2019-10-19	2019-10-26
Opening cash	513,524	485,825	480,625	462,160	456,322	454,920	449,720	431,255
Cash receipts								
Transfers from Company's bank account	-	-	-	-	-	-	-	-
HST receivable	-	-	-	-	-	-	-	-
Receiver's Certificate	-	-	-	-	-	-	-	-
Retainer Fund	-	-	-	-	-	-	-	-
Deposit from Sale	-	-	-	-	-	-	-	-
Total cash receipts	-	-	-	-	-	-	-	-
Cash payments (inc. HST)								
Hydro and utilities	9,077	-	18,465	-	-	-	18,465	-
Mine consultants and contractors	1,000	-	-	-	1,000	-	-	-
Mine insurance	5,838	-	-	5,838	-	-	-	5,838
Other mine expenses	-	-	-	-	-	-	-	-
Total Clavos mine expenses	15,915	-	18,465	5,838	1,000	-	18,465	5,838
Head office / admin expenses								
Other expenses	402	150	-	-	402	150	-	-
Total head office / admin expenses	402	150	-	-	402	150	-	-
Other expenses								
Mailing incurred	281	50	-	-	-	50	-	-
Office Supplies	89	-	-	-	-	-	-	-
Mining Rent	11,012	5,000	-	-	-	5,000	-	-
	11,382	5,050	-	-	-	5,050	-	-
Total expenses	27,699	5,200	18,465	5,838	1,402	5,200	18,465	5,838
Net cash inflow (outflow)	(27,699)	(5,200)	(18,465)	(5,838)	(1,402)	(5,200)	(18,465)	(5,838)
Closing cash/(deficit)	485,825	480,625	462,160	456,322	454,920	449,720	431,255	425,417

Appendix “K”



Deloitte Restructuring Inc.
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 905-315-5785
www.deloitte.ca

Via electronic mail

September 12, 2019

Mr. Eric Quint
ericquint@organiqtech.com

-and-

OrganiQ Mining Inc.
PO Box 356
Niagara Falls, ON
L2E 6T8

Attention: Eric Quint, CEO and Chairman

Dear Sirs,

**Re: Sage Gold Inc., in receivership
Purchase of Clavos Property**

We are writing to confirm our recent discussions with respect to your interest in completing an acquisition of the Clavos Property. This letter sets out the expedited and non-exclusive process for submission of an offer for consideration by the Receiver.

Background

We refer you to the Asset Purchase Agreement dated January 14, 2019 between Eric Quint on behalf a corporation to be incorporated, OrganiQ Mining Inc. ("**OrganiQ**"), which was approved by the Ontario Superior Court of Justice on January 28, 2019 ("**Prior Clavos APA**") for the context of these matters. All capitalized terms not otherwise defined herein have the meaning given to them in the Prior Clavos APA.

As you are aware, OrganiQ did not comply with its obligations under the Prior Clavos APA and failed to close the transaction. As a result, the Prior Clavos APA was terminated. Thereafter, Mr. Harry Quint approached the Receiver and asked the Receiver to provide him and a different investor group with an opportunity to raise capital and acquire the Clavos Property by no later than the end of August, 2019 under certain terms and conditions. As of today's date, Mr. Harry Quint is not party to a binding agreement with the Receiver for the acquisition of the Clavos Property, but he continues to be interested in negotiating and completing a transaction. We will also be inviting Mr. Harry Quint to submit an offer for the acquisition of the Clavos Property in accordance with the procedures set out in this letter.

Via electronic mail

September 12, 2019

Page 2

Pursuant to the APA, you and OrganiQ were responsible for engaging all contractors, agents and or employees to carry out the care and maintenance of the Clavos Property and to carry out all other Purchaser Activities at your own costs. The Receiver understands that you engaged suppliers to perform these obligations, but that these suppliers remain unpaid under the separate arrangements you made with them. The Receiver expects that you will pay all amounts outstanding to your agents, contractors, employees and supplier who provided goods and services in connection with the Clavos Property since the date of the Prior Clavos APA whether or not you submit an offer or are successful in closing a transaction. In addition, since the Receiver does not have funds in the estate to pay the cost of care and maintenance on a go-forward basis, time is of the essence.

Process and Timeline

Should you wish to submit a qualified offer for the acquisition of the Clavos Property, you must provide the required deliverables on or before the deadlines set out below and any offer and supporting documentation submitted must meet the criteria set out herein.

1. Offer

Your offer must be substantially in the form of the Prior Clavos APA with the following modifications (the "**New APA**"):

- (a) a non-refundable deposit in immediately available funds equal to 25% of the cash purchase price (the "**Deposit**"), which will be submitted to the Receiver together with the New APA duly executed by you;
- (b) the Deposit will be available for use by the Receiver to pay the expenses set out in the cash-flow attached hereto as Schedule "A" up to the date of Closing;
- (c) a covenant to assume responsibility for all obligations, and pay all costs when due, associated with the activities described as Purchaser Activities in the Prior Clavos APA from January 11, 2019 whether or not the New APA is terminated for any reason. The purchaser will be entitled to a credit against the purchase price for Pre-Closing Disbursements up to a maximum amount of \$200,000;
- (d) the purchaser will further agree to do all other work necessary to maintain the site in a condition the purchaser expects the site to be in on Closing at its own cost;
- (e) all conditions to Closing in favour of the purchaser will be deleted from the New APA, save and except for a condition requiring court approval and a vesting order;
- (f) an acknowledgement from the purchaser that the Receiver is not required to take any steps to seek court approval of the New APA until it is provided with evidence, satisfactory to the Receiver, that the balance of the cash purchase price is on deposit in the purchaser's counsel's trust account for the purpose of paying the balance of the cash purchase price on Closing;
- (g) the Closing date shall be set for October 15, 2019, but in any event no later than October 31, 2019; and
- (h) agreement that the purchaser will be liable for damages should the purchaser fail to close in breach of the New APA.

The New APA must be accompanied with (i) evidence of the Pre-Closing Disbursements Funding being held by the purchaser's counsel in trust together with a representation by the purchaser that the funds are irrevocably in place for the payment of Pre-Closing Disbursements, and (ii) a confirmation by any

Via electronic mail

September 12, 2019

Page 3

and all capital providers to the purchaser that sufficient funds to pay the balance of the cash purchase price in accordance with terms of the New APA have been unconditionally committed by them and that no further approvals are required to deploy the funds, and an unconditional covenant to the Receiver to fund such amounts to the purchaser for the purpose of Closing in accordance with the New APA (collectively, the "**Capital Commitment**").

2. Timeline

Your offer in the form of the New APA, executed by the purchaser, together with the Deposit and the Capital Commitment must be received by the Receiver by not later than **5 p.m. (Toronto time) on Friday September 21, 2019** (the "**Submission Deadline**").

If the Receiver elects, in its discretion, to accept an offer for the Clavos Property, its acceptance of the offer will be subject to approval of the Court. The Receiver would anticipate seeking court approval of the court by no later than October 9, 2019, subject to satisfaction of the conditions in paragraph 1(g) above.

The outside date for closing will be set for October 31, 2019.

3. Miscellaneous

By submitting an offer, you are deemed to acknowledge and represent that you: (i) have relied solely upon your own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making the offer; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver, or any of its advisors, except as expressly stated in the purchase and sale agreement submitted by it; (iii) are a sophisticated party capable of making its own assessments in respect of making an offer; (iv) agree to the terms of this letter, (v) waive any and all claims or potential claims, whether known or unknown, which you may have against the Receiver any of its agent as of the date hereof, and (iv) have had the benefit of independent legal advice in connection with submitting an offer. **We encourage you to provide your legal counsel with a copy of this letter.**

This letter does not create any contractual or other legal relationship between you and the Receiver. The Receiver is not under any obligation to accept the highest offer or any offer.

The Receiver may, in its discretion, waive compliance with any condition set out in this letter. The Receiver may amend or terminate this process at any time in its sole and absolute discretion.

Via electronic mail

September 12, 2019

Page 4

Please contact the undersigned at 416 607 0781 or tambachtsheer@deloitte.ca should you have any questions.

Yours very truly,

Deloitte Restructuring Inc.

Solely in its capacity as Receiver of
Sage Gold Inc.,
and not in its personal capacity

Per:



Todd Ambachtsheer, LIT
Vice President

cc: Phil Reynolds, Deloitte Restructuring Inc.
Wael Rostom and Tushara Weerasooriya, McMillan LLP

Via electronic mail

September 12, 2019
Page 5

Schedule "A"
Cash flow forecast

CASH FLOW FORECAST	Forecast							
Week ending	2019-09-07	2019-09-14	2019-09-21	2019-09-28	2019-10-05	2019-10-12	2019-10-19	2019-10-26
Opening cash	513,524	485,825	480,625	462,160	456,322	454,920	449,720	431,255
Cash receipts								
Transfers from Company's bank account	-	-	-	-	-	-	-	-
HST receivable	-	-	-	-	-	-	-	-
Receiver's Certificate	-	-	-	-	-	-	-	-
Retainer Fund	-	-	-	-	-	-	-	-
Deposit from Sale	-	-	-	-	-	-	-	-
Total cash receipts	-	-	-	-	-	-	-	-
Cash payments (inc. HST)								
Hydro and utilities	9,077	-	18,465	-	-	-	18,465	-
Mine consultants and contractors	1,000	-	-	-	1,000	-	-	-
Mine insurance	5,838	-	-	5,838	-	-	-	5,838
Other mine expenses	-	-	-	-	-	-	-	-
Total Clavos mine expenses	15,915	-	18,465	5,838	1,000	-	18,465	5,838
Head office / admin expenses								
Other expenses	402	150	-	-	402	150	-	-
Total head office / admin expenses	402	150	-	-	402	150	-	-
Other expenses								
Mailing incurred	281	50	-	-	-	50	-	-
Office Supplies	89	-	-	-	-	-	-	-
Mining Rent	11,012	5,000	-	-	-	5,000	-	-
	11,382	5,050	-	-	-	5,050	-	-
Total expenses	27,699	5,200	18,465	5,838	1,402	5,200	18,465	5,838
Net cash inflow (outflow)	(27,699)	(5,200)	(18,465)	(5,838)	(1,402)	(5,200)	(18,465)	(5,838)
Closing cash/(deficit)	485,825	480,625	462,160	456,322	454,920	449,720	431,255	425,417

Appendix “L”

Jayson Blain Flowers
2225 E Little Las Flores Road, Topanga CA 90290-4468

November 29, 2019

Mr. Todd Ambachtsheer
Vice President
Deloitte Restructuring Inc.
8 Adelaide St. West
Toronto, ON
M5H 0A9

Re: Sage Gold Inc.

Dear Mr. Ambachtsheer:

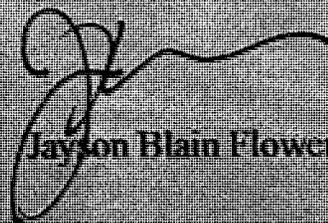
I am writing to you in your capacity as court-appointed Receiver of Sage Gold Inc.

I reference the Asset Purchase Agreement dated as of November 29, 2019 between the Receiver and myself on behalf of a corporation to be incorporated under the laws British Columbia (the "Purchaser") in respect of the purchase of the Claovs Property and certain other Purchased Assets (the "APA"). Unless defined herein, capitalized terms have the meaning given to them in the APA.

I also reference the letter from [REDACTED] dated November 21, 2019 addressed to me and shared with you on November 23, 2019 by Steven Weisz of Brauti Thorning LLP providing the balance in certain accounts that I hold with [REDACTED] (the "[REDACTED] Letter"). I understand that the Receiver is relying on the cash balance held in these accounts as evidence of my ability, and as a source of funds, to capitalize the Purchaser with immediately available funds to pay the remaining Cash Purchase Price under the APA and other amounts that may be due on Closing pursuant to the terms and conditions of the APA.

I hereby confirm to the Receiver that I will use funds in the accounts disclosed in the [REDACTED] Letter as necessary or which may otherwise be available to me for the purpose of funding the Purchaser to pay the remaining Cash Purchase Price and other amounts payable on or before Closing pursuant to the terms and conditions of the APA.

Yours truly,



Jayson Blain Flowers

cc: Wael Rostom, McMillan LLP

Appendix “M”

ASSET PURCHASE AGREEMENT

Made as of December 6, 2019

Between

DELOITTE RESTRUCTURING INC.,

in its capacity as court-appointed receiver of the assets, undertakings and properties of Sage Gold Inc., and not in its corporate or personal capacity

and

GRACE GOLD LTD.,

a corporation incorporated under the laws of the Province of British Columbia

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made as of December 6, 2019, between

DELOITTE RESTRUCTURING INC.,
in its capacity as court-appointed receiver of the assets,
undertakings and properties of Sage Gold Inc., and not in its
corporate or personal capacity (the “**Receiver**” or the “**Seller**”)

and

GRACE GOLD LTD.,
a corporation incorporated under the laws of the Province of
British Columbia (the “**Purchaser**”)

RECITALS

A. Pursuant to the order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2018, as may be amended from time to time (the “**Receivership Order**”), Deloitte Restructuring Inc. was appointed as the receiver of the assets, undertakings and properties of Sage Gold Inc. (“**Sage Gold**”);

B. On August 29, 2018, the Court granted an Order (the “**SISP Order**”) which, among other things, approved Sale and Investment Solicitation Procedures in connection with the sale of all or substantially all of the Purchased Assets or Business (as that term is defined below) of Sage Gold (the “**SISP**”). The SISP Order and the SISP exclusively govern the process for soliciting and selecting bids for such sale. The SISP Order and the SISP receipt of irrevocable bids by the Receiver from Qualified Phase 2 Bidders on or before October 29, 2018, subject to the Receiver’s discretion to extend such deadlines;

C. Pursuant to the SISP Order, Deloitte Corporate Finance Inc., as agent for the Receiver, is authorized and directed to carry out the SISP and to select a Successful Bid (as those terms are defined in the SISP), in consultation with the Receiver and, subject to the terms of the SISP, CRH Funding II PTE Ltd., as Sage Gold’s senior secured creditor;

D. A Successful Bid was selected and approved by the Court on January 29, 2019, but failed to close; and

E. The Purchaser offers and agrees to purchase and to assume, the Purchased Assets and the Assumed Liabilities (as defined below) from the Seller upon the terms and conditions set forth hereinafter.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

- (1) “**Accounts Payable**” means any and all amounts relating to the Business owing to any Person by Sage Gold or the Receiver incurred after the effective time of the Receivership Order in connection with the purchase of goods or services in relation to the supervision, care and maintenance of the Clavos Project, as at Closing, including in connection with any Taxes owing in respect of the Mining Licenses and Claims.
- (2) “**Accounts Receivable**” means, with respect to Sage Gold, all accounts receivable, notes receivable, purchase orders, completed work or services not yet billed, chattel paper, notes and other rights to payment, including those consisting of all accounts receivable in respect of services rendered or products sold by Sage Gold, any other miscellaneous accounts receivable of Sage Gold, and any claim, remedy or other right of Sage Gold or the Receiver related to any of the foregoing.
- (3) “**Accrued Liabilities**” means any and all Liabilities relating to the Business (i) incurred after the effective time of the Receivership Order to the Closing Date but which are not yet due and payable as of the Closing Date and (ii) that apply to goods to be received or services to be provided or other accruals related to the period after the Closing Date.
- (4) “**Action**” means any Claim, litigation, action, suit, charge, arbitration or other legal, administrative or judicial proceeding.
- (5) “**Additional Financial Assurances**” means the total amount of any deposits or other financial assurances (required to be posted by the Purchaser with various Government Entities to secure reclamation and other obligations with respect to the Permits) that is in excess of any Financial Assurances transferred, assigned or otherwise credited, to the Purchaser.
- (6) “**Affiliate**” means, as to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.
- (7) “**Agreement**” means this Asset Purchase Agreement, including the recitals, and all Schedules attached hereto (as amended and supplemented in accordance with Section 9.2) and all amendments hereto made in accordance with Section 9.5.
- (8) “**Ancillary Agreements**” means, in each case in a form reasonably acceptable to the Seller and the Purchaser: (i) bill(s) of sale for the assignment and conveyance of the Purchased Assets from the Seller to the Purchaser; (ii) an assignment and assumption agreement for the assignment and assumption of the Assumed Liabilities from the Seller to the Purchaser; and (iii) any necessary agreements to effect the transfer of the Mining Licenses and Claims in accordance with applicable Laws.
- (9) “**Approval and Vesting Order**” has the meaning set forth in Section 4.1(2).
- (10) “**Assigned Contracts**” means the Royalty Agreements and those Contracts listed in Schedule 1.1(10) hereto subject to the right of the Purchaser to amend the list of Contracts up to 10 days prior to the Closing Date.

- (11) “**Assumed Liabilities**” has the meaning set forth in Section 2.3.
- (12) “**Bank Comfort Letter**” means a letter in form and substance satisfactory to the Receiver from a reputable financial institution addressed to the Receiver confirming Mr. Flower’s financial wherewithal to fund the Purchaser to pay the balance of the Cash Purchase Price as set out in Section 2.8(b) on the Closing Date.
- (13) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada) and the other applicable insolvency Laws.
- (14) “**Books and Records**” means all accounting records, all other information in any form relating to the Business or Purchased Assets, including sales and purchase records, lists of suppliers and customers, lists of potential customers, credit and pricing information, Tax records, business reports, plans and projections, production reports and records, inventory reports and records, business, engineering and consulting reports, marketing and advertising materials, research and development reports and records, maps, all plans, surveys, specifications, and as-built drawings relating to the plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on or forming part of the Projects, including all such electrical, mechanical and structural drawings related thereto, environmental reports, soil and substratum studies, inspection records, financial records, and all other records, books, documents and data bases recorded or stored by means of any device, including in electronic form, relating to the Business and the Purchased Assets that are owned by Sage Gold provided however that the term “Books and Records” shall not include any of the foregoing items that do not relate to the Purchased Assets.
- (15) “**Buildings**” means, individually or collectively, as the context requires, all of the buildings, structures and fixed improvements located at any of the Projects and owned by Sage Gold, and improvements and fixtures contained in or on such buildings and structures used in the operation of same, but excluding improvements and fixtures not owned by Sage Gold.
- (16) “**Business**” means the gold exploration, development, mining and sales activities carried on by Sage Gold in the Province of Ontario (other than the Onaman Project), and all operations, maintenance and other activity related thereto.
- (17) “**Business Day**” means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Toronto, Ontario, Canada.
- (18) “**Business Information**” means all books, records, files, catalogues, data, information (including tangible and intangible information such as drill core, drill logs, assays, core samples, metallurgical test work, mine plans and similar information), agreements, operating records, operating, safety and maintenance manuals, engineering and design plans, blueprints and as-built plans, specifications, drawings, reports, procedures, facility compliance plans, test records and results, other records and filings made with regulatory agencies regarding operations of the Business, environmental procedures and similar records, correspondence with present or prospective, customers and suppliers, advertising materials, software programs, documentation and sales literature owned by Sage Gold that are used or held for use in connection with the Business, including information, policies and procedures, manuals and materials and procurement documentation used in the Business and information received pursuant to Section 2.1(b), including all data and documents contained in the Data Site as of the Closing

Date, provided however that the term “Business Information” shall not include any of the foregoing items that are not the Property of Sage Gold.

(19) “**Cash Purchase Price**” has the meaning set forth in Section 2.5.

(20) “**Claim**” means any indebtedness, liability or obligation of any kind that would be a claim provable within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada).

(21) “**Clavos Project**” means the Clavos mining, exploration and development project conducted in the area located about 46 kilometres northeast of Timmins, Ontario, and centred at 514000 E and 5384000 N in NAD83, Zone 10.

(22) “**Clist Lake Project**” means the Clist Lake mining, exploration and development project conducted in the mining division of Thunder Bay and township of Leopard Lake Area and Vincent.

(23) “**Closing**” has the meaning set forth in Section 6.1.

(24) “**Closing Date**” has the meaning set forth in Section 6.1.

(25) “**Confidentiality Agreement**” has the meaning set forth in Section 4.4(1).

(26) “**Consent**” means any approval, authorization, consent, order, license, permission, permit, including any Permit, qualification, exemption or waiver by any Government Entity or other Third Party.

(27) “**Contract**” means any legally binding contract, agreement, obligation, license, undertaking, instrument, lease, ground lease, commitment or other arrangement, whether written or oral.

(28) “**Contractor Costs**” has the meaning set out in Section 8.1(b).

(29) “**Control**”, including, with its correlative meanings, “Controlled by” and “under common Control with”, means, in connection with a given Person, the possession, directly or indirectly, of the power to either (i) elect more than 50% of the directors of such Person; or (ii) direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, Contract or otherwise.

(30) “**Court**” has the meaning set forth in the recitals to this Agreement.

(31) “**CRA**” means the Canada Revenue Agency.

(32) “**Cure Costs**” means all amounts required to remedy any monetary default in respect of any Assigned Contract.

(33) “**Current Assets**” means the (i) Inventories, (ii) Accounts Receivable, (iii) Purchased Deposits, and (iv) other current assets of the Business, each as determined in accordance with generally accepted accounting principles used by Sage Gold applied on a consistent basis, but excluding cash.

(34) “**Data Site**” means the online data room maintained by the Receiver in accordance with the SISP.

(35) “**Environment**” means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water (including potable water, navigable water and wetlands), land surface, soil, subsurface, subsurface strata, and natural resources.

(36) “**Environmental Law**” means any applicable Law relating to contamination, pollution or protection of the Environment, plant life, animal and fish or other natural resources or human health, including Laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all Laws with regard to monitoring, recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

(37) “**Environmental Liabilities**” shall mean any and all Liability arising out of, based on or resulting from (i) the presence, Release, or threatened Release, into the Environment of any Hazardous Materials or substances existing or arising on, beneath or above the Projects and/or emanating or migrating and/or threatening to emanate or migrate from the Projects to other properties; (ii) the storage, disposal, handling or treatment of or the arrangement for the storage, disposal, handling or treatment of Hazardous Materials originating or transported from the Projects to an off-site treatment, storage or disposal facility; (iii) physical disturbance of or harm or injury to the Environment on, beneath or from the Projects, including any reclamation obligations; or (iv) the violation or alleged violation of any Environmental Laws relating to the Projects.

(38) “**Excluded Assets**” has the meaning set forth in Section 2.2.

(39) “**Excluded Contracts**” means any Contracts that are not Assigned Contracts.

(40) “**Excluded Liabilities**” has the meaning set forth in Section 2.4.

(41) “**Equipment**” means all machinery, vehicles, tools, production equipment, servers and networking equipment, handling equipment, furniture, furnishings, computer hardware and peripheral equipment, coal production technology, rail and truck terminal equipment, spare parts, supplies and accessories used in the Business and owned by Sage Gold, and any of the parts and components thereof and any of the warranties associated therewith, including the Equipment listed in Schedule 1.1(41) .

(42) “**Financial Assurances**” means deposits in the amount of \$ [REDACTED] posted by or on behalf of Sage Gold with various Government Entities to secure Sage Gold’s reclamation and other obligations with respect to the Permits.

(43) “**Finn Road Farm Property**” means the farm property located at 1557 Finn Road in the Municipality of Timmins City, including the single family detached farm house and related 75.5 acre farm lands.

(44) “**First Deposit**” has the meaning set forth in Section 2.7(a).

(45) “**Government Entity**” means any Canadian, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, bureau, board, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction.

(46) “**GST/HST**” means goods and services tax, including harmonized sales tax, interest, penalties and fines payable under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

(47) “**Hazardous Materials**” means (i) petroleum, petroleum products, asbestos in any form, mold, urea formaldehyde foam insulation, lead based paints, polychlorinated biphenyls or any other material or substance regulated pursuant to Environmental Laws; and (ii) any solid, liquid, gas, sound, vibration, odour, mine tailings, chemical, material or other substance, contaminant or pollutant which is regulated, prohibited, limited, defined, designated or listed or otherwise characterized, alone or in any combination, as “hazardous”, “hazardous waste”, “solid waste”, “radioactive”, “deleterious”, “effluent”, “toxic”, “caustic”, “dangerous”, a “contaminant”, a “pollutant”, a “waste”, a “special waste”, a “source of contamination” or “source of pollution”, or words of similar meaning, under any Environmental Law.

(48) “**Intellectual Property**” means intellectual property of Sage Gold of any nature and kind including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, confidential information, software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations and chemistries, processes and processing methods, technology and techniques and know-how, including the name “Sage Gold”.

(49) “**Interest**” means any legal or equitable assertion of right in Property, including a royalty, production royalty, restrictive covenant, or assertion of a right or interest in a percentage of income, production, minerals, profit, revenue, payment or sale, or any other right of payment asserted in the nature of a royalty or interest, including any interest.

(50) “**Investment Canada Act**” means the *Investment Canada Act* (Canada).

(51) “**Inventories**” means all inventory of any kind or nature, merchandise, stockpiles and goods, related to the Business and maintained, held or stored by or for Sage Gold on the Closing Date, whether or not prepaid, and wherever located, held or owned, and any prepaid deposits for any of the same, including all gold ore stockpiles and inventory located upon or within Sage Gold’s Property or belonging to Sage Gold, disposables and consumables used, or held for use, in connection with the Business, including any goods or inventory in transit or being held by third parties for milling or processing.

(52) “**Knowledge**” or “**aware of**” or “**notice of**” or a similar phrase shall mean, with reference to the Seller, the actual knowledge of officers, directors or employees of the Seller after reasonable inquiry, and with reference to the Purchaser, the actual knowledge officers, directors or employees of the Purchaser after reasonable inquiry.

(53) “**Law**” means any foreign, domestic, federal, territorial, state, provincial, local, regional or municipal statute, law, common law, ordinance, rule, bylaw, regulation, Order, writ,

injunction, directive, judgment, decree, code, policy standard, criteria, condition or guideline having the force of law.

(54) “**Liabilities**” means any and all debts, liabilities, obligations and Claims, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or undeterminable, including those arising under any Law or Action and those arising under any Contract or otherwise, including any Tax liability, or under Environmental Laws.

(55) “**Licensed Intellectual Property**” means all Intellectual Property licensed by Sage Gold or which it has the right to use, excluding the Owned Intellectual Property, and is used in the Business, including the software and the Intellectual Property listed in Schedule 1.1(55).

(56) “**Lien**” means, as to all Purchased Assets, any lien, Interests, mortgage, deed of trust, judgment lien, pledge or security interest, hypothec (including legal hypothecs), encumbrance, floating charge, mechanic’s lien, builder’s lien, materialmen’s lien, servitude, easement, encroachment, right-of-way, restrictive covenant on real or immovable property, real property license, other real property rights in favor of Third Parties, charge, prior claim, Lease, statutory or deemed trust or conditional sale arrangement, including the Receiver’s Charge, the Receiver’s Borrowing Charge and the Abandonment Cost Charge (each as defined in the Receivership Order or the Order of the Court dated December 21, 2018) and including any claims under any streaming agreements or other security held by CRH Funding II PTE. Ltd.

(57) “**McDonald Project**” means the McDonald mining, exploration and development project conducted in the mining division of Sault Ste. Marie and townships of Esquega and Corbiere.

(58) “**Mining Licenses and Claims**” means any and all real property interests, mineral claims, mining licenses, mining leases, recorded claims, leased claims, leases of recorded claims, locations leases, placer claims, placer leases, undersurface rights and other mining rights and any related rights, tenures and concessions or interests, owned or in respect of which an interest is held therein, directly or indirectly, by Sage Gold, related to the Projects, Business or Purchased Assets, including those Mining Licenses and Claims listed in Schedule 1.1(58), along with any term extension, renewal, replacement, conversion or substitution of any such rights or interests.

(59) “**Onaman Project**” means the Onaman mining, exploration and development project conducted in the area located about 50 kilometres east from Beardmore-Geraldton Gold Camp, in the Thunder Bay Mining Division, Coughlan Lake area at 42 East13/Southeast.

(60) “**Order**” means any order, injunction, judgment, decree, direction, instructions, ruling, writ, assessment, arbitration award or penalties or sanctions issued, filed or imposed by any Government Entity.

(61) “**Ordinary Course**” means the ordinary course of the Business consistent with past practice, as such practice is, or may have been, modified as a result of the appointment of the Receiver.

(62) “**Owned Intellectual Property**” means all Intellectual Property which is owned by Sage Gold and used in the Business, including the software and the Intellectual Property listed in Schedule 1.1(62).

(63) “**Parties**” has the meaning set forth in the recitals to this Agreement.

(64) **“Permit”** means any approval, license, authorization, certificate, consent, decree, consent decree, registration, exemption, permit (including where applicable, export permit), certificate of authorization, environmental assessment certificate, waste management plan, operational certificate, approval in principle, certificate of compliance, voluntary remediation agreement, mine development permit or other Government Entity approval required by applicable Law required (i) to conduct the Business; or (ii) in relation to the Purchased Assets, including those dealing with mining, reclamation, air, water, effluent, explosives, special use and Environmental Laws. The certified closure plan required under the *Mining Act*, which includes the financial assurance posted pursuant to s.145(1) of the *Mining Act*, is a Permit for the purposes of this Agreement.

(65) **“Permitted Encumbrances”** means (i) statutory Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes which are being contested in good faith by appropriate proceedings; (ii) any other Liens or Interests set forth in Schedule 1.1(65); (iii) the Royalty Agreements, as long as such Royalty Agreements are valid and enforceable under applicable Law; and (iv) zoning, entitlement, building and land use regulations, minor defects of title, servitudes, easements, rights of way, restrictions and other similar charges or encumbrances which do not impair in any material respect the use or the value of the Purchased Assets or Business, and which are not listed as Excluded Assets, but excluding the Receiver’s Charge, the Receiver’s Borrowing Charge and the Abandonment Cost Charge (each as defined in the Receivership Order or the Order of the Court dated December 21, 2018).

(66) **“Person”** means an individual, a partnership, a corporation, an association, a limited or unlimited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization or other legal entity or Government Entity.

(67) **“Personal Information”** means information in the possession or under the control of the Receiver about an identifiable individual.

(68) **“Pillars Project”** means the Pillars mining, exploration and development project conducted in the area located in the mining division of Thunder Bay and townships of Walters and Leduc and municipality of Greenstone.

(69) **“Pre-Closing Disbursements”** means the expenses incurred by the Purchaser and/or its representative between September 30, 2019 and the Closing Date to supervise and maintain the operation of the underground pumps and heaters for the fresh air raise and to ensure there is appropriate security to protect the Purchased Assets.

(70) **“Projects”** means the Clavos Project, the Pillars Project, the McDonald Project and the Clist Lake Project.

(71) **“Property”** means any interest in any kind of property or asset, whether real (including chattels real), personal or mixed, movable or immovable, tangible or intangible.

(72) **“Purchase Price”** has the meaning set forth in Section 2.5.

(73) **“Purchased Assets”** has the meaning set forth in Section 2.1.

(74) **“Purchased Deposits”** means (i) the unused portion of amounts prepaid by or on behalf of Sage Gold with respect to any Assigned Contracts acquired by the Purchaser at the Closing,

(ii) the unused portion of any amounts prepaid by or on behalf of Sage Gold in respect of any Permits, (iii) the unused portion of any amounts prepaid by or on behalf of Sage Gold in respect of any real property or other Taxes, and (iv) all deposits (including customer deposits and security deposits for rent, electricity and otherwise) and prepaid charges and expenses of Sage Gold (including in each of the foregoing cases the right to receive any refund of any unutilized amounts thereof), including without limitation those set forth on Schedule 1.1(74); provided however that the term “Purchased Deposits” shall not include any deposits or prepaid charges and expenses paid in connection with or relating exclusively to any Excluded Assets and further provided, for clarity, that monies paid as financial assurance pursuant to the *Mining Act* are not amounts prepaid by or on behalf of Sage Gold for the purposes of subsection (ii).

(75) “**Purchaser**” has the meaning set forth in the preamble to this Agreement.

(76) “**Railway Lease**” means the expired fee simple absolute lease (registered as PIN #s 31159-0239 and 31148-0027) in respect of claims AC3041, AC3042, AC3043, AC3044, AC3046, AC3045, AC3075, AC3076, AC3077, AC3739, AC3740 and AC3741.

(77) “**Receiver**” has the meaning set forth in the preamble to this Agreement.

(78) “**Receiver’s Certificate**” means a certificate signed by the Receiver and confirming that (i) the Purchaser has paid, and the Receiver has received payment of, the Cash Purchase Price in relation to the purchase by the Purchaser of the Purchased Assets; and (ii) the conditions to be complied with at or prior to the Closing as set out in Article 5 have been satisfied or waived by the Seller or the Purchaser, or both, as applicable.

(79) “**Release**” means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, pumping, dumping, injection, deposit, disposal, dispersal, leaching, spraying, abandonment, throwing, placing or migration into the indoor or outdoor Environment or into or out of any Property.

(80) “**Replacement Permits**” means new or replacement Permits issued by the relevant Government Entity on terms and conditions substantially similar to those Required Permits currently held by Sage Gold that are not transferable.

(81) “**Required Consents**” has the meaning set forth in Section 5.1(c).

(82) “**Required Permits**” has the meaning set forth in Section 5.1(d).

(83) “**Royalty Agreements**” means (i) all royalty agreements (including all agreements granting royalties or similar rights) in favour of the parties set out on Schedule 1.1(83), and (ii) all royalty agreements (including all agreements granting royalties or similar rights) in respect of the Projects and/or to which the Purchased Assets are subject that create a valid and enforceable interest in land in favour of the counterparty to that agreement.

(84) “**Sale Hearing**” has the meaning set forth in Section 4.1(2).

(85) “**Securities Commissions**” means, collectively, the securities commissions or similar securities regulatory authorities of all of the Provinces of Canada.

- (86) “**Securities Laws**” means all securities Laws applicable to either Sage Gold or the Purchaser or their parent companies, as applicable.
- (87) “**Second Deposit**” has the meaning set forth in Section 2.7(b).
- (88) “**Seller**” has the meaning set forth in the preamble to this Agreement.
- (89) “**September Letter**” means the letter agreement dated September 30, 2019 between Mr. Jayson Flowers, by and on behalf of the Purchaser without personal liability, and the Receiver.
- (90) “**SISP**” has the meaning set forth in the recitals to this Agreement.
- (91) “**SISP Order**” has the meaning set forth in the recitals to this Agreement.
- (92) “**Solomon Pillars Lease**” means the expired MNDM lease (registered as PIN # 62409-0023) in respect of claim numbers TB222661, TB377993, TB222655 and TB222656.
- (93) “**Successful Bid**” has the meaning set forth in the SISP.
- (94) “**Tax**” means any domestic or foreign federal, state, local, provincial, territorial or municipal taxes or other impositions by any Government Entity, including Transfer Taxes and the following taxes and impositions: net income, gross income, capital, value added, goods and services, capital gains, alternative, net worth, harmonized sales, gross receipts, sales, use, ad valorem, business rates, transfer, franchise, profits, business, environmental, real or immovable property, municipal, school, Canada Pension Plan, withholding, workers’ compensation levies, payroll, employment, unemployment, employer health, occupation, social security, excise, stamp, customs, and all other taxes, fees, duties, assessments, deductions, contributions, withholdings or charges of the same or of a similar nature, however denominated, together with any interest and penalties, fines, additions to tax or additional amounts imposed or assessed with respect thereto.
- (95) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.
- (96) “**Tax Authority**” means any local, municipal, governmental, state, provincial, territorial, federal, including any Canadian or other fiscal, customs or excise authority, body or officials anywhere in the world with responsibility for, and competent to impose, collect or administer, any form of Tax.
- (97) “**Tax Returns**” means all returns, reports (including elections, declarations, disclosures, statements, schedules, estimates and information returns) and other information filed or required to be filed with any Tax Authority relating to Taxes.
- (98) “**Third Party**” means any Person that is neither a Party nor an Affiliate of a Party.
- (99) “**Transaction Documents**” means this Agreement, the Ancillary Agreements and all other ancillary agreements to be entered into, or documentation delivered by, any Party pursuant to this Agreement.

(100) “**Transfer Costs**” means any Taxes, administration, filing or other fees or costs payable to any Governmental Authority to transfer or obtain the Mining Licenses and Claims, the Required Consents, Required Permits or Replacement Permits.

(101) “**Transfer Taxes**” means all goods and services, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated, in each case including interest, penalties or additions attributable thereto whether or not disputed, arising out of or in connection with the transactions provided for herein, regardless of whether the Government Entity seeks to collect the Transfer Tax from Sage Gold, the Seller or the Purchaser, including GST/HST.

Section 1.2 **Rules of Interpretation**

In this Agreement:

- (a) Currency – Unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, refer to the currency of Canada.
- (b) Headings, etc. – The division of this Agreement into Articles, Sections and other subdivisions and the inclusion of headings are provided for convenience only and do not affect the construction or interpretation of this Agreement.
- (c) Extended Meanings – Words importing the singular include the plural and vice versa, words importing gender include all genders.
- (d) Time – Time is of the essence of this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.
- (e) Schedules – The following are the Schedules to this Agreement:

SCHEDULE 1.1(10) – ASSIGNED CONTRACTS

SCHEDULE 1.1(41) – EQUIPMENT

SCHEDULE 1.1(55) – LICENSED INTELLECTUAL PROPERTY

SCHEDULE 1.1(58) – MINING LICENSES AND CLAIMS

SCHEDULE 1.1(62) – OWNED INTELLECTUAL PROPERTY

SCHEDULE 1.1(65) – PERMITTED ENCUMBRANCES

SCHEDULE 1.1(74) – PURCHASED DEPOSITS

SCHEDULE 1.1(83) – ROYALTY AGREEMENTS

SCHEDULE 2.6 – ALLOCATION OF PURCHASE PRICE

ARTICLE 2 – PURCHASE AND SALE OF ASSETS

Section 2.1 **Purchase and Sale of the Purchase Assets**

Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase and assume from

the Seller, all of the right, title and interest of Sage Gold, if any, in and to all of the Property and undertaking of Sage Gold (other than the Excluded Assets), held for use in or relating to the Business free and clear of all Claims and Liens (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order, when granted, including, but not limited to all right title and interest of Sage Gold in, to and under:

- (a) the Mining Licenses and Claims;
- (b) the Business Information, subject to Section 2.2(c);
- (c) the Consents of Government Entities to the extent transferable at Law, including all Permits and all pending applications for Permits;
- (d) all Current Assets, but not including any rights or property described in Section 2.2(a) and Section 2.2(e);
- (e) all Books and Records;
- (f) all Assigned Contracts;
- (g) the Buildings;
- (h) the Equipment;
- (i) the Owned Intellectual Property and the Licensed Intellectual Property;
- (j) all Property, including the Finn Road Farm Property;
- (k) the Clavos Project, the Pillars Project, the McDonald Project, the Clist Lake Project and related assets; and
- (l) all other rights, properties and assets of Sage Gold used in the Business (other than the Excluded Assets), of whatever nature or kind and wherever situated,

(collectively, the “**Purchased Assets**”).

Section 2.2 **Excluded Assets**

The following items (collectively, the “**Excluded Assets**”) shall not form part of the Purchased Assets:

- (a) all cash and cash equivalents, bank deposits, bank balances in possession of banks, the Receiver and other depositories, but excluding the Financial Assurances;
- (b) any deposits associated with Contracts that are not Assigned Contracts;
- (c) following Closing, copies of any book, recorded, literature, list and any other written or recorded information constituting Business Information (the original of which has already been assigned or transferred to the Purchaser) to which the

Seller in good faith determines it is reasonably likely to need to access for *bona fide* Tax of legal purposes;

- (d) any known or unknown Claims Sage Gold may have against any Person other than a Claim for Accounts Receivable;
- (e) refunds and/or credits in respect of reassessment for Taxes relating the Business or Purchased Assets paid prior to the Closing and refundable Taxes;
- (f) Excluded Contracts;
- (g) the Onaman Project and related assets; and
- (h) all rights of the Seller under this Agreement and the Ancillary Agreements.

Section 2.3 Assumed Liabilities

On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Purchaser shall assume and become responsible for, and perform, discharge and pay when due, the following Liabilities (the “**Assumed Liabilities**”):

- (a) all Liabilities of Sage Gold in respect of the Mining Licenses and Claims;
- (b) all Liabilities for, or related to any obligation for, any Tax that the Purchaser bears under Section 2.9 (including, for the avoidance of doubt, Transfer Taxes imposed in connection with this Agreement and the transactions contemplated hereunder or any other Transaction Document and the transactions contemplated thereunder);
- (c) all Liabilities with respect to the post-Closing operation of the Business or ownership of the Purchased Assets;
- (d) all Liabilities (i) arising from or in connection with the Royalty Agreements (as long as such Royalty Agreements are valid and enforceable under applicable Law), and (ii) from and after the Closing Date arising from or in connection with any Assigned Contracts (other than the Royalty Agreements) or breach thereof;
- (e) any Cure Costs associated with the Assigned Contracts;
- (f) all amounts payable or Liabilities that must be assumed to obtain the Consents or Permits, including Taxes, filing and other fees related thereto;
- (g) all Environmental Liabilities; and
- (h) to the extent not listed above and without duplication, all other Accounts Payable, Accrued Liabilities and Taxes (other than Transfer Taxes), provided that any such amounts incurred prior to the Closing shall not exceed the total amount of \$ [REDACTED]

Section 2.4 **Excluded Liabilities**

Except for the Assumed Liabilities, the Purchaser shall not assume and shall not be responsible for any of the Liabilities of Sage Gold, whether present or future, known or unknown, absolute or contingent and whether or not relating to the Business or the Purchased Assets (collectively, the “**Excluded Liabilities**”).

Section 2.5 **Purchase Price**

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Purchased Assets pursuant to the terms hereof, the Purchaser shall (i) pay to the Seller \$ [REDACTED] (the “**Cash Purchase Price**”); and (ii) assume from the Seller and Sage Gold and become obligated to pay, perform and discharge, when due, the Assumed Liabilities ((i) and (ii), collectively, the “**Purchase Price**”).

Section 2.6 **Allocation of Purchase Price**

The Purchase Price will be allocated among the Purchased Assets in accordance with Schedule 2.6 and the values so attributed to the Purchased Assets are the respective fair market values thereof. The Seller and the Purchaser shall cooperate in the preparation of and execute any elections and agreements that may be necessary or desirable under any Tax Laws to give effect to the allocations described in Schedule 2.6, and the Seller and the Purchaser shall prepare and file their respective Tax returns in a manner consistent with those allocations, elections and agreements.

Section 2.7 **Deposit**

- (a) Contemporaneously with the execution and delivery of the September Letter, the Purchaser paid a deposit payable to the order of the Receiver in the amount of \$ [REDACTED] (the “**First Deposit**”);
- (b) On November 18, 2019, the Purchaser paid a second deposit payable to the order of the Receiver in the amount of \$ [REDACTED] (the “**Second Deposit**”);
- (c) The First Deposit shall be non-refundable and such funds shall be used by the Receiver to fund certain operations of Sage Gold until Closing in accordance with Section 8.1(d); and
- (d) The Second Deposit shall be non-refundable, other than as a result of the failure of the Receiver to obtain and maintain the Approval and Vesting Order in full force and effect without any variance or modification in accordance with the terms hereof.

Section 2.8 **Satisfaction of Purchase Price**

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

- (a) by the assumption by the Purchaser of the Assumed Liabilities; and

- (b) by payment to the Receiver by wire transfer of \$ [REDACTED] being the balance of the Cash Purchase Price due on Closing after deducting the following amounts from the Cash Purchase Price:
- (i) the amount of the First Deposit received by the Receiver;
 - (ii) the amount of the Second Deposit received by the Receiver;
 - (iii) \$ [REDACTED] on account of one half of the anticipated Additional Financial Assurances;
 - (iv) \$ [REDACTED] on account of payments made to the Seller on July 31, 2019, in order to fund Operating Activities; and
 - (v) \$ [REDACTED] on account of the assumption, settlement and/or payment by the Purchaser of the Contractor Costs.

Section 2.9 **Transfer Taxes**

(1) The Parties agree that the Purchase Price is exclusive of any Transfer Taxes. Subject to Section 4.7 and Section 2.9(3) the Purchaser shall promptly pay directly to the appropriate Tax Authority all applicable Transfer Taxes that are properly payable by the Purchaser or the Seller under applicable Law in connection with this Agreement and the transactions contemplated herein and the other Transaction Documents and the transactions contemplated therein. The Purchaser shall indemnify and save harmless the Seller from and against any Transfer Taxes that may be imposed on, claimed from or demanded of the Seller or Sage Gold, including as a result of the transactions contemplated hereby or as a result of any elections made or omitted to be made or any refusal of any Government Entity to accept any such election.

(2) If the Purchaser wishes to claim any exemption relating to, or a reduced rate of, Transfer Taxes, in connection with this Agreement or the transactions contemplated herein or the other Transaction Documents and the transactions contemplated therein, the Purchaser shall be solely responsible for ensuring that such exemption or election applies and, in that regard, shall provide the Seller prior to Closing with its permit number, GST/HST number, or other similar registration numbers and/or any appropriate certificate of exemption, election and/or other document or evidence to support the claimed entitlement to such exemption or reduced rate by the Purchaser. The Seller shall make commercially reasonable efforts to cooperate to the extent necessary to obtain any such exemption or reduced rate.

(3) At the Purchaser's sole expense, the Purchaser and the Seller, on behalf of Sage Gold, shall, where such election is available, jointly execute an election under Section 167 of Part IX of the *Excise Tax Act* (Canada) in the forms prescribed for such purposes such that the sale of the Purchased Assets by the Seller will take place without payment of any GST/HST. The Purchaser shall file the election forms referred to above with the proper Tax Authority, together with the Purchaser's GST/HST return for its GST/HST reporting period during which the transaction of purchase and sale contemplated herein occurs. Notwithstanding such election, in the event that it is determined by the CRA that there is a GST/HST liability of the Purchaser to pay GST/HST on all or part of the Purchased Assets sold pursuant to this Agreement, the Parties agree that such GST/HST, as the case may be, shall, unless already collected from the Purchaser and remitted by the Seller, be forthwith remitted by the Purchaser to the CRA, as the case may be. If it is

determined that the elections are not available, the Seller agrees to provide reasonable cooperation to the Purchaser to expedite the Purchaser's claims for input tax credits, input tax refunds or rebates of GST/HST. Regardless of whether an election is made pursuant to this Section 2.9(3) the Seller agrees that it shall collect no GST/HST in respect of any real property acquired by the Purchaser so long as the notification requirement in Section 3.1(i) of this Agreement is satisfied.

(4) The Seller and the Purchaser agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof to the extent permitted under applicable Tax Law.

Section 2.10 **Non-Assignable Rights**

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any Contract, Permit or Consent which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof or the other party or parties thereto, without first obtaining such approval or consent or a Court Order (collectively "**Non-Assignable Rights**"). In connection with such Non-Assignable Rights, the Seller shall, at the request of the Purchaser use commercially reasonable efforts to assist the Purchaser in applying for and use commercially reasonable efforts to assist the Purchaser in obtaining any of the Required Consents, Required Permits or Replacement Permits contemplated in Section 5.1(c) and Section 5.1(d) provided that nothing shall require the Seller to make any payment to any Person in order to obtain such Required Consents, Required Permits or Replacement Permits.

Section 2.11 **Solomon Pillars Lease and Railway Lease**

The Receiver agrees to use its commercially reasonable efforts, prior to the date of the Receiver's discharge, to reactivate, or to assist the Purchaser in reactivation of, the Solomon Pillars Lease and Railway Lease; provided, however, that the Receiver shall have no obligation to incur any out-of-pocket expenses in discharging such commercially reasonable efforts and shall have no obligation to delay its discharge as a result of its obligation hereunder. In the event that the Solomon Pillars Lease and Railway Lease have not been successfully reactivated prior to the Receiver's motion for discharge, the Receiver shall pay to the Purchaser, not later than two (2) Business Days after the date on which notice is served of the Receiver's motion for discharge, \$ [REDACTED] as a rebate of the Cash Purchase Price.

ARTICLE 3- REPRESENTATIONS AND WARRANTIES

Section 3.1 **Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to the Seller as follows and acknowledges that the Seller is relying on the following representations and warranties in entering into this Agreement and completing the transactions contemplated by it:

- (a) the Purchaser possesses all requisite legal right, power, authority and capacity to execute, deliver and perform this Agreement, and each Transaction Document, instrument and document to be executed and delivered by the Purchaser in

connection herewith and to consummate the transactions contemplated herein and therein;

- (b) this Agreement and each Transaction Document has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights or by principles of equity. The Purchaser is not a party to, subject to, or bound by any Order, or any Contract which would prevent the execution or delivery of this Agreement by the Purchaser or the purchase by the Purchaser of the Purchased Assets;
- (c) the Purchaser has now, and at all times from the date hereof through and after the Closing Date, will have, sufficient funds available to pay the Cash Purchase Price and all other amounts payable under the Transaction Documents and to otherwise consummate the transactions contemplated hereby and thereby, and to pay all fees and expenses related thereto and to perform all obligations when due under the Assigned Contracts. The Purchaser acknowledges that its obligations under this Agreement and the other Transaction Documents are not subject to any conditions regarding its ability to obtain financing for any portion of the foregoing amounts;
- (d) except for fees and commissions that will be paid by the Seller out of the Cash Purchase Price, no broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of the Purchaser;
- (e) except for the Required Consents, Required Permits or Replacement Permits, and entry of the Approval and Vesting Order, to the best of the Purchaser's Knowledge, no notice, filing, authorization, approval, Order or consent is required to be given, filed or obtained by the Purchaser to or from any Government Entity or Third Party in connection with the execution, delivery and performance by the Purchaser of this Agreement or the transactions contemplated hereby;
- (f) the Purchaser, after diligent review is aware of no facts that would prevent the issuance of the Required Consents or the Required Permits from any Government Entities for the transfer of the Required Permits from Sage Gold to the Purchaser or for the obtaining of Replacement Permits by the Purchaser for those Required Permits presently held by Sage Gold that are not transferable;
- (g) the Purchaser has disclosed the identity of all investors in the Purchaser and in the Purchased Assets to the Receiver and has authorized the Receiver to share the identity of the investors with the Ministry of Northern Development and Mines and any other relevant Government Entity;
- (h) the Purchaser is a "WTO Investor" within the meaning of the Investment Canada Act, and the regulations thereunder; and

- (i) the Purchaser is or will be registered for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* (Canada) and shall provide to the Seller its registration number no later than 10 days prior to Closing.

Section 3.2 **Representations and Warranties of the Seller**

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on the following representations and warranties in entering into this Agreement and completing the transactions contemplated by it:

- (a) subject to obtaining the Approval and Vesting Order, the Seller has good and sufficient power, authority and right to enter into and deliver this Agreement and complete the transactions contemplated hereunder;
- (b) this Agreement has been duly and validly executed and delivered by the Seller and, subject to obtaining the Approval and Vesting Order, constitutes legal, valid and obligations of the Seller, enforceable against it in accordance with its terms;
- (c) the execution and delivery by the Seller of this Agreement and the performance by the Seller of its obligations under this Agreement will not result in, (i) the breach or violation of any terms or conditions of any applicable law, regulation or order, or (ii) the creation of any lien, charge or encumbrance on any of the Purchased Assets;
- (d) the Purchased Assets (together with the Excluded Assets) represent all or substantially all of the assets of Sage Gold and, upon acquisition of the Purchased Assets by the Purchaser, the Purchaser will be able to operate the business in substantially the same manner as undertaken by Sage Gold at the time it operated the Purchased Assets;
- (e) the Seller is not a “non-resident” of Canada for the purpose of Section 116 of the Tax Act; and
- (f) Sage Gold is registered for purposes of the *Excise Tax Act* (Canada) and its registration number is 87581 5250.

Section 3.3 **No Other Representations or Warranties**

(1) Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that none of the Seller or any other Person (including Deloitte Corporate Finance Inc. or any of the Receiver’s advisors) is making any representations or warranties whatsoever, express or implied, beyond those expressly given by the Seller in Section 3.2, or with respect to any other information provided to the Purchaser in connection with the transactions contemplated hereby, including as to the probable success or profitability of the ownership, use or operation of the Business, title to the Purchased Assets, the Assumed Liabilities, or as to the accuracy or completeness of any information regarding any of the foregoing that any Seller, or any other Person, furnished or made available to the Purchaser or its representatives. The Purchaser further represents that none of the Seller or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Seller, the Business or the transactions contemplated by this

Agreement not expressly set forth in this Agreement, and none of the Seller or any other Person will have or be subject to liability to the Purchaser or any other Person resulting from the distribution to the Purchaser or its representatives or the Purchaser's use of any such information, including Data Site information provided to the Purchaser or its representatives, in connection with the sale of the Business. The Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business and the Purchased Assets and, in making the determination to proceed with the transactions contemplated by this Agreement, the Purchaser has relied solely on the results of its own independent investigation.

(2) The Purchaser acknowledges and agrees that, in determining whether to enter into this Agreement, Purchaser (i) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets, the Business and the Assumed Liabilities prior to the execution of this Agreement and that the obligations of the Purchaser are not conditional upon any additional due diligence; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets to be acquired and obligations and Liabilities to be assumed in entering into this Agreement; and (iii), except for the representations and warranties set out in Section 3.2 did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of Law or otherwise) from or by the Seller, Deloitte Corporate Finance Inc. or any partner, employee, officer, director, accountant, agent, financial, legal or other representative of any of the Seller or Deloitte Corporate Finance Inc. regarding the Purchased Assets to be acquired or the Assumed Liabilities or the completeness of any information provided in connection therewith, except as expressly stated herein.

(3) The Purchaser acknowledges and agrees that the enforceability of this Agreement against the Seller is subject to entry of the Approval and Vesting Order.

Section 3.4 “As Is, Where Is”

Subject to Section 3.2 of this Agreement, the Purchaser acknowledges that (i) it is purchasing the Purchased Assets on an “as is, where is” and “without recourse” basis and on the basis that the Seller has not guaranteed or will not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of title to the Purchased Assets as it deems appropriate and has satisfied itself with regard to these matters and (ii) it has inspected the Purchased Assets and will accept the same on the Closing Date, in their then current state, condition and location. Except as otherwise expressly provided in this Agreement, no representation, warranty or condition whether statutory (including under the *Sale of Goods Act* (Ontario), the *International Sale of Goods Contracts Convention Act* (Canada) or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including, without limitation, the Uniform Commercial Code as enacted in any State or the United Nations Convention on Contracts for the International Sale of Goods), expressed or implied, oral or written, legal, equitable, conventional, collateral or otherwise is or will be given by the Seller as to title, outstanding liens, description, fitness or purpose, merchantability, quantity, condition, quality, suitability, durability, assignability, or marketability therefor or any other matter or thing whatsoever, and all of the same are expressly excluded. The Purchaser acknowledges and agrees that it has inspected the Purchased Assets and has relied on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets pursuant to this Agreement. The description of the Purchased Assets contained herein is for the purpose of identification only. No representation, warranty or

condition has or will be given by the Seller concerning completeness or accuracy of such description.

ARTICLE 4 - COVENANTS AND OTHER AGREEMENTS

Section 4.1 Approval and Vesting Order

(1) The Seller and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to the approval of the Court. Mr. Flowers delivered the Bank Comfort Letter to the Seller on November 23, 2019.

(2) The Seller shall use its commercially reasonable efforts to obtain from the Court, upon a hearing to be held on a date specified by the Court (the “**Sale Hearing**”), an order in form and in substance acceptable to the Purchaser approving the sale of the Purchased Assets to the Purchaser pursuant to this Agreement and vesting in and to the Purchaser the Purchased Assets free and clear of all Liens and Claims (other than Permitted Encumbrances) which shall not be subject to appeal, leave to appeal, and/or a motion to stay, vary, modify, and/or set aside and shall be in full force and effect in accordance with its terms (the “**Approval and Vesting Order**”).

(3) The Purchaser, at its own expense, will promptly provide to the Seller all such information within its possession or under its control as the Seller may reasonably require to obtain the Approval and Vesting Order. The Purchaser and the Seller will cooperate in obtaining entry of the Approval and Vesting Order.

Section 4.2 Cooperation

(1) Prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, making witnesses available in the Court or by declaration, as necessary, in obtaining the entry of the Approval and Vesting Order, and the taking of such actions as are necessary to obtain any requisite Consent; provided, however, at no time shall the Seller be obligated to make any payment or deliver anything of value to the Purchaser or any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise provided herein) or to the Purchaser in order to obtain any Consent.

(2) The Seller and the Purchaser shall promptly notify the other of the occurrence, to such Party’s Knowledge, of any event or condition, or the existence, to such Party’s Knowledge, of any fact, that would reasonably be expected to result in (i) any of the conditions set forth in Article 5 not being satisfied; or (ii) any of the representations and warranties in Article 3 not being true and correct.

(3) The Purchaser and the Seller acknowledge and agree that time is of the essence in effecting the Closing and otherwise consummating the transactions contemplated herein, and that it will promptly and timely provide written requests, execute and deliver all required documents

and materials and use commercially reasonable efforts to perform all necessary and required actions, including to obtain the Required Consents, the Required Permits or the Replacement Permits from appropriate Government Entities.

Section 4.3 **Pre-closing Access to Information**

(1) Prior to the Closing, the Seller shall (a) give the Purchaser and its authorized representatives, upon advance notice and during regular business hours, access to all books, records, reports (including any mine closure reports or drafts thereof), plans, certificates, files, documents and information related to the Purchased Assets and other facilities and properties of the Business; and (b) permit the Purchaser to make such copies and inspections thereof, upon advance notice and during regular business hours, as the Purchaser may reasonably request; provided, however, that any such access shall be conducted at Purchaser's expense, in accordance with Law (including any applicable Bankruptcy Law), under the supervision of the Seller's personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the Business of the Seller.

(2) Notwithstanding Section 4.3(1), the Seller shall not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Laws or which would result in the disclosure of any trade secrets of Third Parties or violate any obligation of the Seller to any Third Party or that would have the effect of causing the waiver of any solicitor-client privilege or subsisting agreement of confidentiality.

Section 4.4 **Confidentiality**

(1) Prior to the Closing, the Purchaser shall keep confidential all information disclosed to it by the Seller or its agents (including any disclose made pursuant to Section 4.3(1)) relating to Sage Gold or the Business in accordance with the terms of the confidentiality agreement signed by the Purchaser and the Seller (the "**Confidentiality Agreement**"). Such information is confidential and proprietary to the Seller and the Purchaser shall only disclose such information to those of its employees and representatives of its advisors who need to know such information for the purposes of evaluating and implementing the transaction contemplated in this Agreement and only in accordance with the terms of the Confidentiality Agreement. Notwithstanding the foregoing, the Purchaser shall keep confidential all Personal Information disclosed to it by the Seller or its agents and will not disclose the Personal Information except in accordance with applicable Law. If this Agreement is terminated without completion of the transactions contemplated by this Agreement, the Purchaser shall promptly return all documents, work papers and other written material (including all copies) obtained from the Seller in connection with this Agreement, and not previously made public and shall continue to maintain the confidence of all such information.

(2) After the Closing, the Seller shall keep confidential all Personal Information it disclosed to the Purchaser and all information relating to the Business, except information which:

- (a) is part of the public domain;
- (b) becomes part of the public domain other than as a result of a breach of these provisions by the Seller; or

- (c) was received in good faith after Closing from an independent Person who was lawfully in possession of such information free of any obligation of confidence.

Section 4.5 Public Announcements

Prior to the Closing and except as necessary for the Party to make any filing with the Court to obtain approval of the transactions contemplated by this Agreement, no Party shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the reasonable judgment of the Purchaser or the Seller, disclosure is otherwise required by applicable Law (including the Securities Laws), or the Court with respect to filings to be made with the Court in connection with this Agreement or by the Securities Laws of the Securities Commissions or any stock exchange on which the Purchaser lists securities, provided that the Party intending to make such release shall use commercially reasonable efforts consistent with such applicable Law and the Court requirement to consult with the other Party with respect to the text thereof.

Section 4.6 Further Actions

From and after the Closing Date, each of the Parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and give effect to the transactions contemplated herein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Purchased Assets as provided in this Agreement; provided that the Seller shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise specified herein) or the Purchaser in order to obtain any Consent to the transfer of Purchased Assets or the assumption of Assumed Liabilities.

Section 4.7 Transaction Expenses

Except as otherwise provided in this Agreement or the Ancillary Agreements, each of the Purchaser and the Seller shall bear its own costs and expenses (including brokerage commissions, finders' fees or similar compensation, and legal fees and expenses) incurred in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby. Without limiting the foregoing, Purchaser shall pay all recording costs associated with transferring the Mining Licenses and Claims in accordance with applicable Laws and all costs associated with obtaining any Required Consents and Required Approvals.

Section 4.8 Certain Payments or Instruments Received from Third Parties

To the extent that, after the Closing Date, (a) the Purchaser receives any payment or instrument that is for the account of the Seller, or Sage Gold, according to the terms of this Agreement, the Purchaser shall promptly deliver such amount or instrument to the Seller; and (b) the Seller receives any payment that is for the account of the Purchaser according to the terms of this Agreement or relates to the Business, the Seller shall hold such payment in trust for the Purchaser and promptly deliver such amount or instrument to the Purchaser. All amounts due

and payable under this Section 4.8 shall be due and payable by the applicable Party in the form received, or if payment in such form is not possible, in immediately available funds, by wire transfer to the account designated in writing by the relevant Party. Notwithstanding the foregoing, each Party hereby undertakes to use commercially reasonable efforts to direct or forward all bills, invoices or like instruments to the appropriate Party.

Section 4.9 Notification of Certain Matters

The Seller shall give written notice to the Purchaser and the Purchaser shall give written notice to the Seller, as applicable, promptly after becoming aware of (a) the occurrence of any event, which would be likely to cause any condition set forth in Article 5 to be unsatisfied in any material respect at any time from the date hereof to the Closing Date; or (b) any notice or other communication from (i) any Person alleging that the Consent of such Person is or may be required in connection with any of the transactions contemplated by this Agreement; or (ii) any Government Entity in connection with any of the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 4.9 shall not limit or otherwise affect the remedies available hereunder to the Seller or the Purchaser.

Section 4.10 Risk of Loss

Until the Closing, the Purchased Assets will remain at the risk of the Seller. If any material destruction or material damage occurs to the Purchased Assets on or before the Closing or if any or all of the Purchased Assets are appropriated, expropriated or seized by Government Entity or other lawful authority on or before the Closing, the Seller will give notice thereof to the Purchaser as promptly as practical and the Purchaser will have the option, exercisable by notice to the Seller on or before the Closing:

- (a) to reduce the Purchase Price by an amount equal to the proceeds of insurance or compensation for destruction or damage or appropriation, expropriation or seizure with respect thereto (referred to as the “**Proceeds**”), and to complete the purchase; or
- (b) to complete the purchase without reduction of the Purchase Price, in which event all Proceeds will be payable to the Purchaser and all Claims of the Seller to any such amounts not paid by the Closing will be assigned to the Purchaser.

Section 4.11 Investment Canada Act

The Purchaser shall notify the Director Investments of the transactions contemplated by this Agreement within 30 days after the Closing Date, in accordance with Part III of the Investment Canada Act.

ARTICLE 5 - CONDITIONS OF CLOSING

Section 5.1 Conditions to Each Party’s Obligation

The Parties’ obligation to effect the Closing is subject to the satisfaction or the express written waiver of the Parties, at or prior to the Closing, of each of the following conditions

- (a) there shall be in effect no Law or Order prohibiting the consummation of the transactions contemplated hereby that has not been withdrawn or terminated;
- (b) none of the Parties nor any of their respective directors, officers, employees or agents, will be a defendant or third party to or threatened with any litigation or proceedings before any Government Entity which could prevent or restrict that Party from performing any of its obligations in this Agreement or any Transaction Document;
- (c) Consents to the transfer of the Mining Licenses and Claims or waivers thereof shall have been obtained (“**Required Consents**”) and any Transfer Costs in respect thereof shall have been paid by the Purchaser;
- (d) All Permits shall have been transferred to the Purchaser (the “**Required Permits**”) or Replacement Permits shall have been issued to the Purchaser in respect thereof and any Transfer Costs in respect thereof shall have been paid by the Purchaser; and
- (e) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller and shall not be subject to appeal, leave to appeal and/or a motion to stay, vary, modify and/or set aside and shall be in full force and effect in accordance with its terms.

Section 5.2 **Conditions to the Seller’s Obligation**

The Seller’s obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Seller), at or prior to the Closing, of each of the following additional conditions:

- (a) except for any failure to be true and correct that has not had a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Section 3.1 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Seller shall have received a certificate of the Purchaser to such effect signed by a duly authorized officer thereof;
- (b) the covenants, obligations, and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects. The Seller shall have received a certificate of Purchaser to such effect signed by a duly authorized officer thereof;
- (c) the Purchaser shall have delivered a draft closure plan acceptable to the Ministry of Northern Development and Mines (the “**MNDM**”) that is acceptable to it, together with the financial assurance set out in such draft closure plan to be held by the MNDM pending closing unless otherwise agreed by the MNDM;
- (d) each of the deliveries required to be made to the Seller pursuant to Article 6 shall have been so delivered.

Section 5.3 **Conditions to Purchaser's Obligation**

The Purchaser's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Purchaser), at or prior to the Closing, of each of the following additional conditions:

- (a) except for any failure to be true and correct that has not had a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Section 3.2 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Purchaser shall have received a certificate of the Seller to such effect signed by a duly authorized officer thereof;
- (b) the covenants, obligations and agreements contained in this Agreement to be complied with by the Seller on or before the Closing shall have been complied with in all material respects. The Purchaser shall have received a certificate of the Seller to such effect signed by a duly authorized officer thereof; and
- (c) each of the deliveries required to be made to the Purchaser pursuant to Article 6 shall have been so delivered,

Section 5.4 **Waiver of Conditions**

Either party may waive, in whole or in part, at any time by notice in writing to the other party, any condition in Section 5.2 or Section 5.3 that is for its benefit. No waiver by a party of any condition, in whole or in part, will operate as a waiver of any other condition or of that party's rights of termination in the event of non-fulfilment of any other condition, in whole or in part.

ARTICLE 6 - CLOSING ARRANGEMENTS

Section 6.1 **Date, Place and Time of Closing**

The completion of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities (the "**Closing**") shall take place at the offices of McMillan LLP, 181 Bay Street, Toronto, Ontario, commencing at 10:00 a.m. local time on December 20, 2019 so long as such date is on or after the 11th day after the granting of the Approval and Vesting Order, or at such other place and on such other date and at such other time as shall be mutually agreed upon in writing by the Purchaser and the Seller (the day on which the Closing takes place being the "**Closing Date**"). Legal title, equitable title and risk of loss with respect to the Purchased Assets will transfer to the Purchaser, and the Assumed Liabilities will be assumed by the Purchaser at the Closing.

Section 6.2 **Actions and Deliveries at Closing**

At the Closing:

- (a) the Purchaser shall pay to Seller, in cash, \$ [REDACTED] being the Cash Purchase Price less the amounts set out in Section 2.8(b)(i) to Section 2.8(b)(v), by wire transfer of immediately available funds to an account or accounts designated by Seller;

- (b) the Purchaser shall deliver evidence, satisfactory to the Seller, of the assumption, settlement in writing or payment of the Contractor Costs as of the Closing Date and/or, in the alternative, deliver a cash deposit or performance bond to counsel for the Purchaser in the amount of up to \$ [REDACTED] to secure the performance of the Purchaser's remaining obligation to assume, settle in writing or pay the Contractor Costs (for avoidance of doubt, such \$ [REDACTED] does not include, and is in addition to, the \$ [REDACTED] to be held by counsel for the Purchaser pursuant to Section 8.1(c));
- (c) the Seller and the Purchaser shall deliver duly executed copies of and enter into the Transaction Documents to which it is contemplated that they will be parties, respectively;
- (d) the Purchaser shall deliver the officer's certificates required to be delivered pursuant to Section 5.2(a) and Section 5.2(b);
- (e) the Seller shall deliver the officer's certificates required to be delivered pursuant to Section 5.3(a) and Section 5.3(b);
- (f) the Seller shall deliver a certified copy of the Approval and Vesting Order; and
- (g) each Party shall deliver, or cause to be delivered, to the other any other documents reasonably requested by such other Party in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement, provided however that all material physical or electronic deliveries required hereunder to be made by the Seller shall be at the Purchaser's expense.

Section 6.3 Delivery of the Receiver's Certificate

When the conditions set out in Article 5 have been satisfied or waived, the Receiver will deliver an executed copy of the Receiver's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Receiver will file a copy of the Receiver's Certificate with the Court and provide evidence of such filing to the Purchaser.

ARTICLE 7 - TERMINATION

Section 7.1 Termination Rights

This Agreement may be terminated at any time prior to the Closing (or in the case of clause (c) below, within the time period prescribed therein):

- (a) by mutual written consent of the Seller and the Purchaser;
- (b) by either Party, upon written notice to the other:
 - (i) in the event of a material breach by such other Party of such other Party's representations, warranties, agreements or covenants set forth in this Agreement, which breach (A) would result in a failure of the conditions to Closing set forth in Section 5.2 or Section 5.3, as applicable; and (B) is not

cured within seven (7) days from receipt of a written notice from the non-breaching Party;

(ii) if a Government Entity issues an Order prohibiting the transactions contemplated hereby; or

(c) if the Closing does not take place by December 30, 2019;

provided, however, that the right to terminate this Agreement pursuant to Section 7.1(b) or Section 7.1(c) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such clauses.

Section 7.2 **Effect of Exercise of Termination Rights**

If this Agreement is terminated pursuant to Section 7.1, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further Liability of any Party to the other except for the provisions of Section 1.1 (Definitions), Section 1.2(Rules of Interpretation), Section 2.7(Deposit), Section 3.1(d) (No Brokers), Section 4.4 (Confidentiality), Section 4.5 (Public Announcements), Section 4.7 (Transaction Expenses), Section 7.2 (Effect of Exercise of Termination Rights), Section 8.1(c) (Responsibility for Services to the Project, Section 9.3 (Remedies), Section 9.4 (No Third-Party Beneficiaries), Section 9.6 (Successors and Assigns), Section 9.7 (Governing Law; Submission to Jurisdiction), Section 9.8 (Notices), and Section 9.13 (Entire Agreement).

ARTICLE 8 – POST-CLOSING ACTIVITIES AND ARRANGEMENTS

Section 8.1 **Responsibility for Services to the Project**

The Parties agree as follows:

- (a) Between September 30, 2019 and the Closing Date, the Purchaser (or its authorized representative) shall supervise and maintain the operation of the underground pumps and heaters and to ensure the Purchased Assets are properly secured at the Clavos Project (the “**Purchaser Activities**”). All charges, costs and expenses associated with the Purchaser Activities shall be deemed to be Pre-Closing Disbursements that are for the account of the Purchaser. The Purchaser shall be responsible for arranging with the relevant Government Entities for appropriate access for itself (and its authorized representatives) to the Clavos Project for the purpose of undertaking the Purchaser Activities. The Seller will, if necessary and reasonable, facilitate communication between the relevant Government Entities and the Purchaser.
- (b) At Closing, the Purchaser shall agree to settle, pay or assume accrued and outstanding charges, costs and properly documented project-related expenses owing to contractors for work performed and services rendered in connection with the care and maintenance of the Clavos Project as of September 29, 2019 (collectively, the “**Contractor Costs**”) in an amount up to \$ [REDACTED], which amount includes the \$ [REDACTED] referenced in the September Letter. To the extent that the total quantum of the Contractor Costs exceeds [REDACTED] (the “**Excess**

Contractor Costs”), the Purchaser shall not be required to settle, pay or assume that portion of the Excess Contractor Costs which is attributable to the period prior to April 1, 2019.

- (c) The Purchaser has deposited \$ [REDACTED] referenced in Section 8.1(b) in trust with counsel to the Purchaser and such \$ [REDACTED] shall be maintained for the sole purpose of the satisfying or settling Contractor Costs, whether or not Closing occurs.
- (d) The Seller will use the First Deposit to pay for the electrical supply to the Clavos Project until the Closing Date, and thereafter, at the Seller’s discretion for general estate administration.

Section 8.2 **General Post-Closing Access to the Purchased Assets**

In addition to the other provisions hereof granting to the Seller access to the Project after the Closing Date for certain specified purposes, the parties agree that upon reasonable prior notice to Purchaser, the Seller will be given reasonable access to the Project and to the Purchased Assets during normal business hours as necessary to enable the Seller to conduct ongoing tax and accounting functions and obligations, and other activities. All such activities of the Seller will be conducted in a manner which complies with Purchaser’s safety and operating procedures and in a manner which will not interfere unreasonably with the activities of Purchaser. All such activities of the Seller shall only be conducted in the presence of a representative of the Purchaser.

ARTICLE 9- MISCELLANEOUS

Section 9.1 **No Survival of Representations and Warranties or Covenants**

- (1) No representations or warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date unless expressly provided for herein or therein.
- (2) With respect to Claims against the Seller or the Purchaser, no Claim of any nature whatsoever for breach of representations or warranties hereunder may be made, or Action instituted with respect thereto, after the Closing Date.
- (3) Notwithstanding the foregoing, the covenants and agreements that by their terms are to be satisfied after the Closing Date shall survive until satisfied in accordance with their terms, including for greater certainty, the Guarantors’ obligations hereunder.

Section 9.2 **Purchaser Disclosure Supplements**

From time to time prior to the Closing, the Purchaser shall have the right to supplement or amend the Schedules hereto with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the respective Schedules. The Schedules shall be deemed amended by all such supplements and amendments for all purposes. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, Purchaser shall have the right, upon written notice to Seller, to exclude any Contract (other than, for greater certainty, the Royalty Agreements) that is a “designated assigned contract” listed on Schedule 1.1(10) from the Assigned Contracts, or

supplement the list of Assigned Contracts to include any Contract that is related to the Business that should have been listed on Schedule 1.1(10) for any reason, provided however that there shall be no reduction to the Purchase Price in respect of any such exclusion. Any Contract so excluded by Purchaser shall be deemed to no longer be an Assigned Contract and shall be deemed an Excluded Asset. Any disclosure schedules hereto shall be amended to reflect any changes made pursuant to this Section 9.2.

Section 9.3 Remedies

No failure to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement by any Party will operate as a waiver of such right, remedy, power or privilege, nor will any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise of such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege.

Section 9.4 No Third-Party Beneficiaries

This Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.5 Consent to Amendments; Waivers

No Party shall be deemed to have waived any provision of this Agreement or any of the other Transaction Documents unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. This Agreement and the ancillary documents shall not be amended, altered or qualified except by an instrument in writing signed by all the Parties hereto or thereto, as the case may be.

Section 9.6 Successors and Assigns

Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements set forth in the Transaction Documents by or on behalf of the Parties thereto will be binding upon and inure to the benefit of such Parties and their respective successors and permitted assigns. Neither the Seller nor the Purchaser shall assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other. Any purported assignment or delegation in violation of this Section 9.6 shall be null and void.

Section 9.7 Governing Law; Submission to Jurisdiction

(1) Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement, and any relief or remedies sought by any Parties, shall be governed exclusively by the Laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to the rules of conflict of laws applied therein or any other jurisdiction.

(2) To the fullest extent permitted by applicable Law, each Party (i) agrees that any Claim, Action or proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the Court;

(ii) agrees to submit to the nonexclusive jurisdiction of the Court for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby; (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a Court or any Claim that any such Action brought in such a Court has been brought in an inconvenient forum; (iv) agrees that mailing of process or other papers in connection with any such Action or proceeding in the manner provided in Section 9.8 or any other manner as may be permitted by Law shall be valid and sufficient service thereof; and (v) agrees that a judgment in any such Action or proceeding, once finally determined, settled or adjudicated, and all rights to appeal, if any, have been exhausted or have expired, shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 9.8 Notices

All demands, notices, communications and reports provided for in this Agreement shall be deemed given if in writing and delivered, if sent by facsimile, electronic mail, courier or sent by reputable overnight courier service (delivery charges prepaid) to any Party at the address specified below, or at such other address, to the attention of such other Person, and with such other copy, as the recipient Party has specified by prior written notice to the sending Party pursuant to the provisions of this Section 9.8.

(a) If to the Purchaser, to:

c/o Brauti Thorning LLP
 Attention: Steven Weisz
 Brookfield Place
 161 Bay Street, Suite 2900,
 Toronto, ON M5J 2S1

Facsimile: 416.362.8410
 Email: sweisz@btlegal.ca

(b) If to the Seller, to:

Philip J. Reynolds and Todd Ambachtsheer
 Deloitte Restructuring Inc.
 Bay Adelaide East
 8 Adelaide Street West, Suite 200
 Toronto, ON M5H 0A9
 Email: philreynolds@deloitte.ca and tambachtsheer@deloitte.ca

and a copy to counsel to the Receiver:

Wael Rostom and Tushara Weerasooriya
 McMillan LLP
 181 Bay Street, Suite 440
 Toronto, ON M5J 2T3

Facsimile: 416.865.7048

Email: wael.rostom@mcmillan.ca and tushara.weerasooriya@mcmillan.ca

(2) Any such demand, notice, communication or report shall be deemed to have been given pursuant to this Agreement when delivered personally, when confirmed if by facsimile transmission or electronic mail, or on the calendar day after deposit with a reputable overnight courier service, as applicable.

Section 9.9 Schedules

The Schedules attached hereto constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

Section 9.10 Counterparts

The Parties may execute and deliver this Agreement in two or more counterparts (no one of which need contain the signatures of all Parties), including facsimile or scanned PDF document, with the same effect as if all Parties had executed and delivered the same copy, each of which will be deemed an original and all of which together will constitute one and the same instrument.

Section 9.11 No Presumption

The Parties agree that this Agreement was negotiated fairly among them at arm's length and that the final terms of this Agreement are the product of the Parties' negotiations. Each Party represents and warrants that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The Parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a Party on the grounds that such Party drafted or was more responsible for drafting the provisions.

Section 9.12 Severability

If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, illegal or incapable of being enforced in any jurisdiction, (i) as to such jurisdiction, the remainder of this Agreement or the application of such provision, clause or part under other circumstances; and (ii) as for any other jurisdiction, any provision of this Agreement, shall not be affected and shall remain in full force and effect, unless, in each case, such invalidity, illegality or unenforceability in such jurisdiction materially impairs the ability of the Parties to consummate the transactions contemplated by this Agreement or to carry out the intent of this Agreement. Upon such determination that any clause or other provision is invalid, illegal or incapable of being enforced in such jurisdiction, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated or carried out as originally contemplated to the greatest extent legally possible including in such jurisdiction.

Section 9.13 Entire Agreement

The Transaction Documents set forth the entire understanding of the Parties relating to the subject matter thereof, and all prior or contemporaneous understandings, agreements, representations and warranties, whether written or oral, are superseded by the Transaction Documents, and all such prior or contemporaneous understandings, agreements, representations and warranties are hereby terminated. In the event of any irreconcilable conflict between this Agreement and any of the other Transaction Documents, the provisions of this Agreement shall prevail, regardless of the fact that certain Ancillary Agreements may be subject to different governing Laws (unless the other Transaction Documents expressly provides otherwise).

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Asset Purchase Agreement.

DELOITTE RESTRUCTURING INC.,
in its capacity as court-appointed receiver of the
assets, undertakings and properties of Sage Gold
Inc., and not in its corporate or personal capacity

By: _____
Name:
Title:

GRACE GOLD LTD.,
a corporation incorporated under the laws of the
Province of British Columbia

By:  _____
Name: Jayson B Flowers
Title: Chief Executive Officer

The parties have executed this Asset Purchase Agreement.

DELOITTE RESTRUCTURING INC.,
in its capacity as court-appointed receiver of the
assets, undertakings and properties of Sage Gold
Inc., and not in its corporate or personal capacity

By: 

Name: Phil Reynolds, CPA, CA, CIRP, LIT
Title: Senior Vice President

GRACE GOLD LTD.,
a corporation incorporated under the laws of the
Province of British Columbia

By: _____
Name:
Title:

Schedule 1.1(10) – Assigned Contracts

Contract Name	Parties	Agreement date	Payment Terms
CUSTOM MILLING AGREEMENT	McEwen Milling McEwen Mining Inc.	17-Nov-16	Refer to agreement - various rates and terms
HAUL ROAD LEASING	André and Jeanne Charlebois	12-Oct-17	Refer to agreement - annual payments
121352 Canada Inc. o/a Technosub	121352 Canada Inc. o/a Technosub	1-Aug-18	Refer to agreement - 3 pumps

Schedule 1.1(41) – Equipment

Work Area	Quantity	Item	Description	Remarks
U/G 100 Level	31	6" x 10' Pipe	259 L	
U/G 100 Level	1	Pensil Pump	Technosub	owned -This is down at 261 mL
U/G 100 Level	1	Pensil Pump Starter	Technosub	owned -This is down at 261 mL
U/G 100 Level	3	450 Elbow 6" Pipe		
U/G 100 Level	3	6" Clamps		
U/G 100 Level	17	5' x 10' Screen	250 ESS	
U/G 100 Level	2	48" x 50' Vent Tubino Flat	220 L	
U/G 100 Level	15	4" x 20' Black Pipe	240	
U/G 100 Level	1	15PH Pump	245L	Technosub - Rent to Own - Receiver currently paying
U/G 100 Level	2	25' x 4" Bullhose	220L	
U/G 100 Level	1	Air Fan - 24"		
U/G 100 Level	1	Start 58HP	Xylem	Probably a 100 HP starter
U/G 100 Level	1	2.4 HP Pump - in use	Xylem	Xylem - 2.4 HP pump
U/G 100 Level	3	Extention Cables for 58HP Pump elow 200 cutout		
U/G 100 Level	1	Starter for Slurry Pump	200L	Pam
U/G 100 Level	1	Scissor-Lift - purchased from Mining EQUIP		owned
U/G 100 Level	5	4" x 20' Pipe		
U/G 100 Level	1	6" x 20' Pipe		
U/G 100 Level	1	2" Bull Hose		
U/G 100 Level	8	5 Elbow 3 TB 6"		
U/G 100 Level	4	4" Elbrow		
U/G 100 Level	16	4" Clamps		
U/G 100 Level	3	Rolls Fence Galvan		
U/G 100 Level	1	Out House		
U/G 100 Level	1	Bandle 6' Rebar		
U/G 100 Level	6	4" x 20' Pipe		
U/G 100 Level	1	6ft Reamers Steel		
U/G 100 Level	1	6" Drill		
U/G 100 Level	1	2Ft Drill Steel		
U/G 100 Level	4	Bundles Rockbolt Plate		
U/G	2	Bundle Split Set	Plate	

Work Area	Quantity	Item	Description	Remarks
U/G	1	Amex Loader		
U/G	1	4ft Reamer Steel		
U/G	5	2" Elbows		
U/G	1	Sack Leg (Leg)		
U/G	1	Loading Stick		
Lunch Room	1	Microwave		
Lunch Room	1	Fridge		
Lunch Room	1	First Aid Box		
Lunch Room	1	Space Heat		
Lunch Room	1	Blasting Box		
Lunch Room	2	Bundles Rabbit Ears		
Lunch Room	1	60HP x 38IN Fan Elect	175L	
Lunch Room	1	40HP 30" Fan	175L	
Lunch Room	3	Screen Rolls		
Lunch Room	1	Jack Leg		
Lunch Room	4	Grout Plugs		
Lunch Room	3	8' Drill Steel		
Lunch Room	1	8' Reamer		
Lunch Room	3	6' Drill Steel		
Lunch Room	1	6' Reamer		
Lunch Room	1	4' Reamer		
Lunch Room	2	2' Drill Steel		
Lunch Room	1	2' Split Set Polly		
Lunch Room	30	6' Rock Bolts		
Lunch Room	1	Hammier Knocker		
Lunch Room	1	10' Drill Steel		
Lunch Room	2	Stoppers		
Lunch Room	2	Jackleg Legs		
Lunch Room	1	Jackleg Leg Only		
Lunch Room	1	Amex Loader		
Lunch Room	3	4' Drill Steel		
Lunch Room	1	6' Drill Steel		
Lunch Room	1	4' Rock Bolt Pollie		
Lunch Room	1	8' Drill Steel		

Work Area	Quantity	Item	Description	Remarks
Lunch Room	2	10' Drill Steel		
U/G	2	8ft ?????	175L	
U/G	2	6ft ?????		
U/G	1	6' Reamer		
U/G	4	4' Drill Steel		
U/G	2	2' Drill Steel		
U/G	1	12ft Ext. Steel		
U/G	1	Grout Plug		
U/G	1	4' Reamer Steel		
U/G	2	4' Rock Bolt Dolly		
U/G	1	1' Split Set Polly		
U/G	1	Hack Saw		
U/G	2	Leg Extension		
U/G	2	Bolt Cutters		
U/G	2	6' Rebar		
U/G	1	44" Air Fan		
U/G	1	4ft Reamer Steel		
U/G	1	Blasting Box		
U/G	3	Bundles Rock Bolt Plates		
U/G	1	Drop Plate		
U/G	2	Bundles Lifter Flags		
150 East	10	Bump Rock Bolt Plates		
150 East	1	Bump Spill Set Plates		
150 East	15	Split Sets		
150 East	1	4' Rock Bolt Polly		
150 East	1	4' Drill Steel		
150 East	2	6' Drill Steel		
150 East	1	2' Drill Steel		
150 East	2	8' Drill Steel		
150 East	10	5x10 Screen		
150 East	1	Chicken Wire		
150 East	1	Tranformer		
150 East	3	Push Plates		
150 East	1	Cable Pusher		

Work Area	Quantity	Item	Description	Remarks
150 East	2	2" Pipe 20Ft		
150 East	1	40 HP Elect. Fan		
150 East	1	58 HP Pump in use	Xylem	Xylem - 58 HP pump - in use
150 East	1	Walden Pump		
150 East	1	2" x 50 Bull Hose	150 East	
150 West	1	40HP 30' Elect Fan		
150 West	1	15HP Pump/Starter	Technosub	Technosub - Rent to Own - Receiver currently paying
150 West	1	Blasting Box		
100 Level	30	4" Black Pipe	20 Ft Long	
100 Level	3	Bundles Lifter Sticks		
100 Level	1	60HP Pump/Starter	Technosub	Technosub - Rent to Own - Receiver currently paying
100 Level	1	40HP 30" Fan		
100 Level	2	58 HP Pumps - not in use	Xylem	Xylem - 2 x 58 HP pumps - not in use
100 Level	1	Receiver Tank		
Lunch Room	1	Fridge		
Lunch Room	1	Microwave		
Lunch Room	1	First Aid Box		
Lunch Room	1	Eye Wash		
Lunch Room	1	Heater		
Lunch Room	1	Elect Panel		
#2 Rm	3	12' Scaling Bars		
#2 Rm	39	2" Valves		
#2 Rm	3	4" Valves		
#2 Rm	35	4" 90 Degree Fittings		
#2 Rm	8	45 Degree Elbow		
#2 Rm	10	4ft I-Bocts		
#2 Rm	4	6" Y Fittings		
#2 Rm	2	Rock Bolt Oil		
#2 Rm	1	4" Check Valve		
#2 Rm	3	6" Pipe Patch		
#2 Rm	1	58HP & 100 HP Starter - in use	Xylem	Xylem - 58 HP pump and 100 HP starter - in use

Work Area	Quantity	Item	Description	Remarks
Laydown	1	Grader	Sage	Sage asset. It is on surface
Laydown	1	Bean Pump	CABO	
Laydown	50	3' x 6'	Lumber	
Laydown	13	Flats 5'	Lumber	
Laydown	37	Flats 5'	Lumber	End
Laydown	33	3" x 6" x 16'	Lumber	End
Laydown	11	3" x 8" x 12'	Lumber	
Laydown	60	Rabbit Ears	10 Bundle	
Laydown	1	24" Air		
Laydown	4	1" Hose 25'		
Laydown	3	1/2" Hose 25'		
Laydown	70	Straping	Screen	
Laydown	1600	Split Set	Plate	
Laydown	1	Box Carshow	Old Fittings	
Laydown	5	20' Latter	Wood	
Laydown	14	2" x 4" Wooden Wedges	Wood 14 x Bundle	
Laydown	4	Vent 24" x 50'		
Laydown	49	Rebar Plate Bundle	Bundle 20	
Laydown	225	Rebars		
Laydown	50	Rebars	8'	
Laydown	150	Spin Cables	20ft	
Laydown	9	Scaling Bars	12ft	
Laydown	1600	Rabbits		
Laydown	1600	Splits Plates		
Laydown	1	Box Carshaw Tunic		
Laydown	84	MFCH 6' Rockbox's		
Laydown	1	Potty	LPL's	
Laydown	1600	Rock Bolt Plates		
Laydown	750	Mech Rock Bolt Shells		
Laydown	2	2 x 19 HP pump - not in use	Xylem	Xylem - 2 x 19 HP - not in use
Laydown	1	1 x 15 HP pump - not in use	Xylem	Xylem - 15 HP - not in use
Laydown	1	200 HP Fan		

Work Area	Quantity	Item	Description	Remarks
Laydown	2	Vent (Plastic) Section		
Laydown	1	Eye Wash Station		
Laydown		C-5		
Laydown	1	4" Flow Meter		
Laydown	1	6" Flow Meter		
Compressor Lay Down	31	6" x 10' Black	Pipe	
Compressor Lay Down	50	2" x 20' Black	Pipe	
Compressor Lay Down	18	3" x 20' Black	Pipe	
Compressor Lay Down	3	Tires No Good		
Compressor Lay Down	14	6" x 20' Black	Pipe	
Compressor Lay Down	22	4" x 20' Black	Pipe	
Compressor Lay Down	19	Old Drill Rods	No Good?	
Compressor Lay Down	2	4550 Litres Pump	Martin Fuels	
Compressor Lay Down	1	C-6 Flow Meters		
Core Shack	1	225 kVA 600V Diesel Generator	Xylem	225 kVA by core shack - in use
Core Shack	3	Environmental ?????		
Core Shack	1	Fuel Tank 4550 Litres	Martin Fuels	
Core Shack	3	Nasco 3 x 250 Tanks	Nasco	
Core Shack	1	Propane Heat	Nasco	
Core Shack	1	Core Cutting Saws		
Core Shack	1	Soft Starter	10K	
Core Shack	1	Lighting Transform	Central Blasting	
Core Shack	1	150 kVA 600V Diesel Generator	Xylem	150 kVA by ponds not core shack - not in use
Vent Fan	2	7000 Propane Tanks	Nasco	
Vent Fan	1	Vapourize	Nasco	
Vent Fan	1	Mine Heater		

Work Area	Quantity	Item	Description	Remarks
Vent Fan	1	200HP Fan		
Vent Fan	1	CO ² Test		
Vent Fan	1	Stench Gas Tank		
Vent Fan	10	Core Racks		
Vent Fan	1	Core Shack Building		
Vent RSE	1	Welded (Miller)		
Vent RSE	1	60HP 600V Fan		
Vent RSE	1	C-CAH Switch Gear		
Vent RSE	1	4160V --> Distroburst		
Vent RSE	1	2700-4160 Transformed/Ground Fault		
Vent RSE	1	Hut Quanset		
Vent RSE	1	Air Receiver 2000 Gal	6" to 6"	
Vent RSE	2	4160 Splitter Boxes		
Outside Shop East Side	1	Slip Tank 450L Pump		
Outside Shop East Side	1	Sludge Pump 30HP - in use	Xylem	Xylem pump - 30 HP - in use
Outside Shop East Side	1	C-Can 8' x 20'	TP-Golt-20	
Outside Shop East Side	4	O	Praxair	Rental
Outside Shop East Side	4	A	Praxair	Rental
Outside Shop East Side	2	120/100 Propane	Praxair	Rental
Inside	1	C-Can	Inside	
Inside	13	Wire-Tire		
Back of Shop & West Side - All Electrical	4	Windows 2 Sizes		
Back of Shop & West Side - All Electrical	3	Backfill Tanks	(Old)	
Back of Shop & West Side - All Electrical	1	Elect. Distribution Building		
Back of Shop & West Side - All	3	100 Amp Canisters		

Work Area	Quantity	Item	Description	Remarks
Electrical				
Back of Shop & West Side - All Electrical	3	Fan Starters		
Back of Shop & West Side - All Electrical	2	Air Cond.		
Back of Shop & West Side - All Electrical	1	13 x #12 Cable Rolls		
Back of Shop & West Side - All Electrical	2	#12 Cable Rolls		
Back of Shop & West Side - All Electrical	1/2	Roll Blasting Cable		
Back of Shop & West Side - All Electrical	1	2000L Propane Tank	Nasco	
Back of Shop & West Side - All Electrical	1	Roll #2 Elect. Cable		
Back of Shop & West Side - All Electrical	1	Roll #3 Elect. Cable		
Back of Shop & West Side - All Electrical	1.5	Rolls #6 Elect. Cable		
Back of Shop & West Side - All Electrical	1/2	Rolls 13/12 Elect. Cable		
Back of Shop & West Side - All Electrical	1	4160 40T Elect. Cable Roll		
Back of Shop & West Side - All Electrical	1	3.5 VD Bucket (Tele)		
Back of Shop & West Side - All Electrical	1	Man Basket		
Back of Shop & West Side - All Electrical	3	Roll Environmental Cloth		
Back of Shop &	1	Ore Pad (Started)		

Work Area	Quantity	Item	Description	Remarks
West Side - All Electrical				
Back of Shop & West Side - All Electrical	16	Rails		
Back of Shop & West Side - All Electrical	8	2" Pipes 20ft	Black Pipe	
Back of Shop & West Side - All Electrical	1	Gate (Security)		
Back of Shop & West Side - All Electrical	300	Property Fencing		
Back of Shop & West Side - All Electrical	1	Soft Starter for Fan (100 Amp) with ground fault		
Shop #1	1	Tank 2320L	Martin Fuels	
Shop #1	2	Boom Stands Adjustable		
Shop #1	1	400AM Willway	Welder	
Shop #1	1	Dolly		
Shop #1	4	4" Clamps	Pipe	
Shop #1	17	3" Clamps	Pipe	
Shop #1	7	2" Clamps	Pipe	
Shop #1	1	2" Water Pump		
Shop #1	2	14" Saw (Chop)		
Shop #1	1	8" Bench Grinder		
Shop #1	1	Hot Water Tank	Mine Site	
Shop #1	1	Holding Tank	Mine Site	
Shop #1	1	Floor Mount ???? Press (Ridgid)		
Electrical Supplies	6	3/8 Connectors		
Electrical Supplies	4	1/2" Connectors		
Electrical Supplies	2	1/2" Straight Connectors		
Electrical Supplies	100	Elect. Boxes		
Electrical	80	Octagon Boxes		

Work Area	Quantity	Item	Description	Remarks
Supplies				
Electrical Supplies	1	Hilti(bat) Drill		
Electrical Supplies	1	Brother Labeler		
Electrical Supplies	1	10K Volt Meter		
Electrical Supplies	1	Cripper (HYO)		
Electrical Supplies	1	Celoster Cable		
Electrical Supplies	1	Elect. Suit		
Electrical Supplies	1	Tire X-Deck		
Electrical Supplies	1	Pipe Crover		
Electrical Supplies	1	Steel Band Labeler		
Electrical Supplies	1	Voltage Detetor		
Electrical Supplies	1	Set Bolt Cuters		
Electrical Supplies	1	Incersoll Rand Compressor		
Electrical Supplies	1	Pump Starter		
Electrical Supplies	1	Set Welding Tanks (Cart)		
Electrical Supplies	3	Jack Legs/Legs		
Electrical Supplies	3	Jack Legs/No Legs		
Electrical Supplies	3	Stoppers		
Electrical Supplies	1	Screen Pusher		
Shop #2	14	Bags Hydraulic Fittings		
Shop #2	2	Anfo Loader		
Shop #2	1	Row of Old Filters		

Work Area	Quantity	Item	Description	Remarks
Shop #2	5	Roll Hydraulic Hoses		
Shop #2	2	3" Air Pumps		
Shop #2	2	2" Air Pumps	Needs Repairs	
Shop #2	1	Row Old Fan Belts		
Shop #2	1	Row Drills Steels	10-8-6-4-2	
Shop #2	1	Rack of Drills		
Shop #2	1	LG Fid6		
Shop #2	1	Microwave	Danby	
Shop #2	1	Filing Cabinet		
Shop #2	1	Ladder (10ft)		
Shop #2	1	First Aid Station	Equipped	
Shop #2	1	Ladder (2ft)		
Shop #2	1	12/24 Battery Charger		
Shop #2	4	Steel Benches		
outside	1	Ford Pick up		

Note: with respect to Xylem pumps, based on Receiver's preliminary assessment there is likely equity in the pumps, however, a buy-out of \$90K to \$100K would be necessary to own outright.

LAPTOPS

Computer ID	Assigned to:	Make/Model	Serial Number	Remarks
Server	Server (not Sage property)	Acer Aspire TC-710	DTB15AA01560204 F813000	In QuickBooks a/c 12810
Admin2	Keith Gage	Acer Aspire ES-15 ES1-531-C6FQ	NXMZ8AA0015310 A7806600	In QuickBooks a/c 12810
Admin2	Richard Mills	Acer Aspire E5- 523G-94NQ/N16Q3	NXGDAAA0016411 95987600	In QuickBooks a/c 12810
Admin3	Ross Penney	HP Model 15- bs027ca	CND7258PJR	In QuickBooks a/c 12815
Eng1	Brad	Acer Aspire E5- 7526	NXMYMAA002619 0639C6600	In QuickBooks a/c 12810
Eng3	Francois Mallette	Acer Aspire E15/E5-523G- 94NQ	NXGDAAA0016411 95OC7600	In QuickBooks a/c 12810
Eng4	Spare	Acer Aspire E15/E5-523G- 94NQ	NXGDAAA0016331 C4F87600	In QuickBooks a/c 12810
Eng5	Jim	Asus Sonicmaster	GANDCV04032840	In QuickBooks a/c

Computer ID	Assigned to:	Make/Model	Serial Number	Remarks
		X555Q	C	12805
Eng6	Brad	HP Model 15- bs027ca	CND7387W8L	In QuickBooks a/c 12815
Geo1	Core Farm	Acer Aspire ES1- 533-C7M8	NXGTAA01465000 D583400	In QuickBooks a/c 12810
Geo2	Core Shack	Acer Aspire ES1- 533-C7M8	NXGTAA01465000 E313400	In QuickBooks a/c 12810
James Thompson	Jim Thompson	Lenovo Ideapad 320 80XN	PFORA5DM	In QuickBooks a/c 12815
Maint1	Andre	Acer Aspire ES1- 531-C6FQ	NXMZ8AA0016240 39AA6600	In QuickBooks a/c 12810

Schedule 1.1(55) – Licensed Intellectual Property

To be provided prior to Closing

Schedule 1.1(58) – Mining Licenses and Claims

Clavos Properties

A	Patented Mining Claims
B	Mining Leases
C	Unpatented Mining Claims

Definitions:

MRO	Mineral Rights Only
SMR/SRO	Surface Rights Only
NSR	Net Smelter Return
nil	No royalties
UPC	Unpatented Mining Claim

A) Patented Mining Claims

Claim	Parcel	PIN	Rights	Township	Size (ha)
CP2433	22364sec	65362302	SRO	German	73.963
CP2433	5748sec	65362535	SMR	German	73.963
CP4990	22593sec	65362305	MRO	German	75.588
CP6499	23144sec	65362311	MRO	German	60.782
CP6633	22093sec	65362154	SRO	German	53.806
CP6634	17709sec	65362298	SRO	German	71.333
CP6638	17713sec	65362299	SRO	German	84.314
CP6640	22095sec	65363158	SRO	Stock	63.893
L37438	9238sec	65363199	MRO	Stock	15.653
L37438	17702SEC	65363186	SRO	Stock	15.653
L37439	9239sec	65363200	MRO	Stock	16.045
L37439	17703SEC	65363180	SRO	Stock	16.045

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CP6634	17709sec	65362298	SRO	German	71.333
CP6638	17713sec	65362299	SRO	German	84.314
CP6640	22095sec	65363158	SRO	Stock	63.893
L37438	9238sec	65363199	MRO	Stock	15.653
L37438	17702SEC	65363186	SRO	Stock	15.653
L37439	9239sec	65363200	MRO	Stock	16.045
L37439	17703SEC	65363180	SRO	Stock	16.045

Claim	Parcel	PIN	Rights	Township	Size (ha)
L37440	9250sec	65363184	SMR	Stock	14.864
L37441	9249sec	65363182	SMR	Stock	15.205
L37442	9240sec	65363185	SMR	Stock	17.578
L37443	9243sec	65363181	SMR	Stock	18.392
L37454	9241 sec	65363201	MRO	Stock	17.01
L37454	17704SEC	65363187	SRO	Stock	17.01
L37455	9242sec	65363202	MRO	Stock	16.988
L37455	17705SEC	65363179	SRO	Stock	16.988
L42605	12837sec	65363211	MRO	Stock	17.613
L42605	17715SEC	65363211	SRO	Stock	17.613
L42606	12821sec	65363212	MRO	Stock	14.364
L42607	12821 sec	65363212	MRO	Stock	17.618
L42608	12822sec	65363183	SMR	Stock	17.035
L42609	12821sec	65363212	MRO	Stock	16.536
L42729	12822sec	65363183	SMR	Stock	16.56
L43304	12821 sec	65363212	MRO	Stock	15.463
L46943	12823sec	65363246	MRO	Stock	14.517
L46944	12823sec	65363246	MRO	Stock	16.182
L476976	8724sec	65363218	MRO	Stock	71.02
NP2564	667sec	65362297	SMR	German	67.14
NP5348	1184sec	65362551	MRO	German	67.37
P28977	12819sec	65362300	SMR	German	21.54
P28978	12815sec	65362301	MRO	German	16.46
P28979	12815sec	65362301	MRO	German	18

Claim	Parcel	PIN	Rights	Township	Size (ha)
L37440	9250sec	65363184	SMR	Stock	14.864
L37441	9249sec	65363182	SMR	Stock	15.205
L37442	9240sec	65363185	SMR	Stock	17.578
L37443	9243sec	65363181	SMR	Stock	18.392
L37454	9241 sec	65363201	MRO	Stock	17.01
L37454	17704SEC	65363187	SRO	Stock	17.01
L37455	9242sec	65363202	MRO	Stock	16.988
L37455	17705SEC	65363179	SRO	Stock	16.988
L42605	12837sec	65363211	MRO	Stock	17.613
L42605	17715SEC	65363211	SRO	Stock	17.613
L42606	12821sec	65363212	MRO	Stock	14.364
L42607	12821 sec	65363212	MRO	Stock	17.618
L42608	12822sec	65363183	SMR	Stock	17.035
L42609	12821sec	65363212	MRO	Stock	16.536
L42729	12822sec	65363183	SMR	Stock	16.56
L43304	12821 sec	65363212	MRO	Stock	15.463
L46943	12823sec	65363246	MRO	Stock	14.517
L46944	12823sec	65363246	MRO	Stock	16.182
L476976	8724sec	65363218	MRO	Stock	71.02
NP2564	667sec	65362297	SMR	German	67.14
NP5348	1184sec	65362551	MRO	German	67.37
P28977	12819sec	65362300	SMR	German	21.54
P28978	12815sec	65362301	MRO	German	16.46
P28979	12815sec	65362301	MRO	German	18

Claim	Parcel	PIN	Rights	Township	Size (ha)
P28980	12815sec	65362301	MRO	German	19.08
P28981	12815sec	65362301	MRO	German	17.8
P29600	12819sec	65362300	SMR	German	19.78
P29601	12819sec	65362300	SMR	German	22.34
P29602	20811 sec	65362154	MRO	German	17.04
P29603	12814sec	65362507	MRO	German	17.88
P29604	12817sec	65362505	MRO	German	15.05
P29604	17711 SEC	65362156	SRO	German	15.05
P29605	12818sec	65362504	MRO	German	15.51
P29605	17712SEC	65362157	SRO	German	15.51
P29895	12819sec	65362300	SMR	German	20.66
P30683	12816sec	65362506	MRO	German	16.94
P30683	22094SEC	65362155	SRO	German	16.94
P30684	12814sec	65362507	MRO	German	18.89
P30685	12814sec	65362507	MRO	German	18.18
P32143	12820sec	65362503	MRO	German	19.53
P32144	12820sec	65362503	MRO	German	20.47
TP738	10046sec	65363188	SRO	Stock	33.38
TP738	5901 sec	65363189	SRO	Stock	31.04
TP748	6281sec	65363223	MRO	Stock	62.46

B) Mining Leases

Claim	Lease #	Parcel	PIN	Rights	Township
P723319	106835	1763LC	653631	MRO	German

P723320	106835	1763LC	653631	MRO	German
P724525	106835	1763LC	65363567	MRO	Stock
P724526	106835	1763LC	65363567	MRO	Stock

C) Unpatented Mining Claims

Claim	Parcel	PIN	Rights	Township	Size (ha)
1212954	UPC	n/a	MRO	German	66.82
1212957	UPC	n/a	MRO	German	16.99
1213708	UPC	n/a	MRO	German	65.1
3010679	UPC	n/a	MRO	Stock	260.39
3010680	UPC	n/a	MRO	Stock	33.21
3010703	UPC	n/a	MRO	Stock	51.37
3011212	UPC	n/a	MRO	Stock	16.77
3011213	UPC	n/a	MRO	Stock	17.07
3011216	UPC	n/a	MRO	Stock	15.4
3011217	UPC	n/a	MRO	Stock	16.21
3011221	UPC	n/a	MRO	German	86.8
1245302	UPC	n/a	MRO	Clergue	129.27
1245323	UPC	n/a	MRO	Clergue	95.62
1245324	UPC	n/a	MRO	Clergue	64.51

Legacy Claim Id	Township / Area	Property Name	Tenure ID	Tenure Type	Anniversary Date	Tenure Status	Tenure Percentage	Work Required	Work Applied	Available Consultation Reserve	Available Exploration Reserve	Total Reserve	Conversion Bank Credit
1208513	LEOPARD LAKE AREA	Clist	201309	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	0
1208513	LEOPARD LAKE AREA,VINCENT	Clist	305116	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	0
1208513	LEOPARD LAKE AREA,VINCENT	Clist	221368	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	0
1208513	LEOPARD LAKE AREA,VINCENT	Clist	221367	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	11805
1208513	LEOPARD LAKE AREA	Clist	275302	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	0
1208513	LEOPARD LAKE AREA	Clist	275301	LEDUC-LEOPARD-VINCENT CLAIMS	2019-08-24	Active	100	200	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	113543	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	331982	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	331981	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	200	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	327987	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	200	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	315197	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	315196	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	268075	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	248689	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	230847	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	200	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	230846	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	200	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	224690	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	224689	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	224688	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	212632	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	194074	LEDUC-LEOPARD-VINCENT CLAIMS	2019-09-29	Active	100	400	0	0	0	0	0

4252552	LEOPARD LAKE AREA	Clist	194073	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	145932	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	145931	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	140484	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252552	LEOPARD LAKE AREA	Clist	113544	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252553	LEOPARD LAKE AREA	Clist	230846	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252553	AREA,VINCENT	Clist	332145	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252553	LEOPARD LAKE AREA,VINCENT	Clist	231495	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252553	LEOPARD LAKE AREA	Clist	331981	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	LEOPARD LAKE AREA,VINCENT	Clist	108423	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	VINCENT	Clist	316343	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	VINCENT	Clist	316342	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	VINCENT	Clist	309615	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252554	VINCENT	Clist	309614	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	VINCENT	Clist	278804	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
4252554	VINCENT	Clist	195668	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252554	VINCENT	Clist	176152	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252554	VINCENT	Clist	130356	LEDUC-LEOPARD-VINCENT CLAIMS	Single Cell Mining Claim	2019-09-29	Active	100	400	0	0	0	0	0	0
4252554	LEOPARD LAKE AREA,VINCENT	Clist	212353	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-09-29	Active	100	200	0	0	0	0	0	0
835326	LEDUC	Pillars	144006	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
835326	LEDUC	Pillars	326102	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	9400
835327	LEDUC	Pillars	144006	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
835327	LEDUC	Pillars	287622	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0

835327	LEDUC	Pillars	314082	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	13600
835327	LEDUC	Pillars	326102	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
845846	LEDUC	Pillars	144006	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	12966
845846	LEDUC	Pillars	155597	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
845847	LEDUC	Pillars	144006	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
845847	LEDUC	Pillars	155597	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
845847	LEDUC	Pillars	201427	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0
845847	LEDUC	Pillars	287622	LEDUC-LEOPARD-VINCENT CLAIMS	Boundary Cell Mining Claim	2019-05-21	Active	100	200	0	0	0	0	0	0

Schedule 1.1(62) – Owned Intellectual Property

To be provided prior to Closing

Schedule 1.1(65) – Permitted Encumbrances

To be provided prior to Closing

Schedule 1.1(74) – Purchased Deposits

Party	Principal	Accumulated Interest	Total	Comments
Ministry of Northern Developments and Mines	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	As at March 31, 2018 – deposit with MNDM for Clavos reclamation – should be formally assigned to purchaser with MNDM

Schedule 1.1(83) –Royalty Agreements

1. Jubilee Gold Exploration Limited.
2. Franco Nevada Corporation.
3. St. Andrew Goldfields Ltd. (Kirkland)
4. 1051989 ONTARIO INC.

Schedule 2.6 – Allocation of Purchase Price

To be provided prior to Closing

Appendix “N”

**In the Matter of the Receivership of Sage Gold Inc.
Receiver's Statement of Receipts and Disbursements
For the period from January 20, 2019 to November 29, 2019**

	20-Jan-19
<i>(Amounts include Cdn \$)</i>	29-Nov-19
Opening Balance	143,137
Receipts	
HST receivable	62,411
Sale deposit receipts	651,398
Other cash receipts	20,798
Bank interest net of charges	2,666
Total receipts	<u>737,272</u>
Disbursements	
Clavos mine	
Mine operating expenses	(62,784)
Equipment lease / rental	(17,993)
Hydro and utilities	(150,369)
Mine consultants and contractors	(1,805)
Insurance	(51,837)
Other mine expenses	(577)
	<u>(285,366)</u>
Head office	
Management payroll	(6,692)
Other expenses	(27,100)
Net GST/HST	(17,184)
Total Disbursements	<u>(336,342)</u>
Excess of Receipts over Disbursements	<u>\$ 400,930</u>
Closing cash balance	<u><u>\$ 544,067</u></u>

Tab 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 19 th
)	
JUSTICE)	DAY OF DECEMBER, 2019

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**

APPROVAL AND VESTING 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. (the "**Debtor**") for an order, *inter alia* (a) approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**New Clavos APA**") between the Receiver and Grace Gold Ltd. (the "**Purchaser**"), dated December 6, 2019 and appended to the Fourth Report of the Receiver dated December 10, 2019 (the "**Fourth Report**"), (b) vesting in the Purchaser the Debtor's right, title and interest in and to the purchased assets described in the New Clavos APA (the "**Purchased Assets**"), and (c) sealing the New Clavos APA pending the closing of the Transaction was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report, the Motion Record and Factum of the Receiver, and on hearing the submissions of counsel for the Receiver, the Purchaser, Her Majesty the Queen in right of Ontario and counsel for HAH Holding LLP, no one appearing for any other person on

the service list, although properly served as appears from the affidavit of Margherita Napolitano sworn December **, 2019, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Motion Record and Factum of the Receiver is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the New Clavos APA.

APPROVAL AND VESTING OF PURCHASED ASSETS

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the New Clavos APA by the Receiver is hereby authorized, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and empowered to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Sale Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the New Clavos APA, including the Assigned Contracts, shall vest absolutely in the Purchaser, free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, trusts, constructive trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Dunphy dated July 30, 2018 (as amended), the Order of the Honourable Justice Dunphy, dated December 21, 2018, and the Order of the Honourable Justice Hainey dated July 13, 2018; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (iii) any charges, security interests or

claims evidenced by registrations pursuant to the *Land Titles Act* (Ontario), the *Registry Act* (Ontario), the *Land Registration Reform Act* (Ontario) or the *Mining Act* (Ontario) or any other real property or real property related registry or recording system; (iv) any ownership or third party right, title, or interest that might arise or exists as a result of the contravention of Section 44(1) of the *Land Titles Act* (Ontario) or the *Forfeited Property Act* (Ontario) or any predecessor of any such statutes; and (v) those Claims listed on Schedule C hereto (all of which Claims pursuant to this Paragraph 4 are collectively referred to as the "**Encumbrances**", which term, notwithstanding the foregoing in this Paragraph 4, shall not include the Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS AND DECLARES** that the Receiver shall be deemed not to have taken possession of the Purchased Assets and shall bear no responsibility to secure, maintain or monitor the Purchased Assets, or any of it, by reason of the Receiver's participation in the Transaction or the execution of its duties as Receiver.

6. **THIS COURT ORDERS** that upon,

- (a) the registration in the applicable Land Registry Office of a Document General attaching a copy of this Order in the form prescribed by the Land Registration Reform Act or an Application for Vesting Order in the form prescribed by the Land Registration Reform Act and/or the Land Titles Act and/or the Registry Act and/or the Mining Act or any regulation related to these statutes as applicable, or,
- (b) upon presentation of a copy of this Order, and the Receiver's Sale Certificate, to the applicable Land Registry Office, or with respect to any unpatented mining claims, to the Provincial Recording Office,

the Land Registrar is hereby directed to enter the Purchaser as the owner of the Patented Mining Claims and lessee of the Mining Leases identified in Schedule B hereto (the "**Property Interests**") in fee simple or leasehold, as applicable, and the Provincial Mining Recorder is, on confirmation from the Purchaser of its registration within the Mining Lands Administration System, directed to enter the Purchaser as the claim holder of the Unpatented Mining Claims identified in Schedule B hereto in the mining claims registry. Further, the Land Registrar and Provincial Mining Recorder are hereby directed to delete and expunge from title or from the

unpatented mining claim abstracts, as the case may be, to or in respect of the Property Interests, all of the Claims listed in Schedule "C" hereto.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Sale Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

8. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Sale Certificate, forthwith after delivery thereof.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

10. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or

voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

11. THIS COURT ORDERS that, subject to the rights of the Purchaser to amend the schedule of assigned contracts under the APA, upon delivery of the Receiver's Sale Certificate, all of the rights and obligations of the Debtor under the agreements set out in Schedule "D" hereto, including all associated or related agreements, schedules, appendices, addendum, amendments, supplements, restatements or other modifications, (each an "**Assigned Contract**" and collectively, the "**Assigned Contracts**") shall be assigned to the Purchaser.

12. THIS COURT ORDERS that the assignment to the Purchaser of the rights and obligations of the Debtor under the Assigned Contracts, pursuant to this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition contained in any such Assigned Contract relating to the assignment thereof, including, without limitation, any provision requiring the consent of any party to the assignment.

13. THIS COURT ORDERS that each counterparty to an Assigned Contract is prohibited from exercising any right or remedy as against the Purchaser by reason of any defaults thereunder arising from the assignment of the Assigned Contracts.

14. THIS COURT ORDERS that the Cure Costs of the contracts listed in Schedule "D" hereto shall be in amounts set out in Schedule "D" hereto and that upon Closing, the Purchaser shall pay the Cure Costs as set out therein with respect to each applicable Assigned Contract, in full and final satisfaction of any Cure Costs owing to the counterparty to the applicable Assigned Contract, by no later than the day that is five (5) business days following delivery of the Receiver's Sale Certificate.

15. THE COURT DIRECTS the Receiver to send a copy of this Order to all of the counterparties to the Assigned Contracts listed in Schedule "D".

16. THE COURT ORDERS AND DECLARES that the Order of the Honourable Justice Dietrich made on January 29, 2019 in this proceeding be, and hereby is, varied so as to remove

and rescind paragraphs 4, 6, 7, 8, 10, 11, 12, 13 and 14 thereof, and that those paragraphs be, and hereby are, of no force and effect.

SEALING

17. **THIS COURT ORDERS** that the non-redacted versions of the New Clavos APA included as Confidential Appendix “3” to the Fourth Report provided to the Court by the Receiver shall remain sealed and shall not form part of the public record in this proceeding until the closing of the Transaction, or by further Order of the Court.

18. **THIS COURT ORDERS** that Confidential Appendices “1” and “2” to the Fourth Report provided to the Court by the Receiver shall remain sealed and shall not form part of the public record in this proceeding until further Order of the Court.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or in any other jurisdiction, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Dunphy of the Ontario Superior Court of Justice (the "**Court**") dated July 30, 2019, Deloitte Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Sage Gold Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated December 19, 2019, the Court approved the asset purchase agreement made as of December 6, 2019 (the "**New Clavos APA**") between the Receiver and Grace Gold Ltd. (the "**Purchaser**"), and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 5 of the Clavos APA have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the New Clavos APA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the New Clavos APA;
2. The conditions to Closing as set out in section 5 of the New Clavos APA have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**Deloitte Restructuring Inc., in its capacity as
Receiver of the undertaking, property and
assets of Sage Gold Inc., and not in its
personal capacity**

Per: _____

Name:

Title:

Schedule B – Property Interests

Schedule C – Claims to be deleted and expunged from title to Real Property

Schedule D – Assigned Contracts

<u>Contract Name</u>	<u>Parties</u>	<u>Agreement date</u>	<u>Cure Costs</u>
CUSTOM MILLING AGREEMENT	McEwen Milling McEwen Mining Inc.	17-Nov-16	\$0
HAUL ROAD LEASING	André and Jeanne Charlebois	12-Oct-17	\$15,000
121352 Canada Inc. o/a Technosub	121352 Canada Inc. o/a Technosub	1-Aug-18	\$0

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Wael Rostom LS#: 43165S
Tel: 416.865.7790
Fax: 416.865.7048

Stephen Brown-Okruhlik LS#: 66576P
Tel: 416.865.7043
Fax: 416.865.7048

Lawyers for the Receiver,
Deloitte Restructuring Inc.

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**

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

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

Proceeding commenced at Toronto

**MOTION RECORD
(Returnable December 19, 2019)**

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Wael Rostom LS#: 43165S
Tel: 416.865.7790
Fax: 416.865.7048

Stephen Brown-Okruhlik LS#: 66576P
Tel: 416.865.7043
Fax: 416.865.7048

Lawyers for the Receiver,
Deloitte Restructuring Inc.