



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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) THURSDAY, THE 19th
JUSTICE)
CONWAY) 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 11, 2019 (the "**Fourth Report**"), as amended by an Amending Agreement agreed to by the parties dated December 19, 2019, (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 and Her Majesty the Queen in right of Ontario, no one appearing for any other person on the E-Service List, although

properly served as appears from the affidavit of Stephen Brown-Okruhlik sworn December 17, 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 the Finn Farm Road Property 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 New Clavos 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.

*closing of the Transaction
or by further Order of the Court. AC*

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.

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

Courtesy

DEC 19 2019

PER / PAR: *AC*

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 New 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 B

Mining Claims – Cochrane, Ontario

Tenure ID No.
105480
105480
105481
108642
110855
110855
111497
111832
113482
113482
114288
122864
125905
125905
132855
137374
138540
138540
140578
143980
143988
153788
153789
153790
153791

Reference: Clavos Unpatented Mining Claims

Reference: Clavos Unpatented Mining Claims

153792
153864
153864
158040
160069
161414
161415
163355
164739
164740
164740
165409
170425
170426
170427
176382
176382
176383
176383
184516
184516
189745
196557
198393
198394
198394
209937
212725
213243

Reference: Clavos Unpatented Mining Claims

213243
214069
214596
215586
226684
226685
239316
242404
242404
242405
243753
243753
252176
256050
256051
263274
263274
265068
265069
269206
270525
280678
280679
282748
289272
289273
289556
289556
293307

Deletion: Claim No. 280679 - Cancelled

Reference: Clavos Unpatented Mining Claims

300451
300452
301414
301615
306496
306497
308576
309736
313276
316630
317774
317775
322439
322439
322510
322510
322510
322510
322510
330480
332083
332431
334646
338538
338538
339648
339649
344861

Deletion: Claim No. 301414 - Cancelled

Schedule B

Thunder Bay, Ontario Claim Numbers

Claim No.
201309
305116
221368
221367
275302
275301
113543
331982
331981
327987
315197
315196
268075
248689
230847
230846
224690
224689
224688
212632
194074
194073
145932
145931
140484

Reference: Clist Lake Unpatented Mining Claims

113544
230846
231495
331981
108423
316343
316342
309615
309614
278804
195668
176152
130356
212353

Reference: Clist Lake Unpatented Mining Claims

332145

- 144006 (Legacy Claim ID 835326)
- 326102 (Legacy Claim ID 835326)
- 144006 (Legacy Claim ID 835327)
- 287622 (Legacy Claim ID 835327)
- 314082 (Legacy Claim ID 835327)
- 326102 (Legacy Claim ID 835327)
- 144006 (Legacy Claim ID 845846)
- 155597 (Legacy Claim ID 845846)
- 144006 (Legacy Claim ID 845847)
- 155597 (Legacy Claim ID 845847)
- 201427 (Legacy Claim ID 845847)
- 287622 (Legacy Claim ID 845847)

Reference: Pillars Unpatented Mining Claims

Schedule B

Cochrane, Ontario PIN Numbers

PIN
65362-0302
65362-0535
65362-0305
65362-0311
65362-0154
65362-0298
65362-0299
65363-0158
65363-0199
65363-0186
65363-0200
65363-0180
65363-0184
65363-0182
65363-0185
65363-0181

Reference: Clavos Patented Mining Claims

Reference: Clavos Patented Mining Claims

65363-0201
65363-0187
65363-0202
65363-0179
65363-0211
65363-0212
65363-0183
65363-0212
65363-0246
65363-0218
65362-0297
65362-0551
65362-0300
65362-0301
65362-0154
65362-0507
65362-0505
65362-0156
65362-0504

65362-0157
65362-0300
65362-0506
65362-0155
65362-0507
65362-0503
65363-0188
65363-0189
65363-0223
65363-0001
65363-00567

Reference: Clavaos Patented Mining Claims

Reference: Clavos Mining Leases

PIN No. – Clavos, Greenstone, Ontario

62409-0023

Reference: Soloman's Pillars Mining Leases

62409-0022

PIN No. - Railway Land Lease

31159-0239

Reference: Railway Land Leases

31148-0027

PIN No. - Finn Farm Road Property

65362-0293

Property Description:

PCL 23759 SEC SEC SRO; NE 1/4 LT 4 CON 5 GERMAN; CITY OF TIMMINS

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

Registration No.	Registration Date	Description	Address for Service	Transaction No.
CB127780	2016/11/22	Charge in the amount of \$43,000,000	CRH Funding II Ptd. Ltd. 10 Changi Business Park Central 2 #05-01 HansaPoint Singapore 486030	T1660.00346
CB137052	2017/12/21	Construction Lien. Consideration: \$212,728.50	2120693 Ontario Inc. o/a Sunset Contracting 1321 Sandy Falls Road Timmins, ON P4R 0H9	
CB136943	2017/12/18	Certificate re Construction Lien	John Wlad & Sons Construction Ltd. PO Box 725 746 Highway 67 Iroquois Falls, ON P0K 1G0	
CB136510	2017/11/29	Construction Lien. Consideration: \$58,560.08	John Wlad & Sons Construction Ltd. PO Box 725 746 Highway 67 Iroquois Falls, ON P0K 1G0	

CB138032	2018/02/23	Construction Lien. Consideration: \$179,551.11	Epitron Inc. 841 Pine Street South Unit #3 Timmins, Ontario P4N 8S3	
CB138449	2018/03/20	Construction Lien. Consideration: \$42,279.57	Tim McDowell Equipment Ltd. 21 Thomson Road Skead, Ontario P0M 2Y0	
CB138648	2018/03/29	Construction Lien. Consideration: \$88,683.12	Toromont Industries Ltd. c/o Pallett Valo LLP Lawyers & Trade-Mark Agents 77 City Centre Drive West Tower, Suite 300 Mississauga, Ontario L5B 1M5	
CB138894	2018/04/18	Certificate re Construction Lien	Epitron Inc. 841 Pine Street South Unit #3 Timmins, Ontario P4N 8S3	

CB139469	2018/05/14	Certificate re Construction Lien	Tim McDowell Equipment Ltd. 21 Thomson Road Skead, Ontario P0M 2Y0	
CB139863	2018/05/31	Certificate re Construction Lien	Toromont Industries Ltd. c/o Pallett Valo LLP Lawyers & Trade- Mark Agents 77 City Centre Drive West Tower, Suite 300 Mississauga, Ontario L5B 1M5	
CB140097	2018/06/11	Construction Lien. Consideration: \$2,414,120.77	R. Ritchie Service Ltd. 36 Lyon Cres. Sylvan Lake, Alberta T4S 2M7	
CB140303	2018/06/20	Construction Lien. Consideration: \$252,016.43	1685300 Ontario Inc. COB as LPL Contracting 1835 Diamond Road RR#3 Matheson, ON P0K 1N0	

CB140659	2018/07/04	Construction Lien. Consideration: \$2.00	Equipment North Inc. 269 Feilding Road Lively, Ontario P3Y 1L8	
CB140784	2018/07/10	Certificate re Construction Lien	1685300 Ontario Inc. COB as LPL Contracting 1835 Diamond Road RR#3 Matheson, ON P0K 1N0	
CB140933	2018/07/17	Construction Lien. Consideration: \$125,940.35	Cooper Equipment Rentals Limited c/o Minden Gross LLP Barristers and Solicitors 145 King Street West Suite 2200 Toronto, Ontario M5H 4G2 Attention: Raymond M. Slattery (File No. 4110643)	
CB141071	2018/07/24	Certificate re Construction Lien	R. Ritchie Service Ltd. 36 Lyon Cres. Sylvan Lake, Alberta T4S 2M7	

CB141459	2018/08/10	Certificate re Construction Lien	Cooper Equipment Rentals Limited c/o Minden Gross LLP Barristers and Solicitors 145 King Street West Suite 2200 Toronto, Ontario M5H 4G2 Attention: Raymond M. Slattery (File No. 4110643)	
CB141676	2018/08/20	Construction Lien. Consideration : \$147,590.77	Cabo Drilling (Ontario) Corp PO Box 998 34 Duncan Avenue North Kirkland Lake, Ontario P2N 3L3	
CB141742	2018/08/23	Certificate re Construction Lien	Equipment North Inc. 269 Feilding Road Lively, Ontario P3Y 1L8	

CB142100	2018/09/05	Certificate re Construction Lien	Cooper Equipment Rentals Limited c/o Minden Gross LLP Barristers and Solicitors 145 King Street West Suite 2200 Toronto, Ontario M5H 4G2 Attention: Raymond M. Slattery (File No. 4110643)	
CB142739	2018/10/03	Certificate re Construction Lien	Cabo Drilling (Ontario) Corp PO Box 998 34 Duncan Avenue North Kirkland Lake, Ontario P2N 3L3	

PPSA/RSLA File No.	Reg. No.	Secured Party
741598659 RSLA	20180713 1626 1590 4577	2474397 ONTARIO INC. O/A OK TIRE MINING AND COMMERCIAL SERVICES
741598641 RSLA	20180713 1626 1590 4576	2474397 ONTARIO INC. O/A OK TIRE MINING AND COMMERCIAL SERVICES
741598632 RSLA	20180713 1625 1590 4575	2474397 ONTARIO INC. O/A OK TIRE MINING AND COMMERCIAL SERVICES
741504978 RSLA	20180711 1552 1902 2752	OK MINING & COMMERCIAL SERVICES
741504834 RSLA	20180711 1551 1902 2751	OK MINING & COMMERCIAL SERVICES
735691752 PPSA	20180116 1043 1862 4158	XYLEM CANADA COMPANY
722707722 PPSA	20161122 1337 9234 0460	CRH FUNDING II PTE. LTD.
640042668 PPSA	20071019 1949 1531 6168 20120810 1947 1531 3088 20170918 1442 1530 9538	ROYAL BANK OF CANADA

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
121352 Canada Inc. o/a Technosub	121352 Canada Inc. o/a Technosub	1-Aug-18	\$0

IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.

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

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

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Lawyers for the Receiver,
Deloitte Restructuring Inc.