

This is the 4<sup>th</sup> affidavit of Thomas Dillenseger in this case and was made on December 14, 2021.

No. S-2110503  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**  
**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.**  
**1985, c. C-36**

**AND**

**IN THE MATTER OF OTSO GOLD CORP. OTSO GOLD OY, OTSO GOLD AB, and**  
**2273265 ALBERTA LTD.**

**PETITIONERS**

**AFFIDAVIT**

I, Thomas Dillenseger, care of 2500-700 West Georgia Street, Director, SWEAR THAT:

1. I am a Managing Director of Alvarez & Marsal Europe LLP and I have been engaged by Otso Gold Corp. ("**Otso Gold**" or the "**Company**") to act as its interim Chief Financial Officer, and as such have personal knowledge of the facts and matters hereinafter deposed to, except where same are stated to be on information and belief, and where so stated I verily believe them to be true.

2. I have reviewed the Affidavit #1 of Clyde Wesson sworn on December 12, 2021 in this matter (the "**Wesson Affidavit**") and respond below to certain matters raised therein.

3. I have also reviewed the Affidavit #1 of Malcolm Buck sworn on December 12, 2021 in this matter (the "**Buck Affidavit**") and respond below to certain matters raised therein.

4. Where I have not specifically responded to a statement made in the Wesson Affidavit or the Buck Affidavit, this does not mean that I agree with it.

5. I also address below a few developments that have arisen over the past couple of days during the course of my ongoing review of the Petitioners' accounts and the operations at the Otso Gold Mine.

**Mining Plan**

6. In response to paragraphs 111 to 113 of the Wesson Affidavit, and paragraphs 5 to 6 of the Buck Affidavit, I do not agree that the existing mine plan would be sufficient to continue ordinary operations at the Otso Gold Mine beyond December 17, 2021 (the Wesson Affidavit refers to December 7, 2021, but I believe that is a typo).

7. The feasibility study prepared by Boyd does not have a detailed mine plan that would specifically cover mining operations over the next several months. The LOM Plan (as defined in the Buck Affidavit) is intended to cover operations over the life of the Otso Gold Mine, but does so at a high level based on broad assumptions and projections that may or may not be reliable in real time, and in particular some of the cost assumptions appear to be wrong or at least materially underestimated.

8. Otso Gold Oy (“**Otso Oy**”) is currently in the process of refining its life of mine plan, preparing a medium-term 18-month plan, and will prepare ongoing short term weekly plans. The medium term plan is based on the long-term plan, and the short-term plans are based on the medium term plan.

9. A long-term mine plan is a strategic document setting out the economic and technical direction for the project, and short-term mine plans are primarily operational. The LOM Plan is the long-term mine plan. As set out in the affidavit #3 of Victor Koshkin, the Petitioners (and A&M) no longer have confidence in the underlying financial modelling in the budgets prepared by previous management using Boyd’s feasibility study, as they have understated cost estimates, and used outdated lithology and ignored results of the most recent RC drilling. Those models and budgets are the basis for the projections in the LOM Plan.

10. The Petitioners could technically prepare short-term mine plans as set out in Mr. Buck’s affidavit. But as current management does not have confidence in the LOM Plan, they would be short-term plans in service of a long-term plan in which management does not have confidence. This is problematic because of the importance of a long-term plan in assessing relevant economic, environmental and safety factors at the mine, as discussed further below.

#### **December 10/11 Call**

11. I participated on the call described at paragraphs 7 to 11 of the Buck Affidavit. The call took place on Zoom, and took place at the request of Pandion. Pandion specifically requested individuals with operational knowledge on the call, so A&M and the Petitioners made efforts to ensure that as many individuals were able to attend.

12. This was our second video call with the Petitioners or their counsel. The first took place on Tuesday, December 7, and at that call counsel for Pandion made several requests for information. Counsel for the Petitioners provided that information to Pandion on Friday, December 10. Pandion advised on the call on December 10 and 11 that they had not received or reviewed the information we provided.

13. The call on December 10 and 11 took place:

- (a) At 10pm on December in Vancouver, with counsel for the Petitioners attending;
- (b) At 1am in Toronto and New York, with Pandion and counsel for Pandion attending;
- (c) At 6am in London, where I from A&M attended; and
- (d) At 8am in Finland, where Dan Andersson from A&M and operational and financial staff at the mine attended. Apart from one person, no other staff present at the mine speaks English as a first language.





14. Mr. Buck's descriptions of the call is not a full and complete description of that call, and it does not accurately describe the entire message conveyed by the Petitioners, nor the entire context for the conversation.

15. Mr. Buck swears at paragraph 9 that he asked whether the Petitioners could create short and medium-term work flows if they had money to do so. The Petitioners explained that they could although they were cut off by Mr. Buck from providing a full answer to the question. Mr. Buck (or his associates) asked that question several times, with the precise formulation, asking if the Petitioners could prepare short-term mine plans if they had cash to do so.

16. However, Pandion also asked why we did not carry on with short term plans as the Petitioners had done in the past. The Petitioners' representatives also explained to Pandion that the Petitioners needed a longer term plan to make sure that the mining would be done economically and efficiently, and that ensuring it can be mined economically is essential for ensuring the long-term viability of the mine. The Petitioners had previously attempted to restart operations at the mine in late 2018 and early 2019 relying solely on short-term mining plans, which had led them into liquidity issues.

17. While Mr. Buck characterizes this as a purely financial issue, the economics and the safety and environmental issues are all related. For example, waste removal costs and processes will be based on the amount of waste generated, which will in turn be dictated by the amount stripping conducted over time, which in turn will be based on the value of the ore to be extracted which will be based on economic modeling. And management cannot properly plan for safety and operational issues in connection with waste removal until the holistic strategy and plan is developed.

18. The long and medium term mine plans contain all the operational plans for the mine, including environmental and safety aspects, many of which are subject to regulation by government regulators. The long term plan will also be determinative of closure bonding obligations, which must be posted before the mine can operate. And the long-term plan and medium-term plans will also set out the necessary operational safety procurement, all of which is overseen by TUKES, the Finnish Safety and Chemicals Agency. The mine cannot operate until there are satisfactory mine plans in place. TUKES has also requested that the mine operators deliver an updated closure plan, environmental risk assessment, waste management plan, and waste control plan, all of which will be based on the long term mining plan.

19. This was a difficult call and Otso Gold's representatives were interrupted throughout the call. I can recall a few instances in which Otso Gold's representatives asked Mr. Buck and Mr. Archibald (one of Pandion's representatives on the call) to give them an opportunity to speak and respond. For instance, I recall Mr. Aque telling Mr. Buck (after being cut-off in his response) that if Mr. Buck was going to ask questions, he (i.e. Mr. Aque) needed to be given an opportunity to respond.

20. Finally, on the call, the Petitioners' representatives committed to keeping Pandion apprised of any further developments and to being transparent with respect to the development of any mine plans. They also told Pandion that they hadn't asked for interim financing because they didn't know how much to ask for in the absence of reliable financial modelling.

21. The Petitioners are considering their financial needs for the period of any restructuring, and are continuing to revise and understand the financial modelling to develop a better understanding of the Company's needs.

### Other Developments with Pandion

22. I believe that Pandion is very familiar with the Otso Gold Mine; based on my review of Company records, three representatives of Pandion (Ryan Byrne, David Young, and Julien Bosche of Trident Royalties plc) along with SRK Consulting, Pandion's consultants, attended at the mine from November 16 through 18, 2021. For the reasons discussed below, I believe that this visit was facilitated exclusively by Lionsbridge.

23. Attached hereto as **Exhibit "A"** is an e-mail sent from Hayden Evers at SRK Consulting to Brian Wesson, with a copy to Riccardo Aque (who was on the call on December 10 and 11 discussed below) in which Mr. Evers proposes building "a new litho-structural and mineralisation model from scratch."

24. I am advised by each of Victor Koshkin, Vladimir Lelekov and Nicolas Pascault that they were not aware of any such visits or planning until after November 30, 2021.

25. I am advised by Juha Tiainen, Executive Relations Manager that he was instructed by Brian Wesson not to disclose to anyone the names of the individuals who would be attending, and that the visit was only to be disclosed to the people that they met with on the visit.

26. On December 10, 2021 Pandion delivered a "Notice of Default" to the Petitioners, and also advised that it was "not contemplating taking any enforcement actions at this time." Attached hereto as **Exhibit "B"** is a copy of that correspondence.

### Lionsbridge's Departure

27. In paragraphs 58 to 61 of the Wesson Affidavit, Clyde Wesson explains the Wessons' departure from the offices at the site of the Otso Gold Mine. He does not address what steps the Wessons took, if any, to transition their management of the Otso Gold Mine in a way that would be compliant with local Finnish requirements.

28. I am advised by Dan Andersson of A&M that the Wessons have failed to carry out several basic reporting requirements at the Otso Gold Mine, including:

- (a) Failing to hand in all official badges and other company identification to security;
- (b) Failing to file basic annual reports for Otso Oy for the 2018, 2019 and 2020 years;
- (c) Failing to file travel reports with the Finnish government, relating to all travel in and out of Finland for foreign nationals engaged as business executives, which reports are required by law for tax purposes; and
- (d) Failing to meet certain Finnish environmental reporting deadlines in respect of activities at the Otso Gold Mine.

### Unusual/Unexplained Expenses

29. As part of my ongoing review of the Petitioners' accounts, a series of significant and unusual credit card expenses have been identified, the basis for which remains under investigation.





### **Westech Invoices**

30. At paragraph 36 of the Wesson Affidavit, Clyde Wesson indicates that the average amount of Westech's invoices for the last three months is \$204,661.89 USD. However, the invoice amounts varied over the past six months, the average over a six months period was \$168,703.78 USD and the last invoice for the period of November was \$119,264.29 USD.

### **North Pit Flooding**

31. I am also advised by Dan Andersson that the north pit of the Otso Gold Mine has been flooded since November, 2021, and no work is being done there as a result. Detailed studies, including hydrology, are required to ensure that management can understand the water flow into the open pits. Again, this problem is a result of absence of a long-term mining plan and final pits design, including hydrogeology surveying and study.

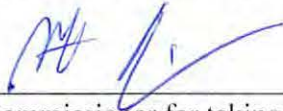
### **Next Steps at the Otso Gold Mine**

32. During the next 30 days, management will be engaged in the following activities:
- (a) Managing operations at the Otso Gold Mine;
  - (b) Preparing a high level LOM plan by January 14, 2022;
  - (c) Preparing a short-term (6 months) and medium-term (18 months) detailed mining plan and commissioning program and budget, to be completed by February 18, 2022;
  - (d) Ongoing negotiations with trade contractors and suppliers for continued operations during the restructuring proceedings;
  - (e) Actively monitoring operational payments and evaluating and negotiating options for alternative payment schedules;
  - (f) Finalising the process to obtain full access to Otso Oy's bank accounts with Danske Bank and Otso Gold's bank accounts with BMO;
  - (g) Continuing preparation of Otso Gold's consolidated accounts for the fiscal third quarter, and completing Otso Oy's annual accounts for 2018, 2019, 2020 and planning for 2021;
  - (h) Working closely with auditors with respect to the audit of Otso Gold's annual accounts, including procurement of new auditors as may be required;
  - (i) Preparing and managing rolling 13-week cash flow forecasts; and
  - (j) Engaging in day to day cash management.



33. As I was in London and counsel was in Vancouver, I was not physically present before the commissioner while swearing this affidavit, but was linked with the commissioner utilizing video technology, and we used the process described in B.C. Supreme Court COVID-19 Notice No. 2 dated March 27, 2020.

SWORN BEFORE ME at Vancouver, )  
British Columbia, and London, United )  
Kingdom on December 14, 2021 )



\_\_\_\_\_)  
A Commissioner for taking Oaths for the )  
Province of British Columbia )

\_\_\_\_\_) **THOMAS DILLENSEGER**

**MATTHEW W. PIERCE**  
Barrister • Solicitor  
FARRIS LLP  
2500 - 700 West Georgia Street  
P.O. Box 10026, Pacific Centre  
Vancouver, BC V7Y 1B3



This is Exhibit "A" referred to in the Affidavit of  
Thomas Dillenseger sworn before me this 14<sup>th</sup>  
day of December 2021



\_\_\_\_\_  
A Commissioner for taking Affidavits in and for  
the Province of British Columbia



**Tim Louman-Gardiner**

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**Da:** Hayden Evers <heyers@srk.co.uk>  
**Inviato:** giovedì 18 novembre 2021 19:00  
**A:** Brian Wesson <Brian.Wesson@otsogold.com>  
**Cc:** Riccardo Aquè <riccardo.aque@otsogold.com>  
**Oggetto:** SRK / Otso Gold - Modelling work

Hi Brian,

I hope you are having a good day. It was great to meet you this week.

I thought I would just drop you an email, as per our conversations yesterday evening – so you have my email now.

I just wanted to say, thanks again for all your hospitality. It was a great site visit, and it is definitely remarkable how far your team has come in such a short space of time.


You have my email now, so perhaps we can have a follow-up call in the near future, in regards to SRK generating a new litho-structural and mineralisation model from scratch. I would be very keen to do this, of course working closely with Riccardo and his geology team. I know the geology team's priority at the moment, is to continue to ramp up production; so I think farming this geological and mineralisation modelling work out to us in the background – would work well and ease pressures too. The good thing is that there is no time constraint as such, with generating an updated litho-structural model (of course, the sooner the better), which would mean we could all spend the time it deserves on this – whereby we can update this model dynamically on the fly, as soon as new drilling, geophysics, and structural data come in. I would also be more than happy to perhaps put on some training in Leapfrog Geo, if you and Riccardo see this being valuable to the geology team – so any future iterations of the litho-structural and mineralisation model can be updated internally on site.

I did also reach out to a friend in management at Energold (a drilling firm) – to see if they had any capacity to get an RC rig out to you guys on site ASAP. Unfortunately, all of their RC rigs are out in other areas of Europe.

Let me know what you think. I look forward to hearing from you.

Best regards,

Hayden Evers *MSc, MCSM, FGS, AAusIMM*  
Consultant (Resource Geology)

 **srk consulting**

The Queen's Awards for Enterprise: International Trade 2013  
SRK Consulting (UK) Limited





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[www.srk.com](http://www.srk.com)

SRK Consulting (UK) Limited ("SRK") is registered in England and Wales with Registered Number 01575403 and Registered Office at 21 Gold Tops, Newport, NP20 4PG, Wales, United Kingdom.

#### **CONFIDENTIALITY AND DISCLAIMER STATEMENT**

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This is Exhibit "B" referred to in the Affidavit of  
Thomas Dillenseger sworn before me this 14<sup>th</sup>  
day of December 2021



A Commissioner for taking Affidavits in and for  
the Province of British Columbia



**Tim Louman-Gardiner**

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**From:** Joe Archibald <jarchibald@pandionmetals.com>  
**Sent:** December 10, 2021 12:11 PM  
**To:** Vladimir Lelekov; Nicolas Pascault; Victor Koshkin  
**Cc:** Rebecca Morse; Tom Fenton; christer.svartstrom@castren.fi; Buttery, Mary I.A.; malevras-chen@mayerbrown.com; L. Kevin Sheridan (ksheridan@mayerbrown.com)  
**Subject:** [EXT] Notice of Default, Events of Default, Deferment Termination Events, and Reservation of Rights  
**Attachments:** Otso-Notice of Default, Events of Default, Deferment Termination Event 12-10-21 .pdf

Please see the attached notice. In light of the extant CCAA proceedings, PFL Raahe Holdings LP is not contemplating taking any enforcement actions at this time.

Regards,  
Joe



December 10, 2021

VIA EMAIL

To: OTSO GOLD CORP., OTSO GOLD AB, & OTSO GOLD OY  
 Vladimir Lelekov, Chairman of the Board  
[vladimir.lelekov@otsogold.com](mailto:vladimir.lelekov@otsogold.com)  
 Nicolas Pascault, Director  
[nicolas.pascault@otsogold.com](mailto:nicolas.pascault@otsogold.com)  
 Victor Koshkin, Director  
[victor.koshkin@otsogold.com](mailto:victor.koshkin@otsogold.com)

With a copy to:

Rebecca Morse, Counsel to Otso Gold  
[rmorse@farris.com](mailto:rmorse@farris.com)  
 Thomas A. Fenton, Counsel to Otso Gold  
[tfenton@airdherlis.com](mailto:tfenton@airdherlis.com)  
 Christer Svartström, Counsel to Otso Gold Oy  
[christer.svartstrom@castren.fi](mailto:christer.svartstrom@castren.fi)

**Re: *Notice of Default, Events of Default, Deferment Termination Events, and  
 Reservation of Rights***

Ladies and Gentlemen:

Reference is made to that certain (i) Pre-Paid Forward Gold Purchase Agreement dated November 10, 2017 (as amended and in effect on the date hereof, the "PPF Agreement") by and among Otso Gold Corp. ("Otso Gold"),<sup>1</sup> as seller, Otso Gold AB ("Otso Gold AB")<sup>2</sup> and Otso Gold Oy ("Otso Gold Oy"),<sup>3</sup> as guarantors (each a "Guarantor" and collectively, the "Guarantors"), and PFL Raahe Holdings LP ("PFL Raahe"), as buyer, (ii) the Amendment and Forbearance No. 1 to the Pre-Paid Forward Gold Purchase Agreement dated as of October 15, 2018, by and among Otso Gold, as seller, the Guarantors, and PFL Raahe, as buyer (iii) the Maintenance Loan Agreement dated April 17, 2019 (as amended and in effect on the date hereof, the "MLA"), by and among Otso Gold Oy, as borrower, Otso Gold and Otso Gold AB, as guarantors, and PFL Raahe, as lender (iv) the Consent and Agreement to Pre-Paid Forward Gold Purchase Agreement and Maintenance Loan Agreement dated as of October 7, 2019 (as amended and in effect on the date hereof, the "Consent and Agreement"), by and among Otso Gold, as seller, the Guarantors, and PFL Raahe, as buyer (v) the Letter Agreement dated as of December 13, 2020 (as amended and in effect on the date hereof, the "Letter Agreement"), by and among Otso Gold, as seller, the Guarantors, and PFL Raahe, as buyer, and (vi) the Transaction Documents.

<sup>1</sup> Formerly known as Firesteel Resources Inc., Nordic Gold Corp., and Nordic Gold Inc.

<sup>2</sup> Formerly known as Nordic Mines Marknäs AB.

<sup>3</sup> Formerly known as Nordic Mines Oy and Nordic Gold Oy.

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This notice is given pursuant to and with reference to the PPF Agreement and the Consent and Agreement and is given for informational purposes only. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the PPF Agreement or the Consent and Agreement, as context requires.

It has come to PFL Raahe's attention that Otso Gold and the Guarantors have voluntarily commenced or instituted the following proceedings (each, an "Insolvency Proceeding" and collectively, the "Insolvency Proceedings"):

- Otso Gold filed with the Supreme Court of British Columbia, Canada a petition for relief under the Companies' Creditors Arrangement Act on December 3, 2021, and the Supreme Court of British Columbia on the same date entered an order granting relief to Otso Gold thereunder;
- Otso Gold AB applied for a business reorganization in the District Court of Sweden Södertörn (Department 4) on December 3, 2021, which application was granted by the Swedish court on December 7, 2021;
- Otso Gold Oy applied for restructuring proceedings under the Restructuring of Enterprises Act in the District Court of Oulu, Finland on December 3, 2021;

PFL Raahe hereby gives notice that each of the Insolvency Proceedings constitutes, among other things, an Event of Default under Section 13(1)(m) of the PPF Agreement, and a Deferment Termination Event (in each case as of December 3, 2021) under Section 5.1(h) of the Consent and Agreement.

Further, PFL Raahe hereby gives notice to Otso Gold and the Guarantors that Otso Gold failed to pay, on or prior to the Deferment Termination Date on December 3, 2021, the outstanding Deferred Payment Amounts (as defined in the Letter Agreement), plus all accrued and unpaid interest thereon, in accordance with Section 2.2 of the Consent and Agreement, as amended by the Letter Agreement. Among other things, such failure constitutes a Default under Section 13(1)(b) of the PPF Agreement and shall constitute an additional Event of Default if not remedied on or before fifteen (15) Business Days after the date hereof. Such failure also constitutes an additional Deferment Termination Event under Section 5.1(a) of the Consent and Agreement.

Consequently, in light of the aforementioned Default, Events of Default, and Deferment Termination Events, and in accordance with Section 2.1 of the Consent and Agreement, PFL Raahe also gives notice there is now due and owing to PFL Raahe an amount equal to not less than US\$95,350,406.00 (calculated as of December 8, 2021).

Nothing contained herein is, or shall be deemed to be, a waiver or forbearance of any of the rights or remedies available to PFL Raahe under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or Applicable Laws, including, without limitation, any right or remedy available to in any of the Insolvency Proceedings. To the contrary, PFL Raahe hereby explicitly reserves all rights and remedies

available to it under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or Applicable Laws.

Without limiting the generality of the foregoing, nothing contained herein shall be deemed a waiver, express or implied, of any Default, Event of Default, or Deferment Termination Event, or of any other right or remedy of PFL Raahe, including, without limitation, any right of exculpation or indemnity, whether under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or any Applicable Laws against Otso Gold, the Guarantors, or any other Person (and/or its respective property), each of which claims, rights, and remedies being expressly and specifically reserved. Without limiting the generality of the foregoing, (i) any discussions between PFL Raahe, on the one hand, and Otso Gold and/or the Guarantors, on the other hand, shall not imply or be deemed to imply or constitute an agreement on the part of PFL Raahe to waive any Default, Event of Default, or Deferment Termination Event or any of its rights or remedies or to forbear from exercising any other right or remedy authorized by the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, and/or available under Applicable Laws while such discussions continue, and (ii) any payment by Otso Gold or any Guarantor of any amount due under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, or the Transaction Documents may be accepted by PFL Raahe without the waiver of, or prejudice to, any of its rights or remedies.

Very truly yours,

PFL RAAHE HOLDINGS LP

By: *[Signature]*  
Its: Authorized Signatory

*N*



This is the 4<sup>th</sup> affidavit  
of Thomas Dillenseger in this case  
and was made on December 14, 2021.

No. S-2110503  
Vancouver Registry

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**1985, c. C-36**

**AND**

**IN THE MATTER OF OTSO GOLD CORP. OTSO GOLD OY, OTSO GOLD AB, and**  
**2273265 ALBERTA LTD.**

**PETITIONERS**

**AFFIDAVIT**

I, Thomas Dillenseger, care of 2500-700 West Georgia Street, Director, SWEAR THAT:

1. I am a Managing Director of Alvarez & Marsal Europe LLP and I have been engaged by Otso Gold Corp. ("Otso Gold" or the "Company") to act as its interim Chief Financial Officer, and as such have personal knowledge of the facts and matters hereinafter deposed to, except where same are stated to be on information and belief, and where so stated I verily believe them to be true.
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**Mining Plan**

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13. The call on December 10 and 11 took place:

- (a) At 10pm on December in Vancouver, with counsel for the Petitioners attending;
- (b) At 1am in Toronto and New York, with Pandion and counsel for Pandion attending;
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- (d) At 8am in Finland, where Dan Andersson from A&M and operational and financial staff at the mine attended. Apart from one person, no other staff present at the mine speaks English as a first language.

*tdr*

14. Mr. Buck's descriptions of the call is not a full and complete description of that call, and it does not accurately describe the entire message conveyed by the Petitioners, nor the entire context for the conversation.

15. Mr. Buck swears at paragraph 9 that he asked whether the Petitioners could create short and medium-term work flows if they had money to do so. The Petitioners explained that they could although they were cut off by Mr. Buck from providing a full answer to the question. Mr. Buck (or his associates) asked that question several times, with the precise formulation, asking if the Petitioners could prepare short-term mine plans if they had cash to do so.

16. However, Pandion also asked why we did not carry on with short term plans as the Petitioners had done in the past. The Petitioners' representatives also explained to Pandion that the Petitioners needed a longer term plan to make sure that the mining would be done economically and efficiently, and that ensuring it can be mined economically is essential for ensuring the long-term viability of the mine. The Petitioners had previously attempted to restart operations at the mine in late 2018 and early 2019 relying solely on short-term mining plans, which had led them into liquidity issues.

17. While Mr. Buck characterizes this as a purely financial issue, the economics and the safety and environmental issues are all related. For example, waste removal costs and processes will be based on the amount of waste generated, which will in turn be dictated by the amount stripping conducted over time, which in turn will be based on the value of the ore to be extracted which will be based on economic modeling. And management cannot properly plan for safety and operational issues in connection with waste removal until the holistic strategy and plan is developed.

18. The long and medium term mine plans contain all the operational plans for the mine, including environmental and safety aspects, many of which are subject to regulation by government regulators. The long term plan will also be determinative of closure bonding obligations, which must be posted before the mine can operate. And the long-term plan and medium-term plans will also set out the necessary operational safety procurement, all of which is overseen by TUKES, the Finnish Safety and Chemicals Agency. The mine cannot operate until there are satisfactory mine plans in place. TUKES has also requested that the mine operators deliver an updated closure plan, environmental risk assessment, waste management plan, and waste control plan, all of which will be based on the long term mining plan.

19. This was a difficult call and Otso Gold's representatives were interrupted throughout the call. I can recall a few instances in which Otso Gold's representatives asked Mr. Buck and Mr. Archibald (one of Pandion's representatives on the call) to give them an opportunity to speak and respond. For instance, I recall Mr. Aque telling Mr. Buck (after being cut-off in his response) that if Mr. Buck was going to ask questions, he (i.e. Mr. Aque) needed to be given an opportunity to respond.

20. Finally, on the call, the Petitioners' representatives committed to keeping Pandion apprised of any further developments and to being transparent with respect to the development of any mine plans. They also told Pandion that they hadn't asked for interim financing because they didn't know how much to ask for in the absence of reliable financial modelling.

21. The Petitioners are considering their financial needs for the period of any restructuring, and are continuing to revise and understand the financial modelling to develop a better understanding of the Company's needs.

*thi*



### **Other Developments with Pandion**

22. I believe that Pandion is very familiar with the Otso Gold Mine; based on my review of Company records, three representatives of Pandion (Ryan Byrne, David Young, and Julien Bosche of Trident Royalties plc) along with SRK Consulting, Pandion's consultants, attended at the mine from November 16 through 18, 2021. For the reasons discussed below, I believe that this visit was facilitated exclusively by Lionsbridge.

23. Attached hereto as **Exhibit "A"** is an e-mail sent from Hayden Evers at SRK Consulting to Brian Wesson, with a copy to Riccardo Aque (who was on the call on December 10 and 11 discussed below) in which Mr. Evers proposes building "a new litho-structural and mineralisation model from scratch."

24. I am advised by each of Victor Koshkin, Vladimir Lelekov and Nicolas Pascault that they were not aware of any such visits or planning until after November 30, 2021.

25. I am advised by Juha Tiainen, Executive Relations Manager that he was instructed by Brian Wesson not to disclose to anyone the names of the individuals who would be attending, and that the visit was only to be disclosed to the people that they met with on the visit.

26. On December 10, 2021 Pandion delivered a "Notice of Default" to the Petitioners, and also advised that it was "not contemplating taking any enforcement actions at this time." Attached hereto as **Exhibit "B"** is a copy of that correspondence.

### **Lionsbridge's Departure**

27. In paragraphs 58 to 61 of the Wesson Affidavit, Clyde Wesson explains the Wessons' departure from the offices at the site of the Otso Gold Mine. He does not address what steps the Wessons took, if any, to transition their management of the Otso Gold Mine in a way that would be compliant with local Finnish requirements.

28. I am advised by Dan Andersson of A&M that the Wessons have failed to carry out several basic reporting requirements at the Otso Gold Mine, including:

- (a) Failing to hand in all official badges and other company identification to security;
- (b) Failing to file basic annual reports for Otso Oy for the 2018, 2019 and 2020 years;
- (c) Failing to file travel reports with the Finnish government, relating to all travel in and out of Finland for foreign nationals engaged as business executives, which reports are required by law for tax purposes; and
- (d) Failing to meet certain Finnish environmental reporting deadlines in respect of activities at the Otso Gold Mine.

### **Unusual/Unexplained Expenses**

29. As part of my ongoing review of the Petitioners' accounts, a series of significant and unusual credit card expenses have been identified, the basis for which remains under investigation.

*tdi*

### **Westech Invoices**

30. At paragraph 36 of the Wesson Affidavit, Clyde Wesson indicates that the average amount of Westech's invoices for the last three months is \$204,661.89 USD. However, the invoice amounts varied over the past six months, the average over a six months period was \$168,703.78 USD and the last invoice for the period of November was \$119,264.29 USD.

### **North Pit Flooding**

31. I am also advised by Dan Andersson that the north pit of the Otso Gold Mine has been flooded since November, 2021, and no work is being done there as a result. Detailed studies, including hydrology, are required to ensure that management can understand the water flow into the open pits. Again, this problem is a result of absence of a long-term mining plan and final pits design, including hydrogeology surveying and study.

### **Next Steps at the Otso Gold Mine**

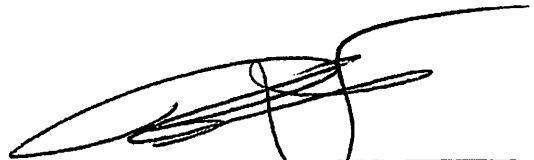
32. During the next 30 days, management will be engaged in the following activities:
- (a) Managing operations at the Otso Gold Mine;
  - (b) Preparing a high level LOM plan by January 14, 2022;
  - (c) Preparing a short-term (6 months) and medium-term (18 months) detailed mining plan and commissioning program and budget, to be completed by February 18, 2022;
  - (d) Ongoing negotiations with trade contractors and suppliers for continued operations during the restructuring proceedings;
  - (e) Actively monitoring operational payments and evaluating and negotiating options for alternative payment schedules;
  - (f) Finalising the process to obtain full access to Otso Oy's bank accounts with Danske Bank and Otso Gold's bank accounts with BMO;
  - (g) Continuing preparation of Otso Gold's consolidated accounts for the fiscal third quarter, and completing Otso Oy's annual accounts for 2018, 2019, 2020 and planning for 2021;
  - (h) Working closely with auditors with respect to the audit of Otso Gold's annual accounts, including procurement of new auditors as may be required;
  - (i) Preparing and managing rolling 13-week cash flow forecasts; and
  - (j) Engaging in day to day cash management.

*tdi*

33. As I was in London and counsel was in Vancouver, I was not physically present before the commissioner while swearing this affidavit, but was linked with the commissioner utilizing video technology, and we used the process described in B.C. Supreme Court COVID-19 Notice No. 2 dated March 27, 2020.

SWORN BEFORE ME at Vancouver, )  
British Columbia, and London, United )  
Kingdom on December 14, 2021 )  
)  
)  
)  
)  
)

\_\_\_\_\_  
A Commissioner for taking Oaths for the )  
Province of British Columbia )



\_\_\_\_\_  
**THOMAS DILLENSEGER**

*tdi*

This is Exhibit "A" referred to in the Affidavit of  
Thomas Dillenseger sworn before me this 14<sup>th</sup>  
day of December 2021



A Commissioner for taking Affidavits in and for  
the Province of British Columbia



**Tim Louman-Gardiner**

---

**Da:** Hayden Eyers <heyers@srk.co.uk>  
**Inviato:** giovedì 18 novembre 2021 19:00  
**A:** Brian Wesson <Brian.Wesson@otsogold.com>  
**Cc:** Riccardo Aquè <riccardo.aque@otsogold.com>  
**Oggetto:** SRK / Otso Gold - Modelling work

Hi Brian,

I hope you are having a good day. It was great to meet you this week.

I thought I would just drop you an email, as per our conversations yesterday evening – so you have my email now.

I just wanted to say, thanks again for all your hospitality. It was a great site visit, and it is definitely remarkable how far your team has come in such a short space of time.

You have my email now, so perhaps we can have a follow-up call in the near future, in regards to SRK generating a new litho-structural and mineralisation model from scratch. I would be very keen to do this, of course working closely with Riccardo and his geology team. I know the geology team's priority at the moment, is to continue to ramp up production; so I think farming this geological and mineralisation modelling work out to us in the background – would work well and ease pressures too. The good thing is that there is no time constraint as such, with generating an updated litho-structural model (of course, the sooner the better), which would mean we could all spend the time it deserves on this – whereby we can update this model dynamically on the fly, as soon as new drilling, geophysics, and structural data come in. I would also be more than happy to perhaps put on some training in Leapfrog Geo, if you and Riccardo see this being valuable to the geology team – so any future iterations of the litho-structural and mineralisation model can be updated internally on site.

I did also reach out to a friend in management at Energold (a drilling firm) – to see if they had any capacity to get an RC rig out to you guys on site ASAP. Unfortunately, all of their RC rigs are out in other areas of Europe.

Let me know what you think. I look forward to hearing from you.

Best regards,

Hayden Eyers *MSc, MCSM, FGS, AAusIMM*  
 Consultant (Resource Geology)

 **srk consulting**

The Queen's Awards for Enterprise: International Trade 2013  
 SRK Consulting (UK) Limited

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Tel: +44 (0) 2920 348 150  
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SRK Consulting (UK) Limited ("SRK") is registered in England and Wales with Registered Number 01575403 and Registered Office at 21 Gold Tops, Newport, NP20 4PG, Wales, United Kingdom.

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This is Exhibit "B" referred to in the Affidavit of  
Thomas Dillenseger sworn before me this 14<sup>th</sup>  
day of December 2021



\_\_\_\_\_  
A Commissioner for taking Affidavits in and for  
the Province of British Columbia

*tdi*

**Tim Louman-Gardiner**

---

**From:** Joe Archibald <jarchibald@pandionmetals.com>  
**Sent:** December 10, 2021 12:11 PM  
**To:** Vladimir Lelekov; Nicolas Pascault; Victor Koshkin  
**Cc:** Rebecca Morse; Tom Fenton; christer.svartstrom@castren.fi; Buttery, Mary I.A.; malevras-chen@mayerbrown.com; L. Kevin Sheridan (ksheridan@mayerbrown.com)  
**Subject:** [EXT] Notice of Default, Events of Default, Deferment Termination Events, and Reservation of Rights  
**Attachments:** Otso-Notice of Default, Events of Default, Deferment Termination Event 12-10-21 .pdf

Please see the attached notice. In light of the extant CCAA proceedings, PFL Raabe Holdings LP is not contemplating taking any enforcement actions at this time.

Regards,  
Joe



December 10, 2021

VIA EMAIL

To: OTSO GOLD CORP., OTSO GOLD AB, & OTSO GOLD OY  
 Vladimir Lelekov, Chairman of the Board  
[vladimir.lelekov@otsogold.com](mailto:vladimir.lelekov@otsogold.com)  
 Nicolas Pascault, Director  
[nicolas.pascault@otsogold.com](mailto:nicolas.pascault@otsogold.com)  
 Victor Koshkin, Director  
[victor.koshkin@otsogold.com](mailto:victor.koshkin@otsogold.com)

With a copy to:

Rebecca Morse, Counsel to Otso Gold  
[rmorse@farris.com](mailto:rmorse@farris.com)  
 Thomas A. Fenton, Counsel to Otso Gold  
[tfenton@airdberris.com](mailto:tfenton@airdberris.com)  
 Christer Svartström, Counsel to Otso Gold Oy  
[christer.svartstrom@castren.fi](mailto:christer.svartstrom@castren.fi)

Re: *Notice of Default, Events of Default, Deferment Termination Events, and  
 Reservation of Rights*

Ladies and Gentlemen:

Reference is made to that certain (i) Pre-Paid Forward Gold Purchase Agreement dated November 10, 2017 (as amended and in effect on the date hereof, the "PPF Agreement") by and among Otso Gold Corp. ("Otso Gold"),<sup>1</sup> as seller, Otso Gold AB ("Otso Gold AB")<sup>2</sup> and Otso Gold Oy ("Otso Gold Oy"),<sup>3</sup> as guarantors (each a "Guarantor" and collectively, the "Guarantors"), and PFL Raaha Holdings LP ("PFL Raaha"), as buyer, (ii) the Amendment and Forbearance No. 1 to the Pre-Paid Forward Gold Purchase Agreement dated as of October 15, 2018, by and among Otso Gold, as seller, the Guarantors, and PFL Raaha, as buyer (iii) the Maintenance Loan Agreement dated April 17, 2019 (as amended and in effect on the date hereof, the "MLA"), by and among Otso Gold Oy, as borrower, Otso Gold and Otso Gold AB, as guarantors, and PFL Raaha, as lender (iv) the Consent and Agreement to Pre-Paid Forward Gold Purchase Agreement and Maintenance Loan Agreement dated as of October 7, 2019 (as amended and in effect on the date hereof, the "Consent and Agreement"), by and among Otso Gold, as seller, the Guarantors, and PFL Raaha, as buyer (v) the Letter Agreement dated as of December 13, 2020 (as amended and in effect on the date hereof, the "Letter Agreement"), by and among Otso Gold, as seller, the Guarantors, and PFL Raaha, as buyer, and (vi) the Transaction Documents.

<sup>1</sup> Formerly known as Firesteel Resources Inc., Nordic Gold Corp., and Nordic Gold Inc.

<sup>2</sup> Formerly known as Nordic Mines Marinkad AB.

<sup>3</sup> Formerly known as Nordic Mines Oy and Nordic Gold Oy.

*tdh*

This notice is given pursuant to and with reference to the PPF Agreement and the Consent and Agreement and is given for informational purposes only. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the PPF Agreement or the Consent and Agreement, as context requires.

It has come to PFL Raahs's attention that Otso Gold and the Guarantors have voluntarily commenced or instituted the following proceedings (each, an "Insolvency Proceeding" and collectively, the "Insolvency Proceedings"):

- Otso Gold filed with the Supreme Court of British Columbia, Canada a petition for relief under the Companies' Creditors Arrangement Act on December 3, 2021, and the Supreme Court of British Columbia on the same date entered an order granting relief to Otso Gold thereunder;
- Otso Gold AB applied for a business reorganization in the District Court of Sweden Södertörn (Department 4) on December 3, 2021, which application was granted by the Swedish court on December 7, 2021;
- Otso Gold Oy applied for restructuring proceedings under the Restructuring of Enterprises Act in the District Court of Oulu, Finland on December 3, 2021;

PFL Raahs hereby gives notice that each of the Insolvency Proceedings constitutes, among other things, an Event of Default under Section 13(1)(m) of the PPF Agreement, and a Deferment Termination Event (in each case as of December 3, 2021) under Section 5.1(h) of the Consent and Agreement.

Further, PFL Raahs hereby gives notice to Otso Gold and the Guarantors that Otso Gold failed to pay, on or prior to the Deferment Termination Date on December 3, 2021, the outstanding Deferred Payment Amounts (as defined in the Letter Agreement), plus all accrued and unpaid interest thereon, in accordance with Section 2.2 of the Consent and Agreement, as amended by the Letter Agreement. Among other things, such failure constitutes a Default under Section 13(1)(b) of the PPF Agreement and shall constitute an additional Event of Default if not remedied on or before fifteen (15) Business Days after the date hereof. Such failure also constitutes an additional Deferment Termination Event under Section 5.1(a) of the Consent and Agreement.

Consequently, in light of the aforementioned Default, Events of Default, and Deferment Termination Events, and in accordance with Section 2.1 of the Consent and Agreement, PFL Raahs also gives notice there is now due and owing to PFL Raahs an amount equal to not less than US\$95,330,406.00 (calculated as of December 8, 2021).

Nothing contained herein is, or shall be deemed to be, a waiver or forbearance of any of the rights or remedies available to PFL Raahs under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or Applicable Laws, including, without limitation, any right or remedy available to in any of the Insolvency Proceedings. To the contrary, PFL Raahs hereby explicitly reserves all rights and remedies

available to it under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or Applicable Laws.

Without limiting the generality of the foregoing, nothing contained herein shall be deemed a waiver, express or implied, of any Default, Event of Default, or Deferral Termination Event, or of any other right or remedy of PFL Raabe, including, without limitation, any right of exculpation or indemnity, whether under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, or any Applicable Laws against Otso Gold, the Guarantors, or any other Person (and/or its respective property), each of which claims, rights, and remedies being expressly and specifically reserved. Without limiting the generality of the foregoing, (i) any discussions between PFL Raabe, on the one hand, and Otso Gold and/or the Guarantors, on the other hand, shall not imply or be deemed to imply or constitute an agreement on the part of PFL Raabe to waive any Default, Event of Default, or Deferral Termination Event or any of its rights or remedies or to forbear from exercising any other right or remedy authorized by the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, the Transaction Documents, and/or available under Applicable Laws while such discussions continue, and (ii) any payment by Otso Gold or any Guarantor of any amount due under the PPF Agreement, the MLA, the Consent and Agreement, the Letter Agreement, or the Transaction Documents may be accepted by PFL Raabe without the waiver of, or prejudice to, any of its rights or remedies.

Very truly yours,

PFL RAAHE HOLDINGS LP

By: *[Handwritten Signature]*  
Its: *Authorized Signatory*

No. S-2110503  
Vancouver Registry

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


**PETITIONERS**

**CERTIFICATE OF COMMISSIONER**

1. The two copies of the 4<sup>th</sup> Affidavit of Thomas Dillenseger in this proceeding attached to this certificate are the copy of the affidavit I received from the deponent and the copy I initialed using the process described in the March 27, 2020 Notice to the Profession, the Public and the Media Affidavits for Use in Civil and Family Proceedings, a direction of Chief Justice C.E. Hinkson of the Supreme Court of British Columbia.

2. I was satisfied that the process was necessary because it was impossible or unsafe for medical reasons for the deponent and I to be physically present together.

December 14, 2021.

  
A Commissioner for taking Affidavits for  
**MATTHEW W. PIERCE**  
Barrister • Solicitor British Columbia  
**FARRIS LLP**  
2500 - 700 West Georgia Street  
P.O. Box 10026, Pacific Centre  
Vancouver, BC V7Y 1B3