

**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 January 29, 2019)**

January 23, 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

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

**ONTARIO**  
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**IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.**

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

**NOTICE OF MOTION**  
**(returnable January 29, 2019)**

Deloitte Restructuring Inc., in its capacity as receiver (the “**Receiver**”) of Sage Gold Inc. (“**Sage Gold**”), will bring a motion before the Court on Tuesday, January 29, 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 hereto as Schedule “A” (the “**Onaman Approval and Vesting Order**”), among other things:

- (i) approving the Asset Purchase Agreement (the “**Onaman APA**”) between the Receiver and RZJ Capital Management LLC (the “**Onaman Purchaser**”) dated January 11, 2019, and the transaction contemplated therein (the “**Onaman Transaction**”);
  - (ii) vesting in the Onaman Purchaser Sage Gold’s right, title, and interest in and to the Purchased Assets (as defined in the Onaman APA) free and clear of any security, charges, claims or encumbrances other than the Permitted Encumbrances (as defined in the Onaman APA); and
  - (iii) sealing the contents of Confidential Appendix “A” to the Third Report of the Receiver to the Court dated January 23, 2019 (the “**Third Report**”) until such time as the Onaman Transaction is consummated;
- (c) An Order substantially in the form attached hereto as Schedule “B” (the “**Clavos Approval and Vesting Order**”), among other things:
- (i) approving the Asset Purchase Agreement (the “**Clavos APA**”) between the Receiver and Eric Quint, on behalf of a corporation to be incorporated (the “**Clavos Purchaser**”) dated January 17, 2019, and the transaction contemplated therein (the “**Clavos Transaction**”);
  - (ii) vesting in the Clavos Purchaser Sage Gold’s right, title, and interest in and to the Purchased Assets (as defined in the Clavos APA) free and clear of any security, charges, claims or encumbrances other than the Permitted Encumbrances (as defined in the Clavos APA);
  - (iii) to the extent that consent is not obtained prior to the closing of the Clavos Transaction from the relevant counterparties, assigning

certain of Sage Gold's contracts to the Clavos Purchaser in connection with the Clavos Transaction;

- (iv) sealing the contents of Confidential Appendix "B" to the Third Report of the Receiver to the Court until such time as the Clavos Transaction is consummated;
  - (v) sealing the contents of Confidential Appendix "C" until further order of this Court;
  - (vi) approving the Second Report of the Receiver to Court and the supplements thereto (collectively, the "**Second Report**") and the Third Report and the activities of the Receiver and its legal counsel set out therein and the Receiver's Receipts and Disbursements set out therein; and,
- (d) Such further and other relief as to the Court may seem just.

**THE GROUNDS FOR THE MOTION ARE:**

**BACKGROUND**

- (a) On July 30, 2018, the Honourable Justice Dunphy granted an order (the "**Receivership Order**"), appointing Deloitte Restructuring Inc. as Receiver pursuant to s. 243 of the *Bankruptcy and Insolvency Act* ("**BIA**") and s. 101 of the *Courts of Justice Act* (Ontario) of all the assets, undertakings and property of Sage Gold;
- (b) The Receivership Order authorizes the Receiver to market and sell the property of Sage Gold;
- (c) Sage Gold's principal assets are mining interests in properties located in Ontario, including:

- (i) mining interests in an exploration property northeast of Thunder Bay (the “**Onaman Property**”); and,
  - (ii) a mining project located in the German, Stock and Clergue townships comprised of 69 patented and leased claims and 14 unpatented claims owned by Sage Gold, along with certain structures and other infrastructure relating the project carried on at the site (the “**Clavos Property**”);
- (d) On August 27, 2018, the Honourable Justice Hainey granted an order (the “**SISP Order**”) approving a sale and investor solicitation procedure (the “**SISP**”) to facilitate an investment in Sage Gold or a sale of its assets to maximize recovery for its estate;
- (e) As described in the Second Report of the Receiver dated December 12, 2018 and in the Third Report, the Receiver conducted a two phase sales process in accordance with the SISP that ended on November 12, 2018 and resulted in the receipt of a number of Phase 2 bids, including, a credit bid for both the Onaman Property and the Clavos Property (the “**Credit Bid**”) submitted by Sage Gold’s principal secured creditor, CRH Funding II PTE Ltd. (“**CRH**”);
- (f) In December 2018, CRH (the applicant in this receivership proceeding) advised the Receiver that it did not intend to provide further funding for this receivership beyond January 3, 2019 and purported to withdraw the Credit Bid;
- (g) In light of the insufficient funding in place for the Receiver, it sought and obtained an order of this Court dated December 21, 2018 amending Paragraph 16 of the Receivership Order to permit the Receiver to abandon Sage Gold’s property on notice to the Director of Mine Rehabilitation (the “**Director**”) without further approval of the Court. In

accordance with Receivership Order (as amended), the Receiver abandoned the Clavos Property on January 8, 2019;

- (h) While the Receiver attempted to conclude one or more transactions for the sale of Sage's assets over the December 2018 holiday season, it was not able to finalize the terms of any transaction(s) prior to the January 3, 2019 deadline.

#### **GROUNDINGS FOR APPROVAL OF THE APAs**

- (i) Following abandonment of the Clavos Property and despite the Receiver's lack of funding, the Receiver elected to continue its efforts to negotiate potential sales of both the Clavos Property and the Onaman Property, in consultation with CRH and the Director;
- (j) Accordingly, largely on a self-funded basis, the Receiver revived the sales process and reengaged with some of the original interested parties from the SISP in order to settle one or more transactions in short order.
- (k) The Receiver has kept the Director apprised of its continued sale efforts following the abandonment of the Clavos Property and the Director has not objected to those efforts;
- (l) Within two weeks of abandonment of the Clavos Property, the Receiver successfully entered into the Onaman APA on January 11, 2019 and the Clavos APA (together with the Onaman APA, the "APAs") on January 17, 2019;
- (m) The Onaman Transaction and Clavos Transaction represent dispositions of Sage Gold's property for the best achievable consideration in all the surrounding circumstances, given the interests of all parties and the absence of funding beyond January 3, 2019 in the receivership to support further marketing of Sage Gold's assets;



- (n) The APAs were negotiated by the Receiver in good faith and the Receiver believes that the purchase prices for the assets therein represents the best price that could be obtained in light of the outcome of the SISP;
- (o) The Onaman APA contemplates the assignment to, and assumption by, the Onaman Purchaser of a royalty agreement in favour of Lyle Henry Arthur Holt and Nolan Merritt Thomas Cox dated May 3, 2006 in respect of the Onaman Property (including the assumption by the Purchaser of any cure costs in respect of that agreement). The counterparties to the royalty agreement will be served with this Notice of Motion;
- (p) The Clavos APA contemplates the assignment to, and assumption by, the Clavos Purchaser of: (i) three commercial agreements specified in the Schedules to the Clavos APA, and (ii) the royalty agreements specified in the Schedules to the Clavos APA, along with any royalty agreements (or other agreement granting similar rights) to which the purchased assets under the Clavos APA are subject that create a valid and binding and enforceable interest in land. The counterparties to these agreements (as identified in the books and records of Sage Gold) will be served with this Notice of Motion at their last known addresses;
- (q) Immediately following the service of this Notice of Motion, the Receiver will also deliver letters to the counterparties to the commercial agreements that are being assigned to the Clavos Purchaser requesting each counterparty's consent to assignment before closing of the Clavos Transaction. At the Clavos Purchaser's request, the Receiver is seeking an order assigning the commercial agreements to the Clavos Purchaser, in the event consents cannot be obtained by closing;
- (r) For the above-noted reasons, the Receiver recommends that this Court approve the APAs and grant the other relief set out in the Onaman Approval and Vesting Order and the Clavos Approval and Vesting Order;

- (s) Pursuant to the Receivership Order and the SISP Order, the Receiver requires this Honourable Court's approval to execute the APAs and complete its obligations set out therein;
- (t) Obtaining an order approving the APAs and vesting in the respective purchasers Sage Gold's rights and interest in the purchased assets described therein is important for Sage Gold and its stakeholders. There are a number of crucial steps to closing the Onaman Transaction and Clavos Transaction that can only be implemented after obtaining this relief.

#### **Grounds for Sealing Orders**

- (u) The Receiver is of the view that the Confidential Appendices to the Third Report should remain sealed until the closing of the Onaman Transaction and the Clavos Transaction, as they contain commercially sensitive information about Sage Gold and certain bidders under the SISP, the public dissemination of which would be prejudicial to the legitimate commercial interests of stakeholders in Sage Gold;

#### **Grounds for approval of the Second Report and the Third Report**

- (v) The Receiver's actions and activities, as described in the Second Report and the Third Report, are lawful and proper, and consistent with its powers and duties under the Receivership Order and in accordance with the provisions of the BIA;

#### **OTHER GROUNDS FOR THIS MOTION**

- (w) The circumstances that exist make the Orders sought by the Receiver appropriate;
- (x) The provisions of the BIA, as amended, and this Honourable Court's equitable and statutory jurisdiction thereunder;

- (y) The grounds set out in the Third Report; and,
- (z) Such other grounds as counsel may advise.

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

- (a) The Order of the Honourable Justice Dunphy, dated July 30, 2018;
- (b) The Order of the Honourable Justice Hainey, dated August 29, 2018;
- (c) The Third Report of the Receiver to the Court dated January 23, 2019; and,
- (d) Such further material as counsel may advise and this Honourable Court may permit.

January 23, 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,  
Deloitte Restructuring Inc.

TO: **SERVICE LIST**

**IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.**

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

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

Proceeding commenced at Toronto

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**NOTICE OF MOTION  
(RETURNABLE JANUARY 29, 2019)**

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**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

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

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**Appendix “B”** – Sale and Investment Solicitation Process Order

**Appendix “C”** – Receiver’s Borrowings Charge Order

**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 on two (2) business days' written notice to the Director of Mine Rehabilitation (the "**Director**") rather than having to schedule a court attendances 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](http://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 23<sup>rd</sup> 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 "A"

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

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

THE HONOURABLE )  
 JUSTICE S.F. DWYER )

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.

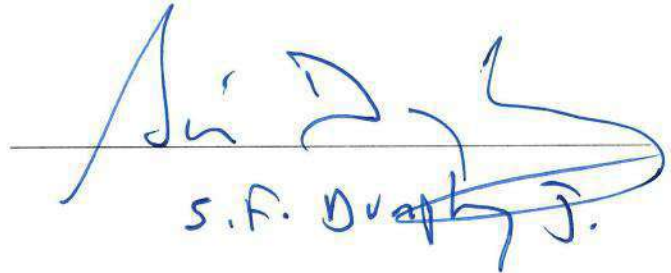
28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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.

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**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties Sage Gold Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the \_\_\_ day of \_\_\_\_\_, 2018 (the "**Order**") made in an application having Court file number \_\_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 2018.

DELOITTE RESTRUCTURING INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

**CRH FUNDING II PTE. LTD.**      **SAGE GOLD INC.**  
Applicant      and      Respondent

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER (APPOINTING RECEIVER)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

Guy Martel  
Tel: (514) 397-3163  
Email: [gmartel@stikeman.com](mailto:gmartel@stikeman.com)

Kathryn Esaw LSUC#58264F  
Tel: (416) 869-6820  
Email: [kesaw@stikeman.com](mailto:kesaw@stikeman.com)

Lawyers for the Applicant

St. Dunstons  
30 July 2018

Mr Rober appeared - he is in the process of being retained by the directors of the debtor but has not yet been retained. He asked for an adjournment of the motion which I denied. The IR's report demonstrates the urgent need for a properly funded custodian of this asset and there is no credible alternative to the receiver before me. Counsel for the Ministry is not opposed. Paragraph 3(k) and paragraph 9 of the draft order amended by me to ensure the Debtor - if actively and seriously pursuing a restructuring alternative to receivership - will have an opportunity to make that case. Para 16 has been vetted by the Crown who is not opposed. Draft Order signed as amended.

St Dunstons

## Appendix “B”

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.



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**SCHEDULE "A"**

## SALE AND INVESTOR SOLICITATION PROCEDURES

### SAGE GOLD INC.

#### RECITALS

- A. Pursuant to an Order (the "**Receivership Order**") granted by the Ontario Superior Court of Justice (the "**Court**") on July 30, 2018, Deloitte Restructuring Inc. was appointed as receiver (the "**Receiver**") of all of the assets, undertakings and properties of Sage Gold Inc. ("**Sage**").
- B. On ●, 2018, the Court granted an order (the "**SISP Approval Order**") approving a sale and investor solicitation process (the "**SISP**") and the SISP procedures set forth herein (these "**SISP Procedures**").
- C. The SISP Approval Order, the SISP and these SISP Procedures shall govern the process for soliciting and selecting bids for (i) the sale (a "**Sale**") of all or substantially all of the property, assets and undertakings of Sage (the "**Sage Property**"), including without limitation (a) the Clavos Property, (b) the Onaman Property; and (c) all mining equipment owned by Sage, wherever located, including at the Clavos Property; and (ii) for the restructuring, recapitalization or refinancing of Sage (an "**Investment**").
- D. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

#### ARTICLE 1 — DEFINED TERMS

In these SISP Procedures:

- (1) "**Approval Hearing**" has the meaning ascribed thereto in Section 5.8(1).
- (2) "**Backup Bid**" has the meaning ascribed thereto in Section 5.6(5).
- (3) "**Backup Bid Expiration Date**" has the meaning ascribed thereto in Section 5.6(7).
- (4) "**Backup Bidder**" has the meaning ascribed thereto in Section 5.6(5).
- (5) "**Bid Notice**" has the meaning ascribed to it in Section 4.3(5).
- (6) "**Business Day**" means any day other than (i) a Saturday or Sunday or (ii) a day which is a statutory holiday in Toronto, Ontario.
- (7) "**Clavos Project**" means the Clavos mining, exploration and development project described in the Wehrley Affidavit.
- (8) "**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 **Schedule "A"** hereto; (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 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 Project.

- (9) "**Court**" has the meaning ascribed thereto in Recital A.
- (10) "**Confidentiality Agreement**" has the meaning ascribed thereto in Section 2.4(2).
- (11) "**CRH**" means CRH Funding II PTE Ltd.
- (12) "**Definitive Investment Agreement**" has the meaning ascribed thereto in Section 5.3(a).
- (13) "**Deposit**" has the meaning ascribed thereto in Section 5.2(i).
- (14) "**Form of Purchase Agreement**" means the form of purchase and sale agreement to be developed by the Receiver and provided to Qualified Phase 2 Bidders that submitted a Qualified Non-Binding Indication of Interest that is a Sale Proposal prior to the Phase 1 Bid Deadline.
- (15) "**GPA**" means that Gold Prepayment Agreement entered into between CRH and Sage on November 17, 2016.
- (16) "**Investment**" has the meaning ascribed thereto in Recital C.
- (17) "**Investment Proposal**" has the meaning ascribed thereto in Section 2.5(1)(c)).
- (18) "**Known Potential Bidders**" has the meaning ascribed thereto in Section 2.4(1).
- (19) "**New Potential Bidder**" has the meaning ascribed thereto in Section 2.4(1).
- (20) "**Non-Binding Indication of Interest**" has the meaning ascribed thereto in Section 4.1(1).
- (21) "**Onaman Project**" means the Onaman mining, exploration and development project described in the Wehrley Affidavit.
- (22) "**Onaman Property**" means: (i) 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, consisting of seven claims and two leases, as further described in **Schedule "A"** hereto, (ii) 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 therein, directly or indirectly, Sage and includes all buildings, structures, improvements, appurtenances and fixtures thereon or attached thereto, whether created privately or by the action of any 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 Onaman Project.
- (23) "**Phase 1 Bid Deadline**" has the meaning ascribed thereto in Section 4.1(2).
- (24) "**Phase 2 Bid Deadline**" has the meaning ascribed thereto in Section 5.1.
- (25) "**Potential Bidder**" has the meaning ascribed thereto in Section 2.5(1).
- (26) "**Potential Bidder Deadline**" has the meaning ascribed thereto in Section 2.5(1).
- (27) "**Purchase Price**" has the meaning ascribed thereto in Section 5.2(b).

- (28) **"Qualified Bidder"** has the meaning ascribed thereto in Section 5.4(1).
- (29) **"Qualified Bids"** has the meaning ascribed thereto in Section 5.4(1).
- (30) **"Qualified Investment Bid"** has the meaning ascribed thereto in Section 5.3.
- (31) **"Qualified Non-Binding Indication of Interest"** has the meaning ascribed thereto in Section 4.2(1).
- (32) **"Qualified Phase 1 Bidder"** has the meaning ascribed thereto in Section 2.5(2).
- (33) **"Qualified Phase 2 Bidder"** has the meaning ascribed thereto in Section 4.3(4).
- (34) **"Qualified Purchase Bid"** has the meaning ascribed thereto in Section 5.2.
- (35) **"Receiver"** has the meaning ascribed thereto in Recital A.
- (36) **"Receivership Order"** has the meaning ascribed thereto in Recital A.
- (37) **"Sage"** has the meaning ascribed thereto in Recital A.
- (38) **"Sage Property"** has the meaning ascribed thereto in Recital C.
- (39) **"Sale"** has the meaning ascribed thereto in Recital C.
- (40) **"Sale Proposal"** has the meaning ascribed thereto in Section 2.5(1)(c).
- (41) **"Secured Claims Amount"** means the aggregate amount owing (whether for principal, interest, fees and recoverable expenses) to the Secured Creditor, as at the date which the transactions contemplated by the Qualified Bid or Successful Bid, if any, are completed, under the GPA and validly secured by the Sage Property, all as determined by the Receiver, Court or other court of competent jurisdiction.
- (42) **"Secured Creditor"** means CRH or any purchaser or assignee of the GPA related security documents and indebtedness outstanding thereunder.
- (43) **"Secured Creditor Consultation Rights"** has the meaning ascribed to it in Section 5.7.
- (44) **"SISP"** has the meaning ascribed thereto in Recital B.
- (45) **"SISP Approval Order"** has the meaning ascribed thereto in Recital B.
- (46) **"SISP Procedures"** has the meaning ascribed thereto in Recital B.
- (47) **"Solicitation Process"** has the meaning ascribed thereto in Section 2.1(1).
- (48) **"Successful Bid"** has the meaning ascribed thereto in Section 5.6(5).
- (49) **"Successful Bidder"** has the meaning ascribed thereto in Section 5.6(5).
- (50) **"Target Closing Date"** means November 19, 2018.
- (51) **"Teaser Letter"** has the meaning ascribed thereto in Section 2.4(1).

- (52) **"Wehrley Affidavit"** means the Affidavit of Andrew Wehrley sworn on July 10, 2018 in support of the appointment of the Receiver.

## ARTICLE 2 — SOLICITATION

### Section 2.1 Solicitation Process

(1) These SISP Procedures describe, among other things, the Sage Property available for sale, the opportunity for an investment in Sage, the debts and equity interests of Sage, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Sage, the Sage Property, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the ultimate selection of one or more Successful Bids and a Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures), and the approval thereof by the Court (collectively, the **"Solicitation Process"**).

(2) The Receiver (including through its affiliate, Deloitte Corporate Finance Inc.) shall conduct the Solicitation Process as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures, the Court will have the jurisdiction to hear such matter and provide directions, upon application of the Receiver, or any other party, with a hearing on no less than five (5) Business Days notice.

### Section 2.2 Sale and Investment Opportunity

These SISP Procedures provide for (i) a sale of all or part of the Sage Property, and (ii) an investment in Sage to be structured in a manner acceptable to the Receiver.

### Section 2.3 "As Is, Where Is"

Any Sale or Investment will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver or Sage or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in the relevant agreement with the Successful Bidder.

### Section 2.4 Solicitation of Interest

(1) As soon as reasonably practicable after the granting of the SISP Approval Order, the Receiver, will prepare a list of potential bidders in respect of a Sale or Investment (the **"Known Potential Bidders"**). The Secured Creditor may on a timely basis identify any parties to the Receiver which shall be included in the list of Known Potential Bidders. Concurrently, the Receiver, will prepare an initial offering summary (the **"Teaser Letter"**) notifying Known Potential Bidders of the existence of the Solicitation Process and inviting the Known Potential Bidders to express their interest in participating in a Sale or an Investment.

(2) Promptly after preparation of the Known Potential Bidders list and the Teaser Letter, the Receiver shall distribute to the Known Potential Bidders the Teaser Letter and a form of confidentiality agreement satisfactory to the Receiver (a **"Confidentiality Agreement"**). The Receiver shall also issue a press release announcing this SISP.

### Section 2.5 Participation Requirements

(1) Unless otherwise provided for herein, ordered by the Court or agreed by the Receiver, in order to participate in the Solicitation Process and be considered for qualification as a Qualified Phase I Bidder, an interested party (a **"Potential Bidder"**) must deliver the following:

- (a) an executed Confidentiality Agreement, which shall inure to the benefit of any purchaser of any part of the Sage Property or any investor in Sage;

- (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, full disclosure of the direct and indirect owners of the Potential Bidder and their principals;
- (c) an indication of whether the Potential Bidder is offering to (i) acquire all or substantially all of the Sage Property (a "**Sale Proposal**"); or (ii) make an investment in Sage (an "**Investment Proposal**"); and
- (d) a written acknowledgment of receipt of a copy of the SISP Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.

(2) A Potential Bidder will be deemed a "**Qualified Phase 1 Bidder**" if: (a) such Potential Bidder has satisfied all of the requirements described in Section 2.5(1) above; and (b) such Potential Bidder's financial information and credit support or enhancement demonstrate to the satisfaction of the Receiver in its reasonable business judgment, the financial capability of such Potential Bidder to consummate a transaction and that such Potential Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale or an Investment. Notwithstanding the requirements set out in Section 2.5(1)(a) to (d), the Receiver may designate any Potential Bidder as a Qualified Phase I Bidder. Upon executing the Confidentiality Agreement, the Secured Creditor shall be deemed to be a Qualified Phase I Bidder.

(3) The determination as to whether a Potential Bidder is a Qualified Phase 1 Bidder pursuant to Section 2.5(2) will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Phase 1 Bidder, the Receiver will promptly notify the Potential Bidder that it is a Qualified Phase 1 Bidder.

(4) If it is determined in accordance with Section 2.5(2) above, that there are no Qualified Phase 1 Bidders and that, as a consequence, proceeding with these SISP Procedures is not in the best interests of Sage or its stakeholders, the Receiver shall notify the Secured Creditor forthwith, and within five (5) Business Days of such determination, file an application with the Court seeking directions with respect to the conduct of the SISP.

### **ARTICLE 3 — DUE DILIGENCE**

(1) As soon as practicable after the determination that a party is a Qualified Phase I Bidder, the Receiver will make available to such Qualified Phase 1 Bidder in a secure online electronic data room confidential due diligence information that is in the possession and control of the Receiver regarding (i) the Sage Property available for sale, and (ii) the debt and equity interests in Sage. At the request of a Qualified Phase 1 Bidder, such confidential due diligence information shall also be provided on a confidential basis to a proposed lender of such Qualified Phase I Bidder that is reasonably acceptable to the Receiver.

(2) Each Qualified Phase 1 Bidder shall have such access to due diligence materials, on-site inspections and information relating to the Sage Property, and other information as the Receiver deems appropriate in its discretion.

(3) The Receiver shall not be obligated to furnish any due diligence materials or information after the Phase 2 Bid Deadline.

(4) Without limiting the generality of any term or condition of any confidentiality agreement between the Receiver and any Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Successful Bidder or Backup Bidder, unless otherwise agreed by the Receiver or by further order of the Court, no Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Successful Bidder or Backup Bidder shall be permitted to have any discussions with any counterparty to any contract with Sage, any



current or former director, officer or employee of Sage, or with any regulatory authority responsible for Sage or any of their businesses or any other Potential Bidder, Qualified Phase I Bidder or Qualified Phase 2 Bidder in connection with a Non-Binding Indication of Interest or any other bid submitted in accordance with the terms hereof or in contemplation thereof

(5) The Receiver is not responsible for, and will have no liability with respect to, any information obtained by any Known Potential Bidder, Potential Bidder or Qualified Bidder in connection with the Sage Property, a Sale or Investment. The Receiver does not make any representations or warranties whatsoever as to the information or the materials provided, except, to the extent the representations or warranties are contained in any definitive sale or investment agreement executed and delivered by a Successful Bidder or Backup Bidder.

## **ARTICLE 4 — PHASE 1**

### **Section 4.1 Seeking Non-Binding Indications of Interest by Qualified Phase 1 Bidders**

(1) From the date of the SISP Approval Order until the Phase I Bid Deadline, in accordance with the terms of the SISP Approval Order and these SISP Procedures, the Receiver will seek to identify and qualify Qualified Phase 1 Bidders, and will solicit non-binding indications of interest from Qualified Phase 1 Bidders to acquire all, or substantially all of the Sage Property or to invest in Sage (each a "**Non-Binding Indication of Interest**").

(2) Subject to Section 4.3(5), in order to continue to participate in the SISP Process, a Qualified Phase 1 Bidder must deliver a Non-Binding Indication of Interest to the Receiver so as to be received by the Receiver not later than **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**").

### **Section 4.2 Non-Binding Indications of Interest by Qualified Phase 1 Bidders**

(1) Unless otherwise ordered by the Court or agreed by the Receiver, 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 Deadline, and contains the following information:

- (a) An indication of whether the Qualified Phase 1 Bidder is offering to (i) make a Sale Proposal; or (ii) make an Investment Proposal;
- (b) In the case of a Sale Proposal, it shall identify
  - i. the purchase price (including liabilities to be assumed by the Qualified Phase 1 Bidder);
  - ii. the assets included, any of the assets expected to be excluded, and/or any additional assets desired to be included in the transaction;
  - iii. the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable);
  - iv. an acknowledgement that the contemplated sale will be made on an "as is where is" basis;

- v. the key material contracts and leases, if any, the Qualified Phase I Bidder wishes to acquire and the Qualified Phase I Bidder's proposed treatment of related cure costs, if any;
  - vi. any anticipated corporate, shareholder, internal or regulatory approvals, including without limitation any approvals with respect to the grant or transfer of any mining permits or licenses or other approvals with respect to environmental matters, required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - vii. the Qualified Phase 1 Bidder's ability to consummate the contemplated transaction by the Target Closing Date;
  - viii. a detailed description of any additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline, if any;
  - ix. contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction;
  - x. a specific indication of sources of capital for the Qualified Phase I Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement, including contact information for capital/financing sources, that will allow the Receiver to make a reasonable business judgement as to the Qualified Phase I Bidder's financial or other capabilities to consummate the contemplated transaction;
  - xi. any conditions to closing that the Qualified Phase 1 Bidder may wish to impose; and
  - xii. any other terms or conditions of the Sale Proposal which the Qualified Phase I Bidder believes are material to the transaction;
- (c) In the case of an Investment Proposal, it shall identify:
- (i) the aggregate amount of the equity and debt investment (including, the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and consummate the proposed transaction and any related contingencies, as applicable) to be made in Sage;
  - (ii) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization);
  - (iii) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of Sage and the proposed treatment of employees;
  - (iv) the structure and financing of the transaction including all requisite financial assurance including a specific indication of sources of capital for the Qualified Phase 1 Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement, including contact information for capital/financing sources, that will allow the Receiver to make a reasonable business judgement as to the Qualified Phase I Bidder's financial or other capabilities to consummate the contemplated transaction;

- (v) any anticipated corporate, shareholder, internal or regulatory approvals, including without limitation any approvals with respect to the grant or transfer of any mining permits or licenses, required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - (vi) the proposed corporate governance structure of the entity or entities owning/operating the business, following implementation of the investment
  - (vii) contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction;
  - (viii) additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline, if any;
  - (ix) a statement with respect to the Qualified Phase I Bidder's ability to consummate the contemplated transaction by the Target Closing Date;
  - (x) the proposed treatment of stakeholders, including lenders, trade creditors, shareholders and employees;
  - (xi) any conditions to closing that the Qualified Phase I Bidder may wish to impose;
  - (xii) any other terms or conditions of the Investment Proposal which the Qualified Phase 1 Bidder believes are material to the transaction; and
- (d) Such other information reasonably requested by the Receiver.

(2) The Receiver may waive compliance with any one or more of the requirements specified herein and deem any non-compliant Non-Binding Indication of Interest to be a Qualified Non-Binding Indication of Interest.

#### **Section 4.3 Assessment of Qualified Non-Binding Indications of Interest and Determination of Qualified Phase 2 Bidders**

(1) Subject to Section 4.3(7) and Section 5.7, the Receiver will provide copies of any Qualified Non-Binding Indications of Interest received to the Secured Creditor, and consult with the Secured Creditor.

(2) The Receiver will assess any Qualified Non-Binding Indications of Interest received, and will determine whether proceeding with these SISP Procedures on the basis of such Qualified Non-Binding Indications of Interest is in the best interests of Sage and its stakeholders. Such assessment will be made as promptly as practicable after the Phase I Bid Deadline.

(3) If the Receiver, in accordance with Section 4.2 above, determines that no Qualified Non-Binding Indication of Interest was received, the Receiver shall advise the Secured Creditor forthwith, and promptly file an application with the Court seeking directions.

(4) If the Receiver, in accordance with Section 4.2 above, determines that (i) one or more Qualified Non-Binding Indications of Interest were received, and (ii) proceeding with these SISP Procedures is in the best interests of Sage and its stakeholders, these SISP Procedures will continue and each Qualified Phase 1 Bidder who has submitted a Qualified Non-Binding Indication of Interest that is determined by the Receiver on consideration of the information delivered at Section 4.2(1), likely be consummated, shall be deemed to be a "**Qualified Phase 2 Bidder**". Subject to the restrictions set out in Section 5.7, the Receiver shall provide advance written notice of the commencement of Phase 2 and the names of the Qualified Phase 2 Bidders to the Secured Creditor.

(5) Notwithstanding any other provision in these SISP Procedures, the Secured Creditor shall, subject to executing the Confidentiality Agreement, be deemed to be a Qualified Phase 2 Bidder even if it did not submit a Non-Binding Indication of Interest. Subject to the restrictions and limitations set out in Section 4.3(7) and Section 5.7, the Secured Creditor shall be permitted to submit a Qualified Purchase Bid or Qualified Investment Bid, provided that the Secured Creditor declares its intention to do so within 5 business days of the commencement of Phase 2 (as described in Article 5 hereto) by delivering written notice thereof to the Receiver (the "**Bid Notice**"). The Bid Notice shall contain the amount of the Secured Creditor's bid together with a summary of all material terms of the bid. The Secured Creditor shall not be entitled to increase the amount of its bid following delivery of the Bid Notice. The Receiver shall forthwith provide a copy of the Secured Creditor's Bid Notice to all Qualified Phase 1 Bidders.

(6) If the Secured Creditor does not submit a Bid Notice within 5 business days of the commencement of Phase 2 then the Secured Creditor will not be permitted to submit any bid thereafter, save and except for in the circumstances described in Section 5.5(2).

(7) Notwithstanding any other provision of this SISP, to the extent that the Secured Creditor or any employee, officer, director or partner of the Secured Creditor or any of its affiliates, at any time received copies of any Qualified Non-Binding Indication of Interest or information regarding the proposed consideration to be paid by the bidder in such a Qualified Non-Binding Indication of Interest, the Secured Creditor shall not be permitted to submit any bid that provides for consideration that exceeds the amount of the Secured Claims Amount.

## **ARTICLE 5 — PHASE 2**

### **Section 5.1 Seeking Qualified Bids by Qualified Phase 2 Bidders**

In order to continue to participate in the Solicitation Process, a Qualified Phase 2 Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid to the Receiver and such bids must be received by 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**").

### **Section 5.2 Qualified Purchase Bids**

A Sale Proposal submitted by a Qualified Phase 2 Bidder will be considered a "**Qualified Purchase Bid**" only if the Sale Proposal complies with all of the following:

- (a) it includes a letter stating that the Sale Proposal is irrevocable until the earlier of (a) the approval by the Court of a Successful Bid, and (b) 45 Business Days following the Phase 2 Bid Deadline; provided, however, that if such Sale Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the closing of the Successful Bid or the Backup Bid, as the case may be;
- (b) it includes a duly authorized and executed purchase and sale agreement substantially in the Form of Purchase Agreement specifying the purchase price, expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Phase 2 Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and such ancillary agreements and the proposed orders to approve the sale by the Court, as well as copies of such materials marked to show the amendments and modifications to the Form of Purchase Agreement;
- (c) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment. Further, by submitting a Sale Proposal, a Qualified Phase 2 Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submissions of its Sale Proposal or these SISP Procedures;

- (d) it includes evidence sufficient to allow the Receiver to make a reasonable determination as to the bidder's (and its direct and indirect owners and their principals') financial and other capabilities to consummate the transaction contemplated by the Sale Proposal, which evidence could include but is not limited to evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution;
- (e) it is not conditioned or (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (f) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Phase 2 Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Sale Proposal; (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) is a sophisticated party capable of making its own assessments in respect of making its Sale Proposal; and (iv) has had the benefit of independent legal advice in connection with its Sale Proposal;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Phase 2 Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;
- (i) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of Deloitte Restructuring Inc., in trust, in an amount equal to 10% of the proposed gross purchase price, to be held and dealt with in accordance with these SISP Procedures;
- (j) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder will assume the obligations of Sage under executory contracts, unexpired leases, and licences proposed to be assigned (or identifies with particularity which of such contracts, leases, and licenses of Sage, as applicable, that the Qualified Phase 2 Bidder wishes not to assume, or alternatively wishes to assume), contains full details of the Qualified Phase 2 Bidder's proposal for the treatment of related cure costs; and which of these the assumption of which is a condition of closing;
- (k) it provides for closing of the Qualified Purchase Bid by no later than the Target Closing Date;
- (l) if the Qualified Phase 2 Bidder is an entity newly formed for the purpose of the transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Receiver, that names the Receiver as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

- (m) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval and any approvals with respect to the grant or transfer of any mining permits or licenses), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (n) it contains other information reasonably requested by the Receiver; and
- (o) it is received by no later than the Phase 2 Bid Deadline.

### **Section 5.3 Qualified Investment Bids**

An Investment Proposal submitted by a Qualified Phase 2 Bidder will be considered a "**Qualified Investment Bid**" only if the Investment Proposal complies with all of the following:

- (a) it includes duly authorized and executed binding definitive documentation setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and/or debt investment and details regarding the proposed equity and/or debt structure of Sage, if applicable, following completion of the proposed transaction (a "**Definitive Investment Agreement**");
- (b) it includes a letter stating that the Investment Proposal is irrevocable until the earlier of (a) approval by the Court of a Successful Bid, and (b) 45 Business Days following the Phase 2 Bid Deadline; provided, however, that if such Investment Proposal is selected as the Successful Bid or Backup Bid, it shall remain irrevocable until the earlier of (i) the closing of the Successful Bid or the Backup Bid, as the case may be, and (ii) the outside date stipulated in the Successful Bid or the Backup Bid, as applicable;
- (c) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment. Further, by submitting an Investment Proposal, the Qualified Phase 2 Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submission of its Investment Proposal or these SISP Procedures;
- (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Receiver, to allow the Receiver to make a reasonable determination as to the Qualified Phase 2 Bidder's financial and other capabilities to consummate the transaction contemplated by the Investment Proposal;
- (e) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Phase 2 Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Phase 2 Bidder has had an opportunity to conduct any and all required due diligence prior to making its bid;
- (f) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Investment Proposal, including the identification of the Qualified Phase 2 Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Phase 2 Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Investment Proposal; (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 business of Sage 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 Definitive Investment Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its Investment Proposal; and (iv) has had the benefit of independent legal advice in connection with its Investment Proposal;

- (h) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Phase 2 Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Investment Proposal;
- (i) it is accompanied by a Deposit in the form of a wire transfer (to a trust account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of Deloitte Restructuring Inc., in trust, in an amount equal to 5% of the total proposed investment, to be held and dealt with in accordance with these SISP Procedures;
- (j) it provides for closing of the Qualified Investment Bid by no later than the Target Closing Date;
- (k) if the Qualified Phase 2 Bidder is an entity newly formed for the purpose of the transaction, the Investment Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, and satisfactory to the Receiver, that names the Receiver as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (m) it contains other information reasonably requested by the Receiver; and
- (n) it is received by no later than the Phase 2 Bid Deadline.

#### **Section 5.4 Qualified Bids**

(1) Qualified Purchase Bids and Qualified Investment Bids shall hereinafter be referred to as "**Qualified Bids**" and each a "**Qualified Bid**" and each bidder who has submitted a Qualified Bid shall hereinafter be referred to as a "**Qualified Bidder**".

(2) Notwithstanding Section 5.2 and Section 5.3 hereof, the Receiver may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such non-compliant bids to be Qualified Purchase Bids or Qualified Investment Bids, as the case may be.

#### **Section 5.5 No Qualified Bids**

(1) The Receiver will assess the Qualified Bids received, if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be consummated and whether proceeding with these SISP Procedures is in the best interests of Sage and its stakeholders. Such assessments will be made as promptly as practicable after the Phase 2 Bid Deadline, provided that such time period may be extended upon the consent of the Receiver or order of the Court upon application and appropriate notice.

(2) If the Receiver, in accordance with Section 5.5(1) above, determines that (a) no Qualified Bid was received, or (b) at least one Qualified Bid was received but it is not likely that the transactions contemplated in any such Qualified Bids will be consummated, the Receiver shall notify the Secured Creditor forthwith, and within ten (10) Business Days of such determination, file an application with the Court seeking directions. In the circumstances described in this subsection, 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.

#### **Section 5.6 Selection Criteria**

(1) In selecting the Successful Bid, the Receiver will review each Qualified Bid. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and the net value (including assumed liabilities and other obligations to be performed or assumed by the bidder) provided by such bid; (b) the claims likely to be created by such bid in relation to other bids; (c) the counterparties to the transaction; (d) the proposed revisions to the Form of Purchase Agreement and the terms of the transaction documents; (e) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (f) the assets included or excluded from the bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Sage Property; (g) the transition services required from Sage post-closing and any related restructuring costs; and (h) the likelihood and timing of consummating the transaction by the Target Closing Date.

(2) Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the debt to equity structure post-closing; (c) the counterparties to the transaction; (d) the terms of the transaction documents; (e) other factors affecting the speed, certainty and value of the transaction; (f) planned treatment of and recovery to stakeholders; and (g) the likelihood and timing of consummating the transaction by the Target Closing Date.

(3) 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 highest or otherwise best Qualified Bid(s) received (the "**Successful Bid**").

(4) Upon completion of any further negotiations or clarifications that may be conducted pursuant to Section 5.6(3) above, the Receiver will identify the Successful Bid and may identify a next highest or otherwise best Qualified Bid received (such offer, the "**Backup Bid**"). The Qualified Bidders(s) who made the Successful Bid is/are the "**Successful Bidder**" and the Qualified Bidder(s) who made the Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures) is/are the "**Backup Bidder**". The Receiver will notify the Successful Bidder and any Backup Bidder that they are, respectively, the Successful Bidder and the Backup Bidder.

(5) The Receiver will finalize definitive agreements in respect of the Successful Bid and the Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures), if any, conditional upon approval by the Court.

(6) If a Backup Bid is identified in accordance with these SISP Procedures, then such Backup Bid shall remain open until the consummation of the transaction contemplated by the Successful Bid (the "**Backup Bid Expiration Date**").

(7) All Qualified Bids (other than the Successful Bid and any Backup Bid identified in accordance with these SISP Procedures) shall be deemed rejected by the Receiver on and as of the date of approval of the Successful Bid or any Backup Bid by the Court.



### **Section 5.7 Secured Creditor Consultation and Consent**

(1) For the purposes of the Solicitation Process and these SISP Procedures, and notwithstanding any other provision in these SISP Procedures, any requirement for the Receiver to: (a) consult with the Secured Creditor, and (b) provide copies of any expressions of interest, bids or other offers submitted in connection with the Solicitation Process or these SISP Procedures (collectively, the "**Secured Creditor Consultation Rights**") shall all be subject to the terms, conditions and limitations contained in this Section 5.7.

(2) Subject to subsection 5.7(3), the Secured Creditor Consultation Rights shall be suspended for the period commencing on the earlier of (x) the date that a Non-Binding Indication of Interest, Qualified Purchase Bid, Qualified Investment Bid (including any credit bid) is actually submitted by the Secured Creditor and (y) the date that a Bid Notice is issued by the Secured Creditor as required by Section 4.3(5) and ending on the date on which the Non-Binding Indication of Interest, Qualified Purchase Bid or Qualified Investment Bid, as applicable, submitted by the Secured Creditor has been rejected and is no longer being considered by the Receiver, as evidenced by written notice to the Secured Creditor from the Receiver. For greater certainty, during any period of time during which the Secured Creditor's Consultation Rights are suspended, no officer, director or partner or any of its affiliates shall be entitled to receive any information contemplated under the Secured Creditor Consultation Rights, unless and until the Receiver has selected a Successful Bid.

(3) The suspension of Secured Creditor Consultation Rights pursuant to Section 5.7(2) will not apply in the case of an Indication of Interest, Qualified Purchase Bid or Qualified Investment Bid that is submitted by the Secured Creditor which (a) is a credit bid that involves consideration (excluding assumed obligations) that does not exceed the Secured Claims Amount as determined by the Receiver, and (b) is delivered with a binding covenant and undertaking by the Secured Creditor in favour of the Receiver covenanting and undertaking that no change shall be made to the economic terms of the offer or bid from and after the date of its submission and the key terms of such bid are disclosed to other interested parties.

(4) For the purposes of the Solicitation Process and these SISP Procedures, prior to obtaining any Secured Creditor Consultation Rights the Secured Creditor shall be required to execute a confidentiality agreement with the Receiver.

(5) The Receiver will not provide to the Secured Creditor any new information regarding bids obtained from the commencement of Phase 2 until the expiry of the period to submit a Bid Notice.

### **Section 5.8 Approval Hearing**

(1) After definitive agreements in respect of a Successful Bid and Backup Bid (if a Backup Bid is identified in accordance with these SISP Procedures) have been finalized, in the case of the Successful Bid, signed (conditional on court approval) and, in the case of the Backup Bid signed (conditional on non-completion of the Successful Bid and on court approval) in accordance with these SISP Procedures, 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 5 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. The Approval Hearing may be adjourned or rescheduled by the Receiver, without further notice, by an announcement of the adjourned date at the Approval Hearing.

(2) If, following approval of the Successful Bid transaction by the Court, the Successful Bidder fails to consummate the transaction for any reason, then the Backup Bid, if there is one, will be deemed to be the Successful Bid hereunder and the Receiver shall effectuate a transaction with the Backup Bidder subject to the terms of the Backup Bid, without further order of the Court.

### Section 5.9 Deposits

(1) All Deposits shall be retained by the Receiver and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved pursuant to the Approval Hearing shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the Successful Bid. The Deposit (plus accrued interest) paid by the Backup Bidder, if there is one, shall be retained by the Receiver until the Backup Bid Expiration Date or, if the Backup Bid becomes the Successful Bid, shall be applied to the purchase price to be paid or investment amount to be made by the Backup Bidder upon closing of the Backup Bid. The Deposits (plus applicable interest) of all Phase 2 Bidders not selected as the Successful Bidder or Backup Bidder shall be returned to such bidders without interest within five (5) Business Days of the later of the date upon which the Successful Bid and any Backup Bid are approved by the Court. If these SISF Procedures are terminated in accordance with the provisions hereof, all Deposits shall be returned to the bidders without interest within five (5) Business Days of the date upon which these SISF Procedures are terminated.

(2) If an entity selected as the Successful Bidder or Backup Bidder breaches its obligations to close, it shall forfeit its Deposit to the Receiver; provided, however, that the forfeiture of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Receiver has or may have against such breaching entity.

### Section 5.10 Approvals

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by any Canadian or other foreign statute or are otherwise required at law in order to implement a Successful Bid or Backup Bid, as the case may be.

### Section 5.11 Notice to the Receiver

Any notice or other communication to be given to the Receiver in connection with this SISF shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the Receiver as follows:

Deloitte Restructuring Inc.  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Attention: Phil Reynolds and Rob Biehler  
Telephone No.: 416-956-9200 / 905-315-5785  
Email: [pireynolds@deloitte.ca](mailto:pireynolds@deloitte.ca)  
[rbiehler@deloitte.ca](mailto:rbiehler@deloitte.ca)

with a copy to:

McMillan LLP  
Brookfield Place, Suite 4400  
181 Bay Street  
Toronto, ON M5J 2T3  
Attention: Wael M. Rostom, Tushara Weerasooriya and Stephen Brown-Okruhlik  
Telephone No.: 416-865-7790 / 416-865-7890 / 416-865-7043  
Email: [wael.rostom@mcmillan.ca](mailto:wael.rostom@mcmillan.ca)  
[tushara.weerasooriya@mcmillan.ca](mailto:tushara.weerasooriya@mcmillan.ca)  
[stephen.brown-okruhlik@mcmillan.ca](mailto:stephen.brown-okruhlik@mcmillan.ca)

**Section 5.12 Reservation of Rights**

(1) The Receiver may (a) reject, at any time any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of these SISP Procedures or any orders of the Court applicable to Sage, or (iii) contrary to the best interests of Sage, its estate, and stakeholders as determined by the Receiver; (b) in accordance with the terms hereof accept bids not in conformity with these SISP Procedures to the extent that the Receiver determines, in its reasonable business judgment, that doing so would benefit Sage, its estate, and stakeholders; and (c) in accordance with the terms hereof extend the Potential Bidder Deadline, Phase 1 Bid Deadline or Phase 2 Bid Deadline; and (d) reject all bids. The Receiver shall not be required to accept the highest bid, but shall be entitled to recommend to the Court a transaction that in its view maximizes value for all stakeholders.

(2) These SISP Procedures do not, and shall not be interpreted to, create any contractual or other legal relationship between the Receiver on the one hand and any Known Potential Bidder, Potential Bidder, Qualified Potential Bidder, Qualified Phase 1 Bidder, Qualified Phase 2 Bidder, Qualified Bidder, Successful Bidder or Backup Bidder, on the other hand, except as specifically set forth in definitive agreements that may be executed by the Receiver.

**Section 5.13 Further Orders**

At any time during the SISP, the Receiver may apply to the Court for directions with respect to the discharge of its powers and duties hereunder.

**Section 5.14 Credit Bid**

These SISP Procedures permit the Secured Creditors to submit a credit bid, provided such credit bid is in accordance with the terms and conditions of these SISP Procedures and in accordance with applicable law.

**Schedule "A"**

***See attached.***

**SCHEDULE "A"****DESCRIPTION OF CLAVOS PROPERTIES AND ONAMAN PROPERTIES (WITH MAPS)****Clavos Properties**

The Clavos Project is the area located in the area located about 46km northeast of Timmins, Ontario and centred at 514000E and 5384000N in NAD83, Zone 10, which consists of the following contiguous patented, unpatented claims and mining leases:

**a) Patented Mining Claims**

<b>Claim</b>	<b>Parcel</b>	<b>PIN</b>	<b>Rights</b>	<b>Township</b>	<b>Size (ha)</b>
CP2433	22364sec	65362 302	SRO	German	73.963
CP2433	5748sec	65362 535	SMR	German	73.963
CP4990	22593sec	65362 305	MRO	German	75.588
CP6499	23144sec	65362 311	MRO	German	60.782
CP6633	22093sec	65362 154	SRO	German	53.806
CP6634	17709sec	65362 298	SRO	German	71.333
CP6638	17713sec	65362 299	SRO	German	84.314
CP6640	22095sec	65363 158	SRO	Stock	63.893
L37438	9238sec	65363 199	MRO	Stock	15.653
L37438	17702SEC	65363 186	SRO	Stock	15.653
L37439	9239sec	65363 200	MRO	Stock	16.045
L37439	17703SEC	65363 180	SRO	Stock	16.045
L37440	9250sec	65363 184	SMR	Stock	14.864
L37441	9249sec	65363 182	SMR	Stock	15.205
L37442	9240sec	65363 185	SMR	Stock	17.578
L37443	9243sec	65363 181	SMR	Stock	18.392
L37454	9241sec	65363 201	MRO	Stock	17.01
L37454	17704SEC	65363 187	SRO	Stock	17.01
L37455	9242sec	65363 202	MRO	Stock	16.988
L37455	17705SEC	65363 179	SRO	Stock	16.988
L42605	12837sec	65363 211	MRO	Stock	17.613
L42605	17715SEC	65363 211	SRO	Stock	17.613
L42606	12821sec	65363 212	MRO	Stock	14.364
L42607	12821sec	65363 212	MRO	Stock	17.618
L42608	12822sec	65363 183	SMR	Stock	17.035
L42609	12821sec	65363 212	MRO	Stock	16.536
L42729	12822sec	65363 183	SMR	Stock	16.56
L43304	12821sec	65363 212	MRO	Stock	15.463
L46943	12823sec	65363 246	MRO	Stock	14.517
L46944	12823sec	65363 246	MRO	Stock	16.182
L476976	8724sec	65363 218	MRO	Stock	71.02

Claim	Parcel	PIN	Rights	Township	Size (ha)
NP2564	667sec	65362 297	SMR	German	67.14
NP5348	1184sec	65362 551	MRO	German	67.37
P28977	12819sec	65362 300	SMR	German	21.54
P28978	12815sec	65362 301	MRO	German	16.46
P28979	12815sec	65362 301	MRO	German	18.00
P28980	12815sec	65362 301	MRO	German	19.08
P28981	12815sec	65362 301	MRO	German	17.80
P29600	12819sec	65362 300	SMR	German	19.78
P29601	12819sec	65362 300	SMR	German	22.34
P29602	20811 sec	65362 154	MRO	German	17.04
P29603	12814sec	65362 507	MRO	German	17.88
P29604	12817sec	65362 505	MRO	German	15.05
P29604	17711SEC	65362 156	SRO	German	15.05
P29605	12818sec	65362 504	MRO	German	15.51
P29605	17712SEC	65362 157	SRO	German	15.51
P29895	12819sec	65362 300	SMR	German	20.66
P30683	12816sec	65362 506	MRO	German	16.94
P30683	22094SEC	65362 155	SRO	German	16.94
P30684	12814sec	65362 507	MRO	German	18.89
P30685	12814sec	65362 507	MRO	German	18.18
P32143	12820sec	65362 503	MRO	German	19.53
P32144	12820sec	65362 503	MRO	German	20.47
TP738	10046sec	65363 188	SRO	Stock	33.38
TP738	5901sec	65363 189	SRO	Stock	31.04
TP748	6281sec	65363 223	MRO	Stock	62.46

**b) Mining Leases**

Claim	Lease #	Parcel	PIN	Rights	Township
P723319	106835	1763LC	65363 0001	MRO	German
P723320	106835	1763LC	65363 0001	MRO	German
P724525	106835	1763LC	65363 0567	MRO	Stock
P724526	106835	1763LC	65363 0567	MRO	Stock

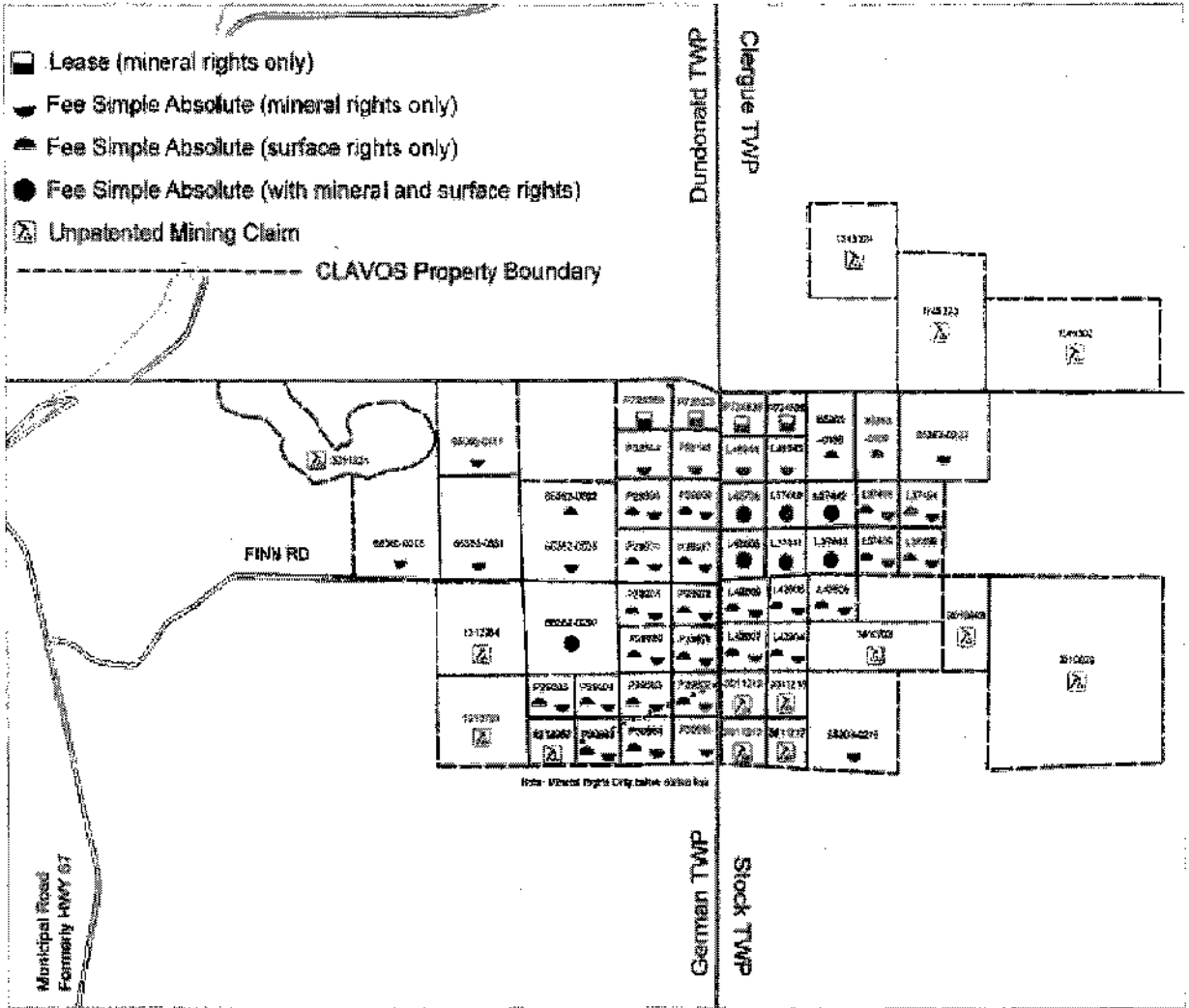
**c) Unpatented Mining Claims**

Claim	Parcel	PIN	Rights	Township	Size (ha)
1212954	UPC	n/a	MRO	German	66.82
1212957	UPC	n/a	MRO	German	16.99

Claim	Parcel	PIN	Rights	Township	Size (ha)
1213708	UPC	n/a	MRO	German	65.10
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	15.40
3011217	UPC	n/a	MRO	Stock	16.21
3011221	UPC	n/a	MRO	German	86.80
1245302	UPC	n/a	MRO	Clergue	129.27
1245323	UPC	n/a	MRO	Clergue	95.62
1245324	UPC	n/a	MRO	Clergue	64.51

**Definitions:**

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





## Onaman Properties

### a) Patented Mining Claims

Claim	Parcel	PIN	Rights	Township	Holder
KK442	6476	62504-1745	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2238	7129	62504-1549	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2239	7130	62504-1551	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2242	7040	62504-1555	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2272	7321	62504-1550	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2273	7322	62504-1552	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2274	7323	62504-1553	MRO	Coughlan Lake Area	Sage Gold Inc.
KK2275	7324	62504-1554	MRO	Coughlan Lake Area	Sage Gold Inc.

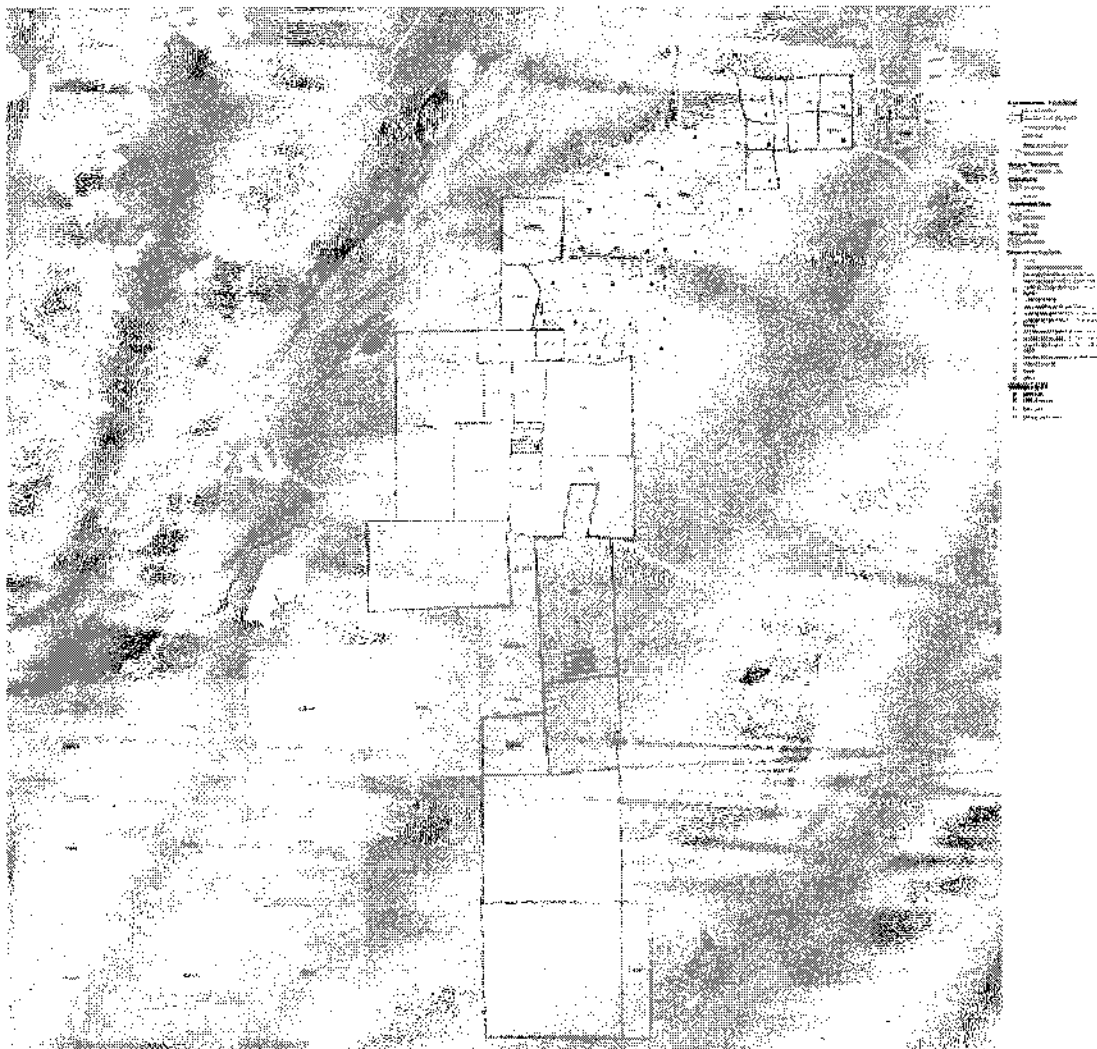
### b) Mining Leases

Claim	Lease #	Parcel	PIN	Rights	Township
CLM 401	109010	3387	62504 2007	MRO	Coughlan Lake Area and Castlewood Lake Area
CLM 402	109011	3386	62504 1660	MRO	Castlewood Lake Area

### c) Unpatented Mining Claims

Claim Number	PIN	Rights	Township / Area	Holder
4210030	n/a	MRO	Castlewood Lake Area	Sage Gold Inc.
4210031	n/a	MRO	Castlewood Lake Area	Sage Gold Inc.
4210033	n/a	MRO	Castlewood Lake Area	Sage Gold Inc.
4210034	n/a	MRO	Castlewood Lake Area	Sage Gold Inc.
1233877	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
1233888	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3007228	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3008410	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3008411	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3011520	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3011813	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3011826	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
3011873	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
4210032	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
4210043	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.
4210044	n/a	MRO	Coughlan Lake Area	Sage Gold Inc.

### Sage Gold's Onaman Property



**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

**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.

## Appendix “C”

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

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

THE HONOURABLE

)

)

)

)

JUSTICE DUNPHY

Tuesday  
15<sup>th</sup>

, THE

DAY OF DECEMBER, 2018



**IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.**

and

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

**ORDER**

**THIS MOTION**, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Sage Gold Inc. (“**Sage Gold**”) for an order increasing the amount of Receiver’s Borrowings Charge as defined in the Order of the Honourable Justice Dunphy dated July 30, 2018 appointing the Receiver (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, the Second Report of the Receiver to the Court, dated December 12, 2018 (the “**Second Report**”) and on hearing the submissions of counsel for the Receiver and for the secured creditor, CRH Funding PTE Ltd. (“**CRH**”), and on hearing the consent of CRH to the relief sought, no one appearing for any other parties, although served as appears from the affidavit of Stephen Brown-Okruhlik dated December 14, 2018:

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

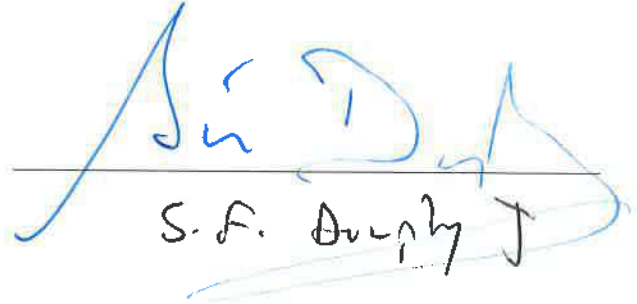
motion (as pertains to the Receiver's Borrowings Charge, the balance of the Receiver's motion having been adjourned) is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the amount of the Receiver's Borrowings Charge provided for in Paragraph 21 of the Receivership Order be and hereby is increased to \$2 million.

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

DEC 21 2018

PER / PAR:



S. F. Dupty J

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

**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.

## Appendix “D”



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

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

THE HONOURABLE )

JUSTICE DUNPHY )

) ~~TUESDAY~~ <sup>FRIDAY</sup>, THE 21st

) DAY OF DECEMBER, 2018

**IN THE MATTER OF RECEIVERSHIP OF SAGE GOLD INC.**

and

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

**ORDER**

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

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

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

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

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

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

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

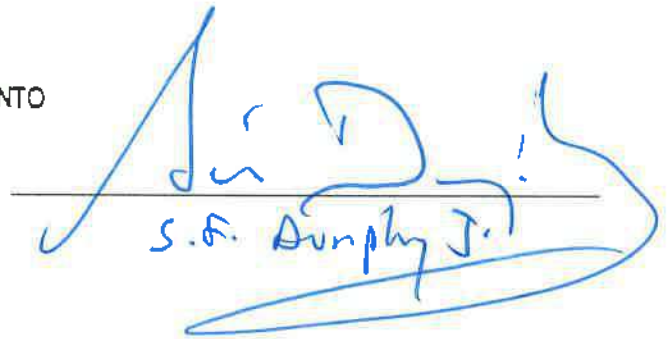
"16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant,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

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

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

DEC 21 2018

PER / PAR:



**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

**AMENDING 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.

## Appendix “E”

To: The Director of Mine Rehabilitation, Attention: Brian McMahon, [Brian.McMahon@ontario.ca](mailto:Brian.McMahon@ontario.ca), M. Catherine Wyatt, [catherine.wyatt@ontario.ca](mailto:catherine.wyatt@ontario.ca), Michael Mercer [michael.mercer@ontario.ca](mailto:michael.mercer@ontario.ca) and Sarah Momy, Inspection Officer [Sarah.Momy@ontario.ca](mailto:Sarah.Momy@ontario.ca)

And to: The Office of the Attorney General of Ontario, Attention: Mr. Ananthan Sinnadurai

Date: January 3, 2019

All capitalized terms not otherwise defined herein shall have the meanings attributed to them in the Receivership Order granted by the Superior Court of Justice (Commercial List) (as amended) dated July 30, 2018 (the “**Receivership Order**”).

In accordance with paragraph 16 of the Receivership Order, Deloitte Restructuring Inc., in its capacity as the Court-appointed receiver of the undertaking, property and assets of Sage Gold Inc., hereby notifies you that it will, effective January 8, 2019, abandon, renounce and divest its control (and ancillary possession), if any, of the Clavos Mining Project (as described on Schedule A hereto), 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) to the abandoned Property and all such rights and interests are expressly reserved.

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

Per:



---

Name: Rob Biehler, CPA, CA, CIRP

Title: Senior Vice President

## Schedule "A"

Clavos Mining Project 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 sale and investor solicitation process approved by Order dated August 29, 2018); (ii) and any and all real property interests, mineral claims, mineral leases, and any related rights, concessions or interests, owned or in respect of the property described in subparagraph (ii), 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 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 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.

## Appendix “F”



**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, 2019. 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 8<sup>th</sup> 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

Schedule "A" – see attached.



**CARTESIAN Royalty Holdings**

10 Changi Business Park Central 2, #05-01  
Hansapoint @CBP  
Singapore (486030)

December 20, 2018

Dear Phil and Rob,

Thank you for your efforts. We are prepared to proceed subject to the following plan:

Expedited Sale to be Completed Prior to January 3, 2019:

- Your team endeavors to complete the sale of Onamon promptly for C\$342,500;
- Your team pursues a sale of Clavos to Abbey (or McEwen) at least C\$3.5 million.

Absent a Sale by January 3, 2019:

- Under your supervision, Clavos will be transitioned into a state of inactivity. This would include activities listed in the attached spreadsheet, in the tab "Scenario 2\_A", in the cells C6:C12 and C26:C30 for January.
- Completion of this activity would be subject to a competitive bidding process.
- You will endeavor to complete these activities in January for a total cost of less than C\$395,000.
- You will endeavor to maintain monthly costs thereafter at less than C\$45,000. This would include activities listed in the attached spreadsheet, in the tab "Scenario 2\_B", in the cells C26:C30 for February and each subsequent month.
- We will work with you to maximize recovery amounts, for example, through capture of salvage value of equipment, additional HST rebates, and securing a credit from Bob Ritchie for his firm's past services.
- Beginning early March, we would work with you to approach potential acquirors of the inactive property.

On the basis of the foregoing, we have wired C\$190,000 today to fund in full the receivership and sales process and accrued expenses through January 3. The specific activities are described in the attached spreadsheet, in the tab "Scenario 1", in the cells C6:C10.

Please confirm your understanding of the foregoing by signing and returning a copy of this letter.

Thank you again for your support. Best wishes for the holiday season.

Peter Yu

Director

CRH Funding II Pte. Ltd.

ACKNOWLEDGED BY:

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## Appendix “G”

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## **ASSET PURCHASE AGREEMENT**

Made as of 11<sup>th</sup> January 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

**RZJ Capital Management LLC**

a corporation incorporated under the laws of Delaware, USA

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## **ASSET PURCHASE AGREEMENT**

This Asset Purchase Agreement (the “**Agreement**”) is made as of 11<sup>th</sup> January 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

**RZJ Capital Management LLC**  
a corporation incorporated under the laws of Delaware, USA (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 and Backup 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; and

D. The Purchaser 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) “**Action**” means any Claim, litigation, action, suit, charge, arbitration or other legal, administrative or judicial proceeding.

- (2) “**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.
- (3) “**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.
- (4) “**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.
- (5) “**Approval and Vesting Order**” has the meaning set forth in Section 4.1(2).
- (6) “**Assigned Contracts**” means the Royalty Agreement.
- (7) “**Assumed Liabilities**” has the meaning set forth in Section 2.3.
- (8) “**Backup Bid**” has the meaning set forth in the SISP.
- (9) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada) and the other applicable insolvency Laws.
- (10) “**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, 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.
- (11) “**Business**” means the exploration and development activities carried on by Sage Gold in the Province of Ontario in relation to the Project, and all operations, maintenance and other activity related thereto.
- (12) “**Business Day**” means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Toronto, Ontario, Canada.
- (13) “**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, 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 relating to the Business and/or the Project, provided however that the term “Business Information” shall not include any of the foregoing items to which Sage Gold does not have an ownership or contractual right.

- (14) “**Cash Purchase Price**” has the meaning set forth in Section 2.5.
- (15) “**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).
- (16) “**Closing**” has the meaning set forth in Section 6.1.
- (17) “**Closing Date**” has the meaning set forth in Section 6.1.
- (18) “**Confidentiality Agreement**” has the meaning set forth in Section 4.4(1).
- (19) “**Consent**” means any approval, authorization, consent, order, licence, permission, permit, including any Permit, qualification, exemption or waiver by any Government Entity or other Third Party.
- (20) “**Contract**” means any legally binding contract, agreement, obligation, licence, undertaking, instrument, lease, ground lease, commitment or other arrangement, whether written or oral.
- (21) “**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.
- (22) “**Court**” has the meaning set forth in the recitals to this Agreement.
- (23) “**CRA**” means the Canada Revenue Agency.
- (24) “**Cure Costs**” means all amounts required to remedy any monetary default in respect of any Assigned Contract.
- (25) “**Current Assets**” means the Purchased Deposits determined in accordance with generally accepted accounting principles used by Sage Gold applied on a consistent basis, but excluding cash.
- (26) “**Data Site**” means the online data room maintained by the Receiver in accordance with the SISP.
- (27) “**Deposit**” has the meaning set forth in Section 2.7(a).

(28) “**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.

(29) “**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.

(30) “**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 Mining Licences and Claims and/or emanating or migrating and/or threatening to emanate or migrate from the Mining Licences and Claims 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 Mining Licences and Claims 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 Mining Licences and Claims, including any reclamation obligations; or (iv) the violation or alleged violation of any Environmental Laws relating to the Project.

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

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

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

(34) “**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.

(35) “**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.

(36) “**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.

(37) “**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.

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

(39) “**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.

(40) “**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.

(41) “**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.

(42) “**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 licence, 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).

(43) “**Mining Licences and Claims**” means the freehold and leasehold real properties and unpatented mining claims listed in Schedule 1.1(43), along with any term extension, renewal, replacement, conversion or substitution of any such rights or interests and the benefits of any work performed thereon, and all easements, servitudes and rights of way related thereto, including any credits for such work.

(44) “**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.

(45) “**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.

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

(47) **“Permit”** means any approval, licence, 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 including without limitation Permit No. 16-10928 and Permit No. 16-10999 and Plan PL 16-10672.

(48) **“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) the Royalty Agreement; and (iii) 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).

(49) **“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.

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

(51) **“Project”** means the Onaman mining exploration and development project conducted by Sage Gold in the area located about 50 kilometres east from Beardmore-Geraldton Gold Camp, in the Thunder Bay Mining Division, Coughlan Lake area at 42 East 13/Southeast.

(52) **“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.

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

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

(55) **“Purchased Deposits”** means (i) the unused portion of any amounts prepaid by or on behalf of Sage Gold in respect of any Permits, (ii) the unused portion of any amounts prepaid by or on behalf of Sage Gold in respect of any real property or other Taxes, and (iii) all deposits 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(55); provided however that the term “Purchased Deposits” shall not include any deposits or prepaid charges and expenses (X) paid in connection with or relating exclusively to any Excluded Assets; or (Y) not relating to the Business and/or the Project.

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

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

- (58) “**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.
- (59) “**Receivership Order**” has the meaning set forth in the recitals to this Agreement.
- (60) “**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.
- (61) “**Replacement Permits**” means new or replacement Permits issued by the relevant Government Authority on terms and conditions substantially similar to those Permits currently held by Sage Gold that are not transferable.
- (62) “**Required Consents**” has the meaning set forth in Section 5.1(c).
- (63) “**Royalty Agreement**” means the royalty agreement made May 3, 2006 among Sage Gold, Lyle Henry Arthur Holt and Nolan Merritt Thomas Cox in relation to the Project being the royalty with the original vendors which provides for a 2% net smelter royalty (NSR) on base metals and a 3% NSR on precious metals and whereby 1% of the royalty interest can be repurchased for \$1,000,000. The agreement provides for an annual royalty in advance payment of \$25,000 which has been paid and kept in good standing in relation to the Project, other than for the payment due on May 3, 2018 which is outstanding.
- (64) “**Sage Gold**” has the meaning set forth in the recitals to this Agreement.
- (65) “**Sale Hearing**” has the meaning set forth in Section 4.1(2).
- (66) “**Securities Commissions**” means, collectively, the securities commissions or similar securities regulatory authorities of all of the Provinces of Canada.
- (67) “**Securities Laws**” means all securities Laws applicable to either Sage Gold or the Purchaser or their parent companies, as applicable.
- (68) “**Seller**” has the meaning set forth in the preamble to this Agreement.
- (69) “**SISP**” has the meaning set forth in the recitals to this Agreement.
- (70) “**SISP Order**” has the meaning set forth in the recitals to this Agreement.
- (71) “**Successful Bid**” has the meaning set forth in the SISP.
- (72) “**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.

(73) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

(74) “**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.

(75) “**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.

(76) “**Third Party**” means any Person that is neither a Party nor an Affiliate of a Party.

(77) “**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.

(78) “**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, exigible and required pursuant to applicable Law to be paid by or collected from the Purchaser in connection with the purchase by and transfer to the Purchaser of the Purchased Assets 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(43) – MINING LICENCES AND CLAIMS

SCHEDULE 1.1(55) – PURCHASED DEPOSITS

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 the assets set forth below which, for greater certainty do not include the Excluded Assets, free and clear of all Liens (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order, when granted:

- (a) the Mining Licences 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; and
- (g) 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;
- (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 to the Business or Purchased Assets paid prior to the Closing and refundable Taxes;
- (f) Excluded Contracts; and
- (g) 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) any arrears of Sage Gold with respect to unpaid Taxes in respect of the Mining Licences and Claims, and any arrears in respect of amounts required to be paid in order to maintain the Mining Licences and Claims in good standing;
- (b) all Liabilities for Transfer Taxes;
- (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 any Assigned Contracts from and after the Closing Date (or breach thereof from and after the Closing Date), and (ii) any Cure Costs associated with such Assigned Contracts;
- (e) all amounts payable or Liabilities that must be assumed to obtain the Consents or Permits, including Taxes, filing and other fees related thereto; and
- (f) all Environmental Liabilities.

### **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 this Agreement by the Purchaser and in accordance with the terms of the SISP, the Purchaser has paid a deposit payable to the order of the Receiver in the amount of [REDACTED] (the “Deposit”).
- (b) The Deposit shall be held, pending Closing, by the Receiver in an interest bearing account with a bank.
- (c) If the Closing does not occur by reason of the material uncured default of the Purchaser, the full amount of the Deposit (plus accrued interest), less any applicable withholding Tax, shall become the property of and be retained by the Receiver as liquidated damages and not as a penalty. The Receiver’s recourse against the Purchaser in such circumstances shall be limited to the right of the Receiver to retain the Deposit and to seek recovery of an additional amount for any actual damages of the Receiver, provided however that the recovery for such additional damages is not to exceed the value of damages actually incurred as a result of such failure to close.
- (d) If the Closing does not occur for any reason other than the material uncured default of the Purchaser, the full amount of the Deposit, plus any accrued interest and less any applicable withholding Tax in respect of such accrued interest, shall be returned by the Receiver to the Purchaser and the Purchaser shall have no further recourse against the Receiver.

## 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 the Cash Purchase Price less the amount of the Deposit (including accrued interest) to an account specified in writing by the Receiver.

## 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, or promptly reimburse the Seller upon demand and delivery of proof of payment, 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 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 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, Permits or Replacement Permits contemplated in Section 5.1(c) provided that nothing shall require the Seller to make any payment to any Person in order to obtain such Required Consents, Permits or Replacement Permits.

### **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 is duly organized and validly existing under the Laws of the jurisdiction in which it is organized. The Purchaser has the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party;
- (b) the execution and delivery of, and performance by the Purchaser of this Agreement and the purchase of the Purchased Assets have been duly authorized by all necessary corporate action on behalf of the Purchaser;
- (c) the execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations under this Agreement will not result in the breach or violation of any terms or conditions of: (i) the constating documents or by-laws of the Purchaser; or (ii) any applicable Law, regulation or Order;
- (d) 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; and
- (e) 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;
- (f) except for the Required Consents, 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;

- (g) the Purchaser, after diligent review is aware of no facts that would prevent the issuance of the Required Consents or the Permits from any Government Entities for the transfer of the Permits from Sage Gold to the Purchaser or for the obtaining of Replacement Permits by the Purchaser for those Permits presently held by Sage Gold that are not transferable;
- (h) the Purchaser is a “Canadian” or 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 Seller is not a “non-resident” of Canada for the purpose of Section 116 of the Tax Act; and
- (e) 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.

(2) The Seller shall use its commercially reasonable efforts to have the Court, upon a hearing to be held on a date specified by the Court (the “**Sale Hearing**”), which shall take place no later than January 31, 2019 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) (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 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, 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 Licences 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**

(1) 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; or
- (c) to elect to terminate this Agreement without any liability on the account of the Purchaser or the Seller.

## **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 Licences and Claims or waivers thereof shall have been obtained (“**Required Consents**”); and
- (d) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller and the operation and effect of such order shall not have been stayed, amended, modified, reversed, dismissed or appealed (or any motion or other proceeding to stay, amend, modify, reverse or dismiss such order or any such appeal shall have been dismissed with no further appeal therefrom) and the applicable appeal periods shall have expired.

### **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; and
- (c) 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 a mutually agreed upon date (which date shall be no later than two Business Days after the day upon which all of the conditions set forth under Article 5 (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) have been satisfied or, if permissible, waived by the Seller and/or the Purchaser (as applicable), 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 upon delivery of the Receiver's Certificate as contemplated in Section 6.3.

#### **Section 6.2 Actions and Deliveries at Closing**

At the Closing:

- (a) the Purchaser shall pay to Seller, in cash, the Cash Purchase Price less the Deposit (including accrued interest), by wire transfer of immediately available funds to an account or accounts designated by Seller;
- (b) 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;
- (c) the Purchaser shall deliver the officer's certificates required to be delivered pursuant to Section 5.2(a) and Section 5.2(b);
- (d) the Seller shall deliver the officer's certificates required to be delivered pursuant to Section 5.3(a) and Section 5.3(b);
- (e) the Seller shall deliver a certified copy of the Approval and Vesting Order; and
- (f) 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;
- (c) by the Purchaser in accordance with Section 4.10; or
- (d) if the Closing does not take place by March 8, 2019;

provided, however, that the right to terminate this Agreement pursuant to Section 7.1(b) or Section 7.1(d) 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(a) (Deposit), Section 3.1(e) (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 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**

All charges for water, electricity, natural gas, telephone, sewer, trash disposal and other recurring services provided to the Project which relate to such services provided prior to the Closing Date will be for the account of the Seller, and all charges for such services provided on and after the Closing Date will be for the account of Purchaser, regardless of the date on which the invoice or other statement for such services is rendered.

### **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. 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.

### **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. 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 this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Parties, which consent may be withheld in such Party's sole discretion, except for assignment by the Purchaser to an Affiliate of the Purchaser (provided that the Purchaser remains liable jointly and severally with its assignee Affiliate for the assigned obligations to the Seller).

### **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:

James Thompson  
RZJ Capital Management LLC  
2 Beverly Place  
Larchmont  
NY NY 10538  
USA  
email: [james@rzjcapital.com](mailto:james@rzjcapital.com)

- (b) If to the Seller, to:

Philip J. Reynolds and Robert Biehler  
Deloitte Restructuring Inc.  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Email: [philreynolds@deloitte.ca](mailto:philreynolds@deloitte.ca) and [rbiehler@deloitte.ca](mailto:rbiehler@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](mailto:wael.rostom@mcmillan.ca) and [tushara.weerasooriya@mcmillan.ca](mailto: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: Rob Biehler

Title: Senior Vice President , Deloitte Restructuring  
Inc.

**RZJ CAPITAL MANAGEMENT LLC**

By: \_\_\_\_\_

Name: James Thompson

Title: President



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:

**RZJ CAPITAL MANAGEMENT LLC**

By:  \_\_\_\_\_

Name: James Thompson

Title: President

## Schedule 1.1(43) – Mining Licences and Claims

## LYNX CLAIMS

1233877	COUGHLAN LAKE AREA	Onaman	156508	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	306991	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	276433	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	259286	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	256313	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	247762	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	247761	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	247745	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	247039	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	239685	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	191059	Single Cell Mining Claim
1233877	COUGHLAN LAKE AREA	Onaman	158547	Single Cell Mining Claim
1233888	COUGHLAN LAKE AREA	Onaman	144485	Boundary Cell Mining Claim
1233888	COUGHLAN LAKE AREA	Onaman	247800	Boundary Cell Mining Claim
1233888	COUGHLAN LAKE AREA	Onaman	211080	Boundary Cell Mining Claim
1233888	COUGHLAN LAKE AREA	Onaman	144486	Boundary Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	109825	Boundary Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	334538	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	306991	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	276433	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	256313	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	247762	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	237922	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	237921	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman		Boundary Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	221355	Claim
3007228	COUGHLAN LAKE AREA	Onaman	221354	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	208499	Single Cell Mining Claim

3007228	COUGHLAN LAKE AREA	Onaman	171323	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	171322	Single Cell Mining Claim
3007228	COUGHLAN LAKE AREA	Onaman	156547	Single Cell Mining Claim
3008410	COUGHLAN LAKE AREA	Onaman	156508	Single Cell Mining Claim
3008410	COUGHLAN LAKE AREA	Onaman	276419	Single Cell Mining Claim
3008410	COUGHLAN LAKE AREA	Onaman	247745	Single Cell Mining Claim Boundary Cell Mining
3008410	COUGHLAN LAKE AREA	Onaman	201116	Claim Boundary Cell Mining
3008411	COUGHLAN LAKE AREA	Onaman	137684	Claim
3008411	COUGHLAN LAKE AREA	Onaman	247039	Single Cell Mining Claim Boundary Cell Mining
3008411	COUGHLAN LAKE AREA	Onaman	188944	Claim
3008411	COUGHLAN LAKE AREA	Onaman	156508	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	110530	Single Cell Mining Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	343144	Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	343143	Claim
3011520	COUGHLAN LAKE AREA	Onaman	304353	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	304352	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	304351	Single Cell Mining Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	255757	Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	208453	Claim
3011520	COUGHLAN LAKE AREA	Onaman	201114	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	188943	Single Cell Mining Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	181505	Claim
3011520	COUGHLAN LAKE AREA	Onaman	181504	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	156504	Single Cell Mining Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	156503	Claim
3011520	COUGHLAN LAKE AREA	Onaman	142374	Single Cell Mining Claim Boundary Cell Mining
3011520	COUGHLAN LAKE AREA	Onaman	142373	Claim
3011520	COUGHLAN LAKE AREA	Onaman	136321	Single Cell Mining Claim

3011520	COUGHLAN LAKE AREA	Onaman	110532	Single Cell Mining Claim
3011520	COUGHLAN LAKE AREA	Onaman	110531	Single Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	109825	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	313114	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	275780	Single Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	275779	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	256314	Single Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	208499	Single Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	203093	Single Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	190415	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	190414	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	157912	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	157911	Boundary Cell Mining Claim
3011813	COUGHLAN LAKE AREA	Onaman	137684	Boundary Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	142375	Boundary Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	273853	Boundary Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	201116	Boundary Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	188944	Boundary Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	156508	Single Cell Mining Claim
3011826	COUGHLAN LAKE AREA	Onaman	142376	Boundary Cell Mining Claim
3011873	COUGHLAN LAKE AREA	Onaman	156547	Single Cell Mining Claim
3011873	COUGHLAN LAKE AREA	Onaman	256314	Single Cell Mining Claim
3011873	COUGHLAN LAKE AREA	Onaman	256313	Single Cell Mining Claim
3011873	COUGHLAN LAKE AREA	Onaman	208499	Single Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	114060	Single Cell Mining Claim

4210030	CASTLEWOOD LAKE AREA	Onaman	130579	Boundary Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	149942	Boundary Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	152208	Boundary Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	160686	Single Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	218176	Boundary Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	onaman	232020	Single Cell Mining Claim
4210030	CASTLEWOOD LAKE AREA	Onaman	284172	Boundary Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	114060	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	130579	Boundary Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	130580	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	160685	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	160686	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	160687	Boundary Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	166017	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	166018	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	194793	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	194794	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	194795	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	213335	Boundary Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	213336	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	213337	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	213338	Boundary Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	225397	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	232020	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	232021	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	309184	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	309185	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	315910	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	328674	Single Cell Mining Claim

4210031	CASTLEWOOD LAKE AREA	Onaman	328675	Single Cell Mining Claim
4210031	CASTLEWOOD LAKE AREA	Onaman	332186	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA	Onaman	159916	Boundary Cell Mining Claim
4210032	COUGHLAN LAKE AREA	Onaman	343144	Boundary Cell Mining Claim
4210032	COUGHLAN LAKE AREA	Onaman	327836	Boundary Cell Mining Claim
4210032	COUGHLAN LAKE AREA	Onaman	315118	Single Cell Mining Claim
4210032	COUGHLAN LAKE AREA	Onaman	140371	Boundary Cell Mining Claim
4210032	COUGHLAN LAKE AREA	Onaman	110532	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA,COUGHLAN LAKE AREA	Onaman	336554	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA,COUGHLAN LAKE AREA	Onaman	327837	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA,COUGHLAN LAKE AREA	Onaman	277814	Boundary Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA,COUGHLAN LAKE AREA	Onaman	159915	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA,COUGHLAN LAKE AREA	Onaman	112227	Single Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA	Onaman	212455	Boundary Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA	Onaman	249155	Boundary Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA	Onaman	315119	Boundary Cell Mining Claim
4210032	CASTLEWOOD LAKE AREA	Onaman	327838	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	114121	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	147206	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	160685	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	160687	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	194795	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	213333	Single Cell Mining Claim

4210033	CASTLEWOOD LAKE AREA	Onaman	213381	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	213382	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	225391	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	250640	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	261309	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	268808	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	268809	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	268810	Boundary Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	309185	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	315968	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	315969	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	328732	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	328733	Single Cell Mining Claim
4210033	CASTLEWOOD LAKE AREA	Onaman	332186	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	160685	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	194790	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	213333	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	225391	Boundary Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	250583	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	261309	Single Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	268752	Boundary Cell Mining Claim
4210034	CASTLEWOOD LAKE AREA	Onaman	332184	Single Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	110575	Single Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	311706	Single Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	306996	Boundary Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	203764	Boundary Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	191062	Single Cell Mining Claim
4210043	COUGHLAN LAKE AREA	Onaman	158548	Single Cell Mining Claim

4210044	COUGHLAN LAKE AREA	Onaman	110555	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	311706	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	311705	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	311704	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	304397	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	292987	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	256305	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	142411	Single Cell Mining Claim
4210044	COUGHLAN LAKE AREA	Onaman	110575	Single Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	133668	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	178879	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	178880	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	186309	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	186310	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	198466	Single Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	198467	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	282805	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	319611	Boundary Cell Mining Claim
4280704	CASTLEWOOD LAKE AREA	Onaman	340494	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	128784	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	128785	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	140309	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	140310	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	146281	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	192825	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	211570	Boundary Cell Mining Claim



4283651	CASTLEWOOD LAKE AREA	Onaman	240961	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	240962	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	248983	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	248984	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	296110	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	296111	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	296112	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	308817	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	315554	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	315555	Single Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	336414	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	336415	Boundary Cell Mining Claim
4283651	CASTLEWOOD LAKE AREA	Onaman	336416	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	112080	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	139732	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	139733	Single Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	140310	Single Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	146281	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	192352	Single Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	240454	Single Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	240455	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	248510	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	248511	Boundary Cell Mining Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	277177	Single Cell Mining Claim

4283652	CASTLEWOOD LAKE AREA	Onaman	296111	Single Cell Mining Claim Boundary Cell Mining
4283652	CASTLEWOOD LAKE AREA	Onaman	296112	Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	308293	Single Cell Mining Claim Boundary Cell Mining
4283652	CASTLEWOOD LAKE AREA	Onaman	308294	Claim
4283652	CASTLEWOOD LAKE AREA	Onaman	335926	Single Cell Mining Claim

## LEASES AND PATENTS

## Patents

Patents (Old#)	Patents (New#)	Parcel	Property	PIN	Type of Claim
KK442	PAT-17574	6476	ONAMAN	62504-1745	Fee Simple Absolute - Held By Sage Gold Inc.
KK2238	PAT-17575	7129	ONAMAN	62504-1549	Fee Simple Absolute - Held By Sage Gold Inc.
KK2239	PAT-17576	7130	ONAMAN	62504-1551	Fee Simple Absolute - Held By Sage Gold Inc.
KK2242	PAT-17577	7040	ONAMAN	62504-1555	Fee Simple Absolute - Held By Sage Gold Inc.
KK2272	PAT-17578	7321	ONAMAN	62504-1550	Fee Simple Absolute - Held By Sage Gold Inc.
KK2273	PAT-17579	7322	ONAMAN	62504-1552	Fee Simple Absolute - Held By Sage Gold Inc.
KK2274	PAT-17580	7323	ONAMAN	62504-1553	Fee Simple Absolute - Held By Sage Gold Inc.
KK2275	PAT-17581	7324	ONAMAN	62504-1554	Fee Simple Absolute - Held By Sage Gold Inc.

## LEASES

Property Description	Current Lease Number	Parcel	Property	Type of Claim	Claim Number	Lease Expiry Date
CLM 401	109010		ONAMAN	Lease	TB386383	
CLM 401	109010		ONAMAN	Lease	TB386384	
CLM 401	109010		ONAMAN	Lease	TB386385	
CLM 401	109010		ONAMAN	Lease	TB386386	
CLM 401	109010		ONAMAN	Lease	TB386387	
CLM 401	109010	3387	ONAMAN	Lease	TB386390	Monday, February 28, 2033
CLM 401	109010		ONAMAN	Lease	TB386391	
CLM 401	109010		ONAMAN	Lease	TB386392	
CLM 401	109010		ONAMAN	Lease	TB456433	
CLM 401	109010		ONAMAN	Lease	TB456434	
CLM 401	109010		ONAMAN	Lease	TB456435	

CLM 401	109010		ONAMAN	Lease	TB456436
CLM 402	109011		ONAMAN	Lease	TB456437
CLM 402	109011		ONAMAN	Lease	TB456438
CLM 402	109011		ONAMAN	Lease	TB456439
CLM 402	109011		ONAMAN	Lease	TB456441
CLM 402	109011	3386	ONAMAN	Lease	TB456442
CLM 402	109011		ONAMAN	Lease	TB456443
CLM 402	109011		ONAMAN	Lease	TB456444
CLM 402	109011		ONAMAN	Lease	TB456445
CLM 402	109011		ONAMAN	Lease	TB456446

Monday, February 28,  
2033

**Schedule 1.1(55) – Purchased Deposits**

Conversion Credits in respect of the Onaman Project of \$121,337 from legacy claim 1233877 (new claim reference 247761)

All such Conversion Credits (save \$7.00 which remains in the conversion bank) have been converted into Exploration Credits and \$5,800 of those Exploration Credits has been or will be applied to address assessment credits required for claims coming due in February 2019

**Schedule 2.6 – Allocation of Purchase Price**



## Appendix “H”

## **ASSET PURCHASE AGREEMENT**

Made as of January 14, 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

**ERIC QUINT,**

on behalf of a corporation to be incorporated under the laws of Ontario

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made as of January 14, 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

**ERIC QUINT,**  
on behalf of a corporation to be incorporated under the laws of  
Ontario (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 and Backup 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. Eric Quint is entering into this Agreement as of the date hereof on behalf of an Ontario company to be incorporated by Eric Quint (such company referred to as the “**Newco**”) and to act as the Purchaser hereunder and all rights, entitlements and obligation of the Purchaser under this Agreement shall be assigned by Eric Quint to the Newco pursuant to the terms of Section 9.6 of this Agreement; 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 and this offer shall remain irrevocably open on acceptance by the Seller until the closing of the Successful Bid or the Backup Bid, as the case may be.

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 the Ordinary Course after the Closing or 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) **“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.
- (6) **“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.
- (7) **“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.
- (8) **“Approval and Vesting Order”** has the meaning set forth in Section 4.1(2).
- (9) **“Assigned Contracts”** means the Royalty Agreements and those Contracts listed in Schedule 1.1(9) hereto subject to the right of the Purchaser to amend the list of Contracts up to 10 days prior to the Closing Date.
- (10) **“Assumed Liabilities”** has the meaning set forth in Section 2.3.
- (11) **“Backup Bid”** has the meaning set forth in the SISP.

(12) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada) and the other applicable insolvency Laws.

(13) “**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.

(14) “**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.

(15) “**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.

(16) “**Business Day**” means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Toronto, Ontario, Canada.

(17) “**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.

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

(19) “**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).

(20) “**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.

(21) “**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.

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

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

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

(25) “**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.

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

(27) “**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.

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

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

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

(31) “**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.

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

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

(34) “**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.

(35) “**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.

(36) “**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.

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

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

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

(40) “**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(40).

(41) “**Financial Assurances**” means deposits in the amount of \$310,157.00 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.

(42) “**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.

(43) “**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.

(44) “**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

(45) “**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.

(46) “**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”.

(47) “**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.

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

(49) “**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.

(50) “**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.

(51) “**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.

(52) “**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.

(53) “**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 Section 1.1(53) .

(54) “**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.

(55) “**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.

(56) “**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(56), along with any term extension, renewal, replacement, conversion or substitution of any such rights or interests.

(57) “**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.

(58) “**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.

(59) “**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.

(60) “**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(60).

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

(62) “**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.

(63) “**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(63); (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).

(64) “**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.

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

(66) “**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.

(67) “**Pre-Closing Disbursements**” means the expenses incurred by the Purchaser and/or its representatives between January 11, 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.

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

(69) “**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.

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

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

(72) “**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(72); 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.

- (73) “**Purchaser**” has the meaning set forth in the preamble to this Agreement.
- (74) “**Purchaser Activities**” has the meaning set forth in Section 8.1.
- (75) “**Receiver**” has the meaning set forth in the preamble to this Agreement.
- (76) “**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.
- (77) “**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.
- (78) “**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.
- (79) “**Required Consents**” has the meaning set forth in Section 5.1(c).
- (80) “**Required Permits**” has the meaning set forth in Section 5.1(d).
- (81) “**Royalty Agreements**” means (i) all royalty agreements (including all agreements granting royalties or similar rights) in favour of the parties set out on Schedule Section 1.1(81), 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.
- (82) “**Sale Hearing**” has the meaning set forth in Section 4.1(2).
- (83) “**Securities Commissions**” means, collectively, the securities commissions or similar securities regulatory authorities of all of the Provinces of Canada.
- (84) “**Securities Laws**” means all securities Laws applicable to either Sage Gold or the Purchaser or their parent companies, as applicable.
- (85) “**Seller**” has the meaning set forth in the preamble to this Agreement.
- (86) “**SISP**” has the meaning set forth in the recitals to this Agreement.
- (87) “**SISP Order**” has the meaning set forth in the recitals to this Agreement.
- (88) “**Successful Bid**” has the meaning set forth in the SISP.
- (89) “**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.

(90) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

(91) “**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.

(92) “**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.

(93) “**Third Party**” means any Person that is neither a Party nor an Affiliate of a Party.

(94) “**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.

(95) “**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.

(96) “**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(9) – ASSIGNED CONTRACTS

SCHEDULE 1.1(40) – EQUIPMENT

SCHEDULE 1.1(53) – LICENSED INTELLECTUAL PROPERTY

SCHEDULE 1.1(56) – MINING LICENSES AND CLAIMS

SCHEDULE 1.1(60) – OWNED INTELLECTUAL PROPERTY

SCHEDULE 1.1(63) – PERMITTED ENCUMBRANCES

SCHEDULE 1.1(71) – PURCHASED DEPOSITS

SCHEDULE 2.6 – ALLOCATION OF PURCHASE PRICE

SCHEDULE 1.1(81) – ROYALTY AGREEMENTS

## **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) the Financial Assurances;
- (g) all Assigned Contracts;

- (h) the Buildings;
  - (i) the Equipment;
  - (j) the Owned Intellectual Property and the Licensed Intellectual Property;
  - (k) all Property, including the Finn Road Farm Property;
  - (l) the Clavos Project, the Pillars Project, the McDonald Project, the Clist Lake Project and related assets; and
  - (m) 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) all 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 \$25,000.00.

#### **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 this Agreement by the Purchaser and in accordance with the terms of the SISP, the Purchaser has paid a deposit payable to the order of the Receiver in the amount of [REDACTED] (the “Deposit”); and
- (b) The 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 s.8.1(b);

### 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 the Cash Purchase Price less the amount of the Deposit and less the Pre-Closing Disbursements (up to a cumulative amount of [REDACTED] subject to appropriate evidence of such expense) to an account specified in writing by the Receiver.

### 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, or promptly reimburse the Seller upon demand and delivery of proof of payment, 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(h) 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.

## **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; and
- (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 is a "WTO Investor" within the meaning of the Investment Canada Act, and the regulations thereunder; and
- (h) 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.

(2) The Seller shall use its commercially reasonable efforts to have the Court, upon a hearing to be held on a date specified by the Court (the “**Sale Hearing**”), which shall take place no later than January 29, 2019, 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) (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.

### **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; and
- (c) 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 January 31, 2019, 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, the Cash Purchase Price less the amount of the Deposit and less the Pre-Closing Disbursements (up to a cumulative amount of [REDACTED] subject to appropriate evidence of such expense), by wire transfer of immediately available funds to an account or accounts designated by Seller;
- (b) 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;
- (c) the Purchaser shall deliver the officer's certificates required to be delivered pursuant to Section 5.2(a) and Section 5.2(b);
- (d) the Seller shall deliver the officer's certificates required to be delivered pursuant to Section 5.3(a) and Section 5.3(b);
- (e) the Seller shall deliver a certified copy of the Approval and Vesting Order; and
- (f) 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 March 31, 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 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 January 11, 2019 and the Closing Date, the Purchaser (or its authorized representative) shall supervise and maintain the operation of the underground pumps and heaters for the fresh air raise and to insure the Purchased Assets are properly secured at the Clavos Project (the “**Purchaser Activities**”). All charges, costs and expenses associated with the Purchase 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) The Seller will use the Deposit to pay for the electrical supply to the Clavos Project until the Closing Date.

### 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(9) 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(9) 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. The Seller shall not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the Purchaser. Any purported assignment or delegation in violation of this Section 9.6 shall be null and void. No assignment or delegation shall relieve the Seller of any of its obligations under this Agreement. Purchaser may assign any of its rights or delegate any of its obligations to the Newco without

Seller's consent and upon such assignment by Purchaser to the Newco, the Purchaser shall be relieved of all of its obligations under this Agreement and all such obligations of the Purchaser shall be assumed, in all respects, by Newco upon such assignment by the Purchaser to the Newco.

### **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:

Eric Quint

Email: ericquint@organiqtech.com

and a copy to counsel to the Purchaser:

Shayne Kukulowicz

Cassels Brock & Blackwell LLP

40 King St. West, Suite 2100

Toronto, ON M5H 3C2

Facsimile: 416.640.3176

Email: skukulowicz@casselsbrock.com

(b) If to the Seller, to:

Philip J. Reynolds and Robert Biehler  
Deloitte Restructuring Inc.  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Email: [philreynolds@deloitte.ca](mailto:philreynolds@deloitte.ca) and [rbiehler@deloitte.ca](mailto:rbiehler@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](mailto:wael.rostom@mcmillan.ca) and [tushara.weerasooriya@mcmillan.ca](mailto: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:

**ERIC QUINT,**  
**ON BEHALF OF A CORPORATION TO BE**  
**INCORPORATED UNDER THE LAWS OF**  
**ONTARIO**

By:   
Name: *Eric Quint*  
Title: *Founder*  
*1/11/2019*



## Schedule 1.1(9) – Assigned Contracts

<b>Contract Name</b>	<b>Parties</b>	<b>Agreement date</b>	<b>Payment Terms</b>
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(40) – 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 <sup>2</sup> 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 --> Distrobus		
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 Spliter 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(53) – Licensed Intellectual Property**

To be provided prior to Closing

## Schedule 1.1(56) – 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
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

Claim	Parcel	PIN	Rights	Township	Size (ha)
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
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



Claim	Parcel	PIN	Rights	Township	Size (ha)
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

