



This is the 1<sup>st</sup> affidavit  
of Dan Andersson in this case and  
was made on January 11, 2022.

No. S-2110503  
Vancouver Registry

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

**PETITIONERS**

**AFFIDAVIT**

I, Dan Andersson, care of 2500-700 West Georgia Street, Director, SWEAR THAT:

1. I am a Managing Director and Head of Nordic Operational Restructuring and CRO Services of Alvarez & Marsal Europe LLP and I have been engaged by Otso Gold Corp. ("**Otso Gold**" or the "**Company**") to act as its Chief Restructuring Officer ("**CRO**"), and as such have personal knowledge of the facts and matters hereinafter deposed to, except where same are stated to be on information and belief, and where so stated I verily believe them to be true.
2. I was appointed as CRO on or about November 24, 2021 and since that time I have reviewed the operational status of the Otso Mine (the "**Mine**"), held various meetings with Otso Gold Oy's ("**Otso Oy**") technical and administrative departments, contractors, and suppliers.
3. Upon arrival at the mine I engaged with employees, contractors and suppliers to obtain a view on the state of affairs. I benefited from being fluent in Finnish, which 80% of the employees speak on site. I believe that it was (and is) important to speak Finnish so as to fully be able to discuss the status of the Mine and contractor base with:
  - (a) The contractors with the aim to secure co-operation, which I understand is needed under Finnish Corporate Restructuring Law
  - (b) The employees as it is important to have a personal communication that was frank and informative.
4. I have had several scheduled meetings with the Mine's employees and contractors as well as its suppliers. I have also held various strategy meetings with the various teams at the Mine to determine what steps need to be taken to get the Mine operating in an efficient and responsible way. For instance, it is important that the Mine satisfies various regulatory and safety requirements. There has been several requests for 1 to 1 discussions with senior employees that

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wanted to tell about the current state of the mine and what they think should be done to improve mining conditions and return to steady operations.

### **The North Pit and the South Pit**

5. The Mine is an open pit mine and it has two pits – the North Pit and the South Pit.

6. When I first arrived on site, the North Pit was flooded, and no mining can be done in the North Pit until after it is drained. This cannot realistically, cannot occur until it thaws in the spring. Once the North Pit has been drained, there will need to be further work done before mining can start in this location as the benches are in poor condition and services roads will need to be built.

7. When I arrived on site, and until December 17, 2021 when the last short term mine schedule expired, as discussed below, the South Pit was being mined, but it was in a bad condition. A typical pit mine has benches, being horizontal “steps” built into the side of the pit to stabilize the rock wall and to prevent rockslides. The southern wall of the South Pit has no such benches at all, meaning that the slope is loose and is unsafe. It is also necessary to build additional access roads for the South Pit in order to mine it effectively.

8. The picture below is of the South Pit (and specifically the south wall), and as mentioned above, this wall will need to be stabilized and benches are required for safety purposes.



9. Further pictures of the Mine are now shown to me and marked as **Exhibit “D”**.

### Equipment and Spare Parts Inventory

10. Soon after I arrived at the Mine, I learned that there were insufficient inventories of spare parts. Various pieces of equipment were breaking down and this equipment could not be readily

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repaired because the Mine did not have any inventory of spare parts. Further, the Mine does not have a warehouse, and its inventory and parts are not catalogued which makes them difficult to find even if the Mine does have them.

11. To make matters worse, in many instances it was difficult for us to source new parts as suppliers had not been paid for many months and were refusing to deliver any further materials. It was in and about that time that I learned that some suppliers had issued demand letters as early as September 2021.

12. A mine needs to have an inventory of spare parts as it may be required to suspend operations if a part breaks or has to be replaced. Further, replacement of spare parts after they have broken without supply readily on hand is more expensive to two main reasons:

- (a) First, the cost, of paying for a spare part may be higher if it is required urgently (and not on hand); and
- (b) Second, if the spare parts are not on hand, there may be delays and mine shutdowns until the spare part can be sourced, shipped and replaced.

13. This is an issue that we have been trying to address since I arrived onsite and now shown to me and marked as **Exhibit "A"** is a copy of a list of spare parts prepared by Peter Flintcroft (who is a processing executive at the Mine) as at January 3, 2022 that the Mine will need before it starts into full operations.

14. I also reviewed the equipment on site and noted that it was worn, but functional. However, with older equipment like that at the Mine, it is even more important that there is an inventory of spare parts available to avoid delays and suspension of work).

### **Review of the Boyd Technical Report Feasibility Study**

15. The Mine's geology department is made up of 34 specialists (including geologists, geologist assistants, and field samplers) and is managed by Riccardo Aquè.

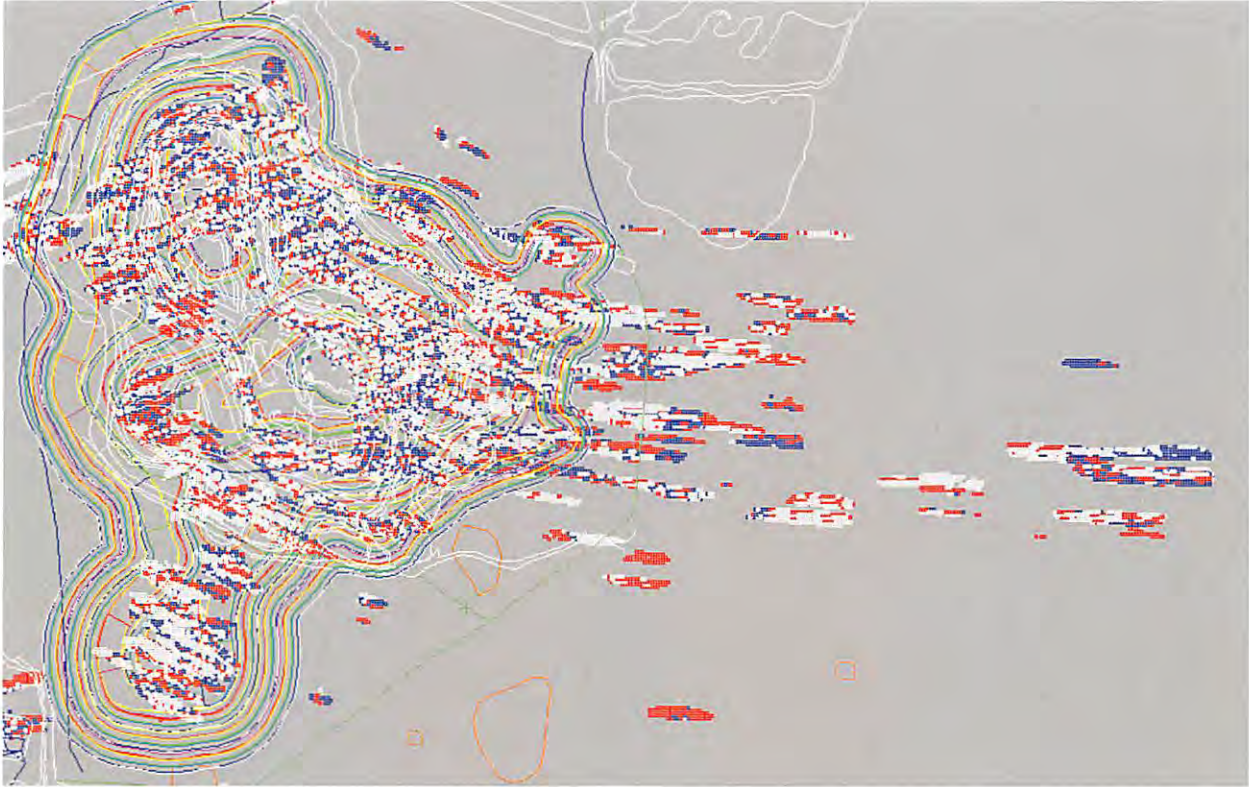
16. On December 17, 2021, Vesa Vaaranta (who is the head of mining operations at E. Hartikainen Oy) and Jukka Brusila (External mining operations consultant) also visited the Mine and met with the Mine's geology team to review the Boyd Report as well as the Mine's geology generally.

17. I have reviewed the NI 43-101 Technical Report Feasibility Study prepared by John T Boyd Company and dated October 2021 (the "**Boyd Report**"), and I discussed the geological survey and database used by Boyd in the with Riccardo. The Boyd Report used old geological database to estimate reserves it did not rely on the updated with grade control data or the lithology generated by the in-field drilling done in 2021.

18. When updated grade control data was used in the model included in the Boyd Report, (i) there were increases in the amount of ore available by 20%-100% (depending on the sample); and (ii) the average grade of ore to be processed was higher than that reported in the Boyd Report. In other words, I believe that the Boyd Report understated the Mine's gold reserves.



19. Further, there may also be additional reserves in the land adjacent to the North Pit (that may potentially be extracted if the mining site is extended). The following is a graphical illustration of the ore that has been found by Otso geology team in the North Pit and in deposits adjacent to the North Pit:



20. The yellow lines depict the current site of the North pit and the blue and red illustrate where ore lenses have been found (which is where gold is found).

21. Further, the updated lithology data suggests that the data used in the Boyd Report further underestimates the Mine's ore reserves. For instance, good quality ore (up to 3 grams gold per tonne of rock) was found when drilling was done in locations that the Boyd Report indicated were "barren" granite (i.e. without any gold and was considered to be waste rock). Further work was done to refine the boundaries of where the "barren" granite is located, and this has modified the model as to the location of where the main ore bodies are believed to be located.

22. When updated grade control data and lithology data is used, the geology staff have estimated that the Mine has 30-45% more ore reserves than suggested in the Boyd Report. Grade control on a project is efficient and provides information required to plan and manage ongoing production and stripping operations. Grade control is used to ensure that ore is not missed as well as to manage the different quality of ore going into processing, and it is done to ensure that the processing plant has a good balance of high and lower grade ore (and is important that both high grade and low grade ore are processed at the same time as this is how the processing plant best operates and operates most efficiently).

23. One of the further issues was the that Boyd Report included an estimated stripping ratio of 7.8 tonnes/tonne which means that you need to mine 7.8 tonnes of rock to get 1 tonne of ore. As



discussed further below, the current estimate of the stripping ratio is significantly lower and this has improved the expected economics of the Mine.

24. However, we discovered that the excavation costs used in the Boyd Report were 65% less than what we were told the would be by E. Hartikainen Oy ("**Hartikainen**"), and the cost estimates had to be revised to evaluate the economic viability of the mine.

### **Mine Plan**

25. In or about the beginning of December 2021, I learned that the Otso Mine did not have a long term mine plan, and it had been operating by using the charts provided in the Boyd Report and using short term (i.e. one to two week) plans, and the last of these short term plans was set to expire on December 17, 2021.

26. The lack of a long term mine plan also meant that there was no mine design which details, amongst other things detail the contours of the open pit and access roads as well as create a safe operating environment. The lack of a long term mine plan also meant that the technical and economic indicators of the project could not be calculated.

27. Shortly after I learned that there was no long term I established the following working group to develop a long term mine plan as an urgent priority.

Johanna Jaakkola	Senior Mine Planning Engineer
Jaakko Pihlaja	Contract Manager
Percy Scholtz	Mine Manager
Pasi Hietanen	Planning Engineer
Riccardo Aquè	Head of technical Services/Geology
Jörg Pohl	Resource Geologist
Max Forsman	Senior Mine Geologist
Riina Mäkelä	Environmental Executive
Pavel Ustenko	Mining Engineer
Pasi Karekivi	Mining Executive
Dan Andersson	CRO
Jouni Kankkunen	Mine Planning Engineer

28. Now shown to me and marked as **Exhibit "B"** is a copy of Otso Oy's two-year mining plan. I expect the long term mine plan to be completed tomorrow.

29. The attached mining plan anticipates that the Mine will process 11 million tonnes of ore from 85 million tonnes of rock (as opposed to 8 million tonnes of ore from 93 million tonnes of rock as forecasted in the Boyd Report). The Boyd report is a high level and they are much more accurate now. While the planning team hopes that the Mine can achieve 6.8% dilution, it has included an estimate of 10% as a conservative estimate in the attached mine plan.

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30. The attached mine plan has also updated the mining costs as the mining costs used in the Boyd Report so that the costs are more accurate.

31. Now that the attached mine plan has been completed this will be used to create a financial model and business plan, assuming there is funding for the Company to continue.

### **Processing & Production**

32. I understand from discussions with Pasi Karekivi that the Mine started processing ore in October 2021. I understand that these initial processing efforts were focussed only on the rich ore, and the lower grade ore (i.e. that ore with 0.4-0.5 grams of gold per tonne) was allowed to accumulate in the run of mine stock pile area (also known as the "ROM pad"). In or about mid-December, there were 128,000 tonnes of low quality ore on the ROM pad and processing of this low-grade ore started on or about January 4, 2022 (and it is expected that it will take 6 weeks to process with the first pour at the end of January 2022).

33. We have been struggling with uneven head grades and feed at the plant, and frequent emergency downtime and we have been working on regularizing this process by (i) normalizing the quality of ore being processed so that it is more efficient; and (ii) improving inventory or spare parts so as to minimize downtime in the mill.

### **Operations**

34. After reaching agreement with Westech on December 21, the Petitioners have continued to work with Westech and pay in accordance with their agreement.

35. The Petitioners continue to pay staff necessary to maintain the mines, and are incurring significant professional and consultant fees.

36. There is also significant work being done that amounts to correcting deferred maintenance issues, using the shutdown time to:

- (a) Emptying the concentrator's safety pond;
- (b) Continuing foundation construction work on the extension of the tailings pond;
- (c) Fixing the berms alongside the ramps in the pit, in order to prevent rock slides and stabilize the slopes; and
- (d) Conducting compulsory safety and security training programmes.

### **Discussions with Pandion**

37. We received (through counsel) a series of questions from Pandion on or about December 27, 2021 and December 29, 2021. I understand that we (through counsel) responded to these questions on or about December 29, 2021.

38. Following this discussion, and on or about January 4, 2022, we had a follow up discussion with Pandion and their counsel. They asked various questions about the mine plan (which I had only seen the first draft of that morning). We agreed to share an early draft with them (which we did on or about January 6, 2022).

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## Looking Forward

39. If the CCAA is allowed continue and if the Company has adequate financing, the following steps are anticipated:

- (a) By February 14 the Petitioners anticipate finalizing:
  - (i) Their business plan and long-term funding requirements, including life of mine cash flow projections;
  - (ii) Working capital requirements, including critical spare parts and capex plan;
  - (iii) Short-term financing requirements to return the mine to full operation;
- (b) In March:
  - (i) Obtaining financing to re-start the mine; and
- (c) March to April:
  - (i) Commence mine re-start preparations (including grade control drilling, advance stripping, reorganizing the ROM pad, build benches in the South Pit to stabilize the south wall); and
- (d) By May/June, fully re-starting production and mining in the South Pit and the North Pit a few months later.

40. Now that the long term mine plan has been completed, the Companies will be developing the long-term financial plan (assuming there is funding in place) including the working capital requirements for the mine. Once that is done, the Companies will be in a position to engage with the stakeholders and consider a restructuring plan.

41. I believe that the Petitioners were under-capitalized when the Mine started operating and that is reflected in the significant capital expenditure short-term payables on the Petitioners' initial cash flow statements, as the payments in respect of spare parts and capital expenditures that are essential to operate the mine, but were not previously provided for as the Petitioners simply did not have funds.

42. Both the capital expenditures and the spare parts referenced in the Petitioners' initial cash flow are critical expenditures:

- (a) The capital expenditure plan (or capex) refers to maintenance expenditures that the mine will need to incur. Those are not new capital expenses, but form much of the working capital required to sustainably operate a mine; and
- (b) The critical spare parts are essential to operate a mine. Spare parts must be purchased and available on site, as if they are not on site then in the event of a breakdown:
  - (i) The mine will suffer unnecessarily long delay; and

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- (ii) The mine will need to pay far more money to repair and replace the parts.

43. If the mine re-opens without full working capital, and without provision for critical capital expenditure, it jeopardizes its long-term economic viability as it will continually need to inject capital as issues arise, and will increase the likelihood of deferred maintenance problems arising.

44. Importantly, the Petitioners have the full support of Hartikainen, their mining contractor. Hartikainen is an unsecured creditor, and is the key contractor in the operation and maintenance of the mine. Attached hereto as **Exhibit "C"** is a copy of a letter sent by Vesa Vaaranta, Hartikainen's director of mining, to Dan Andersson of A&M on January 11, 2021.

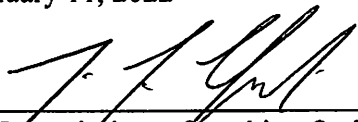
#### **Petitioners' Documents and Servers**

45. Since Lionsbridge left the Companies in or about the end of November, the Petitioners have been trying to understand and locate all of their documents, records and files. In terms of electronic records, Otso Oy has an on premises server located at the Mine in Finland and Otso Oy has control of that server. However, the documents saved on this server are not well organized. Further I believe that many (if not most) of Otso Oy's documents are located elsewhere. I have had various discussions with Otso Oy's employees and workers and understand that many of them do not use the server at all but save documents locally on their laptops (or, in some instances, on a one drive account). The lack of centralized document system exacerbated the issue of locating the company's records.

46. Since the last court hearing, the Companies have also been in various discussions with Lionsbridge to transfer control of the Otso email accounts from a Microsoft 365 server controlled by Lionsbridge to be under the control of Otso. The Companies have hired Kroll, LLC to assist with this task. Lionsbridge has agreed to wholly transfer all of the accounts other than those belonging to Brian Wesson and Clyde Wesson. With respect to Brian Wesson's and Clyde Wesson's account, there have been some discussions as what documents should be excluded (such as privileged communications) before control is transferred from Kroll to the Companies.

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

SWORN BEFORE ME at Vancouver, )  
British Columbia, and Oulu Finland on )  
January 11, 2022 )

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

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**DAN ANDERSSON**

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



This is Exhibit "A" to the Affidavit #1 Dan  
Andersson of sworn January 11, 2022  
before me at the City of Vancouver and Oulu  
Finland.



A Commissioner for taking Oaths for the  
Province of British Columbia

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## Urgent Spares for Process

	cost €	Priority (0,1,2,3)	Comment
<b>Insurance Spares</b>			
AG Main Shoe Bearings (Polymer)	€ 226,000	Metso	1 Order in system but no payments
Gearbox for mills	€ 139,000		1 No order. But priced up
Motor for mills	€ 150,000		1 Offer received
Pinion shaft for mills	€ 50,000		1 no offer
Pinion bearings	€ 12,000		1
Banana screen gear box complete	€ 40,000		1 No offer
C160 Motor	€ 25,000		
Tailings Thickener Planetary gear	€ 100,000		
Warehouse Completion	€ 150,000		No warehouse on site
	€ 892,000		
<b>Operating Spares</b>			
Tega trommel liners parts, on site	€ 19,923		0 On site but Air Freight not paid
Trommel screen refurbishment	€ 15,000	KFM service	0 Services
PEBBLE MILL parts liners	€ 196,304		0 Manufactured, ready for dispatch. Liners not paid, air freight not paid. Invoices in system
PEBBLE MILL Long Complete (new parts)	€ 245,750	Tega	0 Order to be placed IMMEDIATELY. Failure of the mill lining will result in complete stoppage of the plant.
AG Mill Lining	€ 1,222,650	Multotec	0 Order to be placed in January 2022. Failure of liners will result in complete stoppage of the plant.
Cyclone Spares	€ 30,000	Multotec	0 Improve Metallurgical efficiency - primary cyclone
SEW Eurodrive LG CIL gearbox maintenance	€ 69,276	Metso	0 Order to be placed IMMEDIATELY. Failure of the mill lining will result in complete stoppage of the plant.
Spare Conveyor Belling CV1 1200mm steel breaker (280m)	€ 13,373		0 Tank 5, LG CIL at risk
Spare Conveyor Belling CV2 650mm (180m)	€ 32,373	Contitech	0 Manufactured and waiting payment and delivery
	€ 8,213	Contitech	0 Manufactured and waiting payment and delivery
Knelson Spares parts	€ 171,437	FLSmith	0 FR 1841 raised, not approved.
Atlas Copco compressors	€ 35,860		0 Existing is a temporary loan based on further new purchase.
Automatic on/off valve for SO2	€ 5,000	Endress hauser	0
Metso XR300 pump spares	€ 150,000	Metso	0 Mill Discharge Pumps
CIL Tank Agitator Shaft and blades (LG)	€ 150,000		
LG Detox Agitator, blades	€ 150,000		
LG Detox Gearbox	€ 90,000		
Personal Gas Detectors	€ 3,000		Safety requirement
Screen Panels	€ 10,000	Metso	0
<b>Total P Zero</b>	<b>€ 2,581,659</b>		
<b>Priority P 1</b>			
SEW Eurodrive, LG CIL gearbox maintenance rev.2	€ 6,000		1 Gear box repair number 2
Pebble conveyors rollers and drums	€ 3,000	Contitech	1
HP200 Spares	€ 5,000	Metso	1 Zero Stock
HP 100 Spares	€ 4,000	Metso	1 one set
C160 feeder liner set	€ 20,000		1 Needed for replacements
PH Probes	€ 25,000		1
Safety lights	€ 6,000		1
Laptop for Valmet DNA (Tubes)	€ 7,000		1 Legal requirement
HCL Tank level sensor and in magnetic valves	€ 1,500		1 Legal requirement. Need remote access to system.
PB feed spout Liners	€ 4,000		2
PB feed spout refurbishment	€ 10,000		
AG mill feed spout liners	€ 5,000		1 Spare spout needs to be relined.
	€ 10,000		1 non on site



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Packings for pumps	€ 6,000	PO 1739	on order	0 Not for Pasta pumps
Pipe curves for CDMO	€ 1,500			1
Magnetic level transmitter	€ 3,734	Kontzam	On Order for SD2 system	
Valmet system renewal	€ 122,442		Ongoing Status?	2
Orbinox DN300 valve	€ 2,000	Orbinox		3
<b>Total P1</b>	<b>€ 242,176</b>			
Nite to have				
Flow meter for oxygen	€ 12,000			2
Thickener Software upgrade	€ 195,500	Metso	Improve flocculant addition	4 Replace siemens system with metso
IR Pinion temperature monitoring kit	€ 75,000	Metso	waiting delivery	Paid
Thickener programme METSO	€ 3,000	Metso	Basic software,	2
Toilet for process building	€ 17,000			2
<b>Total Nite to Have</b>	<b>€ 305,500</b>			
<b>Total</b>	<b>€ 3,130,395</b>			

### Electrical Urgent Spares

#### Urgent spares

			Priority
Motors for HG tank	€ 463	Tammotor	1
Motors for LG tanks	€ 875	Tammotor	1
PH meter, flow meter	€ 9,062	Endress Hauser	1
Instruments for the PH meter	€ 6,043	Endress Hauser	1
			1
Frequency meters	€ 21,225	Haaga Engineering	1
Plug Valve	€ 1,156	Kontram	1 SO2
			1
			1
Cable for the mine and others	€ 17,500		1
Cabel Jamak 2x 500m	€ 1,300		1
Cabel Jamak 4x 500m	€ 1,500		1
Cabel Nomak 4x 500m	€ 800		1
UPS accu for crusher	€ 1,000		1
Emergency lights	€ 489		1
Heatcamera	€ 1,500		1
Tools	€ 1,000		1
<b>Total</b>	<b>€ 98,974</b>		

VFD for Ag and PM

## Major spare- and wear parts cost (Plant)

	Estimated cost vat 0% (EUR)	Estimated life time	Parts in stock	Qty
<b>Primary crusher C160</b>				
Fixed jaw	17,000.00	12 weeks	No	0
Movable jaw	15,000.00	12 weeks	No	0
Cheek plates	3500	4 week	Yes	4
Electrical motor	25000		No	
<b>Rock breaker</b>				
Spares for hydraulic unit	1000		No	
Hydraulic hammer	25500		No	
Hammer tool	1000		No	
<b>Grizzly feeder VF866</b>				
liners	20000	2 year	No	
MV3 vibration unit	12000	2 year	No	
Motor	8000		No	
<b>Crushed ore feeder</b>				
liners	10000	2 year	No	
vibration motors	5000	1 year	No	
<b>Conveyors</b>				
1400mm conveyor belt	15000	2 year	No	
1200mm conveyor belt	60000	2 year	No	
650mm conveyor belt	8000	2 year	No	

Rollers and scrapers	10000 3 month	Yes	for all conveyors
Pulleys (tail pulleys, drive pulleys)	50000 1 year	No	
Drive gears for crusher conveyor	60000	Yes	
Drive gears for Ag-mill feed conveyor	35000	Yes	
Drive gear for pebble conveyors	8000	Yes	
<b>Stockpile</b>			
liners for feeders	5000 2 year	Yes	2 set
Vibration motor for feeders	5000 1 year	Yes	2
Drive gear for feeder 5	10000	No	
<b>Pebble crushers HP 100 and HP 200</b>			
<b>HP 100</b>			
Mantle	1000 3 week	Yes	1
Bowl liner	1000 3 week	Yes	1
Motor	10000	No	
<b>HP200</b>			
Mantle	2000 3 week	Yes	1
Bowl liner	2000 3 week	Yes	1
Motor		No	
<b>Rock screen CVB1845</b>			
Screen panels	17500 3 month	No	
MV2	8000 2 year	No	
Motor	5000	No	
<b>AG-mill</b>			
Feed chute liners	10000 8 week	Yes	one set
Trommel	80000 6 month	Yes	1
AG mill FEH	100000 10 month	Yes	one set
AG mill shell+Pulplifters	650000 16 month	Yes	one set



Pebble ports AG+ lifters	100000 10 month	Yes	one set
VFD spares	20000	No	
Hydraulic units parts	10000 6 month	No	
<b>Pebble mill</b>			
Pebble Ports PB+DEH	33000 4 month	Yes	one set
Pebble mill shell	209000 12 month	Yes	one set
Pebble mill FEH	35000 6 month	Yes	one set
Feed chute	6000 6 month	No	
VFD spares	20000	No	
Hydraulic units parts	10000 6 month	No	
<b>Mill discharge pumps</b>			
Liners and impeller	30000 3 month	No	
<b>Mill discharge screen</b>			
spare gears	30000	No	
screen panels (both deck sets)	30000 6 month	No	
<b>Flotation unit</b>			
Motor	10000 2 year	Yes	
Bearing unit	15000	No	
Hose valve with actuator	5000	No	
<b>Knelson</b>			
motor	10000	Yes	
pinc valve set	10000 6 month	No	
Bearings	5000 2 years	No	
Drive belt	2000	No	
<b>CIL tanks</b>			

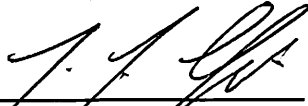
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LG agitators	500000	3 year	No
HG agitators	300000	3 year	No
Spare gear for LG CIL	30000		No
<b>Tailings pumping</b>			
pumps liners and impellers	30000	3 month	No
Spare hoses for valves	5000	6 month	No
<b>Paste plant</b>			
Liner set for underflow pumps	10000	3 year	Yes
Motor	7000		No
<b>Others</b>			
Trellex hoses (65-500mm)	20000		Yes
Knife gate valves(DN65-DN350)	20000		Yes
<b>Chemicals</b>			
Chemicals dozing and transfer pumps	30000		No

one set

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This is Exhibit "B" to the Affidavit #1 of Dan  
Andersson sworn January 11, 2022 before  
me at the City of Vancouver and Oulu  
Finland.



A Commissioner for taking Oaths for the  
Province of British Columbia.

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JK-kaivossuunnittelu Oy  
Joumi Kerkkunen  
04/01/2022

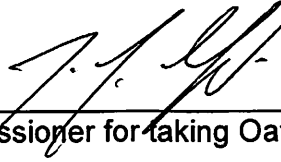
Laiva Mining schedule	Period	Year 1			Year 1			Year 1 Total			Year 2			Year 3			Year 4			Year 5			Year 6			Total
		2022	2021	2022	2022	Q3	Q4	2022	2022	2022	2023	2023	2023	2024	2024	2024	2025	2025	2025	2026	2026	2026	2027	2027	2027	
HG Ore (Au_dil > 1.2)	t	107,202	2201	97,185	2202	2203	2204	107,993	395,219	395,219	2300	355,545	355,545	2400	132,336	132,336	2500	2500	2500	2600	2600	2600	2700	2700	2700	
Ore loss (5 % to waste rock)	t	5,642		5,115		4,360		5,684	20,801	20,801		18,713	18,713		6,965	6,965										
Au_dil	g/t	2.21		2.48		2.18		2.28	2.29	2.29		2.15	2.15		2.23	2.23										
As	ppm	300		160		521		357	328	328		461	461		632	632										
MG Ore (0.6 < Au_dil < 1.2)		165,636		154,841		153,547		147,153	621,176	621,176		587,091	587,091		188,893	188,893										
Ore loss (5 % to waste rock)		8,718		8,150		8,081		7,745	32,693	32,693		30,900	30,900		9,942	9,942										
Au_dil	g/t	0.83		0.83		0.83		0.82	0.83	0.83		0.83	0.83		0.84	0.84										
As	ppm	206		137		292		271	226	226		305	305		550	550										
LG Ore (0.3 < Au_dil < 0.6)		208,448		213,657		252,685		214,649	889,439	889,439		958,690	958,690		236,652	236,652										
Ore loss (5 % to waste rock)		10,971		11,245		13,299		11,297	46,813	46,813		50,457	50,457		12,455	12,455										
Au_dil	g/t	0.43		0.43		0.42		0.43	0.43	0.43		0.43	0.43		0.43	0.43										
As	ppm	163		115		199		238	180	180		261	261		498	498										
Total Ore	t	457,221		442,398		464,618		446,305	1,810,542	1,810,542		1,806,259	1,806,259		529,987	529,987										
Target	t	450,000		450,000		450,000		450,000	1,800,000	1,800,000		1,800,000	1,800,000		1,800,000	1,800,000										
Difference		7,221		7,602		14,618		3,695	10,542	10,542		6,259	6,259		1,270,013	1,270,013										
Waste rock	t	3,789,242		4,051,014		4,387,478		4,038,336	16,266,069	16,266,069		15,495,047	15,495,047		7,257,526	7,257,526										
Target	t	2,500,000		2,500,000		2,500,000		2,500,000	10,000,000	10,000,000		10,000,000	10,000,000		10,000,000	10,000,000										
Difference		1,289,242		1,551,014		1,887,478		1,538,336	6,266,069	6,266,069		5,495,047	5,495,047		2,742,474	2,742,474										
As		49		30		87		55	73	73		63	63		73	73										
Total waste rock	t	3,814,573		4,075,523		4,413,219		4,063,062	16,366,376	16,366,376		15,595,117	15,595,117		7,286,888	7,286,888										
Total Ore		457,221		442,398		464,618		446,305	1,810,542	1,810,542		1,806,259	1,806,259		529,987	529,987										
Au_dil	g/t	1.01		1.04		0.89		1.03	0.99	0.99		0.92	0.92		1.05	1.05										
Target	g/t	1.20		1.20		1.20		1.20	1.20	1.20		1.20	1.20		1.20	1.20										
Au	kg	408		406		364		404	1583	1583		1464	1464		489	489										
Au target	kg	475		475		475		475	1901	1901		1901	1901		1901	1901										
Au difference	kg	-67		-69		-111		-71	-318	-318		-437	-437		-1412	-1412										
As	ppm																									

Mr L

Waste rock/Ore	8.3	9.2	9.5	9.1	9.0	8.6	13.7
ore	152,407	147,466	154,873	148,768	150,879	150,522	176,662
waste rock	1,271,524	1,358,508	1,471,073	1,354,354	1,363,865	1,299,593	2,428,963
Total mining	4,271,794	4,517,921	4,877,837	4,509,366	18,176,919	17,401,376	7,816,876



This is Exhibit "C" to the Affidavit #1 of  
Dan Andersson sworn January 11, 2022  
before me at the City of Vancouver and Oulu  
Finland.



A Commissioner for taking Oaths for the  
Province of British Columbia



Otso Gold Oy - E. Hartikainen Oy:s statement

11.1.2022

To whom it may concern,

**E. Hartikainen Oy's status report and declaration of intent to co-operate and support for the restart of Otso Gold Oy's Laivakangas mine.**

On behalf of E. Hartikainen Oy, I would like to confirm in writing our interest to support the restart of Otso Gold Oy's mining operations by all ways and means we have available.

Standby equipment at the Laivakangas mine is today in total 40 mining equipment and 70 operators and the Contractor is ready for full restart of the mining operations within app. 2 weeks' time.

E. Hartikainen Oy's understanding of not meeting the Otso Gold Oy's financial targets in reopening of the Laivakangas operations were due to not having sufficient long term mine plan. Therefore, the preparatory work was incomplete, mining methods were not productive and the restart of the concentrator too early.

In this context, we confirm the agreed short-term actions by E. Hartikainen Oy in connection with the restart of mining operations as follows:

- E. Hartikainen Oy will support the planning process at Laivakangas to ensure better conditions for restart-up and profitability of the mining operations
- E. Hartikainen Oy has succeeded in recruiting a highly experienced mine planning professional to act as support for Otso Gold Oy's mine planning organization and to act as an external expert link between Otso Gold Oy's mine planning team and E. Hartikainen Oy
- E. Hartikainen Oy has preserved and maintained the mining equipment at Laivakangas for a quick restart of operations
- E. Hartikainen Oy has started the emptying contract of the concentrator's safety pond on December 29, 2021, which will further facilitate the restart of the concentrator
- E. Hartikainen Oy has continued the foundation construction work of the extension of the tailings pond as of January 3, 2022, in order to secure the disposal of the concentration sand from the concentration process in an environmentally safe manner.

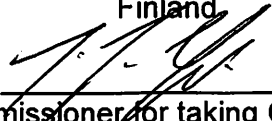
Best regards,

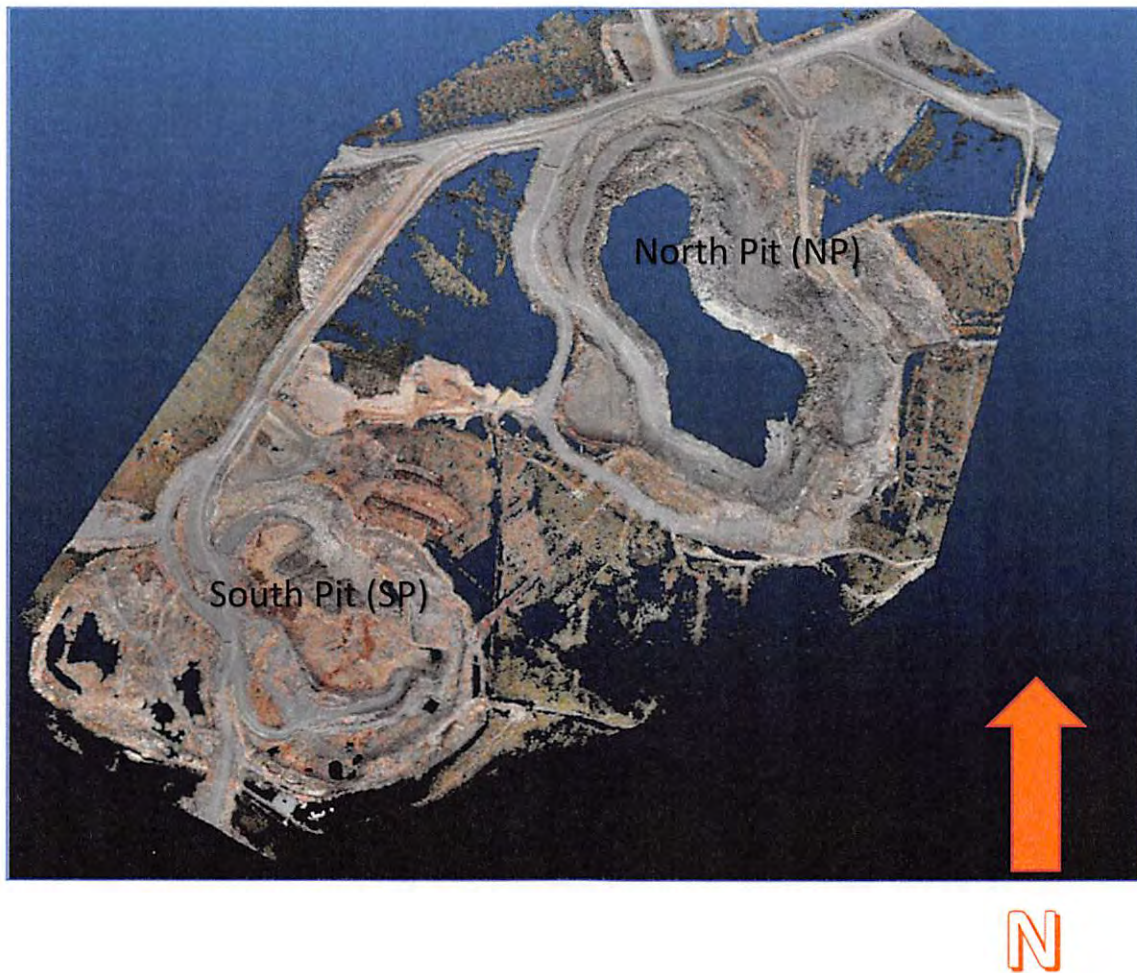
**Vesa Vaaranta**  
Director, Mining & Construction

E. Hartikainen Oy

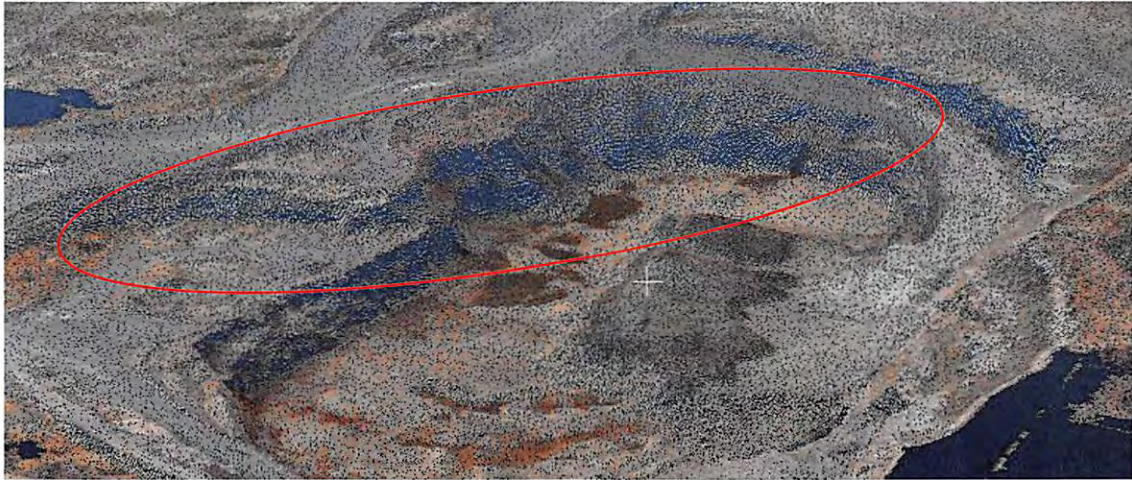
Ty

This is Exhibit "D" to the Affidavit #1 of Dan  
Andersson sworn January 11, 2022 before  
me at the City of Vancouver and Oulu  
Finland.

  
A Commissioner for taking Oaths for the  
Province of British Columbia







South Pit North West and West high walls.



SP North West wall photo 1.

1) Red, Overhang area

2) Orange, absence of proper catch bench

Overall highwall height is more than 30m and should be cut back and pre-split blasting followed by scaling the wall to allow for a safe bench and safe work areas beneath.

Ty





SP North wall photo

- 1) Seen on previous photo (SP North West wall photo 1)
- 2) Red line overmined so no catch bench available. Above red line is loose rock as the ramp was mined out and had to be tipped in.

Tu





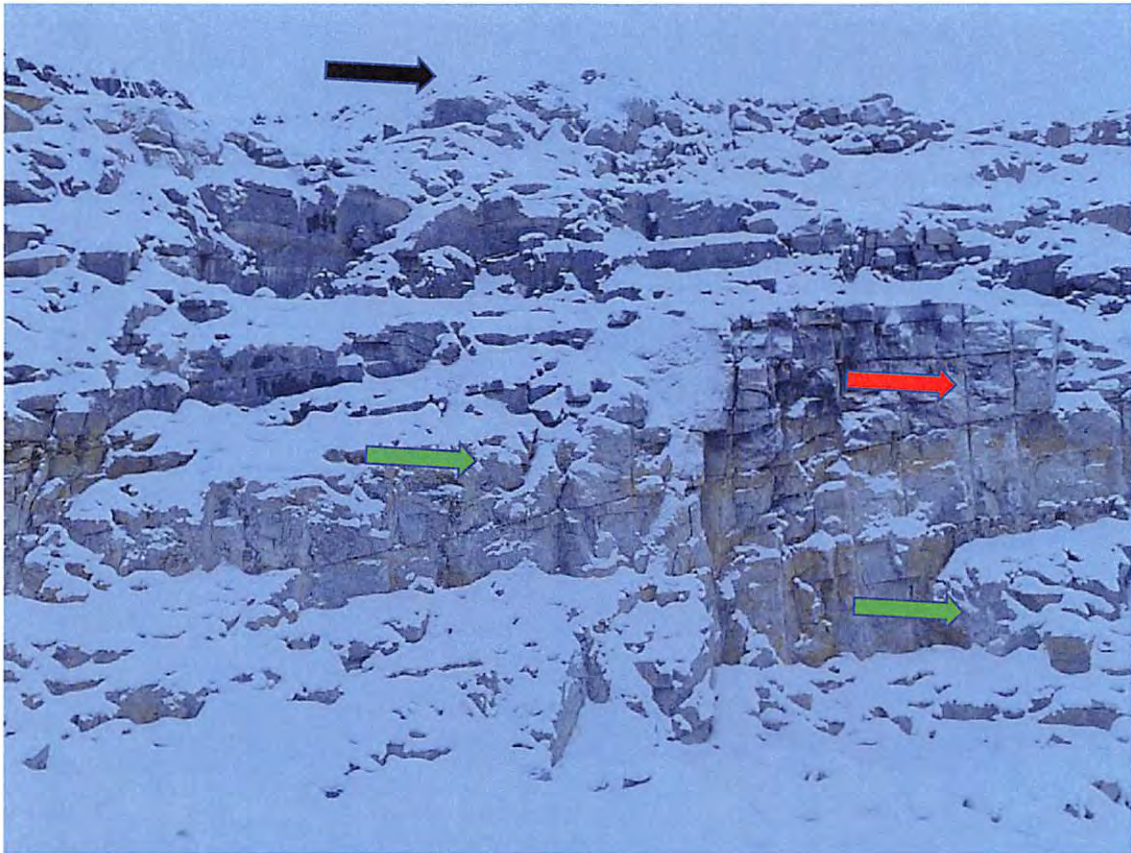
North wall SP

- 1) Blue ring is constant water inflow into pit we should have a Hydrological study done to minimize the water influx for production purposes and highwall stability as water weakens and erode walls making them more unstable and unsafe.
- 2) Blue arrows need to be pushed back to ensure proper catch berm at the red arrows.

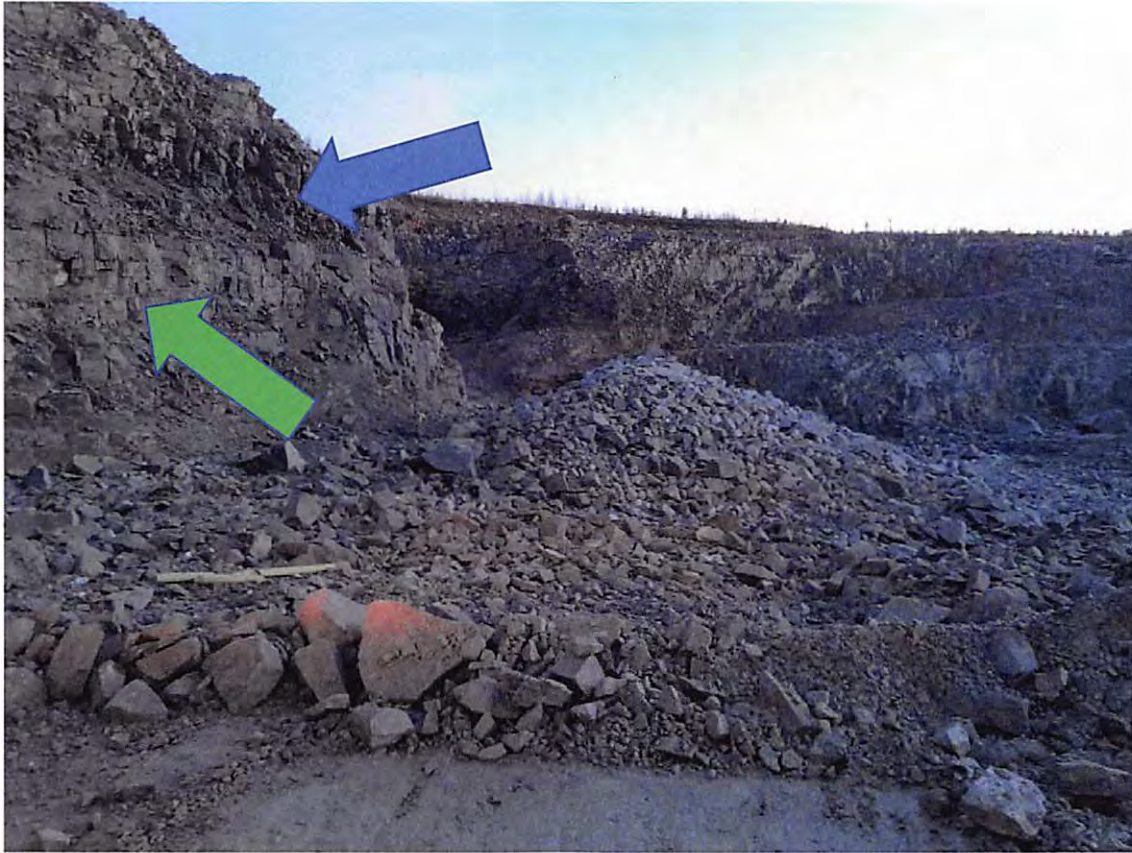


South Pit (SP) East wall.





- 1) SP East wall, red arrow is a pre-split barrel, its best practice in mining if done correctly and cleaned/ scaled.
- 2) Green arrows are areas that needs cleaning/ scaling.
- 3) Black arrow shows cleaning on crest that needs to take place.



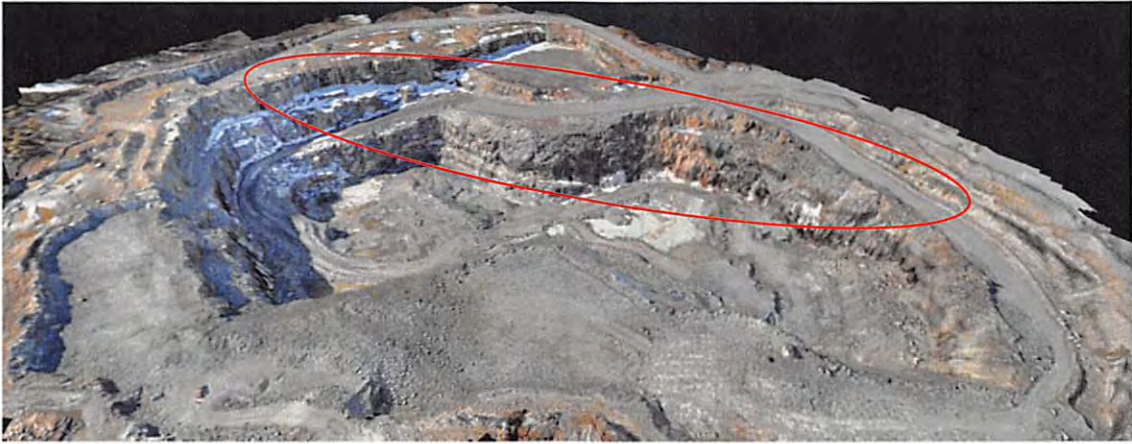
Green arrow is scaling that needs to happen and blue arrow is pushback to establish a catch bench (catchment berm)





Black arrows crest needs cleaning and green arrows again scaling to have clean wall.





North Pit West wall (NP)



No Catchment berms/ bench and cleaning needs to take place.

TW





NP East wall.



NP South part catchment berms/ bench not in place.





NP East catchment berms and loose material in top crest needs to be taken out.





NP East wall Presplit barrel visible but wall needs cleaning and scaling.



NP East wall clear to see cleaning and pushback that must take place to get benches in place



NP East wall red arrows needed cleaning, green arrows are cracks in ground formation, Geotechnical engineer needs to be consulted to get best possible wall safety instructions.





Red arrow is visible slip and green where more intrusions are that may jeopardise rock wall stability that is more reason for getting Geotechnical engineer's assessment.

T-M



More severe cracks in ground formation.



This is the 1<sup>st</sup> affidavit  
of Dan Andersson in this case and  
was made on January \_\_, 2022.

No. S-2110503  
Vancouver Registry

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

**AND**

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

**PETITIONERS**

**AFFIDAVIT**

I, Dan Andersson, care of 2500-700 West Georgia Street, Director, SWEAR THAT:

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

2. I was appointed as CRO on or about November 24, 2021 and since that time I have reviewed the operational status of the Otso Mine (the "**Mine**"), held various meetings with Otso Gold Oy's ("**Otso Oy**") technical and administrative departments, contractors, and suppliers.

3. Upon arrival at the mine I engaged with employees, contractors and suppliers to obtain a view on the state of affairs. I benefited from being fluent in Finnish, which 80% of the employees speak on site. I believe that it was (and is) important to speak Finnish so as to fully be able to discuss the status of the Mine and contractor base with:

- (a) The contractors with the aim to secure co-operation, which I understand is needed under Finnish Corporate Restructuring Law
- (b) The employees as it is important to have a personal communication that was frank and informative.

4. I have had several scheduled meetings with the Mine's employees and contractors as well as its suppliers. I have also held various strategy meetings with the various teams at the Mine to determine what steps need to be taken to get the Mine operating in an efficient and responsible way. For instance, it is important that the Mine satisfies various regulatory and safety requirements. There has been several requests for 1 to 1 discussions with senior employees that

DA

wanted to tell about the current state of the mine and what they think should be done to improve mining conditions and return to steady operations.

### **The North Pit and the South Pit**

5. The Mine is an open pit mine and it has two pits – the North Pit and the South Pit.

6. When I first arrived on site, the North Pit was flooded, and no mining can be done in the North Pit until after it is drained. This cannot realistically, cannot occur until it thaws in the spring. Once the North Pit has been drained, there will need to be further work done before mining can start in this location as the benches are in poor condition and services roads will need to be built.

7. When I arrived on site, and until December 17, 2021 when the last short term mine schedule expired, as discussed below, the South Pit was being mined, but it was in a bad condition. A typical pit mine has benches, being horizontal “steps” built into the side of the pit to stabilize the rock wall and to prevent rockslides. The southern wall of the South Pit has no such benches at all, meaning that the slope is loose and is unsafe. It is also necessary to build additional access roads for the South Pit in order to mine it effectively.

8. The picture below is of the South Pit (and specifically the south wall), and as mentioned above, this wall will need to be stabilized and benches are required for safety purposes.



9. Further pictures of the Mine are now shown to me and marked as **Exhibit “D”**.

### Equipment and Spare Parts Inventory

10. Soon after I arrived at the Mine, I learned that there were insufficient inventories of spare parts. Various pieces of equipment were breaking down and this equipment could not be readily

DA



repaired because the Mine did not have any inventory of spare parts. Further, the Mine does not have a warehouse, and its inventory and parts are not catalogued which makes them difficult to find even if the Mine does have them.

11. To make matters worse, in many instances it was difficult for us to source new parts as suppliers had not been paid for many months and were refusing to deliver any further materials. It was in and about that time that I learned that some suppliers had issued demand letters as early as September 2021.

12. A mine needs to have an inventory of spare parts as it may be required to suspend operations if a part breaks or has to be replaced. Further, replacement of spare parts after they have broken without supply readily on hand is more expensive to two main reasons:

- (a) First, the cost, of paying for a spare part may be higher if it is required urgently (and not on hand); and
- (b) Second, if the spare parts are not on hand, there may be delays and mine shutdowns until the spare part can be sourced, shipped and replaced.

13. This is an issue that we have been trying to address since I arrived onsite and now shown to me and marked as **Exhibit "A"** is a copy of a list of spare parts prepared by Peter Flintcroft (who is a processing executive at the Mine) as at January 3, 2022 that the Mine will need before it starts into full operations.

14. I also reviewed the equipment on site and noted that it was worn, but functional. However, with older equipment like that at the Mine, it is even more important that there is an inventory of spare parts available to avoid delays and suspension of work).

#### **Review of the Boyd Technical Report Feasibility Study**

15. The Mine's geology department is made up of 34 specialists (including geologists, geologist assistants, and field samplers) and is managed by Riccardo Aquè.

16. On December 17, 2021, Vesa Vaaranta (who is the head of mining operations at E. Hartikainen Oy) and Jukka Brusila (External mining operations consultant) also visited the Mine and met with the Mine's geology team to review the Boyd Report as well as the Mine's geology generally.

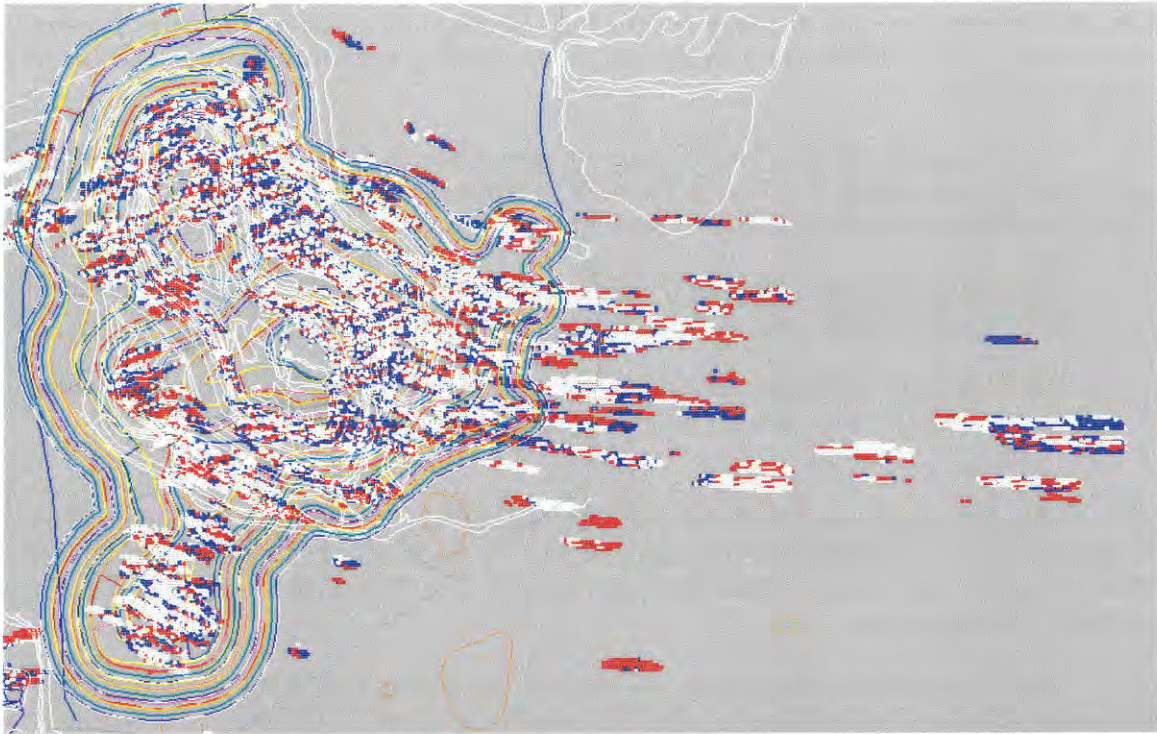
17. I have reviewed the NI 43-101 Technical Report Feasibility Study prepared by John T Boyd Company and dated October 2021 (the "**Boyd Report**"), and I discussed the geological survey and database used by Boyd in the with Riccardo. The Boyd Report used old geological database to estimate reserves it did not rely on the updated with grade control data or the lithology generated by the in-field drilling done in 2021.

18. When updated grade control data was used in the model included in the Boyd Report, (i) there were increases in the amount of ore available by 20%-100% (depending on the sample); and (ii) the average grade of ore to be processed was higher than that reported in the Boyd Report. In other words, I believe that the Boyd Report understated the Mine's gold reserves.

DA



19. Further, there may also be additional reserves in the land adjacent to the North Pit (that may potentially be extracted if the mining site is extended). The following is a graphical illustration of the ore that has been found by Otso geology team in the North Pit and in deposits adjacent to the North Pit:



20. The yellow lines depict the current site of the North pit and the blue and red illustrate where ore lenses have been found (which is where gold is found).

21. Further, the updated lithology data suggests that the data used in the Boyd Report further underestimates the Mine's ore reserves. For instance, good quality ore (up to 3 grams gold per tonne of rock) was found when drilling was done in locations that the Boyd Report indicated were "barren" granite (i.e. without any gold and was considered to be waste rock). Further work was done to refine the boundaries of where the "barren" granite is located, and this has modified the model as to the location of where the main ore bodies are believed to be located.

22. When updated grade control data and lithology data is used, the geology staff have estimated that the Mine has 30-45% more ore reserves than suggested in the Boyd Report. Grade control on a project is efficient and provides information required to plan and manage ongoing production and stripping operations. Grade control is used to ensure that ore is not missed as well as to manage the different quality of ore going into processing, and it is done to ensure that the processing plant has a good balance of high and lower grade ore (and is important that both high grade and low grade ore are processed at the same time as this is how the processing plant best operates and operates most efficiently).

23. One of the further issues was the that Boyd Report included an estimated stripping ratio of 7.8 tonnes/tonne which means that you need to mine 7.8 tonnes of rock to get 1 tonne of ore. As

DA

discussed further below, the current estimate of the stripping ratio is significantly lower and this has improved the expected economics of the Mine.

24. However, we discovered that the excavation costs used in the Boyd Report were 65% less than what we were told they would be by E. Hartikainen Oy ("**Hartikainen**"), and the cost estimates had to be revised to evaluate the economic viability of the mine.

### Mine Plan

25. In or about the beginning of December 2021, I learned that the Otso Mine did not have a long term mine plan, and it had been operating by using the charts provided in the Boyd Report and using short term (i.e. one to two week) plans, and the last of these short term plans was set to expire on December 17, 2021.

26. The lack of a long term mine plan also meant that there was no mine design which details, amongst other things detail the contours of the open pit and access roads as well as create a safe operating environment. The lack of a long term mine plan also meant that the technical and economic indicators of the project could not be calculated.

27. Shortly after I learned that there was no long term I established the following working group to develop a long term mine plan as an urgent priority.

Johanna Jaakkola	Senior Mine Planning Engineer
Jaakko Pihlaja	Contract Manager
Percy Scholtz	Mine Manager
Pasi Hietanen	Planning Engineer
Riccardo Aquè	Head of technical Services/Geology
Jörg Pohl	Resource Geologist
Max Forsman	Senior Mine Geologist
Riina Mäkelä	Environmental Executive
Pavel Ustenko	Mining Engineer
Pasi Karekivi	Mining Executive
Dan Andersson	CRO
Jouni Kankkunen	Mine Planning Engineer

28. Now shown to me and marked as **Exhibit "B"** is a copy of Otso Oy's two-year mining plan. I expect the long term mine plan to be completed tomorrow.

29. The attached mining plan anticipates that the Mine will process 11 million tonnes of ore from 85 million tonnes of rock (as opposed to 8 million tonnes of ore from 93 million tonnes of rock as forecasted in the Boyd Report). The Boyd report is a high level and they are much more accurate now. While the planning team hopes that the Mine can achieve 6.8% dilution, it has included an estimate of 10% as a conservative estimate in the attached mine plan.

DA



30. The attached mine plan has also updated the mining costs as the mining costs used in the Boyd Report so that the costs are more accurate.

31. Now that the attached mine plan has been completed this will be used to create a financial model and business plan, assuming there is funding for the Company to continue.

### **Processing & Production**

32. I understand from discussions with Pasi Karekivi that the Mine started processing ore in October 2021. I understand that these initial processing efforts were focussed only on the rich ore, and the lower grade ore (i.e. that ore with 0.4-0.5 grams of gold per tonne) was allowed to accumulate in the run of mine stock pile area (also known as the "ROM pad"). In or about mid-December, there were 128,000 tonnes of low quality ore on the ROM pad and processing of this low-grade ore started on or about January 4, 2022 (and it is expected that it will take 6 weeks to process with the first pour at the end of January 2022).

33. We have been struggling with uneven head grades and feed at the plant, and frequent emergency downtime and we have been working on regularizing this process by (i) normalizing the quality of ore being processed so that it is more efficient; and (ii) improving inventory or spare parts so as to minimize downtime in the mill.

### **Operations**

34. After reaching agreement with Westech on December 21, the Petitioners have continued to work with Westech and pay in accordance with their agreement.

35. The Petitioners continue to pay staff necessary to maintain the mines, and are incurring significant professional and consultant fees.

36. There is also significant work being done that amounts to correcting deferred maintenance issues, using the shutdown time to:

- (a) Emptying the concentrator's safety pond;
- (b) Continuing foundation construction work on the extension of the tailings pond;
- (c) Fixing the berms alongside the ramps in the pit, in order to prevent rock slides and stabilize the slopes; and
- (d) Conducting compulsory safety and security training programmes.

### **Discussions with Pandion**

37. We received (through counsel) a series of questions from Pandion on or about December 27, 2021 and December 29, 2021. I understand that we (through counsel) responded to these questions on or about December 29, 2021.

38. Following this discussion, and on or about January 4, 2022, we had a follow up discussion with Pandion and their counsel. They asked various questions about the mine plan (which I had only seen the first draft of that morning). We agreed to share an early draft with them (which we did on or about January 6, 2022).

JA

### Looking Forward

39. If the CCAA is allowed continue and if the Company has adequate financing, the following steps are anticipated:

- (a) By February 14 the Petitioners anticipate finalizing:
  - (i) Their business plan and long-term funding requirements, including life of mine cash flow projections;
  - (ii) Working capital requirements, including critical spare parts and capex plan;
  - (iii) Short-term financing requirements to return the mine to full operation;
- (b) In March:
  - (i) Obtaining financing to re-start the mine; and
- (c) March to April:
  - (i) Commence mine re-start preparations (including grade control drilling, advance stripping, reorganizing the ROM pad, build benches in the South Pit to stabilize the south wall); and
- (d) By May/June, fully re-starting production and mining in the South Pit and the North Pit a few months later.

40. Now that the long term mine plan has been completed, the Companies will be developing the long-term financial plan (assuming there is funding in place) including the working capital requirements for the mine. Once that is done, the Companies will be in a position to engage with the stakeholders and consider a restructuring plan.

41. I believe that the Petitioners were under-capitalized when the Mine started operating and that is reflected in the significant capital expenditure short-term payables on the Petitioners' initial cash flow statements, as the payments in respect of spare parts and capital expenditures that are essential to operate the mine, but were not previously provided for as the Petitioners simply did not have funds.

42. Both the capital expenditures and the spare parts referenced in the Petitioners' initial cash flow are critical expenditures:

- (a) The capital expenditure plan (or capex) refers to maintenance expenditures that the mine will need to incur. Those are not new capital expenses, but form much of the working capital required to sustainably operate a mine; and
- (b) The critical spare parts are essential to operate a mine. Spare parts must be purchased and available on site, as if they are not on site then in the event of a breakdown:
  - (i) The mine will suffer unnecessarily long delay; and

DA



- (ii) The mine will need to pay far more money to repair and replace the parts.

43. If the mine re-opens without full working capital, and without provision for critical capital expenditure, it jeopardizes its long-term economic viability as it will continually need to inject capital as issues arise, and will increase the likelihood of deferred maintenance problems arising.

44. Importantly, the Petitioners have the full support of Hartikainen, their mining contractor. Hartikainen is an unsecured creditor, and is the key contractor in the operation and maintenance of the mine. Attached hereto as **Exhibit "C"** is a copy of a letter sent by Vesa Vaaranta, Hartikainen's director of mining, to Dan Andersson of A&M on January 11, 2021.

#### **Petitioners' Documents and Servers**

45. Since Lionsbridge left the Companies in or about the end of November, the Petitioners have been trying to understand and locate all of their documents, records and files. In terms of electronic records, Otso Oy has an on premises server located at the Mine in Finland and Otso Oy has control of that server. However, the documents saved on this server are not well organized. Further I believe that many (if not most) of Otso Oy's documents are located elsewhere. I have had various discussions with Otso Oy's employees and workers and understand that many of them do not use the server at all but save documents locally on their laptops (or, in some instances, on a one drive account). The lack of centralized document system exacerbated the issue of locating the company's records.

46. Since the last court hearing, the Companies have also been in various discussions with Lionsbridge to transfer control of the Otso email accounts from a Microsoft 365 server controlled by Lionsbridge to be under the control of Otso. The Companies have hired Kroll, LLC to assist with this task. Lionsbridge has agreed to wholly transfer all of the accounts other than those belonging to Brian Wesson and Clyde Wesson. With respect to Brian Wesson's and Clyde Wesson's account, there have been some discussions as what documents should be excluded (such as privileged communications) before control is transferred from Kroll to the Companies.

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

SWORN BEFORE ME at Vancouver,  
British Columbia, and Oulu Finland on  
January 11, 2022

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

  
\_\_\_\_\_  
**DAN ANDERSSON**

DA



This is Exhibit "A" to the Affidavit #1 Dan  
Andersson of sworn January 11, 2022  
before me at the City of Vancouver and Oulu  
Finland.

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

DN

## Urgent Spares for Process

	cost €		Priority (0,1,2,3)	Comment
<b>Insurance Spares</b>				
AG Main Shoe Bearings (Polymer)	€ 226,000	Metso		
Gearbox for mills	€ 139,000			
Motor for mills	€ 150,000			
Pinion shaft for mills	€ 50,000			
Pinion bearings	€ 12,000			
Banana screen gear box complete	€ 40,000			
C160 Motor	€ 25,000			
Tailings Thickener Planetary gear	€ 100,000			
Warehouse Completion	€ 150,000			
	€ 892,000			
<b>Operating Spares</b>				
Tega trommel liners parts, on site	€ 19,923			
Trommel screen refurbishment	€ 15,000	KFM service		
Deep Pacific Mill art liners	€ 205,308			
Pebble Mill Linings Complete (license AG parts)	€ 242,750	Tega		
AG Mill Linings	€ 1,222,650	Tega		
Cyclone Spares	€ 30,000	Multotec		
SEW Eurodrive LG CL gearbox maintenance	€ 13,373			
Spare Conveyor Belting CV1 1200mm steel breaker (280m)	€ 32,373	Contitech		
Spare Conveyor Belting CV2 850mm (180m)	€ 8,213	Contitech		
<b>Knelson Spare parts</b>				
Atlas Copco compressors	€ 171,437	FLSmith		
Automatic on/off valve for SO2	€ 35,860			
Metso XR300 pump spares	€ 5,000	Endress hauser		
CL Tank Agitator Shaft and blades (LG)	€ 150,000			
LG Detox Gearbox	€ 150,000			
Personal Gas Detectors	€ 90,000			
Screen Panels	€ 3,000			
Total P Zero	€ 10,000	Metso		
	€ 2,581,659			
<b>Priority P 1</b>				
SEW Eurodrive, LG CL gearbox maintenance rev 2	€ 6,000			
Pebble conveyors rollers and drums	€ 3,000	Contitech		
HP200 Spares	€ 5,000	Metso		
HP 100 Spares	€ 4,000	Metso		
C160 feeder liner set	€ 20,000			
C160 feeder vibrators 4pcs	€ 25,000			
PH probes	€ 6,000			
Safety lights	€ 7,000			
Laptop for Valmet DNA (Tukes)	€ 1,500			
HCL Tank level sensor andm magnetic valves	€ 4,000			
P8 feed spout Liners	€ 10,000			
P8 feed spout refurbment	€ 5,000			
AG mill feed spout liners	€ 10,000			

PL

Packings for pumps	€ 6,000	PO 1739	on order	0 Not for Pasta pumps
Pipe curves for COMO	€ 1,500			1
Magnetic level transmitter	€ 3,734	Kontram	On Order for SO2 system	
Valmet system renewal	€ 122,442		Ongoing..Status?	2
Orbinox DN300 valve	€ 2,000	Orbinox		3
<b>Total P1</b>	<b>€ 242,176</b>			
Nice to have				
Flow meter for oxygen	€ 12,000			2
Thickener Software upgrade	€ 195,500	Metsu	Improve flocculant addition	4 Replace siemens system with metso
IR Pinion temperature monitoring kit	€ 79,000	Metsu	waiting delivery	Paid
Thickener programme METSO	€ 3,000	Metsu	Basic software,	2
Toilet for process building	€ 17,000			2
<b>Total Nice to Have</b>	<b>€ 306,500</b>			
<b>Total</b>	<b>€ 3,130,335</b>			

### Electrical Urgent Spares

#### Urgent spares

			Priority
Motors for HG tank	€ 463	Tammotor	1
Motors for LG tanks	€ 875	Tammotor	1
PH meter, flow meter	€ 9,062	Endress Hauser	1
Instruments for the PH meter	€ 6,043	Endress Hauser	1
			1
Frequency meters	€ 21,225	Haaga Engineering	1
Plug Valve	€ 1,156	Kontram	1 SO2
			1
			1
Cable for the mine and others	€ 17,500		1
Cabel Jamak 2x 500m	€ 1,300		1
Cabel Jamak 4x 500m	€ 1,500		1
Cabel Nomak 4x 500m	€ 800		1
UPS accu for crusher	€ 1,000		1
Emergency lights	€ 489		1
Heatcamera	€ 1,500		1
Tools	€ 1,000		1
<b>Total</b>	<b>€ 98,974</b>		

VFD for Ag and PM

DA

## Major spare- and wear parts cost (Plant)

	Estimated cost vat 0% (EUR)	Estimated life time	Parts in stock	Qty
<b>Primary crusher C160</b>				
Fixed jaw	17,000.00	12 weeks	No	0
Movable jaw	15,000.00	12 weeks	No	0
Cheek plates	3500	4 week	Yes	4
Electrical motor	25000		No	
<b>Rock breaker</b>				
Spares for hydraulic unit	1000		No	
Hydraulic hammer	25500		No	
Hammer tool	1000		No	
<b>Grizzly feeder VF866</b>				
liners	20000	2 year	No	
MV3 vibration unit	12000	2 year	No	
Motor	8000		No	
<b>Crushed ore feeder</b>				
liners	10000	2 year	No	
vibration motors	5000	1 year	No	
<b>Conveyors</b>				
1400mm conveyor belt	15000	2 year	No	
1200mm conveyor belt	60000	2 year	No	
650mm conveyor belt	8000	2 year	No	

PA

Rollers and scrapers	10000 3 month	Yes	for all conveyors	
Pulleys (tail pulleys, drive pulleys)	50000 1 year	No		
Drive gears for crusher conveyor	60000	Yes		1
Drive gears for Ag-mill feed conveyor	35000	Yes		1
Drive gear for pebble conveyors	8000	Yes		1
<b>Stockpile</b>				
liners for feeders	5000 2 year	Yes	2 set	
Vibration motor for feeders	5000 1 year	Yes	2	
Drive gear for feeder 5	10000	No		
<b>Pebble crushers HP 100 and HP 200</b>				
<b>HP 100</b>				
Mantle	1000 3 week	Yes	1	
Bowl liner	1000 3 week	Yes	1	
Motor	10000	No		
<b>HP200</b>				
Mantle	2000 3 week	Yes	1	
Bowl liner	2000 3 week	Yes	1	
Motor		No		
<b>Rock screen CVB1845</b>				
Screen panels	17500 3 month	No		
MV2	8000 2 year	No		
Motor	5000	No		
<b>AG-mill</b>				
Feed chute liners	10000 8 week	Yes	one set	
Trommel	80000 6 month	Yes	1	
AG mill FEH	100000 10 month	Yes	one set	
AG mill shell+Pulpifiers	650000 16 month	Yes	one set	

DA

Pebble ports AG+ lifters				
VFD spares	100000	10 month	Yes	one set
Hydraulic units parts	20000		No	
	10000	6 month	No	
<b>Pebble mill</b>				
Pebble Ports PB+DEH	33000	4 month	Yes	one set
Pebble mill shell	209000	12 month	Yes	one set
Pebble mill FEH	35000	6 month	Yes	one set
Feed chute	6000	6 month	No	
VFD spares	20000		No	
Hydraulic units parts	10000	6 month	No	
<b>Mill discharge pumps</b>				
Liners and impeller	30000	3 month	No	
<b>Mill discharge screen</b>				
spare gears	30000		No	
screen panels (both deck sets)	30000	6 month	No	
<b>Flotation unit</b>				
Motor	10000	2 year	Yes	
Bearing unit	15000		No	
Hose valve with actuator	5000		No	
<b>Knelson</b>				
motor	10000		Yes	
pinc valve set	10000	6 month	No	
Bearings	5000	2 years	No	
Drive belt	2000		No	
<b>CIL tanks</b>				

DN



LG agitators	500000 3 year	No	
HG agitators	300000 3 year	No	
Spare gear for LG CIL	30000	No	
<b>Tailings pumping</b>			
pumps liners and impellers	30000 3 month	No	
Spare hoses for valves	5000 6 month	No	
<b>Paste plant</b>			
Liner set for underflow pumps	10000 3 year	Yes	one set
Motor	7000	No	
<b>Others</b>			
Trellex hoses (65-500mm)	20000	Yes	
Knife gate valves(DN65-DN350)	20000	Yes	
<b>Chemicals</b>			
Chemicals dozing and transfer pumps	30000	No	

DA

This is Exhibit "B" to the Affidavit #1 of Dan Andersson sworn January 11, 2022 before me at the City of Vancouver and Oulu Finland.

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

*PK*

JK-Kaivosuunnittelu Oy  
Jouni Kankkunen  
04/01/2022

Laiva Mining schedule	Period	Year 1		Year 1		Year 1		Year 1		Year 1 Total		Year 2		Year 3		Year 4		Year 5		Year 6		Total
		2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2023	2023	2024	2024	2025	2025	2026	2026	2027	2027	
HG Ore (Au_dil > 1.2)	t	107,202	97,185	82,840	107,993	395,219	355,545	132,336														
Ore loss (5 % to waste rock)	t	5,642	5,115	4,360	5,684	20,801	18,713	6,965														
Au_dil	g/t	2.21	2.48	2.18	2.28	2.29	2.15	2.23														
As	ppm	300	160	521	357	328	461	632														
MG Ore (0.6 < Au_dil < 1.2)		165,636	154,841	153,547	147,153	621,176	587,091	188,893														
Ore loss (5 % to waste rock)	g/t	8,718	8,150	8,081	7,745	32,693	30,300	9,942														
Au_dil	g/t	0.83	0.83	0.83	0.82	0.83	0.83	0.84														
As	ppm	206	137	292	271	226	305	550														
LG Ore (0.3 < Au_dil < 0.6)		208,448	213,657	252,685	214,649	889,439	958,690	236,652														
Ore loss (5 % to waste rock)	g/t	10,971	11,245	13,299	11,297	46,813	50,457	12,455														
Au_dil	g/t	0.43	0.43	0.42	0.43	0.43	0.43	0.43														
As	ppm	163	115	199	238	180	261	498														
Total Ore	t	457,221	442,398	464,618	446,305	1,810,542	1,806,259	529,987														
Target	t	450,000	450,000	450,000	450,000	1,800,000	1,800,000	1,800,000														
Difference		7,221	7,602	14,618	3,695	10,542	6,259	1,270,013														
Waste rock	t	3,789,242	4,051,014	4,387,478	4,038,336	16,266,069	15,495,047	7,257,526														
Target	t	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000	10,000,000	10,000,000														
Difference		1,289,242	1,551,014	1,887,478	1,538,336	6,266,069	5,495,047	2,742,474														
As		49	30	87	55	63	73	73														
Total waste rock	t	3,814,573	4,075,523	4,413,219	4,063,062	16,366,376	15,595,117	7,286,888														
Total Ore		457,221	442,398	464,618	446,305	1,810,542	1,806,259	529,987														
Au_dil	g/t	1.01	1.04	0.89	1.03	0.99	0.92	1.05														
Target	g/t	1.20	1.20	1.20	1.20	1.20	1.20	1.20														
Au	kg	408	406	364	404	1583	1464	489														
Au Target	kg	475	475	475	475	1901	1901	1901														
Au difference	kg	-67	-69	-111	-71	-318	-437	-1412														
As	ppm																					

DA

Waste rock/Ore	8.3	9.2	9.5	9.1	9.0	8.6	13.7
ore	t/month	t/month	t/month	t/month	t/month	t/month	t/month
waste rock	152,407	147,466	154,873	148,768	150,879	150,522	176,662
	1,271,524	1,358,508	1,471,073	1,354,354	1,363,865	1,299,593	2,428,963
Total mining	4,271,794	4,517,921	4,877,837	4,509,366	18,176,919	17,401,376	7,816,876

DA

This is Exhibit "C" to the Affidavit #1 of  
Dan Andersson sworn January 11, 2022  
before me at the City of Vancouver and Oulu  
Finland.

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

DA



To whom it may concern,

**E. Hartikainen Oy's status report and declaration of intent to co-operate and support for the restart of Otso Gold Oy's Laivakangas mine.**

On behalf of E. Hartikainen Oy, I would like to confirm in writing our interest to support the restart of Otso Gold Oy's mining operations by all ways and means we have available.

Standby equipment at the Laivakangas mine is today in total 40 mining equipment and 70 operators and the Contractor is ready for full restart of the mining operations within app. 2 weeks' time.

E. Hartikainen Oy's understanding of not meeting the Otso Gold Oy's financial targets in reopening of the Laivakangas operations were due to not having sufficient long term mine plan. Therefore, the preparatory work was incomplete, mining methods were not productive and the restart of the concentrator too early.

In this context, we confirm the agreed short-term actions by E. Hartikainen Oy in connection with the restart of mining operations as follows:

- E. Hartikainen Oy will support the planning process at Laivakangas to ensure better conditions for restart-up and profitability of the mining operations
- E. Hartikainen Oy has succeeded in recruiting a highly experienced mine planning professional to act as support for Otso Gold Oy's mine planning organization and to act as an external expert link between Otso Gold Oy's mine planning team and E. Hartikainen Oy
- E. Hartikainen Oy has preserved and maintained the mining equipment at Laivakangas for a quick restart of operations
- E. Hartikainen Oy has started the emptying contract of the concentrator's safety pond on December 29, 2021, which will further facilitate the restart of the concentrator
- E. Hartikainen Oy has continued the foundation construction work of the extension of the tailings pond as of January 3, 2022, in order to secure the disposal of the concentration sand from the concentration process in an environmentally safe manner.

Best regards,



**Vesa Vaaranta**  
Director, Mining & Construction

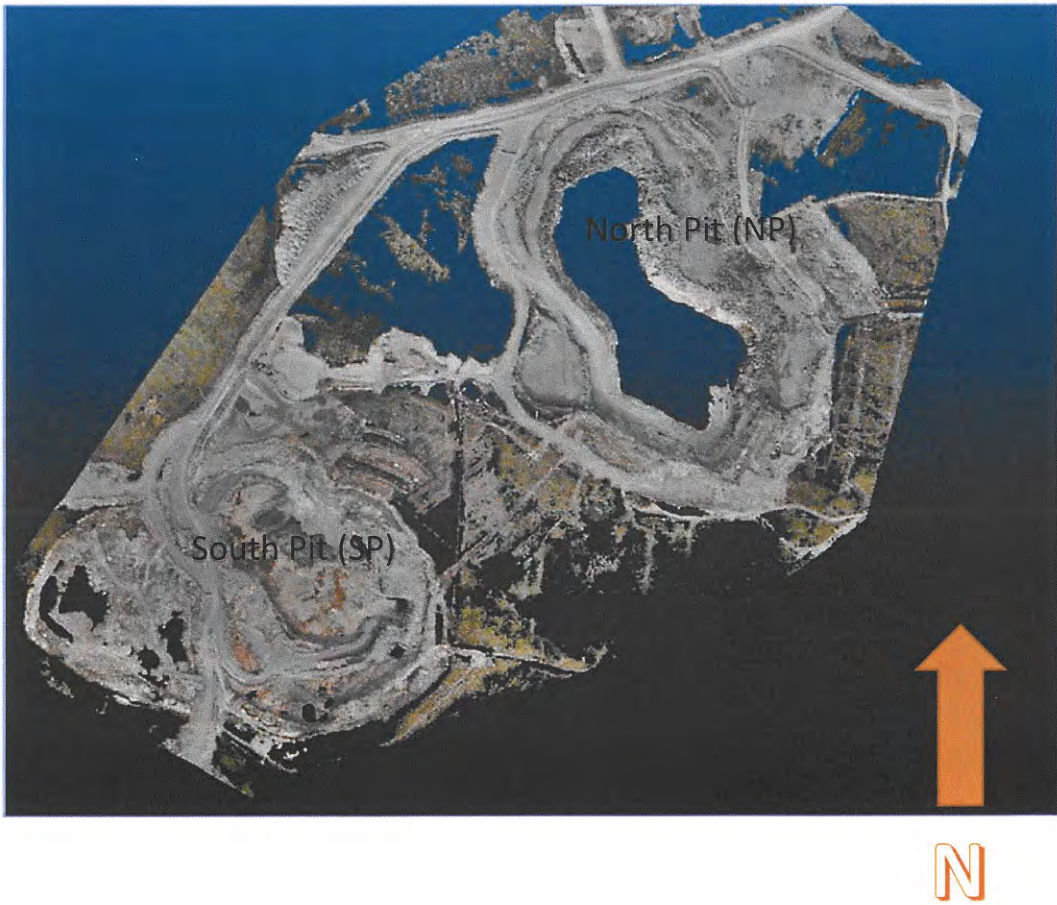
E. Hartikainen Oy



This is Exhibit "D" to the Affidavit #1 of Dan Andersson sworn January 11, 2022 before me at the City of Vancouver and Oulu Finland.

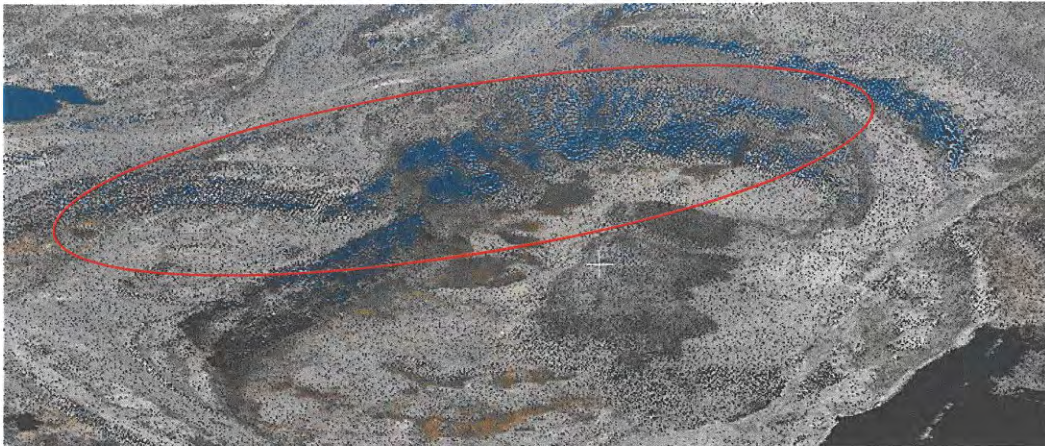
\_\_\_\_\_  
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Province of British Columbia

PA



DA





South Pit North West and West high walls.



SP North West wall photo 1.

- 1) Red, Overhang area
- 2) Orange, absence of proper catch bench

Overall highwall height is more than 30m and should be cut back and pre-split blasting followed by scaling the wall to allow for a safe bench and safe work areas beneath.

DA



SP North wall photo

- 1) Seen on previous photo (SP North West wall photo 1)
- 2) Red line overmined so no catch bench available. Above red line is loose rock as the ramp was mined out and had to be tipped in.

DA





North wall SP

- 1) Blue ring is constant water inflow into pit we should have a Hydrological study done to minimize the water influx for production purposes and highwall stability as water weakens and erode walls making them more unstable and unsafe.
- 2) Blue arrows need to be pushed back to ensure proper catch berm at the red arrows.



South Pit (SP) East wall.

DA





- 1) SP East wall, red arrow is a pre-split barrel, its best practice in mining if done correctly and cleaned/ scaled.
- 2) Green arrows are areas that needs cleaning/ scaling.
- 3) Black arrow shows cleaning on crest that needs to take place.

PA



Green arrow is scaling that needs to happen and blue arrow is pushback to establish a catch bench (catchment berm)

DA

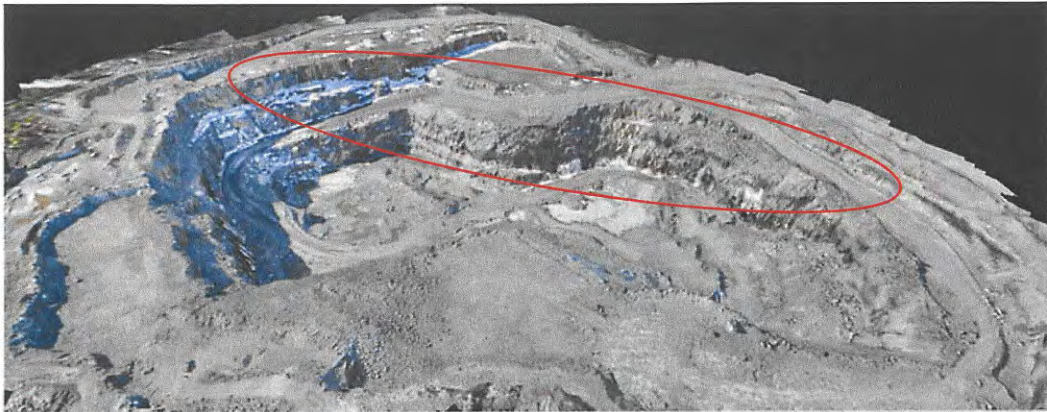




Black arrows crest needs cleaning and green arrows again scaling to have clean wall.

DA





North Pit West wall (NP)



No Catchment berms/ bench and cleaning needs to take place.

DA





NP East wall.



NP South part catchment berms/ bench not in place.

DA





NP East catchment berms and loose material in top crest needs to be taken out.



PA



NP East wall Presplit barrel visible but wall needs cleaning and scaling.



NP East wall clear to see cleaning and pushback that must take place to get benches in place

DA





NP East wall red arrows needed cleaning, green arrows are cracks in ground formation, Geotechnical engineer needs to be consulted to get best possible wall safety instructions.

PA



Red arrow is visible slip and green where more intrusions are that may jeopardise rock wall stability that is more reason for getting Geotechnical engineer's assessment.

Das





More severe cracks in ground formation.

DA

## Certificate of Commissioner

I, Tim Louman-Gardiner, 2500-700 West Georgia Street, Vancouver, BC, Barrister & Solicitor, certify that on December 13, 2021 I commissioned the Affidavit #1 of Dan Andersson pursuant to the process set out in the British Columbia Supreme Court's *Notice to the Profession, the Public and the Media re: Affidavits for use in Court Proceedings*, dated March 27, 2020, and that I am satisfied that it was necessary to use this process as it was impossible or unsafe, for medical reasons, for myself and the deponent to be physically present together.



Tim Louman-Gardiner

Signed: January 11, 2022