This is the 1st Affidavit of
Hayley Roberts in this case and
was made on February 10, 2024

No. S245121
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ELEVATION GOLD MINING CORPORATION, ECLIPSE GOLD MINING CORPORATION, GOLDEN VERTEX CORP. and GOLDEN VERTEX (IDAHO) CORP.

PETITIONERS

AFFIDAVIT

I, Hayley Roberts, of the city of Vancouver, in the Province of British Columbia, AFFIRM THAT:

1. I am a legal assistant at Cassels Brock & Blackwell LLP and as such have personal knowledge of the facts and matters deposed to in this affidavit, except where they are stated to be on information and belief, and where so stated those matters I believe to be true.

2. Attached hereto and marked as exhibits are true copies of the following documents filed in the proceeding in United States Bankruptcy Court for the District of Arizona, Case No. 2:24-ap-00253-EPB (Docket 1).

   (a) **Exhibit "A"**: Motion to Determine the Nature of Nomad Royalty Company Limited's Interest, filed October 14, 2024

(b) **Exhibit "B"**: Motion to Determine the Nature of Patriot Gold Corp's Royalty Interest, filed October 14, 2024

(c) **Exhibit "C"**: Supplement to the Monitor's Motion for Recognition and Enforcement of the Canadian Sale and Distribution Order, filed December 20, 2024

(d) **Exhibit "D":** Notice of Filing Oral Reasons for Judgment of the Canadian Court, filed December 21, 2024

(e) **Exhibit "E":** Notice of Filing Certified Transcript of The Proceedings in Supreme Court of British Columbia Action No. S245121, Vancouver Registry on December 17, 2024, filed December 21, 2024

(f) **Exhibit "F":** Objection of Nomad Royalty Company Ltd. to Monitor's Motion for Post-Recognition Relief, file December 23, 2024

(g) **Exhibit "G":** Patriot Gold's Objection to Motion for Recognition and Approval of Canadian Reverse Vesting Order, filed December 23, 2024

(h) **Exhibit "H":** Transcript of December 23, 2024 Hearing

(i) **Exhibit "I":** Minute Entry of December 23, 2024 Hearing

(j) **Exhibit "J":** Transcript of December 27, 2024 Hearing

(k) **Exhibit "K":** Minute/Order Entry dated December 30, 2024

AFFIRMED BEFORE ME at the City of Vancouver in the Province of British Columbia this 10th day of February, 2025)

A Commissioner for taking affidavits for British Columbia

VICKI TICKLE
Barrister & Solicitor
Cassels Brock and Blackwell LLP
#2200 - 885 West Georgia Street
Vancouver, B.C. V6C 3E8
Phone: (778) 309-7954

HAYLEY ROBERTS

This is Exhibit "A" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10th, 2025.

Commissioner for Taking Affidavits for British Columbia

Fennemore Craig, P.C.
Anthony W. Austin (No. 025351)
Tyler D. Carlton (No. 035275)
Stacy Porche (No. 037193)
2394 E. Camelback Road, Suite 600
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Attorneys for Debtor Golden Vertex Corp.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: ELEVATION GOLD MINING CORPORATION, Debtor in a Foreign Proceeding.	Chapter: 15 Jointly Administered Case No. 2:24-bk-06359-EPB
In re: Golden Vertex Corp., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06364-DPC
In re: Golden Vertex (Idaho) Corp., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06367-BKM
In re: Eclipse Gold Mining Corporation, Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06368-MCW
In re: Alcmene Mining Inc., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06370-EPB
In re: Hercules Gold USA LLC, Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06371-DPC

MOTION TO DETERMINE THE NATURE OF NOMAD ROYALTY COMPANY LIMITED'S INTEREST

Elevation Gold Mining Corporation ("Elevation") and its direct and indirect subsidiaries, which include Eclipse Gold Mining Corporation ("Eclipse"), and Golden Vertex Corp. ("GVC") (collectively, the "Group"), submits this Motion to Determine the Nature of Nomad's Interest. The Group hereby respectfully requests entry of an order pursuant to 11 U.S.C. §§ 105(a), 1521, and 1501(a)(3) determining that the nature of the royalty interest held by Creditor Nomad Royalty Company Limited ("Nomad") is a personal property interest and not an interest in any real property held by GVC.

This Motion is supported by the following Memorandum of Points and Authorities, the papers and pleading on file herein, and any other record on file with the clerk of the above captioned court concerning this matter, as well as the main proceeding in the Canadian Court.

MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION AND VENUE

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157, 1334, § 1501 and General Order 01-15 of the United States District Court for this District. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper in this District pursuant to 28 U.S.C. § 1410.

II. BACKGROUND

A. Relevant Facts

The Group obtained protection from their creditors in proceedings (the "Canadian Proceeding") commenced under Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the "CCAA"), pending before the Supreme Court of British Columbia (the "Canadian Court") as Action No. S245121. Subsequently, this instant Chapter 15 case was commenced ancillary to the Canadian Proceeding. Additionally, this Court entered the order setting forth that (i) the Canadian Proceeding is recognized as a "foreign main proceeding" under 11 U.S.C. § 1517; and (ii) giving full force and effect in

the United States to the Initial Order of the Canadian Court made by Justice Fitzpatrick dated August 1, 2024 and the Amended and Restated Initial Order dated August 12, 2024 [DE 49].

GVC owns the Moss Mine in Mohave County, Arizona, which is comprised of certain patented (fee owned) and unpatented mining claims and state land mineral exploration permits. Portions of the Moss Mine are burdened with certain payment obligations pursuant to agreements with various parties including: (1) the Patriot Royalty Agreement; (2) the Nomad Royalty Agreement; (3) the Greenwood Royalty; and (4) a Finder's Fee arrangement. This Motion pertains to the Nomad Royalty Agreement; the remaining agreements will be dealt with in separate motions, to be filed

A hearing has been set before Justice Fitzpatrick in the Canadian Court for consideration of a motion to approve a sale of the Group's assets, including the assets comprising the Moss Mine, which is scheduled to be heard on November 22, 2024 at 2:00pm. This Application has been set prospectively. The hearing will be confirmed subject to the receipt and selection of an offer for the sale of or investment in the Group's assets or business pursuant to the Sale and Investment Solicitation Process authorized by the Canadian Court on August 12, 2024.

Contemporaneously with this Motion, the Group has submitted a motion to expedite setting a briefing and hearing schedule to determine the nature of the interests pursuant to these agreements related to the Moss Mine. In that motion, GVC requests that this Court set a briefing and hearing schedule subject to this Motion as soon as practicable before November 22, 2024.

B. <u>Nomad's Royalty Interest</u>

In March 2004, Patriot Gold Corp., a Nevada corporation (not registered to conduct business in Arizona) whose shares are listed under the symbol PGOL on the Canadian Securities Exchange and the Over-The-Counter market entered into a letter agreement with MinQuest, Inc., a Nevada corporation ("MinQuest"), attached hereto as **Exhibit A** (the

"Letter Agreement"). The Letter Agreement relates to certain patented and unpatented lode claims and specified areas of interest at the Moss Mine (hereafter the "Property").

GVC is the successor in interest to Patriot Gold's rights and obligations under the Letter Agreement pursuant to an Assignment and Assumption Agreement (Fee #2016023502 in the Official Records of Mohave County).

Nomad is the purported present assignee of MinQuest Inc.'s rights and obligations. By an Assignment and Assumption, Deed and Bill of Sale dated July 25, 2017 (Fee #2017037296 in the Official Records of Mohave County), MinQuest assigned its interest to Great Basin Resources Inc. ("GBRI"), a Nevada corporation. GBRI subsequently transferred its interest to Great Basin Royalty LLC ("GBRL"), a Nevada limited liability company (Fee #2018011038 in the Official Records of Mohave County). GBRL then transferred its interest to Valkyrie Royalty, Inc., a British Columbia corporation, by the Assignment and Assumption dated July 31, 2019 (Fee #2020043633 in the Official Records of Mohave County). Purportedly, upon the amalgamation of Valkyrie into Nomad, Nomad became the present party in interest. GVC has no evidence of said amalgamation but is relying on Nomad's assertions.

Pursuant to the Letter Agreement, Nomad purportedly holds a production royalty ranging from 0.5% to 3.0% of the Net Smelter Return ("NSR") on certain undefined net smelter returns. Nomad's interest is only a "production royalty" under the Letter Agreement—not an interest in real estate. An interest in a royalty based on production is not an interest in the minerals in place. They are separate and distinct interests.

III. LAW AND ARGUMENT

A. This Court has authority to adjudicate the nature of Nomad's purported interest under the Letter Agreement.

The Bankruptcy Code has set forth that "the purpose of this chapter is to incorporate the Model Law on Cross-Border Insolvency so as to provide effective mechanisms for dealing with cases of cross-border insolvency with the objectives of [. . .] fair and efficient administration of cross-border insolvencies that protects the interests of all creditors, and

other interested entities, including the debtor." 11 U.S.C.A. § 1501(a)(3). Pursuant to 11 U.S.C. § 105(a), "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Section 105(a) has been interpreted as granting bankruptcy courts "broad authority" and discretion to enforce the provisions of the Bankruptcy Code. *Marrama v. Citizens Bank of Mass.*, 549 U.S. 365, 375 (2007). Additionally, "[u]pon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of this chapter and to protect the assets of the debtor or the interests of the creditors, the court may, at the request of the foreign representative, grant any appropriate relief." 11 U.S.C. § 1521(a).

B. <u>The Letter Agreement does not create a real property interest in favor of Nomad.</u>

Nomad's interest arising under the Letter Agreement is not a real property interest. In fact, the Letter Agreement was intended to be a placeholder agreement until such time as MinQuest and Patriot Gold entered into a formal and comprehensive agreement (which agreement was supposed to take the form of a Mining Lease/Purchase Agreement), which agreement was never negotiated or documented. **Ex. A.** Further, the Letter Agreement is term limited and extended for a period of 20 years with automatic extensions so long as Patriot Gold held all or portions of the "Property." In short, the interests under the Letter Agreement do not run with the land.

The Letter Agreement provides for "Production Royalties" based on undefined "NSR" or net smelter return on production derived (the "Property" as specifically defined therein). Nothing in the Letter Agreement evinces any intent to convey a real property interest.

The right to an accrued royalty (i.e., a share of the proceeds from the sale of the minerals produced) is a personal property interest, and the right to unaccrued royalties (minerals in the ground) can only "be an interest in real property when the parties so intend." *See Paloma Inv. Ltd. P'ship v. Jenkins*, 978 P.2d 110, 115 (Ariz. Ct. App. 1998); *see also Cheapside Minerals, Ltd. v. Devon Energy Prod. Co., L.P.*, 94 F.4th 492, 498 (5th

Cir. 2024) ("[A]ccrued royalty interests are personal property, . . . as is the right to payment for severed minerals." (citation omitted)). "'Where the intent of the parties is expressed in clear and unambiguous language, there is no need or room for construction or interpretation and a court may not resort thereto." *Grosvenor Holdings, L.C. v. Figueroa*, 218 P.3d 1045, 1050 (Ariz. Ct. App. 2009) (citation omitted); *N. Ariz. Gas Serv., Inc. v. Petrolane Transp., Inc.*, 702 P.2d 696, 701 (Ariz. Ct. App. 1984) (applying contract law to dispute related to royalty). "A general principle of contract law is that when parties bind themselves by a lawful contract, the terms of which are clear and unambiguous, a court must give effect to the contract as written." *Grosvenor*, 218 P.3d at 1050 (citation omitted).

Here, the Letter Agreement's plain language reveals that it creates no real property interest. The Letter Agreement is an accrued royalty based solely on production, which is only a personal property interest. Even if the Letter Agreement could be read as an unaccrued royalty, there is no language to support that the parties intended to create a real property interest. Thus, Nomad does not hold a real property interest in the Property under the Letter Agreement.

1. The Letter Agreement is an accrued royalty that creates only a personal property interest.

The parties unambiguously agreed to "production royalties," **Ex. A**, i.e., an interest in severed minerals that constitute personal property interests in the form of accrued royalties. A right to payment that "arises only after severance of the product from the realty" is an accrued royalty. *Hardy v. Greathouse*, 94 N.E.2d 134, 138 (Ill. 1950). Indeed, "once minerals have been severed from the reservoir or strata wherein they were originally contained, such minerals, including royalties thereon, become personalty." *Sabine Prod. Co. v. Frost Nat. Bank of San Antonio*, 596 S.W.2d 271, 276 (Tex. Civ. App. 1980); *accord Finstrom v. First State Bank of Buxton*, 525 N.W.2d 675, 677 (N.D. 1994) ("Upon severance of the gravel, the royalty interest accrues and becomes a personal property interest."). The Letter Agreement's language is clear that the right to payment arises from "production," which necessarily occurs after severance of the minerals from the Property.

Given this plain language, "there is no need or room for construction or interpretation and a court may not resort thereto." *Grosvenor*, 218 P.3d at 1050 (citation omitted). Nomad's interest under the Letter Agreement is an accrued royalty—a personal property right.

2. Even if the Letter Agreement is an unaccrued royalty, the parties did not intend for the Letter Agreement to convey a real property interest, so Nomad has no real property interest.

An unaccrued royalty can only "be an interest in real property when the parties so intend." *See Paloma Inv.*, 978 P.2d at 115. Here, the Letter Agreement's plain language reveals that the parties did not intend for it to convey a real property interest.

First, as discussed, the Letter Agreement unambiguously creates only an interest in the right to payment from "production" of the minerals, not an interest in the minerals themselves. In *Paloma Investment*, the royalty interest was related to a conveyance of water rights, which are necessarily "interests in real property." 978 P.2d at 115. Thus, the royalty on those rights was a real property interest. *Id.* In contrast, here, the Letter Agreement's plain language only creates a right to payment from "***production***" of the minerals, not an interest in the land itself. **Ex. A** (emphasis added).

Second, the Letter Agreement contains no express language that it runs with the land or, for that matter, is even binding on successors and assigns. The Letter Agreement is freely assignable, but only to the extent assignees "accept[] the terms and conditions of the Lease in writing." Exhibit A. An interest cannot run with the land where enforcement of that interest depends on approval by the non-enforcing party. *Choisser v. Eyman*, 529 P.2d 741, 744 (Ariz. Ct. App. 1974). For example, in *Choisser*, the court determined that an interest in refund payments related to water rights did not run with the land where the right "had to be approved" before it could be transferred. *Id.* The requirement to get approval "negate[d] any intention that the refund rights would run with the land." *Id.* Here too, that an assignee of the Letter Agreement must "accept[] terms and conditions of the Lease in writing" shows that the parties did not intend for any payments to run with the land as a real property interest.

Third, and related, the Letter Agreement has a defined term of 20 years that only extends so long as "Patriot Gold holds all or portions of the 'Property.'" **Ex. A.** This type of "personal right . . . cannot, by definition, be a covenant running with the land." *Choisser*, 529 P.2d at 743. Indeed, that the Letter Agreement is, at most, only enforceable against (1) Patriot Gold or (2) its assignees that accept the terms and conditions of the Letter Agreement (as discussed) indisputably reveals that the Letter Agreement did not create any interest that runs with the land or that is otherwise a real property interest.

Fourth, the Letter Agreement contains no other hallmarks of an interest in minerals. There is no obligation for GVC to pay the annual maintenance fees for the unpatented claims that comprise the Property to report to anyone in any form or fashion or to notice anyone of any material events, including a sale, relating to the Property. There are no covenants of production, no indemnity provisions of any type or kind (at a minimum a mineral interest owner would seek an environmental indemnity), and no security provisions. All of these facts—evident by a plain reading of the Letter Agreement—confirm no interest in land was conveyed or intended to be.

The Letter Agreement creates no real property interest. Nomad has no real property interest in the Property.

IV. CONCLUSION

Therefore, pursuant to 11 U.S.C. §§ 105(a), 1521, and 1501(a)(3) the Court should enter an order determining that the nature of Nomad's Royalty Interest is not an interest in real property.

DATED this 14th day of October, 2024

FENNEMORE CRAIG, P.C.

By: */s/ Stacy Porche*
Anthony W. Austin
Tyler D. Carlton
Stacy Porche
Attorneys for Debtor
Golden Vertex Corp.

The foregoing was electronically filed this 14th day

of October, 2024 via the Court's CM/ECF filing system for filing and transmittal of a Notice of Electronic Filing, receipt of which constitutes service under L.R. Bankr. P. 9076-1(a), to the CM/ECF registrants.

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/s/ Gidget Kelsey

EXHIBIT A

5

FEE# 2012001400

OFFICIAL RECORDS
OF MOHAVE COUNTY
CAROL MEIER,
COUNTY RECORDER

01/11/2012 12:20 PM Fee: $10.00

PAGE: 1 of 5

Recorded at the request of
and when recorded return to:
Hartmut W. Baitis
2705 Lorraine Drive
Missoula, Montana 59803

The undersigned affirm that this instrument does
not contain the personal information of any person.

Memorandum of Agreement

This Memorandum of Agreement ("Memorandum") is made and entered into by and between by and among Northern Vertex Capital Inc., a British Columbia corporation ("NVC"), Golden Vertex Corp., and Arizona corporation ("GVC"), and Hartmut W. Baitis, Robert B. Hawkins and Larry L. Lackey ("BHL"). Notice is given that GVC, NVC and BHL have entered into a Finder's Fee Agreement (the "Agreement") in respect of the Exploration and Option to Enter Joint Venture Agreement effective February 28, 2011, between Patriot Gold Corp. and Idaho State Gold Company regarding certain rights in the patented and unpatented mining claims situated in Mohave County, Arizona, described in Exhibit A attached to and by this reference incorporated in this Memorandum.

The addresses of the parties for purposes of the Agreement and this Memorandum are:

NVC: Northern Vertex Capital Inc.
Golden Vertex Corp.
Suite 920 – 1055 W. Hasting Street
Vancouver, British Columbia, Canada V6E 2E9

BHL: c/o Hartmut W. Baitis
2705 Lorraine Drive
Missoula, Montana 59803

Northern Vertex Capital Inc.

By_____
Ken Berry, President

Golden Vertex Corp.

By_____
Ken Berry, President

1

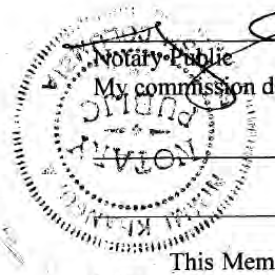
Hartmuth W. Baitis

Robert B. Hawkins

Larry L. Lackey

)
) ss.
)

This Memorandum was acknowledged before me on March 11th, 2011, by Ken Berry as President of Northern Vertex Capital Inc. and Golden Vertex Corp.



Notary Public
My commission does not expire

NIMMI KHANGURA
AXIUM LAW CORPORATION
Barrister and Solicitor
Suite 3350, Four Bentall Centre
1055 Dunsmuir Street, PO Box 49222
Vancouver, BC V7X 1L2
Phone: 604-685-6100 Fax: 604-692-4900

)
) ss.
)

This Memorandum was acknowledged before me on March ___, 2011, by Hartmuth W. Baitis.

Notary Public

)
) ss.
)

This Memorandum was acknowledged before me on March ___, 2011, by Robert B. Hawkins.

Notary Public

)
) ss.
)

This Memorandum was acknowledged before me on March ___, 2011, by Larry L. Lackey.

Notary Public

_____)
ss.
_____)

This Memorandum was acknowledged before me on March ___, 2011, by Ken Berry as President of Northern Vertex Capital Inc. and Golden Vertex Corp.

_____
Notary Public
My commission does not expire

Montana)
ss.
Missoula)

This Memorandum was acknowledged before me on March 18, 2011, by Hartmuth W. Baitis.

Lynnsey Wieder
Notary Public

NOTARY PUBLIC for the State of Montana
Residing at Missoula
My Commission Expires May 6, 2013

LYNNSEY J. WIEDER NOTARIAL SEAL STATE OF MONTANA

Idaho)
ss.
Bannock County)

This Memorandum was acknowledged before me on March 14th, 2011, by Robert B. Hawkins.

Notary Public

CHRISTY ZAUDKE NOTARY PUBLIC STATE OF IDAHO

My commission expires August 03, 2016

State of Nevada)
County of Douglas)

This Memorandum was acknowledged before me on March 11, 2011, by Larry L. Lackey.

Melissa Aguilar
Notary Public

MELISSA AGUILAR
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 09-10751-5
MY APPT. EXPIRES JULY 08, 2013

Memorandum Agreement
Exhibit A
Description of Moss Mine Property

A. Patented Mining Claims, State Selections and Metric Conversion Parcels.
Sections 19, 20, 29 and 30, T20N, R20W, G&SR B&M, Mohave County, Arizona

Key No. 1	MS4484
Key 2	MS4484
California Moss Lot 37 (Greenwood)	MS182
California Moss Lot 38 (Gintoff)	MS796
Moss Millsite	MS4484
Divide	MS4484
Keystone Wedge	MS4484
Ruth Extension	MS4485
Omega	MS4484
Ruth	MS2213
Rattan Extension	MS4485
Rattan	MS857
Partnership	MS4485
Mascot	MS4485
Empire	MS4485

B. Unpatented Mining Claims.

Moss unpatented lode claims located in Sections 19, 20, 29 and 30, T20N, R20W, G&SR B&M Mohave County, Arizona

CLAIM NAME	CLAIMANT'S NAME	AMC NUMBER
Moss 11-33	MinQuest Inc.	361998-362020
Moss 33F	MinQuest Inc.	362021
Moss 34-39	MinQuest Inc.	362022-362027
Moss 39F	MinQuest Inc.	362028
Moss 40-47	MinQuest Inc.	362029-362036
Moss 47B	MinQuest Inc.	362037
Moss 48-70	MinQuest Inc.	362038-362060
Moss 1-10	MinQuest Inc.	398978-398987
Moss 118-148	MinQuest Inc.	398988-399018

C. Underlying Agreements.

Letter Agreement between MinQuest, Inc. and Patriot Gold Corp. dated March 4, 2004.

Purchase Agreement among Patriot Gold Corp. and various parties in respect of the California Moss patented mining claim and the royalty deeds executed and delivered by Patriot Gold Corp. in accordance with the Purchase Agreement.

Tab B

Letter Agreement
March 4, 2004

March 4, 2004

Re: Binding Letter Agreement, Moss Mine Property, Mohave County, Arizona.

The following general terms and conditions for the agreement between MinQuest, Inc. and Patriot Gold Corp. embody the essence of verbal agreements between MinQuest, Inc. and Patriot Gold Corp. on the Moss Mine property, Mojave County, Arizona, (the "Property).

Form of Agreement	Mining Lease/purchase
Term	20 years with automatic extensions so long as Patriot Gold holds all or portions of the "Property".
Production Royalties	A 3% Net Smelter Return on any and all production derived from unpatented mining claims listed under "Property" and on public lands within 1 mile of MinQuest, Inc's outside perimeter of the present claim boundary. A 1.0% NSR on patented claims with no other royalty within the Property. A 0.5% overriding Net Smelter Return on all production within the Property derived from patented claims with other royalty interests.
One time payment	Upon Execution US$50,000.00 Reimbursement Filing Fees US$150.00/claim
Property	Patriot Gold will purchase 62 unpatented lode claims, specifically Moss 11-33, 33F, 34-39, 39F, 40-47, 47F and 48-70 held by MinQuest. These claims are located in Sections 19, 20, 29 and 30, T20N, R20W and Sections 24 and 25, T20N, R21W. Patented claims that the royalty applies to include, but are not limited to Key No. 1 and 2, Moss Millsite, Divide, Keystone Wedge, and the 2 California Moss claims.
Performance Requirements	Patriot shall engage MinQuest Inc. to perform any and all exploration work on the "Property". Federal and state mining claim maintenance fees will be paid for any year in which this agreement is maintained in good standing after July 1. Any and all property positions within the "Property" shall be offered to MinQuest Inc. before relinquishment to patent owners or relinquished back to the government.

Reclamation	Patriot Gold shall perform reclamation work on the Property as required by Federal, State, and Local laws for disturbances resulting from it's activities on the Property.
Assignment	Freely by either party so long as Assignee accepts terms and conditions of the Lease in writing.
Interest Area	One mile from the outside perimeter of the MinQuest, Inc. claim boundaries.

If the above terms and conditions are consistent with your understanding, please acknowledge by signing in the space provided below and return one copy. This will serve as a binding agreement between MinQuest, Inc. and Patriot Gold until such time as a formal and comprehensive agreement, incorporating these general terms, can be prepared.

Agreed and accepted to this 5 day of March, 2004.

By: _____ (MinQuest, Inc.)

By: _____ (Patriot Gold Corp.)

EXHIBIT B

CHICAGO TITLE INSURANCE COMPANY
COMMERCIAL

Upon recording return to:
Fennemore Craig P.C.
Attn: Dawn Meidinger
2394 East Camelback Rd., Ste. 600
Phoenix, AZ 85016-3429
CTM2016D30806

C1604304-34b
515

FEE# 2016023502
OFFICIAL RECORDS OF MOHAVE COUNTY
ROBERT BALLARD, COUNTY RECORDER
05/26/2016 10:59 AM Fee $106.00
PAGE: 1 of 9

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into this 25th day of May, 2016 (the "Effective Date"), by and between Patriot Gold Corp., a Nevada corporation ("Assignor"), whose address is 3651 Lindell Road, Suite D165, Las Vegas, Nevada, 89103 and Golden Vertex Corp., an Arizona corporation ("GVC"), whose address is 2440 Adobe Rd Suite 101, Bullhead City, Arizona, 86442.

A. WHEREAS, on the Effective Date, GVC acquired Assignor's interests in certain patented and unpatented mining claims (collectively, the "Claims") described on Exhibit A attached hereto and incorporated herein by reference; and

B. WHEREAS Assignor wishes to assign to GVC and GVC wishes to accept and assume all of Assignor's rights and obligations under certain royalty deeds and other agreements more particularly described below.

NOW THEREFORE, for and in consideration of the mutual promises and terms and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, the parties hereto agree as follows:

1. Assignment and Assumption. Assignor hereby assigns, and delegates to GVC, and GVC hereby assumes and agrees to be bound by and perform and shall undertake all of (i) Assignor's production royalty payment liabilities and obligations under the Letter Agreement described in clause (a) below, and (ii) all of Assignor's production royalty payment obligations and liabilities and all other liabilities and obligations of any kind related to the Royalty Deeds described in clause (b) below, including such liabilities arising from and after the Effective Date and including all production royalty payment obligations arising from any activities or operations conducted by or on behalf of GVC on the Claims prior to the Effective Date but after March 7, 2011.

(a) Binding Letter Agreement, Moss Mine Property, Mohave County, Arizona, dated March 5, 2004, between MinQuest, Inc. and Patriot Gold Corp. (the "Letter Agreement").

(b) Those certain Royalty (collectively, the "Royalty Deeds") recorded December 7, 2007 in Book 7044 of the Official Records of Mohave County, Arizona (the "Official Records"), page 268, and in Book 7044 of Official Records, page 278,

and in Book 7044 of Official Records, page 287, and in Book 7044 of Official Records, page 296, and in Book 7044 of Official Records, page 305, and in Book 7044 of Official Records, page 314, and in Book 7044 of Official Records, page 323, and in Book 7044 of Official Records, page 332, and in Book 7044 of Official Records, page 341, and in Book 7044 of Official Records, page 350, and in Book 7044 of Official Records, page 359, and in Book 7044 of Official Records, page 368, and in Book 7044 of Official Records, page 377, and in Book 7044 of Official Records, page 386, and in Book 7044 of Official Records, page 395, and in Book 7044 of Official Records, page 404, and in Book 7044 of Official Records, page 413, and in Book 7044 of Official Records, page 422, and in Book 7044 of Official Records, page 431, and in Book 7044 of Official Records, page 440, and in Book 7044 of Official Records, page 449, and in Book 7044 of Official Records, page 458, and in Book 7044 of Official Records, page 467, and in Book 7044 of Official Records, page 476, and in Book 7044 of Official Records, page 485, and in Book 7044 of Official Records, page 494, and in Book 7044 of Official Records, page 503, and in Book 7044 of Official Records, page 512, and in Book 7044 of Official Records, page 521, and in Book 7044 of Official Records, page 530, and in Book 7044 of Official Records, page 539, and in Book 7044 of Official Records, page 548.

2. Indemnity. GVC, its successors and assigns, shall indemnify, defend and hold Assignor harmless from and against any and all claims, causes of action, loss or damage (including reasonable attorneys' fees and expenses and costs of arbitration or litigation) arising from the failure of GVC or its successors and assigns to timely and properly pay the production royalties under or otherwise comply with the applicable terms and conditions of (i) the Letter Agreement or (ii) the Royalty Deeds, including production royalty payment obligations arising from any activities conducted by on or behalf of GVC on or prior to the Effective Date but after March 7, 2011.

3. Notice to Third Parties. GVC shall give any required notices to any third party of the assignment and transfer of the obligations under the Letter Agreement and Royalty Deeds as described in this Agreement.

4. Third Party Beneficiaries. Each of the third parties entitled to payment of production royalties under the Letter Agreement or the Royalty Deeds shall be third party beneficiaries of and entitled to enforce GVC's obligations under this Agreement.

5. Successors and Assigns. The terms of this Agreement shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and assigns.

6. Amendments and Waivers. No amendment, modification or discharge of this Agreement and no waiver hereunder shall be valid or binding unless it is set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, waiver or discharge is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect to at any other time.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, other than its rules as to conflicts of law.

8. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

9. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

10. Further Assurances. Each of the parties hereto shall execute and deliver, at the reasonable request of the other party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives as of the date first written above.

[SIGNATURES ON FOLLOWING PAGES]

GVC:

Golden Vertex Corp., an Arizona corporation

By: D. R. H. Whittington

Name: Dick Whittington

Title: President

PROVINCE OF BRITISH COLUMBIA)
) ss.
CITY OF VANCOUVER)

The foregoing Assignment and Assumption Agreement, consisting of a total of nine (9) pages, was acknowledged before me this 24th day of May, 2016 by Dick Whittington as President of Golden Vertex Corp., an Arizona corporation.

Notary Public

My commission expires:

never expires.

Marina Tran
Barrister and Solicitor
McMillan LLP
1500 – 1055 West Georgia Street
PO Box 11117
Vancouver, BC V6E 4N7
t 604.689.9111
f 604.685.7084

PATRIOT:

Patriot Gold Corp., a Nevada corporation

By:_____
Name: Trevor Newton
Title: Chairman

PROVINCE OF BRITISH COLUMBIA)
) ss.
CITY OF ABBOTSFORD)

The foregoing Assignment and Assumption Agreement, consisting of a total of nine (9) pages, was acknowledged before me this 24 day of May, 2016 by Trevor Newton as Chairman of Patriot Gold Corp., a Nevada corporation.

Dale A Strebchuk
Notary Public

My commission expires:

At the pleasure of Her Majesty the Queen

Dale A. Strebchuk
Barrister and Solicitor
32373 Grouse Court
Abbotsford, B.C. V2T 1K3
(778) 242-7785

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EXHIBIT "A"
THE CLAIMS

A. Patented Mining Claims

The following patented mining claims located in Sections 19, 20, 29 and 30, T20N, R20W, G&SRB&M, Mohave County, Arizona:

Parcel 1: (APN: 213-09-001)

RUTH - Mineral Survey No. 2213, General Land Office No. 45396, U.S. Patent dated May 1,1907, recorded on August 2, 1910 in the office of the Recorder of Mohave County, Arizona in Book 21 of Deeds, at Page 210.

RATTAN - Mineral Survey No. 857, Lot No. 39, Mineral Certificate No. 268, General Land Office No. 25645, U.S. Patent dated May 28, 1895, recorded on August 14, 1895 in the office of the Recorder of Mohave County, Arizona in Book 11 of Deeds, at Page 751.

Parcel 2: (APN: 213-09-002)

The EMPIRE, MASCOT, PARTNERSHIP, RATTAN EXTENSION, and RUTH EXTENSION Lode Mining Claims, Mineral Survey No. 4485, as shown and according to UNITED STATES PATENT recorded in Book 117 of Deeds, page 74, situate in Sections 29 and 30, Township 20N, Range 20 West of the Gila and Salt River Base and Meridian, in the San Francisco Mining District, Mohave County, Arizona.

EXCEPT all of that portion thereof lying with the boundaries of the RATTAN Lode Mining Claim, Survey No. 857, Lot No. 39, Mineral Certificate No. 268 in said San Francisco Mining District, as set forth in said Patent.

Parcel 3: (APN: 213-05-004)

KEY NO. 1, KEY NO. 2, MOSS MILLSIGHT, OMEGA, DIVIDE & KEYSTONE WEDGE Lode Mining Claims in the San Francisco Mining District, being shown on Mineral Survey NO. 4484 on file in the Bureau of Land Management, as granted by PATENT recorded in Book 115 of Deeds, page 428, and situate in Sections 19 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona;

EXCEPTING from said claims all of that portion of ground within the boundaries of the CALIFORNIA MOSS Lode Mining Claim, Mineral Survey No. 182.

Parcel 4: (APN: 213-05-005)

CALIFORNIA MOSS Patented Claim, Lot 37, U.S. Mineral Survey 182 of June 15,1882, said Patent recorded as a deed in Mohave County Recorder's Office records in Book 6, Page 754 and also recorded in the Mohave County Assessor's records as Parcel 213-05-005.

Parcel 5: (APN: 213-05-006)

CALIFORNIA MOSS Lode Mining Claim (Lot No. 38), in the San Francisco Mining District, Survey No. 796, Mineral Certificate No. 175 according to the Patent thereto recorded in Book 22 of Deeds, page 35, lying within a portion of Sections 19, 20, 29 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

B. Unpatented Mining Claims

The following unpatented mining claims situated in the Oatman Mining District in Sections 19, 20, 29 and 30, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	MOSS 11	2004064631	AMC361998
2	MOSS 12	2004064632	AMC361999
3	MOSS 13	2004064633	AMC362000
4	MOSS 14	2004064634	AMC362001
5	MOSS 15	2004064635	AMC362002
6	MOSS 16	2004064636	AMC362003
7	MOSS 17	2004064637	AMC362004
8	MOSS 18	2004064638	AMC362005
9	MOSS 19	2004064639	AMC362006
10	MOSS 20	2004064640	AMC362007
11	MOSS 21	2004064641	AMC362008
12	MOSS 22	2004064642	AMC362009
13	MOSS 23	2004064643	AMC362010
	MOSS 23 (amended)	2015018073	
14	MOSS 24	2004064644	AMC362011
15	MOSS 25	2004064645	AMC362012
16	MOSS 26	2004064646	AMC362013
17	MOSS 27	2004064647	AMC362014
18	MOSS 28	2004064648	AMC362015
19	MOSS 29	2004064649	AMC362016
20	MOSS 30	2004064650	AMC362017
21	MOSS 31	2004064651	AMC362018
22	MOSS 32	2004064652	AMC362019
23	MOSS 34	2004064655	AMC362022
24	MOSS 35	2004064656	AMC362023
25	MOSS 36	2004064657	AMC362024
26	MOSS 37	2004064658	AMC362025
27	MOSS 38	2004064659	AMC362026
28	MOSS 39	2004064660	AMC362027

No.	Name of Claim	Fee No.	BLM Serial No.
29	MOSS 39F	2004064661	AMC362028
	MOSS 39F (amended)	2015018075	
30	MOSS 40	2004064662	AMC362029
31	MOSS 41	2004064663	AMC362030
32	MOSS 42	2004064664	AMC362031
33	MOSS 43	2004064665	AMC362032
34	MOSS 44	2004064666	AMC362033
35	MOSS 45	2004064667	AMC362034
36	MOSS 46	2004064668	AMC362035
	MOSS 46 (amended)	2015018076	
37	MOSS 47	2004064669	AMC362036
	MOSS 47 (amended)	2013014545	
38	MOSS 47B	2004064670	AMC362037
39	MOSS 48	2004064671	AMC362038
	MOSS 48 (amended)	2013014546	
40	MOSS 49	2004064672	AMC362039
	MOSS 49 (amended)	2013014547	
41	MOSS 50	2004064673	AMC362040
	MOSS 50 (amended)	2013014548	
42	MOSS 51	2004064674	AMC362041
43	MOSS 52	2004064675	AMC362042
44	MOSS 53	2004064676	AMC362043
45	MOSS 54	2004064677	AMC362044
46	MOSS 55	2004064678	AMC362045
47	MOSS 56	2004064679	AMC362046
48	MOSS 57	2004064680	AMC362047
49	MOSS 58	2004064681	AMC362048
50	MOSS 59	2004064682	AMC362049
51	MOSS 60	2004064683	AMC362050
52	MOSS 61	2004064684	AMC362051
53	MOSS 62	2004064685	AMC362052
54	MOSS 63	2004064686	AMC362053
55	MOSS 64	2004064687	AMC362054
56	MOSS 65	2004064688	AMC362055
57	MOSS 66	2004064689	AMC362056
58	MOSS 67	2004064690	AMC362057
59	MOSS 68	2004064691	AMC362058
60	MOSS 69	2004064692	AMC362059
61	MOSS 70	2004064693	AMC362060
62	MOSS 1	2009078702	AMC398978
63	MOSS 2	2009078703	AMC398979
64	MOSS 3	2009078704	AMC398980
65	MOSS 4	2009078705	AMC398981
66	MOSS 5	2009078706	AMC398982

No.	Name of Claim	Fee No.	BLM Serial No.
67	MOSS 6	2009078707	AMC398983
68	MOSS 7	2009078708	AMC398984
69	MOSS 8	2009078709	AMC398985
70	MOSS 9	2009078710	AMC398986
71	MOSS 10	2009078711	AMC398987
72	MOSS 118	2009078712	AMC398988
73	MOSS 119	2009078713	AMC398989
74	MOSS 120	2009078714	AMC398990
75	MOSS 121	2009078715	AMC398991
76	MOSS 122	2009078716	AMC398992
77	MOSS 123	2009078717	AMC398993
78	MOSS 124	2009078718	AMC398994
79	MOSS 125	2009078719	AMC398995
80	MOSS 126	2009078720	AMC398996
81	MOSS 127	2009078721	AMC398997
82	MOSS 128	2009078722	AMC398998
83	MOSS 129	2009078723	AMC398999
84	MOSS 130	2009078724	AMC399000
85	MOSS 131	2009078725	AMC399001
86	MOSS 132	2009078726	AMC399002
87	MOSS 133	2009078727	AMC399003
88	MOSS 134	2009078728	AMC399004
89	MOSS 135	2009078729	AMC399005
90	MOSS 136	2009078730	AMC399006
91	MOSS 137	2009078731	AMC399007
92	MOSS 138	2009078732	AMC399008
93	MOSS 139	2009078733	AMC399009
94	MOSS 140	2009078734	AMC399010
95	MOSS 141	2009078735	AMC399011
96	MOSS 142	2009078736	AMC399012
97	MOSS 143	2009078737	AMC399013
98	MOSS 144	2009078738	AMC399014
99	MOSS 145	2009078739	AMC399015
100	MOSS 146	2009078740	AMC399016
101	MOSS 147	2009078741	AMC399017
102	MOSS 148	2009078742	AMC399018
103	MOSS 33X	2015040270	AMC433744

The production royalty payable under the Letter Agreement burdens the Claims covered thereby, including any real property interests which GVC holds or acquires within the "Interest Area" as described in the Letter Agreement.

This is Exhibit "B" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 18, 2025.

Commissioner for Taking Affidavits for British Columbia

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Attorneys for Debtor Golden Vertex Corp.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: ELEVATION GOLD MINING CORPORATION, Debtor in a Foreign Proceeding.	Chapter: 15 Jointly Administered Case No. 2:24-bk-06359-EPB
In re: Golden Vertex Corp., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06364-DPC
In re: Golden Vertex (Idaho) Corp., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06367-BKM
In re: Eclipse Gold Mining Corporation, Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06368-MCW
In re: Alcmene Mining Inc., Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06370-EPB
In re: Hercules Gold USA LLC, Debtor in a Foreign Proceeding.	Case No. 2:24-bk-06371-DPC

MOTION TO DETERMINE THE NATURE OF PATRIOT GOLD CORP'S ROYALTY INTEREST

Elevation Gold Mining Corporation ("Elevation") and its direct and indirect subsidiaries, which include Eclipse Gold Mining Corporation ("Eclipse"), and Golden Vertex Corp. ("GVC") (collectively, the "Group"), hereby submit this Motion to Determine the Nature of Creditor Patriot Gold Corp's Royalty Interest. The Group hereby respectfully requests entry of an order pursuant to 11 U.S.C. §§ 105(a), 1521, and 1501(a)(3) determining that the nature of the royalty interest held by Creditor Patriot Gold Corp. ("Creditor Patriot" or "Patriot") is a personal property interest between GVC and Patriot and not an interest in any real property, which real property is owned by GVC.

This Motion is supported by the following Memorandum of Points and Authorities, the papers and pleadings on file herein, and any other record on file with the clerk of the above captioned court concerning this matter, as well as the main proceeding in the Supreme Court of British Columbia.

MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION AND VENUE

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157, 1334 and General Order 01-15 of the United States District Court for this District. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue is proper in this District pursuant to 28 U.S.C. § 1410.

II. BACKGROUND

A. Relevant Facts

The Group obtained protection from their creditors in proceedings (the "Canadian Proceeding") commenced under Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the "CCAA"), pending before the Supreme Court of British Columbia (the "Canadian Court") as Action No. S245121. Subsequently, this instant Chapter 15 case was commenced ancillary to the Canadian Proceeding. Additionally, this Court entered the order setting forth that (i) the Canadian Proceeding is recognized as a

"foreign main proceeding" under 11 U.S.C. § 1517; and (ii) giving full force and effect in the United States to the Initial Order of the Canadian Court made by Justice Fitzpatrick dated August 1, 2024 and Amended and Restated Initial Order dated August 12, 2024 [DE 49].

GVC owns the Moss Mine in Mohave County, Arizona (the "Moss Mine"), which is comprised of certain patented (fee owned) and unpatented mining claims and state land mineral exploration permits. Portions of the Moss Mine are burdened with certain payment obligations pursuant to agreements with various parties including: (1) the Patriot Royalty Agreement; (2) the Nomad Royalty Agreement; (3) the Greenwood Royalty; and (4) a Finder's Fee arrangement. This Motion pertains to the Patriot Royalty Agreement; the remaining agreements will be dealt with in separate motions, to be filed.

A hearing has been set before Justice Fitzpatrick in the Canadian Court for consideration of a motion to approve a sale of the Group's assets, including the assets comprising the Moss Mine, which is scheduled to be heard on November 22, 2024 at 2:00pm. This Application has been set prospectively. The hearing will be confirmed subject to the receipt and selection of an offer for the sale of or investment in the Group's assets or business pursuant to the Sale and Investment Solicitation Process authorized by the Canadian Court on August 12, 2024.

Contemporaneously with this Motion, the Group has submitted a motion to expedite setting a briefing and hearing schedule to determine the nature of the interests pursuant to the agreements related to the Moss Mine. In that motion, GVC requests that this Court set a briefing and hearing schedule subject to this Motion as soon as practicable before November 22, 2024.

B. <u>Patriot's Royalty Interest</u>

Patriot is a Nevada corporation (not registered to conduct business in Arizona) whose shares are listed under the symbol PGOL on the Canadian Securities Exchange and the Over-The-Counter market. It owns a Canadian subsidiary, Patriot Gold Canada Corp., which is incorporated under the laws of British Columbia. Patriot conveyed certain

patented and unpatented mining claims to GVC by special warranty deed ("Patriot Warranty Deed") on May 26, 2016, as documented of record in the Official Records of Mohave County as Fee# 2016-023498, and attached hereto as **Exhibit A**.

GVC's mineral production from certain patented and unpatented mining claims is subject to a payment due to Patriot, equal to 3.0% Net Smelter Return ("NSR") "from the production of minerals" pursuant to an agreement with GVC dated May 27, 2016 (the "Patriot Royalty Agreement"), recorded in the Official Records of Mohave County as Instrument No. 2016-023500, attached as **Exhibit B**. GVC has not paid pursuant to the Patriot Gold Agreement for some time and, on April 9, 2024, Patriot filed a complaint alleging, among other things, breach of covenants in the agreement, breach of contract, breach of the implied covenant of good faith and fair dealing, and requesting the appointment of a receiver. In that 2024 complaint, Patriot, for the first time took the position that its production royalty interest was a real property interest that runs with the land. As of March 31, 2024, amounts owed to Patriot totaled approximately $1.5 million.

III. LAW AND ARGUMENT

A. This Court has authority to adjudicate the nature of Patriot Gold's royalty interest.

The Bankruptcy Code has set forth that "the purpose of this chapter is to incorporate the Model Law on Cross-Border Insolvency so as to provide effective mechanisms for dealing with cases of cross-border insolvency with the objectives of [. . .] fair and efficient administration of cross-border insolvencies that protects the interests of all creditors, and other interested entities, including the debtor." 11 U.S.C.A. § 1501(a)(3). Pursuant to 11 U.S.C. § 105(a), "the court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). Section 105(a) has been interpreted as granting bankruptcy courts "broad authority" and discretion to enforce the provisions of the Bankruptcy Code. *Marrama v. Citizens Bank of Mass.*, 549 U.S. 365, 375 (2007). Additionally, "upon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of this chapter and to

protect the assets of the debtor or the interests of the creditors, the court may, at the request of the foreign representative, grant any appropriate relief." 11 U.S.C. § 1521.

B. Patriot's Royalty Agreement does not create a real property interest.

The right to an accrued royalty (i.e., a share of the proceeds from the sale of the minerals produced) is a personal property interest, and the right to unaccrued royalties (minerals in the ground) can only "be an interest in real property when the parties so intend." *See Paloma Inv. Ltd. P'ship v. Jenkins*, 978 P.2d 110, 115 (Ariz. Ct. App. 1998); *see also Cheapside Minerals, Ltd. v. Devon Energy Prod. Co., L.P.*, 94 F.4th 492, 498 (5th Cir. 2024) ("[A]ccrued royalty interests are personal property, . . . as is the right to payment for severed minerals." (citation omitted)). Here, Patriot does not hold any royalty interest that constitutes real property under Arizona law.

"Where the intent of the parties is expressed in clear and unambiguous language, there is no need or room for construction or interpretation and a court may not resort thereto." *Grosvenor Holdings, L.C. v. Figueroa*, 218 P.3d 1045, 1050 (Ariz. Ct. App. 2009) (citation omitted); *N. Ariz. Gas Serv., Inc. v. Petrolane Transp., Inc.*, 702 P.2d 696, 701 (Ariz. Ct. App. 1984) (applying contract law to dispute related to royalty). Indeed, "[a] general principle of contract law is that when parties bind themselves by a lawful contract, the terms of which are clear and unambiguous, a court must give effect to the contract as written." *Grosvenor*, 218 P.3d at 1050 (citation omitted).

By way of background, Patriot conveyed certain patented and unpatented mining claims to GVC through the Patriot Warranty Deed on May 26, 2016. **Ex. A.** Specifically, Patriot conveyed "**all right, title and interest** in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona" (collectively, the "Oatman Claims"). **Ex. A** (emphasis added).

Contemporaneous with GVC's acquisition of the Oatman Claims and by separate granting instrument, GVC, as the owner of the Oatman Claims, conveyed a "Royalty" to Patriot equal to three percent (3%) NSR from the Oatman Claims and other certain optioned unpatented claims, and one state land mineral exploration permit (collectively for

purposes herein, the "Property") including a one (1) mile area of interest buffer extending from the exterior boundary of the referenced claims. **Ex. B.** The "Royalty" as defined in the Agreement is a "nonexecutive, nonparticipating and nonworking mineral production royalty based on NSR from the production of minerals from the Property." **Ex. B § 2.2.** An interest in a royalty based on production is not an interest in the minerals in place. They are separate and distinct interests.

The Patriot Royalty Agreement creates no real property interest in the minerals comprising the Oatman Claims. Instead, pursuant to the Patriot Royalty Agreement, GVC granted only a monetary interest to Patriot "from the ***production*** of minerals from the Property," i.e., severed minerals. **Ex. B § 2.1** (emphasis added). That right is an accrued royalty that only provides a personal property interest: the right to royalty payments from the proceeds received from the sale of the severed minerals from the Moss Mine. But even if Patriot Gold holds an accrued royalty, there was no intent to convey a real property interest under the Patriot Royalty Agreement. Patriot Gold holds no real property interest in the Property.

1. The Patriot Royalty Agreement is an accrued royalty that only creates a personal property interest in payment "from the production of minerals."

Here, GVC unambiguously conveyed an accrued royalty to Patriot in the "production of minerals." **Ex. B § 2.1.** A right to payment that "arises only after severance of the product from the realty" is an accrued royalty. *Hardy v. Greathouse,* 94 N.E.2d 134, 138 (Ill. 1950). Indeed, "once minerals have been severed from the reservoir or strata wherein they were originally contained, such minerals, including royalties thereon, become personalty." *Sabine Prod. Co. v. Frost Nat'l Bank of San Antonio*, 596 S.W.2d 271, 276 (Tex. Civ. App. 1980); *accord Finstrom v. First State Bank of Buxton*, 525 N.W.2d 675, 677 (N.D. 1994) ("Upon severance of the gravel, the royalty interest accrues and becomes a personal property interest."). The language in § 2.1 of the Patriot Royalty Agreement is clear that the right to payment arises from "production," which necessarily occurs after severance of the minerals from the claims in the Moss Mine. Given this plain language,

"there is no need or room for construction or interpretation and a court may not resort thereto." *Grosvenor*, 218 P.3d at 1050 (citation omitted). Patriot's interest is only a personal property right.

2. Even if Patriot holds an unaccrued royalty, the parties did not intend for the Patriot Royalty Agreement to convey a real property interest.

An unaccrued royalty can only "be an interest in real property when the parties so intend." *See Paloma Inv.*, 978 P.2d at 115. Here, the plain language of the Patriot Warranty Deed (conveying all Patriot's right, title and interest with no reservation of right in said minerals), the terms and conditions of the Patriot Royalty Agreement, and Patriot's own conduct reveal that the parties did not intend for the Patriot Royalty Agreement to convey a real property interest.

First, as discussed, the plain language of the Patriot Royalty Agreement creates only an interest in the right to payment from "production" of minerals, not an interest in the minerals themselves. In *Paloma Investment*, the royalty interest was related to a conveyance of water rights, which are necessarily "interests in real property." 978 P.2d at 115. Thus, the royalty on those rights was a real property interest. *Id.* In contrast, here, the Patriot Royalty Agreement's plain language only creates a right to payment after "*production* of minerals," and nothing in the Patriot Royalty Agreement supports that GVC conveyed any mineral rights to Patriot. **Ex. B § 2.1 (emphasis added).**

Second, and related, it was Patriot that contemporaneously executed the Patriot Warranty Deed that "grant[ed] and convey[ed] to Golden Vertex Corp . . . *all right, title, and interest* in those certain patented and unpatented lode mining claims" on the same day that GVC executed the Patriot Royalty Agreement. **Ex. A (emphasis added).** "[S]ubstantially contemporaneous instruments will be read together to determine the nature of the transaction between the parties." *Realty Assocs. of Sedona v. Valley Nat'l Bank of Ariz.*, 738 P.2d 1121, 1125 (Ariz. Ct. App. 1986).

Here, reading the Patriot Warranty Deed together with the Patriot Royalty Agreement shows that the parties did not intend to convey to Patriot any real property

interest. To start, the Patriot Warranty Deed did not include a reserved interest in minerals of any kind. Instead, the royalty interest is part of the separate Patriot Royalty Agreement. It would make little sense for Patriot to unambiguously convey "all right, title and interest" of the Oatman Claims to Golden Vertex but then simultaneously retain a real property interest in minerals in the Oatman Claims through the contemporaneously executed Patriot Royalty Agreement. **Ex. B.** Indeed, "[t]he word 'all' means exactly what it imports." *Flood Control Dist. of Maricopa Cnty. v. Gaines*, 43 P.3d 196, 200 (Ariz. Ct. App. 2002). "A more comprehensive word cannot be found in the English language." *Id.* "Standing by itself the word means all and nothing less than all." *Id.* Patriot's conveyance of "all right, title, and interest" in the Oatman Claims to GVC without reservation left Patriot with no real property interest of any type or kind.

Consequently, properly construing the plain language of the Patriot Warranty Deed's conveyance of "all right, title and interest" in the Oatman Claims to GVC together with the Patriot Royalty Agreement leaves only one reasonable interpretation: that Patriot received a personal property interest in the proceeds generated "from production of the minerals," just like the Patriot Royalty Agreement says, not any real property interest in the minerals comprising the Oatman Claims. *See, e.g.*, *Realty Assocs.*, 738 P.2d at 1125 (rejecting that contract was ambiguous when read in light of contemporaneous contract). In contrast, reading the Patriot Royalty Agreement as conveying a real property interest to Patriot in the Oatman Claims is directly contrary to the Patriot Warranty Deed's grant of "all" of Patriot's interest in the same Oatman Claims. The "only reasonable interpretation" that correctly harmonizes both instruments is that the Patriot Royalty Agreement does not grant any real property interest to Patriot. *Id.*

Third, the Patriot Royalty Agreement contains no other hallmarks of an interest in minerals. There is no obligation for GVC to maintain the Property or to report to Patriot in any form or fashion or to notify Patriot of any material events relating to the Property. There are no covenants of production, no indemnity provisions of any type or kind (at a minimum a mineral interest owner would seek an environmental indemnity), and no

security provisions. In fact, pursuant to § 2.7 of the Patriot Royalty Agreement, after 25 years from the effective date, GVC is free to abandon the unpatented claims comprising the Property with no notice whatsoever. All of these facts—evident by a plain reading of the Patriot Royalty Agreement—confirm no interest in land was conveyed or intended to be.

Fourth, Patriot's own treatment of the royalties paid to it by GVC from the Moss Mine in filings with the Security & Exchange Commission ("SEC") show that the parties did not intend for the Patriot Royalty Agreement to convey a real property interest. Until March 29, 2024, Patriot had never identified its royalty interest in the Moss Mine claims as a "property holding" in any of its Form 10-K filings with the SEC. *See* 2017 through 2024 SEC 10k filings (Part 1) attached hereto as **Exhibit C**. This recharacterization of its property interest in the Moss Mine came just one day after Patriot transmitted a demand letter to GVC via counsel. *See* Letter from Jimmie W. Pursell Jr. (dated March 28, 2024), attached as **Exhibit D**. About one week later, Patriot filed a complaint against GVC in Arizona Superior Court, where it alleged that the Patriot Royalty Agreement conveyed "a real property interest"—despite its failure to include this purported real property interest as a "property holding" in the 10-K filings for *at least* five years prior. Patriot's failure to report its interest in the Moss Mine claims under the Patriot Royalty Agreement as a property holding in signed filings with the SEC is evidence of exactly what Patriot owned and reveals that the parties never intended to treat the Patriot Royalty Agreement as a real property interest.

Patriot will undoubtedly assert that the Patriot Royalty Agreement creates a real property interest because it states that "[t]he obligation to pay the Royalty (and Payor's other obligations set forth in [the Patriot Royalty Agreement]) shall be a covenant running with the Property and shall be binding on the Payor and its successor and assigns." Ex. B § 2.6 (emphasis added). To start, a royalty is not a covenant because it does not "burden[] the landowner." *Paloma Inv.*, 978 P.2d at 115. For example, in *Paloma Investment*, the court concluded that an agreement to share in the proceeds from the sale of water did not

create a covenant because that agreement did not require the landowner to take any actions, such as "to pump water or to sell water." *Id.* Likewise here, the Patriot Royalty Agreement is not a covenant because it does not create any obligation for GVC to do anything relating to the land itself. It just requires GVC to make payments based on "Net Smelter Returns from the production of minerals." **Ex. B § 2.1.** There is no covenant that runs with the land under the Patriot Royalty Agreement because there is no obligation that burdens [GVC as] the landowner." *Paloma Inv.*, 978 P.2d at 115. Section 2.6 of the Patriot Royalty Agreement does not transform Patriot's interest into a real property holding.

Indeed, "the answer is not to be found in the name which the parties gave to the instruments, and not alone in any particular provision they contain, disconnected from all others; but in the ruling intention of the parties gathered from the language they used and the circumstances surrounding its use." *Kadera v. Superior Court*, 931 P.2d 1067, 1074 (Ariz. Ct. App. 1996) (citation omitted). The parties repetitively and consistently referred to Patriot's interest under the Patriot Royalty Agreement as a right to **payment** "from the production of minerals" from the Moss Mine claims as measured by the sale of the extracted minerals—a personal property interest. **Ex. B.** Patriot never treated its interests in the Moss Mine claims as real property holdings in SEC filings until it decided to recharacterize its interest under the Patriot Royalty Agreement for purposes of litigation. Patriot cannot undo the language it chose or its conduct after execution by isolating a single section of the Patriot Royalty Agreement to try and prop up its litigation strategy.

The Patriot Royalty Agreement creates no real property interest and therefore, Patriot has no real property interest.

IV. CONCLUSION

Therefore, pursuant to 11 U.S.C. §§ 105(a), 1521, the Court should enter an order determining that the nature of Patriot's Royalty Interest is not an interest in real property.

DATED this 14th day of October, 2024

FENNEMORE CRAIG, P.C.

By: */s/ Stacy Porche*
Anthony W. Austin
Tyler D. Carlton
Stacy Porche
Attorneys for Debtor Golden Vertex Corp.

The foregoing was electronically filed this 14th day of October, 2024 via the Court's CM/ECF filing system for filing and transmittal of a Notice of Electronic Filing, receipt of which constitutes service under L.R. Bankr. P. 9076-1(a), to the CM/ECF registrants.

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EXHIBIT A

CHICAGO TITLE INSURANCE COMPANY
COMMERCIAL

Upon recording return to:
Fennemore Craig P.C.
Attn: Dawn Meidinger
2394 East Camelback Rd., Ste. 600
Phoenix, AZ 85016-3429
CTM2016030806

FEE# 2016023498
OFFICIAL RECORDS OF MOHAVE COUNTY
ROBERT BALLARD, COUNTY RECORDER
05/26/2016 10:59 AM Fee $419.00
PAGE: 1 of 8

C1604304-34601
1 / 5

SPECIAL WARRANTY DEED
(Patented and Unpatented Mining Claims)

For Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Patriot Gold Corp., a Nevada corporation ("Grantor") grants and conveys to Golden Vertex Corp., an Arizona corporation ("Grantee"), all right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") and more particularly described on Schedule "A".

TOGETHER WITH all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto, and all rights and interest that Grantor may hereafter acquire or appear to acquire (collectively, the "Property");

GRANTOR WARRANTS title to the Claims against all persons claiming by, through or under Grantor, and not otherwise;

SUBJECT TO (a) for the unpatented Claims, the paramount title of the United States and current federal claim maintenance fees not yet due and delinquent and (b) the Permitted Exceptions set forth on Schedule "B" attached hereto.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed (Patented and Unpatented Mining Claims) as of this 25th day of May, 2016

GRANTOR:

Patriot Gold Corp., a Nevada corporation

By: _____
Name: Trevor Newton
Title: Chairman

PROVINCE OF BRITISH COLUMBIA)
) ss.
CITY OF ABBOTSFORD)

The foregoing Special Warranty Deed (Patented and Unpatented Mining Claims), consisting of a total of eight (8) pages, was acknowledged before me this 24 day of May, 2016 by Trevor Newton as Chairman of Patriot Gold Corp., a Nevada corporation.

Dale A Strebchuk
Notary Public

My commission expires:
At the pleasure of
Her Majesty the Queen

Dale A. Strebchuk
Barrister and Solicitor
32373 Grouse Court
Abbotsford, B.C. V2T 1K3
(778) 242-7785

2

Schedule "A"
To
Special Warranty Deed
(Property - Legal Description)

I. Patented Mining Claims

The following patented mining claims located in Sections 19, 20, 29 and 30, T20N, R20W, G&SRB&M, Mohave County, Arizona:

Parcel 1: (APN: 213-09-001)

RUTH - Mineral Survey No. 2213, General Land Office No. 45396, U.S. Patent dated May 1,1907, recorded on August 2, 1910 in the office of the Recorder of Mohave County, Arizona in Book 21 of Deeds, at Page 210.

RATTAN - Mineral Survey No. 857, Lot No. 39, Mineral Certificate No. 268, General Land Office No. 25645, U.S. Patent dated May 28, 1895, recorded on August 14, 1895 in the office of the Recorder of Mohave County, Arizona in Book 11 of Deeds, at Page 751.

Parcel 2: (APN: 213-09-002)

The EMPIRE, MASCOT, PARTNERSHIP, RATTAN EXTENSION, and RUTH EXTENSION Lode Mining Claims, Mineral Survey No. 4485, as shown and according to UNITED STATES PATENT recorded in Book 117 of Deeds, page 74, situate in Sections 29 and 30, Township 20N, Range 20 West of the Gila and Salt River Base and Meridian, in the San Francisco Mining District, Mohave County, Arizona.

EXCEPT all of that portion thereof lying with the boundaries of the RATTAN Lode Mining Claim, Survey No. 857, Lot No. 39, Mineral Certificate No. 268 in said San Francisco Mining District, as set forth in said Patent.

Parcel 3: (APN: 213-05-004)

KEY NO. 1, KEY NO. 2, MOSS MILLSIGHT, OMEGA, DIVIDE & KEYSTONE WEDGE Lode Mining Claims in the San Francisco Mining District, being shown on Mineral Survey NO. 4484 on file in the Bureau of Land Management, as granted by PATENT recorded in Book 115 of Deeds, page 428, and situate in Sections 19 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona;

EXCEPTING from said claims all of that portion of ground within the boundaries of the CALIFORNIA MOSS Lode Mining Claim, Mineral Survey No. 182.

Parcel 4: (APN: 213-05-005)

CALIFORNIA MOSS Patented Claim, Lot 37, U.S. Mineral Survey 182 of June 15,1882, said Patent recorded as a deed in Mohave County Recorder's Office records in Book 6, Page 754 and also recorded in the Mohave County Assessor's records as Parcel 213-05-005.

Parcel 5: (APN: 213-05-006)
CALIFORNIA MOSS Lode Mining Claim (Lot No. 38), in the San Francisco Mining District, Survey No. 796, Mineral Certificate No. 175 according to the Patent thereto recorded in Book 22 of Deeds, page 35, lying within a portion of Sections 19, 20, 29 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

II. Unpatented Mining Claims

The following unpatented mining claims situated in the Oatman Mining District in Sections 19, 20, 29 and 30, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	MOSS 11	2004064631	AMC361998
2	MOSS 12	2004064632	AMC361999
3	MOSS 13	2004064633	AMC362000
4	MOSS 14	2004064634	AMC362001
5	MOSS 15	2004064635	AMC362002
6	MOSS 16	2004064636	AMC362003
7	MOSS 17	2004064637	AMC362004
8	MOSS 18	2004064638	AMC362005
9	MOSS 19	2004064639	AMC362006
10	MOSS 20	2004064640	AMC362007
11	MOSS 21	2004064641	AMC362008
12	MOSS 22	2004064642	AMC362009
13	MOSS 23	2004064643	AMC362010
	MOSS 23 (amended)	2015018073	
14	MOSS 24	2004064644	AMC362011
15	MOSS 25	2004064645	AMC362012
16	MOSS 26	2004064646	AMC362013
17	MOSS 27	2004064647	AMC362014
18	MOSS 28	2004064648	AMC362015
19	MOSS 29	2004064649	AMC362016
20	MOSS 30	2004064650	AMC362017
21	MOSS 31	2004064651	AMC362018
22	MOSS 32	2004064652	AMC362019
23	MOSS 34	2004064655	AMC362022
24	MOSS 35	2004064656	AMC362023
25	MOSS 36	2004064657	AMC362024
26	MOSS 37	2004064658	AMC362025
27	MOSS 38	2004064659	AMC362026
28	MOSS 39	2004064660	AMC362027
29	MOSS 39F	2004064661	AMC362028
	MOSS 39F (amended)	2015018075	

No.	Name of Claim	Fee No.	BLM Serial No.
30	MOSS 40	2004064662	AMC362029
31	MOSS 41	2004064663	AMC362030
32	MOSS 42	2004064664	AMC362031
33	MOSS 43	2004064665	AMC362032
34	MOSS 44	2004064666	AMC362033
35	MOSS 45	2004064667	AMC362034
36	MOSS 46	2004064668	AMC362035
	MOSS 46 (amended)	2015018076	
37	MOSS 47	2004064669	AMC362036
	MOSS 47 (amended)	2013014545	
38	MOSS 47B	2004064670	AMC362037
39	MOSS 48	2004064671	AMC362038
	MOSS 48 (amended)	2013014546	
40	MOSS 49	2004064672	AMC362039
	MOSS 49 (amended)	2013014547	
41	MOSS 50	2004064673	AMC362040
	MOSS 50 (amended)	2013014548	
42	MOSS 51	2004064674	AMC362041
43	MOSS 52	2004064675	AMC362042
44	MOSS 53	2004064676	AMC362043
45	MOSS 54	2004064677	AMC362044
46	MOSS 55	2004064678	AMC362045
47	MOSS 56	2004064679	AMC362046
48	MOSS 57	2004064680	AMC362047
49	MOSS 58	2004064681	AMC362048
50	MOSS 59	2004064682	AMC362049
51	MOSS 60	2004064683	AMC362050
52	MOSS 61	2004064684	AMC362051
53	MOSS 62	2004064685	AMC362052
54	MOSS 63	2004064686	AMC362053
55	MOSS 64	2004064687	AMC362054
56	MOSS 65	2004064688	AMC362055
57	MOSS 66	2004064689	AMC362056
58	MOSS 67	2004064690	AMC362057
59	MOSS 68	2004064691	AMC362058
60	MOSS 69	2004064692	AMC362059
61	MOSS 70	2004064693	AMC362060
62	MOSS 1	2009078702	AMC398978
63	MOSS 2	2009078703	AMC398979
64	MOSS 3	2009078704	AMC398980
65	MOSS 4	2009078705	AMC398981
66	MOSS 5	2009078706	AMC398982
67	MOSS 6	2009078707	AMC398983
68	MOSS 7	2009078708	AMC398984

No.	Name of Claim	Fee No.	BLM Serial No.
69	MOSS 8	2009078709	AMC398985
70	MOSS 9	2009078710	AMC398986
71	MOSS 10	2009078711	AMC398987
72	MOSS 118	2009078712	AMC398988
73	MOSS 119	2009078713	AMC398989
74	MOSS 120	2009078714	AMC398990
75	MOSS 121	2009078715	AMC398991
76	MOSS 122	2009078716	AMC398992
77	MOSS 123	2009078717	AMC398993
78	MOSS 124	2009078718	AMC398994
79	MOSS 125	2009078719	AMC398995
80	MOSS 126	2009078720	AMC398996
81	MOSS 127	2009078721	AMC398997
82	MOSS 128	2009078722	AMC398998
83	MOSS 129	2009078723	AMC398999
84	MOSS 130	2009078724	AMC399000
85	MOSS 131	2009078725	AMC399001
86	MOSS 132	2009078726	AMC399002
87	MOSS 133	2009078727	AMC399003
88	MOSS 134	2009078728	AMC399004
89	MOSS 135	2009078729	AMC399005
90	MOSS 136	2009078730	AMC399006
91	MOSS 137	2009078731	AMC399007
92	MOSS 138	2009078732	AMC399008
93	MOSS 139	2009078733	AMC399009
94	MOSS 140	2009078734	AMC399010
95	MOSS 141	2009078735	AMC399011
96	MOSS 142	2009078736	AMC399012
97	MOSS 143	2009078737	AMC399013
98	MOSS 144	2009078738	AMC399014
99	MOSS 145	2009078739	AMC399015
100	MOSS 146	2009078740	AMC399016
101	MOSS 147	2009078741	AMC399017
102	MOSS 148	2009078742	AMC399018
103	MOSS 33X	2015040270	AMC433744

Schedule "B"
To
Special Warranty Deed
(Permitted Exceptions)

1. Patented Mining Claim Parcels 1-5:

a. exceptions and limitations set forth in the patents recorded in the Official Records in Book 21 of Deeds, page 210 and Book 11 of Deeds, page 751 (Parcel 1 only); Book 117 of Deeds, page 74 (Parcel 2 only); Book 115 of Deeds, page 428 (Parcel 3 only); Book 6 of Deeds, page 754 (Parcel 4 only); Book 22 of Deeds, page 35 (Parcel 5 only).

b. any right of a proprietor of a vein or lode whose apex is outside said Land to extract and remove his ore from said Land, should said vein or lode be found to penetrate or intersect the Property, as provided by law; and

c. the terms and conditions of the memorandum of Agreement dated February 28, 2011, recorded January 11, 2012 at Fee No. 2012001400.

2. Patented Mining Claim Parcel 4: those certain royalty deeds (collectively, the "Royalty Deeds") recorded December 7, 2007 in Book 7044 of the Official Records of Mohave County, Arizona (the "Official Records"), page 268, and in Book 7044 of Official Records, page 278, and in Book 7044 of Official Records, page 287, and in Book 7044 of Official Records, page 296, and in Book 7044 of Official Records, page 305, and in Book 7044 of Official Records, page 314, and in Book 7044 of Official Records, page 323, and in Book 7044 of Official Records, page 332, and in Book 7044 of Official Records, page 341, and in Book 7044 of Official Records, page 350, and in Book 7044 of Official Records, page 359, and in Book 7044 of Official Records, page 368, and in Book 7044 of Official Records, page 377, and in Book 7044 of Official Records, page 386, and in Book 7044 of Official Records, page 395, and in Book 7044 of Official Records, page 404, and in Book 7044 of Official Records, page 413, and in Book 7044 of Official Records, page 422, and in Book 7044 of Official Records, page 431, and in Book 7044 of Official Records, page 440, and in Book 7044 of Official Records, page 449, and in Book 7044 of Official Records, page 458, and in Book 7044 of Official Records, page 467, and in Book 7044 of Official Records, page 476, and in Book 7044 of Official Records, page 485, and in Book 7044 of Official Records, page 494, and in Book 7044 of Official Records, page 503, and in Book 7044 of Official Records, page 512, and in Book 7044 of Official Records, page 521, and in Book 7044 of Official Records, page 530, and in Book 7044 of Official Records, page 539, and in Book 7044 of Official Records, page 548.

3. Any overlaps between or among the unpatented mining claims comprising a portion of the Claims and (i) the patented mining claims comprising a portion of the Claims or (ii) other patented mining claims owned by third parties.

4. Defects in the location or monumenting of the unpatented claims comprising a portion of the Claims discovered by Grantee when it was conducting exploration operations on the Claims prior to the date of this deed.

EXHIBIT B

CHICAGO TITLE INSURANCE COMPANY
COMMERCIAL

FEE# 2016023500

OFFICIAL RECORDS OF MOHAVE COUNTY
ROBERT BALLARD, COUNTY RECORDER
05/26/2016 10:59 AM Fee $1113.00
PAGE: 1 of 16

Upon recording return to:
Patriot Gold Corp.
Attn: Trevor Newton
3651 Lindell Road, Suite D165
Las Vegas, NV 89103

Affidavit of Value exempt pursuant to A.R.S § 11-1134(A)(6)
CTM-2016030826
C1604304-346D11
3/5

ROYALTY DEED
(Patented and Unpatented Mining Claims)

THIS ROYALTY DEED is made and entered into and made effective as of this 25TH day of May, 2016, by and between Golden Vertex Corp., an Arizona corporation ("Payor"), having an address of 2440 Adobe Rd Suite 101, Bullhead City, Arizona, 86442 and Patriot Gold Corp., a Nevada corporation ("Owner"), having an address of 3651 Lindell Road, Suite D165, Las Vegas, Nevada, 89103.

WITNESSETH

For and in consideration of the mutual premises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged, Payor, as the owner of the Property, hereby grants and conveys to Owner a Royalty of THREE PERCENT (3%) of Net Smelter Returns from the production of minerals from the Property.

ARTICLE I

THE PROPERTY

1.1 The Property. "Property" means the minerals, the patented mining claims, the unpatented mining claims and interests (including all appurtenances) described in Exhibit "A", and any other mineral interests acquired within the Area of Interest.

1.2 Area of Interest. "Area of Interest" means the lands within one (1) mile of the exterior boundaries of those patented and unpatented mining claims that are specifically identified in Section I and Section II in Schedule "A".

1.3 Outside Area of Interest. For the sake of clarity and to avoid any doubt, any additional mining claims, mineral rights and property interests subsequently acquired by Payor shall not be subject to this Royalty Deed with regard to any portion of such mining claim, right or interest lying outside of the Area of Interest.

ARTICLE II

GRANT OF ROYALTY

2.1 Grant of Royalty. Payor, as the owner of the Property, hereby grants and conveys to Owner a Royalty of THREE PERCENT (3%) of Net Smelter Returns from the production of minerals from the Property.

2.2 Royalty. "Royalty" means the nonexecutive, nonparticipating and nonworking mineral production royalty based on the Net Smelter Returns from the production of minerals from the Property.

2.3 Net Smelter Returns. "Net Smelter Returns" means the aggregate proceeds received by Payor from time to time from any smelter or other purchaser from the sale of any minerals, ores, concentrates, metals or any other material of commercial value produced by and from the Property after deducting from such proceeds the following charges only to the extent that they are not deducted by the smelter or other purchaser in computing the proceeds:

(a) The cost of transportation of the ores, concentrates or metals from the Property to such smelter or other purchaser, including related insurance; and

(b) Smelting and refining charges including penalties.

2.4 Payment of Royalty. Payor shall pay the Royalty to Owner monthly within thirty (30) days after the end of each calendar month during which the Payor receives payments on all products produced and sold from the Property and will be paid in United States currency or in kind bullion at the discretion of Owner. All payments hereunder shall be sent by certified U.S. mail to Owner at the following address:

3651 Lindell Road, Suite D165, Las Vegas, Nevada, 89103

or by wire transfer to an account designated by and in accordance with written instructions from Owner, or consistent with such notice as is to be provided to any successor or assignee of Owner.

2.5 Audit. Within 180 days after the end of each calendar year for which the Royalty is paid Payor shall audit Payor's calculation and payment of the Royalty. Any adjustments in the payments of Royalty to the Owner shall be made forthwith after completion of the audit. The Owner shall have the right, but not the obligation, to audit and give written notice of the Owner's dispute of the Payor's audit or records within 180 days after delivery to the Owner of Payor's yearly audits. All payments of the Royalty to the Owner for a calendar year shall be deemed final and in full satisfaction of all obligations of the Payor in respect thereof if such payments or the calculations thereof are not disputed by the Owner in accordance with the foregoing provisions unless and until any new information concerning the calculation and payment of the Royalty is revealed after the periods stated above. The Owner shall maintain accurate records relevant to the determination and payment of the Royalty and the Owner and its authorized agents shall be permitted the right to examine such records at all reasonable times.

2.6 Covenant Running with the Land. The obligation to pay the Royalty (and Payor's other obligations set forth in this Royalty Deed) shall be a covenant running with the Property and shall be binding on the Payor and its successors and assigns, including any third party who acquires any interest in any portion of the Property. Owner shall be free to sell, pledge or otherwise transfer all or a portion of the Royalty to a third party or parties, subject to the terms and conditions of this Royalty Deed.

2.7 Abandonment of Claims. For a period of twenty-five (25) years from the effective date hereof, if Payor or its successors or assigns desire to abandon any of the unpatented mining claims comprising a portion of the Property, at least 60 days prior to such abandonment, Payor shall notify Owner in writing, and if Owner desires to acquire the claims in question, Owner shall notify Payor in writing within 30 days of Owner's receipt of such notice, and in that event, Payor shall promptly quitclaim the claims in question to Owner. During the 30 day period following Owner's receipt of the notice of intent to abandon from Payor, Owner shall have the right to engage in such due diligence as it sees fit regarding title to, environmental conditions at or affecting, and mineral resources within such claims, and Payor shall reasonably cooperate with Owner in conducting such due diligence, subject to the terms and conditions of a confidentiality agreement mutually agreeable to the parties. If Owner elects not to acquire such claims, and Payor or its successors restakes or relocates the ground covered by such claims within five years of the date of abandonment, the Payor shall notify Owner in writing and the Royalty shall be payable on the relocated claims. In addition, if Payor acquires any unpatented mining claims or other interests in real property within the Area of Interest, Payor shall notify Owner in writing.

2.8 Conversion of Unpatented Mining Claims. The Royalty and the obligation to pay the Royalty shall apply and extend to any further or additional right, title, interest or estate heretofore or hereafter acquired by Payor in or to the Property (including without limitation any and all rights to the ground covered by the unpatented mining claims comprising a portion of the Property in the event of legislative changes to the General Mining Law of 1872 which result in a new form of land tenure system applicable to Payor's interest in those claims).

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Payor has executed this Royalty Deed (Patented and Unpatented Mining Claims) as of this 25th day of May, 2016

PAYOR:

Golden Vertex Corp., an Arizona corporation

By: _____
Name: Dick Whittington
Title: President

PROVINCE OF BRITISH COLUMBIA)
) ss.
CITY OF VANCOUVER)

The foregoing Royalty Deed (Patented and Unpatented Mining Claims), consisting of a total of sixteen (16) pages, was acknowledged before me this 24th day of May, 2016 by Dick Whittington as President of Golden Vertex Corp., an Arizona corporation.

_____
Notary Public

My commission expires:

never expires.

Marina Tran
Barrister and Solicitor
McMillan LLP
1500 – 1055 West Georgia Street
PO Box 11117
Vancouver, BC V6E 4N7
t 604.689.9111
f 604.685.7084

Schedule "A"
To
Royalty Deed
(Property - Legal Description)

I. Patented Mining Claims

The following patented mining claims located in Sections 19, 20, 29 and 30, T20N, R20W, G&SRB&M, Mohave County, Arizona:

Parcel 1: (APN: 213-09-001)

RUTH - Mineral Survey No. 2213, General Land Office No. 45396, U.S. Patent dated May 1,1907, recorded on August 2, 1910 in the office of the Recorder of Mohave County, Arizona in Book 21 of Deeds, at Page 210.

RATTAN - Mineral Survey No. 857, Lot No. 39, Mineral Certificate No. 268, General Land Office No. 25645, U.S. Patent dated May 28, 1895, recorded on August 14, 1895 in the office of the Recorder of Mohave County, Arizona in Book 11 of Deeds, at Page 751.

Parcel 2: (APN: 213-09-002)

The EMPIRE, MASCOT, PARTNERSHIP, RATTAN EXTENSION, and RUTH EXTENSION Lode Mining Claims, Mineral Survey No. 4485, as shown and according to UNITED STATES PATENT recorded in Book 117 of Deeds, page 74, situate in Sections 29 and 30, Township 20N, Range 20 West of the Gila and Salt River Base and Meridian, in the San Francisco Mining District, Mohave County, Arizona.

EXCEPT all of that portion thereof lying with the boundaries of the RATTAN Lode Mining Claim, Survey No. 857, Lot No. 39, Mineral Certificate No. 268 in said San Francisco Mining District, as set forth in said Patent.

Parcel 3: (APN: 213-05-004)

KEY NO. 1, KEY NO. 2, MOSS MILLSIGHT, OMEGA, DIVIDE & KEYSTONE WEDGE Lode Mining Claims in the San Francisco Mining District, being shown on Mineral Survey NO. 4484 on file in the Bureau of Land Management, as granted by PATENT recorded in Book 115 of Deeds, page 428, and situate in Sections 19 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona;

EXCEPTING from said claims all of that portion of ground within the boundaries of the CALIFORNIA MOSS Lode Mining Claim, Mineral Survey No. 182.

Parcel 4: (APN: 213-05-005)

CALIFORNIA MOSS Patented Claim, Lot 37, U.S. Mineral Survey 182 of June 15,1882, said Patent recorded as a deed in Mohave County Recorder's Office records in Book 6, Page 754 and also recorded in the Mohave County Assessor's records as Parcel 213-05-005.

Parcel 5: (APN: 213-05-006)

CALIFORNIA MOSS Lode Mining Claim (Lot No. 38), in the San Francisco Mining District, Survey No. 796, Mineral Certificate No. 175 according to the Patent thereto recorded in Book 22 of Deeds, page 35, lying within a portion of Sections 19, 20, 29 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

II. Unpatented Mining Claims

The following unpatented mining claims situated in the Oatman Mining District in Sections 19, 20, 29 and 30, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	MOSS 11	2004064631	AMC361998
2	MOSS 12	2004064632	AMC361999
3	MOSS 13	2004064633	AMC362000
4	MOSS 14	2004064634	AMC362001
5	MOSS 15	2004064635	AMC362002
6	MOSS 16	2004064636	AMC362003
7	MOSS 17	2004064637	AMC362004
8	MOSS 18	2004064638	AMC362005
9	MOSS 19	2004064639	AMC362006
10	MOSS 20	2004064640	AMC362007
11	MOSS 21	2004064641	AMC362008
12	MOSS 22	2004064642	AMC362009
13	MOSS 23	2004064643	AMC362010
	MOSS 23 (amended)	2015018073	
14	MOSS 24	2004064644	AMC362011
15	MOSS 25	2004064645	AMC362012
16	MOSS 26	2004064646	AMC362013
17	MOSS 27	2004064647	AMC362014
18	MOSS 28	2004064648	AMC362015
19	MOSS 29	2004064649	AMC362016
20	MOSS 30	2004064650	AMC362017
21	MOSS 31	2004064651	AMC362018
22	MOSS 32	2004064652	AMC362019
23	MOSS 34	2004064655	AMC362022
24	MOSS 35	2004064656	AMC362023
25	MOSS 36	2004064657	AMC362024
26	MOSS 37	2004064658	AMC362025
27	MOSS 38	2004064659	AMC362026
28	MOSS 39	2004064660	AMC362027
29	MOSS 39F	2004064661	AMC362028

No.	Name of Claim	Fee No.	BLM Serial No.
	MOSS 39F (amended)	2015018075	
30	MOSS 40	2004064662	AMC362029
31	MOSS 41	2004064663	AMC362030
32	MOSS 42	2004064664	AMC362031
33	MOSS 43	2004064665	AMC362032
34	MOSS 44	2004064666	AMC362033
35	MOSS 45	2004064667	AMC362034
36	MOSS 46	2004064668	AMC362035
	MOSS 46 (amended)	2015018076	
37	MOSS 47	2004064669	AMC362036
	MOSS 47 (amended)	2013014545	
38	MOSS 47B	2004064670	AMC362037
39	MOSS 48	2004064671	AMC362038
	MOSS 48 (amended)	2013014546	
40	MOSS 49	2004064672	AMC362039
	MOSS 49 (amended)	2013014547	
41	MOSS 50	2004064673	AMC362040
	MOSS 50 (amended)	2013014548	
42	MOSS 51	2004064674	AMC362041
43	MOSS 52	2004064675	AMC362042
44	MOSS 53	2004064676	AMC362043
45	MOSS 54	2004064677	AMC362044
46	MOSS 55	2004064678	AMC362045
47	MOSS 56	2004064679	AMC362046
48	MOSS 57	2004064680	AMC362047
49	MOSS 58	2004064681	AMC362048
50	MOSS 59	2004064682	AMC362049
51	MOSS 60	2004064683	AMC362050
52	MOSS 61	2004064684	AMC362051
53	MOSS 62	2004064685	AMC362052
54	MOSS 63	2004064686	AMC362053
55	MOSS 64	2004064687	AMC362054
56	MOSS 65	2004064688	AMC362055
57	MOSS 66	2004064689	AMC362056
58	MOSS 67	2004064690	AMC362057
59	MOSS 68	2004064691	AMC362058
60	MOSS 69	2004064692	AMC362059
61	MOSS 70	2004064693	AMC362060
62	MOSS 1	2009078702	AMC398978
63	MOSS 2	2009078703	AMC398979
64	MOSS 3	2009078704	AMC398980
65	MOSS 4	2009078705	AMC398981
66	MOSS 5	2009078706	AMC398982
67	MOSS 6	2009078707	AMC398983

No.	Name of Claim	Fee No.	BLM Serial No.
68	MOSS 7	2009078708	AMC398984
69	MOSS 8	2009078709	AMC398985
70	MOSS 9	2009078710	AMC398986
71	MOSS 10	2009078711	AMC398987
72	MOSS 118	2009078712	AMC398988
73	MOSS 119	2009078713	AMC398989
74	MOSS 120	2009078714	AMC398990
75	MOSS 121	2009078715	AMC398991
76	MOSS 122	2009078716	AMC398992
77	MOSS 123	2009078717	AMC398993
78	MOSS 124	2009078718	AMC398994
79	MOSS 125	2009078719	AMC398995
80	MOSS 126	2009078720	AMC398996
81	MOSS 127	2009078721	AMC398997
82	MOSS 128	2009078722	AMC398998
83	MOSS 129	2009078723	AMC398999
84	MOSS 130	2009078724	AMC399000
85	MOSS 131	2009078725	AMC399001
86	MOSS 132	2009078726	AMC399002
87	MOSS 133	2009078727	AMC399003
88	MOSS 134	2009078728	AMC399004
89	MOSS 135	2009078729	AMC399005
90	MOSS 136	2009078730	AMC399006
91	MOSS 137	2009078731	AMC399007
92	MOSS 138	2009078732	AMC399008
93	MOSS 139	2009078733	AMC399009
94	MOSS 140	2009078734	AMC399010
95	MOSS 141	2009078735	AMC399011
96	MOSS 142	2009078736	AMC399012
97	MOSS 143	2009078737	AMC399013
98	MOSS 144	2009078738	AMC399014
99	MOSS 145	2009078739	AMC399015
100	MOSS 146	2009078740	AMC399016
101	MOSS 147	2009078741	AMC399017
102	MOSS 148	2009078742	AMC399018
103	MOSS 33X	2015040270	AMC433744

III. GVC Claims (Golden Vertex Corp. Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 13, 14, 23, 24, 25, 26, 35, and 36, Township 20 North, Range 21 West; and Sections 19, 20, 21, 28, 29, 30, 31 and 32, Township 20 North, Range 20 West; G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County

Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	GVC 4	2011034909	AMC408942
2	GVC 5	2011034910	AMC408943
3	GVC 6	2011034911	AMC408944
4	GVC 7	2011034912	AMC408945
5	GVC 8	2011034913	AMC408946
6	GVC 9	2011034914	AMC408947
7	GVC 10	2011034915	AMC408948
8	GVC 11	2011034916	AMC408949
9	GVC 12	2011034917	AMC408950
10	GVC 13	2011034918	AMC408951
11	GVC 15	2011034920	AMC408953
12	GVC 16	2011034921	AMC408954
13	GVC 17	2011034922	AMC408955
14	GVC 18	2011034923	AMC408956
15	GVC 19	2011034924	AMC408957
16	GVC 20	2011034925	AMC408958
17	GVC 21	2011034926	AMC408959
18	GVC 22	2011034927	AMC408960
19	GVC 23	2011034928	AMC408961
20	GVC 24	2011034929	AMC408962
21	GVC 25	2011034930	AMC408963
22	GVC 26	2011034931	AMC408964
23	GVC 27	2011034932	AMC408965
24	GVC 28	2011034933	AMC408966
25	GVC 29	2011034934	AMC408967
26	GVC 30	2011034935	AMC408968
27	GVC 31	2011034936	AMC408969
28	GVC 33	2011034938	AMC408971
29	GVC 34	2011034939	AMC408972
30	GVC 35	2011034940	AMC408973
31	GVC 36	2011034941	AMC408974
32	GVC 37	2011034942	AMC408975
33	GVC 38	2011034943	AMC408976
34	GVC 39	2011034944	AMC408977
35	GVC 40	2011034945	AMC408978
36	GVC 41	2011034946	AMC408979
37	GVC 42	2011034947	AMC408980
38	GVC 43	2011034948	AMC408981
39	GVC 44	2011034949	AMC408982
40	GVC 45	2011034950	AMC408983
41	GVC 46	2011034951	AMC408984

No.	Name of Claim	Fee No.	BLM Serial No.
42	GVC 47	2011034952	AMC408985
43	GVC 48	2011034953	AMC408986
44	GVC 49	2011034954	AMC408987
45	GVC 50	2011034955	AMC408988
46	GVC 51	2011034956	AMC408989
47	GVC 52	2011034957	AMC408990
48	GVC 53	2011034958	AMC408991
49	GVC 54	2011034959	AMC408992
50	GVC 55	2011034960	AMC408993
51	GVC 56	2011034961	AMC408994
52	GVC 57	2011034962	AMC408995
53	GVC 58	2011034963	AMC408996
54	GVC 59	2011034964	AMC408997
55	GVC 60	2011034965	AMC408998
56	GVC 61	2011034966	AMC408999
57	GVC 62	2011034967	AMC409000
58	GVC 63	2011034968	AMC409001
59	GVC 64	2011034969	AMC409002
60	GVC 65	2011034970	AMC409003
61	GVC 67	2011034971	AMC409004
62	GVC 68	2011034972	AMC409005
63	GVC 69	2011034973	AMC409006
64	GVC 70	2011034974	AMC409007
65	GVC 71	2011034975	AMC409008
66	GVC 72	2011034976	AMC409009
67	GVC 73	2011034977	AMC409010
68	GVC 74	2011034978	AMC409011
69	GVC 75	2011034979	AMC409012
70	GVC 76	2011034980	AMC409013
71	GVC 77	2011034981	AMC409014
72	GVC 78	2011034982	AMC409015
73	GVC 79	2011034983	AMC409016
74	GVC 80	2011034984	AMC409017
75	GVC 81	2011034985	AMC409018
76	GVC 82	2011034986	AMC409019
77	GVC 83	2011034987	AMC409020
78	GVC 84	2011034988	AMC409021
79	GVC 85	2011034989	AMC409022
80	GVC 86	2011034990	AMC409023
81	GVC 87	2011034991	AMC409024
82	GVC 88	2011034992	AMC409025
83	GVC 89	2011034993	AMC409026
84	GVC 90	2011034994	AMC409027
85	GVC 91	2011034995	AMC409028

No.	Name of Claim	Fee No.	BLM Serial No.
86	GVC 92	2011034996	AMC409029
87	GVC 93	2011034997	AMC409030
88	GVC 94	2011034998	AMC409031
89	GVC 95	2011034999	AMC409032
90	GVC 96	2011035000	AMC409033
91	GVC 97	2011035001	AMC409034
92	GVC 98	2011035002	AMC409035
93	GVC 99	2011035003	AMC409036
94	GVC 100	2011035004	AMC409037
95	GVC 101	2011035005	AMC409038
96	GVC 102	2011035006	AMC409039
97	GVC 103	2011035007	AMC409040
98	GVC 104	2011035008	AMC409041
99	GVC 105	2011035009	AMC409042
100	GVC 106	2011035010	AMC409043
101	GVC 107	2011035011	AMC409044
102	GVC 108	2011035012	AMC409045
103	GVC 109	2011035013	AMC409046
104	GVC 110	2011035014	AMC409047
105	GVC 111	2011035015	AMC409048
106	GVC 112	2011035016	AMC409049
107	GVC 114	2011035018	AMC409051
108	GVC 115	2011035019	AMC409052
109	GVC 116	2011035020	AMC409053
110	GVC 117	2011035021	AMC409054
111	GVC 118	2011035022	AMC409055
112	GVC 119	2011035023	AMC409056
113	GVC 120	2011035024	AMC409057
114	GVC 121	2011035025	AMC409058
115	GVC 122	2011035026	AMC409059
116	GVC 123	2011035027	AMC409060
117	GVC 128	2011035032	AMC409065
118	GVC 129	2011035033	AMC409066
119	GVC 130	2011035034	AMC409067
120	GVC 131	2011035035	AMC409068
121	GVC 132	2011035036	AMC409069
122	GVC 133	2011035037	AMC409070
123	GVC 175	2011035071	AMC409104
124	GVC 176	2011035072	AMC409105
125	GVC 177	2011035073	AMC409106
126	GVC 178	2011035074	AMC409107
127	GVC 179	2011035075	AMC409108
128	GVC 180	2011035076	AMC409109
129	GVC 181	2011035077	AMC409110

No.	Name of Claim	Fee No.	BLM Serial No.
130	GVC 182	2011035078	AMC409111
131	GVC 183	2011035079	AMC409112
132	GVC 184	2011035080	AMC409113
133	GVC 185	2011035081	AMC409114
134	GVC 186	2011035082	AMC409115
135	GVC 187	2011035083	AMC409116
136	GVC 188	2011035084	AMC409117
137	GVC 189	2011035085	AMC409118
138	GVC 190	2011035086	AMC409119
139	GVC 191	2011035087	AMC409120
140	GVC 192	2011035088	AMC409121
141	GVC 193	2011035089	AMC409122
142	MOSS 201	2012041054	AMC416914
143	MOSS 202	2012041055	AMC416915
144	MOSS 203	2012041056	AMC416916
145	MOSS 204	2012041057	AMC416917
146	MOSS 205	2012041058	AMC416918
147	MOSS 206	2012041059	AMC416919
148	MOSS 207	2012041060	AMC416920
149	MOSS 208	2012041061	AMC416921
150	MOSS 209	2012041062	AMC416922
151	MOSS 210	2012061604	AMC420117
152	MOSS 211	2012061605	AMC420118
153	GVC 301	2015018077	AMC432054

Provided however, the Royalty shall be payable on the claims listed in this Part III only to the extent that Payor, or its successors or assigns, maintain a record title interest in such unpatented mining claims (provided that if any such claims are abandoned but then relocated at any time within five years of such abandonment, the Royalty shall remain payable); and provided further, that the Royalty shall be payable on the claims listed in this Part III only to the extent that such unpatented mining claims, or the portions thereof, are within the Area of Interest.

IV. Silver Creek Lease Option Claims (La Cuesta International, Inc. Lease Option Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 16, 17, 20, 21, 28, 29, 30, 31, 32 and 33, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	SILVER CREEK 20	2011024754	AMC407882

No.	Name of Claim	Fee No.	BLM Serial No.
2	SILVER CREEK 22	2011024756	AMC407884
3	SILVER CREEK 44	2011024778	AMC407906
4	SILVER CREEK 45	2011024779	AMC407907
5	SILVER CREEK 46	2011024780	AMC407908
6	SILVER CREEK 47	2011024781	AMC407909
7	SILVER CREEK 48	2011024782	AMC407910
8	SILVER CREEK 49	2011024783	AMC407911
9	SILVER CREEK 50	2011024784	AMC407912
10	SILVER CREEK 51	2011024785	AMC407913
11	SILVER CREEK 52	2011024786	AMC407914
12	SILVER CREEK 53	2011024787	AMC407915
13	SILVER CREEK 54	2011024788	AMC407916
14	SILVER CREEK 67	2011024801	AMC407929
15	SILVER CREEK 68	2011024802	AMC407930
16	SILVER CREEK 69	2011024803	AMC407931
17	SILVER CREEK 70	2011024804	AMC407932
18	SILVER CREEK 71	2011024805	AMC407933
19	SILVER CREEK 72	2011024806	AMC407934
20	SILVER CREEK 73	2011024807	AMC407935
21	SILVER CREEK 74	2011024808	AMC407936
22	SILVER CREEK 75	2011024809	AMC407937
23	SILVER CREEK 76	2011024810	AMC407938
24	SILVER CREEK 77	2011024811	AMC407939
25	SILVER CREEK 78	2011024812	AMC407940
26	SILVER CREEK 79	2011024813	AMC407941
27	SILVER CREEK 80	2011024814	AMC407942
28	SILVER CREEK 81	2011024815	AMC407943
29	SILVER CREEK 82	2011024816	AMC407944
30	SILVER CREEK 83	2011024817	AMC407945
31	SILVER CREEK 84	2011024818	AMC407946
32	SILVER CREEK 85	2011024819	AMC407947
33	SILVER CREEK 86	2011024820	AMC407948
34	SILVER CREEK 89	2011024823	AMC407951
35	SILVER CREEK 90	2011024824	AMC407952
36	SILVER CREEK 91	2011024825	AMC407953
37	SILVER CREEK 92	2011024826	AMC407954
38	SILVER CREEK 93	2011024827	AMC407955
39	SILVER CREEK 94	2011024828	AMC407956
40	SILVER CREEK 95	2011024829	AMC407957
41	SILVER CREEK 96	2011024830	AMC407958
42	SILVER CREEK 97	2011024831	AMC407959
43	SILVER CREEK 108	2011024842	AMC407970
44	SILVER CREEK 109	2011024843	AMC407971
45	SILVER CREEK 110	2011024844	AMC407972

No.	Name of Claim	Fee No.	BLM Serial No.
46	SILVER CREEK 111	2011024845	AMC407973
47	SILVER CREEK 112	2011024846	AMC407974
48	SILVER CREEK 113	2011024847	AMC407975
49	SILVER CREEK 114	2011024848	AMC407976
50	SILVER CREEK 115	2011024849	AMC407977
51	SILVER CREEK 116	2011044461	AMC410214
52	SILVER CREEK 117	2011044462	AMC410215
53	SILVER CREEK 126	2011044471	AMC410224
54	SILVER CREEK 127	2011044472	AMC410225
55	SILVER CREEK 128	2011044473	AMC410226
56	SILVER CREEK 129	2011044474	AMC410227
57	SILVER CREEK 130	2011044475	AMC410228
58	SILVER CREEK 131	2011044476	AMC410229
59	SILVER CREEK 132	2011044477	AMC410230
60	SILVER CREEK 133	2011044478	AMC410231
61	SILVER CREEK 138	2011044483	AMC410236
62	SILVER CREEK 140	2011044485	AMC410238
63	SILVER CREEK 141	2011044486	AMC410239
64	SILVER CREEK 142	2011044487	AMC410240
65	SILVER CREEK 143	2011044488	AMC410241
66	SILVER CREEK 144	2011044489	AMC410242
67	SILVER CREEK 145	2011044490	AMC410243
68	SILVER CREEK 146	2011044491	AMC410244
69	SILVER CREEK 147	2011044492	AMC410245
70	SILVER CREEK 148	2011044493	AMC410246
71	SILVER CREEK 149	2011044494	AMC410247
72	SILVER CREEK 150	2011044495	AMC410248
73	SILVER CREEK 151	2011044496	AMC410249
74	SILVER CREEK 152	2011044497	AMC410250
75	SILVER CREEK 153	2011044498	AMC410251
76	SILVER CREEK 154	2011044499	AMC410252
77	SILVER CREEK 155	2011044500	AMC410253
78	SILVER CREEK 156	2011044501	AMC410254
79	SILVER CREEK 159	2011044504	AMC410257
80	SILVER CREEK 161	2011044506	AMC410259
81	SILVER CREEK 163	2011044508	AMC410261
82	SILVER CREEK 165	2011044510	AMC410263
83	SILVER CREEK 166	2011044511	AMC410264
84	SILVER CREEK 167	2011044512	AMC410265
85	SILVER CREEK 168	2011044513	AMC410266
86	SILVER CREEK 169	2011044514	AMC410267
87	SILVER CREEK 170	2011044515	AMC410268
88	SILVER CREEK 171	2011044516	AMC410269
89	SILVER CREEK 172	2011044517	AMC410270

No.	Name of Claim	Fee No.	BLM Serial No.
90	SILVER CREEK 173	2011044518	AMC410271
91	SILVER CREEK 174	2011044519	AMC410272
92	SILVER CREEK 175	2011044520	AMC410273
93	SILVER CREEK 176	2011044521	AMC410274
94	SILVER CREEK 184	2011044529	AMC410282
95	SILVER CREEK 185	2012000017	AMC413137
96	SILVER CREEK 186	2012000018	AMC413138
97	SILVER CREEK 187	2012000019	AMC413139
98	SILVER CREEK 188	2012000020	AMC413140
99	SILVER CREEK 189	2012000021	AMC413141
100	SILVER CREEK 190	2012000022	AMC413142
101	SILVER CREEK 191	2012000023	AMC413143
102	SILVER CREEK 192	2012000024	AMC413144
103	SILVER CREEK 193	2012000025	AMC413145
104	SILVER CREEK 194	2014014495	AMC427718
105	SILVER CREEK 195	2014014496	AMC427719
106	SILVER CREEK 196	2014014497	AMC427720
107	SILVER CREEK 197	2014014498	AMC427721
108	SILVER CREEK 198	2014014499	AMC427722
109	SILVER CREEK 199	2014014500	AMC427723
110	SILVER CREEK 200	2014014501	AMC427724
111	SILVER CREEK 201	2014014502	AMC427725

Provided, however, that the Royalty shall be payable on the claims listed in this Part IV only to the extent that Payor, or its successors or assigns, maintains a leasehold interest, an option interest to acquire, or record title interest in such unpatented mining claims pursuant to the terms and conditions of the underlying Mineral Lease and Option Agreement between La Cuesta International, Inc. and Payor dated May 7, 2014, as amended, as referenced in that certain Amended and Restated Memorandum of Option Agreement and Notice of Assignment and Assumption of Option Agreement dated October 29, 2015 and recorded on October 29, 2015 at Fee # 2015047985 in the Official Records of Mohave County, Arizona (provided that if any such claims are abandoned but then relocated at any time within five years of such abandonment, the Royalty shall remain payable); and provided further, that the Royalty shall be payable on the claims listed in this Part IV only to the extent that such unpatented mining claims, or portions thereof, are within the Area of Interest.

V. ASLD Exploration Permit (La Cuesta International, Inc. Lease Option Claims)

Arizona State Land Department Exploration Permit (Permit No. 08-116110) dated December 22, 2011.

Provided, however, that the Royalty shall be payable on the Arizona State Land Department Exploration Permit listed in this Part V only to the extent that Payor, or its successors or assigns, maintains a leasehold interest, an option interest to acquire, or record title interest in such Arizona State Land Department Exploration Permit pursuant to the terms and

conditions of the underlying Mineral Lease and Option Agreement between La Cuesta International, Inc. and Payor dated May 7, 2014, as amended, as referenced in that certain Amended and Restated Memorandum of Option Agreement and Notice of Assignment and Assumption of Option Agreement dated October 29, 2015 and recorded on October 29, 2015 at Fee # 2015047985 in the Official Records of Mohave County, Arizona (provided that if such permit is abandoned or expires but reacquired at any time within five years of such abandonment or expiration, the Royalty shall be payable); and provided further that the Royalty shall be payable on such Arizona State Land Department Exploration Permit listed in this Part V only to such extent that such permit area, or portions thereof, are within the Area of Interest.

EXHIBIT C

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2017
Commission file number: 0–32919

PATRIOT GOLD CORP.
(Exact name of registrant as specified in its charter)

Nevada	**86-0947048**
(State of incorporation)	(I.R.S. Employer Identification No.)

3651 Lindell Road, Suite D165
Las Vegas, Nevada, 89103
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:
None

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The issuer's revenues for its most recent fiscal year were $Nil

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of November 30, 2016 was approximately $3,221,823.

The number of shares of the issuer's common stock issued and outstanding as of August 31, 2017 was 55,877,604 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling, but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

PART I

Item 1. Description of Business

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June, 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June, 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March, 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Northern Vertex Capital Inc. ("Northern Vertex").

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus the retention by Patriot of a 3% net smelter returns royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement. The Investment Agreement prohibits the resale of the shares during the four month period following the date of issuance and thereafter, the Company will not sell the shares in an amount exceeding 100,000 shares per month.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have two gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and in April 2017, we sold our interest in the Bruner project leaving our project inventory to consist of the Vernal project and the Windy Peak project.

Financing

There was ($162,000) of financing activities undertaken by the Company during the fiscal year ended May 31, 2017 through the issuance of common stock and warrants, and checks written in excess of cash. Additionally, it had $885,000 cash generated from investing activities due to the sale of mineral properties. Management estimates that the Company will not require additional funds for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;

(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or

(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales in order to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse affect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards, which pose financial risks.

5. Because we our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Item 1B. Unresolved Staff Comments

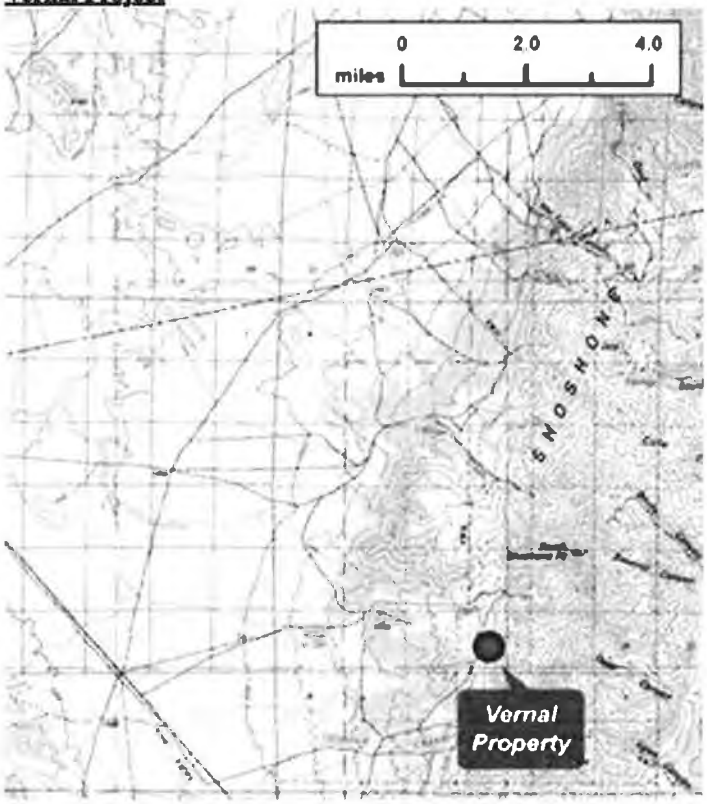
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 3651 Lindell Road, Suite D165, Las Vegas, Nevada 89103. Management believes that our office space is suitable for our current needs.

Our property holdings as of May 31, 2017 consists of the Vernal and Windy Peak Property.

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada. The Bruner position was subsequently expanded from 16 unpatented mining claims to 80 unpatented mining claims bringing the total at Bruner to approximately 1,653 acres. Any additional claims agreed by the Company to be staked by MinQuest within 2 miles from the existing perimeter of the Property boundaries shall form part of the BV Agreement.

In order to earn a 100% interest in these two properties, option payments totaling $92,500 and an additional $500,000 in exploration expenditures were required. All mining interests in the property are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges.

Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

To date, the Company has paid the option payments totaling $92,500, and has accumulated approximately $625,070 and $79,760 of exploration expenditures on the Bruner and Vernal properties, respectively. These expenditures have satisfied the requirements of the BV Agreement and 100% interest in these two properties has been transferred to Patriot, subject to MinQuest retaining a 3% royalty.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225 foot wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November, 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves. The Company is currently preparing a 43-101 compliant technical report on the Vernal property which it expects to be complete later in 2017.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company in June 2017.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 79 unpatented mineral claims covering approximately 1,630 acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 6 miles SSW of Middlegate in sections 4,5,8,9,28,32,33 of T15 &16N R35E, Nevada. The Property is divided into 2 non-contiguous claim blocks with the northern claim block being adjacent to Hill 6483 in the Windy Fault.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

The Property claims were located and recorded along with the necessary payments being filed in March 2013. Annual maintenance fees of $155 per claim paid to the BLM and recording fees of approximately $15 per claim must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera but their geochemical differences indicate they are not related.

Windy Peak

The only published information found regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

At least 56 RC holes have been drilled on and around the Windy Peak claims area. The identifiable holes are vertical holes which is interesting because the primary target in the Windy area is bonanza grade veins in steep to vertical structures. In effect, the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Planned Exploration

The Company's current objectives are to assess the Windy Peak geological merits to establish an exploration program and identify the potential for economically viable mineralization. The cost of this exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2018
Commission file number: 0–32919

PATRIOT GOLD CORP.
(Exact name of registrant as specified in its charter)

Nevada	**86-0947048**
(State of incorporation)	(I.R.S. Employer Identification No.)

3651 Lindell Road, Suite D165
Las Vegas, Nevada, 89103
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:
None

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The issuer's revenues for its most recent fiscal year were $Nil

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of November 30, 2017 was approximately $3,075,669.

The number of shares of the issuer's common stock issued and outstanding as of August 29, 2018 was 58,408,854 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling, but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

PART I

Item 1. Description of Business

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Northern Vertex Capital Inc. ("Northern Vertex").

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus the retention by Patriot of a 3% net smelter returns royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement. The Investment Agreement prohibits the resale of the shares during the four month period following the date of issuance and thereafter, the Company will not sell the shares in an amount exceeding 100,000 shares per month.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have two gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty leaving our project inventory to consist of the Vernal project and the Windy Peak project.

Financing

There was $14,500 of financing activities undertaken by the Company during the fiscal year ended May 31, 2018 through the issuance of Series A Preferred Stock, offset by the purchase of treasury stock for ($9,093). Management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;

(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or

(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Item 1B. Unresolved Staff Comments

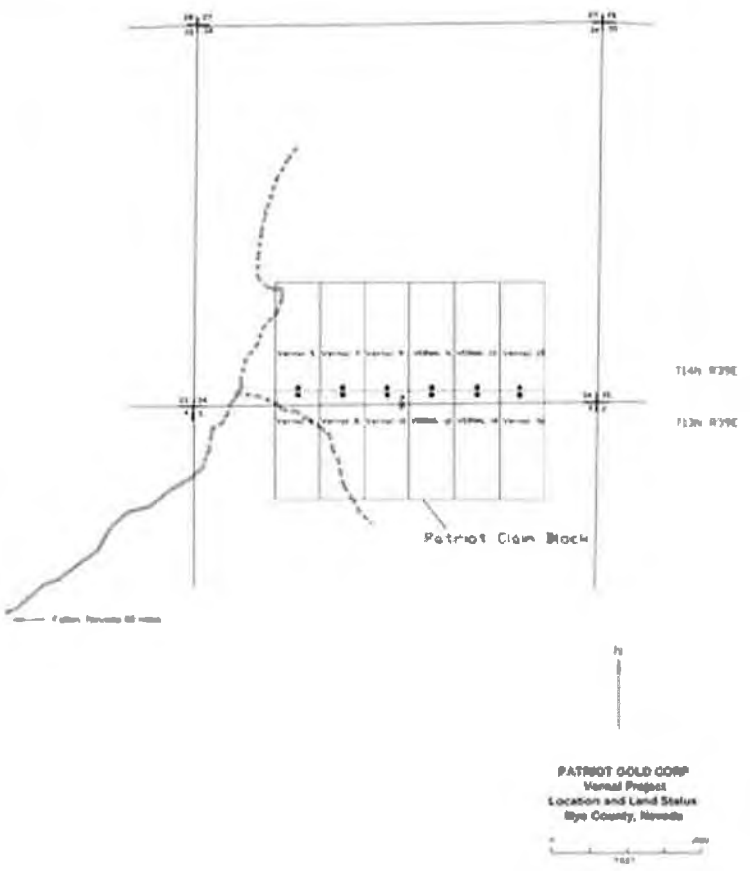
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 3651 Lindell Road, Suite D165, Las Vegas, Nevada 89103. Management believes that our office space is suitable for our current needs.

Our property holdings as of May 31, 2018 consist of the Vernal Property and Windy Peak Property.

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, the Company has paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to Patriot, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

In April 2017, Canamex Resources purchased our interest in the Bruner properties for US$1.0 million cash, and we retained a two percent net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225 foot wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company several times in 2017 and 2018.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5 ½ miles south of Middlegate. The Property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of

the holes previously drilled are inferred to be too shallow to properly test targets. The Company believes the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Planned Exploration

The Company has planned an exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company plans to initiate drilling in the summer of 2018. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2019
Commission file number: 0–32919

PATRIOT GOLD CORP.
(Exact name of registrant as specified in its charter)

Nevada	**86-0947048**
(State of incorporation)	(I.R.S. Employer Identification No.)

3651 Lindell Road, Suite D165
Las Vegas, Nevada, 89103
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The issuer's revenues for its most recent fiscal year were $864,779.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of November 30, 2018 was approximately $3,046,932.

The number of shares of the issuer's common stock issued and outstanding as of August 29, 2019 was 74,280,354 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost-effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

PART I

Item 1. Description of Business

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Northern Vertex Capital Inc. ("Northern Vertex").

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus a 3% net smelter return royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have three gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty leaving our project inventory to consist of the Vernal project, the Windy Peak project and the Rainbow Mountain project.

Financing

There was $2,000 of financing activities undertaken by the Company during the fiscal year ended May 31, 2019 through the exercise of stock options. Due to the commencement of the royalties from the Moss mine, management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;

(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or

(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Item 1B. Unresolved Staff Comments

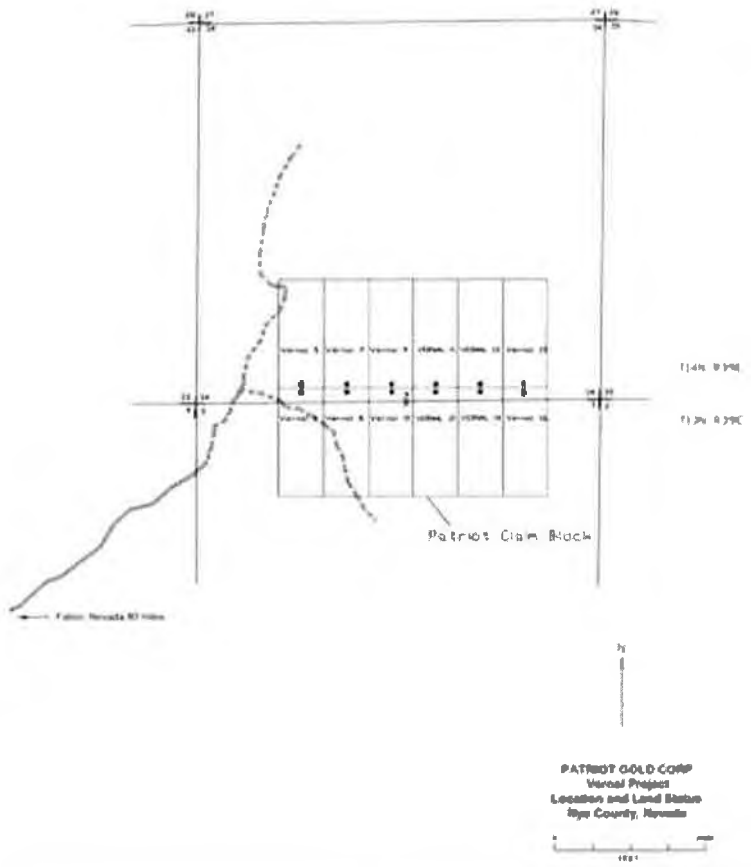
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 3651 Lindell Road, Suite D165, Las Vegas, Nevada 89103. Management believes that our office space is suitable for our current needs.

Our property holdings as of May 31, 2019 consist of the Vernal Property, Windy Peak Property and Rainbow Mountain Property.

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, the Company has paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to Patriot, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

In April 2017, Canamex Resources purchased our interest in the Bruner properties for US$1.0 million cash, and we retained a two percent net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225-foot-wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company several times in 2017, 2018, and 2019.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5 ½ miles south of Middlegate. The Property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera, but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of the holes previously drilled are inferred to be too shallow to properly test targets. The Company believes the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Current Exploration

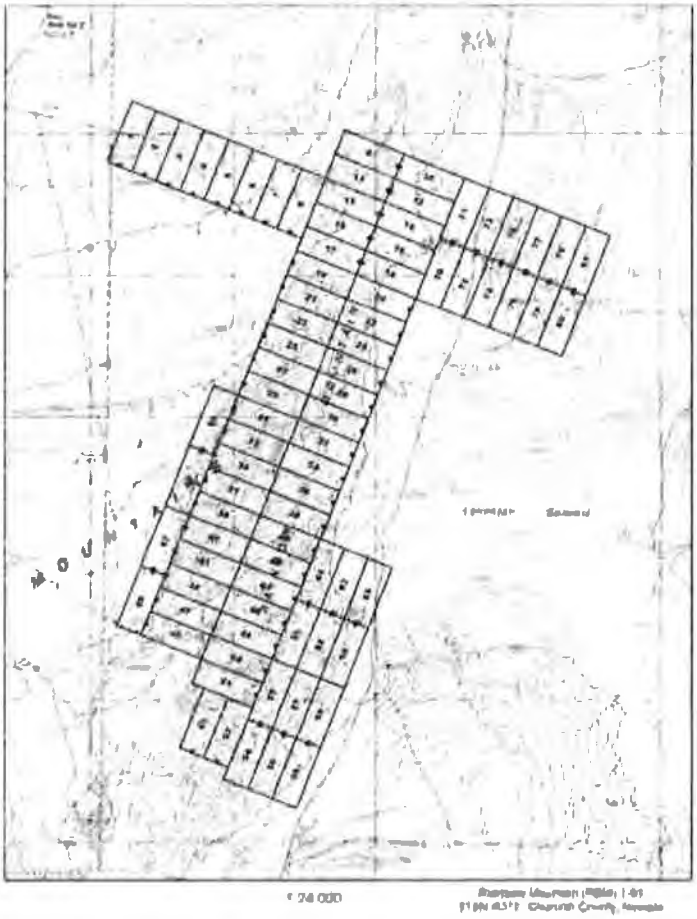
The Company has commenced an exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company initiated drilling in the summer of 2018 and is conducting ongoing work. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Rainbow Mountain Property

Acquisition of Interest

In autumn of 2018, after conducting initial reconnaissance of the Rainbow Mountain, the Company acquired the Rainbow Mountain Property, (referred to herein as the "Rainbow Mountain Property," "Rainbow Mountain" or the "Property"). This early-stage exploration project was secured through staking and filing the associated paperwork and fees with the BLM and County. Rainbow Mountain has been visited by directors and technical staff of the Company several times in 2018 and 2019.

The Rainbow Mountain Property Location in Nevada



Description and Location of the Rainbow Mountain Property

The Rainbow Mountain gold project consists of 81 unpatented lode claims totaling approximately 1,620 contiguous acres, located approximately 23 km southeast of Fallon, in the state of Nevada. Access to the project area is by paved highway, followed by a short stretch of gravel road.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Geology of the Rainbow Mountain Property Area

The claim area roughly encompasses nearly the full extent of Rainbow Mountain, and specifically a prominent zone of northeast-striking faults which transect the central part of Rainbow Mountain. This complex fault zone involves three discrete Tertiary volcanic units comprised of basalt, dacite, and olivine basalt. Individual fault traces are well exposed locally and are often coincident with the contacts between the individual lithologic units. Many of the fault traces exhibit prominent fault breccia and hydrothermal breccia, and surface samples of this material returned anomalous gold and silver values up to 0.807 ppm and 1.6 ppm, respectively.

Based on observations recorded during field reconnaissance, individual hydrothermal veins along the faulted contacts range in thickness up to 1.5 m, with associated strike lengths of up to 1.7 km. The Company postulates that this locally intense faulting, in conjunction with the associated anomalous assay values, is suggestive of a potential epithermal vein system within the footwall of the greater Rainbow Fault zone.

Current Exploration

The Company has conducted limited sampling of the Property. The Company recognizes that Rainbow Mountain is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

10-K 1 patriotgold_10k-123120.htm ANNUAL REPORT
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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 0–32919

PATRIOT GOLD CORP.

(Exact name of registrant as specified in its charter)

Nevada	**86-0947048**
(State of incorporation)	(I.R.S. Employer Identification No.)

401 Ryland St. Suite 180
Reno, Nevada, 89502
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of June 30, 2020 was approximately $2,073,965.

The number of shares of the issuer's common stock issued and outstanding as of April 14, 2021 was 74,380,354 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost-effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

PART I

The following should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. Throughout this document, we make statements that are classified as "forward-looking." Please refer to the "Forward-Looking Statements" section above for an explanation of these types of statements.

Item 1. Description of Business

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Northern Vertex Capital Inc. ("Northern Vertex").

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus a 3% net smelter return royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in fiscal year end from May 31 to December 31.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have three gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty leaving our project inventory to consist of the Vernal project, the Windy Peak project and the Rainbow Mountain project.

Financing

There was $22,400 of financing activities undertaken by the Company during the fiscal year ended December 31, 2020 through the exercise of warrants. Due to the commencement of the royalties from the Moss mine, management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;

(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or

(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in fiscal year end from May 31 to December 31.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Public Health Threats Risk

24. Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).

Public health threats, such as the coronavirus (COVID-19), influenza and other highly communicable diseases or viruses could adversely impact our operations and cause disruptions in the natural resource exploration and mining industry. If the effect of the coronavirus (COVID-19) is ongoing, economic conditions and the economic slow-down resulting from COVID-19 and the intentional governmental responses to the virus may also adversely affect the market price of our common shares.

Item 1B. Unresolved Staff Comments

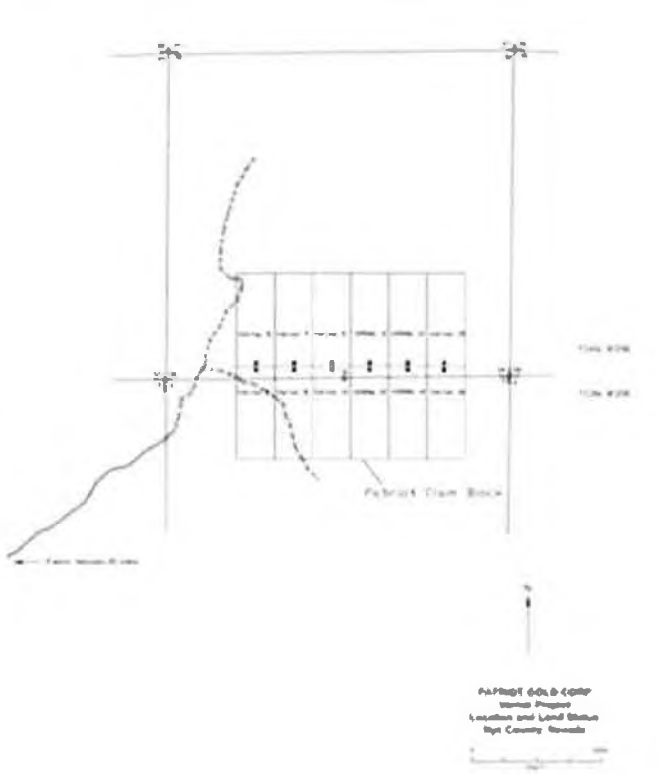
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 401 Ryland St, Suite 180, Reno, NV 89502. Management believes that our office space is suitable for our current needs.

Our property holdings as of December 31, 2020 consist of the Vernal Property, Windy Peak Property and Rainbow Mountain Property.

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, the Company has paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to Patriot, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

In April 2017, Canamex Resources purchased our interest in the Bruner properties for US$1.0 million cash, and we retained a two percent net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225-foot-wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company several times in 2017, 2018, 2019, and 2020.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5 ½ miles south of Middlegate. The Property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera, but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of the holes previously drilled are inferred to be too shallow to properly test targets. The Company believes the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Current Exploration

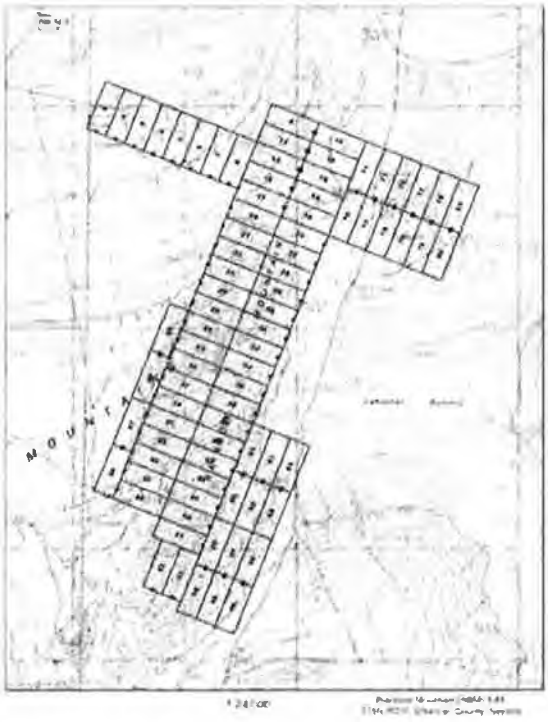
The Company has been conducting an ongoing exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company initiated drilling in the summer of 2018, and this program extended into October 2018. Further drilling was completed in December 2019, and again in January 2021. Exploration on the project is ongoing. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Rainbow Mountain Property

Acquisition of Interest

In autumn of 2018, after conducting initial reconnaissance of the Rainbow Mountain, the Company acquired the Rainbow Mountain Property, (referred to herein as the "Rainbow Mountain Property," "Rainbow Mountain" or the "Property"). This early-stage exploration project was secured through staking and filing the associated paperwork and fees with the BLM and County. Rainbow Mountain has been visited by directors and technical staff of the Company several times in 2018, 2019, and 2020.

The Rainbow Mountain Property Location in Nevada



Description and Location of the Rainbow Mountain Property

The Rainbow Mountain gold project consists of 81 unpatented lode claims totaling approximately 1,620 contiguous acres, located approximately 23 km southeast of Fallon, in the state of Nevada. Access to the project area is by paved highway, followed by a short stretch of gravel road.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Geology of the Rainbow Mountain Property Area

The claim area roughly encompasses nearly the full extent of Rainbow Mountain, and specifically a prominent zone of northeast-striking faults which transect the central part of Rainbow Mountain. This complex fault zone involves three discrete Tertiary volcanic units comprised of basalt, dacite, and olivine basalt. Individual fault traces are well exposed locally and are often coincident with the contacts between the individual lithologic units. Many of the fault traces exhibit prominent fault breccia and hydrothermal breccia, and surface samples of this material returned anomalous gold and silver values up to 0.807 ppm and 1.6 ppm, respectively.

Based on observations recorded during field reconnaissance, individual hydrothermal veins along the faulted contacts range in thickness up to 1.5 m, with associated strike lengths of up to 1.7 km. The Company postulates that this locally intense faulting, in conjunction with the associated anomalous assay values, is suggestive of a potential epithermal vein system within the footwall of the greater Rainbow Fault zone.

Current Exploration

The Company has been conducting an ongoing exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company initiated drilling in December of 2020. Exploration on the project is ongoing. The Company recognizes that Rainbow Mountain is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 000-32919

PATRIOT GOLD CORP.

(Exact name of registrant as specified in its charter)

Nevada	**86-0947048**
(State of incorporation)	(I.R.S. Employer Identification No.)

401 Ryland St. Suite 180
Reno, Nevada, 89502
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of June 30, 2021 was approximately $4,744,502.

The number of shares of the issuer's common stock issued and outstanding as of March 29, 2022 was 74,380,354 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost-effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

PART I

The following should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. Throughout this document, we make statements that are classified as "forward-looking." Please refer to the "Forward-Looking Statements" section above for an explanation of these types of statements.

Item 1. Description of Business

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.
On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Elevation Gold Mining Corporation ("Elevation"), formerly known as Northern Vertex Capital Inc.

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus a 3% net smelter return royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement.

On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer") entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have two gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty. Our current project inventory consists of the Vernal project and the Windy Peak project.

Financing

There were no financing activities undertaken by the Company during the fiscal year ended December 31, 2021. Due to the commencement of the royalties from the Moss mine, management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;
(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or
(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer) entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer has the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Public Health Threats Risk

24. Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).

Public health threats, such as the coronavirus (COVID-19), influenza and other highly communicable diseases or viruses could adversely impact our operations and cause disruptions in the natural resource exploration and mining industry. If the effect of the coronavirus (COVID-19) is ongoing, economic conditions and the economic slow-down resulting from COVID-19 and the intentional governmental responses to the virus may also adversely affect the market price of our common shares.

Item 1B. Unresolved Staff Comments

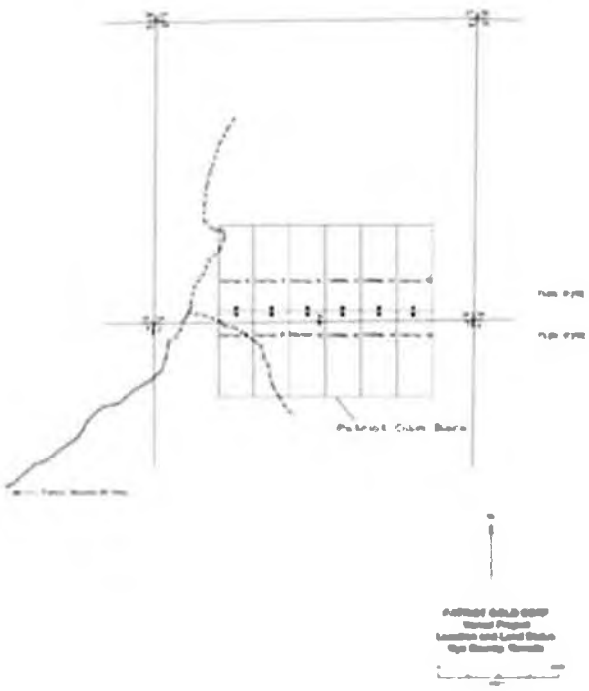
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 401 Ryland St, Suite 180, Reno, NV 89502. Management believes that our office space is suitable for our current needs.

Our property holdings as of December 31, 2021 consist of the Vernal Property and the Windy Peak Property

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, the Company has paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to Patriot, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

In April 2017, Canamex Resources ("Buyer") purchased our interest in the Bruner properties for US$1.0 million cash, and we retained a two percent net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer has the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225-foot-wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company several times in 2017, 2018, 2019, and 2020.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5 ½ miles south of Middlegate. The Property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera, but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of the holes previously drilled are inferred to be too shallow to properly test targets. The Company believes the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Current Exploration

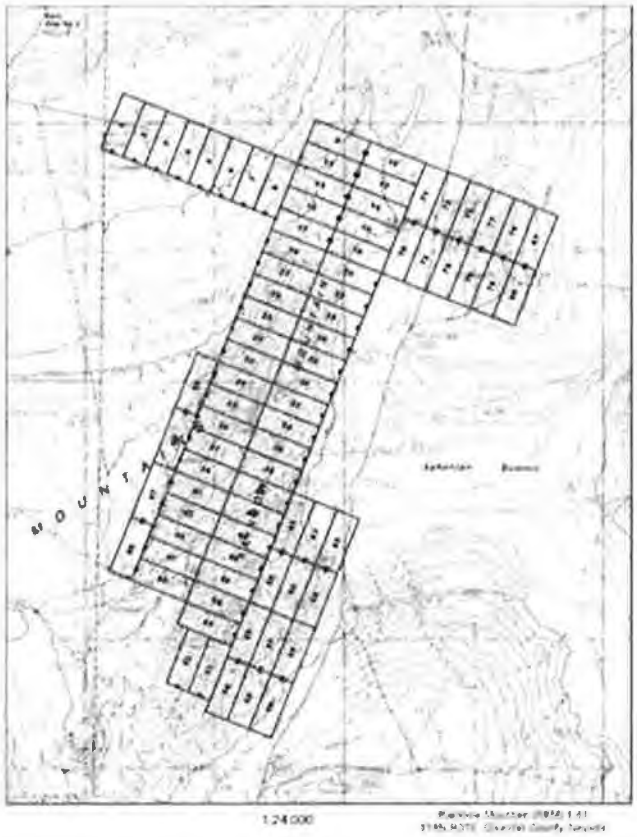
The Company has been conducting an ongoing exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company initiated drilling in the summer of 2018, and this program extended into October 2018. Further drilling was completed in December 2019, and again in January 2021. Exploration on the project is ongoing. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Rainbow Mountain Property

Acquisition of Interest

In autumn of 2018, after conducting initial reconnaissance of the Rainbow Mountain, the Company acquired the Rainbow Mountain Property, (referred to herein as the "Rainbow Mountain Property," "Rainbow Mountain" or the "Property"). This early-stage exploration project was secured through staking and filing the associated paperwork and fees with the BLM and County. Rainbow Mountain has been visited by directors and technical staff of the Company several times in 2018, 2019, and 2020.

The Rainbow Mountain Property Location in Nevada



Description and Location of the Rainbow Mountain Property

The Rainbow Mountain gold project consisted of 81 unpatented lode claims totaling approximately 1,620 contiguous acres, located approximately 23 km southeast of Fallon, in the state of Nevada. Access to the project area is by paved highway, followed by a short stretch of gravel road.

The Property claims were held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep claims in good standing, and provided the filings are kept current such claims can be kept in perpetuity.

Geology of the Rainbow Mountain Property Area

The claim area roughly encompassed nearly the full extent of Rainbow Mountain, and specifically a prominent zone of northeast-striking faults which transect the central part of Rainbow Mountain. This complex fault zone involves three discrete Tertiary volcanic units comprised of basalt, dacite, and olivine basalt. Individual fault traces are well exposed locally and are often coincident with the contacts between the individual lithologic units. Many of the fault traces exhibit prominent fault breccia and hydrothermal breccia, and surface samples of this material returned anomalous gold and silver values up to 0.807 ppm and 1.6 ppm, respectively.

Based on observations recorded during field reconnaissance, individual hydrothermal veins along the faulted contacts range in thickness up to 1.5 m, with associated strike lengths of up to 1.7 km. The Company postulates that this locally intense faulting, in conjunction with the associated anomalous assay values, is suggestive of a potential epithermal vein system within the footwall of the greater Rainbow Fault zone.

Current Exploration

The Company conducted an exploration program to assess the potential for economically viable mineralization. The exploration program was permitted by the BLM. The Company initiated drilling in December of 2020. In light of the assay results of the drilling program, the Company opted to not renew the claims associated with the Rainbow Mountain project.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 000-32919

PATRIOT GOLD CORP.

(Exact name of registrant as specified in its charter)

Nevada	86-0947048
(State of incorporation)	(I.R.S. Employer Identification No.)

401 Ryland St. Suite 180
Reno, Nevada, 89502
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of June 30, 2022 was approximately $1,235,079.

The number of shares of the issuer's common stock issued and outstanding as of March 21, 2023 was 74,491,580 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost-effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

PART I

The following should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. Throughout this document, we make statements that are classified as "forward-looking." Please refer to the "Forward-Looking Statements" section above for an explanation of these types of statements.

Item 1. Description of Business.

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Elevation Gold Mining Corporation ("Elevation"), formerly known as Northern Vertex Capital Inc.

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus a 3% net smelter return royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement.

On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer") entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer had the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have two gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty. Our current project inventory consists of the Vernal project and the Windy Peak project.

Financing

There were no financing activities undertaken by the Company during the fiscal year ended December 31, 2022. Due to the commencement of the royalties from the Moss mine, management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;
(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or
(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer) entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer had the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Item 1A. Risk Factors.

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Public Health Threats Risk

24. Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).

Public health threats, such as the coronavirus (COVID-19), influenza and other highly communicable diseases or viruses could adversely impact our operations and cause disruptions in the natural resource exploration and mining industry. If the effect of the coronavirus (COVID-19) is ongoing, economic conditions and the economic slow-down resulting from COVID-19 and the intentional governmental responses to the virus may also adversely affect the market price of our common shares.

Item 1B. Unresolved Staff Comments.

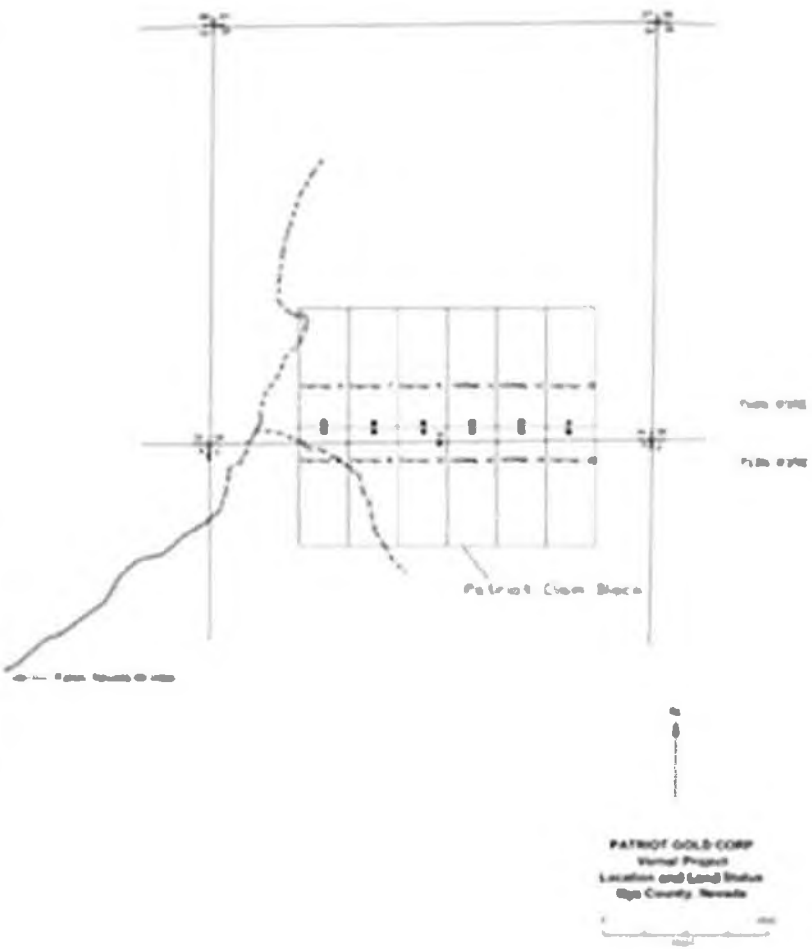
There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 401 Ryland St, Suite 180, Reno, NV 89502. Management believes that our office space is suitable for our current needs.

Our property holdings as of December 31, 2022 consist of the Vernal Property and the Windy Peak Property.

Vernal Project



Map showing the location of our Vernal Project located in Central Western Nevada.

Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada Company ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, the Company has paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to Patriot, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, the Company entered into an Assignment Agreement with its wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada Company, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the original property option agreements.

In April 2017, Canamex Resources ("Buyer") purchased our interest in the Bruner properties for US$1.0 million cash, and we retained a two percent net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer had the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the Vernal Property or the exploration work being done. A 225-foot-wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, the Company initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. The Company is continuing to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal.

Planned Exploration

The Company's current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. The Company recognizes that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, the Company acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property," "Windy Peak" or the "Property"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by directors and technical staff of the Company several times in 2017, 2018, 2019, 2020, and 2022.

The Windy Peak Property Location in Nevada

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5 ½ miles south of Middlegate. The Property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the Property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The Property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera, but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of the holes previously drilled are inferred to be too shallow to properly test targets. The Company believes the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Current Exploration

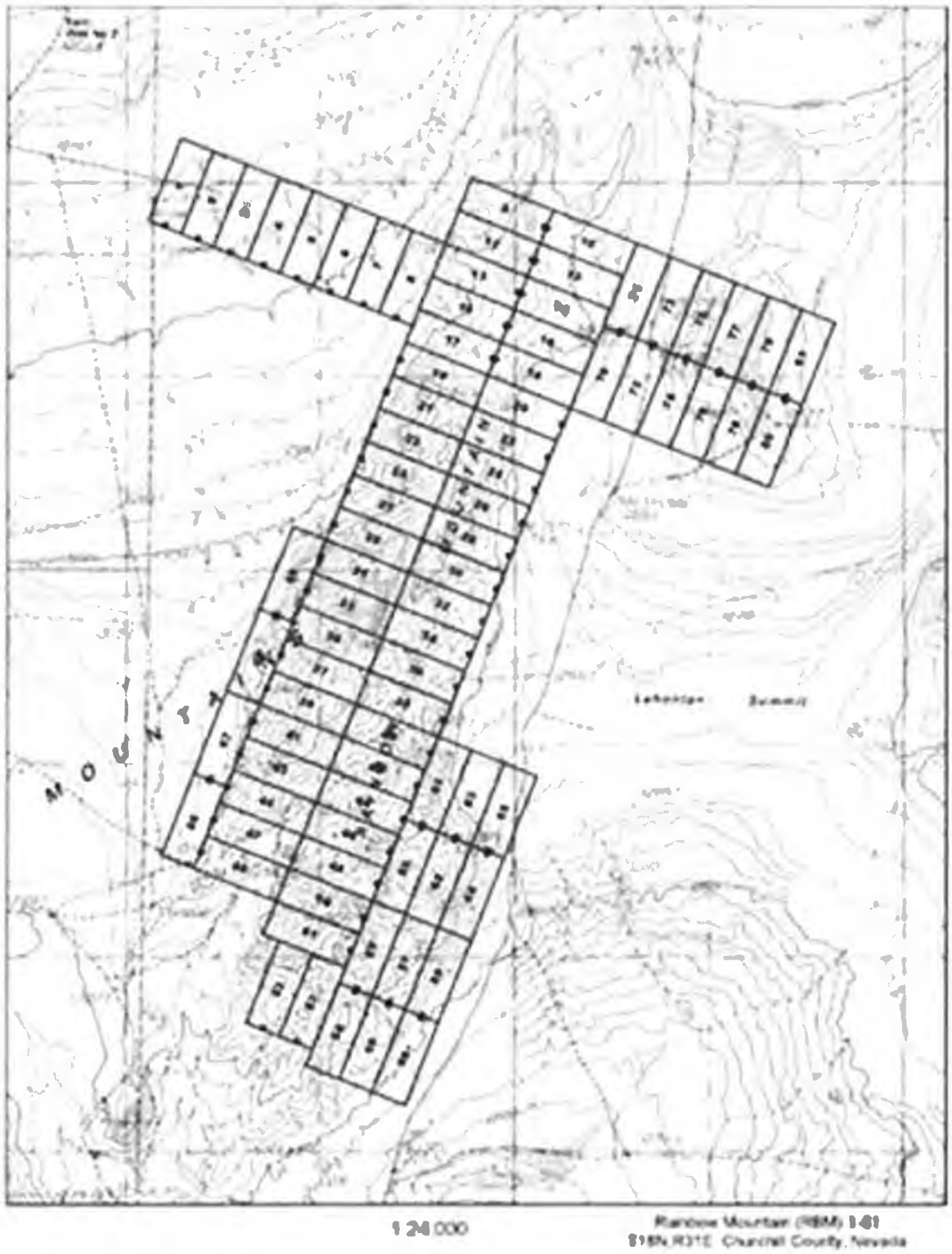
The Company has been conducting an ongoing exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. The Company initiated drilling in the summer of 2018, and this program extended into October 2018. Further drilling was completed in December 2019, and again in January 2021. Exploration on the project is ongoing. The Company recognizes that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Rainbow Mountain Property

Acquisition of Interest

In autumn of 2018, after conducting initial reconnaissance of the Rainbow Mountain, the Company acquired the Rainbow Mountain Property, (referred to herein as the "Rainbow Mountain Property," "Rainbow Mountain" or the "Property"). This early-stage exploration project was secured through staking and filing the associated paperwork and fees with the BLM and County. Rainbow Mountain has been visited by directors and technical staff of the Company several times in 2018, 2019, and 2020.

The Rainbow Mountain Property Location in Nevada



Description and Location of the Rainbow Mountain Property

The Rainbow Mountain gold project consisted of 81 unpatented lode claims totaling approximately 1,620 contiguous acres, located approximately 23 km southeast of Fallon, in the state of Nevada. Access to the project area is by paved highway, followed by a short stretch of gravel road.

The Property claims were held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The Property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the Property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Geology of the Rainbow Mountain Property Area

The claim area roughly encompassed nearly the full extent of Rainbow Mountain, and specifically a prominent zone of northeast-striking faults which transect the central part of Rainbow Mountain. This complex fault zone involves three discrete Tertiary volcanic units comprised of basalt, dacite, and olivine basalt. Individual fault traces are well exposed locally and are often coincident with the contacts between the individual lithologic units. Many of the fault traces exhibit prominent fault breccia and hydrothermal breccia, and surface samples of this material returned anomalous gold and silver values up to 0.807 ppm and 1.6 ppm, respectively.

Based on observations recorded during field reconnaissance, individual hydrothermal veins along the faulted contacts range in thickness up to 1.5 m, with associated strike lengths of up to 1.7 km. The Company postulated that this locally intense faulting, in conjunction with the associated anomalous assay values, is suggestive of a potential epithermal vein system within the footwall of the greater Rainbow Fault zone.

Exploration

The Company conducted an exploration program to assess the potential for economically viable mineralization. The exploration program was permitted by the BLM. The Company initiated drilling in December of 2020. In light of the assay results of the drilling program, the Company opted to not renew the claims associated with the Rainbow Mountain project.

Item 3. Legal Proceedings.

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

CANADIAN SECURITIES EXCHANGE ("CSE") and OTCQB

The Company's common stock is listed on the Canadian Securities Exchange and also trades on the OTCQB market. Patriot's stock symbol is "PGOL."

The Company's common shares were approved for listing on the CSE on May 9, 2017 under the symbol of "PGOL" and trades in Canadian dollars. Listing and disclosure documents will be available at www.thecse.com. The average trade price on the CSE is $.08 (CDN).

Holders

On December 31, 2022, there were approximately seventy-eight (78) holders of record of the Company's common stock, not including shareholders who hold their shares in street name.

Dividends

The Company has not declared or paid any cash dividends on its common stock. The payment of cash dividends in the future will be at the discretion of its Board of Directors and will depend upon its earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Warrants or Options

There were no warrants issued, exercised, cancelled or expired during the year ending December 31, 2022. For further information, see Note 8 – Warrants, in the financial statements included in this 10-K filing.

There were no stock options issued, exercised, cancelled or expired during the year ending December 31, 2022. For further information, see Note 6 - Stock Options in the financial statements included in this 10-K filing.

Securities Authorized for Issuance under Equity Compensation Plans

Set forth below is certain information as of December 31, 2022, the end of our most recently completed fiscal year, regarding equity compensation plans.

Equity compensation plans not approved by stockholders as of December 31, 2022

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
2012 Stock Option Plan	3,745,000	$ 0.10	155,000
2014 Stock Option Plan	4,815,000	$ 0.10	185,000
2019 Stock Option Plan	–	–	9,500,000

The following discussion describes material terms of grants made pursuant to the stock option plans as of December 31, 2022:

Pursuant to the 2012 and 2014 and 2019 Stock Option Plans, grants of shares can be made to employees, officers, directors, consultants and independent contractors of non-qualified stock options as well as stock options to employees that qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986 ("Code"). The Plans are administered by the Option Committee of the Board of Directors (the "Committee"), which has, subject to specified limitations, the full authority to grant options and establish the terms and conditions for vesting and exercise thereof. Currently the Board of Directors functions as the Committee.

In order to exercise an option granted under the Plans, the optionee must pay the full exercise price of the shares being purchased. Payment may be made either: (i) in cash; or (ii) at the discretion of the Committee, by delivering shares of common stock already owned by the optionee that have a fair market value equal to the applicable exercise price; or (iii) with the approval of the Committee, with monies borrowed from us.

Subject to the foregoing, the Committee has broad discretion to describe the terms and conditions applicable to options granted under the Plans. The Committee may at any time discontinue granting options under the Plans or otherwise suspend, amend or terminate the Plans and may make such modification of the terms and conditions of such optionee's option as the Committee shall deem advisable.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.

See "Note 7 - Common Stock" in the financial statements included in this 10-K filing.

Purchases of Equity Securities by the Company and Affiliated Purchasers.

There was no purchase of equity securities by the Company and affiliated purchasers during the year ended December 31, 2022.

Stock Based Compensation

For the year ended December 31, 2022, Mr. Trevor Newton, Chief Executive Officer, President, Chief Financial Officer, Secretary, Treasurer and Director of the Company opted to receive his director fees in the form of restricted stock rather than cash. The restricted common stock is restricted for a period of three years following the date of grant. He received 6,461,539 shares of restricted common stock for his three-year director term beginning January 1, 2022. The shares were valued at $0.325 per share, for a total non-cash expense of $70,000 for the year ended December 31, 2022, recorded as Directors Fees Expense. The fees for 2023 – 2024 are recorded as Prepaid Expenses as of December 31, 2022, in the amount of $140,000.

Item 6. Selected Financial Data.

A smaller reporting company, as defined by Item 10 of Regulation S-K, is not required to provide the information required by this item.

Item 7. Management's Discussion and Analysis or Plan of Operation.

Overview

As a natural resource exploration company, our focus is to acquire, explore and develop natural resource properties which may host mineral reserves which may be economical to extract commercially. With this in mind, we have identified and secured interests in mining claims with respect to properties in Nevada. Current cash on hand is sufficient to fund planned operations for 2023 after payment of accounts payable outstanding at December 31, 2022. Our officers and directors and advisors, attorneys and consultants will continue to be utilized to support all operations.

Plan of Operation

During the twelve-month period ending December 31, 2022, we continued our evaluation work on our Vernal project and Windy Peak project. Our funds are sufficient to meet all planned activities as outlined below. The Company expects the short and long-term funding of our operations going forward to be financed through existing funds.

We do not anticipate a change to our company staffing levels. We remain focused on keeping the staff compliment, which currently consists of our three directors. Our staffing in no way hinders our operations, as outsourcing of legal, accounting, and other operational duties is the most cost effective and efficient manner of conducting the business of the Company.

We do not anticipate any equipment purchases in the twelve months ending December 31, 2023.

Results of Operations

The Twelve Months Ended December 31, 2022 compared to the Twelve Months Ended December 31, 2021

During the years ended December 31, 2022 and 2021, we had revenues of $1,786,040 and $1,737,707, respectively, resulting from the Moss royalty. We are currently exploring and developing our properties and are actively reviewing new projects.

Net income for the year ended December 31, 2022 was $621,896 compared to net income of $152,340 for the year ended December 31, 2021, for an approximate $469,000 increase in net income. The increase in the net income is primarily due to the $404,000 decrease of mineral costs. In addition, consulting expenses decreased by $43,000. This was offset by an approximate $50,000 increase in general and administrative expenses.

For the years ended December 31, 2022 and 2021, mineral and exploration expenses were $101,366 and $505,788, respectively, for an approximate $404,000 decrease. The decrease is primarily due to a decrease of $281,000 expenditures on the Windy Peak project and a decrease of $123,000 expenditures on the Rainbow Mountain project.

For the years ended December 31, 2022 and 2021, general and administrative expenses were $270,969 and $220,939, respectively, for an approximate $50,000 increase, primarily due to an increase in legal fees.

For the years ended December 31, 2022 and 2021, other income (expense) was $(75,578) and ($107,277), respectively. The change in other income (expense) is due to an approximated $27,000 decrease in unrealized holding losses on marketable securities.

Liquidity and Capital Resources

We had total assets of $4,212,625 at December 31, 2022 consisting primarily of $2,157,336 of cash and $36,104 of marketable securities. We had total liabilities of $222,428 at December 31, 2022, consisting primarily of accounts payable and accrued expenses.

We anticipate that we will incur the following during the year ended December 31, 2023:

- $1,000,000 for operating expenses, including working capital and general, legal, accounting and administrative expenses associated with reporting requirements under the Securities Exchange Act of 1934 and compliance with Canadian regulatory authorities.

Cash provided by operations was $1,192,176 and $293,234 for the years ended December 31, 2022 and 2021, respectively. The $899,000 increase in cash provided by operations was primarily due to the change in the royalties receivable account and the accounts payable and accrued liabilities accounts.

There were no cash provided by (used in) investing activities for the years ended December 31, 2022 and 2021.

Financing activities during the years ended December 31, 2022 and 2021 used cash of $452,500 and $0, respectively, from the re-purchase and cancellation of common stock.

Management estimates that the Company will not need additional funding for the next twelve months.

We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

A smaller reporting company, as defined by Item 10 of Regulation S-K, is not required to provide the information required by this item.

Item 8. Financial Statements.

The financial statements are set forth immediately preceding the signature page beginning with page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under supervision and with the participation of the Chief Executive Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based upon this evaluation, the Chief Executive Officer concluded that, as of December 31, 2022, our disclosure controls and procedures were effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 14d-14(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting reliability and financial statement preparation and presentation. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making the assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) 2013 Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of December 31, 2022, the Company's internal controls over financial reporting were effective.

As defined by Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments," established by the Public Company Accounting Oversight Board ("PCAOB"), a material weakness is a deficiency or combination of deficiencies that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. In connection with the assessment described above, management concluded the Company does not have control deficiencies that represent material weaknesses as of December 31, 2022.

Attestation Report of Registered Public Accounting Firm

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to permanent rules of the SEC that permit the Company to provide only management's report in this annual report.

Changes in Internal Controls over Financial Reporting

As of December 31, 2022 and to date, management assessed the effectiveness of our internal control over financial reporting and based upon that evaluation, they concluded the internal controls and procedures were effective. During the course of their evaluation, we did not discover any fraud involving management or any other personnel who play a significant role in our disclosure controls and procedures or internal controls over financial reporting.

We believe that our financial statements contained in our Form 10-K for the twelve months ended December 31, 2022, fairly present our financial position, results of operations and cash flows for the years covered thereby in all material respects. We are committed to improving our financial organization. We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements as necessary.

Item 9B. Other Information.

None.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 000-32919

PATRIOT GOLD CORP.

(Exact name of registrant as specified in its charter)

Nevada	86-0947048
(State of incorporation)	(I.R.S. Employer Identification No.)

401 Ryland St. Suite 180
Reno, Nevada, 89502
(Address of principal executive offices)

702-456-9565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as of June 30, 2023 was approximately $3,183,484.

The number of shares of the issuer's common stock issued and outstanding as of March 29, 2024 was 61,354,539 shares.

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Glossary of Mining Terms

Adit(s). Historic working driven horizontally, or nearly so into a hillside to explore for and exploit ore.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geologic mapping. Producing a plan and sectional map of the rock types, structure and alteration of a property.

Geophysical survey. Electrical, magnetic, gravity and other means used to detect features, which may be associated with mineral deposits.

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost-effective process where ore is subjected to a chemical liquid that dissolves the mineral component from ore, and then the liquid is collected and the metals extracted from it.

Level(s). Main underground passage driven along a level course to afford access to stopes or workings and provide ventilation and a haulage way for removal of ore.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Patented or Unpatented Mining Claims. In this Annual Report, there are references to "patented" mining claims and "unpatented" mining claims. A patented mining claim is one for which the United States government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on United States government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the United States government, one could be evicted.

Plug. A vertical pipe-like body of magma representing a volcanic vent similar to a dome.

Quartz Stockworks. A multi-directional system of quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes are left after the process of Reverse Circulation Drilling.

Reserve. That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

Resource. An estimate of the total tons and grade of a mineral deposit defined by surface sampling, drilling and occasionally underground sampling of historic diggings when available.

Reverse circulation drilling. A less expensive form of drilling than coring that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks.

Stope(s). An excavation from which ore has been removed from sub-vertical openings above or below levels.

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost-effective way of examining the structure and nature of mineral ores beneath gravel cover. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from erosion of volcanic debris.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by the Company. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

PART I

The following should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. Throughout this document, we make statements that are classified as "forward-looking." Please refer to the "Forward-Looking Statements" section above for an explanation of these types of statements.

Item 1. Description of Business.

We are engaged in natural resource exploration and acquiring, exploring, and developing natural resource properties. Currently we are undertaking exploration and development programs in Nevada.

Development of Business

We were incorporated in the State of Nevada on November 30, 1998. In June 2003, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada changing its name to Patriot Gold Corp. and moving the Company into its current business of natural resource exploration and mining. On June 17, 2003, the Company adopted a new trading symbol - PGOL- to reflect the name change. The Company has been in the resource exploration and mining business since June 2003.

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources Inc. ("Provex") under the laws of Nevada.

On April 16, 2010, the Company entered into an Assignment Agreement with Provex to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal properties and the Bruner Expansion property to Provex. Pursuant to the Assignment Agreements, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to 75% in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon Provex agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On February 28, 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement with Idaho State Gold Company, LLC, ("ISGC") whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the property called the Moss Mine Property, Mohave County, Arizona (the "Moss Property" or "Moss Mine Property"). Upon execution of the agreement ISGC paid the Company $500,000 USD and agreed to spend an aggregate total of $8,000,000 USD on exploration and related expenditures over the ensuing five years. Subsequent to exercise of the earn-in, ISGC and the Company agreed to form a 70/30 joint venture.

In March 2011, ISGC transferred its rights to the Exploration and Option to Enter Joint Venture Agreement dated February 28, 2011, to Northern Vertex Capital Inc. ("Northern Vertex").

On May 12, 2016, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the "Purchase and Sale Agreement") with Golden Vertex Corp., an Arizona corporation ("Golden Vertex," a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company's remaining 30% working interest in the Moss Gold/Silver Mine for C$1,500,000 (the "Purchase Price") plus a 3% net smelter return royalty. Specifically, the Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "Claims") together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the Claims appurtenant thereto and in which Seller had any interest (collectively, the "Property"). The Purchase Price consisted of C$1,200,000 in cash payable at closing and the remaining C$300,000 was paid by the issuance of Northern Vertex common shares to the Company valued at $0.35 (857,140 shares), issued pursuant to the terms and provisions of an investment agreement (the "Investment Agreement") entered between the Company and Northern Vertex contemporaneous to the Purchase and Sale Agreement.

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On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer") entered into a purchase and sale agreement whereby Canamex Resources purchased Patriot Gold's 30 percent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer had the option to buy-down half of the NSR royalty retained by Patriot for US$5 million any time during a five-year period following closing of the purchase and sale agreement. The Company recognized a gain on sale of mineral properties of $1,000,000 from the sale of the Bruner in its Consolidated Statement of Operations.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On January 17, 2018, the Company designated 13,500,000 shares of the authorized and unissued preferred stock of the company as "Series A Preferred Stock" by filing an Amended and Restated Certificate of Designation with the Secretary of State of Nevada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Business Operations

We are a natural resource exploration and mining company which acquires, explores, and develops natural resource properties. Our primary focus in the natural resource sector is gold.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased contain commercially exploitable reserves. Exploration for mineral reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date, we have two gold projects located in the southwest United States. In May 2016, we sold our interest in the Moss Mine project and retained a royalty. In April 2017, we sold our interest in the Bruner project and retained a royalty. Our current project inventory consists of the Vernal project and the Windy Peak project.

Financing

There were no financing activities undertaken by the Company during the fiscal year ended December 31, 2023. Due to the commencement of the royalties from the Moss mine, management estimates that the Company will not require additional funding for the Company's planned operations for the next twelve months.

Competition

The mineral exploration industry, in general, is intensely competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Compliance with Government Regulation and Regulatory Matters

Mining Control and Reclamation Regulations

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") is administered by the Office of Surface Mining Reclamation and Enforcement ("OSM") and establishes mining, environmental protection and reclamation standards for all aspects of U.S. surface mining, as well as many aspects of underground mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Although state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. States in which we expect to have active future mining operations have achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include requirements for prospecting including mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, protection of the hydrologic balance, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control and treatment and re-vegetation.

The U.S. mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mining environmental condition of the permit area. We will develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. Our mine and reclamation plans incorporate the provisions of SMCRA, state programs and complementary environmental programs which impact mining. Also included in the permit application are documents defining ownership and agreements pertaining to minerals, oil and gas, water rights, rights of way and surface land and documents required of the OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal stockholders of the applicant.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Some SMCRA mine permit applications take over a year to prepare, depending on the size and complexity of the mine and often take six months to two years to be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on, and otherwise engage in, the permitting process including public hearings and intervention by the courts.

Surface Disturbance

All mining activities governed by the Bureau of Land Management ("BLM") require reasonable reclamation. The lowest level of mining activity, "casual use," is designed for the miner or weekend prospector who creates only negligible surface disturbance (for example, activities that do not involve the use of earth-moving equipment or explosives may be considered casual use). These activities would not require either a notice of intent to operate or a plan of operation. For further information regarding surface management terms, please refer to 43 CFR Chapter II Subchapter C, Subpart 3809.

The second level of activity, where surface disturbance is 5 acres or less per year, requires a notice advising the BLM of the anticipated work 15 days prior to commencement. This notice must be filed with the appropriate field office. No approval is needed although bonding is required. State agencies must be notified to ensure all requirements are met.

For operations involving more than 5 acres total surface disturbance on lands subject to 43 CFR 3809, a detailed plan of operation must be filed with the appropriate BLM field office. Bonding is required to ensure proper reclamation. An Environmental Assessment (EA) is to be prepared for all plans of operation to determine if an Environmental Impact Statement is required. A National Environmental Policy Act review is not required for casual use or notice level operations unless those operations involve occupancy as defined by 43 CFR 3715. Most occupancies at the casual use and notice level in Arizona are covered by a programmatic EA.

An activity permit is required when use of equipment is utilized for the purpose of land stripping, earthmoving, blasting (except blasting associated with an individual source permit issued for mining), trenching or road construction.

Future legislation and regulations are expected to become increasingly restrictive and there may be more rigorous enforcement of existing and future laws and regulations and we may experience substantial increases in equipment and operating costs and may experience delays, interruptions or termination of operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our future operations.

Trespassing

The BLM will prevent abuse of public lands while recognizing valid rights and uses under the mining laws. The BLM will take appropriate action to eliminate invalid uses, including unauthorized residential occupancy. The Interior Board of Land Appeals (IBLA) has found that a claim may be declared void by the BLM when it has been located and held for purposes other than the mining of minerals. The issuance of a notice of trespass may occur if an unpatented claim/site is:

(1) used for a home site, place of business, or for other purposes not reasonably related to mining or milling activities;
(2) used for the mining and sale of leasable minerals or mineral materials, such as sand, gravel and certain types of building stone; or
(3) located on lands that for any reason have been withdrawn from location after the effective date of the withdrawal.

Trespass actions are taken by the BLM Field Office.

Environmental Laws

We may become subject to various federal and state environmental laws and regulations that will impose significant requirements on our operations. The cost of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations or financial condition. In addition, environmental laws and regulations, particularly relating to air emissions, can reduce our profitability. Numerous federal and state governmental permits and approvals are required for mining operations. When we apply for these permits or approvals, we may be required to prepare and present to federal or state authorities data pertaining to the effect or impact that a proposed exploration for, or production or processing of, may have on the environment. Compliance with these requirements can be costly and time-consuming and can delay exploration or production operations. A failure to obtain or comply with permits could result in significant fines and penalties and could adversely affect the issuance of other permits for which we may apply.

Clean Water Act

The U.S. Clean Water Act and corresponding state and local laws and regulations affect mining operations by restricting the discharge of pollutants, including dredged or fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. As a result of court decisions and regulatory actions, permitting requirements have increased and could continue to increase the cost and time we expend on compliance with water pollution regulations. These and other regulatory requirements, which have the potential to change due to legal challenges, Congressional actions and other developments increase the cost of, or could even prohibit, certain current or future mining operations. Our operations may not always be able to remain in full compliance with all Clean Water Act obligations and permit requirements. As a result, we may be subject to fines, penalties or changes to our operations.

Clean Water Act requirements that may affect our operations include the following:

Section 404

Section 404 of the Clean Water Act requires mining companies to obtain U.S. Army Corps of Engineers ("ACOE") permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

Our construction and mining activities, including our surface mining operations, will frequently require Section 404 permits. ACOE issues two types of permits pursuant to Section 404 of the Clean Water Act: nationwide (or "general") and "individual" permits. Nationwide permits are issued to streamline the permitting process for dredging and filling activities that have minimal adverse environmental impacts. An individual permit typically requires a more comprehensive application process, including public notice and comment; however, an individual permit can be issued for ten years (and may be extended thereafter upon application).

The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the Clean Water Act, whether general permits commonly described as the Nationwide Permit 21 (NWP 21) or individual permits, has been the subject of many recent court cases and increased regulatory oversight. The results may materially increase our permitting and operating costs, permitting delays, suspension of current operations and/or prevention of opening new mines.

Employees

Currently, our officers and directors provide planning and organizational services for us on an as-needed basis, and our administrative and office staff also works on an as-needed basis. Some of the field work is completed by service providers and/or exploration partners. All of the operations, technical and otherwise, are overseen by the directors of the Company.

Subsidiaries

On April 16, 2010, we caused the incorporation of our wholly owned subsidiary, Provex Resources, Inc., under the laws of Nevada. On April 16, 2010, the Company entered into an Assignment Agreement to assign the exclusive option to an undivided right, title and interest in the Bruner and Vernal property; and the Bruner Property Expansion to Provex. Pursuant to the Assignment Agreement, Provex assumed the rights, and agreed to perform all of the duties and obligations, of the Company arising under the Bruner and Vernal Property Option Agreement; and the Bruner Property Expansion Option Agreement. Provex's only assets are the aforementioned agreements and it does not have any liabilities.

On May 28, 2010, Provex Resources, Inc. entered into an exclusive right and option agreement with Canamex Resources Corp. ("Canamex") whereby Canamex could earn up to a 75% undivided interest in the Bruner and the Bruner Property Expansion. Canamex agreed to spend an aggregate total of US $6 million on exploration and related expenditures over the ensuing seven years whereupon the Company agreed to grant the right and option to earn a vested seventy percent (70%) and an additional five percent (5%) upon delivery of a bankable feasibility study.

On April 25, 2017, Provex and Canamex Resources Corp. ("Buyer) entered into a purchase and sale agreement whereby Canamex Resources purchased our 30-per-cent working interest in the Bruner gold/silver mine project for US$1.0 million cash, and the retention of a net smelter return ("NSR") royalty on the Bruner property including any claims acquired within a two-mile area of interest around the existing claims. Additionally, the Buyer had the option to buy-down half of the NSR royalty for US$5 million any time during a five-year period following closing of the purchase and sale agreement.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp ("Patriot Canada"), under the laws of British Columbia, Canada.

On May 7, 2018, the Company caused the name change of our wholly owned subsidiary, Provex Resources Inc. to Goldbase, Inc. ("Goldbase") under the laws of Nevada.

On June 27, 2019, the Company approved a change in its fiscal year end from May 31 to December 31.

Item 1A. Risk Factors.

Factors that May Affect Future Results

1. We may require additional funds to achieve our business objectives and any inability to obtain funding will impact our business.

We may incur operating losses in future periods because there are expenses associated with the acquisition, exploration and development of natural resource properties. We may need to raise additional funds in the future through public or private debt or equity sales to fund our future operations and fulfill contractual obligations. These financings may not be available when needed, and even if these financings are available, they may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences or other terms. Any inability to obtain financing could have an adverse effect on our ability to implement our business objectives and as a result, could require us to diminish or suspend our operations or cause a materially adverse effect on our business. Obtaining additional financing would be subject to a number of factors, including the market prices for gold, silver and other minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. Because our Directors may serve as officers and directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

Our Directors and Officers may work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors' employment and affiliations with other entities limit the amount of time they can dedicate to us. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several technical consultants in order to ensure that we are not overly reliant on any one of our Officers and Directors to provide us with technical services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

3. Because of the speculative nature of exploration and development, there are substantial risks in our business model.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we own contain commercially exploitable reserves. Exploration for natural resources is speculative and involves risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

4. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face risks.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. In addition, the search for valuable minerals involves numerous hazards which pose financial risks.

5. Because our operating expenses may vary, as may our revenues, profitability may be inconsistent.

We anticipate that our expenses may vary and so may our revenues. Therefore, any profitability we may have could be inconsistent. There is little history upon which to base any assumption as to the likelihood that we will be consistently profitable, and we can provide investors with no assurance that we will generate consistent revenues or consistently achieve profitable operations.

6. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration.

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts.

7. Because of the speculative nature of exploration of mineral properties, there is substantial risk.

The search for valuable minerals as a business is extremely risky. Exploration for minerals is a speculative venture involving substantial risk. The expenditures to be made by us in the exploration of the mineral claims may not always result in the discovery of economic mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

8. Because of the inherent dangers involved in mineral exploration, there is liability risk.

The search for valuable minerals involves numerous hazards. As a result, there is potential liability for hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure.

9. We are heavily dependent on our CEO and President.

Our success depends heavily upon the continued contributions of our CEO and President, whose knowledge, leadership and technical expertise would be difficult to replace. Our success is also dependent on our ability to retain and attract experienced engineers, geoscientists and other technical and professional staff. We do not maintain key man insurance. If we were to lose our CEO and President, our ability to execute our business plan could be harmed.

Risks Related to Legal Uncertainties and Regulations

10. As we undertake exploration and development of our mineral claims, we will be subject to compliance with government regulation which may increase the anticipated cost of our exploration programs.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration and development program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration and development programs.

Public Health Threats Risk

24. Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).

Public health threats, such as the coronavirus (COVID-19), influenza and other highly communicable diseases or viruses could adversely impact our operations and cause disruptions in the natural resource exploration and mining industry. If the effect of the coronavirus (COVID-19) is ongoing, economic conditions and the economic slow-down resulting from COVID-19 and the intentional governmental responses to the virus may also adversely affect the market price of our common shares.

Item 1B. Unresolved Staff Comments.

There are no unresolved staff comments.

Item 1C. Cybersecurity.

The identification, detection, prevention and remediation of known or potential IT security vulnerabilities, including those arising from third-party hackers, hardware or software, is extremely costly and time consuming. Company does not have the manpower, expertise or financial resources to effectively identify, detect, prevent or remediate cybersecurity risks. No assurance or guarantee whatsoever can be given that Company will not be damaged by the exploitation of its cybersecurity vulnerabilities.

During the year ended, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, we may not be aware of all vulnerabilities or might not accurately assess the risks of incidents, and such preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks.

Item 2. Description of Properties.

Introduction

The property disclosures in this Item 2 are presented in accordance with Regulation S-K 1300 (SK1300), including certain exemptions with respect to disclosures relating to royalty interests. This Item 2 provides summary information about our overall portfolio of property holdings and royalty interests, as well as more detailed information about our material property.

Our management periodically reviews the materiality of individual properties and royalty interests within our portfolio. After considering quantitative and qualitative factors relating to the properties in which we have an interest in the context of our business operations and financial condition, including all related activities from exploration through external sale, we determined the only property considered material to our business is our royalty with respect to the Moss Mine.

Our summary and individual property disclosures are provided in accordance with SK1300, which provides that a registrant with a royalty right may omit certain information required by the summary and individual property disclosure requirements if the registrant specifies the information to which it lacks access, explains the reason it lacks the required information and provides all required information that it does possess or which it can acquire without incurring an unreasonable burden or expense. Our royalty agreement with respect to the Moss Mine, which is the only property considered material to our business, does not require the operator, who is not an affiliate of ours, to prepare technical report summaries or permit us the access and information sufficient to prepare our own technical report summaries. As a result, our presentation with respect to such royalty is limited to information we can acquire without unreasonable burden or expense.

With respect to each of our properties excluding royalty interests, our disclosures in this Item 2 are based on information reviewed and verified by Zachary J. Black, Director and a Qualified Person for National Instrument 43-101 (Standards of Disclosure for Mineral Projects).

Summary

We do not lease or own any real property for our corporate offices. We currently maintain our corporate office on a month-to-month basis at 401 Ryland St, Suite 180, Reno, NV 89502. Management believes that our office space is suitable for our current needs.

Our property holdings as of December 31, 2023 consist of the Vernal Property, the Windy Peak Property, a royalty with respect to the Moss Mine Project, and a royalty with respect to the Bruner Gold Project. Our only material property is the Moss Mine royalty.

Patriot Gold Corp Projects Map

Following is summary information regarding both our material and non-material properties:

	Material Property	Non-Material Property		
	Moss Mine Royalty	Vernal Property	Windy Peak Property	Bruner Royalty
Location	Western Arizona	Central Nevada	West Central Nevada	Central Nevada
The type and amount of ownership interests	Patriot holds a royalty of 3% of Net Smelter Returns with respect to the original approximately 5 patented mining parcels and approximately 400 unpatented mining claims held by Golden Vertex Corp., and the surrounding 1 mile area of interest	12 unpatented mining claims on approximately 248 acres	114 unpatented mineral claims on approximately 2,337 acres	Patriot holds a royalty of 2% of Net Smelter Returns with respect to the original approximately 26 patented mining claims and approximately 191 unpatented mining claims held by Endeavour Silver Corp., and the surrounding 2 mile area of interest
Operator	Golden Vertex Corp.	Patriot	Patriot	Endeavour Silver Corp.
Titles, mineral rights, leases or options and acreage involved	Patriot holds a royalty of 3% of Net Smelter Returns with respect to the original approximately 5 patented mining parcels and approximately 400 unpatented mining claims held by Golden Vertex Corp., and the surrounding 1 mile area of interest	Patriot's wholly owned subsidiary holds 12 unpatented mining claims on approximately 248 acres, subject to a 3% royalty in favor of MinQuest	Patriot holds 114 unpatented mineral claims on approximately 2,337 acres	Patriot holds a royalty of 2% of Net Smelter Returns with respect to the original approximately 26 patented mining claims and approximately 191 unpatented mining claims held by Endeavour Silver Corp., and the surrounding 2 mile area of interest
Stage	Production	Exploration	Exploration	Exploration
Key permit conditions	N/A*	Not permitted	Permitted for exploration	N/A*
Mine types and mineralization styles	Extraction of gold and silver from ore via heap leaching, with resulting precipitate smelted into dore bars	No proven or probable reserves	No proven or probable reserves	No proven or probable reserves
Processing plants/ facilities	N/A*	None	None	N/A*
Production*	N/A*	None	None	N/A*

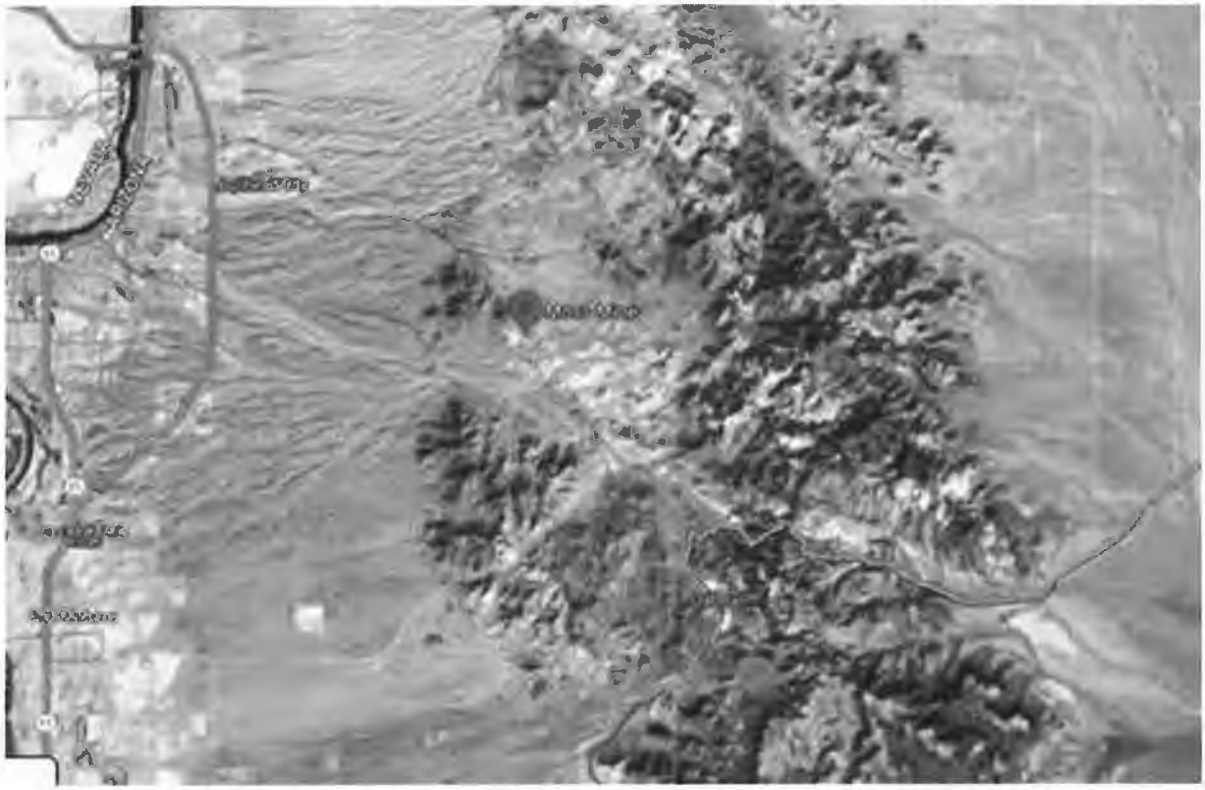
*The only producing property in which we have an interest is the Moss Mine Project. Because we only hold a royalty interest with respect to such property, we do not have access to the annual production for the area subject to the royalty during the three most recently completed fiscal years without incurring unreasonable expense or burden. We also do not have access to information regarding key permit conditions or processing plants or facilities for properties with respect to which we only hold a royalty interest without incurring unreasonable expense or burden. With respect to key permit conditions generally, operators of the mines that are subject to our royalty interests must comply with environmental, mine safety, land use, water use, waste disposal, remediation and public health laws and regulations promulgated by federal, state, provincial and local governments in the United States.

Summary of Mineral Resources and Reserves

We are not able to provide a summary of mineral resources and mineral reserves, as determined by a qualified person, at the end of the most recently completed fiscal year by commodity and geographic area with respect to each property containing 10% or more of our interests in measured and indicated mineral resources or mineral reserves, because we hold a royalty with respect to the only property that has established resources and reserves and, as a mere royalty holder, we do not have access to such information without incurring unreasonable burden or expense.

Individual Property Disclosure - Material Property

Moss Mine Project



The Moss Mine ("Moss Mine") is located within the historic Oatman District, 10 miles east of Bullhead City, Arizona and approximately 70 miles southeast of Las Vegas, Nevada. The Moss Mine extracts gold and silver from ore via heap leaching and smelts the resulting precipitate into dore bars. The operator of the Moss Mine is Golden Vertex Corp. Our agreement with the operator does not require the operator to prepare technical report summaries or permit us the access and information sufficient to prepare our own technical report summaries otherwise required under Regulation S-K 1300.

We hold a royalty of 3% of Net Smelter Returns from the production of minerals from the property. "Net Smelter Returns" means the aggregate proceeds received from time to time from any smelter or other purchaser from the sale of any minerals, metals or other material of commercial value produced by and from the covered property, after deducting the cost of transportation and smelting and refining charges. The property covered by the royalty includes the original approximately 5 patented mining claims and approximately 400 unpatented mining claims held by Golden Vertex Corp., and the surrounding 1 mile area of interest. Payment is due within 30 days after the end of each calendar month in which the operator receives payments for production from the property.

Although we consider the Moss Mine material because it is the only property in which we have an interest that has proven reserves, we do not own the Moss Mine and do not own or have access to the current technical data relating to titles, mineral rights, acreage, state of the property, permitting, mining operations, processing and resource/reserve calculations. Further, obtaining such information would result in an unreasonable burden and expense.

With respect to key permit conditions generally, operators must comply with environmental, mine safety, land use, water use, waste disposal, remediation and public health laws and regulations promulgated by federal, state, provincial and local governments in the United States. Although we, as a royalty interest owner, are not responsible for ensuring compliance with these laws and regulations, failure by the operator to comply with applicable laws, regulations and permits can result in injunctive action, orders to suspend or cease operations, damages, and civil and criminal penalties on the operators, which could have a material adverse effect on our results of operations and financial condition.

We have no decision-making authority regarding the development or operation of the mineral properties underlying our royalty interest. The operator makes all development and operating decisions, including decisions about permitting, feasibility analysis, mine design and operation, processing, tailings storage facility design and operation, plant and equipment matters, and temporary or permanent suspension of operations, as well as estimates of resources and reserves.

Internal controls for determining and reporting the mineral resources and mineral reserves are specific to individual projects and are maintained by the operators. In general, mineral resources and mineral reserves are supported by technical studies relevant to the jurisdictions within which the operators conduct their financial disclosure, and qualified persons specified by the operators (as determined by the laws and disclosure rules in the applicable jurisdictions) have endorsed the quality of the work. Our agreements with operators do not give us access to underlying technical data sufficient to specifically confirm the opinion of the qualified persons for each mineral resource or mineral reserve or the status of the qualified persons as qualified persons under SK1300.

We do not have access to information regarding infrastructure, the present condition of the property, the proposed program of development, reserve or resource information, the condition of equipment and facilities, the history of operations, significant encumbrances or permit conditions, or the book value of the property, plant or equipment without unreasonable burden or expense.

Individual Property Disclosure - Non-Material Property

With respect to each of our properties, excluding the Moss Mine Royalty:

- Our disclosures are based on information reviewed and verified by Zachary J. Black, Director and a Qualified Person for National Instrument 43-101 (Standards of Disclosure for Mineral Projects); and

- We have implemented sampling and analytical quality assurance and quality control procedures, which we believe are consistent with industry standards, including but not limited to, the following:

    1. All sampling is conducted under the supervision of Patriot's exploration personnel or representatives.
    2. The chain of custody from the project to the sample preparation facility is monitored and controlled by Patriot's exploration personnel or representatives or its shipping contractors.
    3. Samples are collected and stored at the logging or storage facility which include security and monitoring efforts.
    4. Samples are labeled with unique sample numbers, bagged, and secured before shipping.
    5. Samples are shipped at periodic intervals to an industry accepted ISO accredited lab for further analysis.
    6. Control procedures include insertion of reference materials or blanks into the sample stream.
    7. Validation of the analytical results are conducted upon receipt of final assay reports by Patriot's exploration personnel or representatives.
    8. Until validated and reported publicly, assay results are kept confidential and securely maintained by Patriot's exploration personnel or representatives for completion of validation and compilation of the assay data.

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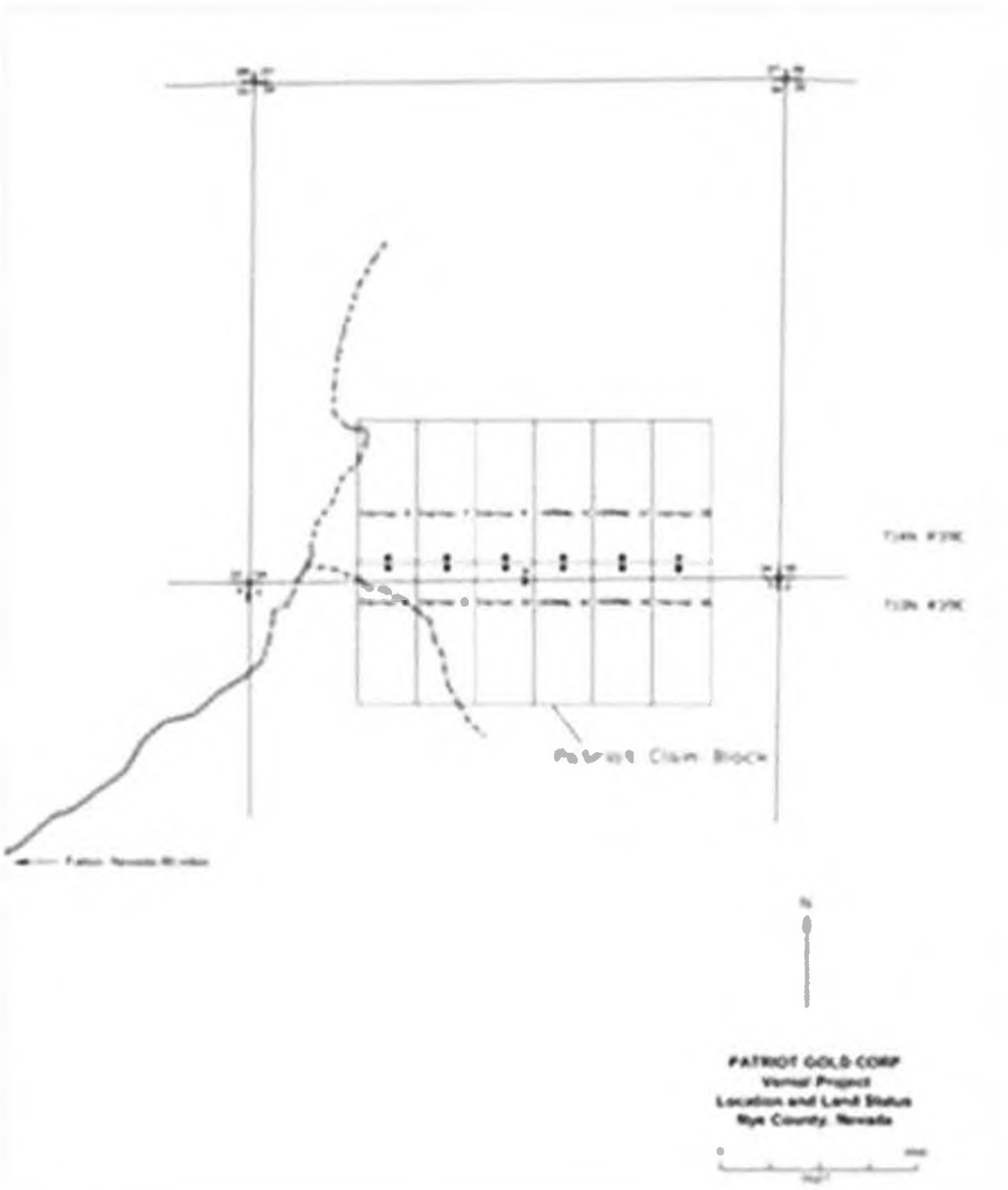
Vernal Property



Acquisition of Interests - Vernal Project

Pursuant to a Property Option Agreement (the "BV Agreement"), dated as of July 25, 2003, with MinQuest, Inc., a Nevada corporation ("MinQuest"), we acquired the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties originally consisted of 28 unpatented mining claims on a total of 560 acres in the northwest trending Walker Lane located in western central Nevada.

To date, we have paid the option payments and made the expenditures necessary to satisfy the requirements of the BV Agreement and 100% interest in these two properties was therefore transferred to us, subject to MinQuest retaining a 3% royalty. All mining interests in the properties are subject to MinQuest retaining a 3% royalty of the aggregate proceeds from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges. Pursuant to the BV Agreement, we have a one-time option to purchase a portion of MinQuest's royalty interest at a rate of $1,000,000 for each 1%. We may exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On April 16, 2010, we entered into an Assignment Agreement with our wholly owned subsidiary, Provex Resources, Inc., (now Goldbase, Inc.) a Nevada corporation, to assign the exclusive option to an undivided right, title and interest in the Bruner, Bruner Expansion and Vernal properties to Provex. Pursuant to the Agreement, Provex assumed our rights, and agreed to perform all of our duties and obligations, arising under the original property option agreements.

In April 2017, Canamex Resources purchased our interest in the Bruner properties for $1,000,000 cash, and we retained a 2% net smelter return royalty on the Bruner properties including any claims acquired within a two-mile area of interest around the existing claims. Additionally, Canamex had the option to buy-down half of our royalty retained for $5,000,000 any time during a five-year period following closing of the purchase and sale agreement.

Description and Location of the Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. We hold the property via 12 unpatented mining claims (approximately 248 acres). We have a 100% interest in the Vernal property, subject to an existing royalty.

Exploration History of the Vernal Property

Historical work includes numerous short adits constructed on the Vernal Property between 1907 and 1936. There appears to have been little or no mineral production.

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amselco has not been involved with the Vernal Property since that time and is not associated with the Vernal Property or the exploration work being done. A 225-foot-wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet system) and larger veining trends exist northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and surface workings show an open-ended gold anomaly that measures 630 feet by 450 feet.

The Vernal Property claims presently do not have any known mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any commercial scale open-pits. Numerous shallow underground excavations occur within the central portion of the property. No reported historic production is noted for the property. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims. Although drill holes are present within the property boundary, there is no known drilled reserve on our claims.

In July 2003 and again in June 2017, members of our Board of Directors and geology team made an onsite inspection of the Vernal property. Mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In 2005, permits for trenching and geochemical sampling were obtained from the U.S. Forest Service, and a subsequent trenching and sampling program was completed.

Our exploration of the Vernal Property to date has consisted of geologic mapping, trenching and rock chip geochemical sampling. The Board of Directors approved a budget of approximately $55,000 (including the refundable bond of $900) for the Vernal property. An exploration program was conducted in November 2008. The program consisted of 200 feet of trenching, sampling and mapping, and opening, mapping and sampling of an underground workings consisting of approximately 275 feet of workings. We continue to evaluate the Vernal Property.

In September 2017, we released a National Instrument 43-101 Technical Report on the Vernal Property.

Planned Exploration

Our current objectives are to assess the geological merits and if warranted and feasible establish an exploration program to identify the potential for economically viable mineralization. The cost of an exploration plan has not yet been determined therefore estimated exploration expenditures are not available at this time. We recognize that the Vernal Property is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Windy Peak Property

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Acquisition of Interest

In May 2015, after a review of historical records and information available regarding a potential mineral property interest in Churchill County, Nevada, we acquired the Windy Peak Property, (referred to herein as the "Windy Peak Property" or "Windy Peak"). This early-stage exploration project was secured through the completion of an Assignment and Assumption Agreement. Windy Peak has been visited by our directors and technical staff several times in 2017, 2018, 2019, 2020, and 2022.

Description and Location of the Windy Peak Property

The Windy Peak Property consists of 114 unpatented mineral claims covering approximately 2,337 contiguous acres, 3 miles north-northeast of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Windy Peak is approximately 45 miles southeast of Fallon and 5.5 miles south of Middlegate. The property is a contiguous claim block. Access to the project area is by paved highway, followed by a short stretch of gravel road.

Access to the Windy Peak Property is from U.S. Highway 50, thence south via Highway 361 to an unmarked dirt road that heads west along the south side of an unnamed wash referred to as Windy Wash. The dirt road exits Highway 95 near the border of Sections 27 & 34. The Bell Mountain quadrangle (dated 1972) shows an older dirt road that follows the floor of the wash. About 2 miles along the dirt road, trenching and cutting of trails to access various portions of the property have extensively disturbed the hill. The dirt road is in good condition, however the steeper trails near Windy Peak require a 4-wheel-drive for access. There is no plant, equipment, water source nor power currently on site. Power could be provided by portable diesel-powered generators. Non potable water may be source able on site for drilling, mining and milling purposes.

The property claims are held as unpatented federal land claims administered under the Department of Interior, BLM. In order to acquire an unpatented mineral claim, the land must be open to mineral entry. Federal law specifies that a claim must be located or "staked" and site boundaries be distinctly and clearly marked to be readily identifiable on the ground in addition to filing the appropriate state and or federal documentation such as Location Notice, Claim Map, Notice of Non-liability for Labor and Materials Furnished, Notice of Intent to Hold Mining Claims, Maintenance Fee Payment and fees to secure the claim. The State may also establish additional requirements regarding the manner in which mining claims and sites are located and recorded. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. The property surface estate and mineral rights are federally owned and subject to BLM regulations. None of the property claims have been legally surveyed. Although our legal access to unpatented Federal claims cannot be denied, staking or operating a mining claim does not provide the claim holder exclusive rights to the surface resources (unless a right was determined under Public Law 84-167), establish residency or block access to other users. Regulations managing the use and occupancy of the public lands for development of locatable mineral deposits by limiting such use or occupancy to that which is reasonably incident is found in 43 CFR 3715. These Regulations apply to public lands administered by the BLM.

Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity.

Past Exploration in the Windy Peak Area

Fairview District

The Windy Peak area has been considered to be part of, or at least an extension of, the Fairview District, which, is located on Fairview Peak about 6 miles WNW of Hill 6483. Both areas are within the Fairview Peak caldera, but their geochemical differences indicate they are not related.

Windy Peak

Published information regarding the Windy Peak area refers to a small leach pad at the Cye Cox prospect at Hill 6483. This exploration was located adjacent to but not on our northern claim block. According to historical reports, an initial 6 claims (Red Star) were staked by Cye Cox of Fallon from 1945 to 1969. Subsequent lessees staked an additional 79 Red Star claims from 1978 to 1979. Cye Cox together with Pete Erb and "Pine Nut" Forbush discovered high-grade gold on the south side of Hill 6483 in the Windy fault in 1970. The presence of old timbers near a mostly-covered hole at the western trench (about mile west of the Windy adit) indicates that they also did some work there. After further examination a plant with a 6-8" grizzly and trommel (21' x 30") was setup and operated.

Exploration on and around the property has included geologic mapping, rock chip sampling, sagebrush biogeochemistry, VLF-EM, VLF-resistivity and magnetic geophysical surveys, and reverse circulation drilling. Various companies, including Terraco Gold Corp, Solitario Resources, Red Star Gold, Pegasus Gold Corp, Rio Tinto, and Kennecott, have conducted drilling on and around the property, with more than 70 holes drilled. Limited small-scale mining activities have been conducted by various private parties since the 1940's, including a small glory hole mined during the 1970's centered on Hill 6483. Previous work on the property included many vertical reverse-circulation drill holes, which are not suited to testing the high-angle structures known to host the gold- bearing veins. Some of the holes previously drilled are inferred to be too shallow to properly test targets. We believe the high-grade structurally hosted gold potential on the property has not been tested by previous drilling programs.

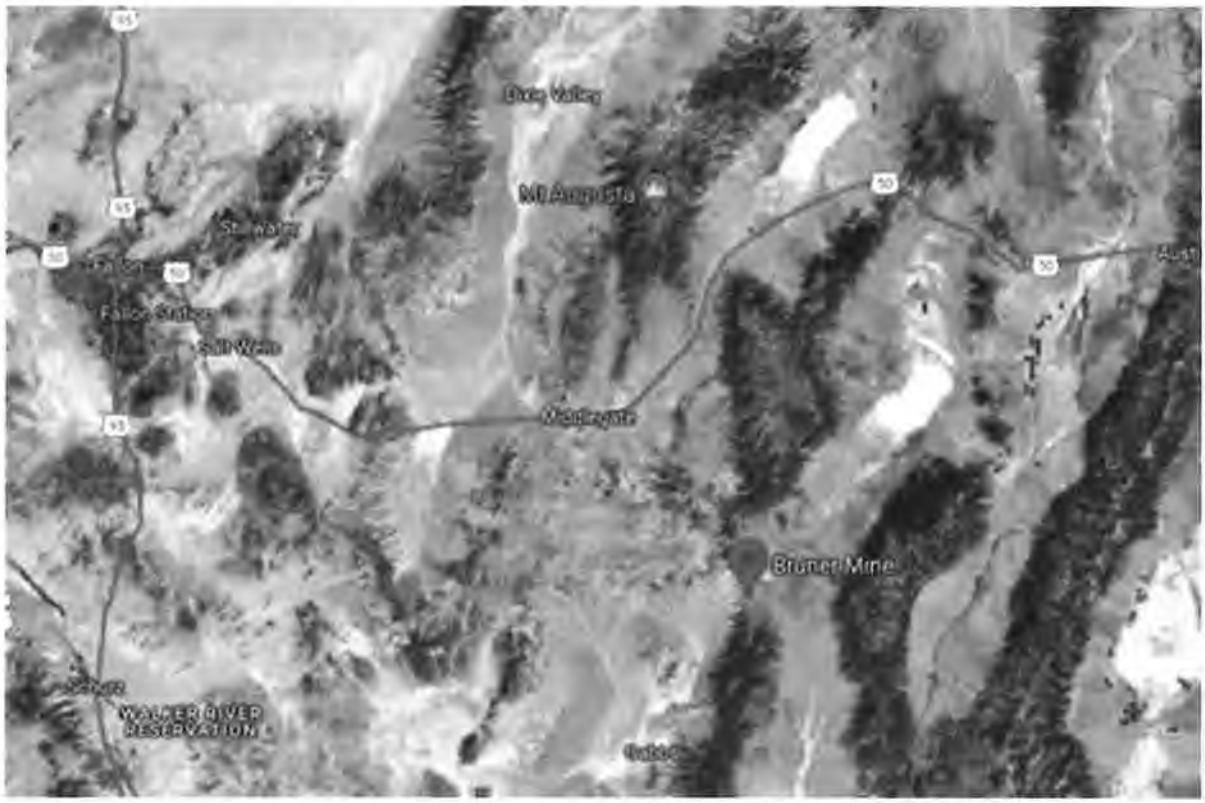
Geology of the Windy Peak Property Area

Review of late Tertiary epithermal gold-silver deposits in the northern Great Basin, revealed that most deposits are spatially and temporally related to two magmatic assemblages: bimodal basalt-rhyolite and western andesite. The Fairview district, including the Bell Mine, is related to a third, minor magmatic assemblage, the late Eocene to early Miocene caldera complexes of the interior andesite-rhyolite assemblage. This assemblage hosts the giant late-Oligocene Round Mountain deposit plus smaller deposits in the Atlanta, Fairview, Tuscarora, and Wonder mining districts. The youngest rocks in the interior andesite-rhyolite assemblage are in the Fairview and Tonopah mining districts. Recent studies have shown that the magmatism associated with the interior andesite rhyolite assemblage had a close spatial and temporal association with crustal extension, and that these magmas may have been formed by partial mixing of mantle-derived basal with crustal melt.

Current Exploration

We have been conducting an ongoing exploration program to assess the potential for economically viable mineralization. The exploration program has been permitted by the BLM. We initiated drilling in the summer of 2018, and this program extended into October 2018. Further drilling was completed in December 2019, and again in January 2021. Exploration on the project is ongoing. We recognize that Windy Peak is an early-stage exploration opportunity and there are currently no proven or probable reserves.

Bruner Gold Project



We do not consider the Bruner Gold Project ("Bruner") to be material in that it does not have proven reserves. We do not own the Bruner gold project and do not own or have access to the current technical data relating to titles, mineral rights, acreage, state of the property, permitting, mining operations, processing and resource/reserve calculations. We solely hold a royalty interest with respect to the property.

The Bruner is located approximately 130 miles east-southeast of Reno, Nevada. The project is 15 miles south of the Paradise Peak Mine, 45 miles southeast of the Round Mountain Mine, and 25 miles west of the Rawhide Mine. The operator of the Bruner gold project is Endeavour Silver Corp.

Item 3. Legal Proceedings.

There are no pending legal proceedings involving the Company or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

EXHIBIT D

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March 28, 2024

VIA U.S. MAIL AND EMAIL

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RE: **NOTICE OF BREACH AND DEMAND LETTER** regarding Subject Agreements (defined herein)

To Whom It May Concern:

This firm represents Patriot Gold Corp. ("**Patriot Gold**") with respect to that certain (i) *Agreement for Purchase and Sale of Mining Claims and Escrow Instructions* dated May 12, 2016 (the "**Agreement**") between Patriot Gold, as Seller, and Golden Vertex Corp. ("**GVC**") as Buyer; and (ii) *Royalty Deed* dated May 25, 2016, and recorded in the Mohave County Recorder's Office records at fee no. 2016-023500, between GVC, as Payor, and Patriot Gold, as Owner (the "**Royalty Deed**" and, collectively with the Agreement, the "**Subject Agreements**"). Capitalized terms used herein but otherwise undefined shall have the meanings given to them in the Subject Agreements, as applicable.

As you are aware, on May 12, 2016, Patriot Gold entered into the Agreement with GVC, a wholly owned subsidiary of Elevation Gold Mining Corp. f/k/a Northern Vertex Mining Corp., wherein Patriot Gold agreed to sell, and GVC agreed to buy, all of Patriot Gold's right, title, and interest in certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona (the "**Claims**"), together with all extralateral and other associated rights, water rights, tenements, hereditaments, and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress

from the Claims appurtenant thereto and in which Patriot Gold had any interest (collectively, the "**Property**") for the amount of One Million Five Hundred Thousand Canadian Dollars (C$1,500,000.00), subject to a royalty granted to Patriot Gold on the claims.

To effectuate the royalty grant and as a condition of closing, GVC executed the Royalty Deed whereby GVC granted and conveyed to Patriot Gold a royalty of three percent (3%) of Net Smelter Returns from the production of minerals from the Property (the "**Royalty**"). Pursuant to the Royalty Deed, GVC was required to pay the Royalty to Patriot Gold monthly within thirty (30) days after the end of each calendar month during which GVC receives payments on all products produced and sold from the Property.

GVC has failed to make timely payments as required by Section 2.4 of the Royalty Deed and is currently past due. By failing to fulfill its obligations and not timely paying the Royalty amounts due pursuant to the grant in the Royalty Deed, GVC has materially breached the Subject Agreements. Patriot Gold has made multiple attempts to resolve this matter with GVC amicably and patiently, to no avail. Accordingly, Patriot Gold has now engaged this firm to recover the amounts due and owing under the Subject Agreements.

By Patriot Gold's calculations, the amount due from GVC totals $717,290.13 through December 31, 2023. In addition, royalty payments for the months of January and February 2024 are currently due, and the royalty payment for March 2024 will be due by the time of the deadline set forth below. GVC has not provided information sufficient for Patriot Gold to calculate the amounts due for these months, but based upon past performance, Patriot Gold reasonably estimates that the amount totals no less than $400,000. Patriot Gold hereby demands that GVC provide information sufficient to calculate the amounts due for these months consistent with GVC's obligations and Patriot Gold's rights under the Subject Agreements.

Finally, on October 17, 2023, Patriot Gold agreed to allow GVC to defer payments for the remainder of 2023 in exchange for an agreed upon "catch-up" payment schedule beginning January 30, 2024, which included the payment of interest at the amount of ten percent per annum from the date each deferred payment originally came due. Obviously, GVC has not honored its agreement. Nevertheless, the payment demand below does not include this interest component, but Patriot Gold reserves the right to seek recovery of such interest in the absence of prompt payment of the royalties due.

Based on the foregoing, Patriot Gold demands that GVC promptly pay **$1,117,290.13**, which constitutes the Royalty payments currently due and unpaid for 2023, in addition to all Royalty payments due for the months of January, February, and March of 2024 (the foregoing amounts shall be referred to herein as the "**Indebtedness**"). The Indebtedness shall also include any additional accrued and accruing interest or other charges chargeable under the Subject Agreements or applicable law.

If GVC fails to pay the Indebtedness in full and cure the Specified Defaults by **Friday, April 5, 2024**, or otherwise fails to reach an agreement satisfactory to Patriot Gold, then Patriot Gold will file a lawsuit and pursue all available remedies, including, but not limited to, further injunctive relief to prevent removal of precious metals or other minerals from the Claims, or appointment of a receiver. In the lawsuit, Patriot Gold will be entitled to recover its reasonable attorneys' fees and costs pursuant to the terms of the Subject Agreements and Arizona law, including, but not limited to, A.R.S. §§ 12-341.01 and 12-341.

To discuss this matter, including terms of payment, contact the undersigned. Please give this matter your immediate attention.

Very truly yours,

Jimmie W. Pursell, Jr.

JWP:smf

This is Exhibit "C" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 19th, 2025.

Commissioner for Taking Affidavits for British Columbia

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UNITED STATES BANKRUPTCY COURT

DISTRICT OF ARIZONA

In re: Elevation Gold Mining Corporation, *et al.* Debtor in a Foreign Proceeding.	Chapter 15 Case No. 2:24-bk-06359-EPB **Supplement to the Monitor's Motion for Recognition and Enforcement of Canadian Sale and Distribution Order** Date: December 23, 2024 Time: 11:00 a.m.

KSV Restructuring Inc. as Monitor (the "**Monitor**") appointed by the Supreme Court of British Columbia (the "**Canadian Court**") in proceedings for the above-captioned debtors (the "**Group**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), and the foreign representative of those proceedings, files this Supplement to the Monitor's Motion for Recognition and Enforcement of the Canadian Sale and Distribution Order, filed December 5, 2024 (ECF 110) (the "**Motion**").[1]

After a lengthy hearing on December 17, 2024, the Canadian Court issued the Sale Order[2] and approved releases for the benefit of the Group's officers and directors, the Monitor, and the investment bank that conducted the sale process (the "**Releases**"). Patriot Gold Corp. ("**Patriot**") and Nomad Royalty Company Limited ("**Nomad**") objected to issuance of the Sale Order,

[1] Capitalized terms used in this Supplement but not defined have the meanings ascribed to them in the Motion.
[2] *See* Notice of Filing Orders of the Canadian Court at Ex. C, 3 (ECF 132-3).

arguing that the Canadian Court did not have jurisdiction and should defer to this Court on all matters relating to the sale. They objected to the Releases for officers and directors to the extent the Releases impair any claim they might have against officers and directors for conversion of Patriot's and Nomad's property during the Canadian Proceeding and this case. No such claim has been asserted in the Canadian Proceeding or this case. The Canadian Court overruled both objections.

The Canadian Court also issued the Distribution Order[3] and the Expanded Powers Order,[4] which expanded the Monitor's powers upon resignation of the Group's officers and directors following the closing of the transaction.[5] Neither Patriot nor Nomad objected to the issuance of those Orders.

The Canadian Court has plenary jurisdiction over Elevation Gold and Golden Vertex Corporation ("GVC"). Patriot and Nomad did not object to the exercise of that jurisdiction when the Canadian Court issued the Initial Order on August 1, 2024,[6] the Amended and Restated Initial Order on August 12, 2024,[7] or at any other time during the Canadian Proceeding. Nor did they object to this Court's recognition of the Canadian Proceeding as a foreign main proceeding and the enforcement in the United States of the Initial Order and the Amended and Restated Initial Order. The determinations by the Canadian Court and this Court have consequences. The proceedings here are ancillary and meant to be in aid of the Canadian Proceeding and in furtherance of the overarching principles of comity and cooperation embedded in chapter 15. Absent a delineation between plenary and ancillary jurisdiction, cross border insolvency cases are chaotic, there are incompatible decisions, and value is destroyed. This Court can avoid that outcome by granting the Motion.

The Monitor has made it clear since the first day of the proceedings in Canada and this Court that the purpose of the proceedings is to solicit and close a transaction before the Group's

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[3] ECF 132-2.
[4] ECF 132-4.
[5] The Monitor is seeking recognition and enforcement of the Expanded Powers Order in a separate motion filed in this case on December 12, 2024 (ECF 121).
[6] Filed with this Court at ECF 2-1.
[7] Filed with this Court at ECF 34-1.

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liquidity constraints could force a shutdown and loss of value. The steps to achieve that goal were set out in detail in the Sales and Investment Solicitation Process (the "SISP") and the order approving it, which was issued on August 12, 2024, with the Amended and Restated Initial Order. The SISP expressly contemplated approval of the winning bid by the Canadian Court followed by this Court's recognition and enforcement of that order. Patriot and Nomad did not object to the Canadian Court's jurisdiction over that process or its supervision of it throughout these proceedings. The outcome of the SISP is a transaction that is conditioned on closing no later than December 31, 2024. Patriot and Nomad should not be allowed to derail a successful result, which is structured to preserve their rights subject to post-closing proceedings in this Court.

The assets to be transferred to the Purchaser under the Sale Agreement are:

1. The stock in GVC, an Arizona corporation, owned by Elevation Gold, the Canadian parent company, and physically held in Canada by Maverix, a Canadian company, pursuant to a pledge agreement governed by Canadian law;

2. A month-to-month lease for a storage facility in British Columbia; and

3. Books and records.

GVC's Residual Assets, which include its cash, bank deposits, and accounts receivable are to be transferred to Elevation Gold subject to all existing liens and claims, including the senior liens of Maverix and whatever interests Patriot and Nomad might allege they have in those assets. Elevation Gold will also assume the Residual Liabilities which include liabilities owed to Maverix, obligations under a Finder's Fee Agreement described in schedule 1.1 of the Sale Agreement, and unsecured pre-filing creditor claims.

The completed transaction leaves GVC intact but for the Residual Assets transferred to Elevation Gold which will remain subject to all encumbrances, and the Residual Liabilities assumed by Elevation Gold. GVC retains the licenses and permits needed to operate the business, the Moss Mine, and assets used in the business. It also retains the agreements with Patriot and Nomad and the labilities under those agreements pending the outcome of the determination process in this Court. As of the closing date, Patriot and Nomad will have whatever rights and claims they have today under those agreements, but those claims will be against a financially

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sound GVC, which will be free of more than $32 million of secured debt owed to Maverix. Patriot and Nomad will also retain any interests they might allege they have in GVC's cash and receivables, and they can make those claims against Elevation Gold pursuant to the terms of the Distribution Order. The only impact on Patriot and Nomad will be the result of proceedings in this Court, which will determine the nature and extent of their interests.

The Canadian Court concluded that it has jurisdiction over the assets to be transferred. The GVC shares are owned by a Canadian company and physically held in Canada by another Canadian company pursuant to a Canadian law governed pledge agreement. Patriot and Nomad do not claim any interest in the shares.

Maverix's Statement in Support of the Motion dated December 19, 2024,[8] explains why the GVC shares are not U.S.-based assets. But even if the GVC shares are for any relevant reason "deemed" to be in the United States, §§ 1521(a)(5) and 1521(b) allow this Court to entrust to the foreign representative the administration or realization of all or part of a foreign debtor's assets within the territorial jurisdiction of the United States. This would include the GVC shares even if they were actually in the United States and would even include the Moss Mine itself if that were being sold by GVC.

In *In re ENNIA Caribe Holding N.V.*, 596 B.R. 316 (Bankr. S.D.N.Y. 2019) the foreign representative sought access to the debtor's account at Merrill Lynch in the United States with a value of $240 million. The bankruptcy court there granted that relief under §§ 1521(a)(5) and (b), noting that there was no dispute as to ownership of that account. 596 B.R. at 323. Here, there is no dispute that Elevation Gold owns the GVC shares. It is also clear there is no value in those shares (or any other assets of the Group) over the amount of the senior secured claim of Maverix.

If any of the relief afforded in Canada is required to be subjected to an analysis under § 363 of the Bankruptcy Code, the standard is clearly satisfied here. Given the close trading relationship between Canada and the United States, and the vast amount of law governing cross border commerce it is not surprising that the standards under § 363 are substantively identical to the standards in Canada governing transfers of assets in insolvency cases. *See* the Ontario Court

[8] Filed with this Court at ECF 128.

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of Appeal decision in *Royal Bank v. Soundair Corp.*, 1991 CanL II 2727 (ON CA).[9] The standards in both jurisdictions essentially boil down to business judgement and fairness: whether there is a business justification for the transaction, the process was fair and reasonable under the circumstances, and the price is fair. In Canada, the courts also consider the views of the appointed Court-officer (in this case, the Monitor) as the court officer charged with supervising the case.

The business rationale for the transaction is compelling and amply demonstrated in the Affidavit of Tim Swendseid attached to the Motion as Exhibit D, and in the Monitor's Fourth Report attached as Exhibit C. *See Sixth Swendseid Affidavit* at ¶¶ 7-17 and 25-27, *Fourth Report* at § 3.5. This transaction preserves the business and mining operations of GVC as well as employment at the mine and GVC's relationships with its trade creditors. It avoids a liquidation which would shut the mine, terminate employment, terminate business for trade creditors, and result in no recovery on any claim. The sale process consumed more than two years and was professionally run, the price is the highest and best that could be achieved, and there is no suggestion, much less evidence, that any party acted in bad faith.

Based on the record in this case, the Canadian Court approved the sale and issued the Sale Order which has been filed in this case at ECF 132-3.

The asset transfers pursuant to the Sale Order could be accomplished in a chapter 11 case, albeit in a more time-consuming and expensive process, which neither GVC nor Elevation Gold could withstand. Section 363 is available for the sale of assets including equity interests. The transfer of the Residual Assets to, and the assumption of Residual Liabilities by Elevation Gold could be embodied in a plan that complies with § 1123 of the Bankruptcy Code. Even if these clear parallels between the two jurisdictions did not exist, this Court, in an ancillary case, could recognize and enforce the foreign result. There is no requirement that the laws of the foreign jurisdiction be the same as in the United States.

[9] A copy of that decision is annexed hereto as **Exhibit A**.

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Following *Harrington v. Purdue Pharma L.P.*, 603 U.S.___, 144 S.Ct. 2071 (2024), the Releases[10] no longer have a chapter 11 analogue. In *Purdue*, the Supreme Court held that the Bankruptcy Code "does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants." *Purdue*, 144 S.Ct. at 2088. The focus of the opinion is limited to § 1123(b), which sets out what is permitted in a chapter 11 plan. The Court concluded that each of the subsections of 1123(b) is confined to the rights and obligations of the debtor. *Id.* at 2081-83. There is nothing in § 1123 that supports a release and discharge for a non-debtor.

The statutory authority to grant a release in a chapter 15 case does not depend on whether it could be granted in a chapter 11 case. Unlike § 1520 (a)(2), which requires application of § 363 to a transfer of assets in the United States to "the same extent it would apply" in a chapter 11 case, there is no provision in chapter 15 or elsewhere in the Bankruptcy Code or other federal statute that limits U.S. enforcement of a release in a foreign proceeding. Instead, the enforcement of releases in foreign court orders is governed by the principles of enforcement of foreign judgments and international comity. *See Metcalfe & Mansfield Alt. Invs.*, 421 B.R. 685, 694 (Bankr. S.D.N.Y. 2010). In that case, the bankruptcy court enforced a release in favor of virtually all participants in the Canadian asset-backed commercial paper market. The beneficiaries of the releases included a long list of U.S. and international banks, dealers, conduits, and investors. The court had serious doubt that it would have the jurisdiction to grant the release in a plenary case under the Bankruptcy Code. But it concluded that "[t]here is no basis for this Court to second-

[10] The Releases for officers and directors cover claims arising before the commencement of the Canadian Proceeding only to the extent they relate to the prepetition sale process and the decision to commence CCAA proceedings. Any claims Patriot and Nomad may have against individuals for prepetition conversion are not released. The Releases also protect officers and directors from claims arising during the Canadian Proceeding. Patriot and Nomad objected only to this aspect of the Release. The Canadian Court overruled that objection based in part on the fact that the Amended and Restated Initial Order prohibited payment of obligations owing by the Group to any of their creditors as of the date of the Initial Order, and permitted but did not require the Group to pay certain post-petition obligations. The Court also exempted from the Releases any claims against directors and officers that are covered by available insurance, to the extent of any such available insurance.

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guess the decisions of the Canadian courts. Principles of comity in chapter 15 cases support enforcement of the Canadian Orders whether or not the same relief could be ordered in a plenary case under chapter 11." *Id.* at 700. The same result was reached by the court in *In re Sino-Forest Corp.*, 501 B.R. 655 (Bankr. S.D.N.Y. 2013). *See also* Gillian Ho, "*After Purdue Pharma: The Future of Nonconsensual Third-Party Releases in Chapter 15 Proceedings,"* COLUMBIA BUS. L. REV. (Feb. 16, 2024).

The public policy exception in § 1506 does not limit this Court's ability to recognize and enforce the Releases in the United States. Section 1506 "is restricted to exceptional circumstances concerning the most fundamental policies of the United States." *Id.*; *see also In re Ran*, 607 F.3d 1017 (5th Cir. 2010); *In re Iida*, 377 B.R. 243 (9th Cir. BAP 2007); *In re Atlas Shipping A/S*, 404 B.R. 726 (Bankr. S.D.N.Y. 2009); *In re Ernst & Young Inc.*, 383 B.R. 779 (Bankr. D. Colo. 2008).

The jurisdiction of the foreign court and procedural fairness are the principal factors in the analysis. Section 1506 is a barrier where the extension of comity would severely impinge the value and import of a U.S. statute or constitutional right. *See In re Ephedra Prods. Liab. Litig.*, 349 B.R. 333 (S.D.N.Y. 2006). In that case the district court in a chapter 15 proceeding ancillary to a CCAA proceeding enforced a Canadian arbitration process that would deprive U.S. personal injury and wrongful death claimants of their rights to jury trials that would be statutorily protected in a plenary case under the Bankruptcy Code. 349 B.R at 337. The court overruled objections under § 1506 based on U.S. public policy concerns. *Id.* at 335-36.

In *Purdue*, the Supreme Court did not discuss any constitutional or policy grounds for its decision. It expressly declined to address public policy issues and said, "this Court is the wrong audience for such policy disputes." *Purdue*, 144 S.Ct. at 2076. The Court limited its decision to what is permissible in a chapter 11 plan. *See id.*

It is also notable that third-party releases are expressly authorized in chapter 11 plans dealing with asbestos liabilities. 11 U.S.C. § 524(g). Since third-party releases are permitted in some situations, it cannot be the case that a third-party release in a foreign proceeding is violative of a fundamental U.S. public policy. This is particularly the case where the release is approved in

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a main plenary proceeding in a sister common law jurisdiction whose procedures in insolvency cases have uniformly been found to be fair in decisions by U.S. courts since at least 1883. *See Can. S. Ry. Co. v. Gebhard*, 109 U.S. 527 (1883).

After the *Purdue* decision, at least two bankruptcy courts approved third-party releases in chapter 15 cases. *See In re Nexii Bldg. Sols. Inc.*, Case No. 24-10026 (JKS) (Bankr. D. Del. July 18, 2024), at ¶ 10, annexed hereto as **Exhibit B**; *In re Americanas S.A.*, No. 23-10092 (MEW), 2024 WL 3506637 (Bankr. S.D.N.Y. July 22, 2024).

Based on the foregoing, this Court should not allow Patriot and Nomad to collaterally attack any of the Canadian Court's Orders.

WHEREFORE, the Monitor respectfully requests that this Court grant the Motion and provide any other or further relief as may be appropriate.

DATED this 20th day of December 2024.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Robert M. Charles, Jr.*
Robert M. Charles, Jr.
Katie M.D. Rios

AND

By: */s/ Ken Coleman*
Ken Coleman (admitted *pro hac vice*)

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CERTIFICATE OF SERVICE

I certify that on this 20th day of December, 2024, I electronically transmitted the attached document to the Clerk's office using the CM/ECF System for filing and served through the Notice of Electronic Filing automatically generated by the Court's facilities.

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Royal Bank of Canada v. Soundair Corp., Canadian Pension Capital Ltd. and Canadian Insurers Capital Corp.

Indexed as: Royal Bank of Canada v. Soundair Corp. (C.A.)

4 O.R. (3d) 1
[1991] O.J. No. 1137
Action No. 318/91

ONTARIO
Court of Appeal for Ontario
Goodman, McKinlay and Galligan JJ.A.
July 3, 1991

Debtor and creditor -- Receivers -- Court-appointed receiver accepting offer to purchase assets against wishes of secured creditors -- Receiver acting properly and prudently -- Wishes of creditors not determinative -- Court approval of sale confirmed on appeal.

Air Toronto was a division of Soundair. In April 1990, one of Soundair's creditors, the Royal Bank, appointed a receiver to operate Air Toronto and sell it as a going concern. The receiver was authorized to sell Air Toronto to Air Canada, or, if that sale could not be completed, to negotiate and sell Air Toronto to another person. Air Canada made an offer which the receiver rejected. The receiver then entered into negotiations with Canadian Airlines International (Canadian); two subsidiaries of Canadian, Ontario Express Ltd. and Frontier Airlines Ltd., made an offer to purchase on March 6, 1991 (the OEL offer). Air Canada and a creditor of Soundair, CCFL, presented an offer to purchase to the receiver on March 7, 1991 through 922, a company formed for that purpose (the 922 offer). The receiver declined the 922 offer because it contained an unacceptable condition and accepted the OEL offer. 922 made a

second offer, which was virtually identical to the first one except that the unacceptable condition had been removed. In proceedings before Rosenberg J., an order was made approving the sale of Air Toronto to OEL and dismissing the 922 offer. CCFL appealed.

Held, the appeal should be dismissed.

Per Galligan J.A.: When deciding whether a receiver has acted providently, the court should examine the conduct of the receiver in light of the information the receiver had when it agreed to accept an offer, and should be very cautious before deciding that the receiver's conduct was improvident based upon information which has come to light after it made its decision. The decision to sell to OEL was a sound one in the circumstances faced by the receiver on March 8, 1991. Prices in other offers received after the receiver has agreed to a sale have relevance only if they show that the price contained in the accepted offer was so unreasonably low as to demonstrate that the receiver was improvident in accepting it. If they do not do so, they should not be considered upon a motion to confirm a sale recommended by a court-appointed receiver. If the 922 offer was better than the OEL offer, it was only marginally better and did not lead to an inference that the disposition strategy of the receiver was improvident.

While the primary concern of a receiver is the protecting of the interests of creditors, a secondary but important consideration is the integrity of the process by which the sale is effected. The court must exercise extreme caution before it interferes with the process adopted by a receiver to sell an unusual asset. It is important that prospective purchasers know that, if they are acting in good faith, bargain seriously with a receiver and enter into an agreement with it, a court will not lightly interfere with the commercial judgment of the receiver to sell the asset to them.

The failure of the receiver to give an offering memorandum to those who expressed an interest in the purchase of Air Toronto did not result in the process being unfair, as there was no proof that if an offering memorandum had been widely

distributed among persons qualified to have purchased Air Toronto, a viable offer would have come forth from a party other than 922 or OEL.

The fact that the 922 offer was supported by Soundair's secured creditors did not mean that the court should have given effect to their wishes. Creditors who asked the court to appoint a receiver to dispose of assets (and therefore insulated themselves from the risks of acting privately) should not be allowed to take over control of the process by the simple expedient of supporting another purchaser if they do not agree with the sale by the receiver. If the court decides that a court-appointed receiver has acted providently and properly (as the receiver did in this case), the views of creditors should not be determinative.

Per McKinlay J.A. (concurring in the result): While the procedure carried out by the receiver in this case was appropriate, given the unfolding of events and the unique nature of the assets involved, it was not a procedure which was likely to be appropriate in many receivership sales.

Per Goodman J.A. (dissenting): The fact that a creditor has requested an order of the court appointing a receiver does not in any way diminish or derogate from his right to obtain the maximum benefit to be derived from any disposition of the debtor's assets. The creditors in this case were convinced that acceptance of the 922 offer was in their best interest and the evidence supported that belief. Although the receiver acted in good faith, the process which it used was unfair insofar as 922 was concerned and improvident insofar as the secured creditors were concerned.

Cases referred to

Beauty Counsellors of Canada Ltd. (Re) (1986), 58 C.B.R. (N.S.) 237 (Ont. Bkcy.); British Columbia Development Corp. v. Spun Cast Industries Inc. (1977), 5 B.C.L.R. 94, 26 C.B.R. (N.S.) 28 (S.C.); Cameron v. Bank of Nova Scotia (1981), 38 C.B.R. (N.S.) 1, 45 N.S.R. (2d) 303, 86 A.P.R. 303 (C.A.); Crown Trust Co. v. Rosenberg (1986), 60 O.R. (2d) 87, 22 C.P.C.

(2d) 131, 67 C.B.R. (N.S.) 320 (note), 39 D.L.R. (4th) 526 (H.C.J.); Salima Investments Ltd. v. Bank of Montreal (1985), 41 Alta. L.R. (2d) 58, 65 A.R. 372, 59 C.B.R. (N.S.) 242, 21 D.L.R. (4th) 473 (C.A.); Selkirk (Re) (1986), 58 C.B.R. (N.S.) 245 (Ont. Bkcy.); Selkirk (Re) (1987), 64 C.B.R. (N.S.) 140 (Ont. Bkcy.)

Statutes referred to

Employment Standards Act, R.S.O. 1980, c. 137
Environmental Protection Act, R.S.O. 1980, c. 141

APPEAL from the judgment of the General Division, Rosenberg J., May 1, 1991, approving the sale of an airline by a receiver.

J.B. Berkow and Steven H. Goldman, for appellants.

John T. Morin, Q.C., for Air Canada.

L.A.J. Barnes and Lawrence E. Ritchie, for Royal Bank of Canada.

Sean F. Dunphy and G.K. Ketcheson for Ernst & Young Inc., receiver of Soundair Corp., respondent.

W.G. Horton, for Ontario Express Ltd.

Nancy J. Spies, for Frontier Air Ltd.

GALLIGAN J.A.:-- This is an appeal from the order of Rosenberg J. made on May 1, 1991 (Gen. Div.). By that order, he approved the sale of Air Toronto to Ontario Express Limited and Frontier Air Limited and he dismissed a motion to approve an offer to purchase Air Toronto by 922246 Ontario Limited.

It is necessary at the outset to give some background to the dispute. Soundair Corporation (Soundair) is a corporation

engaged in the air transport business. It has three divisions. One of them is Air Toronto. Air Toronto operates a scheduled airline from Toronto to a number of mid-sized cities in the United States of America. Its routes serve as feeders to several of Air Canada's routes. Pursuant to a connector agreement, Air Canada provides some services to Air Toronto and benefits from the feeder traffic provided by it. The operational relationship between Air Canada and Air Toronto is a close one.

In the latter part of 1989 and the early part of 1990, Soundair was in financial difficulty. Soundair has two secured creditors who have an interest in the assets of Air Toronto. The Royal Bank of Canada (the Royal Bank) is owed at least $65,000,000. The appellants Canadian Pension Capital Limited and Canadian Insurers Capital Corporation (collectively called CCFL) are owed approximately $9,500,000. Those creditors will have a deficiency expected to be in excess of $50,000,000 on the winding-up of Soundair.

On April 26, 1990, upon the motion of the Royal Bank, O'Brien J. appointed Ernst & Young Inc. (the receiver) as receiver of all of the assets, property and undertakings of Soundair. The order required the receiver to operate Air Toronto and sell it as a going concern. Because of the close relationship between Air Toronto and Air Canada, it was contemplated that the receiver would obtain the assistance of Air Canada to operate Air Toronto. The order authorized the receiver:

> (b) to enter into contractual arrangements with Air Canada to retain a manager or operator, including Air Canada, to manage and operate Air Toronto under the supervision of Ernst & Young Inc. until the completion of the sale of Air Toronto to Air Canada or other person ...

Also because of the close relationship, it was expected that Air Canada would purchase Air Toronto. To that end, the order of O'Brien J. authorized the receiver:

> (c) to negotiate and do all things necessary or desirable to complete a sale of Air Toronto to Air Canada and, if a sale

to Air Canada cannot be completed, to negotiate and sell Air Toronto to another person, subject to terms and conditions approved by this Court.

Over a period of several weeks following that order, negotiations directed towards the sale of Air Toronto took place between the receiver and Air Canada. Air Canada had an agreement with the receiver that it would have exclusive negotiating rights during that period. I do not think it is necessary to review those negotiations, but I note that Air Canada had complete access to all of the operations of Air Toronto and conducted due diligence examinations. It became thoroughly acquainted with every aspect of Air Toronto's operations.

Those negotiations came to an end when an offer made by Air Canada on June 19, 1990, was considered unsatisfactory by the receiver. The offer was not accepted and lapsed. Having regard to the tenor of Air Canada's negotiating stance and a letter sent by its solicitors on July 20, 1990, I think that the receiver was eminently reasonable when it decided that there was no realistic possibility of selling Air Toronto to Air Canada.

The receiver then looked elsewhere. Air Toronto's feeder business is very attractive, but it only has value to a national airline. The receiver concluded reasonably, therefore, that it was commercially necessary for one of Canada's two national airlines to be involved in any sale of Air Toronto. Realistically, there were only two possible purchasers whether direct or indirect. They were Air Canada and Canadian Airlines International.

It was well known in the air transport industry that Air Toronto was for sale. During the months following the collapse of the negotiations with Air Canada, the receiver tried unsuccessfully to find viable purchasers. In late 1990, the receiver turned to Canadian Airlines International, the only realistic alternative. Negotiations began between them. Those negotiations led to a letter of intent dated February 11, 1991. On March 6, 1991, the receiver received an offer from Ontario

Express Limited and Frontier Airlines Limited, who are subsidiaries of Canadian Airlines International. This offer is called the OEL offer.

In the meantime, Air Canada and CCFL were having discussions about making an offer for the purchase of Air Toronto. They formed 922246 Ontario Limited (922) for the purpose of purchasing Air Toronto. On March 1, 1991, CCFL wrote to the receiver saying that it proposed to make an offer. On March 7, 1991, Air Canada and CCFL presented an offer to the receiver in the name of 922. For convenience, its offers are called the 922 offers.

The first 922 offer contained a condition which was unacceptable to the receiver. I will refer to that condition in more detail later. The receiver declined the 922 offer and on March 8, 1991, accepted the OEL offer. Subsequently, 922 obtained an order allowing it to make a second offer. It then submitted an offer which was virtually identical to that of March 7, 1991, except that the unacceptable condition had been removed.

The proceedings before Rosenberg J. then followed. He approved the sale to OEL and dismissed a motion for the acceptance of the 922 offer. Before Rosenberg J., and in this court, both CCFL and the Royal Bank supported the acceptance of the second 922 offer.

There are only two issues which must be resolved in this appeal. They are:

(1) Did the receiver act properly when it entered into an agreement to sell Air Toronto to OEL?

(2) What effect does the support of the 922 offer by the secured creditors have on the result?

I will deal with the two issues separately.

I. DID THE RECEIVER ACT PROPERLY

IN AGREEING TO SELL TO OEL?

Before dealing with that issue there are three general observations which I think I should make. The first is that the sale of an airline as a going concern is a very complex process. The best method of selling an airline at the best price is something far removed from the expertise of a court. When a court appoints a receiver to use its commercial expertise to sell an airline, it is inescapable that it intends to rely upon the receiver's expertise and not upon its own. Therefore, the court must place a great deal of confidence in the actions taken and in the opinions formed by the receiver. It should also assume that the receiver is acting properly unless the contrary is clearly shown. The second observation is that the court should be reluctant to second-guess, with the benefit of hindsight, the considered business decisions made by its receiver. The third observation which I wish to make is that the conduct of the receiver should be reviewed in the light of the specific mandate given to him by the court.

The order of O'Brien J. provided that if the receiver could not complete the sale to Air Canada that it was "to negotiate and sell Air Toronto to another person". The court did not say how the receiver was to negotiate the sale. It did not say it was to call for bids or conduct an auction. It told the receiver to negotiate and sell. It obviously intended, because of the unusual nature of the asset being sold, to leave the method of sale substantially in the discretion of the receiver. I think, therefore, that the court should not review minutely the process of the sale when, broadly speaking, it appears to the court to be a just process.

As did Rosenberg J., I adopt as correct the statement made by Anderson J. in Crown Trust Co. v. Rosenberg (1986), 60 O.R. (2d) 87, 39 D.L.R. (4th) 526 (H.C.J.), at pp. 92-94 O.R., pp. 531-33 D.L.R., of the duties which a court must perform when deciding whether a receiver who has sold a property acted properly. When he set out the court's duties, he did not put them in any order of priority, nor do I. I summarize those duties as follows:

1. It should consider whether the receiver has made a sufficient effort to get the best price and has not acted improvidently.

2. It should consider the interests of all parties.

3. It should consider the efficacy and integrity of the process by which offers are obtained.

4. It should consider whether there has been unfairness in the working out of the process.

I intend to discuss the performance of those duties separately.

1. Did the receiver make a sufficient effort to get the best price and did it act providently?

Having regard to the fact that it was highly unlikely that a commercially viable sale could be made to anyone but the two national airlines, or to someone supported by either of them, it is my view that the receiver acted wisely and reasonably when it negotiated only with Air Canada and Canadian Airlines International. Furthermore, when Air Canada said that it would submit no further offers and gave the impression that it would not participate further in the receiver's efforts to sell, the only course reasonably open to the receiver was to negotiate with Canadian Airlines International. Realistically, there was nowhere else to go but to Canadian Airlines International. In doing so, it is my opinion that the receiver made sufficient efforts to sell the airline.

When the receiver got the OEL offer on March 6, 1991, it was over ten months since it had been charged with the responsibility of selling Air Toronto. Until then, the receiver had not received one offer which it thought was acceptable. After substantial efforts to sell the airline over that period, I find it difficult to think that the receiver acted improvidently in accepting the only acceptable offer which it had.

On March 8, 1991, the date when the receiver accepted the OEL offer, it had only two offers, the OEL offer which was acceptable, and the 922 offer which contained an unacceptable condition. I cannot see how the receiver, assuming for the moment that the price was reasonable, could have done anything but accept the OEL offer.

When deciding whether a receiver had acted providently, the court should examine the conduct of the receiver in light of the information the receiver had when it agreed to accept an offer. In this case, the court should look at the receiver's conduct in the light of the information it had when it made its decision on March 8, 1991. The court should be very cautious before deciding that the receiver's conduct was improvident based upon information which has come to light after it made its decision. To do so, in my view, would derogate from the mandate to sell given to the receiver by the order of O'Brien J. I agree with and adopt what was said by Anderson J. in Crown Trust v. Rosenberg, supra, at p. 112 O.R., p. 551 D.L.R.:

> Its decision was made as a matter of business judgment on the elements then available to it. It is of the very essence of a receiver's function to make such judgments and in the making of them to act seriously and responsibly so as to be prepared to stand behind them.
>
> If the court were to reject the recommendation of the Receiver in any but the most exceptional circumstances, it would materially diminish and weaken the role and function of the Receiver both in the perception of receivers and in the perception of any others who might have occasion to deal with them. It would lead to the conclusion that the decision of the Receiver was of little weight and that the real decision was always made upon the motion for approval. That would be a consequence susceptible of immensely damaging results to the disposition of assets by court-appointed receivers.

(Emphasis added)

I also agree with and adopt what was said by Macdonald J.A.

in Cameron v. Bank of Nova Scotia (1981), 38 C.B.R. (N.S.) 1, 45 N.S.R. (2d) 303 (C.A.), at p. 11 C.B.R., p. 314 N.S.R.:

> In my opinion if the decision of the receiver to enter into an agreement of sale, subject to court approval, with respect to certain assets is reasonable and sound under the circumstances at the time existing it should not be set aside simply because a later and higher bid is made. To do so would literally create chaos in the commercial world and receivers and purchasers would never be sure they had a binding agreement.

(Emphasis added)

On March 8, 1991, the receiver had two offers. One was the OEL offer which it considered satisfactory but which could be withdrawn by OEL at any time before it was accepted. The receiver also had the 922 offer which contained a condition that was totally unacceptable. It had no other offers. It was faced with the dilemma of whether it should decline to accept the OEL offer and run the risk of it being withdrawn, in the hope that an acceptable offer would be forthcoming from 922. An affidavit filed by the president of the receiver describes the dilemma which the receiver faced, and the judgment made in the light of that dilemma:

> 24. An asset purchase agreement was received by Ernst & Young on March 7, 1991 which was dated March 6, 1991. This agreement was received from CCFL in respect of their offer to purchase the assets and undertaking of Air Toronto. Apart from financial considerations, which will be considered in a subsequent affidavit, the Receiver determined that it would not be prudent to delay acceptance of the OEL agreement to negotiate a highly uncertain arrangement with Air Canada and CCFL. Air Canada had the benefit of an "exclusive" in negotiations for Air Toronto and had clearly indicated its intention to take itself out of the running while ensuring that no other party could seek to purchase Air Toronto and maintain the Air Canada connector arrangement vital to its survival. The CCFL offer represented a radical reversal of this position by Air Canada at the eleventh hour. However, it

> contained a significant number of conditions to closing which were entirely beyond the control of the Receiver. As well, the CCFL offer came less than 24 hours before signing of the agreement with OEL which had been negotiated over a period of months, at great time and expense.

(Emphasis added)
I am convinced that the decision made was a sound one in the circumstances faced by the receiver on March 8, 1991.

I now turn to consider whether the price contained in the OEL offer was one which it was provident to accept. At the outset, I think that the fact that the OEL offer was the only acceptable one available to the receiver on March 8, 1991, after ten months of trying to sell the airline, is strong evidence that the price in it was reasonable. In a deteriorating economy, I doubt that it would have been wise to wait any longer.

I mentioned earlier that, pursuant to an order, 922 was permitted to present a second offer. During the hearing of the appeal, counsel compared at great length the price contained in the second 922 offer with the price contained in the OEL offer. Counsel put forth various hypotheses supporting their contentions that one offer was better than the other.

It is my opinion that the price contained in the 922 offer is relevant only if it shows that the price obtained by the Receiver in the OEL offer was not a reasonable one. In Crown Trust v. Rosenberg, supra, Anderson J., at p. 113 O.R., p. 551 D.L.R., discussed the comparison of offers in the following way:

> No doubt, as the cases have indicated, situations might arise where the disparity was so great as to call in question the adequacy of the mechanism which had produced the offers. It is not so here, and in my view that is substantially an end of the matter.

In two judgments, Saunders J. considered the circumstances in which an offer submitted after the receiver had agreed to a

sale should be considered by the court. The first is Re Selkirk (1986), 58 C.B.R. (N.S.) 245 (Ont. Bkcy.), at p. 247:

> If, for example, in this case there had been a second offer of a substantially higher amount, then the court would have to take that offer into consideration in assessing whether the receiver had properly carried out his function of endeavouring to obtain the best price for the property.

The second is Re Beauty Counsellors of Canada Ltd. (1986), 58 C.B.R. (N.S.) 237 (Ont. Bkcy.), at p. 243:

> If a substantially higher bid turns up at the approval stage, the court should consider it. Such a bid may indicate, for example, that the trustee has not properly carried out its duty to endeavour to obtain the best price for the estate.

In Re Selkirk (1987), 64 C.B.R. (N.S.) 140 (Ont. Bkcy.), at p. 142, McRae J. expressed a similar view:

> The court will not lightly withhold approval of a sale by the receiver, particularly in a case such as this where the receiver is given rather wide discretionary authority as per the order of Mr. Justice Trainor and, of course, where the receiver is an officer of this court. Only in a case where there seems to be some unfairness in the process of the sale or where there are substantially higher offers which would tend to show that the sale was improvident will the court withhold approval. It is important that the court recognize the commercial exigencies that would flow if prospective purchasers are allowed to wait until the sale is in court for approval before submitting their final offer. This is something that must be discouraged.

(Emphasis added)

What those cases show is that the prices in other offers have relevance only if they show that the price contained in the offer accepted by the receiver was so unreasonably low as to demonstrate that the receiver was improvident in accepting it. I am of the opinion, therefore, that if they do not tend to

show that the receiver was improvident, they should not be considered upon a motion to confirm a sale recommended by a court-appointed receiver. If they were, the process would be changed from a sale by a receiver, subject to court approval, into an auction conducted by the court at the time approval is sought. In my opinion, the latter course is unfair to the person who has entered bona fide into an agreement with the receiver, can only lead to chaos, and must be discouraged.

If, however, the subsequent offer is so substantially higher than the sale recommended by the receiver, then it may be that the receiver has not conducted the sale properly. In such circumstances, the court would be justified itself in entering into the sale process by considering competitive bids. However, I think that that process should be entered into only if the court is satisfied that the receiver has not properly conducted the sale which it has recommended to the court.

It is necessary to consider the two offers. Rosenberg J. held that the 922 offer was slightly better or marginally better than the OEL offer. He concluded that the difference in the two offers did not show that the sale process adopted by the receiver was inadequate or improvident.

Counsel for the appellants complained about the manner in which Rosenberg J. conducted the hearing of the motion to confirm the OEL sale. The complaint was, that when they began to discuss a comparison of the two offers, Rosenberg J. said that he considered the 922 offer to be better than the OEL offer. Counsel said that when that comment was made, they did not think it necessary to argue further the question of the difference in value between the two offers. They complain that the finding that the 922 offer was only marginally better or slightly better than the OEL offer was made without them having had the opportunity to argue that the 922 offer was substantially better or significantly better than the OEL offer. I cannot understand how counsel could have thought that by expressing the opinion that the 922 offer was better, Rosenberg J. was saying that it was a significantly or substantially better one. Nor can I comprehend how counsel took the comment to mean that they were foreclosed from arguing that

the offer was significantly or substantially better. If there was some misunderstanding on the part of counsel, it should have been raised before Rosenberg J. at the time. I am sure that if it had been, the misunderstanding would have been cleared up quickly. Nevertheless, this court permitted extensive argument dealing with the comparison of the two offers.

The 922 offer provided for $6,000,000 cash to be paid on closing with a royalty based upon a percentage of Air Toronto profits over a period of five years up to a maximum of $3,000,000. The OEL offer provided for a payment of $2,000,000 on closing with a royalty paid on gross revenues over a five-year period. In the short term, the 922 offer is obviously better because there is substantially more cash up front. The chances of future returns are substantially greater in the OEL offer because royalties are paid on gross revenues while the royalties under the 922 offer are paid only on profits. There is an element of risk involved in each offer.

The receiver studied the two offers. It compared them and took into account the risks, the advantages and the disadvantages of each. It considered the appropriate contingencies. It is not necessary to outline the factors which were taken into account by the receiver because the manager of its insolvency practice filed an affidavit outlining the considerations which were weighed in its evaluation of the two offers. They seem to me to be reasonable ones. That affidavit concluded with the following paragraph:

> 24. On the basis of these considerations the Receiver has approved the OEL offer and has concluded that it represents the achievement of the highest possible value at this time for the Air Toronto division of SoundAir.

The court appointed the receiver to conduct the sale of Air Toronto and entrusted it with the responsibility of deciding what is the best offer. I put great weight upon the opinion of the receiver. It swore to the court which appointed it that the OEL offer represents the achievement of the highest possible value at this time for Air Toronto. I have not been convinced

that the receiver was wrong when he made that assessment. I am, therefore, of the opinion that the 922 offer does not demonstrate any failure upon the part of the receiver to act properly and providently.

It follows that if Rosenberg J. was correct when he found that the 922 offer was in fact better, I agree with him that it could only have been slightly or marginally better. The 922 offer does not lead to an inference that the disposition strategy of the receiver was inadequate, unsuccessful or improvident, nor that the price was unreasonable.

I am, therefore, of the opinion that the receiver made a sufficient effort to get the best price and has not acted improvidently.

2. Consideration of the interests of all parties

It is well established that the primary interest is that of the creditors of the debtor: see Crown Trust Co. v. Rosenberg, supra, and Re Selkirk (1986, Saunders J.), supra. However, as Saunders J. pointed out in Re Beauty Counsellors, supra, at p. 244 C.B.R., "it is not the only or overriding consideration".

In my opinion, there are other persons whose interests require consideration. In an appropriate case, the interests of the debtor must be taken into account. I think also, in a case such as this, where a purchaser has bargained at some length and doubtless at considerable expense with the receiver, the interests of the purchaser ought to be taken into account. While it is not explicitly stated in such cases as Crown Trust Co. v. Rosenberg, supra, Re Selkirk (1986, Saunders J.), supra, Re Beauty Counsellors, supra, Re Selkirk (1987, McRae J.), supra, and Cameron, supra, I think they clearly imply that the interests of a person who has negotiated an agreement with a court-appointed receiver are very important.

In this case, the interests of all parties who would have an interest in the process were considered by the receiver and by Rosenberg J.

3. Consideration of the efficacy and integrity of the process by which the offer was obtained

While it is accepted that the primary concern of a receiver is the protecting of the interests of the creditors, there is a secondary but very important consideration and that is the integrity of the process by which the sale is effected. This is particularly so in the case of a sale of such a unique asset as an airline as a going concern.

The importance of a court protecting the integrity of the process has been stated in a number of cases. First, I refer to Re Selkirk (1986), supra, where Saunders J. said at p. 246 C.B.R.:

> In dealing with the request for approval, the court has to be concerned primarily with protecting the interest of the creditors of the former bankrupt. A secondary but important consideration is that the process under which the sale agreement is arrived at should be consistent with commercial efficacy and integrity.
>
> In that connection I adopt the principles stated by Macdonald J.A. of the Nova Scotia Supreme Court (Appeal Division) in Cameron v. Bank of N.S. (1981), 38 C.B.R. (N.S.) 1, 45 N.S.R. (2d) 303, 86 A.P.R. 303 (C.A.), where he said at p. 11:
>
> In my opinion if the decision of the receiver to enter into an agreement of sale, subject to court approval, with respect to certain assets is reasonable and sound under the circumstances at the time existing it should not be set aside simply because a later and higher bid is made. To do so would literally create chaos in the commercial world and receivers and purchasers would never be sure they had a finding agreement. On the contrary, they would know that other bids could be received and considered up until the application for court approval is heard -- this would be an intolerable situation.

While those remarks may have been made in the context of a

bidding situation rather than a private sale, I consider them to be equally applicable to a negotiation process leading to a private sale. Where the court is concerned with the disposition of property, the purpose of appointing a receiver is to have the receiver do the work that the court would otherwise have to do.

In Salima Investments Ltd. v. Bank of Montreal (1985), 41 Alta. L.R. (2d) 58, 21 D.L.R. (4th) 473 (C.A.), at p. 61 Alta. L.R., p. 476 D.L.R., the Alberta Court of Appeal said that sale by tender is not necessarily the best way to sell a business as an ongoing concern. It went on to say that when some other method is used which is provident, the court should not undermine the process by refusing to confirm the sale.

Finally, I refer to the reasoning of Anderson J. in Crown Trust Co. v. Rosenberg, supra, at p. 124 O.R., pp. 562-63 D.L.R.:

> While every proper effort must always be made to assure maximum recovery consistent with the limitations inherent in the process, no method has yet been devised to entirely eliminate those limitations or to avoid their consequences. Certainly it is not to be found in loosening the entire foundation of the system. Thus to compare the results of the process in this case with what might have been recovered in some other set of circumstances is neither logical nor practical.

(Emphasis added)

It is my opinion that the court must exercise extreme caution before it interferes with the process adopted by a receiver to sell an unusual asset. It is important that prospective purchasers know that, if they are acting in good faith, bargain seriously with a receiver and enter into an agreement with it, a court will not lightly interfere with the commercial judgment of the receiver to sell the asset to them.

Before this court, counsel for those opposing the confirmation of the sale to OEL suggested many different ways

in which the receiver could have conducted the process other than the way which he did. However, the evidence does not convince me that the receiver used an improper method of attempting to sell the airline. The answer to those submissions is found in the comment of Anderson J. in Crown Trust Co. v. Rosenberg, supra, at p. 109 O.R., p. 548 D.L.R.:

> The court ought not to sit as on appeal from the decision of the Receiver, reviewing in minute detail every element of the process by which the decision is reached. To do so would be a futile and duplicitous exercise.

It would be a futile and duplicitous exercise for this court to examine in minute detail all of the circumstances leading up to the acceptance of the OEL offer. Having considered the process adopted by the receiver, it is my opinion that the process adopted was a reasonable and prudent one.

4. Was there unfairness in the process?

As a general rule, I do not think it appropriate for the court to go into the minutia of the process or of the selling strategy adopted by the receiver. However, the court has a responsibility to decide whether the process was fair. The only part of this process which I could find that might give even a superficial impression of unfairness is the failure of the receiver to give an offering memorandum to those who expressed an interest in the purchase of Air Toronto.

I will outline the circumstances which relate to the allegation that the receiver was unfair in failing to provide an offering memorandum. In the latter part of 1990, as part of its selling strategy, the receiver was in the process of preparing an offering memorandum to give to persons who expressed an interest in the purchase of Air Toronto. The offering memorandum got as far as draft form, but was never released to anyone, although a copy of the draft eventually got into the hands of CCFL before it submitted the first 922 offer on March 7, 1991. A copy of the offering memorandum forms part of the record and it seems to me to be little more than puffery, without any hard information which a sophisticated

purchaser would require in order to make a serious bid.

The offering memorandum had not been completed by February 11, 1991. On that date, the receiver entered into the letter of intent to negotiate with OEL. The letter of intent contained a provision that during its currency the receiver would not negotiate with any other party. The letter of intent was renewed from time to time until the OEL offer was received on March 6, 1991.

The receiver did not proceed with the offering memorandum because to do so would violate the spirit, if not the letter, of its letter of intent with OEL.

I do not think that the conduct of the receiver shows any unfairness towards 922. When I speak of 922, I do so in the context that Air Canada and CCFL are identified with it. I start by saying that the receiver acted reasonably when it entered into exclusive negotiations with OEL. I find it strange that a company, with which Air Canada is closely and intimately involved, would say that it was unfair for the receiver to enter into a time-limited agreement to negotiate exclusively with OEL. That is precisely the arrangement which Air Canada insisted upon when it negotiated with the receiver in the spring and summer of 1990. If it was not unfair for Air Canada to have such an agreement, I do not understand why it was unfair for OEL to have a similar one. In fact, both Air Canada and OEL in its turn were acting reasonably when they required exclusive negotiating rights to prevent their negotiations from being used as a bargaining lever with other potential purchasers. The fact that Air Canada insisted upon an exclusive negotiating right while it was negotiating with the receiver demonstrates the commercial efficacy of OEL being given the same right during its negotiations with the receiver. I see no unfairness on the part of the receiver when it honoured its letter of intent with OEL by not releasing the offering memorandum during the negotiations with OEL.

Moreover, I am not prepared top find that 922 was in any way prejudiced by the fact that it did not have an offering memorandum. It made an offer on March 7, 1991, which it

contends to this day was a better offer than that of OEL. 922 has not convinced me that if it had an offering memorandum its offer would have been any different or any better than it actually was. The fatal problem with the first 922 offer was that it contained a condition which was completely unacceptable to the receiver. The receiver properly, in my opinion, rejected the offer out of hand because of that condition. That condition did not relate to any information which could have conceivably been in an offering memorandum prepared by the receiver. It was about the resolution of a dispute between CCFL and the Royal Bank, something the receiver knew nothing about.

Further evidence of the lack of prejudice which the absence of an offering memorandum has caused 922 is found in CCFL's stance before this court. During argument, its counsel suggested, as a possible resolution of this appeal, that this court should call for new bids, evaluate them and then order a sale to the party who put in the better bid. In such a case, counsel for CCFL said that 922 would be prepared to bid within seven days of the court's decision. I would have thought that, if there were anything to CCFL's suggestion that the failure to provide an offering memorandum was unfair to 922, it would have told the court that it needed more information before it would be able to make a bid.

I am satisfied that Air Canada and CCFL have, and at all times had, all of the information which they would have needed to make what to them would be a commercially viable offer to the receiver. I think that an offering memorandum was of no commercial consequence to them, but the absence of one has since become a valuable tactical weapon.

It is my opinion that there is no convincing proof that if an offering memorandum had been widely distributed among persons qualified to have purchased Air Toronto, a viable offer would have come forth from a party other than 922 or OEL. Therefore, the failure to provide an offering memorandum was neither unfair nor did it prejudice the obtaining of a better price on March 8, 1991, than that contained in the OEL offer. I would not give effect to the contention that the process adopted by the receiver was an unfair one.

There are two statements by Anderson J. contained in Crown Trust Co. v. Rosenberg, supra, which I adopt as my own. The first is at p. 109 O.R., p. 548 D.L.R.:

> The court should not proceed against the recommendations of its Receiver except in special circumstances and where the necessity and propriety of doing so are plain. Any other rule or approach would emasculate the role of the Receiver and make it almost inevitable that the final negotiation of every sale would take place on the motion for approval.

The second is at p. 111 O.R., p. 550 D.L.R.:

> It is equally clear, in my view, though perhaps not so clearly enunciated, that it is only in an exceptional case that the court will intervene and proceed contrary to the Receiver's recommendations if satisfied, as I am, that the Receiver has acted reasonably, prudently and fairly and not arbitrarily.

In this case the receiver acted reasonably, prudently, fairly and not arbitrarily. I am of the opinion, therefore, that the process adopted by the receiver in reaching an agreement was a just one.

In his reasons for judgment, after discussing the circumstances leading to the 922 offer, Rosenberg J. said this [at p. 31 of the reasons]:

> They created a situation as of March 8, where the receiver was faced with two offers, one of which was in acceptable form and one of which could not possibly be accepted in its present form. The receiver acted appropriately in accepting the OEL offer.

I agree.

The receiver made proper and sufficient efforts to get the best price that it could for the assets of Air Toronto. It adopted a reasonable and effective process to sell the airline

which was fair to all persons who might be interested in purchasing it. It is my opinion, therefore, that the receiver properly carried out the mandate which was given to it by the order of O'Brien J. It follows that Rosenberg J. was correct when he confirmed the sale to OEL.

II. THE EFFECT OF THE SUPPORT OF THE 922 OFFER BY THE TWO SECURED CREDITORS

As I noted earlier, the 922 offer was supported before Rosenberg J., and in this court, by CCFL and by the Royal Bank, the two secured creditors. It was argued that, because the interests of the creditors are primary, the court ought to give effect to their wish that the 922 offer be accepted. I would not accede to that suggestion for two reasons.

The first reason is related to the fact that the creditors chose to have a receiver appointed by the court. It was open to them to appoint a private receiver pursuant to the authority of their security documents. Had they done so, then they would have had control of the process and could have sold Air Toronto to whom they wished. However, acting privately and controlling the process involves some risks. The appointment of a receiver by the court insulates the creditors from those risks. But insulation from those risks carries with it the loss of control over the process of disposition of the assets. As I have attempted to explain in these reasons, when a receiver's sale is before the court for confirmation the only issues are the propriety of the conduct of the receiver and whether it acted providently. The function of the court at that stage is not to step in and do the receiver's work or change the sale strategy adopted by the receiver. Creditors who asked the court to appoint a receiver to dispose of assets should not be allowed to take over control of the process by the simple expedient of supporting another purchaser if they do not agree with the sale made by the receiver. That would take away all respect for the process of sale by a court-appointed receiver.

There can be no doubt that the interests of the creditor are an important consideration in determining whether the receiver has properly conducted a sale. The opinion of the creditors as

to which offer ought to be accepted is something to be taken into account. But, if the court decides that the receiver has acted properly and providently, those views are not necessarily determinative. Because, in this case, the receiver acted properly and providently, I do not think that the views of the creditors should override the considered judgment of the receiver.

The second reason is that, in the particular circumstances of this case, I do not think the support of CCFL and the Royal Bank of the 922 offer is entitled to any weight. The support given by CCFL can be dealt with summarily. It is a co-owner of 922. It is hardly surprising and not very impressive to hear that it supports the offer which it is making for the debtors' assets.

The support by the Royal Bank requires more consideration and involves some reference to the circumstances. On March 6, 1991, when the first 922 offer was made, there was in existence an interlender agreement between the Royal Bank and CCFL. That agreement dealt with the share of the proceeds of the sale of Air Toronto which each creditor would receive. At the time, a dispute between the Royal Bank and CCFL about the interpretation of that agreement was pending in the courts. The unacceptable condition in the first 922 offer related to the settlement of the interlender dispute. The condition required that the dispute be resolved in a way which would substantially favour CCFL. It required that CCFL receive $3,375,000 of the $6,000,000 cash payment and the balance, including the royalties, if any, be paid to the Royal Bank. The Royal Bank did not agree with that split of the sale proceeds.

On April 5, 1991, the Royal Bank and CCFL agreed to settle the interlender dispute. The settlement was that if the 922 offer was accepted by the court, CCFL would receive only $1,000,000 and the Royal Bank would receive $5,000,000 plus any royalties which might be paid. It was only in consideration of that settlement that the Royal Bank agreed to support the 922 offer.

The Royal Bank's support of the 922 offer is so affected by

the very substantial benefit which it wanted to obtain from the settlement of the interlender dispute that, in my opinion, its support is devoid of any objectivity. I think it has no weight.

While there may be circumstances where the unanimous support by the creditors of a particular offer could conceivably override the proper and provident conduct of a sale by a receiver, I do not think that this is such a case. This is a case where the receiver has acted properly and in a provident way. It would make a mockery out of the judicial process, under which a mandate was given to this receiver to sell this airline, if the support by these creditors of the 922 offer were permitted to carry the day. I give no weight to the support which they give to the 922 offer.

In its factum, the receiver pointed out that, because of greater liabilities imposed upon private receivers by various statutes such as the Employment Standards Act, R.S.O. 1980, c. 137, and the Environmental Protection Act, R.S.O. 1980, c. 141, it is likely that more and more the courts will be asked to appoint receivers in insolvencies. In those circumstances, I think that creditors who ask for court-appointed receivers and business people who choose to deal with those receivers should know that if those receivers act properly and providently their decisions and judgments will be given great weight by the courts who appoint them. I have decided this appeal in the way I have in order to assure business people who deal with court-appointed receivers that they can have confidence that an agreement which they make with a court-appointed receiver will be far more than a platform upon which others may bargain at the court approval stage. I think that persons who enter into agreements with court-appointed receivers, following a disposition procedure that is appropriate given the nature of the assets involved, should expect that their bargain will be confirmed by the court.

The process is very important. It should be carefully protected so that the ability of court-appointed receivers to negotiate the best price possible is strengthened and supported. Because this receiver acted properly and providently in entering into the OEL agreement, I am of the opinion that

Rosenberg J. was right when he approved the sale to OEL and dismissed the motion to approve the 922 offer.

I would, accordingly, dismiss the appeal. I would award the receiver, OEL and Frontier Airlines Limited their costs out of the Soundair estate, those of the receiver on a solicitor-and-client scale. I would make no order as to the costs of any of the other parties or interveners.

MCKINLAY J.A. (concurring in the result):-- I agree with Galligan J.A. in result, but wish to emphasize that I do so on the basis that the undertaking being sold in this case was of a very special and unusual nature. It is most important that the integrity of procedures followed by court-appointed receivers be protected in the interests of both commercial morality and the future confidence of business persons in their dealings with receivers. Consequently, in all cases, the court should carefully scrutinize the procedure followed by the receiver to determine whether it satisfies the tests set out by Anderson J. in Crown Trust Co. v. Rosenberg (1986), 60 O.R. (2d) 87, 39 D.L.R. (4th) 526 (H.C.J.). While the procedure carried out by the receiver in this case, as described by Galligan J.A., was appropriate, given the unfolding of events and the unique nature of the assets involved, it is not a procedure that is likely to be appropriate in many receivership sales.

I should like to add that where there is a small number of creditors who are the only parties with a real interest in the proceeds of the sale (i.e., where it is clear that the highest price attainable would result in recovery so low that no other creditors, shareholders, guarantors, etc., could possibly benefit therefrom), the wishes of the interested creditors should be very seriously considered by the receiver. It is true, as Galligan J.A. points out, that in seeking the court appointment of a receiver, the moving parties also seek the protection of the court in carrying out the receiver's functions. However, it is also true that in utilizing the court process the moving parties have opened the whole process to detailed scrutiny by all involved, and have probably added significantly to their costs and consequent shortfall as a result of so doing. The adoption of the court process should in

no way diminish the rights of any party, and most certainly not the rights of the only parties with a real interest. Where a receiver asks for court approval of a sale which is opposed by the only parties in interest, the court should scrutinize with great care the procedure followed by the receiver. I agree with Galligan J.A. that in this case that was done. I am satisfied that the rights of all parties were properly considered by the receiver, by the learned motions court judge, and by Galligan J.A.

GOODMAN J.A. (dissenting):-- I have had the opportunity of reading the reasons for judgment herein of Galligan and McKinlay JJ.A. Respectfully, I am unable to agree with their conclusion.

The case at bar is an exceptional one in the sense that upon the application made for approval of the sale of the assets of Air Toronto two competing offers were placed before Rosenberg J. Those two offers were that of Frontier Airlines Ltd. and Ontario Express Limited (OEL) and that of 922246 Ontario Limited (922), a company incorporated for the purpose of acquiring Air Toronto. Its shares were owned equally by Canadian Pension Capital Limited and Canadian Insurers Capital Corporation (collectively CCFL) and Air Canada. It was conceded by all parties to these proceedings that the only persons who had any interest in the proceeds of the sale were two secured creditors, viz., CCFL and the Royal Bank of Canada (the Bank). Those two creditors were unanimous in their position that they desired the court to approve the sale to 922. We were not referred to nor am I aware of any case where a court has refused to abide by the unanimous wishes of the only interested creditors for the approval of a specific offer made in receivership proceedings.

In British Columbia Development Corp. v. Spun Cast Industries Inc. (1977), 5 B.C.L.R. 94, 26 C.B.R. (N.S.) 28 (S.C.), Berger J. said at p. 95 B.C.L.R., p. 30 C.B.R.:

> Here all of those with a financial stake in the plant have joined in seeking the court's approval of the sale to Fincas. This court does not having a roving commission to decide what

> is best for investors and businessmen when they have agreed among themselves what course of action they should follow. It is their money.

I agree with that statement. It is particularly apt to this case. The two secured creditors will suffer a shortfall of approximately $50,000,000. They have a tremendous interest in the sale of assets which form part of their security. I agree with the finding of Rosenberg J., Gen. Div., May 1, 1991, that the offer of 922 is superior to that of OEL. He concluded that the 922 offer is marginally superior. If by that he meant that mathematically it was likely to provide slightly more in the way of proceeds it is difficult to take issue with that finding. If on the other hand he meant that having regard to all considerations it was only marginally superior, I cannot agree. He said in his reasons [pp. 17-18]:

> I have come to the conclusion that knowledgeable creditors such as the Royal Bank would prefer the 922 offer even if the other factors influencing their decision were not present. No matter what adjustments had to be made, the 922 offer results in more cash immediately. Creditors facing the type of loss the Royal Bank is taking in this case would not be anxious to rely on contingencies especially in the present circumstances surrounding the airline industry.

I agree with that statement completely. It is apparent that the difference between the two offers insofar as cash on closing is concerned amounts to approximately $3,000,000 to $4,000,000. The Bank submitted that it did not wish to gamble any further with respect to its investment and that the acceptance and court approval of the OEL offer, in effect, supplanted its position as a secured creditor with respect to the amount owing over and above the down payment and placed it in the position of a joint entrepreneur but one with no control. This results from the fact that the OEL offer did not provide for any security for any funds which might be forthcoming over and above the initial downpayment on closing.

In Cameron v. Bank of Nova Scotia (1981), 38 C.B.R. (N.S.) 1, 45 N.S.R. (2d) 303 (C.A.), Hart J.A., speaking for the majority

of the court, said at p. 10 C.B.R., p. 312 N.S.R.:

> Here we are dealing with a receiver appointed at the instance of one major creditor, who chose to insert in the contract of sale a provision making it subject to the approval of the court. This, in my opinion, shows an intention on behalf of the parties to invoke the normal equitable doctrines which place the court in the position of looking to the interests of all persons concerned before giving its blessing to a particular transaction submitted for approval. In these circumstances the court would not consider itself bound by the contract entered into in good faith by the receiver but would have to look to the broader picture to see that the contract was for the benefit of the creditors as a whole. When there was evidence that a higher price was readily available for the property the chambers judge was, in my opinion, justified in exercising his discretion as he did. Otherwise he could have deprived the creditors of a substantial sum of money.

This statement is apposite to the circumstances of the case at bar. I hasten to add that in my opinion it is not only price which is to be considered in the exercise of the judge's discretion. It may very well be, as I believe to be so in this case, that the amount of cash is the most important element in determining which of the two offers is for the benefit and in the best interest of the creditors.

It is my view, and the statement of Hart J.A. is consistent therewith, that the fact that a creditor has requested an order of the court appointing a receiver does not in any way diminish or derogate from his right to obtain the maximum benefit to be derived from any disposition of the debtor's assets. I agree completely with the views expressed by McKinlay J.A. in that regard in her reasons.

It is my further view that any negotiations which took place between the only two interested creditors in deciding to support the approval of the 922 offer were not relevant to the determination by the presiding judge of the issues involved in the motion for approval of either one of the two offers nor are

they relevant in determining the outcome of this appeal. It is sufficient that the two creditors have decided unanimously what is in their best interest and the appeal must be considered in the light of that decision. It so happens, however, that there is ample evidence to support their conclusion that the approval of the 922 offer is in their best interests.

I am satisfied that the interests of the creditors are the prime consideration for both the receiver and the court. In Re Beauty Counsellors of Canada Ltd. (1986), 58 C.B.R. (N.S.) 237 (Ont. Bkcy.) Saunders J. said at p. 243:

> This does not mean that a court should ignore a new and higher bid made after acceptance where there has been no unfairness in the process. The interests of the creditors, while not the only consideration, are the prime consideration.

I agree with that statement of the law. In Re Selkirk (1986), 58 C.B.R. (N.S.) 245 (Ont. Bkcy.) Saunders J. heard an application for court approval for the sale by the sheriff of real property in bankruptcy proceedings. The sheriff had been previously ordered to list the property for sale subject to approval of the court. Saunders J. said at p. 246 C.B.R.:

> In dealing with the request for approval, the court has to be concerned primarily with protecting the interests of the creditors of the former bankrupt. A secondary but important consideration is that the process under which the sale agreement is arrived at should be consistent with the commercial efficacy and integrity.

I am in agreement with that statement as a matter of general principle. Saunders J. further stated that he adopted the principles stated by Macdonald J.A. in Cameron, supra, at pp. 92-94 O.R., pp. 531-33 D.L.R., quoted by Galligan J.A. in his reasons. In Cameron, the remarks of Macdonald J.A. related to situations involving the calling of bids and fixing a time limit for the making of such bids. In those circumstances the process is so clear as a matter of commercial practice that an interference by the court in such process might have a

deleterious effect on the efficacy of receivership proceedings in other cases. But Macdonald J.A. recognized that even in bid or tender cases where the offeror for whose bid approval is sought has complied with all requirements a court might not approve the agreement of purchase and sale entered into by the receiver. He said at pp. 11-12 C.B.R., p. 314 N.S.R.:

> There are, of course, many reasons why a court might not approve an agreement of purchase and sale, viz., where the offer accepted is so low in relation to the appraised value as to be unrealistic; or, where the circumstances indicate that insufficient time was allowed for the making of bids or that inadequate notice of sale by bid was given (where the receiver sells property by the bid method); or, where it can be said that the proposed sale is not in the best interest of either the creditors or the owner. Court approval must involve the delicate balancing of competing interests and not simply a consideration of the interests of the creditors.

The deficiency in the present case is so large that there has been no suggestion of a competing interest between the owner and the creditors.

I agree that the same reasoning may apply to a negotiation process leading to a private sale but the procedure and process applicable to private sales of a wide variety of businesses and undertakings with the multiplicity of individual considerations applicable and perhaps peculiar to the particular business is not so clearly established that a departure by the court from the process adopted by the receiver in a particular case will result in commercial chaos to the detriment of future receivership proceedings. Each case must be decided on its own merits and it is necessary to consider the process used by the receiver in the present proceedings and to determine whether it was unfair, improvident or inadequate.

It is important to note at the outset that Rosenberg J. made the following statement in his reasons [p. 15]:

> On March 8, 1991 the trustee accepted the OEL offer subject to court approval. The receiver at that time had no other

offer before it that was in final form or could possibly be accepted. The receiver had at the time the knowledge that Air Canada with CCFL had not bargained in good faith and had not fulfilled the promise of its letter of March 1. The receiver was justified in assuming that Air Canada and CCFL's offer was a long way from being in an acceptable form and that Air Canada and CCFL's objective was to interrupt the finalizing of the OEL agreement and to retain as long as possible the Air Toronto connector traffic flowing into Terminal 2 for the benefit of Air Canada.

In my opinion there was no evidence before him or before this court to indicate that Air Canada with CCFL had not bargained in good faith and that the receiver had knowledge of such lack of good faith. Indeed, on this appeal, counsel for the receiver stated that he was not alleging Air Canada and CCFL had not bargained in good faith. Air Canada had frankly stated at the time that it had made its offer to purchase which was eventually refused by the receiver that it would not become involved in an "auction" to purchase the undertaking of Air Canada and that, although it would fulfil its contractual obligations to provide connecting services to Air Toronto, it would do no more than it was legally required to do insofar as facilitating the purchase of Air Toronto by any other person. In so doing Air Canada may have been playing "hard ball" as its behaviour was characterized by some of the counsel for opposing parties. It was nevertheless merely openly asserting its legal position as it was entitled to do.

Furthermore there was no evidence before Rosenberg J. or this court that the receiver had assumed that Air Canada and CCFL's objective in making an offer was to interrupt the finalizing of the OEL agreement and to retain as long as possible the Air Toronto connector traffic flowing into Terminal 2 for the benefit of Air Canada. Indeed, there was no evidence to support such an assumption in any event although it is clear that 922 and through it CCFL and Air Canada were endeavouring to present an offer to purchase which would be accepted and/or approved by the court in preference to the offer made by OEL.

To the extent that approval of the OEL agreement by Rosenberg

J. was based on the alleged lack of good faith in bargaining and improper motivation with respect to connector traffic on the part of Air Canada and CCFL, it cannot be supported.

I would also point out that, rather than saying there was no other offer before it that was final in form, it would have been more accurate to have said that there was no unconditional offer before it.

In considering the material and evidence placed before the court I am satisfied that the receiver was at all times acting in good faith. I have reached the conclusion, however, that the process which he used was unfair insofar as 922 is concerned and improvident insofar as the two secured creditors are concerned.

Air Canada had been negotiating with Soundair Corporation for the purchase from it of Air Toronto for a considerable period of time prior to the appointment of a receiver by the court. It had given a letter of intent indicating a prospective sale price of $18,000,000. After the appointment of the receiver, by agreement dated April 30, 1990, Air Canada continued its negotiations for the purchase of Air Toronto with the receiver. Although this agreement contained a clause which provided that the receiver "shall not negotiate for the sale ... of Air Toronto with any person except Air Canada", it further provided that the receiver would not be in breach of that provision merely by receiving unsolicited offers for all or any of the assets of Air Toronto. In addition, the agreement, which had a term commencing on April 30, 1990, could be terminated on the fifth business day following the delivery of a written notice of termination by one party to the other. I point out this provision merely to indicate that the exclusivity privilege extended by the Receiver to Air Canada was of short duration at the receiver's option.

As a result of due diligence investigations carried out by Air Canada during the month of April, May and June of 1990, Air Canada reduced its offer to 8.1 million dollars conditional upon there being $4,000,000 in tangible assets. The offer was made on June 14, 1990 and was open for acceptance until June

29, 1990.

By amending agreement dated June 19, 1990 the receiver was released from its covenant to refrain from negotiating for the sale of the Air Toronto business and assets to any person other than Air Canada. By virtue of this amending agreement the receiver had put itself in the position of having a firm offer in hand with the right to negotiate and accept offers from other persons. Air Canada in these circumstances was in the subservient position. The receiver, in the exercise of its judgment and discretion, allowed the Air Canada offer to lapse. On July 20, 1990 Air Canada served a notice of termination of the April 30, 1990 agreement.

Apparently as a result of advice received from the receiver to the effect that the receiver intended to conduct an auction for the sale of the assets and business of the Air Toronto Division of Soundair Corporation, the solicitors for Air Canada advised the receiver by letter dated July 20, 1990 in part as follows:

> Air Canada has instructed us to advise you that it does not intend to submit a further offer in the auction process.

This statement together with other statements set forth in the letter was sufficient to indicate that Air Canada was not interested in purchasing Air Toronto in the process apparently contemplated by the receiver at that time. It did not form a proper foundation for the receiver to conclude that there was no realistic possibility of selling Air Toronto to Air Canada, either alone or in conjunction with some other person, in different circumstances. In June 1990 the receiver was of the opinion that the fair value of Air Toronto was between $10,000,000 and $12,000,000.

In August 1990 the receiver contacted a number of interested parties. A number of offers were received which were not deemed to be satisfactory. One such offer, received on August 20, 1990, came as a joint offer from OEL and Air Ontario (an Air Canada connector). It was for the sum of $3,000,000 for the good will relating to certain Air Toronto routes but did not

include the purchase of any tangible assets or leasehold interests.

In December 1990 the receiver was approached by the management of Canadian Partner (operated by OEL) for the purpose of evaluating the benefits of an amalgamated Air Toronto/Air Partner operation. The negotiations continued from December of 1990 to February of 1991 culminating in the OEL agreement dated March 8, 1991.

On or before December, 1990, CCFL advised the receiver that it intended to make a bid for the Air Toronto assets. The receiver, in August of 1990, for the purpose of facilitating the sale of Air Toronto assets, commenced the preparation of an operating memorandum. He prepared no less than six draft operating memoranda with dates from October 1990 through March 1, 1991. None of these were distributed to any prospective bidder despite requests having been received therefor, with the exception of an early draft provided to CCFL without the receiver's knowledge.

During the period December 1990 to the end of January 1991, the receiver advised CCFL that the offering memorandum was in the process of being prepared and would be ready soon for distribution. He further advised CCFL that it should await the receipt of the memorandum before submitting a formal offer to purchase the Air Toronto assets.

By late January CCFL had become aware that the receiver was negotiating with OEL for the sale of Air Toronto. In fact, on February 11, 1991, the receiver signed a letter of intent with OEL wherein it had specifically agreed not to negotiate with any other potential bidders or solicit any offers from others.

By letter dated February 25, 1991, the solicitors for CCFL made a written request to the Receiver for the offering memorandum. The receiver did not reply to the letter because he felt he was precluded from so doing by the provisions of the letter of intent dated February 11, 1991. Other prospective purchasers were also unsuccessful in obtaining the promised memorandum to assist them in preparing their bids. It should be

noted that exclusivity provision of the letter of intent expired on February 20, 1991. This provision was extended on three occasions, viz., February 19, 22 and March 5, 1991. It is clear that from a legal standpoint the receiver, by refusing to extend the time, could have dealt with other prospective purchasers and specifically with 922.

It was not until March 1, 1991 that CCFL had obtained sufficient information to enable it to make a bid through 922. It succeeded in so doing through its own efforts through sources other than the receiver. By that time the receiver had already entered into the letter of intent with OEL. Notwithstanding the fact that the receiver knew since December of 1990 that CCFL wished to make a bid for the assets of Air Toronto (and there is no evidence to suggest that at any time such a bid would be in conjunction with Air Canada or that Air Canada was in any way connected with CCFL) it took no steps to provide CCFL with information necessary to enable it to make an intelligent bid and, indeed, suggested delaying the making of the bid until an offering memorandum had been prepared and provided. In the meantime by entering into the letter of intent with OEL it put itself in a position where it could not negotiate with CCFL or provide the information requested.

On February 28, 1991, the solicitors for CCFL telephoned the receiver and were advised for the first time that the receiver had made a business decision to negotiate solely with OEL and would not negotiate with anyone else in the interim.

By letter dated March 1, 1991 CCFL advised the receiver that it intended to submit a bid. It set forth the essential terms of the bid and stated that it would be subject to customary commercial provisions. On March 7, 1991 CCFL and Air Canada, jointly through 922, submitted an offer to purchase Air Toronto upon the terms set forth in the letter dated March 1, 1991. It included a provision that the offer was conditional upon the interpretation of an interlender agreement which set out the relative distribution of proceeds as between CCFL and the Royal Bank. It is common ground that it was a condition over which the receiver had no control and accordingly would not have been acceptable on that ground alone. The receiver did not, however,

contact CCFL in order to negotiate or request the removal of the condition although it appears that its agreement with OEL not to negotiate with any person other than OEL expired on March 6, 1991.

The fact of the matter is that by March 7, 1991, the receiver had received the offer from OEL which was subsequently approved by Rosenberg J. That offer was accepted by the receiver on March 8, 1991. Notwithstanding the fact that OEL had been negotiating the purchase for a period of approximately three months the offer contained a provision for the sole benefit of the purchaser that it was subject to the purchaser obtaining:

> ... a financing commitment within 45 days of the date hereof in an amount not less than the Purchase Price from the Royal Bank of Canada or other financial institution upon terms and conditions acceptable to them. In the event that such a financing commitment is not obtained within such 45 day period, the purchaser or OEL shall have the right to terminate this agreement upon giving written notice of termination to the vendor on the first Business Day following the expiry of the said period.

The purchaser was also given the right to waive the condition.

In effect the agreement was tantamount to a 45-day option to purchase excluding the right of any other person to purchase Air Toronto during that period of time and thereafter if the condition was fulfilled or waived. The agreement was, of course, stated to be subject to court approval.

In my opinion the process and procedure adopted by the receiver was unfair to CCFL. Although it was aware from December 1990 that CCFL was interested in making an offer, it effectively delayed the making of such offer by continually referring to the preparation of the offering memorandum. It did not endeavour during the period December 1990 to March 7, 1991 to negotiate with CCFL in any way the possible terms of purchase and sale agreement. In the result no offer was sought from CCFL by the receiver prior to February 11, 1991 and thereafter it put itself in the position of being unable to

negotiate with anyone other than OEL. The receiver, then, on March 8, 1991 chose to accept an offer which was conditional in nature without prior consultation with CCFL (922) to see whether it was prepared to remove the condition in its offer.

I do not doubt that the receiver felt that it was more likely that the condition in the OEL offer would be fulfilled than the condition in the 922 offer. It may be that the receiver, having negotiated for a period of three months with OEL, was fearful that it might lose the offer if OEL discovered that it was negotiating with another person. Nevertheless it seems to me that it was imprudent and unfair on the part of the receiver to ignore an offer from an interested party which offered approximately triple the cash down payment without giving a chance to the offeror to remove the conditions or other terms which made the offer unacceptable to it. The potential loss was that of an agreement which amounted to little more than an option in favour of the offeror.

In my opinion the procedure adopted by the receiver was unfair to CCFL in that, in effect, it gave OEL the opportunity of engaging in exclusive negotiations for a period of three months notwithstanding the fact that it knew CCFL was interested in making an offer. The receiver did not indicate a deadline by which offers were to be submitted and it did not at any time indicate the structure or nature of an offer which might be acceptable to it.

In his reasons Rosenberg J. stated that as of March 1, CCFL and Air Canada had all the information that they needed and any allegations of unfairness in the negotiating process by the receiver had disappeared. He said [p. 31]:

> They created a situation as of March 8, where the receiver was faced with two offers, one of which was in acceptable form and one of which could not possibly be accepted in its present form. The receiver acted appropriately in accepting the OEL offer.

If he meant by "acceptable in form" that it was acceptable to the receiver, then obviously OEL had the unfair advantage of

its lengthy negotiations with the receiver to ascertain what kind of an offer would be acceptable to the receiver. If, on the other hand, he meant that the 922 offer was unacceptable in its form because it was conditional, it can hardly be said that the OEL offer was more acceptable in this regard as it contained a condition with respect to financing terms and conditions "acceptable to them".

It should be noted that on March 13, 1991 the representatives of 922 first met with the receiver to review its offer of March 7, 1991 and at the request of the receiver withdrew the inter-lender condition from its offer. On March 14, 1991 OEL removed the financing condition from its offer. By order of Rosenberg J. dated March 26, 1991, CCFL was given until April 5, 1991 to submit a bid and on April 5, 1991, 922 submitted its offer with the interlender condition removed.

In my opinion the offer accepted by the receiver is improvident and unfair insofar as the two creditors are concerned. It is not improvident in the sense that the price offered by 922 greatly exceeded that offered by OEL. In the final analysis it may not be greater at all. The salient fact is that the cash down payment in the 922 offer constitutes approximately two-thirds of the contemplated sale price whereas the cash down payment in the OEL transaction constitutes approximately 20 to 25 per cent of the contemplated sale price. In terms of absolute dollars, the down payment in the 922 offer would likely exceed that provided for in the OEL agreement by approximately $3,000,000 to $4,000,000.

In Re Beauty Counsellors of Canada Ltd., supra, Saunders J. said at p. 243 C.B.R.:

> If a substantially higher bid turns up at the approval stage, the court should consider it. Such a bid may indicate, for example, that the trustee has not properly carried out its duty to endeavour to obtain the best price for the estate. In such a case the proper course might be to refuse approval and to ask the trustee to recommence the process.

I accept that statement as being an accurate statement of the

law. I would add, however, as previously indicated, that in determining what is the best price for the estate the receiver or court should not limit its consideration to which offer provides for the greater sale price. The amount of down payment and the provision or lack thereof to secure payment of the balance of the purchase price over and above the down payment may be the most important factor to be considered and I am of the view that is so in the present case. It is clear that that was the view of the only creditors who can benefit from the sale of Air Toronto.

I note that in the case at bar the 922 offer in conditional form was presented to the receiver before it accepted the OEL offer. The receiver in good faith, although I believe mistakenly, decided that the OEL offer was the better offer. At that time the receiver did not have the benefit of the views of the two secured creditors in that regard. At the time of the application for approval before Rosenberg J. the stated preference of the two interested creditors was made quite clear. He found as a fact that knowledgeable creditors would not be anxious to rely on contingencies in the present circumstances surrounding the airline industry. It is reasonable to expect that a receiver would be no less knowledgeable in that regard and it is his primary duty to protect the interests of the creditors. In my view it was an improvident act on the part of the receiver to have accepted the conditional offer made by OEL and Rosenberg J. erred in failing to dismiss the application of the receiver for approval of the OEL offer. It would be most inequitable to foist upon the two creditors who have already been seriously hurt more unnecessary contingencies.

Although in other circumstances it might be appropriate to ask the receiver to recommence the process, in my opinion, it would not be appropriate to do so in this case. The only two interested creditors support the acceptance of the 922 offer and the court should so order.

Although I would be prepared to dispose of the case on the grounds stated above, some comment should be addressed to the question of interference by the court with the process and

procedure adopted by the receiver.

I am in agreement with the view expressed by McKinlay J.A. in her reasons that the undertaking being sold in this case was of a very special and unusual nature. As a result the procedure adopted by the receiver was somewhat unusual. At the outset, in accordance with the terms of the receiving order, it dealt solely with Air Canada. It then appears that the receiver contemplated a sale of the assets by way of auction and still later contemplated the preparation and distribution of an offering memorandum inviting bids. At some point, without advice to CCFL, it abandoned that idea and reverted to exclusive negotiations with one interested party. This entire process is not one which is customary or widely accepted as a general practice in the commercial world. It was somewhat unique having regard to the circumstances of this case. In my opinion the refusal of the court to approve the offer accepted by the receiver would not reflect on the integrity of procedures followed by court-appointed receivers and is not the type of refusal which will have a tendency to undermine the future confidence of business persons in dealing with receivers.

Rosenberg J. stated that the Royal Bank was aware of the process used and tacitly approved it. He said it knew the terms of the letter of intent in February 1991 and made no comment. The Royal Bank did, however, indicate to the receiver that it was not satisfied with the contemplated price nor the amount of the down payment. It did not, however, tell the receiver to adopt a different process in endeavouring to sell the Air Toronto assets. It is not clear from the material filed that at the time it became aware of the letter of intent, it knew that CCFL was interested in purchasing Air Toronto.

I am further of the opinion that a prospective purchaser who has been given an opportunity to engage in exclusive negotiations with a receiver for relatively short periods of time which are extended from time to time by the receiver and who then makes a conditional offer, the condition of which is for his sole benefit and must be fulfilled to his satisfaction unless waived by him, and which he knows is to be subject to

court approval, cannot legitimately claim to have been unfairly dealt with if the court refuses to approve the offer and approves a substantially better one.

In conclusion I feel that I must comment on the statement made by Galligan J.A. in his reasons to the effect that the suggestion made by counsel for 922 constitutes evidence of lack of prejudice resulting from the absence of an offering memorandum. It should be pointed out that the court invited counsel to indicate the manner in which the problem should be resolved in the event that the court concluded that the order approving the OEL offer should be set aside. There was no evidence before the court with respect to what additional information may have been acquired by CCFL since March 8, 1991 and no inquiry was made in that regard. Accordingly, I am of the view that no adverse inference should be drawn from the proposal made as a result of the court's invitation.

For the above reasons I would allow the appeal with one set of costs to CCFL-922, set aside the order of Rosenberg J., dismiss the receiver's motion with one set of costs to CCFL-922 and order that the assets of Air Toronto be sold to numbered corporation 922246 on the terms set forth in its offer with appropriate adjustments to provide for the delay in its execution. Costs awarded shall be payable out of the estate of Soundair Corporation. The costs incurred by the receiver in making the application and responding to the appeal shall be paid to him out of the assets of the estate of Soundair Corporation on a solicitor-and-client basis. I would make no order as to costs of any of the other parties or interveners.

Appeal dismissed.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: NEXII BUILDING SOLUTIONS INC., et al.,[1] Debtors in a Foreign Proceeding.	Chapter 15 Case No. 24-10026 (JKS) (Jointly Administered) **Ref. Docket No. 48**

ORDER GRANTING MOTION OF FOREIGN REPRESENTATIVE, PURSUANT TO SECTIONS 105(A), 363, 365, 1501, 1507, 1520, AND 1521 OF THE BANKRUPTCY CODE, AND BANKRUPTCY RULES 2002, 6004, 6006, AND 9014, FOR ENTRY OF AN ORDER (I) RECOGNIZING AND ENFORCING THE APPROVAL AND VESTING ORDER, (II) APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES, AND (III) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of Nexii Building Solutions Inc., in its capacity as the Foreign Representative of the Debtors in the CCAA Proceedings, requesting entry of an order (this "Order") pursuant to sections 105(a) 363, 365, 1501, 1507, 1520, and 1521 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), (a) recognizing and giving effect in the United States to the Approval and Vesting Order, attached hereto as **Exhibit 1**; (b) approving, under section 363 of the Bankruptcy Code, the sale of the Debtors' right, title, and interest in and to the Purchased Assets to the Buyer, free and clear of all liens, claims, encumbrances, and other interests (other than the

[1] The Debtors in these chapter 15 cases (the "Chapter 15 Cases"), along with the last four digits of each Debtor's unique identifier, are Nexii Building Solutions Inc. (0911), Nexii Construction Inc. (1333), NBS IP Inc. (9930), and Nexii Holdings Inc. (5873). The Debtors' service address for purposes of these Chapter 15 Cases is 1455 West Georgia Street, #200, Vancouver, British Columbia V6G 2T3.

[2] Capitalized terms used and not defined herein shall have the meaning ascribed to such terms in the Motion.

Permitted Encumbrances); and (c) granting related relief; and upon the Tucker Declaration [Dkt. No. 7], the Jackson Declaration [Dkt No. 8], and the Tucker Sale Declaration [Dkt. No. 49]; and the Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that due and proper notice of the Motion has been provided and no other or further notice need be provided; and a hearing (the "Hearing") having been held to consider the relief requested in the Motion; and upon the record of the Hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is consistent with the purpose of chapter 15 of the Bankruptcy Code and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, IT IS HEREBY FOUND AND DETERMINED THAT:[3]

A. On June 28, 2024, the Canadian Court entered the Approval and Vesting Order approving the transactions contemplated by the Asset Purchase Agreement and authorizing the Debtors to take all such actions necessary and proper to effectuate the Sale.

B. This Court has jurisdiction and authority to hear and determine the Motion pursuant to 28 U.S.C. §§ 1334 and 157(b). Venue of these Chapter 15 Cases and the Motion in this Court and this District is proper under 28 U.S.C. § 1410.

C. Based on the affidavits of service filed with, and the representations made to, this Court: (i) notice of the Motion, the Hearing, and the Approval and Vesting Order was proper, timely, adequate, and sufficient under the circumstances of these Chapter 15 Cases and these

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

proceedings and complied with the various applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules; and (ii) no other or further notice of the Motion, the Hearing, the Approval and Vesting Order, or the entry of this Order is necessary or shall be required.

D. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a).

E. The relief granted herein is necessary and appropriate, is in the interest of the public, promotes international comity, is consistent with the public policies of the United States, is warranted pursuant to sections 105(a), 363(b), (f), (m) and (n), 365, 1501, 1507, 1520, and 1521 of the Bankruptcy Code, and will not cause any hardship to any parties in interest that is not outweighed by the benefits of the relief granted.

F. Based on information contained in the Motion, the Tucker Declaration, the Jackson Declaration, the Tucker Sale Declaration, and the record made at the Hearing, the Debtors' and the Monitor's advisors conducted a marketing and sale process to solicit interest in the Purchased Assets and such process was non-collusive, duly noticed, and provided a reasonable opportunity to make an offer to purchase the Purchased Assets. The Foreign Representative and the Monitor have each recommended the sale of the Purchased Assets in accordance with the Asset Purchase Agreement, and it is appropriate that the Purchased Assets be sold, transferred, assigned, and vested in the Buyer on the terms and subject to the conditions set forth in the Asset Purchase Agreement.

G. Based on information contained in the Motion, the Tucker Declaration, the Jackson Declaration, and the Tucker Sale Declaration, and the record made at the Hearing, the relief granted herein relates to assets that, under the laws of the United States, should be administered in the

CCAA Proceedings.

H. The Debtors' entry into and performance under the Asset Purchase Agreement and related agreements (i) constitute a sound and reasonable exercise of the Debtors' business judgment, (ii) provide value and are beneficial to the Debtors, and are in the best interests of the Debtors and their stakeholders, and (iii) are reasonable and appropriate under the circumstances. Business justifications for the sale of the Purchased Assets include, but are not limited to, the following: (a) the Asset Purchase Agreement constitutes the highest and otherwise best offer received for the Purchased Assets; (b) the Asset Purchase Agreement presents the best opportunity to maximize the value of the Purchased Assets on a going concern basis and avoid devaluation of the Purchased Assets; (c) unless the sale of the Purchased Assets pursuant to the Asset Purchase Agreement and all of the other transactions contemplated by the Asset Purchase Agreement and related agreements are concluded expeditiously, as provided for in the Asset Purchase Agreement, recoveries to the Debtors' creditors may be diminished; and (d) the value received for the Purchased Assets will be maximized through the transactions under the Asset Purchase Agreement and related agreements. The consideration provided by the Buyer for the Purchased Assets under the Asset Purchase Agreement constitutes fair consideration and reasonably equivalent value for the Purchased Assets under the Bankruptcy Code, the Uniform Voidable Transactions Act, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and other laws of the United States, any state, territory, possession thereof, or the District of Columbia.

I. The Buyer is not, and shall not be deemed to be, a mere continuation, and is not holding itself out as a mere continuation, of any of the Debtors and there is no continuity between the Buyer and the Debtors. The Sale does not amount to a consolidation, merger, or de facto merger of the Buyer and any of the Debtors.

J. Time is of the essence in consummating the Sale. To maximize the value of the Purchased Assets, it is essential that the Sale occur and be recognized and enforced in the United States promptly. The Foreign Representative on behalf of the Debtors has demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the immediate approval and consummation of the Sale as contemplated by the Asset Purchase Agreement. Accordingly, there is cause to waive the stay that would otherwise be applicable under Bankruptcy Rules 6004(h) and 6006(d), and accordingly the transactions contemplated by the Asset Purchase Agreement and related agreements can be closed as soon as reasonably practicable upon entry of the Approval and Vesting Order and this Order.

K. Based upon information contained in the Motion, the Tucker Declaration, the Jackson Declaration, the Tucker Sale Declaration, the other pleadings filed in these Chapter 15 Cases, and the record made at the Hearing, the Asset Purchase Agreement and each of the transactions contemplated therein were negotiated, proposed and entered into by the Debtors and the Buyer in good faith, without collusion and from arms'-length bargaining positions. The Buyer is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to all the protections afforded thereby. None of the Debtors, the Foreign Representative, nor the Buyer has engaged in any conduct that would cause or permit the Asset Purchase Agreement or the consummation of the Sale to be avoided or costs and damages to be imposed under section 363(n) of the Bankruptcy Code. The Buyer is not an "insider" of any of the Debtors, as that term is defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stockholders exists between the Buyer and the Debtors.

L. The Asset Purchase Agreement was not entered into for the purpose of hindering, delaying, or defrauding any present or future creditors of the Debtors.

M. The Asset Purchase Agreement requires the assignment of the Assigned Agreements to the Buyer, which assignment is expressly approved by the Approval and Vesting Order. Such assignments by order of the Canadian Court require that all monetary defaults by the applicable Debtors under such Assigned Agreements be remedied by payment of cure costs (if any). As such, enforcement in the United States of the assignment of the Assigned Agreements to the Buyer does not present any public policy conflict or any issue concerning protection of the interests of the non-Debtor parties to the Assigned Agreements that would prevent this Court from entering this Order.

N. Consistent with the Approval and Vesting Order, the Foreign Representative, on behalf of itself and the Debtors, may sell the Purchased Assets free and clear of all liens, claims (as defined in section 101(5) of the Bankruptcy Code), rights, liabilities, encumbrances and other interests of any kind or nature whatsoever against the Debtors or the Purchased Assets, including, without limitation, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, options, warrants, trusts or deemed trusts (whether contractual, statutory, or otherwise), obligations, liabilities, demands, guarantees, restrictions, contractual commitments, rights, including without limitation, rights of first refusal and rights of set-off, liens, executions, levies, penalties, charges, financial or monetary claims, adverse claims, or rights of use, puts or forced sale provisions exercisable as a consequence of or arising from the closing of the sale of the Purchased Assets, whether arising prior to or subsequent to the commencement of the CCAA Proceedings and these Chapter 15 Cases, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise, actual or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, complaint, suit, investigation, dispute, petition or proceeding by or before any governmental

authority or Person at law or in equity, whether imposed by agreement, understanding, law, equity or otherwise, and any claim or demand resulting therefrom (collectively, the "Encumbrances"), other than the Permitted Encumbrances, because with respect to each creditor asserting any Encumbrance, one or more of the standards set forth in section 363(f)(l)–(5) of the Bankruptcy Code has been satisfied. Each creditor that did not object to the Motion is deemed to have consented to the sale of the Purchased Assets free and clear of all Encumbrances pursuant to section 363(f)(2) of the Bankruptcy Code.

O. The total consideration to be provided under the Asset Purchase Agreement reflects the Buyer's reliance on this Order to provide it, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, with title to and possession of the Purchased Assets free and clear of all Encumbrances, other than the Permitted Encumbrances.

P. The transfer of the Debtors' rights under the Assigned Agreements as and to the extent provided in the Approval and Vesting Order is integral to the Asset Purchase Agreement, is in the best interests of the Debtors and their estates, and represents the reasonable exercise of the Debtors' business judgment.

Q. As of the filing of the Monitor's Certificate in the CCAA Proceedings and the delivery thereof to the Buyer, the transfer of the Purchased Assets to the Buyer will be a legal, valid and effective transfer of the Purchased Assets, and will vest the Buyer with all right, title and interest of the Debtors in and to the Purchased Assets, free and clear of all Encumbrances, other than the Permitted Encumbrances.

R. Consistent with the Approval and Vesting Order, the Foreign Representative, the Debtors, and the Monitor, as appropriate, (i) have full power and authority to execute the Asset Purchase Agreement and all other documents contemplated thereby, (ii) have all the power and

authority necessary to consummate the transactions contemplated by the Asset Purchase Agreement, and (iii) upon entry of this Order, other than any consents identified in the Asset Purchase Agreement (including with respect to antitrust matters, if any), need no consent or approval from any other Person or governmental unit to consummate the Sale. The Debtors are the sole and rightful owners of the Purchased Assets, no other Person has any ownership right, title, or interest therein, and the Sale has been duly and validly authorized by all necessary corporate action of the Debtors.

S. The Asset Purchase Agreement is a valid and binding contract between the Debtors and the Buyer and shall be enforceable pursuant to its terms. The Asset Purchase Agreement, the Sale, and the consummation thereof shall be specifically enforceable against and binding upon (without posting any bond) the Debtors and the Foreign Representative in these Chapter 15 Cases and shall not be subject to rejection or avoidance by the foregoing parties or any other Person.

T. The Buyer would not have entered into the Asset Purchase Agreement and would not consummate the purchase of the Purchased Assets and the related transactions, thus adversely affecting the Debtors, their creditors, and other parties in interest, if the sale of the Purchased Assets to the Buyer was not free and clear of all Encumbrances (other than Permitted Encumbrances), or if the Buyer would, or in the future could, be liable on account of any such Encumbrances, including, as applicable, certain liabilities related to the Purchased Assets that will not be assumed by the Buyer, as described in the Asset Purchase Agreement.

U. A sale of the Purchased Assets other than free and clear of all Encumbrances (other than Permitted Encumbrances) would yield substantially less value than the sale of the Purchased Assets pursuant to the Asset Purchase Agreement; thus, the sale of the Purchased Assets free and clear of all Encumbrances, in addition to all of the relief provided herein, is in the best interests of

the Debtors, their creditors, and other parties in interest.

V. The interests of the Debtors' creditors in the United States are sufficiently protected. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policies of the United States, and warranted pursuant to section 1521(b) of the Bankruptcy Code.

W. The legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein.

X. Any and all findings of fact and conclusions of law announced by this Court at the Hearing are incorporated herein.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. The Court recognizes the Approval and Vesting Order, attached hereto as **Exhibit 1**, which is hereby given full force and effect in the United States in its entirety.

3. The Asset Purchase Agreement and the Sale contemplated thereunder, including, for the avoidance of doubt, the sale of the Purchased Assets and the transfers and assignments of the Purchased Assets located within the United States on the terms set forth in the Asset Purchase Agreement, the Approval and Vesting Order, including all transactions contemplated thereunder, this Order, including all transactions contemplated hereunder, and all of the terms and conditions of each of the foregoing are hereby authorized pursuant to sections 105, 363, 365, 1501, 1520 and 1521 of the Bankruptcy Code.

4. All objections to the entry of this Order that have not been withdrawn, waived, or settled, or otherwise resolved pursuant to the terms hereof, are denied and overruled on the merits, with prejudice.

5. Pursuant to sections 105, 363, 365, 1501, 1520, and 1521 of the Bankruptcy Code, the Approval and Vesting Order, and this Order, the Debtors, the Buyer, and the Foreign Representative (as well as their respective officers, employees and agents) are authorized to take any and all actions necessary or appropriate to: (a) consummate the Sale, including the sale of the Purchased Assets to the Buyer, in accordance with the Asset Purchase Agreement, the Approval and Vesting Order, and this Order; and (b) perform, consummate, implement and close fully the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement and the Sale and to take such additional steps and all further actions as may be necessary or appropriate to the performance of the obligations contemplated by the Asset Purchase Agreement, all without further order of the Court, and are hereby authorized and empowered to cause to be executed and filed such statements, instruments, releases and other documents on behalf of such Person or entity with respect to the Purchased Assets that are necessary or appropriate to effectuate the Sale, any related agreements, the Approval and Vesting Order and this Order, including amended and restated certificates or articles of incorporation and by-laws or certificates or articles of amendment, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units or as any of the officers of the Debtors or the Buyer may determine are necessary or appropriate, and are hereby authorized and empowered to cause to be filed, registered or otherwise recorded a certified copy of the Approval and Vesting Order, this Order, or the Asset Purchase Agreement, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Encumbrances against the Purchased Assets. The Approval and Vesting Order and this Order are deemed to be in recordable form sufficient to be placed in the filing or recording system of every federal, state, or local

government agency, department or office.

6. All Persons that are currently in possession of some or all of the Purchased Assets located in the United States or that are otherwise subject to the jurisdiction of this Court are hereby directed to surrender possession of such Purchased Assets to the Buyer on the Closing Date.

Treatment of Executory Contracts and Unexpired Leases

7. Pursuant to, and to the extent allowed by, the Approval and Vesting Order, on the Effective Date, the rights and obligations of the Debtors under the Assigned Agreements shall be, notwithstanding any provision contained in any such Assigned Agreement that prohibits, restricts, or conditions assignment or transfer thereof or requires consent of any party to such assignment or transfer (each, an "Anti-Assignment Provision"), assigned to the Buyer or any Affiliate or designee thereof and shall remain in full force and effect for the benefit of the Buyer or such Affiliate or designee in accordance with their respective terms.

8. Each non-Debtor counterparty to the Assigned Agreements is prohibited from exercising any right or remedy under the Assigned Agreements by reason of (a) any non-monetary defaults or defaults or events of default arising as a result of the insolvency of any Debtor or the cessation of the Debtors' or their Affiliates' normal course business operations, (b) the insolvency of any Debtor or the fact that the Debtors sought or obtained relief under the CCAA or under the Bankruptcy Code, (c) any releases, discharges, cancellations, transactions or other steps taken or effected pursuant to the Asset Purchase Agreement, the Sale (including the pre-Closing reorganization of the Debtors), the provisions of this Order or any other Order of the Court in these Chapter 15 Cases, or (d) any change of control of the Debtors or their Affiliates arising from the implementation of the Sale, or any Anti-Assignment Provision in an Assigned Agreement.

9. This Court shall retain jurisdiction to enforce any and all terms and provisions of the Asset Purchase Agreement, the Approval and Vesting Order, and this Order with respect to the Assigned Agreements in the United States.

Releases

10. The releases set forth in paragraph 15 of the Approval and Vesting Order (the "Releases") are recognized by this Court and given full force and effect in the United States.

Transfer of the Purchased Assets Free and Clear

11. Pursuant to sections 105(a), 363, 365, 1501, 1520, and 1521 of the Bankruptcy Code, on the Closing Date, all rights, title, and interest of the Debtors in the Purchased Assets shall be transferred and absolutely vest in the Buyer, without further instrument of transfer or assignment, and such transfer shall: (a) be a legal, valid, binding and effective transfer of the Purchased Assets to the Buyer; (b) vest the Buyer with all right, title and interest of the Debtors in the Purchased Assets, and (c) be free and clear of all Encumbrances, other than the Permitted Encumbrances.

12. Pursuant to sections 105(a), 363(f), 365, 1501, 1520 and 1521 of the Bankruptcy Code, upon the closing of the Sale: (a) no holder of an Encumbrance shall interfere, and each and every holder of an Encumbrance is enjoined from interfering, with the Buyer's rights and title to or use and enjoyment of the Purchased Assets; and (b) the sale of the Purchased Assets, the Asset Purchase Agreement, and any instruments contemplated thereby shall be enforceable against and binding upon, and not subject to rejection or avoidance by, the Debtors or any successor thereof. All Persons holding an Encumbrance are forever barred and enjoined from asserting such Encumbrance against the Purchased Assets, the Buyer or its Affiliates and their respective officers, directors, employees, managers, partners, members, financial advisors, attorneys, agents, and

representatives and their respective Affiliates, successors and assigns from and after closing of the Sale.

13. Consistent with the Approval and Vesting Order, every federal, state, and local governmental agency or department is authorized to accept (and not impose any fee, charge, or tax in connection therewith) any and all documents and instruments necessary or appropriate to consummate the sale of the Purchased Assets to the Buyer and the Sale generally. Effective as of the closing date, the Approval and Vesting Order and this Order shall constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of the Debtors' interests in the Purchased Assets to the Buyer free and clear of all Encumbrances, other than the Permitted Encumbrances.

14. This Order (a) shall be effective as a determination that, as of the Closing Date, all Encumbrances, other than the Permitted Encumbrances, have been unconditionally released, discharged and terminated as to the Buyer and the Purchased Assets, and that the conveyances and transfers described herein have been effected, and (b) is and shall be binding upon and govern the acts of all Persons, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other Persons who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing Persons is hereby authorized to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement and effect the discharge of all Encumbrances other than the Permitted Encumbrances pursuant to this

Order and the Approval and Vesting Order and not impose any fee, charge, or tax in connection therewith.

15. Consistent with the Approval and Vesting Order and based on the testimony provided at the hearing, the Buyer is not and shall not be deemed to: (a) be a legal successor, or otherwise be deemed a successor to any of the Debtors; (b) have, de facto or otherwise, merged with or into any or all Debtors; or (c) be a mere continuation or substantial continuation of any or all Debtors or the enterprise or operations of any or all Debtors.

16. Consistent with the Approval and Vesting Order and based on the testimony provided at the hearing, the Sale, including the purchase of the Purchased Assets, is undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorizations provided herein shall neither affect the validity of the Sale nor the transfer of the Purchased Assets, including the Assigned Agreements, to the Buyer free and clear of all Encumbrances, unless such authorization is duly stayed before the closing of the Sale pending such appeal.

17. Consistent with the Approval and Vesting Order and based on the testimony provided at the hearing, neither the Debtors nor the Buyer has engaged in any conduct that would cause or permit the Asset Purchase Agreement to be avoided or costs and damages to be imposed under section 363(n) of the Bankruptcy Code.

18. Notwithstanding the provisions of Bankruptcy Rules 6004(h) and 6006(d) or any applicable provisions of the Bankruptcy Rules or Local Rules, this Order shall not be stayed after the entry hereof, but shall be effective and enforceable immediately upon entry, and the fourteen (14) day stay provided in Bankruptcy Rules 6004(h) and 6006(d) is hereby expressly waived and shall not apply. The Debtors, the Buyer, and the Foreign Representative are not subject to any stay

in the implementation, enforcement or realization of the relief granted in this Order. For the avoidance of doubt, the Debtors, the Buyer, and the Foreign Representative may, in their discretion and without further delay, take any action and perform any act authorized under the Approval and Vesting Order or this Order.

19. The terms and provisions of the Asset Purchase Agreement, the Approval and Vesting Order, and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, the Buyer, the Foreign Representative, the Debtors' creditors, and all other parties in interest, and any successors of the Debtors, the Buyer, the Foreign Representative, and the Debtors' creditors, including any foreign representative(s) of the Debtors, trustee(s), examiner(s) or receiver(s) appointed in any proceeding, including without limitation any proceeding under any chapter of the Bankruptcy Code, the CCAA, or any other law, and all such terms and provisions shall likewise be binding on such foreign representative(s), trustee(s), examiner(s), or receiver(s) and shall not be subject to rejection or avoidance by the Debtors, their creditors, or any trustee(s), examiner(s) or receiver(s).

20. Subject to the terms and conditions of the Approval and Vesting Order, the Asset Purchase Agreement and any related agreements, documents or other instruments, may be modified, amended or supplemented by the parties thereto, in a writing signed by each party, and in accordance with the terms thereof, without further order of the Court; provided that any such modification, amendment, or supplement does not materially change the terms of the Sale, the Asset Purchase Agreement or any related agreements, documents or other instruments and is otherwise in accordance with the terms of the Approval and Vesting Order.

21. The provisions of this Order and the Asset Purchase Agreement are non-severable and mutually dependent. To the extent that there are any inconsistencies between the terms of this

Order and the Approval and Vesting Order, on the one hand, and the Asset Purchase Agreement, on the other, this Order and the Approval and Vesting Order shall govern.

22. Nothing in this Order shall be deemed to waive, release, extinguish or estop the Debtors or the Foreign Representative from asserting, or otherwise impair or diminish, any right (including, without limitation, any right of recoupment), claim, cause of action, defense, offset or counterclaim in respect of any asset that is not a Purchased Asset.

23. This Court shall retain jurisdiction with respect to any and all matters, claims, rights, or disputes arising from or related to the implementation or interpretation of this Order or the Approval and Vesting Order in the United States.

Dated: July 18th, 2024
Wilmington, Delaware

J. KATE STICKLES
UNITED STATES BANKRUPTCY JUDGE

No. S240195
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

and

IN THE MATTER OF NEXII BUILDING SOLUTIONS INC., NEXII CONSTRUCTION INC, NBS IP INC., NEXII HOLDINGS INC., 4540514 CANADA INC., 1061660 B.C. LTD., 0592286 B.C. LTD, 0713447 B.C. LTD, AND 0597783 B.C. LTD.

PETITIONERS

APPROVAL AND VESTING ORDER

BEFORE THE HONOURABLE)
)
JUSTICE STEPHENS)

June 28, 2024

ON THE APPLICATION of KSV Restructuring Inc., in its capacity as the Court-appointed Monitor (in such capacity the "**Monitor**"), coming on for hearing at Vancouver, British Columbia, on the 28th day of June, 2024; AND ON HEARING from counsel of the Monitor, Michael Shakra and Andrew Froh, and those other counsel listed on **Schedule "A"** hereto, and no one else appearing although duly served; AND UPON READING, the material filed, including the Third Report of the Monitor dated June 24, 2024 (the "**Third Report**"); AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Court;

THIS COURT ORDERS AND DECLARES THAT:

1. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to them in the Asset Purchase Agreement dated June 21, 2024 between Nexii Building Solutions Inc., Nexii Construction Inc., NBS IP Inc. and Nexii Holdings Inc. (In such capacity, the "**Vendors**") and Nexiican Holdings Inc. (the "**Purchaser**") and Nexii, Inc. (together with the Purchaser and both in such capacity, the "**Purchaser Parties**"), a copy of which is attached hereto as **Schedule "B"** (the "**Sale Agreement**") and the Third Report of the Monitor.

2. The time for service of this Notice of Application and supporting materials is hereby abridged such that the Notice of Application is properly returnable today.

APPROVAL AND VESTING

3. The transactions (the "**Transaction**") contemplated by the Sale Agreement are commercially reasonable and are hereby approved, with such minor amendments as the Petitioners may deem necessary with the consent of the Purchaser Parties, the Monitor and the DIP Lenders. The execution of the Sale Agreement by the Vendors is hereby authorized, ratified, and approved and the Vendors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser and any permitted assignees under the Sale-Agreement of the Purchased Assets.

4. This Order shall constitute the only authorization required by the Vendors to proceed with the Transaction and no shareholder or other approvals shall be required in connection therewith.

5. The Monitor is hereby authorized to take such additional steps in furtherance of its responsibilities under the Sale Agreement and this Order and shall not incur any liability in taking such steps.

6. Upon the filing with this Court of the Monitor's Certificate substantially in the form attached hereto as **Schedule "C"** (the "**Monitor's Certificate**"), all of the Vendors' right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser in fee simple in the manner set forth in the Sale Agreement, and except as otherwise specified herein, free and clear of and from any security interest, debenture, lien, Claim, charge, right of retention, trust, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, assignment (as security), royalty interest, defect of title or adverse claim of any nature or kind, mortgage or right of a third party (including any contractual right, such as a purchase option, call or similar right of a third party in respect of securities, right of first refusal, right of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease) (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

   (a) any encumbrances or charges created by any Order of this Court in the Petitioners' CCAA proceeding commenced on January 11, 2024 (this "**CCAA Proceeding**");

   (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia, the *Personal Property Security Act* of Ontario or any other personal property registry system in any jurisdiction, including the United States;

(c) all claims in respect of, or relating to, any Taxes, apart from Transfer Taxes, owing by the Petitioners as at the Closing Date or any Taxes assessed or that could be assessed in respect of the Petitioners their business, property and assets; and

(d) any other restrictions which may be applicable to the Purchased Assets,

(all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed in **Schedule "D"** hereto (the "**Permitted Encumbrances**")), and, for greater certainty, all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. The Monitor may rely on written notice from the Vendors and the Purchaser Parties regarding the fulfilment of the conditions to Closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

8. For the purposes of determining the nature and priority of the Claims, the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") shall stand in the place and stead of the Purchased Assets and, from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

9. Pursuant to Section 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, or any other personal privacy legislation of another province where applicable to the Vendors, the Vendors and the Monitor are hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to the Vendors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner, which is in all material respects identical to the prior use of such information, by the Vendors.

10. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, shall be delivered by the Vendors to the Purchaser and any permitted assignees under the Sale Agreement at the Closing Time, subject to the Permitted Encumbrances.

11. The Vendors, with the consent of the Purchaser Parties and the Monitor, shall be at liberty to extend the Closing Date to such later date according to the Sale Agreement without the necessity of a further Order of this Court.

12. Notwithstanding:

(a) this CCAA Proceeding or the termination thereof;

(b) any applications for a bankruptcy order in respect of any or all of the Petitioners or now or hereafter made pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made by or in respect of any or all of the Petitioners,

the vesting of the Purchased Assets in the Purchaser and/or any permitted assignees under the Sale Agreement pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Petitioners and shall not be void or voidable by creditors of the Petitioners, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, or any similar legislation of a jurisdiction outside of Canada, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSUMED CONTRACTS

13. Except as expressly contemplated in the Sale Agreement and subject to the payment of any amounts required to be paid pursuant to Section 11.3 of the CCAA (or such other amount as agreed upon between the Purchaser or any permitted assignees under the Sale Agreement and the counterparty to the Assumed Contract), all Assumed Contracts will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and completion of the Transaction, and no Person who is a party to an Assumed Contract may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement, and no automatic termination or termination upon notice will have any validity or effect by reason of:

(a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Petitioners or any of their affiliates);

(b) the insolvency of the Petitioners or any of their affiliates, or the fact that the Petitioners or any affiliate of the Petitioners sought or obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations, or other steps taken or effected pursuant to the Sale Agreement or

to effect the Transaction, or the provisions of this Order, or of any other Order of this Court in this CCAA Proceeding; or

(d) any transfer or assignment, or any change of control arising from the Sale Agreement or the Transaction or the provisions of this Order.

14. As of the Closing Time and subject to the payment of any amounts required to be paid pursuant to Section 11.3 of the CCAA (or such other amount as agreed upon between the Purchaser and the counterparty to the applicable Assumed Contract) all Persons shall be deemed to have waived any and all defaults of the Vendors then existing or previously committed by the Vendors, or caused by the Vendors, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative covenant, provision, condition, or obligation, express or implied, in any Assumed Contract arising directly or indirectly from the insolvency of the Petitioners and the extension of certain protections under the CCAA to the Vendors, the Sale Agreement or the Transaction, including, without limitation, any of the matters or events listed in paragraph 13 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under an Assumed Contract shall be deemed to have been rescinded and of no further force or effect.

15. From and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for, or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including, without limitation, administrative hearings and orders, declarations and assessments, commenced, taken, or proceeded with or that may be commenced, taken, or proceeded with against the Purchaser Parties relating in any way to the Excluded Assets, Excluded Liabilities, Excluded Contracts, any Encumbrances (other than Permitted Encumbrances), and any other claims, obligations, and other matters that are waived, released, expunged or discharged pursuant to this Order.

GENERAL

16. This Court requests the aid and recognition of other Canadian and foreign Courts, tribunals, regulatory or administrative bodies, to act in aid of and to be complementary of this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners, the Vendors, the Purchasers, and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Vendors, the Purchaser Parties, and the Monitor and their respective agents in carrying out the terms of this Order.

17. The Petitioners, the Vendors, the Monitor, the Purchaser Parties and any permitted assignees under the Sale Agreement, or any other party, each have liberty to apply for such further and other directions or relief as may be necessary or desirable to give effect to this Order.

18. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

19. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver Time on the Order Date (the "**Order Effective Time**").

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of
☐ Party ☑ Lawyer for KSV Restructuring Inc.

Bennett Jones LLP
(Michael Shakra)

BY THE COURT

REGISTRAR

CHECKED

This is Exhibit "D" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10th, 2025.

Commissioner for Taking Affidavits for British Columbia

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UNITED STATES BANKRUPTCY COURT

DISTRICT OF ARIZONA

In re:	Chapter 15
Elevation Gold Mining Corporation, *et al.*	Case No. 2:24-bk-06359-EPB
Debtor in a Foreign Proceeding.	(Jointly Administered)
	Notice of Filing Oral Reasons For Judgment of the Canadian Court

PLEASE TAKE NOTICE that the Oral Reasons For Judgment of The Honourable Madam Justice Fitzpatrick of the Supreme Court of British Columbia Vancouver Registry were released by the Canadian Court on December 20, 2024. A true and correct copy of is attached hereto as **Exhibit E**.

DATED this 21st day of December, 2024.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Robert M. Charles, Jr.*
Robert M. Charles, Jr.
Katie Rios

AND

By: */s/ Ken Coleman*
Ken Coleman (*pro hac vice*)

Attorneys for KSV Restructuring Inc. as Monitor

CERTIFICATE OF SERVICE

I certify that on this 21st day of December, 2024, I electronically transmitted the attached document to the Clerk's office using the CM/ECF System for filing and served through the Notice of Electronic Filing automatically generated by the Court's facilities.

ANTHONY W. AUSTIN on behalf of Debtor Elevation Gold Mining Corporation
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IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Elevation Gold Mining Corporation (Re),* 2024 BCSC 2354

Date: 20241217
Docket: S245121
Registry: Vancouver

In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

- and -

In the Matter of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended

- and -

In the Matter of Elevation Gold Mining Corporation, Eclipse Gold Mining Corporation, Alcmene Mining Inc., Golden Vertex Corp., Golden Vertex (Idaho) Corp., and Hercules Gold USA, LLC

Petitioners

Before: The Honourable Madam Justice Fitzpatrick

Oral Reasons for Judgment

In Chambers

Counsel for the Petitioners:	A. Teasdale A. Bedi
Counsel for the Monitor, KSV Restructuring Inc.:	K. Jackson
Counsel for Nomad Royalty Company Ltd.:	T. Pinos
Counsel for Patriot Gold Corp.:	L. Williams A. Bowron
Counsel for EG Acquisition LLC:	R. Schwill

Counsel for Maverix Metals Inc. and Triple Flag Precious Metals Corp.:	D. Bish
The Attendee, by video conference:	H. Greenwood
Place and Date of /Hearing:	Vancouver, B.C. December 17, 2024
Place and Date of Judgment:	Vancouver, B.C. December 17, 2024

[1] **THE COURT:** I am giving you very brief oral reasons today because I will not have time to give you written reasons that might be relevant to the anticipated application that is going to be made to the US Bankruptcy Court under Chapter 15, which believe is scheduled for December 23, 2024.

Background

[2] These are *Companies' Creditors Arrangement Act* [*CCAA*] proceedings. I have been the supervising judge in this matter since August 1, 2024, at the time I granted the initial order.

[3] The petitioners are in the business of operating, either directly or indirectly, a mine in Arizona. The organizational chart indicates that Elevation Gold Mining Corporation ("Elevation") is a BC company and it is the sole shareholder of the only operating company, being Golden Vertex Corp. ("GVC"), which is an Arizona company. GVC is the owner and operator of the Moss Mine in Arizona. The other companies in the petitioners' group either have no assets or their assets have been since disposed of, such that those companies do not figure in this application.

Sale Approval Application

[4] The petitioners apply today for an approval and vesting order, pursuant to ss. 36 and 11 of the *CCAA*. Elevation's counsel has taken me through the substantial background in this matter.

[5] I will first address the sales process. As Elevation's counsel has indicated, there was a substantial sales and investment solicitation process for many years, even before the *CCAA* filing. In addition, on August 12, 2024, I granted the amended and restated initial order ("ARIO") and also granted an order authorizing a sales and investment solicitation process ("SISP") to be implemented. It is that SISP that has given rise to the current offer for which approval is sought, being an offer by EG Acquisition LLC ("EG").

[6] The essence of the sale is to allow EG to acquire Elevation's shares in GVC.

[7] The matters undertaken within the SISP are set out in much detail in the application materials and also commented on by the Monitor. It is quite apparent to me that there has been a robust and complete SISP, both before and after the *CCAA* filing. As such, I am fully satisfied that the factors that are normally cited from *Soundair* support that there has been a fulsome and fair process.

[8] The sale approval is brought by the petitioners and supported by the Monitor. The proposed sale has some unusual features. As above, it contemplates a transfer of Elevation's shares in GVC. However, the unusual aspects bears the hallmarks of what is normally described as a transaction completed via a reverse vesting order (or "RVO"). Specifically, the proposed transactions requires that certain "Residual Liabilities" and "Residual Assets" (i.e., those that EG does not wish to have stay in GVC) will be transferred to Elevation. It is anticipated at the end of the day that the sale proceeds, in addition to the Residual Assets, will ultimately rest in Elevation to be distributed in accordance with the priorities that currently exist.

[9] The priorities are fairly straightforward. Maverix appears to be the main secured creditor. As Maverix's counsel has noted, the Monitor has obtained a legal opinion confirming that the security is valid. There is no opinion, *per se,* with respect to priority; however, as noted by the Monitor's counsel, no other person or party has advanced a claim said to stand in priority to that of Maverix. As such, on the face of things, at least as of today, Maverix has a substantial secured claim against the assets of both Elevation and GVC in an amount of approximately $32.5 million. The proposed sale will not give to anything approaching that amount and therefore, as Maverix's counsel notes, his client will suffer a substantial shortfall.

[10] Two parties object to the sale approval. Those parties are Patriot Gold Corp. and Nomad Royalty Company Ltd., both of which have attended earlier court hearings in this matter. As both companies assert the same position, I will refer to them collectively as "Patriot". Patriot claims that they have been granted a royalty interest by GVC and they assert that they have an interest in the Arizona lands that stands in priority to Maverix's claim. Those positions have been previously stated

before this Court for some months now. The issue is currently before the US Bankruptcy Court for the District of Arizona for a determination of Patriot's claims.

[11] I will add at this point that, on August 27, 2024, the US Bankruptcy Court recognized these proceedings pursuant to Chapter 15 of the US *Bankruptcy Code*. These proceedings were recognized as a foreign main proceeding and the initial order and the ARIO were recognized in respect of recognition and enforcement of the initial order.

[12] Nevertheless, Patriot asserts that this Court should defer the matter of the approval of the sale transaction to the US Bankruptcy Court. Elevation opposes such a result; similarly, the Monitor does not support that position.

[13] Having considered the matter, I agree with the petitioners and the Monitor that it is appropriate that this Court consider the sale approval within these *CCAA* proceedings. As I have said, the asset that essentially is being transferred here is an asset held by the Canadian parent company. In addition, although the shares held in GVC are in a US company, I am told that the shares are physically in Canada and held by Maverix. All of these, and more, stand as significant factors upon which this Court would exercise its jurisdiction.

[14] I see no reason at this time to defer that matter for consideration by the US court in the context of these proceedings.

[15] Patriot's counsel also argues that there may be issues relating to the sale that might be considered by the US court. For example, counsel says that the US court may undertake a s. 363 analysis, which is the sale provision under the US *Bankruptcy Code*. Of course, I make no comment on whether the US court will undertake that type of analysis or any other type of analysis and what that outcome might be - that is within the jurisdiction and discretion of the US Bankruptcy Court – and will possibly be a consideration when the Monitor seeks to have this sale approval recognized and enforced within the Chapter 15 proceedings.

[16] Accordingly, I reject any effort on the part of Patriot to defer the matter to the US Bankruptcy Court.

[17] I would add that it is significant that the EG sale agreement and the order that is sought specifically provide for Patriots' claims to be determined by the US court. In that respect, I agree with the petitioners and the Monitor that this sale approval it is essentially without prejudice to the rights of Patriot to assert their claims in that forum and for the reasons that they have advanced.

[18] This hearing has included much discussion about what are called "Patriot's adversary claims." Patriot's counsel has referred me to the various claims that are advanced in its complaint. Those appear to go beyond simply a determination of the real property claims. In para. 12 of Patriot's application response, counsel has set out alternate type of language which he says will preserve his client's ability to advance those claims in the US. It is my understanding that the petitioners and the Monitor support the addition of this "without prejudice" language. I also agree that this wording should be added to the order.

Releases

[19] The other matter which has caused some controversy is with respect to the proposed releases, as contained in paras 13-15 of the draft order.

[20] Paragraph 14 proposes releases of who I would describe as the usual *CCAA* participants, including the petitioner's employees, legal counsel and advisors and the Monitor and its legal counsel. No objection is raised with respect to that relief. I am similarly satisfied that the scope of that relief is appropriate in light of the factors discussed in the well-known authorities, including *Harte Gold Corp*. *(Re)*, 2022 ONSC 653 at paras. 80-86, which have been applied in this Court.

[21] Paragraph 15 proposes a release in favour of INFOR Financial Inc., the company providing the petitioners with financial services. Again, no objection was raised to that release and I am satisfied that this release is also appropriate.

[22] The dispute concerns the proposed releases set out in para. 13 of the draft order as it relates to the directors and officers. The scope of the release is stated to be: (i) the SISP before the commencement of these proceedings; (ii) the petitioners' decision to commence these proceedings; (iii) these proceedings or the administration and management of the petitioners during the course of these proceedings; (iv) the sale transaction; and (v) anything done pursuant to the terms of the sought after order.

[23] Patriot's objection relates to (iii) being the "administration and management of the petitioners during the course of these proceedings". Patriot says that its adversary proceeding in the US essentially incorporates or could incorporate claims of conversion against the directors and officers under Arizona law, presumably with respect to amounts that are said to be owing to them.

[24] Patriot says that this Court should not foreclose its ability to advance those claims against the directors and officers. The well-known case authorities with respect to granting of releases provide in part that the released claims must be rationally connected to the purpose of the restructuring, the parties being released must have contributed to the restructuring and the releases must be fair, reasonable and not overly broad.

[25] As the petitioners' counsel notes, the release would not relate to any decisions or any actions by the directors and officers prior to the commencement of these *CCAA* proceedings. Therefore, to the extent that Patriot has any conversion claims with respect to that prior time frame, the release would not affect those claims.

[26] Further, paragraph 13 expressly provides that the release would not affect any claim that is not permitted to be released pursuant to s. 5.1(2) of the *CCAA*. That provision refers to claims that are "based on allegations of misrepresentations made by directors to creditor or of wrongful or oppressive conduct". The latter phrase – "wrongful conduct" could include tortious conduct as is alleged.

[27] There is the matter also of directors and officers insurance, as the Monitor's counsel clarified in his submissions. I agree that there should be a carve out in the release of the directors and officers in respect of any claims that might be advanced against that insurance.

[28] The crux of this issue is whether or not the directors and officers should be released by reason of any of their actions during the course of these proceedings that might, and I stress "might," conceivably be within the scope of Patriot's claims within the adversary proceedings in the US Bankruptcy Court.

[29] My answer to that question is "yes", in that I conclude that such relief is appropriate. On this issue, I agree with the submissions of counsel for the petitioners and the Monitor. As the petitioners' counsel points out, Patriot (and Nomad, I believe) have participated in this proceeding for some time, including from the hearing that led to the ARIO granted on August 12, 2024. At para. 10 of the ARIO, the petitioners were prohibited from making payments to creditors, which may have related to Patriot. In addition, para. 7 of the ARIO stated that the petitioners were entitled to pay certain expenses, including in relation to obligations incurred after the initial order. The directors and officers have obviously relied on the ARIO in terms of their actions in the course of these *CCAA* proceedings.

[30] In addition, the directors and officers have, as noted by the Monitor's counsel, been keeping the petitioners' ship afloat, so to speak, during this restructuring. That includes directing GVC's limited operations, being the beneficiation operations, that were outlined in previous proceedings and in the fourth report of the monitor dated December 3rd, 2024. At page 25 of in its Fourth Report dated December 3, 2024, the Monitor states that it supports the releases sought in favour of the directors and officers. The Monitor states that the directors and officers have made significant contributions to the continued operations of the petitioners' business during these proceedings and that they were integral in terms of the SISP and the completion of the sale transaction, all of which has been to the benefit of all stakeholders.

[31] What I take from the Monitor's comment is that the directors and officers have made substantial commitments to allow this proceeding to continue to the result that is presented to the Court today. They have done so on the basis that those efforts were implicitly, if not expressly, to benefit all stakeholders, which includes Patriot.

[32] In my view, it is appropriate in all of those circumstances to provide for the releases sought in favour of the directors and officers.

[33] I appreciate that an argument under s. 5.1(2) of the *CCAA* may still arise at some point in time, depending on the outcome of the US proceeding. If f there is an issue concerning whether or not any determination by the US court comes within s. 5.1(2), then that can be brought before the Court in this proceeding for a determination at that time.

[34] Accordingly, with the above referenced amendments to the order, the sale approval order is granted.

"Fitzpatrick J."

This is Exhibit "E" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10th, 2025.

Commissioner for Taking Affidavits for British Columbia

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UNITED STATES BANKRUPTCY COURT

DISTRICT OF ARIZONA

In re: Elevation Gold Mining Corporation, *et al.* Debtor in a Foreign Proceeding.	Chapter 15 Case No. 2:24-bk-06359-EPB (Jointly Administered) **Notice of Filing Certified Transcript Of The Proceedings in Supreme Court of British Columbia Action No. S245121, Vancouver Registry on December 17, 2024**

PLEASE TAKE NOTICE that a true and correct copy of the certified transcript of the proceedings in Supreme Court of British Columbia Action No. S245121, Vancouver Registry on December 17, 2024 is attached hereto as **Exhibit F**.

DATED this 21st day of December, 2024.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Robert M. Charles, Jr.*
Robert M. Charles, Jr.
Katie Rios

AND

By: */s/ Ken Coleman*
Ken Coleman (*pro hac vice*)

Attorneys for KSV Restructuring Inc. as Monitor

CERTIFICATE OF SERVICE

I certify that on this 21st day of December, 2024, I electronically transmitted the attached document to the Clerk's office using the CM/ECF System for filing and served through the Notice of Electronic Filing automatically generated by the Court's facilities.

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No. S245121
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
(BEFORE THE HONOURABLE MADAM JUSTICE FITZPATRICK)

Vancouver, BC
December 17, 2024

In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND

In the Matter of the *Business Corporations Act*, S.B.C. 2002, c. 57

AND

In the Matter of Elevation Gold Mining Corporation, Eclipse Gold Mining Corporation, Golden Vertex Corp., and Golden Vertex (Idaho) Corp.

Petitioners

PROCEEDINGS IN CHAMBERS

COPY

No. S245121
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
(BEFORE THE HONOURABLE MADAM JUSTICE FITZPATRICK)

Vancouver, BC
December 17, 2024

In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND

In the Matter of the *Business Corporations Act*, S.B.C. 2002, c. 57

AND

In the Matter of Elevation Gold Mining Corporation, Eclipse Gold Mining Corporation, Golden Vertex Corp., and Golden Vertex (Idaho) Corp.

Petitioners

PROCEEDINGS IN CHAMBERS

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Counsel for Nomad Royalty:	T. Pinos (by videoconference)
Counsel for Patriot Gold:	L. Williams A. Bowron
Counsel for EG Acquisition:	R. Schwill (by videoconference)
Counsel for Maverix Metals Inc. and Triple Flag Precious MetalsCo:	D. Bish (by videoconference)
Attendee:	Harris Greenwood (by videoconference)

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Discussion re introductions

December 17, 2024
Vancouver, BC

(PROCEEDINGS COMMENCED)([10:03:20 AM])
(VIDEOCONFERENCE COMMENCES)([10:03:20 AM])
(MULTIPLE COUNSEL AND PARTIES APPEARING VIA VIDEOCONFERENCE)

THE CLERK: In the Supreme Court of British Columbia at Vancouver this 17th day of December 2024. In the matter of the *Companies' Creditors Arrangement Act* and Elevation Gold Mining Corp. and others, Madam Justice.
THE COURT: Yes.

DISCUSSION RE INTRODUCTIONS:

CNSL A. TEASDALE: Good morning, Justice Fitzpatrick. Alexis Teasdale, T-e-a-s-d-a-l-e, first initial A, and with me is Mr. Bedi, B-e-d-i, first initial A.
THE COURT: Mr. Bedi.
CNSL A. TEASDALE: We are counsel for the petitioners.
THE COURT: Sorry, could you give me the name again, please.
CNSL A. TEASDALE: Yes, it's B-e-d-i.
THE COURT: B-e-d-i, yeah.
CNSL A. TEASDALE: First initial A.
THE COURT: Okay, thank you. For?
CNSL A. TEASDALE: For the petitioners.
THE COURT: Petitioners.
CNSL A. TEASDALE: Yes.
THE COURT: Thank you.
CNSL A. TEASDALE: Thank you very much.
THE COURT: Mr. Jackson.
CNSL K. JACKSON: Good morning, Justice. It's Jackson, initial K, appearing for the monitor, KSV Restructuring Inc. Bobby Kofman of the monitor is -- was going to be here in person, but his flight was delayed out of Toronto, and so he is available virtually, as is Ken Coleman, which is C-o-l-e-m-a-n. He is US counsel for the monitor, so he's not appearing, but he is appearing virtually, at least, in case something comes up.
THE COURT: Yes, I see quite a few people on the video. Okay.
CNSL K. JACKSON: Indeed.

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Discussion re introductions

THE COURT: Okay, thank you. Mr. Williams?
CNSL L. WILLIAMS: Justice, Williams, first initial L. With me, Bowron, B-o-w-r-o-n, first initial A, counsel for Patriot Gold Corp.
THE COURT: Okay, thank you. All right. Do we have any other counsel appearing by video?
CNSL D. BISH: Good morning. Yes, David Bish.
THE COURT: Hello, Mr. Bish.
CNSL D. BISH: Counsel for Triple Flag. Triple Flag owns Maverix, which is the principal secured creditor in the case.
THE COURT: Okay. All right. Thank you.
CNSL T. PINOS: Good morning, Justice Fitzpatrick. My name is Timothy Pinos, P-i-n-o-s. I am representing Nomad Royalty Company Limited who own a royalty in the property to be conveyed, and we're aligned in interest with Patriot Gold, who just introduced themselves.
THE COURT: All right. Are you a Canadian lawyer, Mr. Pinos? I'm not familiar with you.
CNSL T. PINOS: Yes, I'm at Cassels in Toronto.
THE COURT: Oh, at Cassels. Okay. Thank you. Sorry, I just didn't know who you were.
CNSL T. PINOS: No, I've not had the pleasure before, Madam Justice Fitzpatrick. I do have a BC Bar number, though, so I'm not completely --
THE COURT: Well, I'm not going --
CNSL T. PINOS: I'm not completely from away.
THE COURT: Yes. Well, I'm not going into that much detail.
But Mr. Schwill, I see you on the line. I know who you are.
CNSL R. SCHWILL: Yes, good morning, Justice Fitzpatrick. I'm on for the purchaser, EG Acquisition LLC.
THE COURT: Okay, thank you. And any other counsel?
CNSL E. GIESE: Yes, Your Honour. My name is Erica Giese. I'm not -- I have not appeared in this case. I am American counsel, US counsel, for the Greenwood claimants, including Monroe Giese, Benjamin Giese and Mary Abell.
THE COURT: All right, well --
CNSL E. GIESE: I'm observing. I have not made an appearance.
THE COURT: Yeah, you're not appearing, then. I just assume you're listening in, then; right?
CNSL E. GIESE: Yes, Your Honour. I just want to make

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Discussion re introductions

sure to respond.
THE COURT: Yes, all right. Well, that's -- Mr. Clerk, we're not going to show Ms. Giese as having appeared.
All right. Any other counsel that are appearing, or party, if you are appearing? No. All right. Okay, Ms. Teasdale.
CNSL A. TEASDALE: Thank you, Justice Fitzpatrick. There may be some individuals on the line. We did have a few of the royalty holders ask for the court information, and so we provided it to them. So if there's other people online that you see, that could be who it is.
THE COURT: Could you speak up a little.
CNSL A. TEASDALE: Yes.
THE COURT: I'm having trouble hearing you.
CNSL A. TEASDALE: Sorry. Pardon me. I just -- we provided the court information, like the Webex information, the some additional individual parties who are interested in these proceedings.
THE COURT: I see.
CNSL A. TEASDALE: And so they may be online if there is others there.
THE COURT: They're stakeholders, then; is that right?
CNSL A. TEASDALE: Correct. That's right.
THE COURT: Okay.
CNSL A. TEASDALE: Royalty holders, most of them.
THE COURT: I see. All right.
CNSL A. TEASDALE: Yes, thank you.
THE COURT: And they're on the service list, I assume. Is that right?
CNSL A. TEASDALE: They were served with notice of this application. That's correct.
THE COURT: Okay. So are there any other people that are on the line that intend to speak, I suppose, and if you do so -- or if you do intend to do that, would you identify yourself so we have your name on the record in terms of -- and your status, if I can put it that way.
H. GREENWOOD: This is Harris Greenwood. Can you hear me?
THE COURT: Mr. Greenwood, Harris?
H. GREENWOOD: Yes, first name Harris, last name Greenwood.
THE COURT: Yes.
H. GREENWOOD: I'm not sure I'm a speaker, but I'm here and I might have a short sentence or two. But

Erica and Jennifer are going to speak a whole lot better than I do, so I defer to them mostly.

THE COURT: Well, I don't know who Jennifer is. I know Ms. Giese is already --

H. GREENWOOD: Yeah, Erica. Yeah, I just got on. I tried to get on an hour ago, but I couldn't. Just finally they told me to phone back at another time, which I just did.

THE COURT: All right. And Mr. Greenwood, is it -- Ms. Teasdale is suggesting that you're a royalty holder. Is that right?

H. GREENWOOD: Yes, I'm a royalty holder, and I look after the patent [indiscernible] taxes, stuff like that, for about 30, 40 years, and my dad did it before me, and my grandmother before that, and my great-grandfather before that, going back to 1900.

THE COURT: I see. All right. Okay, thank you. Well, we're just -- we're just taking appearances right now, and if you wish to speak later, then you'll have that opportunity. All right?

H. GREENWOOD: If I do, I'll keep it really short.

THE COURT: Yes.

H. GREENWOOD: Thank you so much.

THE COURT: Okay. Thank you, Mr. Greenwood.
All right, Ms. Teasdale.

CNSL A. TEASDALE: Thank you, Justice.

SUBMISSIONS RE APPLICATIONS BY CNSL A. TEASDALE:

CNSL A. TEASDALE: So I've handed Mr. Clerk a number of items for you. We unfortunately do not yet have an appearance list. That was inadvertently left at our office this morning on our way to court. We will provide it as soon as we have it.
Mr. Clerk has provided a copy of the book of authorities for the court. There are two application responses, one from Patriot and one from Nomad, which did not make it into the record because they were filed on Friday and Monday respectively -- or served, rather, on Friday and filed on Monday respectively, as well as an affidavit of Susan Danielsz -- I don't know how to say her last name. I handed those up for you. And I've also handed up copies of the vetted orders.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: So there are two applications before

you this morning. There's a first application for approval of a proposed transaction between Elevation Gold Mining corporation and EG Acquisition LLC by way of an approval and vesting order. We are also, as part of that order, seeking third party releases.

There's some ancillary relief related to our application for approval of the transaction, namely a sealing order in respect of the seventh confidential affidavit of Tim Swendseid, which includes an unredacted copy of the sale agreement and a summary of bids received.

And we're also seeking a distribution order in connection with the application for approval of the sale.

The second application --

THE COURT: Isn't that three orders, or is there --

CNSL A. TEASDALE: That's three. That's correct.

THE COURT: So three orders.

CNSL A. TEASDALE: Approval and vesting order, distribution order and a sealing order.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And then the second application we've brought today is for an order enhancing the monitor's powers, and we apologize that came a bit later, and that was due to the fact that the directors advised that they intended to resign. The directors of all the petitioners advised they intended to resign on closing of the transaction, which is scheduled to occur for the end of the month.

THE COURT: Just a moment. If you're not speaking, would you please mute your phone. I hear someone rattling dishes or something in the background, so -- like that.

H. GREENWOOD: I'll see what I can do. Hold one sec.

THE COURT: Thank you, Mr. Greenwood. Maybe you could do the breakfast dishes later.

H. GREENWOOD: Yeah, we'll do the dishes later.

THE COURT: Okay.

H. GREENWOOD: Thank you.

THE COURT: Thank you, Mr. Greenwood. If you could mute your phone, then you could do whatever you like, but just make sure you monitor things in case I call on you at some point.

H. GREENWOOD: I appreciate. Thank you.

THE COURT: Okay. Thank you, Mr. Greenwood.

All right. So two applications, the panoply of orders that you just mentioned, 1, 2 and 3, and the second is the enhanced powers order.

CNSL A. TEASDALE: That's right, Justice.

THE COURT: Okay.

CNSL A. TEASDALE: The sale approval application is opposed by Patriot and Nomad, as is the distribution order, which is part of the sale approval application. And in brief, their objections relate to this court's jurisdiction to hear the sale approval and vesting order, and also the scope of the releases sought as part of that order.

In terms of how we proceed this morning, Mr. Bedi is going to start by speaking to service, and then he will speak to the sealing order first, and then I will speak to the sale approval application, and then Mr. Bedi will finish off with the enhanced powers -- or pardon me -- with the distribution order application, as well as the enhanced powers order.

I'm just going to orient you briefly in terms of giving you a high-level overview of the transaction. It's relevant to Mr. Bedi's submissions on service, so I just want to orient the court there first.

So Elevation Gold and EG Acquisition entered into an agreement of purchase and sale on December 2nd, which is the agreement before you today. That agreement contemplates, at a high level, the purchase by EG Acquisition of certain assets of Elevation Gold, including all issued and outstanding shares of Golden Vertex Corporation, which is one of its wholly-owned subsidiaries. As part of that transaction, GVC will retain various assets and liabilities and certain residual assets and liabilities will be vested into Elevation Gold.

The liabilities that GVC will retain as part of the sale include liabilities with respect to --

THE COURT: Sorry, you say EG who?

CNSL A. TEASDALE: EG Acquisition LLC. That's the purchaser.

THE COURT: Okay. What do you call it? Your acronym is EG?

CNSL A. TEASDALE: Acquisition.

THE COURT: Oh, just -- okay. So that's the purchaser.

EG Acquisition LLC --
CNSL A. TEASDALE: Yes.
THE COURT: -- is the purchaser.
CNSL A. TEASDALE: That's the purchaser, yes.
THE COURT: Okay. So the idea is that they purchased the shares owned by Elevation Gold.
CNSL A. TEASDALE: In GVC.
THE COURT: In?
CNSL A. TEASDALE: Golden Vertex Corporation.
THE COURT: Golden --
CNSL A. TEASDALE: Which -- pardon me.
THE COURT: That's -- Golden Vertex.
CNSL A. TEASDALE: I should have introduced my acronyms first.
THE COURT: Yes. Yes, that's --
CNSL A. TEASDALE: Yeah, I will be referring to them as Golden Vertex or GVC during these submissions.

So the liabilities that GVC is going to retain as part of the sale, those include liabilities with respect to the post-closing operation of the Moss Mine, which is owned by GVC, and is located in Arizona. And so that necessarily is going to include GVC retaining various contracts related to supplies, service and other operational matters.

And so, given the commentary from Justice Walker in *PaySlate* about situations where contracts are assumed by a purchaser in a reverse vesting type of situation, and this order does have aspects to it that are similar to a reverse vesting order. We and the monitor wanted to ensure that the counterparties to these contracts that are going to be retained have notice of the purchaser's intention to retain them and have the opportunity to object to the retention of their contracts, should they wish. And this comes directly from Justice Walker's decision.

And so we were in contact with the monitor about this, and we've determined that this would be reasonable in the circumstances to provide this additional notice to contract counterparties, and so we did that, and Mr. Bedi will speak to that.

In addition, given the nature of the transaction --

THE COURT: Those are counterparties to contracts with GVC.
CNSL A. TEASDALE: That's correct, yes.

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Submissions re service by Cnsl A. Bedi

THE COURT: M'mm-hmm.
CNSL A. TEASDALE: And so finally, just given the nature of the transaction, which is essentially a sale of the shares of this entity and the retention and vesting of certain assets in and out of Golden Vertex Corporation, the petitioners served a broader service list than the one that's been maintained by the monitor to date, simply because this is a broad transaction, and it is sort of the final transaction of the piece, essentially, and so we wanted to provide ample notice to all creditors and interested parties.

And so Mr. Bedi will now speak to service, and then he will speak about the -- about the sealing order as well.

SUBMISSIONS RE SERVICE BY CNSL A. BEDI:

CNSL A. BEDI: Good morning, Madam Justice Fitzpatrick.

As Ms. Teasdale noted, there is two applications before you today, one for an approval and vesting order and other ancillary relief and an application for the enhanced powers order, as we called it.

I'll first speak to service as it relates to the approval and vesting order application. So on December 3rd, 2024, we sent a letter with a download link for the notice of application and the sixth affidavit of Tim Swendseid, sworn December 3rd, I believe, the a large service list.

THE COURT: What date was that again?
CNSL A. BEDI: Pardon?
THE COURT: What date was that again?
CNSL A. BEDI: That was December 3rd.
THE COURT: 3rd, okay.
CNSL A. BEDI: Yes. So this larger service list is contained at Exhibit A to the affidavit of delivery of Zandrhea de Guzman sworn December 12th, and also Exhibit A to the affidavit of delivery of Ms. Curran, Cindy Curran, sworn December 16th.

The service list contained several parties. They contained --

THE COURT: Where do I find these affidavits?
CNSL A. BEDI: I believe we have copies over here. May I hand these up? Yes, so Exhibit A in particular contains the larger service list.

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Submissions re service by Cnsl A. Bedi

THE COURT: Exhibit A to what?
CNSL A. BEDI: Both of the affidavits. To the affidavit of Zandrhea de Guzman, and to the affidavit of Cindy Curran.
THE COURT: Right, okay.
CNSL A. BEDI: They contain the letter as well in which the download links for the notice of application and the affidavit were contained. Apologies. These are not tabbed.

The service list as well, it contained parties who notified the monitor or the petitioners of their interest in the proceedings. It contained the secured creditors. It contained unsecured creditors, contractual counterparties, convertible debenture holders and mineral burden claimants, or individuals or parties that claimed an interest in the lands.

There were 129 parties in total. We sent out 23 couriers to various addresses, and the rest of the parties we served via email.

THE COURT: And these are all people that have claims against GVC; is that right?
CNSL A. BEDI: So they claim interest in various lands. So the Greenwood claimants, for example, many of whom are appearing today, they claim an interest in lands that are owned by GVC, I believe, and there are other claimants as well that we served.
THE COURT: But they're all related to GVC; is that right?
CNSL A. BEDI: Yes, that's correct.
THE COURT: So they're counterparties to contracts with GVC, or they have direct claims against GVC, including against the lands. Is that right?
CNSL A. BEDI: Yes, that's correct.
THE COURT: I mean, I do have some knowledge, as the supervising judge on this, is that Patriot and Nomad were claiming an interest in land under some set of royalty arrangements, as far as I recall.
CNSL A. BEDI: M'mm-hmm.
THE COURT: And that was to be resolved by the US court, as best I recall also.
CNSL A. BEDI: Yeah, that is correct. There is applications in the United States as it is right now.
THE COURT: Oh, I see.
CNSL A. BEDI: And there's Charter 15 proceedings that are ongoing in respect of their interests.

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Submissions re service by Cnsl A. Bedi

THE COURT: All right.
CNSL A. BEDI: To continue on. So for three couriers in respect of the convertible debenture holders, the service letter was taped upon one of their doors; that's a Ms. Chantel Buse. A service letter to Grace Kwok was accepted by Gary Kwok, who resides in the same residence, and Lawson Lundell was informed that David Spleet, who's a convertible debenture holder, no longer resided at the address we had for him.

Additionally, we did receive email delivery failures for a few parties: Ian Grundy of Sandstorm, Colonial Life Insurance, Just Refiners USA Inc., Laughin Bullhead Investments, Mohave County, Mary Carr Tilley, Frances Elyse Tibbi. Sandstorm in particular are represented today by Cassels. Colonial Life, we served at a physical address via courier afterwards. Just Refiners, Laughin and Mohave County, we sent couriers to, and Mary Carr Tilley and Frances Elyse Tibbi are Greenwood claimants, and we served them by courier as well.

As of December 11th, I believe, the courier to Frances Elyse Tibbi left a notice on the door stating that a shipment was ready for pickup and a T. Tilley signed for Mary Carr Tilley.

I'd like to quickly address *PaySlate* as well, and for the record --

THE COURT: Well, what am I to take from these very large affidavits, Mr. Bedi?
CNSL A. BEDI: So what we want to demonstrate, essentially, is that we served as many parties as we could.
THE COURT: Yes.
CNSL A. BEDI: Just because these parties have been interested in land. We wanted to make sure that we gave as many people notice of that application as possible. A lot of these people may have their rights affected, and we wanted to give them the opportunity to read the materials and appear if they so wished.
THE COURT: All right. But you're saying there are people that have not received the materials yet. Is that right?
CNSL A. BEDI: They've all received materials. Received email delivery notifications or failure notifications. We then sent couriers out.

There's been letters posted to doors as well. There's, as I mentioned, over 120 parties that have been served, and the vast majority of which service was effective for.

THE COURT: The vast majority.

CNSL A. BEDI: Yes.

THE COURT: So who's not in the vast majority?

CNSL A. BEDI: So as I mentioned, Frances Elyse Tibbi had a notice left --

THE COURT: Could you tell me where your referring to. These affidavits are very large, and you're rattling off a bunch of names, and it's difficult for me to understand what you're referring to.

CNSL A. BEDI: Fair enough. My apologies. Give me one moment.

So if you look at page 29 of the affidavit of Zandrhea de Guzman, in particular paragraph 13.

THE COURT: 29.

CNSL A. BEDI: So this refers to those two parties that I just mentioned. Just above that on page 28 and 29 as well, there's a list of other parties we served via courier.

So essentially we sent out several couriers. We found out that -- well, sorry. We sent out several emails, and paragraph 12 lists about six parties, the same parties that I mentioned. We received email delivery failure notifications for those particular parties. We then sent out couriers.

At Exhibit I to this affidavit, there are proofs of delivery in respect of several of those parties. For two of those parties, paragraph 13(a), the courier to Frances Elyse Tibbi left --

THE COURT: Just a moment.

Mr. Greenwood, I don't know if that's you again, but we can still hear you.

H. GREENWOOD: Okay. I'm not sure what you're hearing. So I apologize if it was me.

THE COURT: Yes. Just, again, if you could just mute your phone or whatever device you happen to be using, I think that would work. Okay? Hopefully that's done it.

CNSL A. BEDI: So as I was saying, paragraph 12 contains a list of six parties, essentially, that we couldn't serve via email. We sent out couriers to them. Paragraph 13 talks about two of the

parties. They're agreement claimants. Frances Elyse Tibbi, a notice was posted to her door, and a T. Tilley signed for Mary Carr Tilley. So we're just going over service at this point, seeing who we delivered via courier, who we -- sorry -- who we served via courier, who we served via email, and what steps we took afterwards to make sure the people we couldn't deliver emails to were served via courier, essentially.

THE COURT: All right.

CNSL A. BEDI: To continue on, I'd like to address *PaySlate* as well. So we served everybody here with the notice of application and the affidavit of Tim Swendseid, and it was parties on the service list, but we also, as Ms. Teasdale noted, sent out letters to various contractual counterparties as well.

So for the record, the citation for *PaySlate* is 2023 BCSC 608. It involved an application for a reverse vesting order. Paysafe -- not PaySlate -- was a critical supplier and unsecured creditor, and they raised issue around service in that case. They pointed out the service list did not have unsecured creditors. This is at paragraph 58 of that case.

Justice Walker noted that PaySlate did not serve counterparties to retained contracts with a copy of the notice of application. They served counterparties to excluded contracts by email and, in many instances, it was generic emails.

Justice Walker was concerned and stated in that case that service should have been effected on the counterparties to retained contracts. We have tried to get --

THE COURT: Have you provided me with a copy of that case? If you're going to be referring to something, it would be much appreciated if you could hand it up so I can look at it. I'm somewhat familiar with the *PaySlate* decision, but if you're going to refer to authorities -- and I just looked in your book of authorities; it's not there.

CNSL A. BEDI: My apologies. I do not have a printed copy of *PaySlate* at this particular point.

THE COURT: So what am I to take from *PaySlate*? As I recall, Justice Walker said that service was not effected, and he adjourned the matter so that that

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could be done.
CNSL A. BEDI: Yes.
THE COURT: Is that right?
CNSL A. BEDI: That's what happened in that case, and his concern was basically counterparties to retained contracts, and what I wanted to demonstrate is, essentially, that we tried to get ahead of that concern and make sure that counterparties to retained contracts in this instance were provided notices.
THE COURT: All right. And you say you've done that --
CNSL A. BEDI: We have done that.
THE COURT: -- as evidenced in these two affidavits. Is that right?
CNSL A. BEDI: That is correct. So in addition to serving the broader service list, we also sent notices to contractual counterparties. We identified 38 contractual counterparties whose contract would be retained by the purchaser of GVC. We prepared notices for each of them. Those notices stated that their contracts would be retained. They notified them of this hearing. They provided the notice of application, the sixth affidavit of Tim Swendseid and the monitor's report, and they informed them how they could object to their contracts being retained as well.
All 38 of those notices were sent by email. These emails are contained at Exhibit D to the affidavit of delivery of Ms. Zandrhea de Guzman. That exhibit in particular contains the emails and the notices, which is why it's so lengthy.
THE COURT: Right. And did any of them object?
CNSL A. BEDI: None of them have objected, to my knowledge.
THE COURT: No counterparties.
CNSL A. TEASDALE: Justice, the issue with that is that the notice provides that there is a date for objection, which is the date of the US approval hearing, which is not until December 23rd. So we haven't heard from any of those contract counterparties. The outside date for them to provide written notice for their objection is December 23rd.
THE COURT: Their objection to what? To this application?
CNSL A. TEASDALE: No, their contracts being retained by the purchaser.

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THE COURT: Oh, I see. So was that a matter that's being addressed by the US court?
CNSL A. BEDI: Well, there is a hearing in the US court, and there's a time by which these parties will have to give their objection, essentially, but we wanted to give them as much notice of this hearing and that hearing as well.
THE COURT: Okay. So ... so the December 23rd deadline relates to their objection to a matter that's being addressed by the US court. Is that right?
CNSL A. TEASDALE: No, that's not right.
CNSL A. BEDI: Oh, right.
CNSL A. TEASDALE: Justice Fitzpatrick.
THE COURT: You know, Ms. Teasdale and Mr. Bedi, this is very confusing as to what we're doing here today.
CNSL A. TEASDALE: Yes.
THE COURT: All of these service issues are, frankly, being addressed by you in a vacuum, in the sense that I have no idea what you're doing and why this service or nonservice has to do with anything, because I don't even understand what this transaction is.
I have not had an opportunity --
CNSL A. TEASDALE: Yes, and I will take you through the transaction --
THE COURT: -- of going through this material in detail. So without the context, it's not making a lot of sense to me.
CNSL A. TEASDALE: I will take you through the transaction in full, Justice.
THE COURT: And I'd like to know a little bit more context so I know what the objections are that clearly are raised by Nomad and Patriot.
CNSL A. TEASDALE: Yes, I will --
THE COURT: Because I understood that they -- as I said to Mr. Bedi, that they were claiming an interest in land. That seemed to be a very live issue on previous applications.
CNSL A. TEASDALE: Yes.
THE COURT: And it's my understanding that that matter will be addressed by the US court. So it's unclear to me how that folds into this in terms of what you're seeking and why they're objecting to it.
CNSL A. TEASDALE: Yes. My apologies, Justice.

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Discussion re contractual counterparty notices

DISCUSSION RE CONTRACTUAL COUNTERPARTY NOTICES:

CNSL A. TEASDALE: So yes, Patriot and Nomad are objecting, and I will speak very specifically to their objections and our responses to those objections.

Service was intended to be a brief discussion of the fact that we served a large service list, that all of those people were served, in one way or another, which Mr. Bedi has taken you through.

The contractual counterparty notices, their objection to their contracts being retained is not a matter before the US court. It is an opportunity for those parties to advise the purchaser, essentially, and the parties here today -- or at least the companies and monitor -- that they object to their contracts being retained so we can deal with that issue in a commercial sense in terms of the purchaser then understanding which of these contractual counterparties are saying, no, we didn't want you as our contractual counterparty, and we're not going to -- we're not going to continue our contract with you.

THE COURT: I thought that this was -- what you told me at the outset, this was a share purchase. So if they're buying shares in GVC, then how is the counterparty changing at all? Am I missing something?

CNSL A. TEASDALE: Well, ownership of --

THE COURT: Or is there a change of control issue --

CNSL A. TEASDALE: Yes.

THE COURT: -- in some of these contracts?

CNSL A. TEASDALE: Well, I don't know if that is the case, whether there's a change of control provision in the contracts.

THE COURT: Well, if you're buying shares --

CNSL A. TEASDALE: Yes.

THE COURT: -- if this -- what's the name of this outfit?

CNSL A. TEASDALE: EG Acquisition LLC.

THE COURT: EG Acquisition -- I'm just going to call them Acquisition. If they're buying the shares, then what is the counterparty issue, then --

CNSL A. TEASDALE: Well, the issue is that --

THE COURT: -- if the counterparties are not being changed? They're still contracts with GVC; right?

CNSL A. TEASDALE: That's right. But ownership of GVC

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Discussion re contractual counterparty notices

is changing.
THE COURT: Right.
CNSL A. TEASDALE: From its current owner, which is Elevation Gold.
THE COURT: Right.
CNSL A. TEASDALE: To EG Acquisition.
THE COURT: Right. So wouldn't that only be relevant if there was a change of control provision in the contract that says if the --
CNSL A. TEASDALE: Yes, that is likely the case.
THE COURT: -- ownership of GVC changes, then we don't want to be in a contract with you anymore.
CNSL A. TEASDALE: Right. Then they have the opportunity to raise that at this point in time.
THE COURT: Well, raise it. It's either in the contract or it's not.
CNSL A. TEASDALE: That's -- I mean, that is true. I don't think there's any harm in us having served them or provided them notice of this and provided them the opportunity to object, in that, if they have an issue with it, they'll let us know.
THE COURT: Well, is some of the relief that you're seeking that if they don't object now, then they can't exercise their contractual rights in the future?
CNSL A. TEASDALE: No.
THE COURT: Is that what you're -- all right. So what does it have to do with anything, then? You're just trying to flush them out?
CNSL A. TEASDALE: Yes.
CNSL K. JACKSON: If I may, Justice, this is actually partly -- I take some responsibility for this, because I raised with Ms. Teasdale the *PaySlate* decision, which -- which was a reverse vesting order, so it was really a change of control issue in that case as well. But Justice Walker wasn't focussed on change of control.

I'm not -- I can't say exactly what was in Justice Walker's mind in that regard. I suppose on a regular transaction, if there were contracts that you wanted, you'd have to assign them and apply to court to have them assigned, unless you could negotiate it.

In that case, I guess, perhaps, Justice Walker considered that to be, if you're retaining a contract in an RVO, it's not much dissimilar from assigning a contract in a regular vesting

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order. And so it was a -- it's created in the practice this -- this perceived need to give notice to all these contractual counterparties, irrespective of whether there's a change of control provision in the agreement.

THE COURT: I see.

CNSL K. JACKSON: And so -- and so we do this as a matter of course now, and it's, as you may have gathered from Mr. Bedi's submissions, not an insignificant undertaking. But I think it's conservative practice to do this now as a result of that decision, and I raised that with my friend and suggested it might be necessary, and so what we do know is that these contractual counterparties have received notice, and it was sent out -- sorry, you said the date, Mr. Bedi.

CNSL A. BEDI: Sent out --

CNSL K. JACKSON: I'll come to it. It's some --

CNSL A. BEDI: December 3rd.

CNSL K. JACKSON: December 3rd?

THE COURT: December 3rd.

CNSL K. JACKSON: December 3rd, okay. And so here we are, you know, 14 days later now, two weeks. We've heard nothing from any to suggest that they have any concerns with their contracts being retained.

They may raise it subsequently. It would be -- the first instance would be to address it commercially among the parties, including the purchaser. The second instance, if it's a concern, I suppose, is there may be an explanation for relief to one court or another subsequently, based on the fact that this transaction has occurred and what the effect of it is. But there is no relief sought today which would prejudice them in that regard.

THE COURT: So nothing is going to negatively affect these people, whether or not they've been flushed out or not.

CNSL K. JACKSON: Correct.

THE COURT: Is that fair to say?

CNSL K. JACKSON: Correct. And so there's a bit of a -- there's a -- I think we've -- my point is, I think, and the reason I wanted it -- I wanted, and again, I take some responsibility -- I think it's addressed the *PaySlate* concern, so this court can take comfort for that.

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Submissions re sealing order by Cnsl A. Bedi

What happens subsequently is not something this court is going to be pronouncing upon today.
THE COURT: I see. Okay.
CNSL K. JACKSON: Hope that helps, Justice. Sorry.
THE COURT: Yes, that's helpful. Thank you.
CNSL A. TEASDALE: Thank you, Justice. Thank you, Mr. Jackson.
Well, I will now move on to -- Mr. Bedi was going to speak to the --
THE COURT: Sealing order.
CNSL A. TEASDALE: -- sealing order. Would that suit the court, or should I proceed with the main application?
THE COURT: Well, I think -- let's deal with the sealing order.
CNSL A. TEASDALE: Okay.
THE COURT: I usually like to deal with that at the outset so we know what exactly the record is.
CNSL A. TEASDALE: Yes.
THE COURT: Is there an objection to the sealing order?
CNSL A. TEASDALE: No.

SUBMISSIONS RE SEALING ORDER BY CNSL A. BEDI:

THE COURT: Okay. All right, Mr. Bedi, I assume it's this envelope here that's embedded in my binder.
CNSL A. BEDI: I believe that is correct.
So the form of sealing order is contained in schedule C of the notice of application. The petitioners are requesting that one document to be sealed. That is the seventh affidavit of Tim Swendseid sworn December 3rd, 2023. They are requesting that it be sealed up until the expiry of 30 days after the filing of the monitor's certificate confirming the transaction under the sale agreement has closed.
So I will go to the law quickly.
THE COURT: Well, I don't think you need to deal with *Sherman Estate*. I'm very familiar with the authority.
CNSL A. BEDI: Okay. So I'll just touch quickly on what is in the affidavit. So exhibit A to the affidavit --
THE COURT: Do you want me to look at this, then?
CNSL A. BEDI: Yes. So Exhibit A to the affidavit contains an unredacted copy of the sale agreement at issue here. It contains the purchase price.

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It contains the deposit, and it contains the quantum of purchase price adjustments that may result from the determination of Patriot Gold and Nomad's interests as well.

Exhibit B of this particular affidavit contains terms of competing bids.

If this commercially sensitive information were closed, it would prejudice the petitioners' ability to negotiate another transaction, should the one between Elevation Gold and EG Acquisition not close.

I would respectfully submit the disclosure of the information in this affidavit would pose a risk to the petitioners and their stakeholders, and the order sought is necessary to prevent this risk, and that the salutary effects of the sealing order outweigh any prejudice, and the sealing order should be granted.

THE COURT: Has a redacted copy of the sale agreement been attached to the materials?

CNSL A. BEDI: Yes, it is attached as Exhibit A to the affidavit of Tim Swendseid -- or the sixth affidavit of Tim Swendseid.

THE COURT: At tab 8.

CNSL A. BEDI: Yes. And the only things that have been redacted from there are the purchase price, the deposit and the quantum.

THE COURT: Just hang on. Hang on. Just before you get to there, where are the redactions, then? What page?

CNSL A. BEDI: So the first redaction is on page 14 at section 2.2.1.

THE COURT: 14, yes. So the purchase price.

CNSL A. BEDI: Yes.

THE COURT: All right.

CNSL A. BEDI: The next one is a page over at section 2.2.3(a). That's the deposit.

THE COURT: Yes. Why has that been redacted?

CNSL A. BEDI: That's --

CNSL A. TEASDALE: It gives an idea as to what the purchase price is. If you look at the SISP and then you look at the --

THE COURT: Oh, so there was a requirement for a percentage --

CNSL A. TEASDALE: -- to work it backwards, yeah.

THE COURT: Yeah, all right.

CNSL A. BEDI: And the next redaction is on page 16 at

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Order re sealing of affidavit #7 of Timothy Swendseid

section 2.2.5.

THE COURT: Yes.

CNSL A. BEDI: It contains the purchase price adjustment in respect of Patriot and Nomad.

THE COURT: Is that it, then?

CNSL A. BEDI: That's everything.

THE COURT: Okay. All right.

Well, I am going to put this on a negative basis. Does anyone -- if you agree with, or you don't object, to the sealing order, then you don't need to say anything. I'll just hear from you if you oppose the granting of the sealing order.

So I'll ask everyone in the courtroom first. Mr. Williams, anything on your end?

CNSL L. WILLIAMS: We don't oppose the granting of a sealing order generally.

THE COURT: Okay. All right. Is anyone on the video who's appearing -- do any of you object to the sealing order? All right. I am not hearing anything.

ORDER RE SEALING OF AFFIDAVIT #7 OF TIMOTHY SWENDSEID:

THE COURT: Just briefly, then, this is an application by the petitioners under paragraph 1(b) of their notice of application dated December 3rd, 2024. The application is made in the context of a proposed sale approval application. The affidavit sought to be sealed is the confidential affidavit #7 of Tim Swendseid sworn December 3rd, 2024.

The contents of the confidential affidavit include an unredacted copy of the sale agreement and also a document prepared by INFOR that summarizes the qualified bids received through the sales process.

The relevant authority is *Sherman Estate* from the Supreme Court of Canada, which sets out the well-known test to grant such relief. No stakeholder here opposes the relief, and in addition, I note that, by way of proportionality, the redacted copy of the sale agreement has been properly appended to the affidavit #6 of Mr. Swendseid, so the redactions appear to be limited in that respect.

Overall, I am satisfied that the reasons for the sealing order are valid, in the sense that

they properly recognize the significant interests at stake in terms of the outcome if the sale approval is not granted or the sale does not close for any reason, given the harm that could be done with respect to any future process.

I am also satisfied that the proposed duration of the sealing order, namely the expiry of 30 days after the filing of the monitor's certificate confirming the transaction under the sale agreement has closed, is also properly appropriate under the *Sherman Estate* test. Accordingly, the sealing order is granted on the terms sought.

Do you have a form of order, Mr. Bedi, a vetted form of order?

CNSL A. TEASDALE: Yes, the vetted form of order is up with you. Earlier we handed them up. There's a package of four. Thank you.

THE COURT: All right. Ms. Teasdale, I've signed your order.

CNSL A. TEASDALE: Thank you very much.

THE COURT: Mr. Clerk will give that back to you, and just a moment. I'll just get this. And this goes in number 9.

CNSL A. TEASDALE: Thank you very much, Justice.

SUBMISSIONS RE SALE APPROVAL BY CNSL A. TEASDALE:

CNSL A. TEASDALE: I'm going to turn to the sale approval application in substance now.

THE COURT: Yes.

CNSL A. TEASDALE: So I'm going to start by outlining the sales process that resulted in the transaction just briefly, and then I'll speak to the details of the transaction itself.

So an important detail for the purposes of this application is that the sales process completed in these proceedings was a continuation of a pre-filing process, and that was also preceded by earlier work done by the petitioners to solicit interest in an investment in their business or a purchase of their assets and business.

So the petitioners have actually been undertaking sale and investment solicitation efforts with the assistance of professional investment banking firms since the late spring of

2022. You may recall some of this from the initial order application.

I'll briefly outline these efforts because they are, in my submission, relevant to the reasonableness of the process leading to the transaction today.

The pre-filing sales efforts are described in the first affidavit of Tim Swendseid, sworn July 29th. I'll just give you the reference; I won't take you there. But that is at tab 7 of the record.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And in particular, paragraphs 116 to 128 outline those efforts. They're also briefly mentioned in the sixth affidavit of Mr. Swendseid, but the first affidavit includes the relevant detail.

And so briefly, Elevation Gold engaged Stifel Nicolaus Canada as a financial advisor in June 2022 -- that's at paragraph 121 -- to conduct a marketing process to solicit interest in a transaction involving Elevation or its subsidiaries, who are the petitioners. The process was not successful, and that engagement expired in June of 2023.

On August 9th, 2023, Elevation engaged INFOR Financial Inc. to implement a sale and investment solicitation process. That is a reference to paragraphs 122 to 125 of that affidavit. The process was structured to look for a broad range of transactions, including sale, restructuring, recapitalization or investment. That's paragraph 122.

INFOR identified 45 potential purchasers and investors by completing a screening of the market. That's a reference to paragraph 123. And they then narrowed the list of interested parties from 45 down to 36. They reached out to those 36 prospects with a teaser and a confidentiality agreement, and 14 of those parties signed confidentiality agreement.

That was at or near the beginning of these proceedings that they were at that stage, and so the primary intention of these proceedings was to continue to engage with the interested parties who were identified in that pre-filing SISP and perhaps engage other parties who might be incited

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to get interested by the start of the *CCAA* proceedings and a more formal sales process in these proceedings. And those details are in paragraphs 124 and 125 of Mr. Swendseid's first affidavit.

THE COURT: Can you just remind me again about the corporate structure here.

CNSL A. TEASDALE: Yes.

THE COURT: I think there was an org chart at some point that I had.

CNSL A. TEASDALE: Yeah, there is an org chart in Mr. Swendseid's affidavit. I'll just find the page for you, My Lady. It is on page 4.

THE COURT: Of which affidavit?

CNSL A. TEASDALE: Of the first affidavit at tab 8. Oh, tab 7, pardon me. Page 4, tab 7.

THE COURT: Right. So we've got the Golden Vertex --

CNSL A. TEASDALE: So the two -- so if you look at the chart on the far right-hand side, there is a subsidiary, Eclipse Gold Mining Corporation. There are two subsidiaries below that. Those two parties are no longer petitioners. Those were sold, and that's addressed in --

THE COURT: Alcmene or?

CNSL A. TEASDALE: Yeah, Alcmene Mining Inc.

THE COURT: And Hercules.

CNSL A. TEASDALE: And Hercules, yeah.

THE COURT: Those were sold?

CNSL A. TEASDALE: Those have been sold. They were in a transaction that was under the threshold in the initial order.

THE COURT: I see.

CNSL A. TEASDALE: And so they were sold earlier in these proceedings, and so the remaining petitioners are just the four: the Elevation Gold Mining corporation, the parent, and then the three subsidiaries.

As I mentioned, Golden Vertex Corporation --

THE COURT: The three subsidiaries; right?

CNSL A. TEASDALE: Yes, that's right. Golden Vertex Corporation, or GVC, that's an Arizona corporation, and it holds the Moss Mine.

THE COURT: Oh, I see. Is that the one we're talking about today?

CNSL A. TEASDALE: That's the one we're talking about today. Golden Vertex Idaho Corporation has no assets. It has some intercompany loans, but

nothing else. And similar for Eclipse Gold Mining Corporation; it holds no assets. It had the -- its assets were the shares of Alcmene, which in turn held the Hercules asset, and those were sold.

THE COURT: And then the assets of Elevation Gold, the BC company, are simply the shares in GVC. Is that --

CNSL A. TEASDALE: The shares, information. There's also a licence, a storage agreement being -- sorry -- storage licence agreement being sold as well, but that is the entity whose assets are being sold here.

THE COURT: I see. All right.

CNSL A. TEASDALE: So on August 12th, this court approved a sales, investment and solicitation process. That was you, Justice.

THE COURT: Yeah.

CNSL A. TEASDALE: And authorized the petitioners to engage INFOR as their sales agent. And so the SISP -- and this is all addressed in Mr. Swendseid's sixth affidavit. That is at tab 8 of the record.

And so the SISP was divided into two phases. This is at page 3, paragraph 10 of that affidavit.

THE COURT: Tab 8, you said?

CNSL A. TEASDALE: That's tab 8, yes.

THE COURT: Yes. What paragraph?

CNSL A. TEASDALE: Paragraph 10. Page 3, paragraph 10.

THE COURT: Yes. M'mm-hmm.

CNSL A. TEASDALE: And so that just sets out the phases of the SISP. So phase 1 started with the SISP commencing on August 12th. It ended with a nonbinding letter of intent deadline on September 13th. The final bid process commenced shortly thereafter. The final bid deadline was on October 18th, and the determination of the successful bidder was October 25th of this year.

In terms of the process, briefly, INFOR prepared a teaser and circulated it to a group of 47 interested parties, and the references to that are both at paragraph 1 is of the sixth Swendseid's affidavit, which is just at the bottom of page 3, and then that's also -- there's also reference to that in the monitor's second report at paragraph --

THE COURT: And what exactly was being sold?

CNSL A. TEASDALE: What was being sold?

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THE COURT: M'mm-hmm.
CNSL A. TEASDALE: It was a very broad process. So it was attracting any and all ranges -- any and all types of transactions.
THE COURT: Okay.
CNSL A. TEASDALE: It could have been the business; it could have been the shares; it could have been any set of -- any subset of assets.
THE COURT: Okay.
CNSL A. TEASDALE: It was a very broad -- very broad process.

And so the -- by the letter of intent deadline, which was September 13th, the petitioners had received multiple letters of intent.

They then -- the petitioners, with the assistance of INFOR and with the supervision of the monitor, engaged with those parties to help them with due diligence and work towards submitting a final bid.

Two additional interest -- two additional parties, pardon me -- expressed interest in participating after the letter of intent deadline, and the petitioners, you know, sought the input of INFOR and obtained the support of the monitor and the primary secured creditor to approve those additional parties as qualified bidders, and they did that, and those parties were entered into the process.

The final bid deadline, as I mentioned, was on October 18th, and multiple bids were received on that deadline, and the evidence for that is at paragraph 15 of Mr. Swendseid's affidavit. The summary of those bids that were received is in the confidential seventh Swendseid affidavit, which you had looked at earlier, at Exhibit E.

THE COURT: I haven't looked at it yet, by the way.
CNSL A. TEASDALE: Yeah, and I won't disclose the details therein, but I will refer you to that.
THE COURT: Okay.
CNSL A. TEASDALE: And so the petitioners reviewed the bids received in consultation with INFOR, as the sales agent, and the monitor, and they determined that the bid from EQ [sic] Acquisition represented the best recovery for creditors and also, happily, provided for the continuation of the main business through GVC.

So since that time -- well, since the date on which the bid was selected, which was October 25th, the petitioners have worked with their counsel, US and Canadian, and INFOR under the monitor's oversight to negotiate a final agreement with the purchaser, which was executed on December 2nd and is now before you for approval.

The outside closing date set out in the purchase -- or the agreement or purchase and sale is December 31st of this year, and we're working hard to prepare for a transaction, hopefully, on December 30th, of course pending the determination of this court and the US court of this application and the application for recognition set for December 23rd.

So I'm going to get into the transaction structure, and so I'll refer to the redacted copy of the sale agreement, which is at Exhibit A of Mr. Swendseid's sixth affidavit at tab 8 of the record.

So the first place I'll take you to is section 2.2 -- sorry -- 2.1.1, which outlines what the purchased assets are, and that is on page 12 of the agreement of purchase and sale.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And that's at the bottom of the page, and it identifies the purchase assets as the GVC shares, the business information of the seller, so that's books and record relating principally to GVC, but also any other business information of the seller.

THE COURT: Seller is Elevation?

CNSL A. TEASDALE: Elevation. That's right. Elevation Gold Mining Corporation. So it's both on page 1 and there's also a defined term.

And then the third item listed is the assets of the seller specifically listed in schedule 2.1.1(c). I can advise that is just essentially a storage licence in the name of Elevation Gold to a space here in Vancouver.

THE COURT: So (b) the books and records; right?

CNSL A. TEASDALE: Yeah, that's correct. Yeah, essentially.

THE COURT: Okay.

CNSL A. TEASDALE: So that's the first thing I want to take you to. You'll see the next section is

excluded assets. I won't take you through those in detail, but they're essentially identifying which of Elevation's assets are not being sold, and so that includes, as you'll see, things like the rights of the seller under the agreement, the ancillary agreements and the other transaction documents, records prepared in connection with the sale, you know, assets of the seller, other than the purchase assets, deposits of the seller held in trust, et cetera.

So there's a various -- there's a list of things there. If you have questions about my of them, I will do my best to address them.

Section 2.1.3, so these -- the next couple of sections are important, because they explain what GVC is retaining once its shares have been purchased, what liabilities and what assets it is retaining and what liabilities and assets it is transferring to Elevation Gold through this transaction.

And so I will walk you through that in a little bit of detail. So essentially the idea is that the purchaser is going to buy the shares. It's going to end up owning GVC, and GVC has an operating gold mine. And so it is agreeing that -- the purchaser is agreeing to retain certain of the liabilities associated with the operations of GVC.

Other liabilities and assets, which we've called the GVC residual liabilities and the GVC residual assets, will, through the mechanism set out in the approval and vesting order, be transferred into the parent, Elevation Gold.

So the important liabilities that GVC is going to retain, I wanted to walk you through, and I won't go through every category, but all liabilities in respect of the mineral tenures. So that's a very broadly defined term. That is a defined term in the agreement, and it's also very particularly set out in schedule 1.1(ggg) which is at page 40 of the agreement, and essentially what that is is it is mineral tenures, mineral claims, mining licences, mining leases. Like, all of the sort of mining claim-type properties that GVC currently owns.

And so you'll see schedule GGG is very lengthy. It is approximately 38 pages long, and

it sets out in detail all of the different mining claims, patented mining claims, unpatented mining claims, et cetera, owned by GVC. So that is one of the -- so all liabilities associated with those claims are being retained by GVC after closing.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: The next one that I want to point you to, and this is relevant to Mr. Greenwood, who's on the phone, and a number of the other individuals we served who are holders of a royalty which is known to GVC as the Greenwood royalty, or the Cali-Moss Royalty, and so that -- so the GVC will retain all liabilities in respect of those claims. So they are not being affected by the transaction.

THE COURT: Greenwood.

CNSL A. TEASDALE: Greenwood. That's right.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And so that is particularly described in schedule 2.1.3, and in that schedule, you will see a lengthy list of individuals, including Mr. Harris Greenwood, who's on the phone, and a number of other individuals, and we did serve those individuals with notice of this claim, although they are unaffected. We wanted them to understand.

THE COURT: Is that called the California Moss Royalty?

CNSL A. TEASDALE: That's right, yeah, page 84.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: So that's another group of liabilities being retained.

Section -- back to the agreement on page 14. Section 2.1.3(d) indicates that all environmental liabilities, which is defined term, in relation to GVC, will be retained.

And then, importantly, paragraph (e), all liabilities of GVC with respect to the post-closing operation of the business or ownership of the Moss Mine, those will also be retained, and that's where those contractual counterparties come in, is that, all liabilities that are their contracts are going to be retained by GVC on closing.

And then also, importantly for today's application, subsections (f) and (g), also on page 14: All liabilities of GVC under the Patriot agreement -- that is the agreement under which

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Patriot claims its interest in land -- those will be retained, except to the extent that they are vested off or disclaimed pursuant to the approval and vesting order.

And so I'll get to that mechanism in a minute. That's in section 2.2.5 that addresses the adjustments. But essentially what -- and there's a similar provision in (g) with respect to the Nomad royalty agreement under which they are claiming their interest in land.

And so the purpose of these sections and the mechanism here is that, as you referenced earlier, there are -- there's a determination motion in respect of each of the Patriot and Nomad agreements that are currently being litigated before the US court.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And the idea here is that these claims will remain unaffected by this agreement unless and until the US court makes a determination that they are not interests in land. If the US court makes that determination, then the approval and vesting order will work to vest those claims off -- expunge, discharge, invest those claims -- but only once the US court has made the determination that they are not interests in land.

And so if the US court never makes that determination or the parties don't otherwise agree to some kind of settlement, then the purchaser is accepting the liabilities under those agreements. And so for the purposes of today's hearing, in my submission, those parties are not affected, because their claims will be determined later in a process before the US court.

THE COURT: Where does it say all of that in this agreement?

CNSL A. TEASDALE: That is in section 2.2.5.

THE COURT: What page, please?

CNSL A. TEASDALE: It is page 16.

THE COURT: 60?

CNSL A. TEASDALE: 16, one-six.

THE COURT: Oh, this is the purchase price adjustment that Mr. Bedi referred to?

CNSL A. TEASDALE: That's correct. So you'll see 2.2.5(a) references the motion brought in the Chapter 15 proceedings to determine the nature of Patriot's interest.

THE COURT: M'mm-hmm.
CNSL A. TEASDALE: And then section 2.2.5(b) deals with the Nomad agreement, same reference: Motion brought in the United States, Chapter 15 proceedings for determination of the Nomad agreement.

And so the mechanism is the same for both, and it indicates that:

> If an order is issued but the US court determining that the nature of Patriot's interest is a personal property interest, not an interest in any real property owned by GVC ...

And that has to happen before June 30th. Then the purchaser are pay an additional blank dollars to the seller. That's with respect to Patriot. The same mechanism is set out in 2.2.5(b) with respect to Nomad.

And so that's where the agreement addresses that -- that concept. It's also addressed when they talk about -- or pardon me. It's also addressed in section -- sorry -- article 5, page 22, of this agreement for purchase and sale.
THE COURT: Yes. M'mm-hmm.
CNSL A. TEASDALE: And it deals with the covenants of the parties, and in 5.1.2, it sets out the required terms of the approval and vesting order, and in particular those include, at paragraph (b) -- pardon me -- paragraph (c) and (d), in relation the to Nomad and Patriot claims, that when the Patriot determination order, if it happens, becomes a final order, the approval and vesting order has to deem all liabilities in respect of Patriot agreement to be GVC residual liabilities, so those are the types of liabilities that are going to be vested out into Elevation Gold, and vesting out, discharging and expunging any interest Patriot may have in the Moss Gold Mine or the retained assets, or the assets that GVC is holding on to at the end of this transaction.

And the similar provision is in relation to the Nomad determination is at subparagraph 5.1.2(d).
THE COURT: M'mm-hmm.

CNSL A. TEASDALE: So then going back to page 14, as I explained, there are -- there's the concept of GVC residual liabilities and GVC residual assets, and those are dealt with in those sections.

And so the GVC residual liabilities are essentially anything other than the retained liabilities described in the prior section, and as noted in that paragraph, GVC will be -- will not be responsible to pay, perform or otherwise discharge any obligations or liabilities in respect of those retained liabilities -- or sorry -- those residual liabilities.

THE COURT: What are the residual liabilities that are not going to be --

CNSL A. TEASDALE: They're essentially anything except for the retained liabilities described in the prior section.

THE COURT: Okay, but what is that?

CNSL A. TEASDALE: Well, it would include --

THE COURT: Would that include all the unsecured claims?

CNSL A. TEASDALE: Yes, essentially. I mean, I shouldn't say that. It would include -- well, it would include all the pre-filing claims, yes. It won't include claims associated with the ongoing contracts and obligations of GVC. It's broadly defined.

And then the GVC residual assets, that is a defined term in the agreement, and that -- sorry -- is on page -- page 6, 1.1(oo) of the agreement. It's the first definition on that page, and it's a defined group of assets. So it's cash and cash equivalents and other amounts, bank deposits, moneys in possession of banks, et cetera, moneys in the possession of the monitor, any accounts receivable from refinery -- and I'll describe that in one second -- and any deposits of GVC held in trust accounts to secure the payment of professional fees, essentially.

And so, just quickly, the accounts receivable from refinery, those are what it sounds like, accounts receivable from gold and silver refineries that are derived from GVC's gold or silver that is processed from ore that is received by the refinery before the closing date. So essentially all the ore that is generated by the mine's operations up until the closing date is

going to be shipped to a refinery right before closing, hopefully the morning of closing, perhaps the day before, and any accounts receivable that are generated by that, whether it's processed before or after the closing date, are -- remain the property of -- sorry -- becomes GVC residual assets which get transferred into Elevation Gold, pursuant to the approval and vesting order.

THE COURT: So the aspects of the RVO type of transactions that you're talking of then, all of these residual liabilities and residual assets gets somehow transferred from GVC into Elevation Gold.

CNSL A. TEASDALE: That's right. So very similar to an RVO structure, except for there's no ResidualCo. It's going to another one of the petitioners, as opposed to a separate entity that's been incorporated for the purposes of the transaction.

So the transaction -- the other less interesting aspects of the transaction -- or perhaps less interesting -- the agreement of purchase and sale provides this is an as-is/where-is transaction, as would be typical in these circumstances. That is at section 3.8 of the agreement.

We briefly spoke to article 5 already, which is the covenants, and that includes the terms of the approval and vesting order, which I think are the key -- is the key aspect of those provisions.

And paragraph 5.1.3 also notes that the seller shall, and shall cause GVC to, request from the US court a recognition order. That's on page 23 in section 5.1.3, so that's contemplated here as well.

And of course, section 5.1.1, which is on the prior page, acknowledges that there's an acknowledgment from the parties that the transaction is subject, of course, to this court's approval and the recognition of this court's approval by the US court.

And then the other case I'll just touch on is at paragraph 5.1.2(b), also page 22, there's a discussion -- pardon me, that's not the -- oh, yeah, sorry. What I wanted to mention is, just going back to section -- sorry, pardon me, My Lady. Just one minute just to orient myself again here.

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THE COURT: Is this transaction supported by the monitor?
CNSL K. JACKSON: It is, Justice. Yes.
THE COURT: It is?
CNSL K. JACKSON: Yes.
THE COURT: I'll tell you what, Ms. Teasdale. It's time for the morning break, anyway. Why don't you take the opportunity to --
CNSL A. TEASDALE: Thanks.
THE COURT: -- find your focus for where you want to go.
The other matter is timing. This was set for two hours, and we're now past one hour, and I'm wondering what -- what's going to happen here. I have a matter that's already scheduled for 2 o'clock or 3 o'clock -- I'm not sure which -- but it's an hour -- said to be an hour.
CNSL A. TEASDALE: Yes, My Lady. We are -- I mean, I'm in your hands. I can try to speed it up. I was trying to --
THE COURT: Well, it may not be in my hands if I don't have enough time, is what I'm getting at.
CNSL A. TEASDALE: Right. Yes. I mean, I will do my best to speed it up as quickly as I can. I did want to walk you through the transaction in some detail, because it is complex.
THE COURT: I'm not criticizing you in that respect. I'm just trying to figure out what the timeframe here is, which you still have not answered.
CNSL A. TEASDALE: Well, I mean, I would expect I will probably be -- if it's taken an hour to get to this point, I will probably be another hour with Mr. Bedi, along with the rest of our submissions, which is why I'm saying I will do my best to try and shorten that.
THE COURT: Yes. Well, I know, but doing your best does not create more time for me, Ms. Teasdale.
CNSL A. TEASDALE: Understood.
THE COURT: Unfortunately, I can't imagine create something out of wool cloth here.
CNSL A. TEASDALE: Understood.
THE COURT: I'll tell you what. Why don't we take the morning break. Again, counsel can talk about what the timing of this is.
CNSL A. TEASDALE: Sure.
THE COURT: Because I have some amount of time this afternoon, and then I'm booked for the next three

days, and then I'm gone until the end of January. So this is --

CNSL A. TEASDALE: Understood.

THE COURT: This is not good --

CNSL A. TEASDALE: No.

THE COURT: -- if I can put it that way.

CNSL A. TEASDALE: I understand that, Justice. Thank you.

THE COURT: All right. Let's take the break, and then you can figure out what you're doing. Thank you.

THE CLERK: Order in chambers. This chambers are adjourned for morning recess.

(PROCEEDINGS ADJOURNED FOR MORNING RECESS)([11:14:09 AM])

(PROCEEDINGS RECONVENED)([11:30:46 AM])

THE COURT: Ms. Teasdale.

CNSL A. TEASDALE: Thank you, Justice.

So we took the opportunity to discuss amongst ourselves at the break, and I think you understand the transaction well enough at this point, obviously, subject to any questions.

The order we are seeking today is a standard form of reverse vesting order that's granted by BC courts fairly regularly, and we very much understand and are driven by the urgency of getting this done today, and we understand your limited time, and thank you for your patience.

So what my plan is now is to jump right into the issues raised by Patriot and Nomad, and hopefully we'll just engage with those right away. I understand that Patriot and Nomad are aligned in position, so that shouldn't be -- there should be duplication there.

So I think, on that basis, I can be done in about half an hour. I will do that.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And I also understand -- and Mr. Williams can correct me if I'm wrong -- but I understand that Patriot and Nomad can live with the order, should this court accept that it has jurisdiction to grant it, which is one of the main issues that they've raised in their objection, subject to certain revisions to that order, and we just saw those at the break, and we're okay with them. So --

CNSL L. WILLIAMS: Sorry, I rise just to clarify it is our position -- our prime position is not jurisdictional, but it is that the court ought not grant the order. If the court decides to grant the order, we have additions we want made.

THE COURT: So it's not a jurisdictional issue; it's a discretion issue. Is that correct?

CNSL L. WILLIAMS: Exactly.

THE COURT: Under section 11; is that correct, Mr. Williams?

CNSL L. WILLIAMS: Yes, and your ability to defer to the US court under the cross-border provisions.

THE COURT: Yes. Well, I wouldn't expect there would be much issue with my ability to do that.

CNSL L. WILLIAMS: Yes.

THE COURT: It seems to me it's whether I would do that.

CNSL L. WILLIAMS: So my initial position is you ought not. You ought to defer to the US. If you decide to grant the order, here's what you ought to include.

THE COURT: I see. Okay. Thank you.

CNSL A. TEASDALE: All right. Before I jump into that, I just want to briefly address a submission made earlier by Mr. Jackson about no counterparties objecting, which I also made that submission.

Trisura is -- Trisura Guarantee Company -- it's a provider of certain reclamation bonds to Golden Vertex Corporation, and they were served with that notice. Their counsel has indicated that they do object and indicated that earlier this morning, and so apologies for not stating that earlier, that they object to any contracts between Trisura and GVC being retained without Trisura's express agreement.

I understand -- and counsel for Trisura indicated his understanding -- that both the purchaser and Trisura have been in discussions and are working towards that, that goal of having an agreement on what their relationship is going to look like post closing. Trisura's confirmation that none of the bonds will be cancelled on the change of control is a condition precedent in the agreement as well, so that is something all parties are obviously committed to resolving before closing, or that they have to resolve in order for the transaction to close. So I just

wanted to state that on the record.
THE COURT: Well, so is it correct to say, as you just told me earlier, that Trisura isn't affected by all of this? Either their contracts are going to be retained in GVC, and then if they have any contractual rights in relation to those contracts, then those are preserved? Is that correct?
CNSL A. TEASDALE: Well, not quite with Trisura. They're a little bit different, in what I understand, that Trisura and the purchaser are going to come to some kind of an agreement about that their relationship is going to be going forward.
THE COURT: Is that in the agreement?
CNSL A. TEASDALE: I can show you -- yes, it is under --
THE COURT: So are they negatively affected, or is it subject to agreement?
CNSL A. TEASDALE: Well, if you approve the transaction, the closing of the transaction is subject to the confirmation from Trisura that is necessary to close the agreement.
THE COURT: Okay. So they're not affected, then, unless they agree.
CNSL A. TEASDALE: Unless they agree. So I wanted to just correct that on the record.
So I'll get into Patriot and Nomad's objections now.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: So you have -- I did hand up copies of the filed application response from --
THE COURT: Yes, I did look at them briefly over the break.
CNSL A. TEASDALE: Yes.
THE COURT: But I -- very briefly.
CNSL A. TEASDALE: So Patriot's is the substantive one, and then the one filed by Nomad essentially says, we adopt and adopt all the submissions made by Patriot.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: And so, in terms of the legal basis -- well I won't regurgitate their response. Essentially Patriot and Nomad assert that sale approval should be referred to and proceed before the US court. In the alternative, they request that this court's order expressly state that none of the royalty -- you know, royalty interest

rights or related claims asserted by them are affected by the proposed sale, and that's the language I was referencing earlier that we saw at the break in terms of what they would want added to the order, should this court decide it should make the determination.

In response to the first point, I submit the court can and should proceed with the sale approval today in granting the order sought. I disagree with my friends' submission that this application is for approval of the sale of US assets and that the connection to Canada is tangential at best.

First of all, I would submit that the time to raise the issue of the connection to Canada was at the initial order application or the comeback hearing. Patriot had notice of both. Nomad hat had notice of the comeback hearing, and certainly they should have raised it when Elevation sought a declaration in the United States that these proceedings were foreign main proceedings.

Patriot has had notice of every application made in these proceedings.

THE COURT: That was granted, wasn't it, but the US court?

CNSL A. TEASDALE: Yes, it was.

THE COURT: Yeah.

CNSL A. TEASDALE: Yeah. Patriot has had notice of every application made in these proceedings. They've appeared at most of them. They have not filed responses to or opposed any of those applications, including for those for relief that's directly relevant to what we're seeking today. In particular, neither Patriot nor Nomad opposed our application for the amended and restated initial order, which includes a determination that this court has jurisdiction over the petitioners, and they also didn't object in the Chapter 15 proceedings to recognition of the Canadian proceedings as foreign main proceedings.

Patriot and Nomad received notice of the hearing leading to the SISP. The SISP clearly contemplates sale approval by the Canadian court. Patriot and Nomad did not object to approval of the SISP. Paragraph 36 of the SISP expressly states that the petitioners will apply for

approval of a winning bid in Canada followed by recognition from the US court.

Secondly, the transaction we're seeking approval of, it's a sale of shares owned by a Canadian entity. It's not a share subscription; it's an asset sale, the sale of shares. The share certificates are presently located in Canada. They are held by Elevation, which is a Canadian company. They are currently in the possession of GVC's senior secured lender, Maverix. That is a Canadian entity. And they are held pursuant to a pledge and security agreement governed by Canadian law.

So there's a strong connection to Canada, and the assets are physically here in Canada, and they are owned by the Canadian company. And so the simple answer, in my submission, is that this court must authorize the sale of the GVC shares by Elevation Gold, because Elevation Gold is a Canadian entity. It is subject to the *CCAA* proceedings and the jurisdiction of this court, and section 36 of the *CCAA* requires that this court authorize the sale of assets outside the ordinary course of business. So this court should certainly hear that application. It has the jurisdiction to do it, and I submit it's proper to make the determination of whether the sale should be approved.

I'm going to hand up a case to you. It's the decision in *Grant Forest Products*. So in this decision, the court considered the opposition to approval of a transaction by second lien lenders, who argued that the court did not have jurisdiction to approve a transaction that, in effect, conveyed real property assets located in the United States. And the assets in question there included manufacturing facilities located in the United States, which were owned by one of the applicants, which is a US partnership.

The sales process in *Grant* was a Canadian process, and it was approved by the Canadian court. And the second lien lenders there argued that the Ontario court did not have jurisdiction to deal with the assets in the US that were the subject of the transaction and that those assets would have to be dealt with under Chapter 11 of the *US Bankruptcy Code*, and in particular, section

363.

And so I just -- I'm just going to take you to a few paragraphs of the case that reflect the principles I want you to take away today.

Paragraph 61 of the decision.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: The court says that to allow --:

> To suggest, as does the submission of the SLL, that the entire transaction is flawed because the effect is a transfer of some assets in the United States without the sale process envisaged in section 363 of the U.S. Bankruptcy Code, would be a triumph of form over substance.

And so here I think that's the effect of my friend's response, which is, you know, talking about section 363. Section 363 is, based on my understanding -- is grounded in similar principles to the test for sale approval here. And so this court's determination of the appropriateness of the sale will have the same considerations as the court would in section 363.

The other piece in the *Grant* decision that I wanted to refer you to is the court's indication that it is satisfied the court has jurisdiction to provide the relief requested, which is the --

THE COURT: Where are you reading from?

CNSL A. TEASDALE: 72. Paragraph 72.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: The court says:

> I am satisfied that this Court does have jurisdiction to provide the relief requested, which is the product of the marketing process that was not only approved by this Court, but not objected to by any party when it was initiated.

That's the same here. And so the change of ownership of GVC -- pardon me. The idea -- the court here is saying, like, it's a unified transaction. It's not merely a device to sell US assets from Canada. It's a unified transaction, each element of which is necessary and integral to its success -- that's paragraph 74 -- and it's a

Canadian process.

And so the change of ownership of GVC is part of a unified transaction under the sale agreement. Each element of that sale agreement is necessary and integral to its success, and this is properly a Canadian process. This transaction was arrived at pursuant to a sales process approved by this court and not approved -- or not opposed, pardon me -- by Patriot or Nomad.

And then, in addition to all of that, there will be a recognition hearing in the Chapter 15 proceedings, and if my friends are correct -- and I'm not conceding that they are -- that the Chapter 15 court has to apply the section 363 test in the recognition hearing for this order, then they'll have an opportunity to argue that on December 23rd before the US court.

So I think that -- I mean, that essentially covers my submissions on that point. I will note that, in my submission, the Nomad and Patriot are already unaffected by the order, and I'll address that briefly.

So, pursuant to the approval and vesting order, GVC -- I guess I'll just take you there really quickly. So that's at tab 1 of the application record, and it's schedule B, and section 6 is where I'm looking at, which is on page 5.

THE COURT: Sorry, you're going to have speak up. I can't hear you.

CNSL A. TEASDALE: Sorry, it's page 5, section 6.

THE COURT: Of tab 1?

CNSL A. TEASDALE: Of tab 1, yes. Tab 1, Exhibit -- sorry. It is tab 1 --

THE COURT: It's your notice of application is tab 1; right?

CNSL A. TEASDALE: Yes, that's right.

THE COURT: Page 5?

CNSL A. TEASDALE: No, schedule B.

THE COURT: B. What is schedule B exactly?

CNSL A. TEASDALE: It's the approval and vesting order form.

THE COURT: Oh. All right. It's also at tab 2.

CNSL A. TEASDALE: Ah, pardon me. Looking at page 6 -- or paragraph 6, page 5. My apologies.

THE COURT: The vesting of assets and liabilities?

CNSL A. TEASDALE: That's right.

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THE COURT: Okay.
CNSL A. TEASDALE: So for paragraph 6(b):

> GVC shall retain all of the GVC-retained liabilities.

Paragraphs 6(c) and (d) essentially say that only if the US court determines that Patriot's interest is not an interest in real property, only then will the vesting order operate to vest out, expunge and discharge Patriot's interest in either the Moss Mine or the GVC-retained assets. And that's the same paragraph 60 -- or pardon me -- paragraph 60 deals with that in relation to Nomad.

Paragraph 6(h) provides that:

> The nature of the GVC-retained assets and the GVC-retained liabilities, including their amount, their secured or unsecured status, et cetera, shall not be affected or altered as --

THE COURT: Sorry, where are you reading from now?
CNSL A. TEASDALE: 6(h).
THE COURT: (H).
CNSL A. TEASDALE: Page 6.
THE COURT: Yeah.
CNSL A. TEASDALE: So it provides that the nature of the retained assets and the retained liabilities, including amount and status, shall not be affected or altered as a result of the sale agreement or the steps taken in accordance with the order.
THE COURT: It's just it's going to be owed by Elevation Gold instead of GVC; isn't that right?
CNSL A. TEASDALE: That's right. And any person with a valid claim or encumbrance against GVC or the GVC-retained assets will have an equivalent claim against Elevation. That's 6(j).

I'd also go over the page to paragraph 11.

THE COURT: Well, effectively, there's no assets left; isn't that right? So that's really -- it's a typical RVO structure; right?
CNSL A. TEASDALE: It is a typical RVO structure.
THE COURT: You put it into a --
CNSL A. TEASDALE: That's right.
THE COURT: -- ResidualCo or some other --
CNSL A. TEASDALE: Yeah, although the interests claimed

by Patriot and Nomad are real property interests.
THE COURT: Yes.
CNSL A. TEASDALE: And so --
THE COURT: What I'm just saying is that, to the extent they have an unsecured claim, or anyone else --
CNSL A. TEASDALE: That's correct.
THE COURT: -- has an unsecured claim which is being -- not retained, but --
CNSL A. TEASDALE: Yeah, vested out into Elevation.
THE COURT: -- transferred out, then it's like the typical RVO where it's put into a new subsidiary that doesn't own anything.
CNSL A. TEASDALE: Right. Except for in this case that subsidiary will own the sale proceeds, the residual assets and various other property that it has, which is, admittedly, not much. But there will be funds and property moving as well into Elevation Gold from GVC.
THE COURT: Well, the proceeds from the sale.
CNSL A. TEASDALE: The proceeds, and also you'll recall there's the GVC residual assets which are being moved into Elevation Gold, which includes cash in accounts, the refinery, accounts receivable, the other items that are being transferred. So it's not just the sale proceeds.
And then the distribution order that we are seeking also provides for parties who believe they have a priority claim to those proceeds or property, to make that claim before the monitor is able to distribute the funds.
THE COURT: Yes, but basically under your paragraph 7(j) -- or 6(j) -- or sorry, (h), 6(h) -- is basically, whatever you have against GVC, it's maintaining the same status --
CNSL A. TEASDALE: Yes.
THE COURT: -- in relation to Elevation Gold.
CNSL A. TEASDALE: Correct.
THE COURT: Is that right?
CNSL A. TEASDALE: That's right. Unless their claim to a real property interest is determined in their favour, in which case that -- those claims will remain with GVC.
THE COURT: GVC, yes. Okay.
CNSL A. TEASDALE: So on that basis, it's my submission that there's no merit to Patriot and Nomad's objections to approval of the sale transaction.
So that's -- that covers one of the grounds,

very quickly, of their objection. The other ground on which my friends object is with respect to the release of directors and officers, and this order does contain releases of directors and officers and other third parties. So I can -- I'll just take you to those provisions of the approval and vesting order.

So you're already there. Paragraph 13 is where they start, on page 7. And --

THE COURT: Paragraph 13?

CNSL A. TEASDALE: Yes.

THE COURT: Okay. M'mm-hmm.

CNSL A. TEASDALE: Yeah. So paragraph 13 is the directors and officers release provision, and I'll come back to that in a minute. I'll just quickly touch on 14 and 15. Those are releases of the monitor, legal counsel, petitioners' employees, petitioners' legal counsel. That's paragraph 14. And paragraph 15 is a release of the sale agent -- sales agent, INFOR. I won't spend any time on those. Those aren't being objected to. They're very standard in terms of scope and what they protect -- or what they release, pardon me.

THE COURT: So it's just 13 that's --

CNSL A. TEASDALE: So it's really 13 that's in issue. And so I just want to talk about the scope of that paragraph, the scope of the release, which we say is appropriately narrow. That will just frame the discussion here.

So looking at paragraph 13, the releases of the present and former directors and officers of the petitioners. The reason we included the former directors is because some directors resigned during the pre-filing sales process, and that's relevant to the scope of the release in that it covers claims in five categories. One is claims in connection with the pre-filing sale and investment solicitation processes; two, the decision to commence the *CCAA* proceedings; three, the proceedings themselves or the administration and management of the petitioners during the course of the proceedings, the transaction and then anything done in accordance with the approval and vesting order.

THE COURT: Is there D&O insurance?

CNSL A. TEASDALE: Yes, there is.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And so the releases of the directors and officers really are limited to things directly pertinent to these proceedings, including some things that occurred prior to filing, and so -- so I submit that that release is appropriately -- the release is appropriately narrow, and it has the monitor's support, that release language.

And so turning to the claims of Patriot and Nomad. Based on the operation response filed by Patriot and the -- the affidavit in support, those parties refer to their unproven allegations of conversion, referenced in their adversary proceedings, and they say that directors and officers may be liable for intentional torts, such as conversion, where they have direct involvement in tortious acts, and that any third party recipients of converted funds may also have liability to the royalty holders. So those are very vague claims, and the directors and officers are not named in the adversary proceedings attached to the affidavit supporting the application response filed by Patriot, nor have Patriot or Nomad raised the prospect of any claims relating to conversion in these proceedings.

So I'm just going to refer you very briefly to the *Green Relief* case, which is at tab 6 of our book of authorities.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: And at paragraph 30, three-zero, of that case, on page 7, the court says that one of the factors that a court should consider is its impression of the nature of the claim, and the relevant paragraph -- or the relevant section of that paragraph is at the very last sentence. The court says:

> The stronger a claim appears, the less likely a court may be to grant a release. The thinner and more speculative a claim, the more likely a court may be to grant a release.

And so my submission this morning is that the claims of Nomad and Patriot fit into the category of thin and speculative.

And so I submit that --

THE COURT: Where do they refer to these claims? I

don't really understand.
CNSL A. TEASDALE: It's in their -- the affidavit of Susan Danielsz, and so their claims are attached at Exhibits A -- that's Nomad's -- and Exhibit B.

And so these are called adversary proceedings. They're complaints filed in the Chapter 15 cases. And probably the easiest thing to do is go to, just very briefly, the different counts on which they make their claims. So page 7 is the first count for declaratory relief.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: That their royalty is a real property interest.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: Count 2 is on the next page, claim for breach of contract. Count 3 is on the next page, breach of implied covenant of good faith and fair dealing.
THE COURT: Where do they allege these breaches on the part of the directors?
CNSL A. TEASDALE: They don't.
THE COURT: Oh, okay.
CNSL A. TEASDALE: They -- it's in their application response.
THE COURT: All right. So is it the same for Patriot, then, on Exhibit B? Is there an allegation --
CNSL A. TEASDALE: No, there's no allegation --
THE COURT: -- that the directors --
CNSL A. TEASDALE: -- against the directors, and you'll note that if you look on the -- in the style of cause, which is on the first page of Exhibit A and the first page of Exhibit B, that the directors are not named. It's just the corporate entities.
THE COURT: All right. Okay. So where is it referred to, then, in this book?
CNSL A. TEASDALE: At page 5 of Patriot's application response.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: Paragraph 14. And so, in the second sentence of that paragraph, they say:

In the Adversary Proceedings --

Which are the complaints we just were looking at.

-- Patriot Gold and Nomad have alleged that, under Arizona law, directors and officers may

be liable for intentional torts, such as conversion ...

Well, there's no allegation that I could see -- and Mr. Williams, I'm sure, will correct me if I'm wrong about that -- that directors and officers are liable or that they're being claimed as against in those proceedings. So in my submission, there's no -- there's not even any allegations with respect to the directors' liability with respect to conversion. There are allegations of conversion, but nothing with respect to the directors specifically.

And so -- and then I would just point out as well that, even if there were claims, which I disagree with, the only part of the release in the approval and vesting order that could apply would be the -- so in paragraph 13(iii) --

THE COURT: 13(e) of what?

CNSL A. TEASDALE: Pardon me, of the approval and vesting order.

THE COURT: Oh.

CNSL A. TEASDALE: I'm just looking at the release.

THE COURT: Yeah.

CNSL A. TEASDALE: So 13(iii).

THE COURT: M'mm-hmm.

CNSL A. TEASDALE:

The directors are released from claims relating to these proceedings or the administration and management of the petitioners during the course of these proceedings.

So, to the extent there are allegations against the directors relating to conversion, and that conversion occurred during these proceedings, that would be released. But any conversion that occurred before the proceedings would not be released by this release, because the pre-filing claims only relate -- the pre-filing releases only relate to claims associated with the pre-filing sales process and the decision to enter into the *CCAA* proceedings. So it's quite narrow, and so I think that's a relevant factor as well.

And then the other thing I would point out is that the releases obviously, as is normal in these proceedings, they don't cover claims that can't be

released under section 5.1(2) of the *CCAA*, which includes claims based on allegations of wrongful or oppressive conduct by directors. So to the extent that would cover the types of claims Patriot and Nomad are talking about, it would not be released, because it can't be.

THE COURT: What's the section number again?

CNSL A. TEASDALE: 5.1(2), and that language is just at the very bottom of paragraph 13 of the approval and vesting order, where it references that:

> Nothing in this paragraph shall waive, discharge, release, cancel or bar any claim for gross negligence, willful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2).

And so again --

THE COURT: What's the wording of that section again? Can you just read that back to me again.

CNSL A. TEASDALE: Yes. It is in my claim -- I wrote it down:

> Claims based on allegations of wrongful or oppressive conduct by directors.

So to the extent participation in --

THE COURT: Tortious conduct would be --

CNSL A. TEASDALE: -- an intentional tort. Yeah.

So on that basis, the releases would, at most, affect a very small portion of the speculative claims that Patriot and Nomad are making against the directors and officers, but, in my submission, those claims are so speculative that the court should take that into account in determining whether or not to grant the releases sought in this case.

So, My Lady, those cover my submissions with respect to the objections, and so, subject to any questions you have about anything else in our applications, I think I'm content to sit down and let others take a crack.

THE COURT: All right. Okay. Thank you.

CNSL A. TEASDALE: Thank you.

THE COURT: All right. Well, I think what I'll do is I'll hear from anyone that wishes to speak in support of the applications, although I suppose

we've only addressed -- Ms. Teasdale's only addressed the first application, which is the sale approval, and we haven't even addressed the distribution order or the enhanced powers order yet.

CNSL A. TEASDALE: No.

THE COURT: So just dealing with the sale approval order, does anyone wish to speak in support of that?

CNSL D. BISH: I do, if I could be allowed to speak.

THE COURT: Mr. Bish, is that you?

CNSL D. BISH: It is.

THE COURT: Okay, thank you.

SUBMISSIONS RE SALE APPROVAL BY CNSL D. BISH:

CNSL D. BISH: Good morning -- or I guess just about good afternoon, I guess.

[Indiscernible]. I'll be brief, and hopefully brevity won't detract from the conviction with which my client holds its views.

As I mentioned at the outset, I am counsel to Triple Flag and Maverix. Maverix is the principal secured creditor. It is owed about 32.5 million at the time these proceedings commenced. That was in the application materials and, I believe, the monitor's pre-filing report. The monitor has conducted a security review. It has affirmed that Maverix has good and valid first security, and that's been in the monitor's reports. That is not at issue. And I think that's very important. My client is the fulcrum creditor in this case, and it has the overwhelming majority of claims in this case.

The claims of Patriot, the claims of Nomad, are very clearly subordinate to the claims of my client, save and except if they can establish that they have an independent ownership interest and not merely a debt claim, and that's a matter that has, as you've heard, been set aside for further determination.

This transaction will result in a significant shortfall for Maverix. If it could do better, if there was a better path or better option, Maverix would pursue it. There isn't. Maverix accepts that this is the best possible outcome in the circumstances, even though it leaves it with a

very substantial shortfall.

This transaction preserves the business, and it generates a modest recovery. Maverix commends company and the monitor for their approach to this case and to the SISP. It's a complex situation, because it spans two countries, but the process has been fully and fairly conducted and, importantly, in an intelligent manner designed to preserve the business, while avoiding a frittering away from the modest sale proceeds here.

Having read the objections and paid attention to what's going on and has been said by my friend for the company, much of this reads to Maverix as a collateral attack on this court's orders in these proceedings. As was stated -- and I won't go over it at length -- this court has already accepted plenary jurisdiction under the *CCAA*. The US court has already accepted ancillary jurisdiction under Chapter 15.

Further, it was abundantly clear at the time the SISP was approved by this court that this process was being conducted before the Canadian court and was going to culminate in an approval hearing before this court. Respectfully, this court ought not to approve a SISP and then cede jurisdiction to another court at the conclusion of that very process to let another court decide the outcome of that process.

It's too late for Patriot and Nomad to come forward at this juncture and ask for the US court to essentially take plenary jurisdiction over the SISP and the sale approval process.

As you've heard, they're not prejudiced because the discrete matters for determination before the US court have already been identified, carved out and are proceeding before the US court. They will have their day in court on those issues.

I bear in mind that, again, as I read the objections and went through the materials of Supreme Court of Canada's words in the *Peace River* case. In there the Supreme Court of Canada noted that the insolvency courts have authority to do not only what justice dictates, but also what practicality demands. Those are often-repeated words in our world. *Peace River* is certainly not the only instance of those words appearing. They appear many times.

The company and the monitor in this case have been very mindful of the practicalities here, the limited value of the assets in question and the need for a fair, but practical, path to conclude this process in a way that sees the business survive and without squandering the modest proceeds that have resulted from the process.

I fully understand that parties that are out of the money are never happy to be out of the money, and I understand that they have nothing to lose by obstructing, given that they're already out of the money, but we need to achieve two fundamental things: We need to preserve the business in some form, and we need to avoid squandering all of the modest sale proceeds in litigation disputes and protracted fights.

The SISP, as conducted by the company and the monitor, has achieved both of those critical objectives, and for that reason, Maverix supports the relief that they are seeking here today.

Unless you have questions, those are my submissions.

THE COURT: All right. Thank you, Mr. Bish.

Mr. Schwill, I'm assuming you're also speaking in support?

CNSL R. SCHWILL: Yes, that is correct.

THE COURT: All right. Anything to add beyond that?

CNSL R. SCHWILL: No. I can only echo what Mr. Bish just ably said.

THE COURT: Okay, thank you.

All right. Anyone else wish to speak in support? All right. Now I'll hear the con side of it. I don't know who wishes to speak first.

CNSL L. WILLIAMS: Probably makes sense for me, Justice.

SUBMISSIONS RE SALE APPROVAL BY CNSL L. WILLIAMS:

CNSL L. WILLIAMS: So Justice, as indicated, we're counsel for Patriot, and the basis of our objections are, in terms of the approval, as I indicated, that this court ought not exercise its jurisdiction to approve the sale, ought to refer it to the US court.

In the alternative, if the court is inclined to grant it, it should make sure that there are certain clear terms, either in the order or in the

reasons, indicating that it is not seeking to limit in any way the US court's jurisdiction, and then oppose the releases.

If you have our application response, which is one of the loose items handed up, it's probably the easiest to follow.

THE COURT: Yes, I do have that. Thank you.

CNSL L. WILLIAMS: So the basis, as you're well aware, of the dispute with Patriot is that Patriot claims a royalty interest that is, A, an interest in land; B, does not form part of the estate under US law, so it's not an asset subject to the bankruptcy.

Before I get into the details, I should say that in the Chapter 15, Judge Ballinger, of the US Bankruptcy Court, has carriage of these proceedings, and my understanding from US counsel is that he has asked that, to the extent objections are being raised in front of him, that they were also raised in front of the Canadian court, so that you're aware of them, so we don't have new objections coming. So, while some of our objections may seem like US law matters, that is part of the reason, is to make sure that -- he wanted to make sure that this court is aware of them.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: So you were taken to the claims that are referred to as the adversary proceedings at paragraph 5 of our response, but those are the claims of conversion, constructive trust, accounting, et cetera, and I don't profess to be an Arizona lawyer -- I don't think anybody here does -- but as set out in the legal basis of our application response, under Arizona law, directors and officers can be liable for conversion, and I don't think there's -- you know, we have no indication it's improperly pled; right? It's how this works under Arizona law.

THE COURT: Well, you want to be paid your royalty; right?

CNSL L. WILLIAMS: We want to be paid our royalty, but to the extent there was conversion or -- of funds that should have been paid; right? A bunch of royalty -- there was a bunch of production over the period of this proceeding.

THE COURT: Yeah.

CNSL L. WILLIAMS: And there is a clear allegation filed in the US proceeding -- so it's filed in this proceeding -- indicating accounting, constructive trust, conversion and other relief.
THE COURT: Yes, against the companies.
CNSL L. WILLIAMS: Yes, and -- but as we've indicated, and we've put in the relevant case and will be argued before the US court is, under Arizona law, that picks up directors and officers.
THE COURT: What? For nonpayment of any moneys?
CNSL L. WILLIAMS: Conversion. If they did --
THE COURT: Well, conversion is theft, essentially; right?
CNSL L. WILLIAMS: Yes.
THE COURT: So nonpayment is not theft.
CNSL L. WILLIAMS: Right. But --
THE COURT: It's just nonpayment.
CNSL L. WILLIAMS: -- tortious conduct can pick up directors and officers under Arizona law.
THE COURT: All right.
CNSL L. WILLIAMS: And so that is going -- that is before the Arizona court.
THE COURT: No, it's not. I've looked at -- well, Ms. Teasdale took me through your claim, and that's not alleged.
CNSL L. WILLIAMS: Conversion is alleged.
THE COURT: Yes, but not against the directors.
CNSL L. WILLIAMS: And that's the -- and we've cited the case from Arizona, but under Arizona law -- this is my understanding relayed to me from US counsel -- you don't have to plead it in the bankruptcy conversion application. Directors and officers pick up the liability as a matter of law.
THE COURT: Well --
CNSL L. WILLIAMS: So that's a defence to put forward, I guess, in the Arizona case, but our understanding is that's not -- it's not how you plead it. There is a clear conversion claim made that the --
THE COURT: Against the companies, yes.
CNSL L. WILLIAMS: Against the company, for which we say -- to be determined in the US -- directors and officers are liable. So this isn't a "there's a claim out there somewhere that somebody may make in future about something against the directors and officers." This isn't a skinny or a frivolous claim. There is a clearly-defined claim filed in

the US proceedings.
THE COURT: Against the companies.
CNSL L. WILLIAMS: For which we say directors and officers are liable, yes.
THE COURT: Well, which is -- so it's out there. I mean --
CNSL L. WILLIAMS: It's out there.
THE COURT: I'm not being asked to change the law of Arizona, Mr. Williams.
CNSL L. WILLIAMS: No.
THE COURT: But the point is there's no claim, and then Ms. Teasdale also refers to section 5.2(1), or whatever it is, and releases, which appear to preserve your right to make claims with respect to tortious conduct -- wrongful conduct.
CNSL L. WILLIAMS: But it says "wrongful conduct." The words don't line up. If my friend is of the view that the conversion and other claims where directors and officers pick up liability is caught by that section, then carve out our -- what we call the adversary proceedings, carve that out of the release.
THE COURT: Well, that's -- but she's referred to it specifically at paragraph 13 of the relief.
CNSL L. WILLIAMS: Well, no, she's referred to section 5.1(2) of the CCAA, which uses different words in a Canadian statute. So do those words fully capture what, under Arizona, directors and officers are liable for? I don't know, and you'd have to do a cross-border law analysis.
But what I'm saying is, if my friend truly believes that release carves out this claim, then carve out the Patriot -- and I'm sure my friend for Nomad will say the Nomad -- proceedings from the release.
THE COURT: But there's no proceedings. You haven't claimed against the directors and officers, so it's hard to carve out a claim when you haven't claimed it.
CNSL L. WILLIAMS: Well, the liability under directors and officers under those proceedings. I mean, I don't profess to tell you --
THE COURT: They're not pleadings against the directors. I'll say it again.
CNSL L. WILLIAMS: Well, this isn't an Arizona court, and I'm not an Arizona lawyer.
THE COURT: Yes, I know, but I think -- well, all

right.
CNSL L. WILLIAMS: So in the US, it is the position that this has been properly pled as against the companies to pick up the directors and officers claimed as a matter of US law. If that's wrong, the US court is going to deal with it.
What you're being asked to do today under these releases is predetermine that the US court ought not look at that. You're going to release the ability to go after the directors and officers for something that is extant before the US court. If the US court says you can't go after directors and officers, fine. But you're being asked to predetermine something actively before the US court.
THE COURT: Well, but to the extent that it relates -- if such a claim exists -- and let's, for the sake of argument, say it doesn't affect your claim, to the extent that those claims existed prior to -- prior to July; right?
CNSL L. WILLIAMS: Yes, but the allegation in these claims is the conversion continued throughout the proceeding. That's why it's been filed in the US bankruptcy proceeding. So the allegation is the directors and officers have continued to participate in conversion.
THE COURT: All right.
CNSL L. WILLIAMS: So that matter remains extant.
Going to the approval, and when we talk about the foreign mains, et cetera, I think it's important to delineate, first of all, this court doesn't determine whether it's a foreign main; right? This court determines whether it's got jurisdiction under the *CCAA*, which is a much lower bar of simply there are business and assets in Canada.
THE COURT: Yes, but the US court has recognized this as a foreign main proceeding.
CNSL L. WILLIAMS: Yes, and think that under Chapter 15 of the *US Bankruptcy Code*, which, very similar to part 4 of the *CCAA*, entitles certain relief, which is essentially a stay of proceedings and a blocking on sale of assets.
THE COURT: M'mm-hmm.
CNSL L. WILLIAMS: It does not automatically entitle this court -- or obligate the US court to recognize orders for sales and, in fact,

section -- Chapter 15 of the *US Bankruptcy Code* specifically preserves the obligation of the US court to conduct a full analysis under section 363 of the bankruptcy code to deal with assets in the territorial jurisdiction of the US.

THE COURT: Right.

CNSL L. WILLIAMS: So here we're dealing with a US mine subject to US contracts, shares in a US company.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: And accordingly, it is going to have to go through a full analysis, as it would under a Chapter 11, in the US court.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: So our primary position is that this is different than, for example, *Grant Forest Products*, where you have an integrated sale process. *Grant Forest Products* is distinguishable for a host of reasons, including that Canada hadn't adopted the model law under it. It's not a model law decision.

But when we look at it, it was a sale of cross-border assets, and that's what this court is used to, selling businesses that are -- some of the assets are in Canada, some are in the US. If this court is the main proceeding, it approves it. It goes to the US, it goes through the analysis, it gets recognized there.

Here, in our submission, the assets are US assets. It is a US company. This is a sale of a US mine. The stakeholders are in the US. Their contracts are covered by US law.

THE COURT: It's a sale of shares, not a US mine. The mine is not being sold.

CNSL L. WILLIAMS: Well, it's a reverse vesting order, so yes, technically it's shares of the US company being sold with a whole bunch of relief in relation to the US assets.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: If this were truly a share sale, there would be no objection, because the US company would be keeping all of its obligations and everything would continue as is. This is a reverse vesting order, so yes, technically that moves it from an asset sale to a share sale, because we all know a reverse vesting order is really an asset sale dressed up another way to effect the benefits of an RVO. So I would submit

the share component is a minor component of an RVO transaction.

The -- so our primary submission, you ought not, and the SISP -- while the SISP may have contemplated -- and, as we noted at the hearing of the SISP, we'd just been retained -- contemplated a sale of, as my friend put it, kind of anything: investments, otherwise. It might have included the Canadian PubCo, might have included some of the other subsidiaries. There was no kind of limit on what the SISP was out looking for.

The SISP has returned a sale of one entity, one asset. It's the US asset. It's the Moss Mine. And we say, while the SISP contemplated --

THE COURT: It's not the mine. It's the shares.

CNSL L. WILLIAMS: It is technically the shares. It is really an asset sale of the mine, in our submission. But fine, it's the shares of a US company. The fact that it has been so limited, while the court has the ability, our submission is you ought not exercise your jurisdiction. You ought to say, this is a -- really a US sale; it ought to go to the US.

THE COURT: So what are you saying is limited?

CNSL L. WILLIAMS: The assets are limited. These are just -- we're just dealing with US assets. We're not dealing with --

THE COURT: Oh, I see.

CNSL L. WILLIAMS: -- an integrated, cross-border business, which would have been the case if somebody came and bought the parent.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: To the extent that the court is inclined to grant the order, we've set out at paragraph 12 what we would ask be included, either in the order or the reasons for the order: that the royalty interests, rights and related claims held by Patriot Gold -- and I assume Nomad is going to go the same thing -- against the petitioners are not affected. Instead, they'll be determined by the Chapter 15 court or the other US courts, as applicable, and that nothing in this court 's order seeks to predetermine what are properly matters before the US court, including, without limitation, the subject of the adversary proceedings.

I don't think my friend objects to that. I

think that's essentially what they've argued there. We don't think it's as clearly there as they've indicated.

THE COURT: M'mm-hmm.

CNSL L. WILLIAMS: But, were the court to grant it, we ask that that be clearly there so that the US court can take comfort that nothing has sought to usurp or limit its jurisdiction to fully review the sale under its applicable law.

The releases, I touched on. As I indicated, we have an active claim, which we say -- whether it's pled properly is a matter of US law. The releases ask you to predetermine what is actively before the Chapter 15 court. We say that should be determined on its merits.

THE COURT: What should be determined on its merits?

CNSL L. WILLIAMS: The claims -- the adversary proceedings, as they're called, the tortious action, et cetera.

THE COURT: Yes. Well, I don't think that's -- there's no objection to that, but that's not pled.

CNSL L. WILLIAMS: Well, there's no objection, I think, to the adversary proceedings, so much, but by releasing the directors and officers, you short circuit part of that claim. You predetermine that there is no claim against the directors and officers, which we say under Arizona, as pled, there is. So you are being asked to predetermine that and not leave that to the US court. You also are limiting any access to D&O insurance, which we know exists, because you're releasing the directors and officers.

You are also, as I indicated --

THE COURT: Well, just on that point, I should have, perhaps, asked Ms. Teasdale more directly, but usually the D&O insurance is sort of a safeguard there that exists already and that nothing in the releases are intended to affect that.

CNSL L. WILLIAMS: I don't see anything in the releases that carves out claims to be made against the D&O insurance or channels claims.

THE COURT: All right. Well, I'll ask Ms. Teasdale and perhaps the monitor to also opine -- give me a submission on that.

CNSL L. WILLIAMS: And then finally, under, as I indicated, section 5.1(2), if that truly carves out the adversary proceedings, then just carve out

the adversary proceedings, so we don't end up to whether words in a Canadian statute are broad enough to cover what is being pled in the US action and tortious conduct against directors and officers under Arizona law.

THE COURT: Well, you're not asking me to carve out a claim, because a claim doesn't exist. You're asking me to claim -- carve out any liability that might otherwise exist under Arizona law that has not been advanced. Isn't that -- is that more accurate?

CNSL L. WILLIAMS: I think you can say any claim that exists against the directors and officers as a result of the -- and we could put the claim details in it -- against the directors and officers in relation to the claims asserted in the United States bankruptcy court for the district of Arizona, in the pleadings filed in -- we've got the case number -- on the date; right? We could --

THE COURT: So it's the adversary proceeding, isn't it?

CNSL L. WILLIAMS: We've defined it as that in our response materials. I mean, you could very clearly carve out any claims against the directors and officers resulting from what is set out in those.

THE COURT: As a result of the adversary proceedings.

CNSL L. WILLIAMS: Yes.

THE COURT: Okay. All right.

CNSL L. WILLIAMS: Those are my submissions.

THE COURT: Thank you. Mr. Pinos, you seem to be the -- the most likely person to speak next, given that you're --

CNSL T. PINOS: I'm the nomad here.

THE COURT: You're the nomad, yes.

SUBMISSIONS RE SALE APPROVAL BY CNSL T. PINOS:

CNSL T. PINOS: I have -- I support Mr. Williams' submissions. I have one point to make that may be of assistance to the court in trying to practically draw the line between where this order stops and where the proceedings in the United States necessarily have to take over, and I'd like to refer you to paragraph 11 of the draft approval and vesting order. It's on the same page as the release language that you were looking at with

Ms. Teasdale earlier.
THE COURT: Yes.
CNSL T. PINOS: I don't have a binder page number. I just have a PDF page number.
THE COURT: Well, I've got it. I've got it.
CNSL T. PINOS: Okay. So if you look at paragraph 11, I think this is highly relevant to what you should do to paragraph 13 and in response to Mr. Williams' submissions. This paragraph says quite plainly:

> ... this Court specifically makes no finding as to whether the interests of Patriot or Nomad are interests in real property, and this Order is without prejudice to the determination of such issue by the United States Bankruptcy Court for the District of Arizona, including with respect to the positions of all parties.

Well, Patriot has told you that it is its position that the litigation as commenced in United States will reach out and grab the directors, if appropriate, under the conversion and trust claims, and if it's truly without prejudice to the positions of all parties, the court should ensure that paragraph 13 can't be misconstrued to block all or part of the potential claims of Patriot or Nomad in the United States.
And on that basis, in my respect -- and Ms. Teasdale made the argument that at least part of the release language could apply to liabilities with respect to the royalties of Patriot and Nomad; that's the administration and management of the petitioners during the course of these proceedings.
THE COURT: M'mm-hmm.
CNSL T. PINOS: From the standpoint of practicality, if the desire is to draw a line there and to avoid a US court litigating over the meaning of the words I've just cited to you, together with what the meanings of section 5.1(2) of the *CCAA* is and it's relevance to the proceedings in the United States, it would be my respectful submission that you adopt the suggested language of Mr. Williams and make it clear that nothing in section 13 affects the positions of all parties with respect to the

interests of Patriot or Nomad, and that otherwise this order is without prejudice to those interests.

Subject to any questions you have, that is my submission.

THE COURT: All right. Thank you, Mr. Pinos.

All right. Now, save for the monitor, of course, I think the only other person that spoke up earlier was Mr. Greenwood.

Mr. Greenwood, are you still there? All right. I'm not hearing Mr. Greenwood. Mr. Greenwood, you may have to unmute your phone, if you did that earlier.

H. GREENWOOD: Yeah. I'm there.

THE COURT: Oh, you're there. Okay, good.

H. GREENWOOD: Yeah.

THE COURT: Do you have anything to add, Mr. Greenwood?

SUBMISSIONS RE SALE APPROVAL BY H. GREENWOOD:

H. GREENWOOD: My only thought was needing to know more about -- it sounds like we have royalty claims and there seem to be conversion types, what happened to our royalties that would -- I just don't know what all these other people -- I don't know what those are filed as, adversary proceedings, or whatever. And in Arizona, I don't remember a deadline being set for bringing those actions. I thought everybody was stayed.

THE COURT: Yes. Well, as I understood Ms. Teasdale, Mr. Greenwood, that you -- that your claims against Golden Vertex are not being affected, and Ms. Teasdale is nodding; you may not be able to see her. But that the agreement specifically provides that your claims are not affected.

H. GREENWOOD: Okay. And I did not understand that to be -- as far as going forward, our royalties would be okay, you know, after this proceeding, but that the ones that have already been disappeared and nobody will tell us what they are, how it is, and who did it, and so it's -- you know, whether we will need to file some kind of adversary proceeding is up to the lawyers. But it sounds like that they're -- I assume when they sold, they had an old riding royalty that they had retained, and I don't know why that -- how that might be different than our royalty claim, where our

royalties were collected and then vanished. And I don't know who's responsible for that or where they went, or who did it, or whether it would come under some of the language reading about these officers and directors. Is it going to come back to D&O insurance or -- I mean, I didn't note any limitations, but it said all those --

THE COURT: Well, I think the answer -- Mr. Greenwood, I think the answer is, if you look at the sale agreement, section 2.1.3, and (a) provides that:

> Golden Vertex will be retaining --

It says.

> -- all liabilities in respect of Greenwood --

Which is you, I assume.

H. GREENWOOD: Right, yeah.

THE COURT:

> -- and all tenants in common of the Greenwood royalty burdening only the California Moss lot 37 patented claim.

H. GREENWOOD: Right.

THE COURT: And more particularly described in a schedule. So that sounds to me like you're not being affected.

H. GREENWOOD: That would be for a lawyer -- for, you know, my lawyer. I never could make sure what that was taking about and understood it was for the future, not for the past if they've already taken our money and done something with it.

THE COURT: Well, I don't know.

H. GREENWOOD: Anyway, I don't need -- I don't need to --

THE COURT: Yeah. I mean, it seems to me if your royalty claim is being preserved, then what royalties will be paid in respect to the future, I assume -- well, I don't know, but generally speaking, royalties work that if the mine is successful and they owe you some money as a result of those operations, then you get paid.

H. GREENWOOD: Right. But in the -- but are we going to get paid what they've already earned -- we've already earned in our royalties and never were paid? And I don't know where that money is or who

did it or where they -- who has it now and who's responsible for it being there, and that's all. And I don't -- I don't know if they have sufficient assets to cover all of these claims, along with ours. You know, that's --

THE COURT: I think the short answer, Mr. Greenwood, is they don't. They have more than -- more debts than, apparently, the assets are worth. That's why they're insolvent.

H. GREENWOOD: Yes, but --

THE COURT: That's why they're in this proceeding.

H. GREENWOOD: But, to some extent, our royalties shouldn't be their assets.

THE COURT: Well ...

H. GREENWOOD: They never owned our royalties.

THE COURT: Yes.

H. GREENWOOD: They just got -- when they were being processed and the royalties turned into gold and marketable, that's when the money disappeared.

THE COURT: Right.

H. GREENWOOD: I don't know. Anyway ...

THE COURT: Okay.

H. GREENWOOD: Okay.

THE COURT: All right. Okay, thank you, Mr. Greenwood.

H. GREENWOOD: Thank you.

THE COURT: All right. We'll take the lunch break now, and then, Mr. Jackson, you'll speak afterwards. Now, I think I'm on -- oh, I meant to check my schedule. I think I'm -- I think in my schedule I'm on at 2 o'clock. Is that correct, Mr. Clerk?

THE CLERK: It's 2 o'clock on the hearing list.

THE COURT: Sorry?

THE CLERK: It's 2 o'clock on the hearing list.

THE COURT: Okay. So we'll have to come back at 3 o'clock, then. But one of the things that, Ms. Teasdale, I'd like you to address is that issue about the insurance, and also what Mr. Williams says about the carve-out on the 5.1(2) issue, if you can address those specifically. And perhaps Mr. Jackson wants to address them also.

CNSL A. TEASDALE: I will. Thank you, My Lady.

THE COURT: All right. Thank you. I'll see you at 3:00.

THE CLERK: Order in court. This court is adjourned until 3:00 PM.

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Submissions re sale approval by Cnsl A. Teasdale

(PROCEEDINGS ADJOURNED FOR NOON RECESS)([12:31:06 PM])
(PROCEEDINGS RECONVENED)([3:01:55 PM])

THE CLERK: Recalling Elevation Gold Mining Corporation matter, Madam Justice.
THE COURT: Thank you.
Ms. Teasdale or Mr. Bedi, I understand you had a new sealing order --
CNSL A. TEASDALE: We did, yes.
THE COURT: -- that you handed up. I've already signed the other one, and I gave it back to you. Why don't you take just the -- I understand it's just the counsel list that's been updated. You can just insert that in the one that I --
CNSL A. TEASDALE: Sure.
THE COURT: -- that I signed.
CNSL A. TEASDALE: Yes.
THE COURT: I don't want to -- I'm not going to sign two orders.
CNSL A. TEASDALE: That's fine. We --
THE COURT: And have them floating around.
CNSL A. TEASDALE: -- just didn't want to replace the back page without you knowing about it, so --
THE COURT: Yeah. No, that's fine.
CNSL A. TEASDALE: -- we thought we'd raise that.
THE COURT: That's fine.
CNSL A. TEASDALE: All right. Thank you.

SUBMISSIONS RE SALE APPROVAL BY CNSL A. TEASDALE:

CNSL A. TEASDALE: So you had asked two questions of me -- or you wanted me to address two things before we broke, and so I will address those two things right now.
THE COURT: M'mm-hmm.
CNSL A. TEASDALE: Oh, yes. Mr. Williams, I believe, has a quick response to you -- to your question that you'd asked.
THE COURT: Yes, Mr. Williams.
CNSL L. WILLIAMS: Over the break, I was able to get further clarification on the Arizona proceedings in terms of why the -- those two adversary claims are pled that way.
THE COURT: M'mm-hmm.
CNSL L. WILLIAMS: And my understanding is that, in the court there, you plead it as it pled now, against

the companies, and if there's a finding of conversions, if you're successful in conversion or the other tortious conduct, you then either add or proceed against the directors and officers.

THE COURT: Oh, I see. Okay.

CNSL L. WILLIAMS: And I understand that that is a normal practice.

THE COURT: Is it the directors? Is it the directors or the officers or both?

CNSL L. WILLIAMS: Both.

THE COURT: Both? Okay.

CNSL L. WILLIAMS: And the case we had -- I can take you to it -- basically says directors can be liable in certain circumstances, officers and others, and it's fact-dependent.

THE COURT: Okay, thank you.
Ms. Teasdale.

CNSL A. TEASDALE: Thank you, Justice.
So you asked me to address two things: First was the question of whether the order as drafted contemplates a carve-out for claims covered by D&O insurance; and the second question was about section 5.1(2) of the *CCAA* and whether the types of claims here are covered by that section.
So starting with the second question first, section 5.1(2), my submission is that that issue doesn't necessarily have to be decided today. The short answer is that the release may release some of Patriot's and Nomad's claims. That is -- that's just the fact of the matter and, as I submitted earlier, those claims are speculative, in our submission, and therefore the releases can be granted notwithstanding those claims.
With respect to --

THE COURT: Those are those ones during the -- since July, since --

CNSL A. TEASDALE: That's right.

THE COURT: -- the initial order was granted; is that right?

CNSL A. TEASDALE: Yes.

THE COURT: I think that's what you said before.

CNSL A. TEASDALE: Yeah, that's right. And so -- and then that sort of leads into the second point on director and officer insurance.
So the order, as drafted, does not contemplate a carve-out for claims covered by D&O insurance where those claims are also covered by a

release. Obviously if the release doesn't purport to cover a claim that is covered by D&O insurance, that's not an issue. So really just talking about, again, that narrow group of claims that happened during the *CCAA* pleadings.

And so my submissions on that are this.

THE COURT: Well, you're proposing to release them.

CNSL A. TEASDALE: Yes.

THE COURT: Right?

CNSL A. TEASDALE: And so for those claims, at the time those claims would have arisen, the company was under the supervision of the monitor, and it was under the jurisdiction of two courts: this court and the court in the United States. And I wanted to point out that, as well, the initial -- the amended and restated initial order, which I've handed a copy of through Mr. Clerk to you, it says two things that I think are relevant: In paragraph 10(a) it says:

> The petitioners are directed to make --

THE COURT: Okay. What are you referring to now?

CNSL A. TEASDALE: The amended and restated initial order.

THE COURT: Well, okay.

CNSL A. TEASDALE: And so paragraph 10(a).

THE COURT: Yeah, m'mm-hmm.

CNSL A. TEASDALE: It says that:

> The petitioners are directed to make no payments of principal on account of amounts owing to its creditors as of the order date.

And paragraph 7(b) says -- so that's going back. The petitioners are entitled -- not required, but entitled -- to pay expenses. And I'm not sure this is necessarily characterized as an expense, but to the extent it is --

THE COURT: This is in what paragraph?

CNSL A. TEASDALE: 7.

THE COURT: Oh, 7.

CNSL A. TEASDALE: On page 3.

THE COURT: Yeah. Expenses, yeah.

CNSL A. TEASDALE: And then 3(b) -- or 7(b) is:

> All obligations incurred by the petitioners

after the order.

So this order is, in effect, saying, don't pay things after the order date. You don't -- or rather, you don't have to pay things after the order date.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: You're entitled to, but you're not obligated to.

And so my point there is it doesn't seem, then, fair to tag the directors with liability for essentially doing what they're permitted to do by an order of this court under the supervision of the monitor. And so, in my submission, those claims can and should be released, and it's not -- it does not seem appropriate for that to be -- to run against the directors in that circumstance.

And I also suspect that Maverix, the primary secured creditor of the petitioners, would have had a real issues with the petitioners paying Nomad and Patriot, particularly when the nature of their claims was in dispute. And so I think all of that is pertinent to the issue of whether or not the directors and officers would be entitled to --

THE COURT: But these are for post-filing obligations, right, in 7(b)?

CNSL A. TEASDALE: Yes, that's correct. But claims for conversion that occurred during -- during the proceedings would be covered by that small part of the carve-out, the romanette (iii), and so would be part of these post-filing obligations.

THE COURT: M'mm-hmm.

CNSL A. TEASDALE: So -- and I guess the larger point is Patriot and Nomad had notice of the comeback hearing for the amended and restated initial order, and they did not raise that in these proceedings. And so the directors and officers have proceeded on the basis of the orders of this court under the supervision of the monitor, with no expectation that Patriot would then -- or nobody would then come out of the woodwork later and say, well, wait a second; you weren't supposed to do that; we're going to sue you for taking those steps in the course of these proceedings. And that doesn't, to me, seem appropriate or just at all.

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If the court is inclined to include a carve-out, I do have some submissions on language we would accept, but I will leave that for later.

THE COURT: All right. Thank you.

CNSL A. TEASDALE: Those are my submissions. Thank you.

THE COURT: Mr. Jackson?

SUBMISSIONS RE SALE APPROVAL BY CNSL K. JACKSON:

CNSL K. JACKSON: Sorry, Justice. I wanted to clarify one point. In the interests of time, I'm going to keep this fairly brief and, given how things have gone today, I think I understand things that might assist the court a little bit in terms of the monitor's view.

You did ask earlier if the monitor supported the transaction, and it does. The monitor's -- you know, the thrust of the report being this was a significantly robust process. Like, it's gone on from pre-filing for a long time and during the actual *CCAA* proceedings with a court-approved sales process. There were multiple parties engaged. There were multiple offers. This was and remains the best offer that's come before the court and -- during the process that arose during the process, and the monitor is satisfied that it is the -- it is the best offer that can be obtained in the circumstances.

I think the thing that -- maybe just to make clear on this -- and my friend Mr. Bish touched on this -- Maverix has a first-ranking secured claim, as far as we know, I should say. We know it has a secured claim against the Canadian assets. There are opinions that the monitor's obtained that Maverix's lien is valid, perfected, enforceable against the trustee in Canada and in the US.

Now, Mr. Bish said that there is an opinion that it was first-ranking. You appreciate that counsel for the court's officers don't give opinions on priority generally; it's just as to validity. But what we -- what is said in the monitor's report is that we know of no claims which rank in priority. We've heard of no assertion of a claim which ranks in priority. I will pause there to say that we appreciate that Patriot and Nomad have asserted interest in land,

well, that's different, because that's not a security interest; that's just a property interest to be determined. But if they don't have one, their claim wouldn't rank in priority.

So the amount of Maverix's claim is significant, and it is -- it dwarfs the purchase price, as I think the court will be aware, having received the unredacted version of the purchase and sale agreement. And so, in the circumstances, given their security, given the amount of their claim, this is all facilitating a transaction, which really is no prejudice to any party. The assets being conveyed are shares, over which they have security. They have security over the assess of GVC, or Golden Vertex, and, to the extent that any of those assets are being retained for the benefit of creditors -- that would be cash and cash equivalents, you'll recall, which will be held in Elevation Gold -- everyone's claims attach to them in the same priority as they have today.

And so when we say there's no prejudice, apart from the fact that Maverix has this massive secured claim both sides of the border, there's still the fact that these funds, the proceeds and any cash and any other assets that come up from Golden Vertex, it's all going to be preserved for a period of time before any distribution is made. And while we said that so far we've heard of absolutely no claims which would purport to rank ahead of Maverix, there is a process, a 30-day -- the distribution order which my friend will speak to, no doubt, shortly, the contemplation is that it will be held for a period of time to see if anyone does assert a claim, and there's a concept baked in there about how funds being reserved for such claims, if there are any advanced and not resolved.

So this is all very much a without -- sort of -- prejudice result here. There's nobody who could be complaining that somehow this is an inappropriate transaction or that somehow the order that's going today is going to prevent them from being able to assert a claim to proceeds.

I point out one other thing, which I think may be -- it's in the materials, but it may not have been clear. It goes a little bit to the jurisdiction and discretion of this court today.

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The asset that's being sold, as the court has noted, are the shares of GVC, which are owned by Elevation. Those shares are in Canada. They're actually in the physical possession of Maverix.

THE COURT: Yes, Ms. Teasdale said that.

CNSL K. JACKSON: Did she say that? Well, that shows how much I was listening. Apologies, Justice, and to my friend Ms. Teasdale. So you have that point. Okay, very good.

And finally, I mean, my friend Ms. Teasdale said that this court must approve the transaction. By that I take it it's not that you're bound to do so; it's more that it's appropriate that this court grant the order and approve the transaction. It would be very strange in the context of a Canadian main proceeding, where the sale process was undertaken in this proceeding under the -- with an order of the court and under the observation of the court, for this court not to approve the very transaction that comes forward, which was contemplated but the SISP. It would be -- I think it would be unusual to say that this court makes no determination on the approval of the sale and defers that entirely to the US court.

Now, that's not to say that, by making an order approving the transaction today, the US court must, having recognized this is a main proceeding, adopt that, necessarily, and recognize it, necessarily. The point that has been raised is that, in Chapter 15, notwithstanding that this proceeding may be the main proceeding, that that court still has a duty to undertake a section 363 analysis.

Now, without conceding that to be true, that may well be contested, but, irrespective, if the US court has to do that, it can do that, and nothing in the order would purport to suggest otherwise. And so I think the idea is it leaves that issue open for the US court. If, in fact, as Patriot would urge upon the court, or Nomad, the US court must do that analysis, it can still do that analysis. And so I think that's the expectation of all parties, is that there's no ask of this court to bind that court with some sort of order that would prevent them from undertaking whatever analysis they must do. That's all.

So, Justice, I'm not sure I think I have much

more in relation to that. The only thing I point out is, in just turning to the draft order, which -- at tab 2, paragraph 11, my friend had raised -- sorry, my friend Mr. Williams for the -- sorry, I'll give you a moment.

THE COURT: Yes.

CNSL K. JACKSON: Yes. My friend Mr. Williams had raised this idea that there was some language necessary to preserve rights for Patriot, and I think they would say Nomad as well. And so we had -- you know, I think when we were going through one of the orders, one of the things that was suggested between counsel for the petitioners and counsel for the monitor was to address that head on. We recognize there is a determination to be made in the US proceeding around the nature of the claims of Patriot and Nomad, and the intention is not to have this order somehow suggest that that process is derailed or otherwise affected by it.

And so there is language baked in at paragraph 11 about not making any finding about the interests of Patriot or Nomad, and that the order is without prejudice to the determination of that issue.

Now, so I think that answers a lot of it. The only thing -- the only thing it doesn't address is Mr. Williams', I think, comment that, what about the adversary proceedings that were commenced in the US, the ones attached to the affidavit where they claim against the company for conversion and all the other things.

THE COURT: M'mm-hmm.

CNSL K. JACKSON: And he says this order shouldn't prejudice those either. And I don't disagree with that. I'm not sure what language needs to be wordsmithed to address it, except one thing. I think the determination of those claims is one thing -- of those proceedings, the outcome of those proceedings. I think there's a secondary point, which is, you know, what the effect of that determination is ultimately.

I think that that may be something which is -- I think it's, in other words, enforcement of any such claim. Once determined, the enforcement of it, what to do with it. If there's a determination made in the US, what are the rights

vis-à-vis the assets, the proceeds?
And so I think -- I think if it's going to have an additional bit of language to address that, it should say "the determination of those claims, but not enforcement," something along those lines. It occurs to me that we want to be -- as we do sometimes is we say, you're stayed from enforcing, but you can have your claim determined.
So I think there has to be some recognition of that, if there is to be --

THE COURT: Well, I think the point, though, by Mr. Pinos was that the release in 13 would be the enforcement. In other words, whether it's determined to be -- whether they're determined or not to be liable in the US proceedings, then if I grant what's in paragraph 13, the directors would say, well, it doesn't matter; it was released by Fitzpatrick. That's, I think, the interplay between these issues that was raised by Mr. Williams --

CNSL K. JACKSON: Right.

THE COURT: -- and Mr. Pinos.

CNSL K. JACKSON: Right. And I was thinking more of the claims against the company that are in the -- in the adversary proceedings.

THE COURT: Well, no, I think the focus was on the D&Os.

CNSL K. JACKSON: Very well.

THE COURT: Under paragraph 13.

CNSL K. JACKSON: If they're satisfied that paragraph 11 is sufficiently -- is a sufficient carve-out --

THE COURT: Yes, I didn't -- I didn't understand that that was the issue.

CNSL K. JACKSON: Okay.

THE COURT: It was in relation to 13 that was the issue.

CNSL K. JACKSON: Very good. In that case, then, it's a perfect segue into my final point, which is to deal with the releases.

THE COURT: Yes.

CNSL K. JACKSON: Two things. One, the release, as currently drafted, which the monitor supports, has the potential to release claims against directors and officers which might arise from the adversary proceedings, the ones that we're talking about

now, those two claims that were filed that Mr. Williams has clarified how it works. It may. It may well do that. I say "may" because there is still the 5.1(2) carve-out, which deals with, just to use the exact language -- which deals with claims based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct.

And so, I suppose, if they could say that this constituted wrongful or oppressive conduct, then the claims may not be released, but that, I would say, could be determined on another date. And so I say this: The release is supported by the monitor. It may release those claims, depending on how 5.1(2) is interpreted in relation to those claims.

Now, why is the monitor supportive of this? In its report, which is at tab 17, Justice.

THE COURT: M'mm-hmm.

CNSL K. JACKSON: It's at page -- it's very small type at the very bottom. It's page 25 of 29, so towards the end. Just section 4.0 sub -- or paragraph 3, I suppose.

THE COURT: Yes. M'mm-hmm.

CNSL K. JACKSON: Thank you. So the monitor notes this:

> The directors and officers and the released parties have made significant contributions to the continued operations of the petitioners' business during these proceedings and have contributed to and were integral in the conduct of the SISP, including facilitating due diligence to the completion of the transaction to the benefit of all stakeholders. The monitor notes the releases are consistent with those granted in other *CCAA* proceedings.

It's -- I don't think anybody is complaining about a release which concerns the sale process and the transaction or anything like that. It's all about this potential for claims -- tortious claims against the directors and officers, which would only be during the *CCAA* proceedings.

If you look at the monitor's comment, they made contributions to the continued operations of

the petitioners' business during these proceedings. And what could that mean? Well, it's the -- I'm going to say this word wrong, because I haven't yet got it right -- beneficiation -- do you recall that term?

THE COURT: I got it right.

CNSL K. JACKSON: You know what I'm trying to say. I'm going to try it one more time.

THE COURT: I got it right, and you got it wrong. Beneficiation.

CNSL K. JACKSON: There. Thank you, Justice. I won't try it myself. I'll leave it at that. That process.

THE COURT: I can't believe I remembered that.

CNSL K. JACKSON: Right. Better than I.

So that process was the process -- that was the only operations, really, that were undertaken during these proceedings, which was the continual, I suppose, leaching of the ore that was on the leach pad in Arizona. That and the sale of the -- of the gold that was generated from that process is what contributed to the liquidity to facilitate the continued operations, as they were, through the process, the payment of professionals, the sale process, everything else.

That was known to everyone that this was happening. That was known that that was how this was all being funded. The monitor had commented that that was -- absent that, there was going to be a need for DIP financing, and it wasn't necessary, because that carried on.

Now, that -- that process is where -- that relates to the claims by Patriot and Nomad. They would say, some of that ore was ours, and so you -- that's where the constructive trust concept comes up. We had -- that was our ore. You -- you turned it into cash. That was our ore turned into cash, the trust flows through; you, directors and officers, took it.

The monitor's point in all of this is these directors and officers carried out that process transparently, openly, to the knowledge of the court and every party, and nobody stood up and said, don't do that because some of that is our money. Not once. And I think -- you know, taking -- stepping back for a second. Part of the reason these releases are granted where there's a

successful outcome -- we can debate measures of success, but success could be a plan; it could also be a transaction, as we have here -- is that it encourages those directors and officers to stick around, and if they act honestly and transparently and do what they've told to everyone, and no one objects, we shouldn't later be punishing them with some sort of claim that comes along and said, well, yeah, you did it, but we're still going to claim against you for that during this process. And so I think, from the monitor's perspective, that goes to its comment about facilitating continued business operations.

I'll stop on that point, because I note the time, and the last thing that I say is the monitor is supportive of a carve-out for insured claims. So if there are claims which any party has against directors and officers at any time which are covered by insurance, they should be able to pursue those claims to the limit of that insurance.

There was some discussion over the break as a result of the proceedings prior to where Ms. Teasdale did put around some language which had previously been proposed and removed, but then was tweaked again. The monitor's made clear in those discussions that it would support the inclusion of that language, and I think that would address at least some of the concerns expressed today by Patriot and Nomad, and, to the extent that comes up, I think Ms. Teasdale has some suggested language for that, but the monitor would support the inclusion of that.

THE COURT: All right. And what about Mr. Williams' suggestion in paragraph 12 of his response about the -- I suppose this is a sort of belt and suspenders to what's already in paragraph 11 about that without-prejudice type of language.

CNSL K. JACKSON: Right. So that was -- that was my point on -- I think that was the paragraph 11 point. I wasn't sure if he was saying it needed additional language or whether that was sufficient. Because, you know, paragraph 11 clearly preserves the positions and rights of Patriot and Nomad in relation to their claims vis-a-vis whether they have a royalty interest. My concern was -- is that Mr. Williams -- or my

observation was, I should say -- was that Mr. Williams might be asking for some additional language to deal with those other proceedings, which aren't specifically about the determination of the nature of the claims, but the adversary proceedings around constructive trust. And, as I said in response to those, I think that's fair. Those are expected to be determined in the US proceeding, as they should be. My only point being, I think, the determination of those claims is one thing, but the stay should apply to the enforcement of those claims.

And so when it talks about -- when Mr. Williams' language is rights, it's a question of how far those rights go. I think -- I think the determination of what those claims might be is the important step at this stage, and so I think we just have to be careful to ensure that it doesn't overreach, in the sense that it -- it has an unintended consequence, depending on the outcome of that. So that's why I say it's all about the determination of the claims, not the enforcement at this stage.

THE COURT: Well, I think paragraph 11 deals with interest in real property, so --

CNSL K. JACKSON: Only that one.

THE COURT: -- I take it Mr. Williams' paragraph 12 is more expansive than that --

CNSL K. JACKSON: Agreed.

THE COURT: -- in relation to all of those claims, and what I think you're saying to me is that that type of expansive language can also be put in, which deals with the determination issue, not the enforcement issue.

CNSL K. JACKSON: I think that would -- I mean, I don't -- I don't think there could be any objection to that, because there's no expectation that the US court should be somehow prevented and the parties should somehow be prejudiced from having that dealt with.

THE COURT: Okay. All right.

CNSL K. JACKSON: Thank you, Justice.

THE COURT: Thank you.

Anything to add, Ms. Teasdale?

CNSL A. TEASDALE: No, Justice. Mr. Jackson has covered the points that I would otherwise --

THE COURT: I'm sorry?

CNSL A. TEASDALE: Pardon me. Mr. Jackson has covered the points you would otherwise make. Thank you.
THE COURT: Okay. All right. Thank you.

[ORAL REASONS FOR JUDGMENT RE SALE APPROVAL]

CNSL A. TEASDALE: Thank you very much, Justice. Did you want us to briefly address the distribution order and the enhanced powers order?
THE COURT: Yes. I'm assuming you're not going to have a form of order for me to sign today.
CNSL A. TEASDALE: No. We'll have to make those changes.
THE COURT: Right. Okay.
CNSL A. TEASDALE: Thank you very much, Justice. Mr. Bedi is going to speak to -- briefly speak to distribution and the enhanced powers order.
CNSL L. WILLIAMS: Justice, if I could just ask quickly, on the form of order, I assume it dispensed with service. I'd just ask if there be a direction that we get to see a red-line before it's brought back up.
THE COURT: Oh, yes, of course. I just assumed that happens all the time, Mr. Williams. But certainly if there's any dispute about the wording, then that can be brought back to be -- to be addressed.
CNSL A. TEASDALE: Yes, we'll send a copy, obviously, before it is submitted. Thank you.
THE COURT: Yes. All right.

SUBMISSIONS RE DISTRIBUTION BY CNSL A. BEDI:

THE COURT: So Mr. Bedi, you're dealing with the distribution order?
CNSL A. BEDI: Yes. I will be --
THE COURT: I haven't looked at that.
CNSL A. BEDI: I'll be as brief as I possibly can as well --
THE COURT: All right.
CNSL A. BEDI: -- given the time.
THE COURT: That's at tab 4, I think. Yes.
CNSL A. BEDI: It is almost 3:50. So the petitioners are seeking an order authorizing and empowering the monitor to distribute proceeds arising from the transaction.
THE COURT: Yes.

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CNSL A. BEDI: The form of the order we seek is attached to the notice of application as schedule D, or at tab 4 of the application record as well.
THE COURT: Yes.
CNSL A. BEDI: So I'll quickly walk you through a few things.
So paragraph 3 of the distribution order provides that:

> If no party makes a written notice -- or provides a written notice of a priority claim within 30 days from the date on which the monitor's certificate is filed, the monitor may distribute proceeds from the sale of the purchased assets to Maverix, subject to the monitor holding back proceeds to satisfy any obligations which may be incurred by the petitioners to the conclusion of these proceedings as the monitor deems appropriate at its sole discretion.

Paragraph 4 speaks to what happens when the monitor receives one or more written notices of a priority claim within a 30-day period.
THE COURT: M'mm-hmm.
CNSL A. BEDI: It basically provides that the monitor may distribute sale proceeds to Maverix, provided that it, at all times, retains enough of the sale proceeds to pay in full any amount of the unresolved priority claims pending resolution of those particular claims.
THE COURT: M'mm-hmm.
CNSL A. BEDI: And paragraph 5 provides that:

> The distributions made under this order shall be made free and clear of any claims or encumbrances and shall be binding on any trustee in bankruptcy or receiver.

So section 11 of the *CCAA* provides the court with a broad discretion to make an order that it considers appropriate in the circumstances. This court has the authority under section 11 to make an order to distribute proceeds to secured creditors without a plan of arrangement or compromise in situations where there is a

shortfall to secured creditors and with no assets available to unsecured creditors as well.

The mechanisms in the distribution order ensure that no party with a claim against the proceeds will be prejudiced by the distribution order as well. I would respectfully submit that it's reasonable and appropriate for the court to exercise its discretion and approve the distribution order.

Subject to any questions you may have, those will my submissions.

THE COURT: Well, this is sort of a very abbreviated claims process, Mr. Bedi, essentially. How does -- and maybe Mr. Jackson could address this. My concern in this type of an order is, like, how do you really make it known to everyone that this is what they need to do, rather than having it in an order that doesn't necessarily tell everybody, you know, like, warning signs. You know, if you -- you know, you have this timeframe. Do you see what I'm saying?

CNSL A. BEDI: Yes, I understand the concerns.

THE COURT: Do you have any --

CNSL K. JACKSON: I'm happy to address that.

THE COURT: Mr. Jackson?

SUBMISSIONS RE DISTRIBUTION BY CNSL K. JACKSON:

CNSL K. JACKSON: Justice, we did turn our minds to that a bit, and I'm going to borrow a bit from our usual process in, you know, other sale -- sale approvals in *CCAA*s and receiverships where we do get distribution orders, generally on application with notice to the service list.

THE COURT: Right.

CNSL K. JACKSON: On the expectation that anybody who's interested in this, you know, by now will have had sufficient opportunity and notice to step forward and realize that it might be affected by the proceedings. There's a bit of comfort to be taken from the fact that this process has been going on for a while, that there's a service list. You know, there's publication of it, mail-outs to creditors.

You know, in other words, if somebody thought they were going to be prejudiced or affected by this process in any way, they should have stepped

up by now. So there's a bit of that.
THE COURT: M'mm-hmm. And it goes by email, the distribution?
CNSL K. JACKSON: The distributions of the initial materials on the mail-out of the --
THE COURT: Well, I mean, you know, if I grant this order, will it be just posted on the service list?
CNSL K. JACKSON: So the -- right, so that -- so now more specifically, in relation to this order, if granted, it will be sent to the service list, of course. It will be posted on the monitor's website, of course, and I understand -- and we have US counsel that can nod their head vigorously if I get this right or shake it if I get it wrong -- is that in the US there's a much -- when we seek recognition of this, there's a much broader notice to -- it's just more stakeholders generally. There's a list of creditors that would generally get notice.
So I'm just going to stop and look at the TV and make sure I'm not overstating that. I'm getting a thumbs up from --
THE COURT: Okay. So that follows from the certificate, which is post closing then; right?
CNSL K. JACKSON: Right. And so -- and so the idea being that persons will get notice of this order by distribution in the US to a much broader category of -- which is where we expect the general trade creditors and such would be.
So I think, with all of those safeguards, we were satisfied that we would hear, if we haven't already, from someone who thought they might have an interest that would be in priority to that of Maverix.
THE COURT: M'mm-hmm. Okay.
CNSL K. JACKSON: Thank you, Justice.
THE COURT: All right. Thank you.
Does anyone else wish to make submissions with respect to the distribution order?
Mr. Williams?
CNSL L. WILLIAMS: I'll just address is there's a suggestion of nobody is making a priority claim in the last set of submissions. We are planning to make a priority claim. We don't have a problem with the order.
THE COURT: Oh, okay.
CNSL L. WILLIAMS: Just we will be making a claim in

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Submissions re enhanced powers by Cnsl A. Bedi

accordance with that process.

THE COURT: Okay. All right. Duly noted.
Anyone else? No? All right.
Ms. Teasdale, I think that leaves one order left, the enhanced powers order.

CNSL A. TEASDALE: Yes, it does. Mr. Bedi will also be speaking so that order.

THE COURT: Oh, I'm sorry. You've got the distribution order, and that's vetted, I see.

CNSL A. TEASDALE: Yes. Thank you.

THE COURT: Just for the record, then, I'm signing the distribution order on the bench.

CNSL A. TEASDALE: Thank you very much, Justice.

THE COURT: Thank you. All right. And the enhanced powers order.

CNSL A. TEASDALE: Thank you.

SUBMISSIONS RE ENHANCED POWERS BY CNSL A. BEDI:

THE COURT: And I think you said this was because the directors are heading for the hills. Is that right, Mr. Bedi?

CNSL A. BEDI: That is correct. The directors and officers intend to resign after the conclusion of the transaction, so that necessitates this particular order.

After the directors and officers resign, there will be certain tasks required to complete these proceedings, including attending to various administrative matters, dealing with the distribution of proceeds, winding up the petitioners' estates and attending to all other matters required to bring the *CCAA* proceedings to a close.

Now, the form of enhanced powers order is contained at schedule B of the notice of application or, I believe, tab 6 of the application record, and this is a vetted copy in front of you as well, I believe.

THE COURT: M'mm-hmm.

CNSL A. BEDI: So paragraph 3 contemplates that:

> When the monitor's certificate appended to the AVO is filed, the monitor will be empowered and authorized to ...

Do various things, including:

> ... dealing with all administrative matters, taking steps to manage, operate and carry on the business of the petitioners, taking steps to administer the petitioners' restructuring, preserving, protecting and maintaining control of the property, executing agreements, prosecuting or defending any proceedings involving the petitioners, dealing with any creditor of the petitioners and sell any property without court approval in one transaction not exceeding $500,000 or $1 million in the aggregate.

Paragraph 5 of this particular order provides:

> The petitioners and former directors and officers, employees, agents, shareholders and advisors shall cooperate with the monitor.

And paragraphs 6 and 9 deal with the liability of the monitor, and paragraphs 10 to 13 in particular deal with the monitor's environmental liabilities.

I'd like to hand up one thing very quickly, if I may. It is a part of the *CCAA* and one case as well. So section 23(1)(a) of the *CCAA* states:

> The monitor shall ... carry out any other functions in relation to the company that the court may direct.

Courts have used this provision liberally in order to assign functions and powers to monitors that go beyond investigating and reporting to the court.

I'd like to turn to the case that's part of that package as well. It is *Inca One Gold Corp.* It is referenced in our notice of application as well.

THE COURT: I think I'm familiar with that case.

CNSL A. BEDI: For the record, the citation is 2024 BCSC 1478.

THE COURT: M'mm-hmm.

CNSL A. BEDI: And in particular, I'd like to draw your attention to paragraph 36 first, which talks about how:

> [Enhanced] powers can be granted by the court

pursuant to s. 23(1)(k) of the *CCAA* or pursuant to s. 11 of the *CCAA*.

As well. And in particular, at paragraph 39 of the case, the court reviewed other matters in which the monitor was granted enhanced powers. Most of these matters deal with instances where directors and officers of petitioners -- or a petitioner -- resigned, essentially.

In this instance, as we've already mentioned, the directors and officers of the petitioners intend to resign after closing. In light of these pending resignations, we submit that it is necessary, appropriate and in the best interests of the stakeholders to grant the enhanced powers order.

Subject to any questions you have, those are my submissions.

THE COURT: How many directors are there, Mr. Bedi?

CNSL A. BEDI: Pardon?

THE COURT: How many directors are there?

CNSL A. BEDI: There are two officers. The exact number of directors escapes me. If you give me one moment, I can look for that.

There are five directors of Elevation Gold in particular.

THE COURT: M'mm-hmm.

CNSL A. BEDI: That is set out at paragraph 12 of the first affidavit of Mr. Swendseid. That's at tab 7 of the application record.

THE COURT: I see that, yeah. M'mm-hmm.

CNSL A. BEDI: And Mr. Swendseid is the only director of the subsidiaries.

THE COURT: I see.

CNSL A. BEDI: Sorry, Mr. Jackson has pointed out to me that at paragraph 2 of this particular affidavit, Mr. Swendseid also swears that he is the sole director of Eclipse Mining, Eclipse Gold, Golden Vertex, Golden Vertex Idaho Corporation, so each of the subs.

THE COURT: Is he the sole director of Elevation?

CNSL A. BEDI: No, so the directors of Elevation Gold are listed at paragraph 12 of his affidavit.

THE COURT: Oh, I see. The five directors.

CNSL A. BEDI: Yes.

THE COURT: Yes. And they're all still in place, then; right?

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Order re enhanced powers

CNSL A. BEDI: I believe so.
THE COURT: Okay. All right.
CNSL A. BEDI: Thank you.
THE COURT: Thank you.
Before I turn to Mr. Jackson, any other submissions by anyone? I'm not hearing anything, Mr. Jackson.
CNSL K. JACKSON: Just, not to -- nothing to really add. The supplemental report of the monitor says that they appreciate the need for this and are happy to take on the -- take on the duty.
THE COURT: Okay. Thank you.
Well, I am satisfied that this is appropriate. It seems to me that we need someone at the helm, and the directors are anticipated to be resigning at the conclusion of the transaction.
Ms. Teasdale or Mr. Bedi, this order that you've handed up to me doesn't appear to be vetted.
CNSL A. TEASDALE: Apologies, My Lady. We will find it.
THE COURT: Oh, actually, I had some that you handed up earlier, so maybe it's --
CNSL A. TEASDALE: Perhaps we can just slip-sheet the appearance list again, like we did -- like we will do for the sealing order.
THE COURT: No, this one is not vetted either.
CNSL A. TEASDALE: Hmm.
THE COURT: Just a minute. Maybe this one. Third time lucky. This one is -- I've found the vetted one.
CNSL A. TEASDALE: Okay. I think I have another one here.
THE COURT: All right. And I assume, if you're amending the counsel sheet, then just change it.
CNSL A. TEASDALE: We'll just slip-sheet it. Okay.
THE COURT: And Mr. Bedi, you're not even listed here as counsel, so you're not getting any credit on the formal order.
CNSL A. TEASDALE: Oops. That's what juniors are for, My Lady. No, I'm kidding.
THE COURT: All right. I've signed the enhanced powers order on the bench, then, and that can go there.
All right.
CNSL A. TEASDALE: Thank you very much, Justice. We really appreciate your time today.
THE COURT: Thank you, counsel. Oh, and then I am going to return to you these very large affidavits

on the service issue, because I --
CNSL A. TEASDALE: Yes, thank you.
THE COURT: And I'm going to return, too, your book of authorities too.
CNSL A. TEASDALE: All right.
THE COURT: I don't think I need that.
All right. Well, good luck with everything, and Merry Christmas or happy holidays to those, if I don't see you again.
CNSL K. JACKSON: Thank you, Justice.
CNSL A. TEASDALE: Thank you, Justice.
THE CLERK: Order in chambers. This chambers is adjourned.
THE COURT: Oh, Ms. Teasdale, if you're coming back -- well, Mr. Jackson knows my schedule for the next three days, so you can ask him when I'm available before court or during court. Okay?
CNSL A. TEASDALE: Thank you very much, My Lady.

(VIDEOCONFERENCE CONCLUDES)([4:03:13 PM])
(PROCEEDINGS CONCLUDED)([4:03:13 PM])

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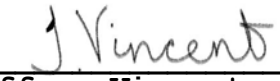
Reporter certification

REPORTER CERTIFICATION

I, certify that proceedings from timestamp 10:03:20 AM to timestamp 4:03:13 PM, inclusive, are a true and accurate transcript of these proceedings, recorded on a sound recording apparatus, transcribed to the best of my skill and ability in accordance with applicable standards.



Tiffany Vincent, AR
Authorized Reporter

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This is Exhibit "F" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10th, 2025.

Commissioner for Taking Affidavits for British Columbia

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: ELEVATION GOLD MINING CORPORATION, *et at.* Debtors in a Foreign Proceeding.	Proceedings Under Chapter 15 Case No. 2:24-bk-06359-EPB (Jointly Administered) Case Nos. 2-24-bk-06364-EPB 2-24-bk-06367-EPB 2-24-bk-06368-EPB 2-24-bk-06370-EPB 2-24-bk-06371-EPB **OBJECTION OF NOMAD ROYALTY COMPANY LTD. TO MONITOR'S MOTION FOR POST-RECOGNITION RELIEF UNDER 11 U.S.C. SECTION 1521 AND/OR 1507 AND ENFORCEMENT OF CANADIAN SALE AND DISTRIBUTION ORDER** Hearing Date: December 23, 2024 Hearing Time: 11:00 a.m.

Nomad Royalty Company Ltd. ("Nomad") hereby objects to the *Motion For Recognition and Enforcement of Canadian Sale and Distribution Order* [ECF No. 110] (the "Motion") filed by KSV Restructuring Inc., as the monitor (the "Monitor") of Elevation Gold Mining Corporation ("Elevation Gold") and certain subsidiaries and affiliated debtors before the Supreme Court of British Columbia, Vancouver Registry (the "Canadian Court"). As set forth more fully in the accompanying Memorandum of Points and Authorities, the Motion seeks improper relief and must be denied.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Nomad is the holder of a royalty interest (the "Royalty") in the "Moss Mine", which is owned and operated by debtor Golden Vertex Corp. ("GVC", and together with Elevation Gold, the "Debtors"), pursuant to a series of assignments, as evidenced by various publicly recorded documents, including a recorded deed in the official records of Mohave County, Arizona.

GVC is a closely held Arizona corporation, with its primary place of business in Mohave County, Arizona. Elevation Gold contends it owns 100% of the equity interests in GVC, that such equity interests are certificated, and that the stock certificates have been pledged in favor of, and are currently possessed by, Elevation Gold's pre-petition secured lender. The Monitor seeks to include a sale of GVC's equity interests in a reverse-vesting transaction. But the proposed transaction is no mere stock sale.

The Monitor has sought and obtained a reverse-vesting order from the Canadian Court (the "Reverse Vesting Order") authorizing in Canada a far-reaching transaction that effectively reorganizes multiple debtors. The Monitor has requested that this Court enter an order "giving effect to the [Reverse Vesting] Order in the United States." The consequences of such an order of this Court would include significant inter-debtor transfers of assets and liabilities, a comprehensive restructuring of the debtor-creditor relationships of both Debtors, the dismissal of GVC from the Canadian CCAA proceedings but inexplicably ongoing litigation by or on behalf of GVC by the Monitor against Nomad and Patriot Gold Corp. ("Patriot") in this Court, a injunction in favor of GVC, and broad releases in favor of the Debtors' officers and directors, related third parties, and post-petition management, who, as Nomad and Patriot have credibly asserted, committed conversion or wrongful appropriation of funds attributable to Nomad and Patriot's respective royalty interests.

As discussed below, the law does not countenance the Debtors' desired result, particularly as it relates to Nomad's (and other royalty holders') rights and valuable property interests. The Motion is improper and must be denied.

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II. FACTUAL BACKGROUND

A. Nomad's Royalty Interest

1. The Moss Mine is a gold and silver leach extraction mine encompassing approximately 64 square miles in the Oatman District, Mohave County, Arizona.

2. On or about March 4, 2004, Patriot Gold Corp. ("Patriot Gold"), acquired the Moss Mine from Minquest Inc. ("Minquest"). As part of the sale of the Moss Mine to Patriot, Minquest was granted a royalty interest in the Moss Mine.

3. As detailed at length in Nomad's First Amended Complaint in adversary proceeding no. 2:24-ap-00252-EPB, Nomad is the successor of Minquest with respect to such royalty interest and currently holds and owns the Royalty as a real-property interest.

4. Patriot eventually sold the Moss Mine to debtor GVC and was granted a royalty interest in the Moss Mine. Patriot's royalty interest is also the subject of a separately pending adversary proceeding regarding the nature of Patriot's royalty as a real-property interest.

5. In an email dated December 12, 2023, GVC acknowledged that as of October, 2023, it owed Nomad $841,875 on account of the Royalty for the period of May, 2022–October, 2023. GVC's calculation, however, did not include any 3% Royalty component calculations and inappropriately applied a 0.5% royalty to one of the patented claims subject to the Royalty, resulting in a mistaken calculation in GVC's favor by at least $108,730. Nomad is actually owed at least $950,605 for that time period.

6. GVC later reversed position and contended that it owed Nomad nothing. Nomad disputes GVC's bad-faith change in position and estimates the Royalty amount currently owing to Nomad is at least $1.5 million, all as set forth in the First Amended Complaint in the pending adversary proceeding.

7. The Royalty amounts continue to accrue, and the cash attributable to the Royalty collected by GVC constitutes the property of Nomad. As Nomad's counsel has made clear in open court, conversion of Nomad's funds is an intentional tort and potentially a crime in Arizona, and the managers, officers, and directors of GVC are liable for such

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conversion. To the extent the buyer of GVC perpetuates such conversion, GVC and its new principals too would be liable for such wrongful conduct.

B. The Proposed Reverse-Vesting Transaction

8. The Moss Mine is owned by GVC, an Arizona corporation with its primary place of business in Mohave County, Arizona. Elevation Gold contends that it owns 100% of the equity interests of GVC.

9. The proposed reverse-vesting transaction is no mere stock sale. It is a complete reorganization of the Debtors in contravention of fundamental U.S. bankruptcy policies.

10. Pursuant to the proposed reverse-vesting transaction: (i) Elevation Gold would transfer the stock certificates of GVC to the proposed buyer, EG Acquisition LLC; (ii) all other equity interests in, and related contracts and rights with respect to, GVC would be "deemed canceled for nominal consideration" [ECF No. 1101-a at 5, p.5 of 10]; (iii) all the liabilities of GVC would be transferred to Elevation Gold, except for certain "GVC Retained Liabilities"; (iv) certain "GVC Residual Assets," including bank accounts, cash, and other assets, would be transferred to Elevation Gold for no consideration; (v) GVC would cease to be a petitioner in the Canadian insolvency proceedings and would be "deemed released from the purview of all orders of [the Canadian Court]" but apparently somehow would remain a chapter 15 debtor in this Court for purposes of litigation with Nomad and Patriot [ECF No. 110-2 at 6, p.100 of 109]; and (vi) the Monitor would replace the officers and directors of Elevation Gold and GVC and somehow continue "to prosecute the litigation filed in this Court seeking a determination of the nature of the interests held by Patriot Gold Corp. and Nomad Royalty Company Ltd.," even though GVC would be owned by a non-debtor third party and dismissed from the Canadian CCAA proceedings [ECF No. 121 at 3].

11. With respect to the rights of Nomad and Patriot as royalty holders, the purchase agreement provides that the royalty obligations owed to Nomad and Patriot are "GVC Retained Liabilities" to be acquired/assumed by the buyer, except "to the extent

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vested off or disclaimed" pursuant to the Canadian Reverse Vesting Order, or if GVC prevails in the pending adversary proceeding,[1] "any Claim, Encumbrance, or Liability in respect of the Nomad Agreement" would be "disclaimed and deemed to form part of the GVC Residual Liabilities" transferred to Elevation Gold. [ECF No. 110 at Ex. B, § 2.1.3; ECF No. 132 at Ex. C, § 4(c)]

12. In addition, the "present and former directors and officers of the Petitioners" and the Monitor and the investment banker, along with their present and former employees, counsel, and advisor, would receive broad releases of "any and all present and future claims . . . based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place" prior to closing in connection with the sale, the Canadian CCAA proceedings, or the "administration and management of the Petitioners during the course of these proceedings," except claims based on gross negligence or willful misconduct. [ECF No. 110 at Ex. B, § 13] Although the conversion claims should fall within the exception for "gross negligence or willful misconduct," the Monitor filed with this Court on Saturday certain papers and transcripts from the Canadian Court proceedings suggesting that the Monitor seeks complete absolution and general releases for all misconduct occurring during the pendency of these cases.

13. In short, the proposed reverse-vesting transaction is anything but a traditional sale. It is a far-reaching reorganization of the Debtors and effectively a *sub rosa* chapter 11 plan, complete with the reallocation of assets and liabilities, inter-debtor transfers, defined distributions to creditors, third-party releases, and (puzzling) transfers of litigation rights.

[1] How this Court would have ongoing jurisdiction if the proposed transaction closes is not explained by the Monitor and is legally inexplicable. As discussed above and more fully below, GVC would be dismissed as a petitioner in the Canadian CCAA proceedings, and Nomad (and likely the U.S. Trustee's Office) would seek dismissal of GVC's chapter 15 case. Accordingly, any litigation between Nomad and GVC would no longer be even remotely "related to" its chapter 15 cases. Nomad reserves all rights with respect to these issues.

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14. On December 3, 2024, the Monitor filed with the Canadian Court its *Notice of Application (Approval and Vesting Order)* and supporting affidavit, seeking approval of the proposed reverse-vesting transaction described above.

15. On December 5, 2024, the Monitor filed the Motion, which was a contingent request for the recognition and enforcement of the Reverse Vesting Order, to the extent the Canadian Court actually entered such order.

16. On December 17, 2024, the Canadian Court held a hearing on the Monitor's request for the Reverse Vesting Order.

17. On December 19, 2024, the Canadian Court entered the Reverse Vesting Order.

18. On December 20, 2024, U.S. counsel for Nomad first received a copy of the order upon its filing in this Court by U.S. counsel for the Monitor. [ECF No. 132-3]

19. For the reasons set forth herein and based on the record before the Court and any additional arguments or evidence presented to the Court in connection with this matter, Nomad objects to entry of an order recognizing and enforcing the Reverse Vesting Order in the United States.

III. LEGAL ARGUMENT

The Monitor seeks comprehensive relief at odds with the Bankruptcy Code and fundamental U.S. bankruptcy policy. The Court should decline the Monitor's invitation to recognize the Reverse Vesting Order. Indeed, based on Nomad's research, such a decision would be among the first orders, and perhaps *the first* order, by a U.S. bankruptcy court recognizing and enforcing a contested Canadian reverse-vesting transaction in a chapter 15 case.

A. The Reverse-Vesting Transaction Violates Fundamental Bankruptcy Policy and Should Not Be Recognized.

Although the reverse-vesting transaction is not necessarily new, "until a few years ago, it was neither commonly used nor really considered to be a viable option" in Canadian CCAA proceedings. *See* Bradley Wiffen, "Reverse Vesting Transactions: An Innovative

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Approach to Restructuring" in Janis P Sarra *et al*., eds., *Annual Review of Insolvency Law 2018* (Toronto: Thomson Reuters, 2019) at 150. Thus, "the structure has not been the subject of significant judicial commentary to date or material opposition by affected stakeholders." *Id*.

Nomad found no reported U.S. decisions recognizing a Canadian reverse-vesting order when objections were raised. *See generally In re Goli Nutrition, Inc*., 2024 WL 1748460, 2024 Bankr. LEXIS 973 at *4 (Bankr. D. Del. April 23, 2024) ("I must emphasize, however, that I do not know how I would rule on a similar reverse vesting transaction if there were objections. So, I cannot stress enough that the order I enter should not be cited in future motions [as support for recognition of reverse-vesting order]."). And for good reason. As explained below, reverse-vesting transactions are fundamentally at odds with U.S. bankruptcy policy and creditors' rights.

Similar in many ways to a "divisive merger" and the controversial "Texas Two Step" in the U.S., a typical reverse-vesting transaction contemplates the following: (i) the selling debtor authorizes and issues new shares of its own stock, which the buyer purchases, (ii) the selling debtor redeems, terminates, and cancels all current outstanding shares of its stock, (iii) a new Canadian entity is created, often referred to as a "ResidualCo" or "GarbageCo", (iv) various excluded assets and excluded liabilities are transferred by or "vested out" of the selling debtor into GarbageCo, (v) GarbageCo is added as a debtor in the CCAA Proceedings; (vi) the selling debtor exits CCAA proceedings; and (vii) releases are provided. *See generally Goli Nutrition*, 2024 Bankr. LEXIS 973 at *4. Here, the Monitor seeks to achieve the same result without forming a new entity, by using the parent-level debtor already in CCAA proceedings and in chapter 15 as its ready-made GarbageCo.

The Monitor erroneously argues that recognition of this novel and extraordinary transaction is proper under 11 U.S.C. §§ 1521 and 1507. The Monitor fails to identify which subsection of section 1521 purportedly justifies U.S. recognition and enforcement and merely argues in sweeping terms that "the Court may grant a foreign representative broad relief." Motion at 8. Certainly nothing in section 1521 contemplates, much less

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expressly authorizes, the approval and recognition by a U.S. bankruptcy court of the comprehensive restructuring of multiple debtors through a reverse-vesting transaction. As discussed below, such recognition is wholly improper and violative of 11 U.S.C. § 1506.

With respect to section 1507, the Monitor contends in conclusory fashion that the reverse-vesting transaction complies with the requirements of section 1507(b), but ignores that the gratuitous transfers to Elevation Gold of GVC's cash and accounts—at least some of which is claimed as Nomad's Royalty—and other "Residual Assets" constitute "dispositions" and "distributions" that violate Nomad's state-law rights and the Bankruptcy Code. *See* 11 U.S.C. § 1507(b)(3) and (4) (additional assistance to the foreign representative requires the prevention of "preferential or fraudulent dispositions of property of the debtor" and that distributions must be "substantially in accordance with the order prescribed by this title").

The Monitor also ignores section 1506, which provides that a U.S. bankruptcy court need not take any action in assistance to a foreign representative "if the action would be manifestly contrary to the public policy of the United States." The reverse-vesting transaction at issue contravenes fundamental bankruptcy policy, including (i) the prohibition against *sub rosa* plans under the guise of a "sale" transaction, (ii) inter-debtor transfers of assets and liabilities without consideration and outside of a joint plan of reorganization, (iii) the prohibition against non-consensual third-party releases, (iv) the gratuitous use, sale, or transfer of property (*viz.* GVC's cash and accounts) that is subject to disputed ownership, (v) the implementation of a distribution scheme outside of a plan and without regard to creditors of specific debtors, and (vi) the "sharing" of claims and defenses between the buyer and the Monitor/Debtors, and/or the creation of legal standing from whole cloth for the Monitor to pursue litigation claims held by a "sold" entity that is not properly in bankruptcy. Indeed, the reverse-vesting transaction as a whole is disqualifying under section 1506, as demonstrated by the repeated rejection of its controversial state-law analogue, the "Texas Two Step," in the U.S. *See, e.g.*, *In re LTL Mgmt., LLC*, 64 F.4th 84,

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109 (3d Cir. 2023); *In re LTL Mgmt., LLC*, 2024 WL 3540467, at *4-5 (3d Cir. July 25, 2024).

Of particular note, to the extent the third-party releases could be argued (i) to affect GVC's liability for unpaid Royalty claims to Nomad or Nomad's prospective Royalty rights, or (ii) to insulate managers, officers, directors, or others who controlled the Debtors at any relevant time from Nomad's claims for conversion and other causes of action relating to the taking and expenditure of funds attributable to the Royalty, the releases render the reverse-vesting transaction improper and violative of the fundamental policies articulated in *Harington v. Purdue Pharma, L.P.*, 603 U.S. ___, 144 S.Ct. 2071 (2024). *See also In re Continental Airlines*, 203 F.3d 203, 211-14 (3d Cir. 2000) (a chapter 11 plan that enjoined plaintiffs' actions against the debtor's directors and officers who "ha[d] not formally availed themselves of the benefits and burdens of the bankruptcy process," violated section 524(e) of the Bankruptcy Code).

Here, even accepting *arguendo* the Monitor's specious arguments that the *Purdue* court did not base its landmark decision on fundamental policy grounds, it is clear that broad, non-consensual releases in favor of managers, officers, directors, and other non-debtor third parties would "severely impinge the value and import" of a U.S. statutory right that protects creditors by preserving their claims for wrongful conduct by non-debtors. Indeed, nonconsensual, third-party releases not only violate section 524 but also raise significant constitutional concerns, include Nomad's and other stakeholders' rights under the Fifth Amendment (the right to their "day in court") and the Seventh Amendment (the right to a jury trial). Granting comity under these circumstances would "severely hinder United States bankruptcy courts' abilities to carry out . . . the most fundamental policies and purposes of these rights." *In re Vitro, S.A.B de C.V.*, 473 B.R. 117, 132 (Bankr. N.D.Tex 2012).

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B. Even if the Reverse-Vesting Transaction Could Be Approved, the Monitor Has Failed to Demonstrate Entitlement to Relief under 11 U.S.C. § 363.

As a fallback position, the Monitor argues that "[t]o the extent GVC's transfer of the Residual Assets to Elevation Gold is a 'use or sale' of GVC's property, § 1520(a)(1) provides the authority to approve that transfer by making § 363 applicable to these cases as foreign main proceedings." Motion at 8, ¶ 12. The transfer of GVC's assets to another entity obviously is a "use or sale" of GVC's property outside the ordinary course of business. What else could it be? In any event, as discussed below, the fundamental problem with the Monitor's position is that the Motion utterly fails to demonstrate any entitlement to relief under section 363.

Moreover, the section 363 issues do not start and end with the transfer of the "Residual Assets." The Monitor apparently also seeks this Court's blessing with respect to the sale of GVC's stock and the cancellation and extinguishment of all of GVC's other equity interests and related contracts and rights "for nominal consideration" [ECF No. 1101-a at 5, p.5 of 10]. Although the Monitor and Maverix Metals Inc. [ECF No. 128] spill considerable ink arguing that the stock certificates are physically located in Canada and, therefore, are purportedly beyond the reach of this Court's section 363 analysis, their arguments, while misplaced,[2] miss the point. Various aspects of the proposed reverse-vesting transaction indisputably involve the transfer of GVC's assets, which are indisputably located in Mohave County, Arizona, the United States of America. The reverse-vesting transaction is a house of cards that collapses on itself if the undisputed U.S.-based aspects of the "sale" are not approved under section 363, and on this record, they simply cannot be.

Section 1520 of the Bankruptcy Code provides that "sections 363, 549, and 552 apply to a transfer of an interest of the debtor in property that is within the territorial

[2] The equity interests are in an Arizona limited liability company. As Maverix acknowledges, such interests are intangible assets endemic to the state of organization and are, accordingly, subject to independent analysis under section 363.

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jurisdiction of the United States ***to the same extent that the section would apply to property of an estate***." 11 U.S.C. § 1520(a)(2) (emphasis added). This mechanism is automatic and mandatory. The U.S. court presiding over a chapter 15 case thus has *in rem* jurisdiction over a debtor's assets in the United States, and the U.S. bankruptcy court—not the court presiding over the foreign main proceeding—has the independent obligation to ensure section 363 of the Bankruptcy Code is satisfied before approving transfers of assets. *See In re Fairfield Sentry Ltd.*, 768 F.3d 239 (2d Cir. 2014) (chapter 15 imposes certain requirements that "act as a brake or limitation on comity," and the plain language of section 1520(a)(2) is one such break).

A sale or use of property outside of the ordinary course of business can be approved only if: (i) a sound business purpose exists, (ii) the sale price is fair, (iii) adequate notice has been provided and (iv) the sale was properly negotiated and proposed in good faith. *See In re Hernandez*, 2023 WL 8453137, at *12 (B.A.P. 9th Cir. Dec. 6, 2023). Here, the Monitor has failed to provide any admissible evidence of adequate business judgment. In addition, Nomad and other creditors have no way to determine whether the overall sale price is fair, as that information has been sealed, and the Monitor has refused to provide it to Nomad and Patriot, despite written request and a stated willingness to enter into an appropriate confidentiality agreement or protective order.

The proposed "sale" of the Residual Assets from GVC to Elevation Gold is completely gratuitous and, therefore, not adequately priced by any standard. The transfer of "Residual Assets" is also part of a transactional structure that improperly determines all issues for these debtors, almost exclusively for the benefit of the senior secured creditor and the professionals, *see In re Dewey Ranch Hockey, LLC*, 414 B.R. 577, 592-93 (Bankr. D. Ariz. 2009) (attempts to determine plan, claim, and distribution issues "in connection with the sale will be improper and should result in a denial of the relief requested"), which potentially calls the good faith of the transaction into the question.[3]

[3] Nomad has not had an opportunity to conduct discovery regarding the issues raised by the Monitor's proposed transaction but observes that Geoff Burns, the long-time chair of the board of directors of Maverix Metals Inc., until the acquisition of Maverix by Triple

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Moreover, Nomad asserts an ownership interest in at least a portion of the cash in the accounts to be transferred gratuitously from GVC to Elevation Gold. Because the Debtors have not refuted Nomad and Patriot's ownership interests in such funds, GVC's funds cannot be transferred or sold to Elevation Gold under section 363 of the Bankruptcy Code, even ignoring the failure of consideration for such transfer. *In re Silver Beach, LLC*, 2009 WL 7809002, at *6 (B.A.P. 9th Cir. Nov. 3, 2009) ("Before the bankruptcy court may authorize a sale under authority of section 363(b)(1), the court must determine whether the estate actually has an interest in the property to be sold."); *In re Orchid Child Prods.*, BAP CC-23-1011-FLS, 14 (B.A.P. 9th Cir. Sep. 7, 2023) (similar); *see also In re Air Beds, Inc*., 92 B.R. 419, 422 (B.A.P. 9th Cir. 1988) ("[T]he bankruptcy court abused its discretion because the order allowing the distribution of the sale proceeds allows the debtor to circumvent the provisions of the Bankruptcy Code for the administration of a case under Chapter 11.").

C. Manufactured Standing of the Monitor in the Adversary Proceedings is Improper and without Valid Legal Basis.

Although the Reverse Vesting Order now contains language clarifying that Nomad's and Patriot's rights, claims, and interests "shall not be affected by [the Canadian Court's] approval of the Sale Agreement or the Transaction," [ECF No. 132-3 at 7, ¶ 11], the Monitor purports to need, and has requested by separate motion, expanded powers for the purpose of, among other things, "[c]ontinuing to prosecute the Determination Motions." [ECF No. 121 at 4, ¶ 3(d)].[4] The determination motions have been withdrawn by GVC, but Nomad

Flag in 2023, and board member of Triple Flag thereafter, was a director of debtor Elevation Gold until June 2023. The schedule of payment obligation agreements [ECF No. 1102 at 79-80, pp.83-84 of 109] reflects significant transactions with Maverix that appear to have occurred during Mr. Burn's simultaneous, conflicting service on the two boards. In addition, a flurry of apparent lending transactions occurred in the one year prior to the chapter 15 filings. Creditors currently have no visibility into these circumstances, which potentially impact the good faith analysis and certainly merit further inquiry.

[4] The motion for recognition of the Canadian order expanding the Monitor's powers is not yet set for hearing, and Nomad reserves all rights to oppose such motion at the appropriate time. It is referenced here only to the extent the Motion at issue presupposes expanded powers as part of the reverse-vesting transaction.

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assumes the Monitor intends to manage GVC in defense of the pending adversary proceedings. To the extent the Monitor or any of the current chapter 15 debtors purport to control GVC in such litigation after a sale of GVC to a third party, recognition of the Reverse Vesting Order is improper and must be denied.

Under the purchase agreement and as stated in the Motion, GVC's liabilities to Nomad for the Royalty constitute "GVC Retained Liabilities" that the purchaser inherits upon acquisition of GVC's stock. [ECF No. 110 at 3 ("Under the revised Sale Agreement, GVC's agreements with [Patriot and Nomad] will not be affected by the transaction and will remain with GVC.")]. The transaction also contemplates the dismissal of GVC from the Canadian CCAA proceedings [ECF No. 132-3 at 6, ¶ 7], which should result in the dismissal of GVC's chapter 15 case. Accordingly, GVC, which would be owned and controlled by a new non-debtor purchaser, and Nomad would need to litigate their dispute in a non-bankruptcy court of competent jurisdiction. The Monitor may not manufacture standing for itself to prosecute the adversary proceeding on behalf of an entity owned and controlled by a third party. This arrangement would result only in the Monitor and its professionals being paid more professional fees to prosecute an adversary proceeding for the benefit of a single credit, Maverix Metals Inc.

IV. JOINDER

Nomad hereby joins the arguments and authorities of Patriot in its objection to the Motion and incorporates them herein by reference, and reserves its rights to join other objections, arguments, and authorities at oral argument and any subsequent hearings on this matter.

V. CONCLUSION

For the foregoing reasons, Nomad respectfully requests that the Court enter an order denying the Motion in its entirety and granting to Nomad such other relief as the Court deems just and appropriate under the circumstances.

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DATED this 23rd day of December, 2024.

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s/ Paula Shanahan

This is Exhibit "G" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 18th, 2025.

Commissioner for Taking Affidavits for British Columbia

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: ELEVATION GOLD MINING CORPORATION, et al., Debtor in a Foreign Proceeding.	In Proceedings Under Chapter 15 Case No. 2:24-bk-06359-EPB Jointly Administered with: Case No. 2:24-bk-06364-DPC Case No. 2:24-bk-06367-BKM Case No. 2:24-bk-06368-MCW Case No. 2:24-bk-06370-EPB Case No. 2:24-bk-06371-DPC **PATRIOT GOLD'S OBJECTION TO MOTION FOR RECOGNITION AND APPROVAL OF CANADIAN REVERSE VESTING ORDER** Date: December 23, 2024 Time: 11:00 a.m. Location: Telephonic

This Objection (the "**Objection**") is filed by Patriot Gold Corporation ("**Patriot Gold**"). Patriot Gold hereby objects to the *Motion For Recognition And Enforcement Of Canadian Sale And Distribution Order* [Dkt. 110] (the "**Recognition Motion**") filed on December 5, 2024 in the above-captioned Chapter 15 cases (collectively, the "**Chapter 15 Case**") by KSV Restructuring Inc. in its capacity as the Monitor (the "**Monitor**") for the Chapter 15 Debtors in the Chapter 15 Case (collectively, the "**Debtors**"). In the Recognition Motion, the Monitor requests that this Court recognize, give full force and

effect to, and make binding on all United States assets and United States creditors of the Debtors a sale and reverse-vesting order (the "**Reverse Vesting Order**") entered by the Canadian Insolvency Court (the "**Canadian Court**") in the pending Canadian insolvency proceeding involving the Debtors (the "**Canadian Proceeding**").[1] The Monitor filed in this case the Reverse Vesting Order for which he seeks recognition only on December 20, 2024. *See Notice Of Filing Orders Of The Canadian Court* [Dkt. 132] at Exhibit "B" [Dkt. 132-2].

I. INTRODUCTION.

Pursuant to a Royalty Deed (the "**Royalty Deed**") duly recorded in the real estate records for Mohave County, Arizona, Patriot Gold was granted and holds a real property interest in the minerals and proceeds generated therefrom at the Moss Mine located in Arizona (the "**Arizona Mine**"). The Arizona Mine is owned by GVC, which is an Arizona corporation. The Debtors have challenged Patriot Gold's rights and interests under the Royalty Deed in the Chapter 15 Case, and they have failed to pay the royalties owned by, and payable to, Patriot Gold under the Royalty Deed on both a pre-petition and post-petition basis. In total, GVC has wrongfully withheld and retained royalties owned by Patriot Gold that total in excess of $1.7 million.

In light of these disputes, including, without limitation, the Debtors' ongoing conversion of Patriot Gold's property both prepetition and postpetition, Patriot Gold initiated an Adversary Proceeding [Adv. No. 2:24-ap-00253-EPB] (the "**Adversary Proceeding**") against the Debtors for declaratory judgment regarding its royalty interests, and for related relief regarding Patriot Gold's rights to the proceeds generated from its mineral interests, including claims for an accounting, turnover, constructive trust, and conversion. The Adversary Proceeding is pending before the Court. In addition to the claims already asserted in the Adversary Proceeding, Patriot Gold holds potential claims

[1] The Chapter 15 Debtors include Elevation Gold Mining Corporation, a Canadian holding company ("**Elevation Gold**"); Golden Vertex Corp., an Arizona corporation ("**GVC**"); and Golden Vertex (Idaho) Corp., a Nevada corporation ("**GVC Idaho**").

against the Debtors' directors, officers, and management employees (if a conversion of Patriot Gold's property is found and they directed the Chapter 15 Debtors in this regard), as well as potential claims against third-party recipients of converted funds (including, among others, the Debtors' alleged secured creditor Maverix). All of these claims are governed solely by United States law.[2]

It is within this context that the Monitor requests recognition of the Reverse Vesting Order. The Monitor (along with the Debtors and Maverix) have tried to frame the various transactions approved by the Reverse Vesting Order (the "**Subject Transactions**") as "just a stock sale" by Elevation Gold of its stock ownership in GVC.[3] In substance, however, the Subject Transactions approved by the Reverse Vesting Order are far more than a simple stock sale. In addition to the sale of Elevation Gold's ownership interest in GVC to Buyer (*see* Reverse Vesting Order, ¶4(e)), the Reverse Vesting Order provides, among other things, for:

a. a discharge of many of the creditor claims against GVC in favor of GVC (*see* Reverse Vesting Order, ¶¶ 4(a), 6(b) and 6(j));

b. subject to the entry of a "Patriot Determination Order" by this Court, a discharge of all of Patriot Gold's claims against GVC in favor of GVC (*see* Reverse Vesting Order, ¶¶ 4(b), 6(c) and 6(j));

c. a permanent injunction barring GVC creditors (including Patriot Gold) from asserting or pursuing the discharged claims against GVC (*see* Reverse Vesting Order, ¶ 6(g));

d. a direct transfer of certain United States assets of GVC (the "GVC Residual Assets" defined in the Reverse Vesting Order), including the

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[2] The Debtors have also disputed the interests asserted by a separate royalty holder at the Arizona Mine – Nomad Royalty Company, Ltd. ("**Nomad**"). Like Patriot Gold, Nomad has also filed an adversary proceeding against the Debtors for enforcement of its royalty interests, and the Nomad adversary proceeding also remains pending before this Court as Adv. No. 2:24-ap-00252-EPB. Patriot Gold and Nomad are referred to herein collectively as the "**Royalty Holders**." The Adversary Proceeding filed by Patriot Gold and the adversary proceeding filed by Nomad are referred to herein collectively as the "**Adversary Proceedings**."

[3] Among other things, the Reverse Vesting Order provides that the Agreement of Purchase and Sale Between Elevation Gold Mining Corporation and EG Acquisition LLC dated as of December 2, 2024 (the "**Sale Agreement**") is approved. The Monitor filed under seal an unredacted copy of the Sale Agreement at Dkt. 114. EG Acquisition LLC is referred to herein as "**Buyer**."

transfer of GVC's pre-sale closing cash, accounts receivable, and rights to proceeds from mineral extraction (all of which are subject to the ownership, constructive trust, and conversion claims of the Royalty Holders) from GVC to Elevation Gold (*see* Reverse Vesting Order, ¶¶ 4(d) and 6(e));

e. an assumption and assignment of the discharged claims against GVC (the "GVC Residual Liabilities" defined in the Reverse Vesting Order) by and to Elevation Gold (*see* Reverse Vesting Order, ¶¶ 4(d) and 6(f));

f. a third party Buyer to take over ownership and management of GVC upon the closing of the Subject Transactions;

g. non-consensual releases of the Debtors' directors, officers, and employees from liability for all acts during the pendency of these cases (during which the Debtors continued their conversion of the Royalty Holders' property) (*see* Reverse Vesting Order, ¶¶ 13 - 16);

h. the dismissal of GVC (then controlled by Buyer) from the Canadian Proceeding upon closing of the Subject Transactions (*see* Reverse Vesting Order, ¶ 7); and

i. that the Monitor will control and make all decisions for whatever Debtor entities remain in this Chapter 15 Case, presumably including (i) decisions regarding distributions of the assets transferred out of GVC as part of the Subject Transactions, and (ii) decisions regarding continued litigation with Patriot Gold and Nomad in the Adversary Proceedings pending in this Court even though GVC will no longer be a Debtor. (*See* Reverse Vesting Order, ¶ 6(f); *Order Made After Application (Enhanced Powers Order)* [Dkt. 132-4], ¶ 3).

The related Distribution Order of the Canadian Court (the "**Distribution Order**"), which the Monitor also asks the Court to recognize, provides that 100% of the proceeds paid by Buyer under the Sale Agreement will, after a 30 day objection period, be distributed to the Debtors' alleged secured creditor – Maverix Metals, Inc. ("**Maverix)**, except only for amounts reserved for payment of the Monitor's and Debtors' professionals. *See* Distribution Order [Dkt. 132-2]. In short, the Reverse Vesting Order and Distribution Order together provide for a complete and case dispositive non-consensual transfer and restructuring of the assets and liabilities of the purely United States entity GVC for the sole benefit of the Monitor's and Debtors' professionals and their alleged secured creditor Maverix.[4]

[4] Taken together, the Subject Transactions pursuant to the Reverse Vesting Order and the Distribution Order are very much like the confirmation of a Chapter 11 plan combined with a sale

The Canadian Court recognized that it does not have the power to alter or affect the rights, claims, or interests of Royalty Holders Patriot Gold and Nomad, and the Reverse Vesting Order includes an express ruling that all such rights, claims, and interests are not affected. *See* Reverse Vesting Order, ¶ 11. However, this alone does not address the larger issue that the Subject Transactions do impact the Royalty Holders' claims and interests. Moreover, the Bankruptcy Code provides expressly that a Canadian Court cannot dictate transfers and restructures of United States assets; only this Court can make a determination regarding transfers of United States assets, and that it must do so by applying a *de novo* analysis of whether the proposed transactions satisfy the requirements of Bankruptcy Code § 363 *as it would apply in any Chapter 11 case*. *See* Bankruptcy Code § 1520(a). Even the Canadian Court recognized that the Subject Transactions were "unusual", and made clear that it was not attempting to make or pre-judge whether the transactions could pass muster under Bankruptcy Code § 363 or other applicable bankruptcy law, and it made "no comment on whether the US court will undertake that type of analysis or any other type of analysis and what that outcome might be – that is within the jurisdiction and discretion of the US Bankruptcy Court . . .". *See Oral Reasons for Judgment* [Dkt. 136-1], at ¶¶ 8 and 15. The Subject Transactions under the Reverse Vesting Order clearly do not pass the test for a Section 363 sale.[5]

In all events, if the Court determines it will give any recognition to the Reverse Vesting Order, any such recognition should be conditioned on the following, all of which are required to ensure that the Subject Transactions in fact do not alter or affect the rights of Patriot Gold (and Nomad) as the Canadian Court directed in its Reverse Vesting Order:

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of substantially all assets of an operating debtor (here, GVC), including permanent discharge of the claims against the operating debtor.

[5] In its Objection to the Reverse Vesting Order (the "**Nomad Objection**"), Nomad discusses at length the various reasons that it is not proper for this Court to recognize the Reverse Vesting Order or to approve the Subject Transactions at all. As discussed below, Patriot Gold joins in the Nomad Objection.

1. Any recognition order by this Court should expressly adopt and confirm the Canadian Court's express ruling that, notwithstanding any contrary provision of the Reverse Vesting Order, none of the Royalty Holders' rights, claims, or interests under their respective royalty deeds or agreements, including their rights in the minerals at the Arizona Mine and their proceeds and all of their other rights and claims asserted in the pending Adversary Proceedings, are altered or affected in any way, and are fully preserved as rights, claims, and/or interests enforceable against GVC and other parties.

2. Any cash, receivables, rights to proceeds from mineral production, or other assets transferred from GVC to Elevation Gold as part of the Subject Transactions (i) shall constitute "cash collateral" due to the interests asserted by the Royalty Holders and shall remain subject to all asserted or potential claims and/or interests of the Royalty Holders, (ii) shall be segregated, preserved, and accounted for by the Monitor and the Debtors (*i.e.*, typical cash collateral protections will be applied), and (iii) shall not be consumed, used or disbursed in any way by the Monitor or the Debtors pending further order of this Court, after the determination of all claims, rights and interests asserted by the Royalty Holders in such funds have been made by this Court.

3. Any potential claims that the Royalty Holders hold against third-parties, including, among others, the Debtors' directors, officers, and/or employees, or other third-party recipients of potentially converted funds or otherwise, are not affected or altered in any way, and any third-party releases contained in the Reverse Vesting Order shall not be effective or operative with respect to any of the Royalty Holders' respective claims or interests.

II. JOINDER IN NOMAD OBJECTION.

Patriot Gold hereby joins in the arguments and authorities of Nomad stated in the Nomad Objection and includes same by reference herein. *See Objection of Nomad Royalty Company Ltd. to Monitor's Motion For Post-Recognition Relief Under 11 U.S.C. Section 1521 And/Or 1507 And Enforcement Of Canadian Sale And Distribution Order* [Dkt. 138].

III. THE ROYALTY DEED AND PATRIOT GOLD'S RIGHTS, INTERESTS AND CLAIMS THEREUNDER.

1. Pursuant to a *Royalty Deed* dated as of May 25, 2016 (the "**Royalty Deed**"), Patriot Gold was granted and holds a three percent (3%) royalty interest in the minerals at and produced from the Arizona Mine. The Arizona Mine is owned by GVC (which is an Arizona corporation). A copy of the Royalty Deed is attached to this Objection as **Exhibit A**.

2. It is clear that the Royalty Deed granted a real property royalty interest in the Arizona Mine to Patriot Gold. Among other things:

(a) The Royalty Deed is styled as a deed for a real property conveyance (*see* Royalty Deed at p. 3);

(b) The Royalty Deed was recorded as a real property interest in the real property records of Mohave County, Arizona (where the Arizona Mine is located) (*see* Royalty Deed at p.1 (recording stamp));

(c) The Royalty Deed identifies the Arizona Mine real property covered by the deed (identified in the deed as the "Property");[6] identifies Patriot Gold as the "Owner" of the royalty interests in same; and identifies GVC as "Payor" under same (*see* Royalty Deed at p. 1);

(d) The Royalty Deed states that it is the express intent of the parties that "The obligation to pay the Royalty (and Payor's other obligations set forth in this Royalty Deed) shall be *a covenant running with the Property and shall be binding on the Payor and its successors and assigns, including any third party who acquires any interest in any portion of the Property."* (*See* Royalty Deed at p. 3, Section 2.6) (emphasis added); and

[6] The Royalty Deed defines the "Property" covered by the deed as "the minerals, the patented mining claims, the unpatented mining claims and interests (including all appurtenances) described in Exhibit "A" [to the deed], and any other mineral interests acquired within the Area of Interest." *See* Royalty Deed at p. 1; Section 1.1.

(e) The Royalty Deed uses the common metric of "Net Smelter Returns" to calculate the amount of the royalty payments owned by Patriot Gold under the deed. *See* Royalty Deed at p. 1.[7]

3. Arizona courts have ruled directly that royalty agreements regarding natural resources create a real property interest when the parties so intend. *Paloma Inv. Ltd. P'ship v. Jenkins*, 133 Ariz. 133, 138 (App. 1998). As described above, the Patriot Royalty Deed is documented and recorded as a real property conveyance and it contains an express statement by the parties that they intend the royalty interests to run with the land. Courts applying U.S. bankruptcy law have also ruled directly that when a royalty holder holds a real property interest, the property interest **and proceeds generated therefrom** are owned by the royalty holder and are not property of the debtor's estate. *In re Ursa Operating Co., LLC*, 2024 WL 278397, at *2-3 (3d Cir. January 25, 2024).

4. Despite Patriot Gold's ownership interest in proceeds of minerals from the mine and the Debtors' clear obligation to pay such proceeds as royalty payments to Patriot Gold, GVC and the other Debtors have failed to pay the required royalty payments to Patriot Gold on both a pre-petition and post-petition basis. The Debtors admit that they owe Patriot Gold in excess of $1.7 million of required royalty payments. *See Motion to Determine the Nature of Patriot Gold Corp.'s Royalty Interest* [Dkt. 52] at p. 4; *Monitor's Supplemental Report* [Dkt. 78] at p. 3.

5. Because of the Debtors' disputes regarding Patriot Gold's royalty interest and their failure to remit royalty payments owned by Patriot Gold, Patriot Gold filed an Adversary Complaint with the Court (the "**Complaint**") which initiated the Adversary Proceeding (Adv. Proceeding No. 2:24-ap-00253-EPB). *See* Complaint, *Patriot Gold Corp. v. Golden Vertex Corp., et al. (In re Elevation Gold Mining Corporation, et al.)*, No. 2:24-ap-253-EPB (Bankr. D. Ariz. Nov. 19, 2024), Dkt. 1.

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[7] "Net Smelter Returns" are defined as "*the aggregate proceeds* received by Payor from time to time from any smelter or other purchaser *from the sale of any minerals, ores, concentrates, metals or any other material of commercial value produced by and from the Property* after deducting from such proceeds the following charges . . . ". *See* Royalty Deed at p. 2; Section 2.3 (emphasis added).

6. In its Complaint, Patriot Gold asserts claims against the Debtors for declaratory judgment, accounting and information, turnover of assets, constructive trust over assets, conversion, and related causes of action. *See* Complaint, pgs. 7–16.

7. In addition to the Debtors' liability for Patriot Gold's claims, Patriot Gold also owns potential claims against non-debtor third parties such as the Debtors' directors, officers and management employees that may have intentionally directed a conversion of proceeds owned by Patriot Gold and/or other third party recipients of converted funds. *See Jabczenski v. S. Pac. Mem'l. Hosps., Inc.*, 119 Ariz. 15, 20, 579 P.2d 53, 58 (Ariz. Ct. App.1978), *Koss Corp. v. Am. Exp. Co.*, 233 Ariz. 74, 89, ¶ 54, 309 P.3d 898, 914 (App. 2013), *as amended* (Sept. 3, 2013); *Dayka & Hackett, LLC v. Del Monte Fresh Produce N.A., Inc.*, 228 Ariz. 533, 539, ¶ 20, 269 P.3d 709, 715 (App. 2012); *In re Legacy Cares, Inc.*, 2:23-BK-02832-DPC, 2024 WL 3493249, at *4 (Bankr. D. Ariz. July 19, 2024).

8. All of Patriot Gold's claims in the Adversary Proceeding remain pending before the Court, and all of Patriot Gold's potential claims against non-debtor third parties are unaffected by the Debtors' Chapter 15 Case.

II. THE REVERSE VESTING ORDER AND DISTRIBUTION ORDER.

1. GVC is an Arizona corporation whose assets, including the Arizona Mine, are located in the United States, and whose principal interest holders and creditors are in the United States. *See Affidavit of Tim Swendseid* [Dkt. 3-2], Section II ¶ 4.

2. The equity interests in GVC are currently owned by Elevation Gold, a Canadian holding company. Elevation Gold's only assets are its ownership interests in GVC and GVC Idaho (another United States company). *See Oral Reasons for Judgment* [Dkt 136-1], ¶ 3.

3. The Reverse Vesting Order provides for the sale of the ownership interests in GVC held by Elevation Gold to the Buyer, free and clear of all claims and encumbrances. *See* Reverse Vesting Order, ¶¶ 4(e) and 6(a).

4. However, in addition to transferring the ownership interests in GVC, the Reverse Vesting Order and Distribution Order provide for the direct transfer of United States assets and liabilities from GVC to Elevation Gold, for a case dispositive restructure of GVC, for a non-consensual discharge of GVC and third party releases of the Debtors' directors, officers, employees and other third parties, and for distribution of proceeds from the Subject Transactions to professionals and to the alleged secured creditor of the Debtors. *See* Summary of terms of Reverse Vesting Order in Section I "Introduction" above.

5. The Canadian Court recognized that it does not have the power to alter or affect the rights, claims, or interests of Royalty Holders Patriot Gold and Nomad, and the Reverse Vesting Order includes an express ruling that all such rights, claims, and interests are not affected:

> Notwithstanding anything to the contrary in this Order, this Court specifically makes no finding as to whether the interests of Patriot or Nomad are interests in real property or in relation to the Adversary Claims[8], and any interests, rights, or related claims asserted by Patriot or Nomad against the Petitioners in the Adversary Claims shall not be affected by this Court's approval of the Sale Agreement or the Transaction, and shall be adjudicated in the Chapter 15 Court and, where appropriate, any other federal or state U.S. courts. This Order is without prejudice to the determination by the United State Bankruptcy Court for the District of Arizona of (i) whether the interest of Patriot or Nomad are interests in real property or (ii) the Adversary Claims, including with respect to the positions of all parties.

Reverse Vesting Order, ¶ 11.

IV. ARGUMENT.

A. The Reverse Vesting Order Cannot Be Recognized Unless This Court Independently Determines It Complies With The Bankruptcy Code.

In one of his late filings, the Monitor lectures the Court and Royalty Holders about the alleged "consequences" of a Chapter 15 proceeding. *Supplement to the Monitor's*

[8] "'Adversary Claims' means the claims set out in the adversary complaints filed in the Chapter 15 Proceedings by Nomad and Patriot on November 18, 2024 and November 19, 2024, respectively, as may be amended or adjudicated in accordance with the Chapter 15 Proceedings;" Reverse Vesting Order, ¶ 2(a)

Motion for Recognition and Enforcement of Canadian Sale and Distribution Order [Dkt. 133], at p. 2. However, it is the Monitor that wants this Court to ignore central "consequences" relating to the Chapter 15 Case, including: (a) any proposed sale or transfer of United States property by a Chapter 15 debtor is subject to the requirements of Bankruptcy Code § 363 (*see* Bankruptcy Code § 1520(a)(2)); (b) proposed distributions of proceeds of property must be "substantially in accordance with the order prescribed by [Title 11]" (*see* Bankruptcy Code § 1507(b)); and (c) orders of a foreign court cannot be enforced if they are manifestly contrary to the public policy of the United States (*see* Bankruptcy Code § 1506). Bromides regarding "comity" or the international relationship between Canada and the United States do not alter or affect these mandatory provisions of the Bankruptcy Code.

Bankruptcy Code § 1520(a)(2) provides that "sections 363, 549, and 552 apply to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States to the same extent that the sections would apply to property of an estate."[9] Even when there is a "foreign main proceeding," the U.S. bankruptcy court cannot defer to foreign courts under principes of comity in analyzing a debtor's sale of interests in property within the United States. *In re Fairfield Sentry Ltd.*, 768 F.3d 239, 245–46 (2nd Cir. 2014). Instead, the U.S. bankruptcy court must conduct an independent review of the applicable transaction under 11 U.S.C. § 363. *Id.* at 246.

Consideration of a proposed transaction involving the transfer of United States assets must be independent of the foreign court and must be conducted consistent with the procedural and substantive requirements of a Chapter 11 request for approval of a sale under Section 363. *See In re Elpida Memory, Inc.*, 2012 WL 6090194, at *8 (Bankr. D. Del. Nov. 20, 2012) ("While this Court is cognizant of the importance of comity, especially in the context of Chapter 15, it cannot ignore the plain meaning of section

[9] Section 363 of the United States Bankruptcy Code (11 U.S.C. § 363) governs sales or transfers of assets by a debtor's estate. Proposed sales or transfers of estate assets outside the ordinary course of a debtor's business are subject to approval of the U.S. bankruptcy court after notice and a hearing. *See* 11 U.S.C. § 363(b).

1520(a). Moreover, the legislative history behind Chapter 15 supports finding that **this Court must, in effect, review the motion de novo as it relates to assets in the United States and, in so doing, must apply the well-settled standard governing a sale of assets under section 363 of the Bankruptcy Code**." (emphasis added)); *In re Crystallex International Corporation*, 2022 WL 17254660, at *5 (Bankr. D. Del. Nov. 28, 2022) ("[Section 1520(a)(2)] automatically applies upon recognition. It establishes that the court presiding over the chapter 15 proceedings has in rem jurisdiction over a debtor's assets in the United States and charges that court (not the court presiding over the foreign main proceeding) with the responsibility to approve transfers of those assets."); *In re Point Investments, Ltd.*, 2024 WL 4262832, at *7 n.6 (D. Del. Sept. 23, 2024) ("[The] motion concerned a commercial agreement with a third-party regarding property arguably located in the U.S., making it appropriate to seek approval of certain portions of that agreement pursuant to Section 363 and Bankruptcy Rule 9019.")

With respect to the Subject Transactions, the Court must determine whether the following approved by the Revised Vesting Agreement satisfy the requirements of Bankruptcy Code § 363: (i) the transfer of the GVC stock from Elevation Gold to Buyer; (ii) the transfer of the "GVC Residual Assets" from GVC to Elevation Gold; and (iii) the discharge of creditor claims against GVC (and related permanent injunction precluding creditors from seeking to enforce claims against GVC). Clearly, the answer is no. As discussed in detail in the Nomad Objection, the forced restructure transaction in the Reverse Vesting Order does not meet the requirements of Section 363 or other applicable requirements of the Bankruptcy Code. Patriot Gold joins in those arguments.

B. Any Recognition Of The Reverse Vesting Order By This Court Should Be Qualified To Protect The Rights, Claims, And Interests Of The Royalty Holders.

To the extent the Court determines that it will recognize the Reverse Vesting Order and/or Distribution Order, any such recognition should be qualified as follows to ensure that the rights, claims, and interests of the Royalty Holders are actually "unaffected" by the Subject Transactions and receive the protections afforded by Bankruptcy Code § 363

and other applicable provisions of the Bankruptcy Code (as directed by the Canadian Court):

1. The Court should expressly incorporate into any recognition order the ruling by the Canadian Court that none of the Royalty Holders' respective rights, claims, or interests are affected notwithstanding any contrary provisions in the Reverse Vesting Order, and that this Court (or other applicable federal or state courts) shall retain the exclusive jurisdiction to determine such matters against the Debtors or any other parties or assets against whom the Royalty Holders may have or assert claims or interests.

2. All cash, receivables, rights to proceeds from mineral production, or other assets transferred from GVC to Elevation Gold (i) shall be and remain subject to any and all asserted or potential claims and interests held by Royalty Holders; (ii) shall be and remain subject to the jurisdiction of this Court; and (iii) shall be segregated, preserved, and accounted for by the Monitor and the Debtors, and shall not be consumed or used in any way pending further order of this Court. These assets, which include cash, accounts receivable, and rights to proceeds from mineral production, are all assets in which the Royalty Holders assert an interest, and therefore constitute "cash collateral" within the meaning of Bankruptcy Code § 363. As discussed in Section III above, Patriot Gold has presented more than sufficient facts and law to establish a *prima facia* basis for its claims against and interests in this property. Accordingly, any transfer of such property requires, at a minimum, preservation and adequate protection of Patriot Gold's and Nomad's respective interests. *See* Bankruptcy Code §§ 361 and 363(e). Requiring segregation and preservation of such property does not prejudice the Debtors, since these assets will not be used for post-sale operation of the Arizona Mine or GVC in any event; they are simply United States assets that will be transferred to and held by Elevation Gold pending the Court's ultimate determination of rights to distribution of same.

3. Determination of the distribution rights and priorities in the assets transferred to Elevation Gold shall be determined by this Court, applying United States law. The claims against and interests in these assets are all the subject of United States

law (including the alleged secured claims of Maverix), and Chapter 15 is clear that any distribution of such property must in all events substantially comply with the distribution scheme of the Bankruptcy Code. *See* § 1507(b).[10]

4. The third-party releases of the Debtors' directors, officers, and employees and other third parties should not be approved or made enforceable in the United States with respect to any actual or potential claims held by the Royalty Holders. As described in Section III above, the Royalty Holders hold potential claims against the Debtors' directors, officers and management employees, and third party recipients of converted funds. In its recent decision in *Harrington v. Purdue Pharma L.P.*, 144 S.Ct. 2071 (2024), the Supreme Court unambiguously found that "nothing in the bankruptcy code contemplates (much less authorizes)" the release of claims against a third party without the creditor's consent, outside one very specific exception. 144 S. Ct. at 2086. Irrespective of what Canadian law may provide in this regard, and despite the Monitor's efforts to word smith around *Purdue Pharma,* the Supreme Court's decision is clear -- Bankruptcy Courts do not have the power to impose non-consensual third-party releases in the United States, in particular over the objection of a non-consenting United States creditor.[11]

---

[10] This is particularly important in light of the alleged secured claims asserted by Maverix. To date, Maverix has presented no evidence or support of any kind to demonstrate the existence, scope, or validity of its alleged claims. The entirety of the record on this issue in even the Canadian Proceeding appears to consist of the Monitor's view that an (undisclosed) "opinion letter" is enough to establish the secured claims. This is entirely insufficient to support distributions to Maverix when the Royalty Holders and others have competing claims (in particular with regard to United States assets).

[11] The Monitor cites two cases for the proposition that other courts have granted similar releases post-*Purdue Pharma*: *In re Nexii Bldg. Sols. Inc.*, Case No. 24-10026 (JKS) (Bankr. D. Del. July 18, 2024) and *In re Americanas S.A.*, No. 23-10092 (MEW), 2024 WL 3506637 (Bankr. S.D.N.Y. July 22, 2024). However, these cases offer no support to the Monitor's argument because no objections were raised to the recognition requests made in either case. *See In re Nexii Bldg. Sols. Inc.*, Case No. 24-10026 (JKS) (Bankr. D. Del. July 18, 2024) (Dkts. 55 & 56: Certificates No Objection); *In re Americanas S.A.*, No. 23-10092 (MEW), 2024 WL 3506637 (Bankr. S.D.N.Y. July 22, 2024) ("No objections to the Motion have been filed . . . no creditors have objected to the enforcement in the United States of the Brazilian RJ Plan and the Brazilian Confirmation Order.") The *Purdue Pharma* court noted that its holding did not extend to *consensual* third-party releases. 144 S. Ct. at 2087.

V. CONCLUSION.

For all of the foregoing reasons, Patriot Gold respectfully requests that:

A. The Court deny the Recognition Motion; or, in the alternative;

B. Expressly condition any recognition or approval of the Reverse Vesting Order on the conditions stated in this Objection; and

C. The Court grant Patriot Gold such other and further relief as is appropriate under the facts of this Chapter 15 Case.

DATED this 23d day of December, 2024.

QUARLES & BRADY LLP
Renaissance One
Two North Central Avenue
Phoenix, AZ 85004-2391

By /s/ John A. Harris
John A. Harris
Anthony F. Pusateri
Dallin B. Hendricks

Attorneys for Patriot Gold Corp.

COPIES of the foregoing sent via e-mail this 23d day of December, 2024, to:

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/s/ Dawn McCombs

EXHIBIT A

CHICAGO TITLE INSURANCE COMPANY
COMMERCIAL

FEE# 2016023500
OFFICIAL RECORDS OF MOHAVE COUNTY
ROBERT BALLARD, COUNTY RECORDER
05/26/2016 10:59 AM Fee $1113.00
PAGE: 1 of 16

Upon recording return to:
Patriot Gold Corp.
Attn: Trevor Newton
3651 Lindell Road, Suite D165
Las Vegas, NV 89103

ORIGINAL

Affidavit of Value exempt pursuant to A.R.S § 11-1134(A)(6)
CTM-2016030820

C1604304-34604
3/5

ROYALTY DEED
(Patented and Unpatented Mining Claims)

THIS ROYALTY DEED is made and entered into and made effective as of this 25TH day of May, 2016, by and between Golden Vertex Corp., an Arizona corporation ("Payor"), having an address of 2440 Adobe Rd Suite 101, Bullhead City, Arizona, 86442 and Patriot Gold Corp., a Nevada corporation ("Owner"), having an address of 3651 Lindell Road, Suite D165, Las Vegas, Nevada, 89103.

WITNESSETH

For and in consideration of the mutual premises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged, Payor, as the owner of the Property, hereby grants and conveys to Owner a Royalty of THREE PERCENT (3%) of Net Smelter Returns from the production of minerals from the Property.

ARTICLE I

THE PROPERTY

1.1 The Property. "Property" means the minerals, the patented mining claims, the unpatented mining claims and interests (including all appurtenances) described in Exhibit "A", and any other mineral interests acquired within the Area of Interest.

1.2 Area of Interest. "Area of Interest" means the lands within one (1) mile of the exterior boundaries of those patented and unpatented mining claims that are specifically identified in Section I and Section II in Schedule "A".

1.3 Outside Area of Interest. For the sake of clarity and to avoid any doubt, any additional mining claims, mineral rights and property interests subsequently acquired by Payor shall not be subject to this Royalty Deed with regard to any portion of such mining claim, right or interest lying outside of the Area of Interest.

CHICAGO TITLE INSURANCE COMPANY
COMMERCIAL

Upon recording return to:
Patriot Gold Corp.
Attn: Trevor Newton
3651 Lindell Road, Suite D165
Las Vegas, NV 89103

RECORDED ELECTRONICALLY
BY CHICAGO TITLE AGENCY

Affidavit of Value exempt pursuant to A.R.S § 11-1134(A)(6)
CTM-2016030806
C1604304-346011
3/5

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ARTICLE II

GRANT OF ROYALTY

2.1 Grant of Royalty. Payor, as the owner of the Property, hereby grants and conveys to Owner a Royalty of THREE PERCENT (3%) of Net Smelter Returns from the production of minerals from the Property.

2.2 Royalty. "Royalty" means the nonexecutive, nonparticipating and nonworking mineral production royalty based on the Net Smelter Returns from the production of minerals from the Property.

2.3 Net Smelter Returns. "Net Smelter Returns" means the aggregate proceeds received by Payor from time to time from any smelter or other purchaser from the sale of any minerals, ores, concentrates, metals or any other material of commercial value produced by and from the Property after deducting from such proceeds the following charges only to the extent that they are not deducted by the smelter or other purchaser in computing the proceeds:

(a) The cost of transportation of the ores, concentrates or metals from the Property to such smelter or other purchaser, including related insurance; and

(b) Smelting and refining charges including penalties.

2.4 Payment of Royalty. Payor shall pay the Royalty to Owner monthly within thirty (30) days after the end of each calendar month during which the Payor receives payments on all products produced and sold from the Property and will be paid in United States currency or in kind bullion at the discretion of Owner. All payments hereunder shall be sent by certified U.S. mail to Owner at the following address:

3651 Lindell Road, Suite D165, Las Vegas, Nevada, 89103

or by wire transfer to an account designated by and in accordance with written instructions from Owner, or consistent with such notice as is to be provided to any successor or assignee of Owner.

2.5 Audit. Within 180 days after the end of each calendar year for which the Royalty is paid Payor shall audit Payor's calculation and payment of the Royalty. Any adjustments in the payments of Royalty to the Owner shall be made forthwith after completion of the audit. The Owner shall have the right, but not the obligation, to audit and give written notice of the Owner's dispute of the Payor's audit or records within 180 days after delivery to the Owner of Payor's yearly audits. All payments of the Royalty to the Owner for a calendar year shall be deemed final and in full satisfaction of all obligations of the Payor in respect thereof if such payments or the calculations thereof are not disputed by the Owner in accordance with the foregoing provisions unless and until any new information concerning the calculation and payment of the Royalty is revealed after the periods stated above. The Owner shall maintain accurate records relevant to the determination and payment of the Royalty and the Owner and its authorized agents shall be permitted the right to examine such records at all reasonable times.

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2.6 Covenant Running with the Land. The obligation to pay the Royalty (and Payor's other obligations set forth in this Royalty Deed) shall be a covenant running with the Property and shall be binding on the Payor and its successors and assigns, including any third party who acquires any interest in any portion of the Property. Owner shall be free to sell, pledge or otherwise transfer all or a portion of the Royalty to a third party or parties, subject to the terms and conditions of this Royalty Deed.

2.7 Abandonment of Claims. For a period of twenty-five (25) years from the effective date hereof, if Payor or its successors or assigns desire to abandon any of the unpatented mining claims comprising a portion of the Property, at least 60 days prior to such abandonment, Payor shall notify Owner in writing, and if Owner desires to acquire the claims in question, Owner shall notify Payor in writing within 30 days of Owner's receipt of such notice, and in that event, Payor shall promptly quitclaim the claims in question to Owner. During the 30 day period following Owner's receipt of the notice of intent to abandon from Payor, Owner shall have the right to engage in such due diligence as it sees fit regarding title to, environmental conditions at or affecting, and mineral resources within such claims, and Payor shall reasonably cooperate with Owner in conducting such due diligence, subject to the terms and conditions of a confidentiality agreement mutually agreeable to the parties. If Owner elects not to acquire such claims, and Payor or its successors restakes or relocates the ground covered by such claims within five years of the date of abandonment, the Payor shall notify Owner in writing and the Royalty shall be payable on the relocated claims. In addition, if Payor acquires any unpatented mining claims or other interests in real property within the Area of Interest, Payor shall notify Owner in writing.

2.8 Conversion of Unpatented Mining Claims. The Royalty and the obligation to pay the Royalty shall apply and extend to any further or additional right, title, interest or estate heretofore or hereafter acquired by Payor in or to the Property (including without limitation any and all rights to the ground covered by the unpatented mining claims comprising a portion of the Property in the event of legislative changes to the General Mining Law of 1872 which result in a new form of land tenure system applicable to Payor's interest in those claims).

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Payor has executed this Royalty Deed (Patented and Unpatented Mining Claims) as of this 25th day of May, 2016

PAYOR:

Golden Vertex Corp., an Arizona corporation

By: D. R. H. Whittington

Name: Dick Whittington
Title: President

PROVINCE OF BRITISH COLUMBIA)
) ss.
CITY OF VANCOUVER)

The foregoing Royalty Deed (Patented and Unpatented Mining Claims), consisting of a total of sixteen (16) pages, was acknowledged before me this 24th day of May, 2016 by Dick Whittington as President of Golden Vertex Corp., an Arizona corporation.

Notary Public

My commission expires:

never expires -

Marina Tran
Barrister and Solicitor
McMillan LLP
1500 – 1055 West Georgia Street
PO Box 11117
Vancouver, BC V6E 4N7
t 604.689.9111
f 604.685.7084

2.6 Covenant Running with the Land. The obligation to pay the Royalty (and Payor's other obligations set forth in this Royalty Deed) shall be a covenant running with the Property and shall be binding on the Payor and its successors and assigns, including any third party who acquires any interest in any portion of the Property. Owner shall be free to sell, pledge or otherwise transfer all or a portion of the Royalty to a third party or parties, subject to the terms and conditions of this Royalty Deed.

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[SIGNATURES ON FOLLOWING PAGE]

Schedule "A"
To
Royalty Deed
(Property - Legal Description)

I. Patented Mining Claims

The following patented mining claims located in Sections 19, 20, 29 and 30, T20N, R20W, G&SRB&M, Mohave County, Arizona:

Parcel 1: (APN: 213-09-001)

RUTH - Mineral Survey No. 2213, General Land Office No. 45396, U.S. Patent dated May 1,1907, recorded on August 2, 1910 in the office of the Recorder of Mohave County, Arizona in Book 21 of Deeds, at Page 210.

RATTAN - Mineral Survey No. 857, Lot No. 39, Mineral Certificate No. 268, General Land Office No. 25645, U.S. Patent dated May 28, 1895, recorded on August 14, 1895 in the office of the Recorder of Mohave County, Arizona in Book 11 of Deeds, at Page 751.

Parcel 2: (APN: 213-09-002)

The EMPIRE, MASCOT, PARTNERSHIP, RATTAN EXTENSION, and RUTH EXTENSION Lode Mining Claims, Mineral Survey No. 4485, as shown and according to UNITED STATES PATENT recorded in Book 117 of Deeds, page 74, situate in Sections 29 and 30, Township 20N, Range 20 West of the Gila and Salt River Base and Meridian, in the San Francisco Mining District, Mohave County, Arizona.

EXCEPT all of that portion thereof lying with the boundaries of the RATTAN Lode Mining Claim, Survey No. 857, Lot No. 39, Mineral Certificate No. 268 in said San Francisco Mining District, as set forth in said Patent.

Parcel 3: (APN: 213-05-004)

KEY NO. 1, KEY NO. 2, MOSS MILLSIGHT, OMEGA, DIVIDE & KEYSTONE WEDGE Lode Mining Claims in the San Francisco Mining District, being shown on Mineral Survey NO. 4484 on file in the Bureau of Land Management, as granted by PATENT recorded in Book 115 of Deeds, page 428, and situate in Sections 19 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona;

EXCEPTING from said claims all of that portion of ground within the boundaries of the CALIFORNIA MOSS Lode Mining Claim, Mineral Survey No. 182.

Parcel 4: (APN: 213-05-005)

CALIFORNIA MOSS Patented Claim, Lot 37, U.S. Mineral Survey 182 of June 15,1882, said Patent recorded as a deed in Mohave County Recorder's Office records in Book 6, Page 754 and also recorded in the Mohave County Assessor's records as Parcel 213-05-005.

Parcel 5: (APN: 213-05-006)

CALIFORNIA MOSS Lode Mining Claim (Lot No. 38), in the San Francisco Mining District, Survey No. 796, Mineral Certificate No. 175 according to the Patent thereto recorded in Book 22 of Deeds, page 35, lying within a portion of Sections 19, 20, 29 and 30, Township 20 North, Range 20 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

II. Unpatented Mining Claims

The following unpatented mining claims situated in the Oatman Mining District in Sections 19, 20, 29 and 30, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	MOSS 11	2004064631	AMC361998
2	MOSS 12	2004064632	AMC361999
3	MOSS 13	2004064633	AMC362000
4	MOSS 14	2004064634	AMC362001
5	MOSS 15	2004064635	AMC362002
6	MOSS 16	2004064636	AMC362003
7	MOSS 17	2004064637	AMC362004
8	MOSS 18	2004064638	AMC362005
9	MOSS 19	2004064639	AMC362006
10	MOSS 20	2004064640	AMC362007
11	MOSS 21	2004064641	AMC362008
12	MOSS 22	2004064642	AMC362009
13	MOSS 23	2004064643	AMC362010
	MOSS 23 (amended)	2015018073	
14	MOSS 24	2004064644	AMC362011
15	MOSS 25	2004064645	AMC362012
16	MOSS 26	2004064646	AMC362013
17	MOSS 27	2004064647	AMC362014
18	MOSS 28	2004064648	AMC362015
19	MOSS 29	2004064649	AMC362016
20	MOSS 30	2004064650	AMC362017
21	MOSS 31	2004064651	AMC362018
22	MOSS 32	2004064652	AMC362019
23	MOSS 34	2004064655	AMC362022
24	MOSS 35	2004064656	AMC362023
25	MOSS 36	2004064657	AMC362024
26	MOSS 37	2004064658	AMC362025
27	MOSS 38	2004064659	AMC362026
28	MOSS 39	2004064660	AMC362027
29	MOSS 39F	2004064661	AMC362028

Parcel 5: (APN: 213-05-006)

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No.	Name of Claim	Fee No.	BLM Serial No.
1	MOSS 11	2004064631	AMC361998
2	MOSS 12	2004064632	AMC361999
3	MOSS 13	2004064633	AMC362000
4	MOSS 14	2004064634	AMC362001
5	MOSS 15	2004064635	AMC362002
6	MOSS 16	2004064636	AMC362003
7	MOSS 17	2004064637	AMC362004
8	MOSS 18	2004064638	AMC362005
9	MOSS 19	2004064639	AMC362006
10	MOSS 20	2004064640	AMC362007
11	MOSS 21	2004064641	AMC362008
12	MOSS 22	2004064642	AMC362009
13	MOSS 23	2004064643	AMC362010
	MOSS 23 (amended)	2015018073	
14	MOSS 24	2004064644	AMC362011
15	MOSS 25	2004064645	AMC362012
16	MOSS 26	2004064646	AMC362013
17	MOSS 27	2004064647	AMC362014
18	MOSS 28	2004064648	AMC362015
19	MOSS 29	2004064649	AMC362016
20	MOSS 30	2004064650	AMC362017
21	MOSS 31	2004064651	AMC362018
22	MOSS 32	2004064652	AMC362019
23	MOSS 34	2004064655	AMC362022
24	MOSS 35	2004064656	AMC362023
25	MOSS 36	2004064657	AMC362024
26	MOSS 37	2004064658	AMC362025
27	MOSS 38	2004064659	AMC362026
28	MOSS 39	2004064660	AMC362027
29	MOSS 39F	2004064661	AMC362028

No.	Name of Claim	Fee No.	BLM Serial No.
	MOSS 39F (amended)	2015018075	
30	MOSS 40	2004064662	AMC362029
31	MOSS 41	2004064663	AMC362030
32	MOSS 42	2004064664	AMC362031
33	MOSS 43	2004064665	AMC362032
34	MOSS 44	2004064666	AMC362033
35	MOSS 45	2004064667	AMC362034
36	MOSS 46	2004064668	AMC362035
	MOSS 46 (amended)	2015018076	
37	MOSS 47	2004064669	AMC362036
	MOSS 47 (amended)	2013014545	
38	MOSS 47B	2004064670	AMC362037
39	MOSS 48	2004064671	AMC362038
	MOSS 48 (amended)	2013014546	
40	MOSS 49	2004064672	AMC362039
	MOSS 49 (amended)	2013014547	
41	MOSS 50	2004064673	AMC362040
	MOSS 50 (amended)	2013014548	
42	MOSS 51	2004064674	AMC362041
43	MOSS 52	2004064675	AMC362042
44	MOSS 53	2004064676	AMC362043
45	MOSS 54	2004064677	AMC362044
46	MOSS 55	2004064678	AMC362045
47	MOSS 56	2004064679	AMC362046
48	MOSS 57	2004064680	AMC362047
49	MOSS 58	2004064681	AMC362048
50	MOSS 59	2004064682	AMC362049
51	MOSS 60	2004064683	AMC362050
52	MOSS 61	2004064684	AMC362051
53	MOSS 62	2004064685	AMC362052
54	MOSS 63	2004064686	AMC362053
55	MOSS 64	2004064687	AMC362054
56	MOSS 65	2004064688	AMC362055
57	MOSS 66	2004064689	AMC362056
58	MOSS 67	2004064690	AMC362057
59	MOSS 68	2004064691	AMC362058
60	MOSS 69	2004064692	AMC362059
61	MOSS 70	2004064693	AMC362060
62	MOSS 1	2009078702	AMC398978
63	MOSS 2	2009078703	AMC398979
64	MOSS 3	2009078704	AMC398980
65	MOSS 4	2009078705	AMC398981
66	MOSS 5	2009078706	AMC398982
67	MOSS 6	2009078707	AMC398983

No.	Name of Claim	Fee No.	BLM Serial No.
68	MOSS 7	2009078708	AMC398984
69	MOSS 8	2009078709	AMC398985
70	MOSS 9	2009078710	AMC398986
71	MOSS 10	2009078711	AMC398987
72	MOSS 118	2009078712	AMC398988
73	MOSS 119	2009078713	AMC398989
74	MOSS 120	2009078714	AMC398990
75	MOSS 121	2009078715	AMC398991
76	MOSS 122	2009078716	AMC398992
77	MOSS 123	2009078717	AMC398993
78	MOSS 124	2009078718	AMC398994
79	MOSS 125	2009078719	AMC398995
80	MOSS 126	2009078720	AMC398996
81	MOSS 127	2009078721	AMC398997
82	MOSS 128	2009078722	AMC398998
83	MOSS 129	2009078723	AMC398999
84	MOSS 130	2009078724	AMC399000
85	MOSS 131	2009078725	AMC399001
86	MOSS 132	2009078726	AMC399002
87	MOSS 133	2009078727	AMC399003
88	MOSS 134	2009078728	AMC399004
89	MOSS 135	2009078729	AMC399005
90	MOSS 136	2009078730	AMC399006
91	MOSS 137	2009078731	AMC399007
92	MOSS 138	2009078732	AMC399008
93	MOSS 139	2009078733	AMC399009
94	MOSS 140	2009078734	AMC399010
95	MOSS 141	2009078735	AMC399011
96	MOSS 142	2009078736	AMC399012
97	MOSS 143	2009078737	AMC399013
98	MOSS 144	2009078738	AMC399014
99	MOSS 145	2009078739	AMC399015
100	MOSS 146	2009078740	AMC399016
101	MOSS 147	2009078741	AMC399017
102	MOSS 148	2009078742	AMC399018
103	MOSS 33X	2015040270	AMC433744

III. GVC Claims (Golden Vertex Corp. Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 13, 14, 23, 24, 25, 26, 35, and 36, Township 20 North, Range 21 West; and Sections 19, 20, 21, 28, 29, 30, 31 and 32, Township 20 North, Range 20 West; G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County

No.	Name of Claim	Fee No.	BLM Serial No.
68	MOSS 7	2009078708	AMC398984
69	MOSS 8	2009078709	AMC398985
70	MOSS 9	2009078710	AMC398986
71	MOSS 10	2009078711	AMC398987
72	MOSS 118	2009078712	AMC398988
73	MOSS 119	2009078713	AMC398989
74	MOSS 120	2009078714	AMC398990
75	MOSS 121	2009078715	AMC398991
76	MOSS 122	2009078716	AMC398992
77	MOSS 123	2009078717	AMC398993
78	MOSS 124	2009078718	AMC398994
79	MOSS 125	2009078719	AMC398995
80	MOSS 126	2009078720	AMC398996
81	MOSS 127	2009078721	AMC398997
82	MOSS 128	2009078722	AMC398998
83	MOSS 129	2009078723	AMC398999
84	MOSS 130	2009078724	AMC399000
85	MOSS 131	2009078725	AMC399001
86	MOSS 132	2009078726	AMC399002
87	MOSS 133	2009078727	AMC399003
88	MOSS 134	2009078728	AMC399004
89	MOSS 135	2009078729	AMC399005
90	MOSS 136	2009078730	AMC399006
91	MOSS 137	2009078731	AMC399007
92	MOSS 138	2009078732	AMC399008
93	MOSS 139	2009078733	AMC399009
94	MOSS 140	2009078734	AMC399010
95	MOSS 141	2009078735	AMC399011
96	MOSS 142	2009078736	AMC399012
97	MOSS 143	2009078737	AMC399013
98	MOSS 144	2009078738	AMC399014
99	MOSS 145	2009078739	AMC399015
100	MOSS 146	2009078740	AMC399016
101	MOSS 147	2009078741	AMC399017
102	MOSS 148	2009078742	AMC399018
103	MOSS 33X	2015040270	AMC433744

III. GVC Claims (Golden Vertex Corp. Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 13, 14, 23, 24, 25, 26, 35, and 36, Township 20 North, Range 21 West; and Sections 19, 20, 21, 28, 29, 30, 31 and 32, Township 20 North, Range 20 West; G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County

Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	GVC 4	2011034909	AMC408942
2	GVC 5	2011034910	AMC408943
3	GVC 6	2011034911	AMC408944
4	GVC 7	2011034912	AMC408945
5	GVC 8	2011034913	AMC408946
6	GVC 9	2011034914	AMC408947
7	GVC 10	2011034915	AMC408948
8	GVC 11	2011034916	AMC408949
9	GVC 12	2011034917	AMC408950
10	GVC 13	2011034918	AMC408951
11	GVC 15	2011034920	AMC408953
12	GVC 16	2011034921	AMC408954
13	GVC 17	2011034922	AMC408955
14	GVC 18	2011034923	AMC408956
15	GVC 19	2011034924	AMC408957
16	GVC 20	2011034925	AMC408958
17	GVC 21	2011034926	AMC408959
18	GVC 22	2011034927	AMC408960
19	GVC 23	2011034928	AMC408961
20	GVC 24	2011034929	AMC408962
21	GVC 25	2011034930	AMC408963
22	GVC 26	2011034931	AMC408964
23	GVC 27	2011034932	AMC408965
24	GVC 28	2011034933	AMC408966
25	GVC 29	2011034934	AMC408967
26	GVC 30	2011034935	AMC408968
27	GVC 31	2011034936	AMC408969
28	GVC 33	2011034938	AMC408971
29	GVC 34	2011034939	AMC408972
30	GVC 35	2011034940	AMC408973
31	GVC 36	2011034941	AMC408974
32	GVC 37	2011034942	AMC408975
33	GVC 38	2011034943	AMC408976
34	GVC 39	2011034944	AMC408977
35	GVC 40	2011034945	AMC408978
36	GVC 41	2011034946	AMC408979
37	GVC 42	2011034947	AMC408980
38	GVC 43	2011034948	AMC408981
39	GVC 44	2011034949	AMC408982
40	GVC 45	2011034950	AMC408983
41	GVC 46	2011034951	AMC408984

No.	Name of Claim	Fee No.	BLM Serial No.
42	GVC 47	2011034952	AMC408985
43	GVC 48	2011034953	AMC408986
44	GVC 49	2011034954	AMC408987
45	GVC 50	2011034955	AMC408988
46	GVC 51	2011034956	AMC408989
47	GVC 52	2011034957	AMC408990
48	GVC 53	2011034958	AMC408991
49	GVC 54	2011034959	AMC408992
50	GVC 55	2011034960	AMC408993
51	GVC 56	2011034961	AMC408994
52	GVC 57	2011034962	AMC408995
53	GVC 58	2011034963	AMC408996
54	GVC 59	2011034964	AMC408997
55	GVC 60	2011034965	AMC408998
56	GVC 61	2011034966	AMC408999
57	GVC 62	2011034967	AMC409000
58	GVC 63	2011034968	AMC409001
59	GVC 64	2011034969	AMC409002
60	GVC 65	2011034970	AMC409003
61	GVC 67	2011034971	AMC409004
62	GVC 68	2011034972	AMC409005
63	GVC 69	2011034973	AMC409006
64	GVC 70	2011034974	AMC409007
65	GVC 71	2011034975	AMC409008
66	GVC 72	2011034976	AMC409009
67	GVC 73	2011034977	AMC409010
68	GVC 74	2011034978	AMC409011
69	GVC 75	2011034979	AMC409012
70	GVC 76	2011034980	AMC409013
71	GVC 77	2011034981	AMC409014
72	GVC 78	2011034982	AMC409015
73	GVC 79	2011034983	AMC409016
74	GVC 80	2011034984	AMC409017
75	GVC 81	2011034985	AMC409018
76	GVC 82	2011034986	AMC409019
77	GVC 83	2011034987	AMC409020
78	GVC 84	2011034988	AMC409021
79	GVC 85	2011034989	AMC409022
80	GVC 86	2011034990	AMC409023
81	GVC 87	2011034991	AMC409024
82	GVC 88	2011034992	AMC409025
83	GVC 89	2011034993	AMC409026
84	GVC 90	2011034994	AMC409027
85	GVC 91	2011034995	AMC409028

No.	Name of Claim	Fee No.	BLM Serial No.
42	GVC 47	2011034952	AMC408985
43	GVC 48	2011034953	AMC408986
44	GVC 49	2011034954	AMC408987
45	GVC 50	2011034955	AMC408988
46	GVC 51	2011034956	AMC408989
47	GVC 52	2011034957	AMC408990
48	GVC 53	2011034958	AMC408991
49	GVC 54	2011034959	AMC408992
50	GVC 55	2011034960	AMC408993
51	GVC 56	2011034961	AMC408994
52	GVC 57	2011034962	AMC408995
53	GVC 58	2011034963	AMC408996
54	GVC 59	2011034964	AMC408997
55	GVC 60	2011034965	AMC408998
56	GVC 61	2011034966	AMC408999
57	GVC 62	2011034967	AMC409000
58	GVC 63	2011034968	AMC409001
59	GVC 64	2011034969	AMC409002
60	GVC 65	2011034970	AMC409003
61	GVC 67	2011034971	AMC409004
62	GVC 68	2011034972	AMC409005
63	GVC 69	2011034973	AMC409006
64	GVC 70	2011034974	AMC409007
65	GVC 71	2011034975	AMC409008
66	GVC 72	2011034976	AMC409009
67	GVC 73	2011034977	AMC409010
68	GVC 74	2011034978	AMC409011
69	GVC 75	2011034979	AMC409012
70	GVC 76	2011034980	AMC409013
71	GVC 77	2011034981	AMC409014
72	GVC 78	2011034982	AMC409015
73	GVC 79	2011034983	AMC409016
74	GVC 80	2011034984	AMC409017
75	GVC 81	2011034985	AMC409018
76	GVC 82	2011034986	AMC409019
77	GVC 83	2011034987	AMC409020
78	GVC 84	2011034988	AMC409021
79	GVC 85	2011034989	AMC409022
80	GVC 86	2011034990	AMC409023
81	GVC 87	2011034991	AMC409024
82	GVC 88	2011034992	AMC409025
83	GVC 89	2011034993	AMC409026
84	GVC 90	2011034994	AMC409027
85	GVC 91	2011034995	AMC409028

No.	Name of Claim	Fee No.	BLM Serial No.
86	GVC 92	2011034996	AMC409029
87	GVC 93	2011034997	AMC409030
88	GVC 94	2011034998	AMC409031
89	GVC 95	2011034999	AMC409032
90	GVC 96	2011035000	AMC409033
91	GVC 97	2011035001	AMC409034
92	GVC 98	2011035002	AMC409035
93	GVC 99	2011035003	AMC409036
94	GVC 100	2011035004	AMC409037
95	GVC 101	2011035005	AMC409038
96	GVC 102	2011035006	AMC409039
97	GVC 103	2011035007	AMC409040
98	GVC 104	2011035008	AMC409041
99	GVC 105	2011035009	AMC409042
100	GVC 106	2011035010	AMC409043
101	GVC 107	2011035011	AMC409044
102	GVC 108	2011035012	AMC409045
103	GVC 109	2011035013	AMC409046
104	GVC 110	2011035014	AMC409047
105	GVC 111	2011035015	AMC409048
106	GVC 112	2011035016	AMC409049
107	GVC 114	2011035018	AMC409051
108	GVC 115	2011035019	AMC409052
109	GVC 116	2011035020	AMC409053
110	GVC 117	2011035021	AMC409054
111	GVC 118	2011035022	AMC409055
112	GVC 119	2011035023	AMC409056
113	GVC 120	2011035024	AMC409057
114	GVC 121	2011035025	AMC409058
115	GVC 122	2011035026	AMC409059
116	GVC 123	2011035027	AMC409060
117	GVC 128	2011035032	AMC409065
118	GVC 129	2011035033	AMC409066
119	GVC 130	2011035034	AMC409067
120	GVC 131	2011035035	AMC409068
121	GVC 132	2011035036	AMC409069
122	GVC 133	2011035037	AMC409070
123	GVC 175	2011035071	AMC409104
124	GVC 176	2011035072	AMC409105
125	GVC 177	2011035073	AMC409106
126	GVC 178	2011035074	AMC409107
127	GVC 179	2011035075	AMC409108
128	GVC 180	2011035076	AMC409109
129	GVC 181	2011035077	AMC409110

No.	Name of Claim	Fee No.	BLM Serial No.
130	GVC 182	2011035078	AMC409111
131	GVC 183	2011035079	AMC409112
132	GVC 184	2011035080	AMC409113
133	GVC 185	2011035081	AMC409114
134	GVC 186	2011035082	AMC409115
135	GVC 187	2011035083	AMC409116
136	GVC 188	2011035084	AMC409117
137	GVC 189	2011035085	AMC409118
138	GVC 190	2011035086	AMC409119
139	GVC 191	2011035087	AMC409120
140	GVC 192	2011035088	AMC409121
141	GVC 193	2011035089	AMC409122
142	MOSS 201	2012041054	AMC416914
143	MOSS 202	2012041055	AMC416915
144	MOSS 203	2012041056	AMC416916
145	MOSS 204	2012041057	AMC416917
146	MOSS 205	2012041058	AMC416918
147	MOSS 206	2012041059	AMC416919
148	MOSS 207	2012041060	AMC416920
149	MOSS 208	2012041061	AMC416921
150	MOSS 209	2012041062	AMC416922
151	MOSS 210	2012061604	AMC420117
152	MOSS 211	2012061605	AMC420118
153	GVC 301	2015018077	AMC432054

Provided however, the Royalty shall be payable on the claims listed in this Part III only to the extent that Payor, or its successors or assigns, maintain a record title interest in such unpatented mining claims (provided that if any such claims are abandoned but then relocated at any time within five years of such abandonment, the Royalty shall remain payable); and provided further, that the Royalty shall be payable on the claims listed in this Part III only to the extent that such unpatented mining claims, or the portions thereof, are within the Area of Interest.

IV. Silver Creek Lease Option Claims (La Cuesta International, Inc. Lease Option Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 16, 17, 20, 21, 28, 29, 30, 31, 32 and 33, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	SILVER CREEK 20	2011024754	AMC407882

No.	Name of Claim	Fee No.	BLM Serial No.
130	GVC 182	2011035078	AMC409111
131	GVC 183	2011035079	AMC409112
132	GVC 184	2011035080	AMC409113
133	GVC 185	2011035081	AMC409114
134	GVC 186	2011035082	AMC409115
135	GVC 187	2011035083	AMC409116
136	GVC 188	2011035084	AMC409117
137	GVC 189	2011035085	AMC409118
138	GVC 190	2011035086	AMC409119
139	GVC 191	2011035087	AMC409120
140	GVC 192	2011035088	AMC409121
141	GVC 193	2011035089	AMC409122
142	MOSS 201	2012041054	AMC416914
143	MOSS 202	2012041055	AMC416915
144	MOSS 203	2012041056	AMC416916
145	MOSS 204	2012041057	AMC416917
146	MOSS 205	2012041058	AMC416918
147	MOSS 206	2012041059	AMC416919
148	MOSS 207	2012041060	AMC416920
149	MOSS 208	2012041061	AMC416921
150	MOSS 209	2012041062	AMC416922
151	MOSS 210	2012061604	AMC420117
152	MOSS 211	2012061605	AMC420118
153	GVC 301	2015018077	AMC432054

Provided however, the Royalty shall be payable on the claims listed in this Part III only to the extent that Payor, or its successors or assigns, maintain a record title interest in such unpatented mining claims (provided that if any such claims are abandoned but then relocated at any time within five years of such abandonment, the Royalty shall remain payable); and provided further, that the Royalty shall be payable on the claims listed in this Part III only to the extent that such unpatented mining claims, or the portions thereof, are within the Area of Interest.

IV. Silver Creek Lease Option Claims (La Cuesta International, Inc. Lease Option Claims)

The following unpatented mining claims situated in the Oatman Mining District in Sections 16, 17, 20, 21, 28, 29, 30, 31, 32 and 33, Township 20 North, Range 20 West, G&SRB&M, Mohave County, Arizona. The Location Notices and any amendments thereto, are of record in the office of the County Recorder of Mohave County, Arizona, and on file with the Bureau of Land Management in Phoenix, Arizona.

No.	Name of Claim	Fee No.	BLM Serial No.
1	SILVER CREEK 20	2011024754	AMC407882

No.	Name of Claim	Fee No.	BLM Serial No.
2	SILVER CREEK 22	2011024756	AMC407884
3	SILVER CREEK 44	2011024778	AMC407906
4	SILVER CREEK 45	2011024779	AMC407907
5	SILVER CREEK 46	2011024780	AMC407908
6	SILVER CREEK 47	2011024781	AMC407909
7	SILVER CREEK 48	2011024782	AMC407910
8	SILVER CREEK 49	2011024783	AMC407911
9	SILVER CREEK 50	2011024784	AMC407912
10	SILVER CREEK 51	2011024785	AMC407913
11	SILVER CREEK 52	2011024786	AMC407914
12	SILVER CREEK 53	2011024787	AMC407915
13	SILVER CREEK 54	2011024788	AMC407916
14	SILVER CREEK 67	2011024801	AMC407929
15	SILVER CREEK 68	2011024802	AMC407930
16	SILVER CREEK 69	2011024803	AMC407931
17	SILVER CREEK 70	2011024804	AMC407932
18	SILVER CREEK 71	2011024805	AMC407933
19	SILVER CREEK 72	2011024806	AMC407934
20	SILVER CREEK 73	2011024807	AMC407935
21	SILVER CREEK 74	2011024808	AMC407936
22	SILVER CREEK 75	2011024809	AMC407937
23	SILVER CREEK 76	2011024810	AMC407938
24	SILVER CREEK 77	2011024811	AMC407939
25	SILVER CREEK 78	2011024812	AMC407940
26	SILVER CREEK 79	2011024813	AMC407941
27	SILVER CREEK 80	2011024814	AMC407942
28	SILVER CREEK 81	2011024815	AMC407943
29	SILVER CREEK 82	2011024816	AMC407944
30	SILVER CREEK 83	2011024817	AMC407945
31	SILVER CREEK 84	2011024818	AMC407946
32	SILVER CREEK 85	2011024819	AMC407947
33	SILVER CREEK 86	2011024820	AMC407948
34	SILVER CREEK 89	2011024823	AMC407951
35	SILVER CREEK 90	2011024824	AMC407952
36	SILVER CREEK 91	2011024825	AMC407953
37	SILVER CREEK 92	2011024826	AMC407954
38	SILVER CREEK 93	2011024827	AMC407955
39	SILVER CREEK 94	2011024828	AMC407956
40	SILVER CREEK 95	2011024829	AMC407957
41	SILVER CREEK 96	2011024830	AMC407958
42	SILVER CREEK 97	2011024831	AMC407959
43	SILVER CREEK 108	2011024842	AMC407970
44	SILVER CREEK 109	2011024843	AMC407971
45	SILVER CREEK 110	2011024844	AMC407972

No.	Name of Claim	Fee No.	BLM Serial No.
46	SILVER CREEK 111	2011024845	AMC407973
47	SILVER CREEK 112	2011024846	AMC407974
48	SILVER CREEK 113	2011024847	AMC407975
49	SILVER CREEK 114	2011024848	AMC407976
50	SILVER CREEK 115	2011024849	AMC407977
51	SILVER CREEK 116	2011044461	AMC410214
52	SILVER CREEK 117	2011044462	AMC410215
53	SILVER CREEK 126	2011044471	AMC410224
54	SILVER CREEK 127	2011044472	AMC410225
55	SILVER CREEK 128	2011044473	AMC410226
56	SILVER CREEK 129	2011044474	AMC410227
57	SILVER CREEK 130	2011044475	AMC410228
58	SILVER CREEK 131	2011044476	AMC410229
59	SILVER CREEK 132	2011044477	AMC410230
60	SILVER CREEK 133	2011044478	AMC410231
61	SILVER CREEK 138	2011044483	AMC410236
62	SILVER CREEK 140	2011044485	AMC410238
63	SILVER CREEK 141	2011044486	AMC410239
64	SILVER CREEK 142	2011044487	AMC410240
65	SILVER CREEK 143	2011044488	AMC410241
66	SILVER CREEK 144	2011044489	AMC410242
67	SILVER CREEK 145	2011044490	AMC410243
68	SILVER CREEK 146	2011044491	AMC410244
69	SILVER CREEK 147	2011044492	AMC410245
70	SILVER CREEK 148	2011044493	AMC410246
71	SILVER CREEK 149	2011044494	AMC410247
72	SILVER CREEK 150	2011044495	AMC410248
73	SILVER CREEK 151	2011044496	AMC410249
74	SILVER CREEK 152	2011044497	AMC410250
75	SILVER CREEK 153	2011044498	AMC410251
76	SILVER CREEK 154	2011044499	AMC410252
77	SILVER CREEK 155	2011044500	AMC410253
78	SILVER CREEK 156	2011044501	AMC410254
79	SILVER CREEK 159	2011044504	AMC410257
80	SILVER CREEK 161	2011044506	AMC410259
81	SILVER CREEK 163	2011044508	AMC410261
82	SILVER CREEK 165	2011044510	AMC410263
83	SILVER CREEK 166	2011044511	AMC410264
84	SILVER CREEK 167	2011044512	AMC410265
85	SILVER CREEK 168	2011044513	AMC410266
86	SILVER CREEK 169	2011044514	AMC410267
87	SILVER CREEK 170	2011044515	AMC410268
88	SILVER CREEK 171	2011044516	AMC410269
89	SILVER CREEK 172	2011044517	AMC410270

No.	Name of Claim	Fee No.	BLM Serial No.
46	SILVER CREEK 111	2011024845	AMC407973
47	SILVER CREEK 112	2011024846	AMC407974
48	SILVER CREEK 113	2011024847	AMC407975
49	SILVER CREEK 114	2011024848	AMC407976
50	SILVER CREEK 115	2011024849	AMC407977
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52	SILVER CREEK 117	2011044462	AMC410215
53	SILVER CREEK 126	2011044471	AMC410224
54	SILVER CREEK 127	2011044472	AMC410225
55	SILVER CREEK 128	2011044473	AMC410226
56	SILVER CREEK 129	2011044474	AMC410227
57	SILVER CREEK 130	2011044475	AMC410228
58	SILVER CREEK 131	2011044476	AMC410229
59	SILVER CREEK 132	2011044477	AMC410230
60	SILVER CREEK 133	2011044478	AMC410231
61	SILVER CREEK 138	2011044483	AMC410236
62	SILVER CREEK 140	2011044485	AMC410238
63	SILVER CREEK 141	2011044486	AMC410239
64	SILVER CREEK 142	2011044487	AMC410240
65	SILVER CREEK 143	2011044488	AMC410241
66	SILVER CREEK 144	2011044489	AMC410242
67	SILVER CREEK 145	2011044490	AMC410243
68	SILVER CREEK 146	2011044491	AMC410244
69	SILVER CREEK 147	2011044492	AMC410245
70	SILVER CREEK 148	2011044493	AMC410246
71	SILVER CREEK 149	2011044494	AMC410247
72	SILVER CREEK 150	2011044495	AMC410248
73	SILVER CREEK 151	2011044496	AMC410249
74	SILVER CREEK 152	2011044497	AMC410250
75	SILVER CREEK 153	2011044498	AMC410251
76	SILVER CREEK 154	2011044499	AMC410252
77	SILVER CREEK 155	2011044500	AMC410253
78	SILVER CREEK 156	2011044501	AMC410254
79	SILVER CREEK 159	2011044504	AMC410257
80	SILVER CREEK 161	2011044506	AMC410259
81	SILVER CREEK 163	2011044508	AMC410261
82	SILVER CREEK 165	2011044510	AMC410263
83	SILVER CREEK 166	2011044511	AMC410264
84	SILVER CREEK 167	2011044512	AMC410265
85	SILVER CREEK 168	2011044513	AMC410266
86	SILVER CREEK 169	2011044514	AMC410267
87	SILVER CREEK 170	2011044515	AMC410268
88	SILVER CREEK 171	2011044516	AMC410269
89	SILVER CREEK 172	2011044517	AMC410270

No.	Name of Claim	Fee No.	BLM Serial No.
90	SILVER CREEK 173	2011044518	AMC410271
91	SILVER CREEK 174	2011044519	AMC410272
92	SILVER CREEK 175	2011044520	AMC410273
93	SILVER CREEK 176	2011044521	AMC410274
94	SILVER CREEK 184	2011044529	AMC410282
95	SILVER CREEK 185	2012000017	AMC413137
96	SILVER CREEK 186	2012000018	AMC413138
97	SILVER CREEK 187	2012000019	AMC413139
98	SILVER CREEK 188	2012000020	AMC413140
99	SILVER CREEK 189	2012000021	AMC413141
100	SILVER CREEK 190	2012000022	AMC413142
101	SILVER CREEK 191	2012000023	AMC413143
102	SILVER CREEK 192	2012000024	AMC413144
103	SILVER CREEK 193	2012000025	AMC413145
104	SILVER CREEK 194	2014014495	AMC427718
105	SILVER CREEK 195	2014014496	AMC427719
106	SILVER CREEK 196	2014014497	AMC427720
107	SILVER CREEK 197	2014014498	AMC427721
108	SILVER CREEK 198	2014014499	AMC427722
109	SILVER CREEK 199	2014014500	AMC427723
110	SILVER CREEK 200	2014014501	AMC427724
111	SILVER CREEK 201	2014014502	AMC427725

Provided, however, that the Royalty shall be payable on the claims listed in this Part IV only to the extent that Payor, or its successors or assigns, maintains a leasehold interest, an option interest to acquire, or record title interest in such unpatented mining claims pursuant to the terms and conditions of the underlying Mineral Lease and Option Agreement between La Cuesta International, Inc. and Payor dated May 7, 2014, as amended, as referenced in that certain Amended and Restated Memorandum of Option Agreement and Notice of Assignment and Assumption of Option Agreement dated October 29, 2015 and recorded on October 29, 2015 at Fee # 2015047985 in the Official Records of Mohave County, Arizona (provided that if any such claims are abandoned but then relocated at any time within five years of such abandonment, the Royalty shall remain payable); and provided further, that the Royalty shall be payable on the claims listed in this Part IV only to the extent that such unpatented mining claims, or portions thereof, are within the Area of Interest.

V. ASLD Exploration Permit (La Cuesta International, Inc. Lease Option Claims)

Arizona State Land Department Exploration Permit (Permit No. 08-116110) dated December 22, 2011.

Provided, however, that the Royalty shall be payable on the Arizona State Land Department Exploration Permit listed in this Part V only to the extent that Payor, or its successors or assigns, maintains a leasehold interest, an option interest to acquire, or record title interest in such Arizona State Land Department Exploration Permit pursuant to the terms and

conditions of the underlying Mineral Lease and Option Agreement between La Cuesta International, Inc. and Payor dated May 7, 2014, as amended, as referenced in that certain Amended and Restated Memorandum of Option Agreement and Notice of Assignment and Assumption of Option Agreement dated October 29, 2015 and recorded on October 29, 2015 at Fee # 2015047985 in the Official Records of Mohave County, Arizona (provided that if such permit is abandoned or expires but reacquired at any time within five years of such abandonment or expiration, the Royalty shall be payable); and provided further that the Royalty shall be payable on such Arizona State Land Department Exploration Permit listed in this Part V only to such extent that such permit area, or portions thereof, are within the Area of Interest.

conditions of the underlying Mineral Lease and Option Agreement between La Cuesta International, Inc. and Payor dated May 7, 2014, as amended, as referenced in that certain Amended and Restated Memorandum of Option Agreement and Notice of Assignment and Assumption of Option Agreement dated October 29, 2015 and recorded on October 29, 2015 at Fee # 2015047985 in the Official Records of Mohave County, Arizona (provided that if such permit is abandoned or expires but reacquired at any time within five years of such abandonment or expiration, the Royalty shall be payable); and provided further that the Royalty shall be payable on such Arizona State Land Department Exploration Permit listed in this Part V only to such extent that such permit area, or portions thereof, are within the Area of Interest.

This is Exhibit "H" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10th, 2025.

Vivi Tuell.

Commissioner for Taking Affidavits for British Columbia

UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

In re:		
ELEVATION GOLD MINING CORPORATION	CH: 15	2:24-bk-06359-EPB
1) STATUS AND SCHEDULING HEARING		
2) MOTION FOR POST-RECOGNITION RELIEF UNDER 11 U.S.C. SECTION 1521 AND/OR 1507 AND ENFORCEMENT OF CANADIAN SALE AND DISTRIBUTION ORDER		

U.S. Bankruptcy Court
230 N. First Avenue, Suite 101
Phoenix, AZ 85003-1706

December 23, 2024
11:03 a.m.

BEFORE THE HONORABLE DANIEL P. COLLINS, Judge

VIDEO/TELEPHONIC HEARING

APPEARANCES:

For Elevation Gold Mining Corporation:	Robert M. Charles WOMBLE BOND DICKINSON (US) LLP One South Church Avenue Suite 2000 Tucson, AZ 85701-1611
For Nomad Royalty Company Limited:	Bryce A. Suzuki BRYCE SUZUKI One East Washington Street Suite 2700 Phoenix, AZ 85004-2556
For Trisura Guarantee Insurance Company:	Robert J. Berens SMTD LAW LLP 2001 East Campbell Avenue Suite 103 Phoenix, AZ 85016

APPEARANCES: (Continued)

For Elevation Gold Mining Corporation:	Anthony Austin FENNEMORE CRAIG 2394 East Camelback Road Suite 600 Phoenix, AZ 85016-3429
For Maverix Metals Inc.:	Bradley A. Cosman PERKINS COIE 2525 East Camelback Road Suite 500 Phoenix, AZ 85016
For Patriot Gold Corp.:	John A. Harris QUARLES & BRADY LLP Two North Central Avenue Phoenix, AZ 85004-2391
For Mohave Electric Cooperative, Incorporated:	Michael P. Rolland ENGELMAN BERGER, PC 2800 North Central Avenue Suite 1200 Phoenix, AZ 85004
For KSV Restructuring, Inc., as Monitor and Foreign Representative:	Ken Coleman 2628 Broadway New York, NY 10025
For the Purchaser:	Robin Schmultz PEG Acquisition LLC

Proceedings recorded by electronic sound technician, Staci Jo Fagan; transcript produced by eScribers, LLC.

THE CLERK: The next matter, Your Honor, Elevation Gold Mining Corporation and Golden Vertex, case number 24-6359.

THE COURT: Okay. Let me try and save some time. The Court notes the appearance of Mr. Coleman. Mr. Charles. Mr. Harris. It says James Florentine, but I think it's Mr. Suzuki. Let's see who we've got.

MR. SUZUKI: Yes. Thank you, Your Honor.

THE COURT: We've got Kevin Colby (phonetic). Patrick Carey (phonetic). Robert Kaufman. Jason Knight (phonetic). Now, I've got staff here.

Is there anyone that's not a member of court staff that wants to make an appearance whose name I have not called?

MR. AUSTIN: Good morning, Your Honor. Anthony Austin --

MR. BERENS: Yes, Your Honor.

MR. AUSTIN: -- Fennemore Craig, for the Debtors.

THE COURT: Oh, okay. Sorry.

MR. BERENS: Yes, Your Honor. It's Bob Berens. Represent Trisura Insurance Company and Trisura Guarantee Insurance Company.

THE COURT: Okay.

MR. COSMAN: Good morning, Your Honor. Brad Cosman and Amir Gamliel of Perkins Coie on behalf of Maverix Metals.

MR. ROLLAND: Good morning, Your Honor. Michael Rolland from Engelman Berger for Mojave Electric Cooperative.

MR. SCHMULTZ: Good morning, Your Honor. It's Robin Schmultz (phonetic), Canadian counsel, PEG Acquisition, LLC, the purchaser.

THE COURT: Hello.

Anyone else?

Where's my Word document? Okay. Well, while I'm trying to find what I'm looking for -- there it is.

Although not on for hearing, let me start with Mr. Berens first. When I read your objection, Mr. Berens, is it your position that you just want to note your objection, but really, you don't want -- you just want it to simmer while you figure out whether you can work something out?

MR. BERENS: That was originally the thought, and since filing that objection, we've received certain documents. But now, this morning, we received those two objections. So Trisura needs to review those.

THE COURT: Okay.

MR. BERENS: And therefore, we can't withdraw the conditional objection, but the terms and conditions are fulfilled. But at this point --

THE COURT: Okay.

MR. BERENS: -- we can't withdraw our conditional objection.

THE COURT: Okay. Well, let me see here. How do I want to proceed? First, I don't want to forget that I -- I've

done a lot of reading. Haven't been able to carefully study everything. But I did even look at some of the things that were filed today.

And I don't want to fail to mention how much I appreciate and am grateful for the efforts by Madam Justice Fitzpatrick to make oral reasons for her judgment that were transcribed that I was able to read so that I now understand from the court itself how it views these two proceedings, which general, it's a similar way that I viewed them. I know the parties have different characteristics that want to add to them.

But let me tell you before we get started that I've got a bunch of notes here that I'm reading to myself. My goal is to permit these Arizona proceedings to move forward without prejudicing the legitimate rights of any party. And in order to do that, I don't know that I'm going to be able to say everything that each side likes.

So before we before we get to some questions I have, from the Debtor's point of view, is there anything that we need to know before we get started that perhaps I'm not aware of?

MR. AUSTIN: No. Anthony Austin, Fennemore Craig, for the Debtor. Nothing from my side, although the Monitor may have comments.

THE COURT: Okay. I was going to go to that next. Anything that the Monitor wants us to make note of?

MR. COLEMAN: Your Honor, I don't think so. First of all, let me say it's a pleasure to have a video conference so we get to see each other for a minute.

Your Honor already made reference to Justice Fitzpatrick's reasons for her decision on the 17th. We also filed the full transcript of that proceeding.

THE COURT: Yeah, I didn't read that.

MR. COLEMAN: Okay. Oh, we can walk you through the pertinent parts if you care to see them.

We also filed, and I believe Your Honor has it, a supplement to our motion, which was filed because at that point, we had the Canadian orders that we're asking Your Honor to recognize and enforce. But beyond that, I don't think we have anything to add.

THE COURT: Okay. Thank you.

What about the Monitor? Anything we need to talk about before we get started?

MR. COLEMAN: The Monitor is -- we represent the Monitor, Mr. Charles' firm and myself.

THE COURT: Oh. I'm sorry. I was used to hearing from Mr. Charles. So okay. I'm sorry if I got you --

MR. COLEMAN: All right.

THE COURT: Okay.

MR. COLEMAN: That's all right.

THE COURT: Does anybody else have anything we needed

to do? Because I've got some questions and I want to get to them, but I didn't want to -- if you got something you're dying to say, I didn't want to step on anybody.

All right. So can the transaction -- the transaction is the proposed sale or stock transfer. Let's just call it the sale. Can the sale close without explicit adoption or acceptance by me of the Canadian court's order? We'll call it the December 19th order.

MR. COLEMAN: No.

THE COURT: Why not?

MR. COLEMAN: There are two -- there are two principal conditions to the closing. One is an order from Your Honor recognizing and enforcing the sale order, which was the result of the hearing on December 17. And the other is that the closing occur on or before December 31, which Your Honor will recall gave the Court and the parties some pause as to whether or not all the things necessary to close could be achieved in that time frame, and therefore the transaction was successfully restructured so as to -- so as to avoid any prejudice to Patriot or Nomad.

But to be clear, the buyer does not have to close absent an order from this Court recognizing and enforcing the sale order.

THE COURT: Okay. Well, you said two things. There's only one that affects me.

MR. COLEMAN: Correct.

THE COURT: The (audio interference) by December 31 is separate, and there's nothing I can do about that, if you get the thing you want, which is approval. Right. So then --

MR. COLEMAN: Correct.

THE COURT: Okay. Well, there's approval, and there's approval. And when you read through Madam Justice Fitzpatrick's order, she recognizes and clarifies that her order is not intended, from my reading, to do the things that Mr. Suzuki and Mr. Harris are worried about. So that means that approval could be me explicitly recognizing that the December 19th order shall have no effect on what's here. For example --

MR. COLEMAN: Yes.

THE COURT: -- it's low-hanging fruit. Mr. Suzuki's papers seem to fear that if I approve it, the next day, you're going to file a motion to dismiss the Canadian proceedings and say, therefore, this must be dismissed.

MR. COLEMAN: No.

THE COURT: And of course, that's not the case.

MR. COLEMAN: No, no. Just --

THE COURT: (Audio interference).

MR. COLEMAN: Can I just take a --

THE COURT: Wait, wait.

MR. COLEMAN: Can I just take a moment --

THE COURT: Wait, wait.

MR. COLEMAN: Sorry.

THE COURT: Is that fair?

MR. COLEMAN: Fair enough.

THE COURT: Okay. So now it's my turn. Okay.

MR. COLEMAN: Yes, please.

THE COURT: So any order that I would be approving would specifically recognize this Court -- you want to call it the ancillary proceedings -- survives and proceeds or notwithstanding any order of the Canadian court.

Two, in order for procedural, right now, just so I don't forget and make a record, all of the disputes -- there are more than two -- between Nomad/Patriot and the Debtor/Monitor are now deemed to be adversaries, if I haven't done that before, just because I want to make sure we're clear.

Now, the second question, it's not technically here today, but can we move forward with simple approval by this Court that until a new board of directors asserts itself, the Monitor speaks for the board of directors, which makes decisions, but there's no other substantive effect in Arizona?

MR. COLEMAN: I think that's correct, Your Honor. The reason -- can I --

THE COURT: Sure, sure, sure. Yeah, I'm sorry. I apologize.

MR. COLEMAN: I just want to make two things very

quick. The Monitor's stepping in to a governance role here is really a result of the intention of the existing members of the board to resign on the closing. Okay. So somebody has to be mining -- excuse the pun -- minding the store. And that would be -- that would be the Monitor KSP Restructuring (phonetic).

And by the way, Your Honor, the principal of KSP Restructuring is on the line today. That's Mr. Kaufman.

THE COURT: Okay. Welcome.

MR. COLEMAN: The other the other point, just very quickly, I'd like to make with respect to that issue about somehow we're going to set all this up and then quickly pull the rug out and say sorry is clearly not the case. This case would terminate only upon an order closing the case being entered under Bankruptcy Rule 5009(c), and that would only happen after there's a final report by the foreign representative to Your Honor and the entry of an order by Your Honor closing the case.

So until that time, this case remains open. The issues that have been set aside for later determination up to and including June 30 of next year will continue under Your Honor's jurisdiction and supervision.

THE COURT: Okay. Let me ask the Suzuki-Harris side something. Either one of you can take the lead and the other one can say, I agree or disagree.

If I enter an order that says the December 19th

pronouncement by the Canadian court is approved to the extent that it does not purport to have any effect on Arizona property or rights arising or related to Arizona property, do you object to that?

MR. HARRIS: Do you want me to --

Your Honor --

MR. SUZUKI: Yes.

MR. HARRIS: -- this is John Harris. Let me respond to that. And I think we've stated our position as succinctly and in the objection that we filed this morning to that question.

THE COURT: (Audio interference).

MR. HARRIS: The Canadian court -- well, fair enough. Then let me respond directly.

In addition to that qualification, which the Canadian court itself recognized needed to be in the order, that none of the royalty holders' rights were affected, there are other provisions in the order which simply do affect their rights, irrespective of what may have been said. And those include, one, that all of the cash and all of the assets of Golden Vertex, the American corporation, that are identified as "residual assets" are transferred from the American corporation up to the Canadian holding company. The royalty holders have interests in those assets, in particular the cash receivables. In fact, by their own language, proceeds from

mineral production. And as the Court knows, the royalty holders' position is that they have ownership rights in those assets.

One of the additional things --

THE COURT: Wait, wait. Can I interrupt you? Because here's the problem. Your answer is assuming that I haven't read all this, and I have. And so I am asking you a question. You're now citing me provisions. You say, that doesn't work because the December 19th order has provisions that are inconsistent with our claim property rights.

And I'm saying, with all due respect, if you'll listen carefully to the words I just uttered, I'm saying, I approve the order, except to the extent that it provides to affect Arizona property or Arizona property rights so that to the extent we find later that there is a right that you hold, your client holds, or Mr. Suzuki's client holds and it is contrary to what the other side would like to have happened, we go with that order didn't affect it because I explicitly said, if we're going to decide all of the Arizona rights and all the property ownership characteristics in Phoenix, Arizona.

Do you see the difference I'm making? The distinction?

MR. HARRIS: I am, Your Honor. But the order that they're asking you to enter says expressly that those assets are being transferred. That releases --

THE COURT: I get that.

MR. HARRIS: -- are being done. So what I'm struggling with is when you say none of the Arizona rights are affected in any way, does the Court mean that those provisions of the order, to the extent they affect or potentially affect the rights of the royalty holders, are inoperative? If that's the case, then I would agree with that qualification and the noneffectiveness of those provisions because of the language that the Court just used would address the concerns.

THE COURT: Okay. The reason I'm pausing is I'm trying not to -- I'm trying to do this in a certain order. But it's difficult to do, and that's nobody's fault.

With respect to -- I can't quote from your papers, but I vividly remember a statement in Mr. Suzuki's -- you referred to the reserved assets and the transfer of the reserve assets and how that adversely affects your client/Mr. Suzuki's property rights. Fair summary? Is that true?

MR. HARRIS: That's one of the things.

THE COURT: Yes.

MR. HARRIS: Yes, Your Honor.

THE COURT: Okay. But that statement takes us all back to the primary issue here, which is what is the appropriate characterization of the rights of your client/Mr. Suzuki's, the Nomad/Patriot. I'll call it the NP rights. What are the -- is it real estate or is it not?

Because if it's not then -- and let me just -- let me start again.

So when you and Mr. Suzuki refer to the transfer of reserved assets, the only reason that you have any skin in that game is because you're saying reserved assets to a certain extent is a synonym for our property. Right? You're saying --

MR. HARRIS: That is --

THE COURT: -- that is reserved -- am I wrong? Go ahead.

MR. HARRIS: Your Honor, that is -- let me say it more directly, at least from our perspective. The royalty holders hold interests in the minerals and their proceeds. The residual assets which are transferred to GVC include proceeds, cash, other things like that, all of which are subject to the royalty holders' interest. The royalty holders -- Patriot is an example -- in our papers have filed our royalty deed showing that it combines and is intended as a mineral interest. It includes the proceeds. We've cited the case law that supports the fact that our interest goes there.

I understand that's not before the Court for determination now, but that is more than a sufficient prima facie case of an interest. Under 363, if they are transferring those assets, then they are required to adequately protect that interest. That means segregating them, not disposing of them, and holding them until this Court rules.

There's also no prejudice whatsoever to that being required, Your Honor, because these assets are no longer going to be used in operation of the mine. They're just a wad of cash and other payment rights that are going to be parked, pending a determination on who is entitled to the distribution of them.

So what we have asked in our papers is simply for the Court to order that if it is going to recognize this order, because that is a practical implementation of the very thing the Canadian court said and that the Court just said in its earlier question to me, which is if the Court -- can the Court approve without affecting any of the royalty holders' rights.

THE COURT: My turn. I'm asking bad questions, and I apologize. Let me try and focus in. I'm not getting you to focus on what I want you to.

And that is let's say that we all know there's going to be a final determination that your or Mr. Suzuki's position, that what your clients hold is a realty interest loses, and therefore we know that what you hold are contract rights. Is that fair to say?

MR. HARRIS: I don't know what the ruling would be if we lose, but it would have to be something.

THE COURT: It would be this.

MR. HARRIS: The contract --

THE COURT: It would be this. It would be, the Court

finds that the rights that are evidenced by all the writings and all the behaviors of the parties evidenced that what was granted to your clients is a contractual right to payments based upon production of ore from a mine. And that's it. No ownership interest in the actual property. Just a contractual. It's like any other contract.

If that was the ruling, then you in the position of the Canadian proceeding are just another unsecured creditor. Right? And if you're just another unsecured creditor, then they have the ability to do the proceeding -- or the procedure they want to do now.

MR. HARRIS: Your Honor, I'm not disputing that. But that ruling hasn't happened.

THE COURT: I know.

MR. HARRIS: And so until it does, we're entitled to protection against those interests and the dissipation of that property.

THE COURT: I kind of know that. I'm just trying to figure out how we proceed from here, to start from where I -- to go back to where I started, which is how we go forward and protect that potential right of yours without prejudicing the other side from their need to make the company a move-forward. But I gotcha. Let me try and ask something else.

And I don't see -- see, here's my struggle. It seems to me that you are unintentionally forcing me to say I either

approve the order that's been submitted by the movants, or if I don't, I'm prejudicing your and Mr. Suzuki's clients' rights.

And I'm saying if all I did was ignore the lodged order and simply entered an order saying, number one, I'm retaining jurisdiction. There can be no lack of jurisdiction after approval of the court. Number two, I'm saying that I don't purport to affect anything that was done by the Canadian court with respect to Canadian assets. But with respect to Arizona assets and rights arising from the ownership of those assets, I approve the proceedings, subject to the fact that I don't approve anything, any provision that affects Arizona property rights or rights arising from Arizona property. Those determinations will be made here.

And I tried to point that to you and Mr. Suzuki and say, if that was it, do you object? And I think you said, yeah, I still object. And I'm trying to figure out why.

MR. HARRIS: Your Honor, and Mr. Suzuki has something to say, but let me respond this way.

One of the assets is this cash and other things that are being transferred from GVC to Elevation Gold. I don't think that that our position is contrary to what the Court just said if our interest in those assets remain completely unaffected and they're not dissipated and they remain subject to the determination of this Court when it makes its rulings regarding the royalty holders' interest and claims. That's

what we asked for, maybe unartfully, but that's what we asked for as one of the protections in our pleading.

So my only struggle, Your Honor, is when you say Arizona assets, those are Arizona assets, but we haven't heard the other side concede that. So whatever they are, we believe they should be preserved, pending the order of this Court in the litigation if it proceeds.

THE COURT: Let me follow up on what you said because I thought about the cash. So one of the things you've said, and I know Mr. Suzuki has said -- we talked about in a previous hearing -- listen, to the extent they took our real property interest, mine or, and to the extent they then sold it and turned that into cash, that's proceeds of our stuff. That's proceeds of our real property interest. And it's been sitting in the Canadian courts, and they've been using it.

Now, if that's true, then what has happened from your point of view is a post-petition conversion of your property. And --

MR. HARRIS: Correct.

THE COURT: -- if you're not right and it's not yours, then they could use it subject to court order anyway. And --

MR. HARRIS: Correct.

THE COURT: -- Madam Justice Fitzpatrick's oral rulings -- oral reasons, sorry, to me sort of recognize that.

And she may raise in dicta of what she thinks is a potential issue you'd have establishing that to the extent that the money was spent in accordance with the court sanction or court order. But that's not here nor there. The issue is what are your rights.

And to the extent that people recognize that you are not releasing something for liability arising from misappropriation -- or misappropriation would mean selling your property or converting your property or something else and that the releases don't cover that, to the extent we're talking about Arizona property, then it seems to me easy for me to go forward and just try these adversaries, knowing that the things that you are raising, either you're wrong, and you don't have a right to it. You're just an unsecured creditor, and they can do whatever the Canadian court said they could do.

Or two, you're right, and you have both a pre-petition real property right that needs to be respected, and you have claims based upon post-petition conversion. And the extent that the releases purport to cover those two things if they exist, no, not to the extent it's Arizona property. But everything else is none of our business in Arizona. And sort of me, if you do the -- in my point of view, if you do the same thing with respect to the shares, either the people running the companies have liability for something or they don't, but it all goes back to question one, what's the proper

characterization of the interest that your client and Mr. Suzuki hold.

That's kind of where I'm going. Does that make it clearer?

MR. HARRIS: It does, Your Honor. And I don't think, other than Mr. Suzuki's got points to raise about the sale itself, but if we were talking about a scenario in which the Court recognizes the order, I think that what we have asked for in our objection is consistent with what the Court just said. And that is that the royalty holders rights are not affected. This Court is the one that will determine all of those rights or any other applicable U.S. court. And that those rights, the claims of the royalty holders, reach into assets that are being transferred from GVC to Elevation Gold under this proposed order. And as long as those assets are fully preserved, pending this Court's ruling --

THE COURT: But --

MR. HARRIS: Then and the --

THE COURT: (Audio interference) that's what I'm saying. First of all, your rights may very well be affected by what's happened in Canada. We don't know yet because we don't know how to properly characterize your rights. If your rights are contractual, yeah. That's a big deal.

And the second thing is when you talk about preserving your -- you actually want me to preserve the cash,

that's not the way it works. Even if we go outside of bankruptcy, there's a conversion. You just say you're liable for a conversion. And if you spent the cash based upon someone saying you could, a court, then that doesn't eliminate the liability because the cash is not there. That says you did something wrong. You took my post-petition assets. And even though you had a court that said you could pay it, you were liable by claim -- I'm not saying you are -- for taking my property and using it. But we haven't determined that yet, and as I'll go back to when you brought this up before, if you wanted that cash to be held, you need a provisional remedy, which you didn't seek.

So I --

MR. HARRIS: Your Honor --

THE COURT: -- would say -- Go ahead. Your turn.

MR. HARRIS: Your Honor, there's two big differences between where we were when we had this discussion at an earlier hearing and today. The first is at the prior hearing, there was a claim made that the royalty holders hadn't presented any basis for the assertion of their interest in that property. That is now fully addressed in the papers that they have filed. That is more than a prima facia basis for claiming an interest in the cash.

The second is that cash is not needed by the Debtors. The Debtors are just going to park the money. And if the

Debtors say that they are not going to dissipate that cash pending the order of this Court, then we don't have a conflict on that point.

THE COURT: You want me to issue an order that says what with respect to the cash?

MR. HARRIS: That it'll be segregated and preserved, pending the order of this Court in regard to the royalty holders' claims.

THE COURT: And that's not a provisional remedy?

MR. HARRIS: That's the same -- certainly, in our view, that would be done in any instance where cash collateral is being held by an estate pending an ultimate distribution that the Court would order it be preserved pending the -- and that's exactly what they're asking for here.

THE COURT: Well, with all due respect, you've asserted a right, an ownership right, but it has not been adopted. To me, the difference is you're saying, we satisfied our prima facie case because we've submitted things. And I go, well, you have to submit it, and they have to be viewed as binding by the Court or valid, such as assigned security interests. Such as a deed of trust.

Those things are things that get -- but even if you did that, the other side is allowed to ask for an injunctive hearing -- injunction hearing, excuse me, or provisional hearing for some types of guarantee for provisionally. And I'm

not smart enough to understand why what you're asking for is not a provisional remedy prior to final determination of your property interest.

MR. HARRIS: Your Honor, I'd analogize it to a Chapter 11 case. If we had a liquidating 11, which is effectively what this is, and there was a block of proceeds with competing claims made against them, then in every 11 case that I'm aware of, those proceeds would be held subject to the Court's jurisdiction until a ruling is made on who's entitled to them. That is the only thing that we're asking for in this case.

THE COURT: Those are the --

MR. SUZUKI: Your Honor, may I?

THE COURT: Yeah. Go for it.

MR. SUZUKI: So just a couple of insights to answer the Court's questions. One is if the order that you're proposing is that there will be no order and no prejudice with respect to any Arizona property rights, what we're asserting with respect to that cash as proceeds of our real property interest is ownership. And so no court, as far as I know, can order the sale of a third party's property. And to the extent that the Canadian order does that, then that does prejudice our real property rights. And --

THE COURT: You skip a step.

MR. SUZUKI: -- we've cited some law and --

THE COURT: You skip a step, though, Mr. Suzuki. You go, no court can issue an order that affects our property rights. But so far, I don't know that you have a property right. I know you claim one. And if --

MR. SUZUKI: Sure.

THE COURT: -- we look at the cases, the documents evidencing your claimed property right are minimal.

MR. SUZUKI: Well, but the law in the Ninth Circuit is that under Section 363, if there's a proposed use transfer sale of property outside the ordinary course of business that is subject to a dispute, that dispute must be resolved before that transfer or sale can take place. And so that's all we're asking is, hey, there is a dispute. The effect of the order that's potentially being proposed by Your Honor is that they presumptively prevail. And what we're asking is the preservation of the status quo to preserve our ownership interests in that cash, pending resolution of that dispute, rather than, well, now you've got to go chase people.

If it's our property, it's not properly transferred from Golden Vertex, an Arizona entity, to the Canadian parent entity for no consideration. That's just improper. And the other part of this is that even under just a Section 1507 analysis, it indicates, Section 1507, that no aide of -- or no order in aide of the Foreign Representative should be given as under 1507(b)(3) and (4) to the extent it would result in a

preferential or fraudulent disposition of property of the Debtor or someone else, for that matter, and that the distributions must be substantially in accordance with the order prescribed by Title 11.

And so there is no basis, from our perspective, Your Honor, to if we are going to try to get some order accomplished here that fully preserves our rights, then we need our rights fully preserved.

THE COURT: So do I hear you now agree with everything I said with respect to the proposed order that I (audio interference) not -- with respect to the cash?

MR. SUZUKI: Well, I think what we would need to understand -- I don't know that we agree, Your Honor. We have significant concerns and objections. We'd need to hear the rest of this and how this order would work. My concern with what Your Honor was proposing is in part what we're talking about now.

When we talk about the Arizona property, what are we talking about? Because what they want to do is transfer the equity interest of this Arizona closely held corporation in the form of certificated stock certificates, extinguish all other forms of equity interest in this entity, and then transfer away these GVC residual assets, which include all the cash and bank accounts and everything else from this Arizona entity, Chapter 15 Debtor, up to a codebtor that is its parent company in

Canada.

And so what are we talking about when we're talking about what is the Arizona real property that's not being affected if it includes cash, the accounts, our rights, and at that point to be resolved in some way, then potentially that's a solution that works. But I'd have to understand all the other moving parts. And in particular, we talked about retained jurisdiction. I don't know how that would work. What retained jurisdiction?

And so we would get these things resolved, but my --

THE COURT: All right. Wait, wait, wait. Could I dismiss --

MR. SUZUKI: Um-hum.

THE COURT: -- this case but retain jurisdiction over the adversary? Isn't that quite common?

MR. SUZUKI: I don't see how. Well, but I don't see how because what part of the sale says it's going to do is transfer and assign over and the buyer or GVC is going to retain liabilities to Nomad and Patriot. So those liabilities aren't going anywhere. They are in GVC. Those are completely retained liabilities. And GVC --

THE COURT: But sorry --

MR. SUZUKI: -- is now owned by a third-party.

THE COURT: Let me slow you down so I can try and understand what you were saying better. First, right now I see

two silos. One is transfer the shares, and two, transfer of what you call residual assets. Am I missing something?

MR. SUZUKI: Transfer shares and their ilk to the buyer. Correct. And then the other silo is transfer whatever's left, including cash and accounts. to codebtor parent company Elevation Gold. So there's transfer to the buyer. Transfer to the parent.

THE COURT: Okay. So we've now got -- we agree there are two categories?

MR. SUZUKI: Sure.

THE COURT: Okay. Let's talk about first just the shares. Why do you have an interest in the transfer of the shares?

MR. SUZUKI: I'm not suggesting that we do.

THE COURT: Okay. So that's clearly okay from your point of view?

MR. SUZUKI: If that were the proposed sale, then whatever that sale would be is the sale. And I'm not sure that we would have the same objections, but that's not what's --

THE COURT: Well --

MR. SUZUKI: -- what's proposed here.

THE COURT: -- I'm trying to pin you down. If there was just a sale of shares and a cancellation of all current equity interests, that has (audio interference), that doesn't affect you, right?

MR. SUZUKI: That would be -- that would be a mere stock sale that arguably does not affect us.

THE COURT: Okay. So now let's go back to the residual assets, the ones that is silo 2. Right?

MR. SUZUKI: Right.

THE COURT: Okay. Either you have a valid interest because you have a real property interest. If you don't have a real property interest, then you lose. Right?

MR. SUZUKI: Okay.

THE COURT: Okay. So we've got to get to that. And if you do have a real property interest and that property interest includes proceeds from mine that was extracted and then sold. Then that means that that account constitutes, in part, maybe not all, I don't know, something that the Debtor does not own. The Debtor --

MR. SUZUKI: Correct.

THE COURT: -- holds it, but does not own it. And --

MR. SUZUKI: Right.

THE COURT: -- you got to realize that, going forward, I've got to either treat that asset, that cash, as by your position something you own and then not let them transfer it or use it. And then the question becomes if you're going to prohibit that, what's the protection for them? I mean, what they're going to say is you're going to blow the deal, and we're going to -- this company's going to go down because we

can't complete it. And if you don't do that, and if you say, I understand there's an argument about assets being held by the Debtor, the cash, and the Debtor and its principals need to know that if they're wrong and they purport to dispose of that asset, then there's potential liability. And that's not uncommon outside of bankruptcy.

I am sort of viewing this more as a situation with nonbankruptcy considerations. If I owned a company and had this cash flow, and I go, listen, if I spend it, they're going to sue me for conversion, and then they may sue me for other things that I don't want to talk about now. And what seems to me your position is I must, under 363 or 1502, I must say, freeze everything, and at no cost to your client -- clients, yours and Mr. -- and purportedly put a sale at risk when there may be no effective remedy for the rights and interests of your opponent. Is that a fair summary of your position?

MR. SUZUKI: Well, no. And here's how I would -- here's how I would --

THE COURT: Okay.

MR. SUZUKI: -- distinguish them. And I know Mr. Harris also wants to make a point of -- what we're saying is not, hey, take this deal by refusing to do this. We're saying that any transfer of this property that we contend, at least in part, is owned by us needs to be protected.

So as Mr. Harris was saying, if that means, okay,

we're not going to affect in any way the Arizona interests and the interests of Patriot and Nomad, including this cash, that means they've got to segregate it. They can transfer it, I guess, to a holding account and trust. But if they're going to truly preserve our interests and not affect our real property interests just because the law in the Ninth Circuit is you can't use sell transfer something under 363 that's subject to a bona fide dispute in ownership until you resolve that dispute.

THE COURT: But --

MR. HARRIS: Your Honor --

THE COURT: Just a second.

MR. HARRIS: Oh, sorry.

THE COURT: Just a second. Your real estate property, the cash, at best is proceeds of the sale of a real estate-type interest. It says the sale of ore. It's not the ore.

MR. SUZUKI: Well, that's what --

THE COURT: I think that (audio interference) use of the cash that is traceable to the sale of the ore is wrong, and it's not legal. But I don't know that -- and it gives rise to potential liability. But I don't know that it means that you can prevent someone for doing something wrong, just prevent them, from their point of view, the other side's point of view, and say, look, at worst, it's a breach of contract. That's what they'll say. At worst, we contractually promise to give

you entitlement to proceeds from the sale of the ore. And we didn't do it. And maybe we didn't do it on purpose. That's intentional breach of contract has been around forever.

So and where I'm struggling with your position is you must accept that we're right, that not only is this wrong because they contractually agreed to provide us payment of this proceeds, but it's an interest that's at least equal to a collateral interest. And I have trouble with that.

MR. SUZUKI: The one distinction I would make and where I think we're not seeing clearly eye to eye is I'm not asking you to predetermine that we're right. I'm not asking you to predetermine that anyone in particular is right. What I'm asking you to do is preserve the status quo, pending a resolution of that determination.

They've indicated in a filing some time ago that at least 42,000 dollars, as they calculate it, of the cash is attributable to our royalty, whether that's an actual royalty interest and a property interest or an unsecured contract claim will be found out down the road. But if the money's gone, what is claimed as our property is gone. They've transferred it.

THE COURT: All right.

MR. HARRIS: Your Honor --

THE COURT: It's worse than that, but I mean, because you were going to say they transfer it, and the person that we can seek recompense from that we can get to.

But go on. What do you want to say, Mr. Harris?

MR. HARRIS: Your Honor, we're not arguing about whether the cash is transferred or not. It is the preservation of the cash pending this Court's ruling. So again, they have liquidated these entities under this sale. The buyer is going to operate the mine using whatever funds the buyer brings to the table, I suppose, post-closing and all of the cash that's in GVC now and its rights to receivables and proceeds from mineral production is just being transferred to Elevation Gold for some ultimate distribution in the case. It's not operating. They don't need the money to operate the mine.

So it's just a wad of money, just like any other liquidating case that has competing claims being brought against it. As long as it is clear that that money isn't going to be spent pending an order by this Court and will be preserved until these various disputes are resolved, that's all we're asking. It doesn't hold up their sale. It doesn't prevent the transfer that they're contemplating. The Elevation Gold is this subject to this Court's jurisdiction. It's a Chapter 15 Debtor, like the rest.

But there's nothing where these Debtors have said, we're going to hold that money until these disputes are resolved. And the fact that they dispute our interest, a documented interest, doesn't make them any more right than it makes us when we demonstrate the interest. They're in bona

fide dispute.

So in this instance, they don't need the money to operate the mine. They can do the transfer and complete their transaction. The only thing that's happening to the Court's point is the rights of everyone in that money are being preserved until this Court makes its rulings on the royalty holders' interest.

MR. COLEMAN: Your Honor, if I promise to be helpful, can I say a couple of words about this?

THE COURT: Well, I think you've been very patient. It's your turn. Go ahead.

MR. COLEMAN: Just, if I may --

THE COURT: Sure.

MR. COLEMAN: -- there was a fair amount of discussion at the hearing in Canada last week to assure that the order of the Canadian court does what Your Honor is suggesting be done here. And I would point you specifically to paragraphs 10 and 11 of the order. And we can get into the wording details in a minute. But those provisions were the subject of discussion on the record and post-hearing to make sure that the order said what Patriot wants it to say.

Now, this is the important part. The intention here is to have these assets, these cash assets, which we believe are subject to the senior line of Elevation, but -- pardon me, of Maverix, but we don't need to make that determination. The

transfer of those assets to Elevation Gold will be held pending resolution of disputes.

Now, all they have to do, and they acknowledge this at the hearing last week in Canada, there was discussion about the distribution process and a notice period, where if the Monitor receives a notice, the Monitor cannot distribute. Right. Patriot and Nomad said, both of them, that they intend to file just such a notice. And I would suspect what they're going to do is they're going to have a one-page notice stapled to the top of their adversary proceeding and say, this is our claim. You can't distribute. And the Monitor will not distribute until Your Honor resolves the underlying dispute.

So I think what they're asking for and what Your Honor is sort of trying to reach for in terms of what this is really about is already there. It is already contemplated. No one is going to disburse those funds absent a resolution of those underlying issues. That's one.

THE COURT: Yeah, that was helpful.

MR. COLEMAN: That's one. And I think Justice Fitzpatrick tried, and maybe not to everyone's satisfaction here, but she tried hard to make sure that the order that she was issuing did not trample on their rights with respect to the nature of the interest in the real property, if any, or their rights, if any, with respect to the liquid assets, if I can just call it that --

THE COURT: Yeah.

MR. COLEMAN: -- that are subject -- that are subject to their adversary proceeding.

Now, I'm happy to go into detail on any portion of that. But the other thing I would like to remind everyone of, we had a discussion about this one or two hearings ago, and I think Your Honor has kind of touched on it a bit here. Cash collateral. Cash collateral. Cash collateral. The fact of the matter is that with respect to cash collateral and adequate protection, Section 363 says the burden is on the creditor to establish their interest. And Your Honor has invited them to do that, invited some sort of provisional remedy to do that, and they have not done it.

The good news is that the Monitor is agreeing to give them a provisional remedy. All they need to do is provide a notice. And then it will be held, and it won't go anywhere until Your Honor resolves the underlying dispute.

THE COURT: That was pretty effective.

Okay. It's back to you, Messrs. Harris and Suzuki.

MR. SUZUKI: Your Honor, if that type of resolution -- what we don't want to do is say, okay, well, that sounds great, without a full understanding of that process in Canada. And what Mr. Coleman says is true, that all we need to do is file a notice with our adversary proceeding complaint attached and they're not going to expend those funds and

they're not going to quibble with us about that or try to railroad us and disperse those funds in the Canadian bankruptcy, then I think that is along the lines of what Your Honor has suggested, which is no prejudice to our rights.

Now, we never got an accounting of that 42,000 dollars that they disclosed to us. I suspect that amount is too low. So if we can get an accounting and we say whatever the funds are attributable at three percent and here's our complaint and they're not going to expend those funds, great. But if what they're saying is we now have to go to Canada and fight in Canada over a distribution process, that is not preserving our rights under the Arizona outfits that Your Honor suggested.

THE COURT: Why, I think that I can -- I don't know if I can -- I can't do anything that affects what --

MR. SUZUKI: Sure.

THE COURT: -- the Canadian justice is going to do, nor would I purport to. But it seems to me that when I look at everything that's being said, and maybe I'm the one that has the simplest mind, but something pops out. And that is you're now saying, oh, well, we just don't want to trust them. Well, what if I put in my order that part of it is that -- well, let me start over. I get too down out as a -- generically define. Generically define the account that you're talking about, the residual/NP asset that is in the form of cash that's going to

be transferred as a result of the Canadian-approved transaction, can be known as -- fill in the blank, please. How do you identify it?

MR. SUZUKI: The GVC residual assets, which is how they defined it in their purchase agreement.

MR. HARRIS: And Your Honor --

THE COURT: And that's --

MR. HARRIS: -- it's defined -- I can answer for Your Honor. They define it, and what is being transferred is GVC's presale closing cash, accounts receivable, and rights to proceeds for mineral extraction from the end.

THE COURT: Is what?

MR. HARRIS: That's what's --

THE COURT: The last thing's all you're interested in, isn't it? Right?

MR. HARRIS: No, Your Honor, because as we've laid out in the adversary complaint and as the Court knows, if we have an ownership interest and if there has been a conversion, then the royalty holders are entitled to a constructive trust over funds. They are entitled to a conversion claim. They are entitled to the turnover of any funds that are subject to their claim. None of those things have been determined yet. I understand the Debtors dispute it. But all of that property is subject to claims by the royalty holders. And as counsel for the Monitor just stated, if all of that property is going to be

preserved pending the determination by this Court of the royalty holders' claims and relative interest in that property, then that is what we were asking for.

THE COURT: So from your point of view, if we were going to try and resolve temporarily this dispute, it would be by an order coming from this Court that references the decision of the December 19th order, but explicitly states that there shall be no distribution of blank funds -- we'll go back to what that means -- pending order of this Court after final resolution of the parties' adversaries. Is that a fair summary?

MR. HARRIS: Yes, Your Honor, coupled with the other two things that the Court has already mentioned, which is the express recognition that notwithstanding this transaction, none of the royalty holders' rights are affected in any way, as the Canadian court already found, and that to the extent any releases, nonconsensual third-party releases, were ordered by the Canadian court, those are not operative to the extent there is a liable party that this Court finds to the royalty holders.

THE COURT: That's three things. Is that a full list?

MR. SUZUKI: Well, there's a separate issue, Your Honor, regarding jurisdiction post-sale and who we're actually litigating against. I don't know that that needs to be addressed immediately. Your list sounds to me like it takes

care of our concerns about fully protecting our interests. We would want to see the form of order. I'm also curious as to whether the contemplated form of order -- I'm sure they have one -- has all the 363 bells and whistles, which, from the sounds of it, your order would not grant them. 363(m) finality, for example. Findings of good faith. Those kinds of things. I think what Your Honor suggested at the outset is okay, here's a list of things that I need to do to address your concerns and fully preserve your rights. And whatever is granted is subject to that.

THE COURT: Well, I want to do -- I want to do something much simpler than that. I want to have a very short order that just says that before me is a request to approve the order entered by the Canadian bankruptcy court on December 19th, 2024, and it is approved based on the following conditions. Boom. One. Two. Three. Now, you ready to support, which is who are the parties, I can't answer that now because what you're telling me is you may want to add someone as additional parties someday. That's kind of out of my bailiwick right now, I think you'd agree.

MR. SUZUKI: Yeah. And certainly, we would need to address those issues. But the immediate concern is what do we do with these pending adversary proceedings if the primary defendant is sold to a third-party?

THE COURT: Well, but --

MR. SUZUKI: Do we just name that defendant and get rid of everyone else? And who are we levying it against? Because the Monitor has also said, oh, well, we're going to control the -- we're going to step in for the officers and directors and control GVC, who's now owned by a third party with respect to this litigation.

THE COURT: Well, Mr. Suzuki, let's pretend there's no bankruptcy. They could do that anyway, right? It could be in the middle of a commercial litigation sale. By the way, we sold the company. And that may cause you to respond and say, well, let's see what the consequences of that sale were.

But that's not on the plate right now, other than you're saying they're going to sell -- let me finish. Then you're going to say, they're going to sell the shares. We've already crossed the bridge that you say, that's none of our business. None of your business. They sold the shares.

But now you're talking about -- we talked about the second side. Well, what about the assets? We've now talked about, in my mind, a resolution of that problem. But now you brought up something else. Well, there may be some people, based upon a sale that we think just puts us in a position -- and I agree with you -- as to whom are we suing. But I can't answer that, and maybe you can't either today.

MR. SUZUKI: I'm not sure that we can. I can say that the other part of the third-party releases is this

permanent injunction for litigation against GVC. We don't think that's appropriate on a go-forward basis.

THE COURT: It is appropriate, except to the extent that it affects Arizona assets or rights from Arizona property.

MR. SUZUKI: Right. Fair qualification, and that's all I'm saying. To the extent it affects our stuff, if they're continuing to expend proceeds that are attributable to our royalty, then GVC and its new principals would be subject to liability, just as GVC, the bankruptcy Debtor and its principal, soon to be former principal, would be subject to that liability. So --

THE COURT: And that's my reading. That's what I read into the Madam Justice Fitzpatrick sort of is saying, listen, take your Arizona property and your Arizona rights to your Arizona bankruptcy court and decide them. But in my Canadian bankruptcy, I'm going to do what I view I should do under Canadian law. And I respect that and because it's true.

And I want that Madam Justice to know, I'm not trying to say if you want to give permanent injunctions and the broadest releases possible, that's none my business. That's Madam Justice Fitzpatrick's, except to the extent that it may lap over onto Arizona property or Arizona property rights. And there, my order says the order has -- the Canadian law has no effect with respect to those things. And I think I've speculated that she'd say, yeah, what are we talking about? I

agree. That's --

MR. HARRIS: Your Honor, I think that -- I'm sorry. I spoke over the Court.

THE COURT: Oh, that's okay. What we're going to do is I'm just going to suggest that one of you prepare a form of order and look at it. See if we can get a stipulated order. If you can't, then you could submit competing form of orders and roll the dice. But it looks to me like the Debtor, and more importantly, the Monitor, have taken very reasonable positions here today as to give effect to get their sale done but preserve your rights.

MR. SUZUKI: Yeah. We're fine submitting a form of order along the lines of what you've talked about, Your Honor. Just one point of clarification, and this does dovetail a little bit into what we just talked about. I understand this is not part of what necessarily needs to go into this order, and in fact, that's sort of my point.

They filed a motion for expanded powers, and that may play into how or who controls these entities for litigation a that is not on calendar. I don't think it's been set for a hearing. I assume that we would have our rights reserved and that that would be taken up in due course as it relates to those issues. And if that's the case, that's fine. We will not put anything in the order to that effect. We'll keep it very simple, along the lines of what Your Honor said. But I

just want to confirm that that is not part of what's contemplated in this order.

THE COURT: If it's not on calendar, it's not being decided today.

Oh, Mr. Charles, go ahead. Your turn.

MR. CHARLES: Would you, when it's convenient for you and your staff, set it on calendar because if the Ds and the Os -- if the sale is approved, if the transaction closes, and if the Ds and the Os resign, you need a human being to act. So if we could -- we would appreciate a hearing setting. And I think we asked for an expedited hearing. That's what I thought the status hearing would be about is to see when to schedule that hearing.

THE COURT: I absolutely will do that as soon as I can, but do we really have something -- when I listen to Mr. Charles talk about this, I'm hearing all we want to do is have someone that we can say in this period where the board of directors resigns and before there's a new one that's running whomever, we got to have someone that when, Judge, you set a hearing can speak for the entity. And he's saying that's the Monitor. And so I'm thinking, is that controversial?

MR. SUZUKI: That's not what they're -- at least that's not how I read their motion. And so if that is all they're saying, then I don't think we have a ton of controversy. If it is as the way I read it, which is expanded

powers that endure beyond this interim period of transition, then I think we may have a controversy. And that's why we need to get it set for hearing, I suppose.

THE COURT: All right. Let's do it. Let's set a hearing. Oh, this is not a good week for hearings, is it?

When do you want it, Mr. Charles?

MR. CHARLES: I have to shut up and let Mr. Coleman speak again, Your Honor.

THE COURT: All right. What do you want, Mr. Coleman?

MR. COLEMAN: Yeah. Your Honor, we'll do it as soon as possible, with Your Court's -- with Your Honor's calendar. But I don't hear anybody suggesting that upon the resignation of officers and directors that we should have a period during which there is no one.

THE COURT: I agree with that.

MR. COLEMAN: Right. So it has to be the best possible person for that assignment and the one that I would think is used to operating as a fiduciary would be the Monitor. And the notion that the Monitor is going to somehow run off with the money or do some untoward thing or not be responsible in the adversary proceeding is not only ridiculous, but offensive, Your Honor.

So we need someone to be in charge. The Canadian court has said if there's a resignation, the Monitor is going

to be in charge. The Monitor will step in place of the officers and directors. That is not controversial. And I would think it would be something that Patriot and Nomad would want to see, as opposed to some sort of corporate governance confusion and vacuum, during which God knows what can happen. So it's not a complicated motion, Judge.

THE COURT: I hear you.

MR. HARRIS: Your Honor --

THE COURT: So two things, and -- oh, I'll promise I'll let you (audio interference) if I can just have a minute. And that is I'm going to set the hearing for Friday. As I've recognized a couple of times, I acknowledge the large amount of talent that participates in these hearings. And I'm really hopeful that before the 27th, you can just say we may have differences, but we've got a form of order that is consistent with what I just interrupted, unfortunately, Mr. Coleman saying, I agree that I don't want a gap period where there's no one speaking for the Debtor, and I don't think anybody else wants that too.

I'll be surprised if the hearing's not vacated because you all have come up with a stipulated order. But assuming you can't, we'll all get together on Friday, it's a Zoom conference at 11, unless someone tells me now that really is bad. I'm having surgery. I'm planning an accident. Something that means that -- okay.

So now I interrupted you, Mr. Harris. Anything that you want to say?

MR. HARRIS: No, Your Honor. I think we can address what I was going to say in a form of order.

THE COURT: Okey-dokey. All right. Anything else you want to talk about?

MR. BERENS: Your Honor, just briefly. Your Honor. Your Honor --

THE COURT: Go ahead.

MR. BERENS: -- Bob Berens. Just one more thing.

THE COURT: Oh.

MR. BERENS: We've filed a motion to seal last Friday.

THE COURT: Oh, yeah.

MR. BERENS: And it's very --

THE COURT: I read your motion, and I don't know why you filed a motion to seal. But usually, what I do it is initially granted. And then if someone doesn't like it, we'll have an expedited hearing about why I shouldn't have done it.

Okay. Does anyone still want to hear, be heard in opposition to that?

Okay. It's granted. Does that help you?

MR. BERENS: Thank you, Your Honor. I appreciate that.

THE COURT: All right.

MR. COLEMAN: Your Honor, this is Ken Coleman again. Just very, very briefly in terms of the form of order that will ultimately be submitted to Your Honor. Hopefully, it's quick and simple.

I mean, our intention and the way we've done this in other cases is to have an order of the U.S. court that says we're enforcing the order of the Canadian court, which is attached. Right. And I think it's relevant to understand that a fair amount of time, my guess is a substantial portion of the 42,000 dollars that has been discussed in this hearing was probably consumed around that very wording that is in the Canadian order.

That order, I think, should be our starting place, Your Honor, if I may be so bold as to suggest that because I think it says in several places what Your Honor is looking for. So if we can agree, and Patriot at the very least agree to that form of order, if we can just start with that, I think your job is easier, and the process is smoother.

THE COURT: Well, rather than have you respond, gentleman representing NP, let me just suggest this. When you decide what you want to submit, realize that were I -- first thing, the important part is what you want to have me say. What you want to have me say as to respect to the status of the Arizona proceeding.

So I would hate for you to get bogged down in

something you don't like. I won't call it nitpicking, but craftsmanship on something that was done Canada, unless you conclude there is no way that I could have Judge Ballinger sign something that doesn't make clear the limits on the releases, the limits on the release of liability, the effect of continuing jurisdiction, and the answer that we're going to have our day in court to have an Arizona court say -- and you've already told me, and then probably an Arizona Court of Appeals or an bankruptcy court -- but say what our rights are. So just, that's all I ask.

Now, go ahead. What do you want?

MR. COLEMAN: Sounds good, Your Honor.

THE COURT: Anything from you, Mr. Suzuki?

MR. SUZUKI: No. I think --

THE COURT: Okay.

MR. SUZUKI: -- we understand, Your Honor.

THE COURT: Okay. Happy holidays. Thank you all for being available. Enjoy your family.

(Proceedings Concluded)

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

Dated: January 31, 2025

eScribers, LLC
7227 N. 16th Street
Suite #207
Phoenix, AZ 85020

This is Exhibit "I" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 10, 2025.

Commissioner for Taking Affidavits for British Columbia

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

MINUTE ENTRY

Hearing Information

Bankruptcy Judge:	The Honorable Eddward P. Ballinger, Jr.
Case Number:	2:24-bk-06359-EPB
Debtor(s):	Elevation Gold Mining Corporation and GOLDEN VERTEX CORP.
Chapter:	15
Date and Time:	12/23/2024 11:00 AM
Location(s):	TEL
Courtroom Clerk:	Dawn Saucier
Electronic Court Recording Operator:	Franchesca Gallardo

Matter(s)

Status and Scheduling Hearing
Motion for Post-Recognition Relief under 11 U.S.C. Section 1521 and/or 1507 and Enforcement of Canadian Sale and Distribution Order

Appearances

Robert M. Charles, Attorney for Elevation Gold Mining Corporation and Golden Vertex
Anthony W. Austin, Attorney for Elevation Gold Mining Corporation and Golden Vertex
Ken Coleman, Attorney for KSV Restructuring, Inc.
Bryce Suzuki, Attorney for Nomad Royalty Company Ltd.
John Harris, Attorney for Patriot Gold Corporation
Michael Roland, Attorney for Mohave Electric Cooperative, Inc.
Amir Gamliel, Attorney for Maverix Metals, Inc.
Bradley Cosman, Attorney for Maverix Metals, Inc.
Robert Berens, Attorney for Trisura Insurance Co., Trisura Guarantee Insurance Co.
Robin Schwill, Attorney for EG Acquisition, LLC

Proceedings

Mr. Berens has not had time to review the latest objections and has received some additional documents, but Trisura is not in a position at this time to withdraw its conditional objection.

Mr. Charles confirms that the sale cannot close without this Court recognizing the Canadian court's December 19 sale order. The existing board of directors will resign at closing, so the monitor also seeks expanded powers to manage the debtors after the closing; otherwise, the debtors will be left with no oversight.

The parties agree that all disputes between the debtors and the royalty holders will now be resolved through separate adversary proceedings.

The Court discusses with Mr. Harris the impact of the Canadian order on Arizona assets. Mr. Harris clarifies that the royalty holders ask only that the debtors' transferred assets be preserved and protected pending a final determination by this Court as to the nature of the royalty holders' rights with respect to those assets. Mr. Harris compares it to a standard Chapter 11 case in which the competing claims are made against estate assets.

Mr. Suzuki contends that it would be improper under 11 U.S.C. 363 to transfer to the Canadian parent

company the debtors' residual cash assets, for no consideration, before such time as a determination is made as to the ownership of those assets. He argues that the disputed assets should be segregated pending a final determination by this Court as to the nature of the royalty interests. Mr. Suzuki is not opposed to the sale of the equity shares going forward provided the cash assets are protected.

Mr. Harris contends that the cash assets are not needed to operate the company and preserving them would not impede the sale or the buyer's ability to operate the mines.

Mr. Coleman indicates that it is the monitor's intention to preserve the liquid assets pending a final resolution by this Court and that this was fully addressed before the Canadian court when the sale order was drafted and approved. He contends that, under 11 U.S.C. 363, the burden was on the creditors to establish their entitlement to adequate protection of the cash collateral. Although the royalty holders failed to do so, the monitor has agreed to preserve the assets upon the filing in the Canadian court of a notice attached to the adversary complaints.

Mr. Suzuki contends that the royalty holders' assets will not be preserved if they have to be separately pursued post-closing in the Canadian court.

Mr. Harris clarifies that the residual liquid assets to be transferred are defined in the purchase agreement as "GBC's pre-sale closing cash, accounts receivables, and rights to proceeds from mineral extractions." In addition to preserving those assets in the recognition order, Mr. Harris asks that this Court include an express recognition that none of the royalty holders rights are affected in any way and, to the extent any non-consensual third-party releases were ordered by the Canadian court, those are not operative in the event the Court finds there is a party liable to the royalty holders.

Mr. Suzuki raises the issue of the Court's jurisdiction post-sale over the adversary defendants. He also wants to ensure that the proposed recognition order includes all of the necessary provisions under 11 U.S.C. 363.

COURT: IT IS ORDERED continuing the hearing to December 27, 2024, at 11:00 a.m. The hearing will be by videoconference. The parties are directed to submit a proposed form of order enforcing the Canadian sale and distribution order prior to the hearing.

This is Exhibit "J" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 07, 2025.

Commissioner for Taking Affidavits for British Columbia

UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

In re:		
ELEVATION GOLD MINING CORPORATION	CH: 15	2:24-bk-06359-EPB
MOTION FOR POST-RECOGNITION RELIEF UNDER 11 U.S.C. SECTION 1521 AND/OR 1507 AND ENFORCEMENT OF CANADIAN SALE AND DISTRIBUTION ORDER		

U.S. Bankruptcy Court
230 N. First Avenue, Suite 101
Phoenix, AZ 85003-1706

December 27, 2024
10:59 a.m.

BEFORE THE HONORABLE EDDWARD P. BALLINGER, JR., Judge

VIDEOCONFERENCE HEARING

APPEARANCES:

For KSV Restructuring, Inc.:	Ken Coleman 2628 Broadway New York, NY 10025
For Elevation Gold Mining Corporation:	Anthony W. Austin FENNEMORE CRAIG 2394 East Camelback Road Suite 600 Phoenix, AZ 85016-3429
For KSV Restructuring, Inc.:	Robert M. Charles, Jr. WOMBLE BOND DICKINSON (US) LLP One South Church Avenue Suite 2000 Tucson, AZ 85701-1611
For Nomad Royalty Company Ltd.:	Bryce A. Suzuki SNELL & WILMER One East Washington Street Suite 2700 Phoenix, AZ 85004-2556

APPEARANCES: (Continued)

For Patriot Gold Corporation:	John A. Harris QUARLES & BRADY LLP One Renaissance Square Two North Central Avenue Phoenix, AZ 85004-2391
For Trisura Insurance Company:	Robert J. Berens SMTD LAW LLP 2001 East Campbell Avenue Suite 103 Phoenix, AZ 85016

Proceedings recorded by electronic sound technician, Franny Gallardo; transcript produced by eScribers, LLC.

THE CLERK: In the matter of Elevation Gold Mining Corporation, case number 24-6359.

THE COURT: Okay. Good morning everybody. I can see -- this will save time -- Mr. Coleman, Mr. Austin, Mr. Harris, Mr. Suzuki, Mr. Charles -- let me see. Now it goes down to my staff.

Is there anyone else that wants to make an appearance in this case that I haven't called?

MR. BERENS: Yes, Your Honor. Bob Berens represent Trishira.

THE COURT: I apologize. I did that last time.

Okay. So --

MR. BERENS: That's okay. Thank you.

THE COURT: -- we have one specific matter and then another one I want to discuss today. But before we get started, because I think we can move forward today with without wasting much of your time, is there anything that you all need to maybe bring me up to speed on, some agreements or some resolutions or anything that the parties have negotiated?

Nope? Okay. So with respect to the proposed form of order regarding the recognition of the Canadian sale, I've read what was filed by the parties. I do think that the -- I call it the Nomad/Patriot interests raised a point with respect to the proposed order submitted by the Monitor/Debtor. So if you look at the other form of order, the proposed form order

submitted by the Patriot/Nomad interests, and if you go to paragraph (d) on page 4 at line 16, I want to make a comment on that, but I want to make sure everybody's got that in front of them.

THE CLERK: Oh, Mr. Coleman, I believe he may be having some technical issues.

Can you hear me, Mr. Coleman? Oh.

THE COURT: Oh. Uh-oh.

MR. COLEMAN: All right. Let's see.

THE COURT: Did you want to speak, Mr. Coleman? It shows that the -- it shows that you maybe want to say something.

Uh-oh. Well, now the hand went down.

Can you hear me now, Mr. Coleman?

Can't hear?

MR. CHARLES: Your Honor, this is Rob Charles. Could you ask your staff to give him the dial-in number? And he could at least dial in, and that way, he could hear.

THE COURT: That's a good idea.

THE CLERK: Yeah, I'll --

THE COURT: Could you do that?

THE CLERK: I'll send it to him in the chat and see if --

MR. COLEMAN: All right. All right. I've disconnected so -- and came back in. I can hear you now.

Apologies.

THE CLERK: Oh, great. Great. Okay.

THE COURT: Oh, could you hear what I was saying before?

MR. COLEMAN: No, Your Honor.

THE COURT: Okay. So I'm trying to figure out -- I think we might be able to move expeditiously here today, and I asked if the parties had had any negotiated resolutions to which I was not aware of, and no one said there were.

MR. COLEMAN: That's fine.

THE COURT: So now, I'm asking everybody to please look at the form of order submitted by the Patriot/Nomad interests on page 4, paragraph (d), which is line 16.

MR. COLEMAN: Your Honor, when was that -- when was that order submitted?

THE COURT: I don't know.

Mr. Suzuki. I can't hear you.

MR. COLEMAN: We submitted an order on behalf of the Monitor.

THE COURT: I saw that. And then there was an objection to that. And when you couldn't hear me, I said there was one reference to that objection that I thought was valid. And so now, I'm looking at what was submitted as the competing form of order, which is similar but not identical to the one you submitted. And you'd ask when that was submitted.

Do you know, Mr. Harris?

MR. HARRIS: I believe it's docket entry 143. It was on Thursday at 5:03 p.m.

THE COURT: Thursday at 5 p.m.

MR. COLEMAN: Your Honor, I don't have that order. Maybe Mr. Charles has it and can forward it.

MR. SUZUKI: Your Honor, can you hear me now?

THE COURT: I can, but you're echoing.

MR. SUZUKI: Sorry.

THE COURT: Okay. Now, you're good. I think so.

MR. SUZUKI: Okay.

MR. HARRIS: Can you hear me, Your Honor?

THE COURT: I can.

MR. HARRIS: Okay. Thank you, Your Honor.

MR. SUZUKI: Yes. We submitted the order yesterday afternoon.

THE COURT: Okay. They're both valid but --

MR. HARRIS: We had exchanged with counsel for the Monitor prior to filing. That was the topic of the phone call yesterday. So they have had it both informally and then through the filing of yesterday.

THE COURT: Mr. Coleman.

MR. COLEMAN: Yeah. I'm looking at it now. Apologies for breaking in on that. But that wasn't sent to Ken Coleman. At least, it's not in my email. It's not in my

inbox. I'm looking at it now. Mr. Charles has sent it to me. It would have been served through the ECF noticing system.

THE COURT: Well, from my brief review, the major differences are those that relate to the objections that the Nomad/Patriot interests had made to the form submitted by the Monitor/Debtor with respect to the two paragraphs that they asserted contained representations that were not substantively addressed by the Court. And I agree with that.

So now, what I'm doing is looking at the form of order submitted by Nomad/Patriot. I have a couple of revisions, minor ones, but I think I wanted to make the parties aware of. And then I was going to say, with those revisions, are there further comments? Probably. I'd direct that to Debtor/Monitor that you would want to make and that's an objection to the form of order submitted by Nomad/Patriot. Let me at least make you aware of what those revisions are, and then you can say whatever you want.

So if you look at page 4, line 16, paragraph (d), where there's the heading, "Third-party Releases."

MR. COLEMAN: Um-hum.

THE COURT: The Patriot/Nomad order to me generally reflects what was said before. However, when I was talking about the scope of the releases, there were two points that I intended to make. One was that I agree that it addressed the third-party-release issue that was raised by the Nomad/Patriot

issues, that the release by the Canadian court would not affect any third-party claims that there may be with respect to Nomad/Patriot and any claims with respect that exists here, so long as they arise out of or relate to Arizona law or Arizona property so that when I read paragraph (d), to me -- and I did this in two seconds five minutes ago, so I'm not -- if there's somebody that wants to change the wording, wordsmithing, doesn't matter to me.

What matters to me is that I express to you what my issue is, and that is what it should say is third-party releases granted in the Canadian border shall not be recognized or affect the United States with respect to claims arising under or relating to Arizona property, or something like that.

And I want to make that separate because now we're talking about the claims of the parties here, which I say, they've got to be related to Arizona property. They've got to be Arizona law. And then separate, I would say, and/or to any claims the royalty holders have against third parties because with respect to third parties, I'm not making that limitation.

If you've got some auto accident or some claim against the third-party, then okay, that's not affected. But with respect to these parties, your existing disputes, I think it's clear that the Canadian judge and I have said what relates to Canadian property are subject to Canadian court.

And with respect to Arizona property and Arizona rights, they stay here. And I just think that some type of revision with respect to what I just mentioned is required to make that clear.

Do you understand what I'm saying?

MR. HARRIS: This is John Harris, Your Honor. I believe we do if -- can we use the term "United States property," as opposed to Arizona property?

THE COURT: That doesn't bother me. But just out of curiosity, is there any United States property that's not Arizona property that we're dealing with here?

MR. HARRIS: I don't know, Your Honor. That's the reason we'd like to say United States. We don't know where in the United States all of the GCV property is held but --

THE COURT: Okay. With respect to that, is that the only proposed revision to what I suggested that you or Mr. Suzuki have?

MR. SUZUKI: Just to make sure, Your Honor, you would just be replacing Romanette (i) in paragraph (d), correct, with claims arising under or relating to --

THE COURT: Yeah, what I want to make clear is -- what I make clear is that there is a restriction on the scope of the carve-out we're having here with respect to these parties and these claims that does not exist with respect to Mr. Smith that's walking down the street now that none of us

know about.

MR. HARRIS: So if we qualified Romanette (i) by making it clear that the Romanette (i) applies to United States property.

THE COURT: It's okay with me.

MR. SUZUKI: Yeah, I think so. I think that works, Your Honor. I think that works.

THE COURT: Okay. I think we made progress. Okay. So yes, the answer is yes.

MR. SUZUKI: Yeah.

MR. HARRIS: Yeah.

THE COURT: So with that, that's the only thing popped out to me. Is there anything else that the Debtor/Monitor want to address?

MR. COLEMAN: Possibly, Your Honor. I just need a -- I'm a terrible disadvantage here because I'm just --

THE COURT: Okay. We still have a --

MR. COLEMAN: -- seeing this for the first time now.

THE COURT: Okay. We still have a copy.

MR. COLEMAN: I mean, we did have a conversation about another form and --

THE COURT: I've got an idea.

MR. COLEMAN: -- I'm sure the same form --

THE COURT: I've got an idea.

MR. COLEMAN: -- of order they've had for, I don't

know, seventy-two hours.

THE COURT: Okay. I've got an idea. And that is I'm going to direct that the Nomad/Patriot people submit a revised form of order. And then if you have -- if you find out -- I agree with you that your -- if you find out, oh, there's a big issue that we didn't get to take, then you could submit an objection to that. But I'm not going to have another hearing. If there's --

MR. COLEMAN: Yeah.

THE COURT: -- something that kind of suddenly took. And I'll consider anything that you or Mr. Charles submit. But I think we're at a point where we've spent enough time on this. I think we can get something that works done very quickly.

MR. COLEMAN: Yeah. Your Honor, I do have one issue that we might use till we --

THE COURT: Okay.

MR. COLEMAN: Right. So right now --

THE COURT: Okay.

MR. COLEMAN: -- in terms of that order. And it was the subject of some conversation between the parties.

THE COURT: Okay.

MR. COLEMAN: And I think that 5(b), as in boy, beginning with "All GVC" --

THE COURT: I got you. I got you.

MR. COLEMAN: What's that? Sorry.

THE COURT: I got you.

MR. COLEMAN: Yeah. So the problem we've got here is that GVC residual assets is really consists of the cash and the accounts receivable of GVC being transferred to Elevation Gold. What this order -- and there are expenses that need to be paid from that, from those assets Your Honor, and those are the expenses, generally speaking, that have been reflected in the cash flow statements attached to the Monitor's report since the beginning of the case and that all creditors, including Patriot and Nomad, have seen detailed receipts and disbursements. And there are additional disbursements required. And what this -- our concern about this provision is that it in effect imposes the type of provisional remedy that they haven't sought and that Your Honor, going back two months ago, suggested to them, if they wanted to freeze assets, that they would have to seek a provisional remedy.

What we were trying to do, Your Honor, to try to close the gap a bit, provide them with protection to a point, but not to hamstring this estate with unpaid closing costs and operating expenses, we proposed to segregate from that pot of assets an amount equal to their combined royalty percentages.

THE COURT: That's not what you said last time.

MR. COLEMAN: What we talked about last time, Your Honor, was the distribution order.

THE COURT: Well, let me try -- let me try and quantify this. What you just described to me is a situation where, okay, this Canadian order is approved, and we all know that there are existing expenses relating to getting to where we are today to have this sale go forward. Those are quantifiable. Everybody knows what they are.

And what you're saying is we don't want the other side, Nomad/Patriot, saying that we can't pay those because of this order, which to me seems quite easy to address, to just say what we're talking about here are the net proceeds that are available for after the close of the transaction, but the people of the company, expenses you're paying, are not, which means that at the end of the day, there will be payment of the expenses. Then there'll be the net proceeds from the transaction. And those are the ones that I thought we were that I assumed we were referring to last time. And so I think you and I are of one mind on that.

But my memory is not the same as yours about the fact that there was this we're going to take a percentage of this pot of money.

MR. COLEMAN: Right. You're quite right, judge.

THE COURT: Okay. Okay.

MR. COLEMAN: You're absolutely right. We were trying we were trying to put that in to provide additional comfort to Patriot/Nomad. And what they've said is they're not

interested in that. They just want to freeze the entirety of the residual assets and the entirety of the sale proceeds.

THE COURT: Well, judging on Mr. Suzuki's head shaking, I'm assuming he's going to either disagree with that or say, we agree that we're talking about the net proceeds after the sale. And I'll come back to you.

But is that right, Mr. Suzuki?

MR. SUZUKI: Well, yes and no. Well, here's the issue, Your Honor. And you're right. At the last hearing, Mr. Coleman and I went back to the audio and pulled the audio because this was the subject of considerable discussion yesterday. What Mr. Coleman said is that he brought up this issue to Your Honor. Cash collateral. Cash collateral. Cash collateral. The fact of the matter is that with respect to cash collateral and adequate protection, Section 363 says the burden's on the creditor to establish. Your Honor has invited them to do that, invited some sort of provisional remedy, and they have not done it.

And here's the important part. The good news is that the Monitor is agreeing to give them a provisional remedy. All they need to do is provide a notice, and it will be held. It will not go anywhere until Your Honor resolves the underlying dispute.

THE COURT: Well --

MR. SUZUKI: And what we're hearing now --

THE COURT: I've read all that. I read all that. But just let me -- instead of having -- and I try and respect. Good advocates need to make their points. But I'm not necessarily disagreeing. But what I want to pin you down on is what I just asked you, which is what Mr. Coleman's saying is the what exists to be held, what exists for there to be a provisional remedy applied against is not the bank account number as of the last time we had a hearing? It's the account minus the expenses that have been proposed to the Canadian court, that I think, what I'm hearing from him, there probably aren't any disagreements about.

Am I mishearing that?

MR. HARRIS: Your Honor, this is John Harris. I think I can resolve it simply by tracking and referencing the order of the Canadian Court.

So under the Canadian order and under the vesting transaction that's proposed, at close, so when the transaction closes and GVC no longer has any responsibility for any ongoing operational costs or anything else, the order provides that the residual assets, the defined GVC residual assets, will be transferred to Elevation. And as the Canadian court itself recognized in her oral rulings, which have been filed with the Court, she recognized that those assets will be held. Using her words:

"It is anticipated at the end of the day that the

sale proceeds, in addition to the residual assets, will ultimately rest in Elevation to be distributed in accordance with the priorities that currently exist."

So we're not -- so at the close, whatever is there at close as GVC residual assets will be transferred to Elevation Gold to be held pending some ultimate distribution. And This Court's orders will be very fundamental to that. And the sale proceeds, which, as we understand it, are net proceeds from the sale that will be paid to the estate will also be held. So we are not -- we tracked exactly what the Court said. So whatever the residual assets are that are transferred under the Canadian order at close of the sale and the sale -- and the net proceeds of the sale, whatever proceeds are paid to the estate, which both of which the Canadian court has already said are going to need to be held, are held.

So that's all that we did, Your Honor. We're not trying to prejudge or determine what those assets will be at close because we don't know or what expenses will be paid prior to close because we don't know. But once it closes, those residual assets and the net sale proceeds are simply paid over to Elevation Gold to be held pending an ultimate distribution. And that's what was discussed at the hearing, and that's what our language provides.

So we are not arguing the --

MR. COLEMAN: May I just try to interject something here, Judge?

THE COURT: You can in a minute. You can in a minute. Just give me one minute.

So what I'm hearing you say is consistent with what I just thought I said, which is what we, we, being Nomad/Patriot are saying, when you close the sale and you pay the expenses related to it and you pay all the things that may be legitimate claims against it, and after that happens, you now have the residual assets. And those are the ones that you, Nomad/Patriot, are saying the relief to which you're asking me to sign and grant apply. Correct?

MR. HARRIS: It is correct. The only reason I hesitate, Your Honor, is the Canadian order, the sale order doesn't say what happens to the GVC cache or what GVC can do up to the point of the sale closing. So the Canadian order just says whatever is there at close, in terms of accounts receivable, cash, rights to the proceeds, will be transferred at close to Elevation Gold to be held pending ultimate distribution.

So my response, Your Honor, is we are not -- Patriot is not -- and I don't believe Nomad is, but Mr. Suzuki can speak for himself -- we are not asking the Court to freeze assets of GVC until prior to sale close. The order says at close, there's going to be a block of remaining residual assets

owned by GVC. That's what goes up to Elevation Gold, and that's what's to be held.

What expenses they pay from today to sale close, neither Mr. Suzuki or I or anyone knows. And we're not purporting to ask this Court to control that. But when the sale closes, the Canadian order says everything that remains that is a remaining cash, account receivables, right to proceeds from mineral extractions will be transferred to Elevation Gold to be held pending, to use the Canadian court's words, ultimate distribution in accordance with the priorities of the various claimants, which includes us, depending on this Court's ruling, to the right to that money.

So if they are paying some sort of pre-closing expense, we are not asking this Court to intervene and prevent them from doing it. We're simply asking and this order tracks almost exactly the way the structure of the Canadian order.

THE COURT: Here's my problem. I don't understand why your answer to my question wasn't yes, just yes. Because -- let me finish. Because what I hear you saying is, well, we agree that what the definition of assets means includes net proceeds. Of course, now, between now and closing, there are some expenditures that might be made, but those are subject to the Canadian court jurisdiction.

MR. HARRIS: Right.

THE COURT: So you've got a judicial officer. And

besides, as Mr. Charles points out, legitimately, you've got a fiduciary here that's working to make sure, along with the Debtor's obligations, to say these are legitimate expenses. And all I was trying to do is to corral you into saying, what you and Mr. Suzuki are saying, okay, okay, we know the Canadian court is going to supervise the sale. The Canadian court is going to permit the Debtor to do whatever the Canadian court believes is appropriate. This is all motherhood to me. There's nothing I can do about it and so -- but would I.

But anyway, but on the day that the Canadian court says, okay, sale's through. Sale's done. Then that means there's going to be a determination. There's going to be a snapshot you can take of what the residual assets are.

MR. HARRIS: Right.

THE COURT: And those funds that are transferred over -- okay. Mr. Coleman doesn't agree with that. I'll let him tell me that I'm wrong -- but what he's saying. But --

I'll get to you in just a second.

But with respect to the Nomad/Patriot position, you agree that that, that which I just identified, is what you want the order that you're asking me to sign to apply to, correct?

MR. HARRIS: That is correct, Your Honor.

THE COURT: There you go. All right.

Now, Mr. Coleman's been patient. Go ahead.

MR. COLEMAN: Thank you, Your Honor. Couple of things here. The discussion about holding assets and the ability to impose, in effect, a provisional remedy was all in connection with the proceeds of the sale, the sale proceeds, and the operation of the distribution order. That is the order which provides that the Monitor can distribute proceeds subject to notices that the Monitor receives by creditors alleging that they have a prior interest in that Patriot.

THE COURT: Not what you said.

MR. COLEMAN: Well, and so --

THE COURT: That's not what you're saying.

MR. COLEMAN: -- that is not. Pardon me, Your Honor. I don't mean to be trying to talk over you. I'm just --

THE COURT: No, you're not, but you solved a problem for me the last hearing. And I was saying, oh, we're fighting back and forth.

MR. COLEMAN: There are two -- there are two different things, Judge.

THE COURT: Well, let me finish. If you'll let me --

MR. COLEMAN: Two different pots. Two different --

THE COURT: If you will let me finish --

MR. COLEMAN: Yes, Judge. Sorry.

THE COURT: -- I'll explain (audio interference). But the important part is that you let me finish. That's it for me. Okay.

MR. COLEMAN: Gotcha.

THE COURT: You take the big pay cut and you grab the rope, you get to do one thing, which means you get to have an uninterrupted term.

So all right. So now we were having a bunch -- I won't call it -- a bunch of arguments in our last hearing. And you said, if you'll let me interrupt now, I'll be very helpful. And you were. And you made a proposal that I said, frankly, if the other side would have objected, I would have been on them like wrinkles on a linen suit, going, this is something that that solves my problem. And now, what I hear you saying is, well, I kind of want to do a Michael Jackson moonwalk back from that.

And so I've got to -- let me ask you this question to clarify. Do you agree that what we're calling the provisional remedy that's included in the form of order submitted by Nomad/Patriot applies to all residual assets?

MR. COLEMAN: Their order does purport to apply to all residual assets. Your Honor --

THE COURT: Did you agree to that?

MR. COLEMAN: No. No. Their remedy applies to what is defined as the sale proceeds. Right.

So to the extent -- to the extent I confused the two pots here, the residual assets and the sale proceeds, which are two different things set out in the Canadian order, to the

extent I did that, I misspoke.

THE COURT: Okay. What --

MR. COLEMAN: The practical problem -- pardon me, Judge. The practical problem that we have here --

THE COURT: Okay.

MR. COLEMAN: -- and you identified it a minute ago, is the operating expenses and closing costs, which have been incurred from the beginning of the case, which everyone has had visibility on. And those, payroll, for example, is not going to end on the closing date. There will be a payroll after that date. There will be other ordinary course administrative obligations that have to be paid after the closing date.

If Your Honor wants to -- if Your Honor is prepared to -- and I just need to check with our clients about this. But if Your Honor is prepared to work with the concept of net, and this would not be net of anything mysterious. This would be net of the kinds of items that have been reported on from the beginning of the case, I think that is a concept that we can live with, Judge.

THE COURT: Okay. So let me just clarify this. What you're saying to me, and it's a valid point, is that you can't necessarily say that there is a firm date of December 31st where there can't be any distributions because there may well be debts that were incurred, claims that were incurred, prior to December 31st that could not be quantified. But they're

legitimately related to this transaction, and they need to be paid post December 31. But they're all things that relate to this endeavor, this endeavor of the transfer of this ownership interest. And they're not deliveries made January 15th. They're all things -- and that's a good point. So is that --

MR. COLEMAN: Thank you, Judge. Yeah, I think you do have -- I think you do have it. So it's closing costs. It's --

THE COURT: Right.

MR. COLEMAN: -- administration expenses that have accrued. It's administrative expenses that will come due after December 31. And again, these are not -- these are not unknown items here. These are the things that have been incurred throughout the case. And if we're talking about net of those items, I think that's a concept that we can discuss with the Monitor, but I believe that that is a concept that we can work with.

THE COURT: So you look like you're ready to bust a vein, Mr. Suzuki. What's going on?

MR. SUZUKI: I am, Your Honor. I'm trying to put this diplomatically. The context of the discussion at the last hearing clearly was with respect to the GVC residual assets. Now, we are hearing that we want two silos, one of which is the GVC residual assets and one of which is the sale proceeds. We talked about this last hearing.

THE COURT: I'm not lying.

MR. SUZUKI: The sale proceeds are the sale proceeds.

THE COURT: That's not what I'm talking about. I'm not --

MR. COLEMAN: No, no, I know that's not what you're talking about, Your Honor. That's what Mr. Coleman is talking about. He's saying that lie.

THE COURT: Well, so let me -- yeah, go ahead. Go ahead.

MR. SUZUKI: Let me just make one point. What we're hearing is that the concept of netting will not just include ordinary course expenditures of GVC. Somehow these GVC residual assets -- and remember, GVC's assets were not sold. The stock of GVC was sold by its parent company. And now we're hearing closing costs are going to be skimmed off the GVC residual assets. Administrative expense fees. So are we talking about millions of dollars of professional fees that are going to be netted out of the GVC residual assets, rather than the proceeds of the sale of the stock? That's inappropriate.

And we have representations at the last hearing that this bucket -- and the discussion was very much with respect to this bucket -- that the funds will be held pending resolution of disputes. That representation was made to Your Honor. And now we're hearing for the first time that, oh, no, no, we're

going to take closing costs. We're going to pay professional fees. We're going to pay administrative expenses, et cetera.

And so my concern here, Your Honor, is that we are taking from one bucket to the detriment of my client. If they want to pay ordinary course expenses, payroll, et cetera, and they can give us a figure on it, I don't think we have any problem with that.

MR. HARRIS: And Your Honor, this is John Harris. The disconnect I am having with what Mr. Coleman is saying is our order uses the defined terms from their sale agreement and the Canadian order. We didn't try to qualify what those terms mean. We didn't try to say that it's got to mean something different. We took the terms from their order and used them in ours.

And the Canadian order says that on closing, the GVC residual assets will vest entirely in Elevation Gold, and the Canadian court said they'll be held pending ultimate distribution in accordance with priorities. Their sale says, from the closing date for, the buyer is responsible for all the operating expenses of this mine. There's no operational expenses that are going to be paid from those funds.

Mr. Coleman just gave you a five-minute speech about what he thinks residual assets may or may not mean. That is nowhere in any of the documents that they have presented. We took the terms defined in their sale agreement and defined by

the Canadian court, and we move them over. And Mr. Coleman could not have been clearer, nor are these documents could be any clearer that whatever a GVC residual asset is at close is transferred to Elevation and is to be held until the various competing claims for those funds are determined.

And that's all that our order says. I'm not trying to tell the Court what is within the GVC residual assets. Their own sale describes it. And if Mr. Coleman wants to go to the Canadian court and tell her that's not really what they meant and he gets to spend all kinds of stuff out of that, I guess he can. But we're using the terms that the Canadian court used and that as they were presented in their papers.

THE COURT: Okay.

MR. COLEMAN: Your Honor, there have been -- there are and there have always been in this case two silos. There's the sale proceeds with respect to the stock. There's the residual assets. We are not suggesting that ongoing admin expenses, like, for example, for litigation and other costs of GVC, are being dispersed out of this. It's GVC obligations that have been incurred during the case and that will accrue to be paid post-closing.

Now, if we want to talk about historical record here, the Canadian order, the initial order and the amended and restated order, which have been enforced by Your Honor and as to which there was no objection by either of these two

creditors, says that the administration expenses shall have priority, and which is not -- which is a concept that's very much consistent with what you'd expect in a Chapter 11 case. So the idea that those ordinary course admin expenses and other expenses of GVC can't be paid, I mean, we it will be a difficult conversation with employees to suggest that they can't be paid because the creditor, who has not even made a case as to ownership, can block that. So Your Honor, I think net proceeds is a logical distinction here.

MR. HARRIS: Your Honor, counsel is arguing for something that his own orders and sale agreement don't say. All we have done is take their terms. If Mr. Coleman didn't like those terms, they could have drafted it a different way and asked the Canadian court to approve it a different way. We used their terms, GVC residual assets. And if Mr. Coleman doesn't like that, then that ship sailed when they had the Canadian Court approve it. And the Canadian judge herself, Your Honor, in her notice or in her oral reasoning in paragraph 9, doc number 136-1 at page 4, says, at the end of paragraph 8:

> "It is anticipated at the end of the day that the sale proceeds, in addition to the residual assets, will ultimately rest in elevation to be distributed in accordance with the priorities that currently exist."

And if Mr. Coleman believes that they have some priority, then I guess the courts will determine. But that's all we did. And now, Mr. Coleman wants this Court somehow to qualify their own language to provide for some undetermined universe of things that Mr. Coleman is spitting out. That's not appropriate or proper.

THE COURT: If there was no Arizona proceeding and this transaction went forward as currently written, wouldn't it be logical that the Canadian judge would be thinking, yeah, what's going to happen here is that we're going to close the transaction and the sales proceeds and the residual assets are going to go, be segregated, and to be distributed as authorized by me, the Canadian judge, in accordance with the general claim priority under Canadian insolvency law.

Is that where we'd be?

MR. HARRIS: I believe that's correct, Your Honor, with one exception. And this is -- or not exception, but this is simply Chapter 15 law. As the Court knows, Chapter 15 requires that distributions of U.S. assets, and the residual assets are certainly U.S assets, must be in substantial accordance with Title 11. And the --

THE COURT: But you don't --

MR. CHARLES: -- claims against the residual assets, in particular, Your Honor, are claims that are entirely driven by U.S. law, i.e. the royalty holders' claims, the alleged

claims of the secured creditor, et cetera. And as both the Canadian court and this Court have recognized, those are issues that will be determined -- the relative rights of those parties will be determined pursuant to U.S. law, and that's fully consistent with what the Canadian court ordered, which is that at close, whatever is a GVC residual asset, defined in their sale agreement, defined in the sale order, and incorporated as written by this Court, will be held pending the determination of the competing claims against those assets. That's all it says.

THE COURT: Hold that thought, but let me ask you this. I may have asked this before, but is it your position that the residual assets represent entirely your property or --

MR. HARRIS: We have claims against the entirety of them, Your Honor, because our claims include a claim that, one, they do not own the royalty proceeds interest held by the royalty holders. Two, they have not paid the required royalties to our client by their own admission. And this is what -- I mean, this is just what they admit. More than $2 million.

Nomad has its own claims. Under U.S. law and pending before this Court our claims by the royalty holders that we're entitled to turnover of all that money, we're entitled to a constructive trust over all that money because of the failure to pay our property, and we're entitled to conversion claims.

I'm not asking the Court and the Court is not ruling on any of those things, but those claims are pending, and those are the very claims the Canadian court said would be unaffected by this sale and ultimately determined by this Court. So this order, as we've proposed it, tracks exactly what the --

THE COURT: Let's look at paragraph (b). It doesn't track exactly, does it?

MR. HARRIS: They'll be held, remain subject to all claims, preserved and accounted for, and not used, consumed, or dispersed, pending order of this Court. And as the Canadian court herself ruled, it is anticipated at the end of the day that the sale proceeds, in addition to the residual assets, will ultimately rest in Elevation to be distributed in accordance with the priorities that currently exist. We assert that we have a priority claim to all of that. We may or may not prevail on that claim, but this Court will decide.

THE COURT: But go back to -- go back to paragraph (b), line 13. Is that directly listed?

MR. HARRIS: Line 13, we believe is -- I'm sorry. Has been made by this court.

THE COURT: Is that a quote?

MR. HARRIS: By the Canadian judge?

THE COURT: To what does "this court" refer?

MR. HARRIS: This court, the United States bankruptcy court.

MR. SUZUKI: Your Honor. Judge, the only thing I would add is recall that the whole context for this was your desire to say --

THE COURT: Yeah.

MR. SUZUKI: -- hey, if it's Arizona property and Arizona assets located in Arizona and the United States of America, there can't be prejudice. So I will recognize the order of Canada and enforce it, except to the extent that it would alter, affect, prejudice, et cetera, the rights of the royalty holders. And these GVC residual assets are Arizona American assets. And so what we tried to accomplish in our form of order was exactly what Your Honor said. You said you wanted a short form of order saying that, yeah, I hereby recognize it, subject to these three things. And one of those was that the GVC residual assets be fully preserved and that the rights of the royalty holders with respect to Arizona assets not be touched.

It's astounding to me that closing costs for a stock sale, what they characterize as a stock sale anyway, would come out of the subsidiary being sold.

MR. COLEMAN: Your Honor, that's not what we're saying, Judge.

THE COURT: Well, then I need clarification.

MR. COLEMAN: Can I just have two minutes?

THE COURT: Okay. Go ahead. Go ahead. Go ahead,

Mr. Coleman. Go ahead.

MR. COLEMAN: Thank you. We're talking about the payment of GVC obligations out of those residual assets we're not talking about the payment of Elevation Gold's obligations.

Now, what we have tried to do with this transaction and the restructuring of this transaction to allow it to close by the end of the year is to make it clear that there's nothing happening here that prejudices the ultimate determination of Patriot and Nomad's issues. Words to that effect are throughout the Canadian order and throughout the orders that have been proposed to Your Honor.

What they're trying to do -- after having seen the income and disbursements throughout the case and not having done anything about that, what they are trying to do is to take that concept and move it backwards in time to impose the type of restraint that Your Honor noted they hadn't asked for two months ago.

And so that's what's going on here. We can't pay payroll. We can't pay administration expenses. They want to -- and therefore, we can't close. We can't close this transaction.

THE COURT: Can't pay payroll before December 31st?

MR. COLEMAN: Excuse me, Judge.

THE COURT: You cannot pay payroll before December 31?

MR. COLEMAN: Well, we can -- if the payroll is due, and I just don't have at the tip of my fingers what the payment date is, but there will be -- there will be payroll coming due to be paid after December 31 with respect to the pre-petition -- pardon me, the pre-closing period.

THE COURT: That's a quantifiable figure though, right?

MR. COLEMAN: Yes, it is. Yes, it is.

THE COURT: Are there any nonquantifiable figures that can't be paid before December 31?

MR. COLEMAN: I'm not sure of that, Judge. I think that there are there are certain expenses that have not -- that have not been received, invoices and the like and payments that are required that have not been -- not have been received. Again, just what is meant to -- be what is meant to be tied up here is the proceeds of the sale of the stock. That is how the distribution order works with respect to notices and the requirement that there be reserves. Okay. They're saying that even though even though they have a combined interest of six percent, they're allowed to go back in time and capture all of the -- all of the income that has come in.

THE COURT: You did not. You walked away from the six-percent argument at our last hearing. There was a time when your side was asserting this all relates to a percentage right royalties. But our last hearing, you abandoned that, and

you said that whatever relief can be granted can be a general assertion of a what we call provisional remedy against the residual proceeds. So that dog don't hunt.

MR. COLEMAN: The proceeds are. I think --

THE COURT: But you're right. The -- let me finish. Okay. Let me finish. I know you're frustrated with me, and I recognize that. And I promise --

MR. COLEMAN: I'm not, Your Honor. I'm not.

THE COURT: -- I'll hear anything that you want to say. I promise. But there are two things that are on my mind.

And number one is the thing we just mentioned, which is to the extent that there are quantifiable -- I'm trying to -- what's not quantifiable. If you're worried about me putting a block on these assets, then why not pay them now before the end of the year? Because then it's all subject to whether the Canadian court thinks they're reasonable. Thinks they're justified.

But put that to one side, and let's go to number two because I can't -- and although I have three computer screens here up, I can't get the -- on the docket and get the actual language from the Canadian court order. Maybe I've on exhibits. But I want to see the language on the paragraph that talks about what we're dealing with here in paragraph (b) because I just don't remember.

MR. SUZUKI: Your Honor, it's docket 132 in your

court.

THE COURT: Oh, let's see here. I can probably do this. Now, I can't -- give me this case number again, please, because I can't get to it.

MR. SUZUKI: 24-6359.

THE COURT: There we go. All right. What docket number?

MR. SUZUKI: 132, Your Honor.

THE COURT: Got it.

MR. SUZUKI: There are three orders there. I believe this one is --

THE COURT: Now, if I go there, is it the main document? You don't know? Okay. It's an exhibit?

MR. SUZUKI: It's 132-3. So it's Exhibit C, Your Honor.

THE COURT: There we go. There we are. All right. So we're in the line. Where are we going specifically? Do you know?

MR. SUZUKI: I think --

MR. HARRIS: Your Honor.

MR. SUZUKI: -- you're talking about the Canadian sale order, Judge?

THE COURT: I think I am.

MR. SUZUKI: Okay.

MR. HARRIS: Your Honor, if Your Honor looks at --

THE COURT: The order made after application.

MR. HARRIS: -- doc 132-3 --

THE COURT: That was Tuesday, December 17th, 2024. Now, go ahead. You want to give me the direct?

MR. HARRIS: Your Honor, at dock 132-3, page 5 of 16, paragraph 6, this is the sale order vesting of assets and liabilities. And if you go down to subparagraph (e), as in echo, all of GVC's right, title, and interest into the GVC residual assets shall vest absolutely and exclusively in the name of Elevation Gold, and all claims and encumbrances attached to the GVC residual assets shall continue to attach to the GVC residual assets with the same nature and priority as they had immediately prior to their transfer.

MR. COLEMAN: That's not exactly --

THE COURT: Go ahead.

MR. COLEMAN: Your Honor, if you go a little bit further into paragraph 10, the court said for the purposes of determining the nature and priority of claims and encumbrances against the purchase assets or the GVC retained assets, as the case may be, the net proceeds from the sale of the purchased assets and the GVC assets shall stand in the place and stead of the purchased assets and the retained assets. So clearly we're talking about net, Your Honor.

MR. SUZUKI: Your Honor. Your Honor.

MR. HARRIS: But Judge, that's not --

MR. SUZUKI: That is not --

THE COURT: Wait. Hold on. Hold on. Wait. Wait. It's Mr. Coleman's turn right now.

Go ahead. Are you finished, Mr. Coleman?

MR. COLEMAN: Yeah, I just wanted to point out that that is what the Canadian order says. That is --

THE COURT: Well --

MR. COLEMAN: -- sort of the (audio interference), Your Honor.

MR. HARRIS: Your Honor. Sorry.

THE COURT: I promise, I promise I'll let everybody else talk. But I want to talk about something else. I want to talk about where the language is that tracks the order we're talking about, paragraph 5(b), where it talks about all residual assets and it talks about shall be --

MR. COLEMAN: I don't think it's in there, Judge. It's not in the Canadian order.

THE COURT: Mr. Suzuki just told me it was.

Okay. Let me try -- let me try and do a more directed question. This question is for you, Mr. Suzuki.

If you look at your form of order, which is paragraph 5, section (b), okay.

MR. SUZUKI: Um-hum.

THE COURT: Okay. And let's start with -- I'll start in the little sentence. Line 9, it says that these

"Residual assets shall be segregated, preserved, and accounted for by the Monitor of the Debtors shall not be consumed, used, dispersed in any way or any manner or by the Monitor or the Debtors, pending further order of this Court, after determination of the respective rights, titles, interests, asserted by royalty holders properly has been made by this Court."

And I want you to point me to the language in some of the Canadian pronouncements that shows that "by this Court" refers to the United States Bankruptcy Court.

MR. SUZUKI: 6(e) is the starting point, which we've already pointed out, Your Honor.

THE COURT: Okay. 6(e) is the starting point. I'm with you.

MR. SUZUKI: 6(e) is the starting point. And then paragraph 11.

THE COURT: Okay.

MR. SUZUKI: Paragraph 11 says that, and it uses the language "this Court" because of course, that's the Canadian court. The Canadian court makes no finding as to whether the interests of Patriot/Nomad, et cetera. Those shall be adjudicated in the Chapter 15 court and where appropriate, any other federal or state U.S. courts. It's this order, meaning the Canadian order, is without prejudice to the determination

by the U.S. Bankruptcy Court for the District of Arizona of whether the interests are interests in real property or the adversary claims, including with respect to the position of all parties.

And so if you take those two provisions together, plus the representations that Mr. Coleman made on the record at the last hearing, we came up with this. We thought it was very reasonable. And what we've been met with is an attempt at retrade of that. And if I might, Your Honor, the provision, paragraph 10 that was cited by Mr. Coleman, that's just rhetorical sleight of hand. That is totally false. That provision relates to the purchased assets, meaning the stock, the books and records, and in certain contracts and to the GVC retained assets. That's the stuff that GVC is holding on to. It has nothing to do with the GVC residual assets, which is what we've been talking.

THE COURT: Yeah, but let me try and tell you why I don't think you answered my question and give you --

MR. SUZUKI: Okay.

THE COURT: So when I read paragraph (b), 5(b), of the proposed order, what it says to me is we're telling you, Judge, that the effect of the order from Canada is to quantify GVC residual assets and to say that they shall not be used pending the United States Bankruptcy Court saying that they can be used. Now that, there can be two -- what you just quoted to

me could be construed as saying I, the Canadian court, am not saying anything that prejudices the bankruptcy court in the United States to determine whether these rights are valid and determine whether or not there's a claim or ownership of property.

But that's different than saying, and by the way, I'm going to put a hold on things and say, you can't distribute reserved assets until the bankruptcy court in the United States has made that determination. When I read paragraph (b) of your proposed order, it seems to me it says that. You're telling me that the Canadian court envisions that there should be no distribution of the reserved assets until the United States Bankruptcy Court says it's okay.

Do you agree --

MR. SUZUKI: Yeah.

THE COURT: -- with me -- but first of all, do you agree with me that paragraph (b) says that?

MR. SUZUKI: It does say that and --

THE COURT: Okay. Now, I want to go back and track where from the Canadian pronouncements we get the Canadian court agreeing with that?

MR. HARRIS: Your Honor, this is John Harris. I think that the answer to the Court's specific question is in paragraph 8 of the Canadian court's oral ruling --

THE COURT: Oh.

MR. HARRIS: -- the Canadian sale order, where the Canadian court, and this is at doc 136-1, page 2 --

THE COURT: Hold on. Hold on a second. Do I happen to have that? Okay. Here we go.

MR. HARRIS: Your Honor.

THE COURT: I don't see how paragraph 8 says that.

MR. HARRIS: It says that because the Canadian court at the end, she recognizes that the sale approved by the petitioners and supported by the Monitor had some unusual features. As above, it contemplates a transfer of the shares. However, the unusual aspects bear the hallmarks of what is normally described as a transaction completed via a reverse vesting order. Specifically, the proposed transactions require that certain "residual assets" and "residual liabilities," i.e. those EG does not wish to have stay with GVC will be transferred to Elevation. It is anticipated at the end of the day that the sale proceeds in addition to the residual assets will ultimately rest in Elevation to be distributed in accordance with the priorities that currently exist.

The Canadian Court, in the same ruling, recognized that the royalty holders assert the claims that they assert in the adversary proceeding, which include claims against those very assets and that she was not going to prejudice those claims, and those claims would be ultimately determined by this Court.

THE COURT: Wait. Where does it say that?

MR. HARRIS: I'm sorry, Your Honor.

THE COURT: Yeah, never mind. I understand. I follow you. But you still haven't yet -- go ahead.

MR. HARRIS: No, I interrupted. I'm sorry.

THE COURT: Yeah, but you weren't finished.

MR. HARRIS: Your Honor, so when you when you put all of that together and on top of the provisions of Chapter 15, they are closing a sale. At the sale close, there will be some remaining pot of residual assets at GVC, all of which are U.S. property. That sale --

THE COURT: Well -- go ahead.

MR. HARRIS: -- that no one has identified anything that isn't U.S. property. It will be transferred to Elevation Gold. Elevation Gold is now simply a liquidating vehicle under what is effectively a liquidating plan. That pot of money is going to be distributed to the various creditors that have claims against those funds. That's what's contemplated and specifically provided for in the order. One of the claimants to those funds are the -- or two of the claimants to those funds are the royalty holders, who assert claims against all of the funds.

Until those claims are resolved, or whatever other competing claims are presented by various creditors against that pot of money will have to ultimately be determined before

a distribution of that money, which is never going to be replaced, is made. It's just like any other liquidating case. There may be administrative claimants. There may be -- we don't know who --

THE COURT: Your position is -- what we consist of your position and that of Mr. Suzuki, that whatever the Canadian court wants to do up to December 31, to say what constitutes net proceeds, the Canadian court clearly can say these are proceeds, and these are not. But once the hammer falls and it's December 31 and you have identifiable residual proceeds, then you want your order, your prohibition in paragraph 5, to apply to all of those.

MR. HARRIS: That's right, but we're not adding any words to what are the residual assets. We're taking the --

THE COURT: No, no, I know you're not. I'm just, I'm trying to say if -- what I don't want to have happen is for there's a hearing in the in Canadian court on next Monday that says, well, gee, we've got to pay these vendors or whatever. Make it up. But the U.S. Bankruptcy Court's saying you can't approve that. That's not what I'm doing. You're saying that once there is a completed sale and there's identified pot of residual proceeds, that then there is a brick on those. Nothing can happen with those until there's a further order of this Court. And if that's not right, tell me what I'm missing.

MR. HARRIS: Your Honor, that's right. And that very last sentence is exactly what the Monitor represented to this Court that they were prepared to do and would do.

THE COURT: Okay.

MR. HARRIS: That was a statement on the record and a position taken from which this Court made its recognition ruling. And it tracks exactly the words that Mr. Coleman used.

THE COURT: Okay. So let's do this. The only way I can think, and as I promised, I'll listen to anything anyone wants to say. But the only thing I can think to do here is I have directed Nomad/Patriot to submit a new form of order with the changes that I had, at least in substance, of that I have started out with today. Agree?

MR. HARRIS: Agree.

THE COURT: Okay. Then when you do that, I of course want -- you'll of course provide everyone, including Mr. Coleman, of course -- whatever happens, give it to him directly, please -- that what your proposed order is. And then I invite the Debtor/Monitor group, if they want to submit a new competing order that probably focuses most on the paragraph that Mr. Coleman has been talking about, they're welcome to do that and serve it on you. But we need no further hearings. I understand everyone's position. And I'll take that and consider it and just enter an order.

Now, is there anything -- and I'll hear anyone say, but does anybody object to that procedure?

MR. COLEMAN: Your Honor, just give me a moment, please.

THE COURT: Absolutely.

MR. SUZUKI: No objection from us, Your Honor, while Mr. Coleman deliberates.

MR. HARRIS: No objection from Patriot, Your Honor.

MR. COLEMAN: Just a couple of points here very quickly. The term "residual assets" is defined in the purchase agreement. And it is accounts receivable, deposits held to secure payment of reasonable fees and expenses, disbursements of the Monitor, of the sales agent, and professional advisers. So that's within the definition. I believe it's -- was trying to deal with this with -- it's section 1.1(oo) in the purchase agreement.

So that's one. It's just a question to clarify this, Your Honor. I think that where you're heading with this discussion is that to the extent there is an administration expense, like payroll, that comes due to be paid after the 31st, that your order wouldn't permit that to be paid. Is that -- just so I have a clear understanding of where this is -- where this is headed.

THE COURT: Well, I first have to look at the languages quoted in the agreement and the orders of the court

to see whether I agree with your characterization that it's something that's covered.

If it was, then you're saying, would you need a special order to get that paid? I don't know. That's of course possible. If you mean -- I am taking this as, frankly, going from the broad agreement that was made at your suggestion at our last hearing as to the scope of what the order could include. Now, and I'm sort of -- and you're at a disadvantage because when I asked you, well, what expenses are you talking about? Can't you just make up -- can't you prepay payroll? Can't you pay expense? Can't have the Canadian court do things that were anticipated as being pre-closing expenses? And I'm not asking you to answer that. I'm just telling you those are the thoughts that I have when you mentioned those arguments.

And so I'll look at anything that you want to submit, but I want to get a simple order in place that has the -- I think it's clear on the record my intention is to not interfere with the transaction as approved by my Canadian colleague, but to also protect what it looks like is an agreed upon segregation of assets to be -- well, you can shake your head no, but --

MR. COLEMAN: Yeah, no, I'm sorry, Judge. I don't mean to be --

THE COURT: Well, I don't know how -- I'm trying to give you a better answer than that.

MR. COLEMAN: Yeah.

THE COURT: But we've talked about -- I understand your position. And I'm inviting you to say, if you want to clarify it more, submit a new form, you can, but I don't think there's anything new to be said. And if I'm wrong, I'm not --

MR. COLEMAN: No, there's probably nothing new to be said. But the idea that we are not prejudicing claims by Patriot or Nomad is true. The idea that from there we can look to the mechanics of the distribution order and effectively freeze residual assets and prevent payment of operating expenses, other admin expenses attributable to GVC and again disclosed throughout the case in the cash flows. That's not something we agree with.

To the extent, to the extent, Your Honor, that I sale proceeds that are governed by the distribution order and residual assets, that's my mistake. It is not correct. That is not what the Canadian order says. What the Canadian order says is the positions of these two creditors are preserved. It does not say that these creditors' interests are subject to a restraining order that encompasses the entirety of that.

THE COURT: That you consented to on behalf of your client. This horse has left the gate. But now, the second thing I want to say is -- and again, I respect your opinion. There's nothing new you're saying now. And the only thing to do is invite you -- if you don't like what's being proposed and

what I'm considering, I got it. Then put in the form of order that you're going to submit what you want, what you want me to say, and I'll consider it. I promise.

But that we're now at a point where I don't think -- all we're hearing is you telling me why you're right. And Mr. Suzuki and Mr. Harris telling me why they're right. And I get it. I understand why you both think -- you each think you're right. But let's just, let's bring it to a conclusion and say from your point of view, just sign this, or you're wrong. And from Mr. Harris and Mr. Suzuki, say no, sign this, or you're wrong. And I get it. But we're kind of -- we've said everything that needs to be said.

MR. COLEMAN: Very well, Your Honor.

MR. SUZUKI: Your Honor, I will add one thing truly new to this discussion as you deliberate on these competing forms of order, if I might.

THE COURT: Yeah.

MR. SUZUKI: And that is actually provisions within Chapter 15 that I think support the position of the royalty holders here. And specifically, I would point you to Section 1507(b), which requires that any order in aid of a foreign representative must reasonably assure the just treatment of all holders of claims. It must protect claim holders in the United States against prejudice and inconvenience in the processing of claims in the foreign proceeding.

THE COURT: Well --

MR. SUZUKI: And it requires the distribution of proceeds. So this is all in 1507(b).

And in 1522(a) requires that any relief granted under 1521, which they requested, and that's part of the reason we're here today, can be granted only if the interests of creditors and other interested entities, including the Debtor, are sufficiently protected. And that's all we've been asking for. And I think Your Honor hit the nail on the head, that Mr. Coleman offered that. We work diligently over the holidays to incorporate that into a reasonable form of order. And he should be judicially estopped from reneging on that.

So those two provisions are the new stuff, so to speak, Your Honor, 1507(b) and 1522 that, I think, buttress the position that we've taken. And with that, I will hold my tongue further.

MR. COLEMAN: Can I just --

THE COURT: Yeah.

MR. COLEMAN: -- 1507 point, Your Honor.

THE COURT: Absolutely.

MR. COLEMAN: 1507, of course, is a carryover from old Section 304. And it lists the considerations that a court should go through to determine whether to provide additional relief. One of the elements that was decided to you has to do with whether or not the distribution is substantially in

accordance with Title 11. Okay. In a Title 11 case, operating expenses and other administrative expenses are paid. And that's all we are trying to accomplish here, Judge. What we are trying to do is to allow for these payments that have been incurred to be paid.

THE COURT: Well, the question that comes up is priority operating expenses and administrative expenses, for example, can be paid, and you just say, well, they're legitimate, unless you have a secured creditor that comes in and goes, well, not out of my stuff. Not on my property.

MR. COLEMAN: We don't have a -- we do have a secured creditor, Judge, and that's Maverix, who has consented to that.

THE COURT: I understand that. I understand that.

MR. COLEMAN: These folks, Patriot and Nomad, have alleged that they own things. They have not taken a step to elevate that to security.

And the other thing that we pointed out some time ago, Judge, is that bear in mind that with respect to cash and accounts receivable, the way you perfect an interest in that is through a UCC-1 filing, which they didn't do.

THE COURT: I understand your position, and I understand their position. And there's no reason for me to have to prove to you both that I understand your positions. So let me just move on to something else.

We are where we are. Just to clarify, I invite both

parties to submit a new form of order. Realize that there is going to be a form of order entered before the end of the year. I don't know, it seems to me that there shouldn't be a long time for you to submit your forms of order. That means Tuesday. But now, I want to move to something else.

We have an issue that is near and dear to Mr. Charles heart, which is the request for expanded powers. I will set a hearing. We'll consider this. But I want to make a suggestion

When I look at that, and I think -- and actually, Mr. Coleman made a good point last time about, well, you don't want to have a situation where you might not have someone that you can clearly know speaks for the estate of the Debtor. So if we set a hearing, which I'm happy to do at the request of anyone, we're going to start with this as what we're going to work off. After consideration of the requests by the Monitor, it is ordered that in the event -- in the event that and for long as the Debtor lacks a validly functioning governing body, such as a board of directors, this Court will recognize the Monitor as having the authority to speak for and bind the Debtor.

What else do I need to do?

MR. COLEMAN: I think, Your Honor, the other thing I point out here is that this matter was heard in Canada, and we have provided you with a transcript of that hearing. On page 83 of that transcript, Justice Fitzpatrick asked whether there

were any other submissions with respect to the expanded powers order, and there were none. Patriot and Nomad participated at great length and in great detail in that proceeding, and they should not be allowed to litigate it here in this Court when it was decided in Canada.

THE COURT: Well, okay.

MR. COLEMAN: We would point Your Honor to page 83 of that transcript.

THE COURT: But in the language I just quoted you, how is that inconsistent with what you just said?

MR. COLEMAN: Well, I think, Your Honor, the order that you enter in this connection simply enforce what was ordered in Canada on notice and with an opportunity to object provided to Patriot and Nomad. And they didn't. They didn't object. They said they didn't have a problem with that order.

THE COURT: Okay. And that's the consequence of them not doing that, and I'm sure if they try and do something outside of the failure to present those positions, the Canadian judge will take the appropriate action. But here in the proceedings here, what do I need to do, other than just say if there's no valid board of directors or other governing body, I agree that the Monitor is the decider, and the Court will recognize the input of the Monitor as speaking for and binding the Debtor.

What else do you want me to do? What are you worried

about?

MR. COLEMAN: The interjecting additional words into something that was proposed and decided well over a week ago.

THE COURT: Okay. Revise what I just said. What should it say?

MR. COLEMAN: I think what it should say, Your Honor. And I say this with --

THE COURT: Yeah, yeah. No, I hear you.

MR. COLEMAN: Well, and you're going to -- and with respect is that the Canadian order is hereby made fully enforceable in the United States. The Canadian order was premised on the proposition that the board of directors would resign on closing.

THE COURT: Okay.

MR. COLEMAN: So I think that, and that's going to happen if we can get to a closing. And so all Your Honor should have to do here is simply recognize and enforce that order. Full stop.

THE COURT: I understand the words you're saying. I just don't understand why my proposal doesn't satisfy any legitimate need you have. If you're telling me it's a given that if the sale closes, the board of directors is going to resign. And I think Mr. Charles has made this point before to say --

MR. COLEMAN: Yeah.

THE COURT: -- and therefore, and you made it, there's going to be a void if we don't have provisions that allow the Monitor to be the speaking voice. To be able to bind. To be able to represent. To be able to take positions on behalf of the -- whomever comes out of the proceeding. And I'm saying, I hear you. I agree with that. And the only reason I hesitate is that it seems to me that by saying, that's not good enough, Judge. You can't just say that to the extent that there's not a board of directors or some other governing body that you recognize that the Monitor can speak for and bind the Debtor. You have to say some other statement that to me is there's some reason you want me to do that.

MR. COLEMAN: No, just for simplicity's sake, Your Honor, if what you're saying --

THE COURT: None of that was what I just recited, but go ahead.

MR. COLEMAN: Well, I think the history of this shows that the more words you put into the document, the more scope there is for litigating what they mean. If Your Honor -- if Your Honor's order on this relief says upon resignation of the board of directors, the Canadian court's expanded powers order is fully effective in the United States. That, I think -- that, I think, works.

THE COURT: Why do I have to do that? You're making me -- you're making me suspicious. There's some reason --

MR. COLEMAN: I don't mean to do that, Judge. I really don't mean to do that.

THE COURT: Tell me. Tell me the reason I need you to just embrace and adopt the Canadian order, as opposed to just answering the question that forget the resignation. If for some other reason, if for any reason on the planet there's not a governing body such as a board of directors that can speak for the Debtor, then I agree that the Canadian court-appointed Monitor has that power and can bind the debtor. Can speak for the Debtor. When you say no, that's not enough, I go, why? And when you say no, that's not simple enough, it's one sentence. I just don't -- I don't get it. What is it that you're afraid they're going to do? What is it that --

Oh, I may have help. Mr. Charles.

MR. CHARLES: And with your permission and with Mr. Coleman's permission, Your Honor.

THE COURT: Go.

MR. CHARLES: So as you went into the submission of the orders that were provided to this Court at docket 132, docket 132-4 is the Canadian court order concerning the enhanced powers. And you'll see it does not say in the event of a vacancy that you can't fill, or however you would choose to characterize the condition that the Monitor may act, they go through other issues why.

I'm not the drafter of this order, but let me give

you some suggestions. One is if you step in, Mr. Kaufman, wearing your I'm-a-D-or-an-O-of-this-corporation hat, you may have different liabilities and obligations than if you step in as a court-ordered, authorized officer of the Court. And so that's why I think paragraph 1 of the Canadian order says we're going to refer back to the amended and restated initial order, which is essentially how you behave in the Canadian proceedings. Does the Monitor have power and in specific circumstances?

That's what paragraph 3 is saying, is you have these powers, which is, I concede to you, less simple than you're authorized to step in. But someone can't then say the Monitor may not, having stepped into the Ds and the Os, take these actions. It's explicitly authorized. Paragraph 4 -- or I'm sorry, 5 says Debtors cooperate. We'd hope that there wouldn't be a problem, but that's -- and then to what extent when you do that Monitor, are you liable -- is the heading limitation on liability 6 through 9. So if this Courts's -- and the environmental, you could see the rest of it.

So if this Court order is the Arizona court will only authorize the Monitor to step in and act upon resignation and did not in any other way --

THE COURT: Stop right there.

MR. COLEMAN: I understand that, but that's the reason why I'm asking -- why I'm saying it this way. If you

say, I'll deal with this if we have to, but at a minimum as an interim basis, if the Ds and the Os resign, the Monitor may step in, then your suggestion makes complete and utter sense. I'm just trying to point out there was a reason why they sought a notice this order that was not a -- that is the result of the Canadian court after proceedings with Patriot and Nomad. And I shut up now. I will not interrupt.

THE COURT: I know. That's why it took me a while, but I finally got there, I got it. Okay. So what I'm -- let's do it this way.

Does anyone want a hearing on the request for the appointment or appointment to approve expanded powers? If you do, let's set it now. And prior to that hearing, I would like either side to submit any proposed order they would like me to enter to resolve that request, knowing that I've already gotten my mind what I want to do. And so that if you want something different, put it on paper, and let me see it. I don't know how to be fairer than that.

MR. COLEMAN: Yeah. Your Honor, we don't think -- we don't think you need a hearing. We think that this matter was heard and decided, and that the order can simply enforce what was decided in Canada. If you need to, for clarity's sake, say if for any reason, there's the board of directors is not in place, then at that point, it becomes operative. I guess we can work with that. But the idea that we'll -- I mean, we may

need this -- God willing, we can close the thing -- we may need this, , as of Monday night. So I don't know that there really is time for a hearing.

THE COURT: Let me suggest this thing. And I talk fast, so when I read what I proposed, it was not tied to the board of directors resigning. It says, and I'll read it more.

It's ordered that in the event and for so long as the Debtor lacks the valid functioning governing body, such as a board of directors, then we'll recognize the Monitor as director. In other words, I want to make as broad as possible. Following up on Mr. Coleman's point that you can't have a gap where there's no one that you recognize.

So all I'll say is that are you telling me, Mr. Coleman, that we need to have whatever this order is going to say on file before Monday?

MR. COLEMAN: Ideally, Judge, it would be --

THE COURT: Okay.

MR. COLEMAN: -- on Monday. On Monday, yes.

THE COURT: Okay. So if I could just say anybody that wants to suggest language to resolve that issue in light of the fact that I'm hearing no one wants another hearing, then just submit that by 9 o'clock a.m. Phoenix time. And I'll consider it, and with the commitment that I will get an order that's definitely going to provide some recognition that that's the case, that the Monitor can speak for the Debtor if there's

no governing body. Then we can do that.

MR. HARRIS: Your Honor, this is John Harris. Could you just read back the very last part? I's --

THE COURT: Okay. Sure. Oh, it's only one sentence.

MR. HARRIS: Okay.

THE COURT: It is ordered that in the event that and for so long as the Debtor lacks a validly functioning governing body, such as a board of directors, this Court will recognize the Monitor as having the authority to speak for and bind the Debtor.

MR. HARRIS: I think that language would work for us, Your Honor.

THE COURT: Okay. If anybody change their mind or if Mr. Coleman or Mr. Charles wants to submit alternative language, I'm happy to hear it. I just did that in five minutes before this, so --

MR. COLEMAN: Yeah.

THE COURT: -- no wordsmithing. Whatever you want. I just want to make sure, number one, we've covered it, and number two, it's broad.

MR. COLEMAN: Your Honor, I guess my concern is that the order is -- the order from Canada is not a one-pager. And it does list in some detail -- it does list in some detail what the Monitor's extended powers are. I think if Your Honor were to say, in the event and for so long as the Debtor lacks a

valid and functioning board of directors, the Canadian expanded powers order is enforced.

THE COURT: I don't know what to say to you other than just submit what you want me to sign.

MR. COLEMAN: Fine. We'll do that, Your Honor.

MR. SUZUKI: Your Honor, in terms of process, they will submit whatever they'd like. I think Patriot and Nomad are comfortable with your proposed language, Your Honor. But if they submit something that's loaded up and we have issues with that, we would like an opportunity to review that and then say, oh, we don't think that's appropriate. We like yours instead.

Do you need something like that from us or an alternative proposed order? We just don't know what they're going to do --

THE COURT: All right. If I were you, I would do that. I mean, if you don't mind. A proposed order, if you just want to say, we don't want them -- we don't want you to enter theirs. We like the one that the Court -- or whatever you want. I'm not telling you what to say. I'm going to get something on file. It's fair for them to say to me, you got to have something on file by sometime Monday because that's not fair to the Debtor, and you're putting the whole transaction at risk.

MR. SUZUKI: For sure.

MR. HARRIS: Your Honor, we will submit a form of order, and the form of order that the royalty holders submit will say what the Court just said.

THE COURT: Okay. All right. Thank you all very much. Have a good week.

(Proceedings Concluded)

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

Dated: February 7, 2025

eScribers, LLC
7227 N. 16th Street
Suite #207
Phoenix, AZ 85020

This is Exhibit "K" referred to in the Affidavit of Hayley Roberts, affirmed before me at Vancouver, Province of British Columbia, February 12, 2025.

Commissioner for Taking Affidavits for British Columbia

SO ORDERED.

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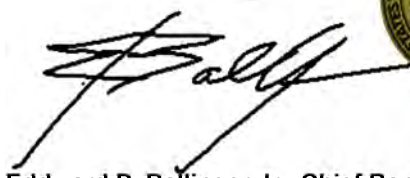
Dated: December 30, 2024



Eddward P. Ballinger Jr., Chief Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

MINUTE ENTRY/ORDER

Bankruptcy Judge:	Eddward P. Ballinger, Jr.
Case Name:	Elevation Gold Mining Corporation – Chapter 15
Case Number:	2:24-bk-06359-EPB
Subject of Matter:	Motion to Recognize Canadian Sale Order
Date Matter Ruled Upon:	December 30, 2024

KSV Restructuring Inc. (the "Monitor") in its capacity as the Monitor in Debtors Elevation Gold Mining Corporation and Golden Vertex Corporation's ("Debtors") insolvency proceeding currently pending in the Supreme Court of British Columbia seeks this Court's approval of its Motion for Recognition and Enforcement of Canadian Sale and Distribution Order (the "Canadian Order"). This motion relates to the pending sale of Debtors' equity in accordance with the transaction approved by the Canadian Court.

This Court held several hearings to address the concerns with the motion expressed by Patriot Gold Corporation and Nomad Royalty Company, Ltd. (collectively the "Royalty Holders") to the Monitor's request. These concerns focus on the extent to which Debtors may,

after the sale closes, expend what are referred to in the Canadian Order as "GVC Residual Assets" to pay estate claims or post-closing expenses. No objection has been raised to the use of sale proceeds in accordance with the direction of the Canadian Order.

The Royalty Holders claim ownership of, among other things, the GVC Residual Assets and assert that these funds must be preserved until their property right claims are resolved. Although initially disagreeing with this position, during a recent hearing counsel for the Monitor informed the Court that the Royalty Holders' concerns were misplaced because the Monitor acknowledges that no portion of the GVC Residual Assets will be distributed without this Court's prior approval. The Monitor's presentation was compelling, and the Court directed the parties to submit a form of order memorializing approval of the Canadian sale consistent with the agreed resolution of the GVC Residual Asset issue.

While continually making the Court aware of the urgency in obtaining approval of the Canadian Order, the Monitor belatedly sought to change its position by claiming that approval of a general GVC Residual Asset set-aside would be inconsistent with the Canadian Order. That is not this Court's intention. The Canadian Order approves the sale of Debtors' equity and provides for payment of expenses incurred up to the sale date and permits sale proceeds to be set aside for this purpose. The GVC Residual Assets will exist separate from this process. The Royalty Holders claim ownership of these funds based upon their assertion of Arizona property rights. The Court expresses no opinion as to the merits of these claims, but is committed to moving expeditiously to resolve them.

The Monitor now also claims that the requested asset set-aside is too broad because the Royalty Holders have not quantified their claims. During the most recent hearing, the Royalty Holders asserted a right to proceeds in an amount represented to be in excess of the projected

funds that will comprise the GVC Residual Assets. At this late date, the Court cannot permit the Monitor to withdraw from its proposal regarding maintenance of the disputed funds. If the Monitor believes some adjustment is required after closing of the Canadian sale, it can seek relief from this Court.

Based upon the foregoing,

IT IS ORDERED approving the Monitor's request subject to the conditions set forth in the Order entered by this Court.