



This is the 1<sup>st</sup> affidavit  
of H. Sio in this case and was  
made on January 12<sup>th</sup>, 2016

Court No. S=160322  
Vancouver Registry

Estate No. \_\_\_\_\_

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF  
BANKS ISLAND GOLD LTD.**

**AFFIDAVIT**

1. I, Howard Sio, of 222 Bloomingdale Road, Suite 401, White Plains, New York, USA 10605 SWEAR THAT:

2. I am a Senior Trader of the Petitioner MCC Non Ferrous Trading Inc., and as such, have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be based on information and belief, and where so stated I verily believe them to be true.

3. I am authorized to swear this Affidavit on behalf of the Petitioner.

4. I have read the Petition herein. The facts set out in the Petition are to the best of my knowledge and belief true. In this Affidavit, I have used the same definitions as used in the Petition.

5. Attached hereto as **Exhibit "A"** is a copy of the Certificate of Appointment of D. Manning & Associates Inc. as trustee of BIG.

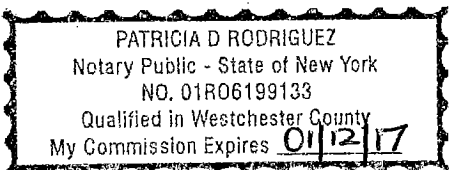
6. Attached hereto as **Exhibit "B"** is a copy of the consent of FTI Consulting Inc. to act as receiver of BIG.

- 7. Attached hereto as **Exhibit "C"** is a true copy of the GSA.
- 8. Attached hereto as **Exhibit "D"** is a true copy of the Gold Contract including amendments thereto.
- 9. Attached hereto as **Exhibit "E"** is a copy of a BC PPR search of BIG dated January 11, 2016.
- 10. Attached hereto as **Exhibit "F"** is a copy of the registration of the Petitioner's Charge on British Columbia Mineral Titles Online.
- 11. Attached hereto as **Exhibit "G"** is a copy of the Priority and Subordination Agreement between the Petitioner and Selkirk Metals Corp.
- 12. I know of no fact that would constitute a defence to the whole or to any part of the claim by the Petitioner herein.

SWORN BEFORE ME at the  
City of White Plains  
 in the State of New York,  
 this 12<sup>th</sup> day of January, 2016.

*Patricia D Rodriguez*  
 A Notary Public in and for the State of  
 New York

*Howard Sio*  
 HOWARD SIO



501 Mangroveck Ave.  
 White Plains, NY, 10605.  
 (914) 683-8753.

The attached is Exhibit "A"

referred to in the affidavit

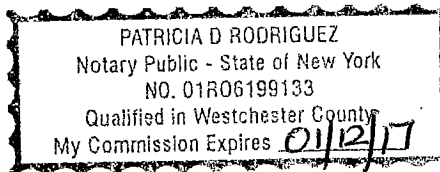
of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York





Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of: British Columbia  
Division No.: 03 - Vancouver  
Court No.: 11-2074895  
Estate No.: 11-2074895

In the Matter of the Bankruptcy of:

**Banks Island Gold Ltd.**  
Debtor

**D. MANNING & ASSOCIATES INC.**  
Trustee

Ordinary Administration

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Date and time of bankruptcy:	January 08, 2016, 09:43	Security:	\$0.00
Date of trustee appointment:	January 08, 2016		
Meeting of creditors:	January 21, 2016, 10:00 520 - 625 HOWE STREET VANCOUVER, British Columbia Canada,		
Chair:	Trustee		

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CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: January 08, 2016, 12:45

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902



The attached is Exhibit "B"

referred to in the affidavit

of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/12/17

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF AN APPLICATION PURSUANT TO  
SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**BETWEEN:**

**METALLICA COMMODITIES CORP.**

Petitioner

- and -

**BANKS ISLAND GOLD LTD.**

Respondents

**CONSENT**

**FTI CONSULTING CANADA INC. HEREBY CONSENTS** to act as Receiver  
in the above-captioned proceedings.

Dated at Vancouver this 8th day of January, 2016.

**FTI CONSULTING CANADA INC.**

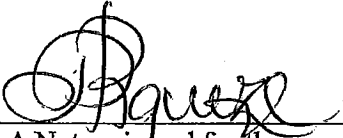
Per:



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Craig Munro  
Managing Director

The attached is Exhibit "C"  
referred to in the affidavit  
of H. Sio sworn before  
me at White Plains New York,  
this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/12/17

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** is dated September 15, 2015

**BETWEEN:**

**BANKS ISLAND GOLD LTD.** (Inc. No. BC0900653), a company incorporated pursuant to the *Business Corporations Act* (British Columbia) (the "Debtor")

**AND:**

**MCC NON FERROUS TRADING INC.**, with an address at 222 Bloomingdale Road, White Plains, New York 10605 (the "Secured Party")

The Debtor agrees with the Secured Party as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Agreement, in addition to terms defined elsewhere in this Agreement, the following terms have the following meanings:

- 1.1.1 "Account Debtor" is defined in Section 2.5.
- 1.1.2 "Agreement" means this agreement, including all Schedules, as it may be supplemented, amended, restated or replaced by written agreement between the Parties.
- 1.1.3 "Books and Records" means all books, books of account, records, files, papers, disks, documents, correspondence, plans, ledgers, electronically recorded data and other repositories of data recorded in any form or medium, evidencing or relating to the Collateral, which are at any time owned or held by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.
- 1.1.4 "Business Day" means any day excluding a Saturday, Sunday or statutory holiday in the Province of British Columbia or the State of New York, and also excluding any day on which the principal chartered banks located in the City of Vancouver or the City of New York are not open for business during normal banking hours.
- 1.1.5 "Collateral" means all present and after-acquired personal property owned, leased, licensed, possessed or acquired by the Debtor, or in which the Debtor has rights, including all present and after-acquired Goods (including Equipment and Inventory),



Investment Property, Instruments, Documents of Title, Chattel Paper, Intangibles (including Accounts), Money, crops and fixtures, owned, leased, licensed, possessed or acquired by the Debtor, or in which the Debtor has rights, including, without limitation, the mineral tenures and other property described in Schedule 1, all Proceeds of that property, and an uncrystallized floating mortgage, pledge and charge on all present and after-acquired real property owned, leased, licensed, possessed or acquired by the Debtor, but specifically excludes the Excluded Collateral.

- 1.1.6 **"Communication"** means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- 1.1.7 **"Contracts"** means all contracts, licenses and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, as those contracts, licenses and agreements may be amended, restated, supplemented or replaced, and includes all rights of the Debtor:
- 1.1.7.1 to receive money due and to become due to it in connection with a contract, licence or agreement;
  - 1.1.7.2 to damages arising out of, or for breach or default in respect of, a contract, licence or agreement; and
  - 1.1.7.3 to perform and exercise all remedies in connection with a contract, licence or agreement.
- 1.1.8 **"Contractual Rights and Agreements"** means all present and after-acquired leases, licences, permits and other agreements, and all present and after-acquired entitlements, franchises and rights of any kind, to which the Debtor is a party or of which the Debtor has the benefit.
- 1.1.9 **"Debtor"** is defined in the recital of the Parties, above.
- 1.1.10 **"Event of Default"** is defined in Section 6.1;
- 1.1.11 **"Excluded Collateral"** means Consumer Goods, and any Intellectual Property Right, Permit or Contract which would be breached or terminated if a Security Interest was granted in it without the consent of a third party, unless that consent is obtained, but does not include Accounts.
- 1.1.12 **"Governmental Authority"** means:
- 1.1.12.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any

- administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; and
- 1.1.12.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.
- 1.1.13 **“Intellectual Property Rights”** means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets, and all Contracts related to those industrial and intellectual property rights.
- 1.1.14 **“Motor Vehicles”** means all automobiles, trucks, motorcycles, motorized snow vehicles, and any other vehicle that is self-propelled, but excluding boats and aircraft.
- 1.1.15 **“Obligations”** means all indebtedness, both present and future, arising from the Sale and Purchase Agreement, together with interest thereon and all liabilities, present and future, direct or indirect, absolute or contingent of the Debtor to the Secured Party, including any advance or re-advance and every unpaid balance of them, by the Secured Party to the Debtor, whenever made, and interest thereon to the same extent as if the advance or re-advance had been made at the time of creation of this Agreement, and all present and future obligations of the Debtor to the Secured Party, contained in this Agreement or the Sale and Purchase Agreement related to the advance or re-advance.
- 1.1.16 **“Parties”** means the Debtor and the Secured Party, collectively, and **“Party”** means any one of them.
- 1.1.17 **“Permits”** means all authorizations, registrations, permits, licenses, consents, quotas, grants, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, or is required to have, to own, possess or operate any of its property, or to operate and carry on any part of its business.
- 1.1.18 **“Person”** will be broadly interpreted and includes:
- 1.1.18.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
- 1.1.18.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
- 1.1.18.3 a Governmental Authority.

- 1.1.19 “PPSA” means the *Personal Property Security Act* of the Province of British Columbia.
- 1.1.20 “Receiver” means a receiver or receiver-manager of the Collateral.
- 1.1.21 “Replacement Equipment” is defined in Section 5.3.
- 1.1.22 “Sale and Purchase Agreement” means the sale and purchase agreement dated July 19, 2013 between the Debtor and the Secured Party, as amended November 15, 2013 and September 15, 2015 and as may be further amended from time to time.
- 1.1.23 “Secured Party” is defined in the recital of the Parties, above.
- 1.1.24 “Serial Number Goods” means Motor Vehicles, trailers, aircraft, boats, outboard motors, and mobile homes.
- 1.1.25 “Security Interests” is defined in Section 2.2.
- 1.1.26 “STA” means the *Securities Transfer Act* (British Columbia).
- 1.1.27 “Tax” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind whatsoever, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts, imposed by any Governmental Authority.

## 1.2 Incorporated Definitions

Capitalized terms not otherwise defined in this Agreement have the definitions set out in the PPSA and the STA, as applicable.

## 1.3 Certain Rules of Interpretation

- 1.3.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”.
- 1.3.2 The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- 1.3.3 References in this Agreement to an Article, Section or Schedule are to be construed as references to an Article, Section or Schedule of or to this Agreement unless otherwise specified.

1.3.4 Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

1.3.5 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations made under or in connection with that statute from time to time, and is to be construed as a reference to that statute as amended, supplemented or replaced from time to time.

**1.4 Governing Law**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

**1.5 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement.

**1.6 Business Day**

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

**ARTICLE 2  
GRANT OF SECURITY INTEREST**

**2.1 Security Interests**

As security for the payment and performance of the Obligations, the Debtor mortgages and charges to the Secured Party, and grants to the Secured Party a security interest in, and the Secured Party takes a security interest in, all of the Debtor's right, title and interest in and to the Collateral.

**2.2 Limitations on Grant of Security**

The mortgages, charges and security interests granted and created in this Agreement (collectively the "Security Interests") do not apply or extend to any Contractual Rights and Agreements which provide that:

- 2.2.1 they may not be assigned, subleased, charged or encumbered without the consent or approval of the other party to them; or
- 2.2.2 any assignment, sublease, charge or encumbrance of them without obtaining the consent or approval of the other party to them would be a breach of, or allow the termination of, those Contractual Rights and Agreements;

but the Debtor will hold those Contractual Rights and Agreements in trust for the Secured Party, use commercially reasonable efforts to obtain the required consent or approval, and assign those Contractual Rights and Agreements to the Secured Party upon obtaining the required consent or approval, and the Security Interests will attach and extend to those Contractual Rights and Agreements as soon as the required consent or approval is obtained.

**2.3 Intellectual Property**

Nothing in Section 2.1 is to be construed as constituting an absolute transfer or assignment of any present or future Intellectual Property Rights, but that Section is to be construed as granting to the Secured Party a Security Interest in and a charge on all of the Debtor's present and after-acquired Intellectual Property Rights.

**2.4 Attachment**

The Debtor and the Secured Party do not intend to postpone the attachment of the Security Interests, except as provided in Section 2.2, and except as provided in that Section the Security Interests will attach when:

- 2.4.1 this Agreement has been executed, or in the case of after-acquired property, that property has been acquired by the Debtor;
- 2.4.2 value has been given; and
- 2.4.3 the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.

**2.5 Notification**

After an Event of Default (as later defined) has occurred, the Secured Party may notify any debtor of the Debtor on an Intangible, Chattel Paper, or Account, or any obligor on an Instrument ("Account Debtor") of the Security Interests, and after an Event of Default the Secured Party may notify any Account Debtor to make all payments on Collateral to the Secured Party. The Debtor acknowledges that it will not, without the prior written consent of the Secured Party:

- 2.5.1 sell, lease or otherwise dispose of any of the Collateral except as otherwise permitted by this Agreement; or
- 2.5.2 commingle the Proceeds of any and all sales, or any payments on or other Proceeds of the Collateral, including but not limited to payments on, or other Proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification to the Account Debtor and whether before or after default under this Agreement, with any of the Debtor's funds or property.

No consent granted by the Secured Party under this Agreement, including Sections 2.5, 5.2 and 5.3, constitutes an ongoing or continuing consent unless otherwise expressly provided.

## 2.6 Purchase Money Security Interests

The Security Interests will constitute purchase money security interests to the extent that any of the Obligations are monies advanced by the Secured Party to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any of the Collateral and were so used by the Debtor, and a certificate of an officer of the Secured Party as to the extent that the Obligations are monies so advanced and used will be prima facie proof of the purchase money security interests constituted by this Agreement.

## ARTICLE 3 REPRESENTATIONS AND WARRANTIES

### 3.1 Representations and Warranties

The Debtor represents and warrants to the Secured Party that:

- 3.1.1 **Corporate Existence.** It is duly incorporated and validly existing under the laws of the Province of British Columbia.
- 3.1.2 **Power and Capacity.** It has all necessary corporate power, authority and capacity to carry on the business now being carried on by it and to enter into and perform its obligations under this Agreement.
- 3.1.3 **Binding Obligation.** The execution and delivery of this Agreement, and all matters, registrations and deliveries contemplated by this Agreement, have been duly authorized by all necessary corporate action on the part of the Debtor. This Agreement has been duly executed and delivered by the Debtor and constitutes a valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

- 3.1.4 **Absence of Conflict.** None of the execution and delivery of this Agreement, the performance of the Debtor's obligations under this Agreement, or the completion of the matters contemplated by this Agreement will (with or without the giving of notice or lapse of time, or both):
- 3.1.4.1 result in or constitute a breach of any term or provision of, or constitute a default under the articles or by-laws or any resolution of the board of directors or shareholders of the Debtor, or any Contract to which the Debtor is a party;
  - 3.1.4.2 constitute an event which would permit any party to any Contract with the Debtor to amend, cancel, terminate or accelerate the obligations of the Debtor under any Contract;
  - 3.1.4.3 result in the creation or imposition of any lien or other encumbrance on the Collateral;
  - 3.1.4.4 contravene any applicable law;
  - 3.1.4.5 contravene any judgment, order, writ, injunction or decree of any Governmental Authority.
- 3.1.5 **No Actions.** Other than has been disclosed by the Debtor to the Secured Party in writing, there are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Agreement or which might result in a material adverse change in the financial condition of the Debtor, or which would materially adversely affect the ability of the Debtor to perform its obligations under this Agreement or any document evidencing any indebtedness of the Debtor to the Secured Party.
- 3.1.6 **Name.** The full legal name of the Debtor (including any French or French/English form of its legal name), and any other name under which it conducts its business, is correctly specified on the signature page of this Agreement.
- 3.1.7 **Place of Business.** The Debtor's sole place of business or chief executive office, as applicable, and the place where it keeps its Books and Records, is at the applicable address specified in Schedule 1.
- 3.1.8 **Location of Collateral.** The location of all other existing places where the Debtor carries on business or keeps tangible Collateral (other than Inventory in transit), and the locations of all real property owned or leased by the Debtor, are set out in Schedule 1.
- 3.1.9 **Owns Collateral.** The Debtor either owns, possesses and has good and marketable title to, or has enforceable leasehold or other rights to, all currently held Collateral, free from all security interests, mortgages, charges, encumbrances, liens and claims, except only those, if any, listed in Schedule 2.

3.1.10 **Right and Authority.** The Debtor has the right and authority to create the Security Interests.

### 3.2 **Survival of Representations and Warranties**

All representations and warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Secured Party and will survive, without regard to any investigation made at any time by or on behalf of the Secured Party or any disposition or payment of the Obligations, until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

## ARTICLE 4 POSITIVE COVENANTS

### 4.1 **Positive Covenants**

The Debtor covenants with the Secured Party that:

4.1.1 **Defend Collateral.** It will defend the Collateral against all claims and demands of all Persons claiming the Collateral or an interest in the Collateral at any time.

4.1.2 **Lists of Accounts.** If the Collateral includes Accounts, the Debtor will, on demand by the Secured Party, deliver to the Secured Party within 30 days of each calendar month end an aged list of the Accounts as at that particular month end in a form acceptable to the Secured Party.

4.1.3 **Provide Information.** Upon the demand by the Secured Party it will furnish in writing to the Secured Party all information requested concerning the Collateral, and it will promptly advise the Secured Party of the vehicle identification number, serial number, year, make and model of each Serial Number Good at any time included in the Collateral.

4.1.4 **Insurance.** It will keep the Collateral insured to its full insurable value with financially sound and reputable companies against loss or damage by fire, explosion, theft and other risks as are customarily insured against by Persons carrying on similar businesses, or owning similar property. The relevant insurance policies will:

4.1.4.1 be in form and substance satisfactory to the Secured Party;

4.1.4.2 provide that no cancellation, material reduction in amount, or material change in coverage will be effective until at least 30 days after receipt of written notice by the Secured Party;



4.1.4.3 contain by way of endorsement a standard mortgagee clause, in a form approved by the Insurance Bureau of Canada and satisfactory to the Secured Party; and

4.1.4.4 name the Secured Party as mortgagee, first loss payee, and additional insured as its interest may appear.

The Debtor will, at the Secured Party's request, deliver those insurance policies (or satisfactory evidence of those policies) to the Secured Party.

4.1.5 **Repair.** It will keep the Collateral in good condition and repair according to the nature and description of it.

4.1.6 **Additional Information.** It will advise the Secured Party, in reasonable detail, within 5 Business Days of becoming aware of:

4.1.6.1 any security interest (other than the Security Interests and any security interest listed in Schedule 2) on, or claim asserted against, any of the Collateral;

4.1.6.2 the occurrence of any event or claim that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests;

4.1.6.3 any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor;

4.1.6.4 any change in the location of any of the tangible Collateral (including additional locations);

4.1.6.5 any acquisition of significant personal property or leasehold, or real property by the Debtor;

4.1.6.6 any change in the name of the Debtor;

4.1.6.7 any merger or amalgamation of the Debtor with any other Person; and

4.1.6.8 any material loss of or damage to any of the Collateral.

The Debtor agrees not to effect or permit any of the changes referred to in clauses 4.1.6.3 to 4.1.6.7 above unless all filings have been made and all other actions taken that are required in order for the Secured Party to continue at all times following any such change to have a valid and perfected Security Interest in all of the Collateral.

4.1.7 **Other Indebtedness.** It will pay and discharge as they become due all payments due and owing under or relating to any other indebtedness created or security given by the Debtor to any Person or corporation, and will observe, perform and carry out all the

terms, covenants, provisions and agreements relating to that indebtedness and security.

- 4.1.8 **Right of Inspection.** The Secured Party will have the right whenever it considers reasonably necessary to order its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral, all Books and Records and copies of all returns made from time to time by the Debtor to any Governmental Authority and to make extracts from them.
- 4.1.9 **Costs of Enforcement.** It will pay all reasonable costs, charges and expenses of and relating to the taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Agreement or otherwise in connection with this Agreement or by reason of non-payment or procuring payment of the monies secured by this Agreement.
- 4.1.10 **Costs Caused by Default.** If the Debtor defaults in any covenant to be performed by it under this Agreement, the Secured Party may, but is not required to, perform any covenant of the Debtor capable of being performed by the Secured Party, and if the Secured Party pays any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for those costs, charges, expenses or outlays, and those costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on a "solicitor and own client" basis) will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with that interest, form part of the Obligations secured by this Agreement.
- 4.1.11 **Court Costs.** In any judicial proceedings taken to enforce this Agreement and the covenants of the Debtor under it the Secured Party will be entitled to special costs.
- 4.1.12 **Corporate Existence.** It will at all times maintain its corporate existence, carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice, and keep or cause to be kept proper books of account in accordance with sound accounting practice.
- 4.1.13 **Taxes.** It will pay all Taxes, now or in the future rated, charged, assessed, levied or imposed by any Governmental Authority or otherwise on it, on the Collateral or on the Secured Party in respect of the Collateral or any part of it, or any other matter or thing in connection with this Agreement, except when and so long as the validity of those Taxes is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments.
- 4.1.14 **Payments.** It will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to the Security Interests.
- 4.1.15 **Purchase Monies.** If the Secured Party advances money to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any Collateral the Debtor will

use that money only for that purpose and will promptly provide the Secured Party with evidence that the money was so applied.

- 4.1.16 **Governing Law.** The Debtor will require that any agreement to which it and any securities intermediary are a party in respect of any security entitlement or security account included in or relating to any Collateral will specify that the laws of the province of British Columbia, or any other laws consented to by the Secured Party in writing, will be that securities intermediary's jurisdiction for the purposes of that agreement, the STA and the PPSA.

**ARTICLE 5  
NEGATIVE COVENANTS**

**5.1 Negative Covenants.**

The Debtor covenants and agrees with the Secured Party that it will not, without the prior written consent of the Secured Party which consent shall not be unreasonably withheld:

- 5.1.1 change its name;
- 5.1.2 amalgamate or otherwise merge its business with the business of any other Person;
- 5.1.3 continue from the jurisdiction which presently exercises primary corporate governance over the affairs of the Debtor;
- 5.1.4 permit the Collateral or any part of it to become subject to any mortgage, charge, lien, encumbrance or security interest, whether made, given or created by the Debtor or otherwise except as permitted by Schedule 2, if any;
- 5.1.5 except as permitted in Sections 2.5, 5.2, 5.3 and 5.4 sell, lease or otherwise dispose of the Collateral or any part of it, and if any sale, lease or other disposition is permitted or consented to it will, upon demand, pay the Proceeds to the Secured Party;
- 5.1.6 release, surrender or abandon the Collateral or any part of it;
- 5.1.7 move the Collateral or any part of it from its present location or locations (and will promptly advise the Secured Party of the new location or locations); or
- 5.1.8 permit any of the Collateral to become an accession to any property other than other Collateral.

**5.2 Sale of Inventory**

Until an Event of Default has occurred and the Secured Party has determined to enforce the Security Interests, the Debtor may only sell Inventory in the ordinary course of business and

provided that all sales will be on commercially reasonable terms, and all Proceeds of sales will either, upon demand, immediately be paid over to the Secured Party, or, with the prior written consent of the Secured Party, commingled with the Debtor's funds or property.

### 5.3 Sale of Equipment

Until an Event of Default has occurred and the Secured Party has determined to enforce the Security Interests, the Debtor may sell Equipment:

- 5.3.1 which is replaced by Equipment of similar or superior quality and capacity ("Replacement Equipment"); or
- 5.3.2 which is obsolete, worn out or otherwise no longer used or useful to the Debtor in its business,

and the Proceeds of which are either applied to the purchase price of Replacement Equipment, paid to the Secured Party to be held as security for, or applied to reduce, the Obligations, or, with the prior written consent of the Secured Party, commingled with the Debtor's funds or property.

### 5.4 Use of Money

Until an Event of Default has occurred and the Secured Party has determined to enforce the Security Interests, the Debtor may use Money available to the Debtor in the ordinary course of its business, subject to any restrictions placed upon the use of funds by the Secured Party as is set out in the Sale and Purchase Agreement, as may be further amended from time to time by the Secured Party.

## ARTICLE 6 DEFAULT AND ENFORCEMENT

### 6.1 Events of Default

Subject to Section 6.2, the occurrence of any one or more of the following events or conditions will be an event of default under this Agreement ("**Event of Default**"):

- 6.1.1 the Debtor defaults in payment to the Secured Party when due of any indebtedness or liabilities forming part of the Obligations and the Debtor does not pay to the Secured Party any sum due within five (5) business days of the Secured Party having given the Debtor written notice of the Debtor's failure to pay such amount on the due date;
- 6.1.2 the Debtor defaults in performance of any of the Obligations other than payment under Section 6.1.1 and the Debtor does not observe or perform such Obligation within 30 days after written notice to do so has been given by the Secured Party to the Debtor;

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- 6.1.3 the Debtor defaults in the observance or performance of any of the terms, conditions or covenants to be observed or performed by the Debtor under this Agreement or any other agreement or instrument existing at any time between the Debtor and the Secured Party and the Debtor does not observe or perform such term, condition or covenant within 30 days after written notice to do so has been given by the Secured Party to the Debtor;
- 6.1.4 any representation, warranty or statement made by the Debtor to the Secured Party is untrue in any material respect at the time it was made;
- 6.1.5 the Debtor defaults in payment of any indebtedness to any Person other than the Secured Party, or defaults in the performance of any term, provision or condition created in any agreement under which that indebtedness was created or is governed, where that default in payment or performance, as the case may be, would allow that Person to cause the indebtedness to become due prior to its stated maturity, or any such indebtedness is declared to be due and payable other than by a regularly scheduled payment;
- 6.1.6 the Debtor ceases or threatens to cease to carry on its business as a mineral resource company;
- 6.1.7 the Debtor commits or threatens to commit:
- 6.1.7.1 any act of bankruptcy set out in sections 42(1)(a) to (i) of the *Bankruptcy and Insolvency Act* (Canada); or
  - 6.1.7.2 an act of bankruptcy set out in section 42(1)(j) of the *Bankruptcy and Insolvency Act* (Canada);
- 6.1.8 the Debtor becomes insolvent;
- 6.1.9 proceedings are commenced against or affecting the Debtor, or the Debtor institutes proceedings or takes any corporate action or executes any agreement to authorize its participation in or the commencement of any proceedings:
- 6.1.9.1 seeking to adjudicate it a bankrupt or insolvent; or
  - 6.1.9.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including any application for reorganization under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any reorganization, arrangement or compromise of debt under the laws of any applicable jurisdiction);
- 6.1.10 proceedings are commenced against or affecting the Debtor seeking the appointment of, or any creditor of the Debtor or any other Person privately appoints, a receiver,

receiver-manager, trustee, custodian, liquidator or similar official for the Debtor or any part of the Debtor's property, including the Collateral or any part of it;

- 6.1.11 the holder of a security interest delivers a notice of intention to enforce its security or take possession of all or any part of the Debtor's property, including the Collateral or any part of it, or an execution or other process of any court becomes enforceable against the Debtor, or a distress or analogous process is levied upon the Collateral or any part of it;
- 6.1.12 any Governmental Authority condemns, seizes or otherwise appropriates, or takes custody or control of all or substantially all of the Debtor's property;
- 6.1.13 the Debtor permits any sum which has been admitted as due by the Debtor or is not disputed to be due by it, and which forms or is capable of forming a charge upon any of the Collateral in priority to the Security Interests, to remain unpaid for 30 days;
- 6.1.14 the Debtor fails within 30 days to pay, bond or otherwise discharge any judgment or order for the payment of money outstanding at any time, which is not stayed on appeal or otherwise appropriately contested by the Debtor in good faith;
- 6.1.15 in the reasonable opinion of the Secured Party, effective control of the Debtor changes;
- 6.1.16 in the reasonable opinion of the Secured Party, a material adverse change occurs in the financial condition of the Debtor;
- 6.1.17 the Secured Party in good faith and on commercially reasonable grounds believes that the Collateral is in jeopardy of being sold, leased or otherwise disposed of by the Debtor other than in accordance with the terms of this Agreement; or
- 6.1.18 the Secured Party in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Secured Party or to perform for the Secured Party any of the Obligations or any other covenants contained in this Agreement is impaired, or any security granted by the Debtor to the Secured Party is or is about to be impaired or in jeopardy.

## **6.2 Limitation on Events of Default**

The existence or occurrence of any event or condition described in section 6.1 at any time prior to and up to January 15, 2016 will not be, nor be deemed to be, by the Secured Party, an Event of Default, except for an event or condition described in sections 6.1.6, 6.1.7.1, 6.1.9, or 6.1.17.

## **6.3 Acceleration**

If an Event of Default described in Section 6.1.9 occurs on or after January 15, 2016, all of the Obligations will immediately become due and payable without any demand or any notice of any kind to the Debtor. If any other Event of Default occurs the Secured Party, in its sole and

absolute discretion, may declare all or any part of the Obligations (whether or not by their terms payable on demand) immediately due and payable, without any further demand or notice of any kind.

#### **6.4 Demand Obligations**

The Debtor agrees that the provisions of Section 6.1 and Section 6.3 will not affect the demand nature of any indebtedness or obligations payable on demand and the Secured Party may demand payment of that indebtedness and those obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Agreement or any other instrument between the Debtor and the Secured Party. The Secured Party acknowledges that any obligations arising from the Sale and Purchase Agreement, or any promissory note related thereto including, for greater clarity, the obligation to repay the Advance Payment, do not constitute indebtedness or obligations payable on demand.

#### **6.5 Security Interests Enforceable**

The occurrence of an Event of Default will cause the Security Interests to become enforceable, and the floating mortgage, pledge and charge described in the Collateral shall become a fixed, specific and crystallized mortgage and charge, without the need for any action or notice by the Secured Party.

#### **6.6 Remedies of the Secured Party**

If the Security Interests become enforceable, the Secured Party may enforce its rights by any one or more of the following remedies:

- 6.6.1 by taking possession of the Collateral or any part of it, and collecting, demanding, suing, enforcing, recovering, receiving and otherwise getting in the Collateral, and for that purpose entering into and upon any lands, buildings, and premises and doing any act and taking any proceedings in the name of the Debtor, or otherwise, as the Secured Party considers necessary;
- 6.6.2 by proceedings in any court of competent jurisdiction for the appointment of a Receiver or of all or any part of the Collateral;
- 6.6.3 by proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- 6.6.4 by filing of proofs of claim and other documents to establish its claims in any proceeding or proceedings relating to the Debtor;
- 6.6.5 by appointment by instrument in writing of a Receiver of all or any part of the Collateral;
- 6.6.6 by sale or lease by the Secured Party of all or any part of the Collateral (whether or not it has taken possession of the Collateral);

- 6.6.7 by retaining any of the Collateral in satisfaction of all or part of the Obligations, in accordance with Section 6.11;
- 6.6.8 by any other remedy or proceeding authorized or permitted by this Agreement or by law or equity, including all of the rights and remedies of a secured party under the PPSA;

and in exercising, delaying in exercising or failing to exercise, any such right or remedy the Secured Party will not incur any liability to the Debtor.

#### 6.7 Power of Sale

The provisions of Section 6.8.7 will also apply to a sale or lease of any of the Collateral by the Secured Party under Section 6.6.6.

#### 6.8 Receiver or Receiver-Manager

After the Security Interests have become enforceable, the Secured Party may from time to time appoint in writing any qualified Person to be a Receiver of the Collateral and may remove any Person so appointed and appoint another qualified Person in his stead. Any Receiver appointed under this Agreement will have the following powers:

- 6.8.1 **Take Possession.** To take possession of the Collateral or any part of it, and to collect and get in the Collateral and for that purpose to enter into and upon any lands, buildings, and premises and to do any act and take any proceedings in the name of the Debtor, or otherwise, as the Receiver considers necessary.
- 6.8.2 **Carry On Business.** To carry on or concur in carrying on the business of the Debtor (including, without limiting the generality of the powers contained in this Agreement, the payment of the obligations of the Debtor whether or not they are due and the cancellation or amendment of any Contracts) and the employment and discharge of those agents, managers, employees and others upon terms and with salaries, wages or remuneration as the Receiver thinks proper.
- 6.8.3 **Repair.** To repair and keep in repair the Collateral or any part of it, and to do all acts and things necessary to protect the Collateral.
- 6.8.4 **Arrangements.** To make any arrangement or compromise which the Receiver thinks expedient in the interests of the Secured Party or the Debtor and to assent to any modification or change in or omission from the provisions of this Agreement.
- 6.8.5 **Exchange.** To exchange any part of the Collateral for any other property suitable for the purposes of the Debtor upon terms that seem expedient, and either with or without payment or exchange of money or equality of exchange or otherwise.
- 6.8.6 **Borrow.** To raise on the security of the Collateral or any part of it, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection



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of the Collateral, or any other purposes mentioned in this Agreement, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part of it, which would or might have priority over the Security Interests.

- 6.8.7 Sell or Lease.** Whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part of it after giving the Debtor not less than 20 days' written notice of the Receiver's intention to sell or lease, and to carry any sale or lease into effect by conveying, transferring or assigning in the name of or on behalf of the Debtor or otherwise; and any sale or lease may be made either at public sale or lease (including public auction or closed tender), or by private sale or lease, as the Receiver may determine and any sale or lease may be made from time to time as to the whole or any part of the Collateral; and the Receiver may rescind or vary any contract for the sale or lease of any of the Collateral or any part of it, and may resell and re-lease without being liable for any loss occasioned by doing so; and the Receiver may sell or lease any of the Collateral for cash or credit, or part cash and part credit, or otherwise as may appear to be most advantageous, and at the prices that can be reasonably obtained for the Collateral, and if a sale or lease on credit neither the Receiver nor the Secured Party will be accountable for or charged with any monies until actually received.

#### **6.9 Liability of Receiver**

A Receiver appointed and exercising powers under this Agreement will not be liable for any loss arising unless the loss is caused by the Receiver's own gross negligence or wilful default, and when so appointed the Receiver will be considered to be the agent of the Debtor and the Debtor will be solely responsible for the Receiver's acts and defaults and for the Receiver's remuneration.

#### **6.10 Effect of Appointment of Receiver**

Immediately upon the Secured Party taking possession of any Collateral or appointing a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor concerning the Collateral will cease, unless specifically continued by the written consent of the Secured Party or the Receiver.

#### **6.11 Voluntary Foreclosure**

The Secured Party may elect to retain any of the Collateral in satisfaction of the Obligations or any of them. The Secured Party may designate any part of the Obligations to be satisfied by the retention of particular Collateral which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations will be considered to be satisfied by the retention of the particular Collateral.

**6.12 Grant of Licence**

For the purpose of enabling the Secured Party to exercise its rights and remedies under this Article 6 when the Secured Party is entitled to do so, and for no other purpose, the Debtor grants to the Secured Party an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in any licence a grant of reasonable access to all media in which any of the licensed items may be recorded or stored, and to all computer programs used for the compilation or printout of them.

**6.13 Sale of Securities**

The Secured Party is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of that Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Secured Party will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that Investment Property is sold in compliance with any such limitation or restriction.

**6.14 Appointment of Attorney**

The Debtor appoints the Secured Party, and any officer or agent of the Secured Party, with full power of substitution, effective upon the occurrence of an Event of Default, to be the attorney of the Debtor with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, to take all appropriate action and to execute all documents and instruments as, in the opinion of the attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement, and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party under this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests are released. Nothing in this Section affects the right of the Secured Party or any other Person, to sign and file or deliver (as applicable) all financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Secured Party or the other Person considers appropriate.

**6.15 Proceeds of Disposition**

The Proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied to pay the amounts owed to the Secured Party under Section 7.6 and the Obligations,

and, if any surplus remains in the hands of the Receiver or the Secured Party, that surplus will be distributed as required by the PPSA.

**6.16 No Set-Off**

The Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Secured Party or any right of set-off, combination of accounts, cross-claim or counterclaim. Any indebtedness owing by the Secured Party to the Debtor may be set off or applied against, or combined with, the Obligations by the Secured Party at any time, either before or after maturity, without demand upon, or notice to, anyone.

**6.17 Deficiency**

If the Proceeds of the realization of the Collateral are insufficient to fully pay the Obligations to the Secured Party, the Debtor will be liable to pay, and will immediately pay or cause to be paid, the deficiency to the Secured Party.

**6.18 Waiver**

The Secured Party may waive, in writing, any breach by the Debtor of any of the provisions contained in this Agreement or any Event of Default, provided that no waiver of, failure to exercise or delay in exercising any provision of this Agreement constitutes a waiver of any other provision or Event of Default (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

**6.19 Time for Payment**

If the Secured Party demands payment of any Obligations which are payable on demand or if any Obligations are otherwise due by maturity or acceleration, it will be considered reasonable for the Secured Party to exercise its remedies immediately if payment is not made, and any days of grace or any time for payment which might otherwise be required to be given to the Debtor by applicable law is irrevocably waived.

**ARTICLE 7  
GENERAL**

**7.1 No Automatic Discharge**

This Agreement will not be or be considered to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Secured Party.

## **7.2 Discharge**

If at any time there are no Obligations then outstanding and the Debtor is not in default of any of the covenants, terms and agreements on the Debtor's part contained in this Agreement, then, at the request and at the expense of the Debtor and upon payment by the Debtor to the Secured Party of the Secured Party's reasonable discharge fee for discharging a security agreement, the Secured Party will cancel and discharge this Agreement and the Security Interests and the Secured Party will immediately execute and deliver to the Debtor the documents required to effect a discharge.

## **7.3 No Obligation to Advance**

None of the preparation, execution or registration of notice of this Agreement will bind the Secured Party to advance the monies secured by this Agreement, nor will the advance of a part of the monies secured by this Agreement bind the Secured Party to advance any unadvanced portion of it.

## **7.4 Security Additional**

The Security Interests are in addition to and not in substitution for any other security now or in the future held by the Secured Party.

## **7.5 Realization**

The Debtor acknowledges and agrees that the Secured Party may realize upon various securities securing the Obligations or any part of them in any order that it sees fit, and realization by any means upon any security or part of it will not bar realization upon any other security or the Security Interests or any part of them.

## **7.6 Payment of Costs**

The Debtor agrees to pay on demand all costs and expenses incurred (including legal costs and disbursements on a 100 percent, complete indemnity basis) and fees charged by Secured Party in connection with enforcing this Agreement, establishing or confirming the priority of the charges created by this Agreement or by law, or complying with any demand by any Person under the PPSA to amend or discharge any registration relating to this Agreement, and by the Secured Party or any Receiver in exercising any remedy under this Agreement (including preserving, repairing, processing, preparing for disposition and disposing of the Collateral by sale, lease or otherwise) and in carrying on the Debtor's business. All of those amounts will bear interest from time to time at the highest interest rate then applicable to any of the Obligations, and the Debtor will reimburse Secured Party upon demand for any amount so paid.

## **7.7 No Merger**

This Agreement will not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or

security interest held or which may in the future be held by the Secured Party from the Debtor or from any other Person. The taking of a judgment concerning any of the Obligations will not operate as a merger of any of the covenants contained in this Agreement.

#### **7.8 Extensions**

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold and realize on the security constituted by this Agreement.

#### **7.9 Provisions Reasonable**

The Debtor acknowledges that the provisions of this Agreement and, in particular, those provisions respecting rights, remedies and powers of the Secured Party or any Receiver against the Debtor, its business and any Collateral are commercially reasonable.

#### **7.10 Appropriation of Payments**

All payments made in respect of the Obligations from time to time and monies realized from any security interests held in respect of the Obligations (including monies collected in accordance with or realized on any enforcement of this Agreement) may be applied to any part of the Obligations that the Secured Party may see fit and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit subject to applicable legislation and the claims of any creditors ranking in priority to the Secured Party.

#### **7.11 No Representations**

The Debtor acknowledges and agrees that the Secured Party has made no representations or warranties other than those contained in this Agreement.

#### **7.12 Use of Collateral by Debtor**

Except as provided in this Agreement, until an Event of Default occurs the Debtor will be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms of this Agreement.

#### **7.13 Disclosure of Information**

The Debtor consents to the Secured Party, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Agreement, the Collateral and the Obligations to any Person the Secured Party believes is entitled to that

information and the Debtor acknowledges and agrees that the Secured Party may charge and retain a reasonable fee and its costs incurred in providing that information.

#### **7.14 Joint Obligations**

If more than one Debtor is a Party to this Agreement, the agreements of, and all obligations and covenants to be performed and observed by, the Debtor under this Agreement will be the joint and several agreements, obligations and covenants of each of the Persons comprising the Debtor, and any request or authorization given to the Secured Party by any of the Persons comprising the Debtor will be considered to be the joint and several requests or authorizations of each of the Persons comprising the Debtor.

#### **7.15 Statutory Waivers**

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

#### **7.16 Time of Essence**

Time will be of the essence of this Agreement.

#### **7.17 Notices**

Any Communication must be in writing and either:

- 7.17.1 personally delivered;
- 7.17.2 sent by prepaid registered mail; or
- 7.17.3 sent by facsimile, e-mail or functionally equivalent electronic means of communication, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

to the Debtor at:

Banks Island Gold Ltd.  
300 – 1055 W. Hastings St.  
Vancouver, British Columbia  
Canada V6E 2E9

Attention: Ben Mossman  
Tel. No.: +1 (604) 245-0066  
Email: BMossman@BanksIslandGold.com

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to the Secured Party at:

MCC Non Ferrous Trading Inc.  
222 Bloomingdale Road  
White Plains, New York 10605

Attention:       Howie Sio  
Tel. No.:        +1 (914) 268-2206 x612  
Email:           howie@metallicacc.com

or at any other address as any Party may from time to time advise the other by Communication given in accordance with this Section 7.17. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given and received on the day it is so delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given and received on the next Business Day. Any Communication transmitted by facsimile or other form of electronic communication will be deemed to have been given and received on the day on which it was transmitted (but if the Communication is transmitted on a day which is not a Business Day or after 3:00 p.m. (local time of the recipient)), the Communication will be deemed to have been received on the next Business Day. Any Communication given by registered mail will be deemed to have been received on the fifth Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be effected by personal delivery or by facsimile or functionally equivalent electronic transmission.

#### **7.18 Severability**

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Agreement, or the legality, validity or enforceability of that provision in any other jurisdiction.

#### **7.19 Submission to Jurisdiction**

Each of the Parties irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of British Columbia to determine all issues, whether at law or in equity, arising from this Agreement. To the extent permitted by applicable law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts, and irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 7.19, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or in the future may acquire any

immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

#### **7.20 Amendment and Waiver**

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise, or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

#### **7.21 Further Assurances**

Each Party will, at the requesting Party's cost, execute and deliver any further agreements and documents and provide any further assurances as may be reasonably required by the other Party to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required from time to time by all Governmental Authorities or stock exchanges having jurisdiction over the affairs of a Party or as may be required from time to time under applicable securities legislation.

#### **7.22 Assignment**

7.22.1 The Secured Party may, without notice to or consent of the Debtor, at any time assign, transfer or grant a security interest in its rights and obligations under this Agreement and the Security Interests. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Agreement and the Debtor will not assert any defence, cross-claim, counterclaim, right of set off or any other claim which the Debtor now has or in the future acquires against the Secured Party in any action commenced by any assignee, transferee or secured party, as the case may be, other than those that the Debtor has been granted under this Agreement, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

7.22.2 Neither this Agreement nor any rights or obligations under this Agreement may be assigned by the Debtor without the prior consent of the Secured Party.

#### **7.23 Enurement**

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.



**7.24 Counterparts and Electronic Delivery**

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile or functionally equivalent electronic means, and those counterparts will together constitute one and the same instrument.

**7.25 No Contra Proferentem**

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, that provision should not be interpreted in favour of either one of them.

**7.26 Acknowledgment and Waiver**

The Debtor:

- 7.26.1 acknowledges receiving a copy of this Agreement; and
- 7.26.2 to the extent permitted by law, waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Agreement or any amendments to this Agreement.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the Debtor has executed and delivered this Agreement, as of the date noted below.

B. Yamataka  
Officer Signature

Name **BRENDAT. YAMANAKA**  
*Barrister and Solicitor*  
Suite 1780 - 400 Burrard Street  
Vancouver, B.C. V6C 3A6  
Address Telephone 604-688-8775

Occupation

Execution Date

Y	M	D
2015	09	15

**BANKS ISLAND GOLD LTD.**  
(by its authorized signatory(ies))

Per: B. Mossman  
Signature

BEN MOSSMAN  
Name

PRESIDENT & CEO  
Title

**Officer Certification:**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

## SCHEDULE 1

### DEBTOR'S SOLE PLACE OF BUSINESS OR CHIEF EXECUTIVE OFFICE

300 – 1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9

### LOCATION OF BOOKS AND RECORDS

300 – 1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9

### LOCATION(S) OF OTHER PLACES OF BUSINESS (IF ANY) AND COLLATERAL

300 – 1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9

The property located in or around the Wake Lakes region of Skeena – Queen Charlotte, British Columbia, located 105 kilometres south of Prince Rupert, B.C. in the Skeena Mining Division, BCGS Reference Map 103G040, composed of the thirty-six (36) mineral tenures further described below.

Banks Island Mineral Tenures:						
Tenure Number	Tenure Name	Map Number	Record Date (yyyy-mm-dd)	Good to Date (yyyy-mm-dd)	Cells	Area (ha)
514646	-	103G040	2005/jun/17	2025/jan/01	30	578.92
603539	-	103G040	2009/apr/28	2024/jan/01	24	463.11
603540	-	103G040	2009/apr/28	2024/jan/01	10	193.01
603543	-	103G040	2009/apr/28	2024/jan/01	18	347.25
843425	B1	103G040	2011/jan/18	2024/jan/01	24	462.89
843426	B2	103G040	2011/jan/18	2024/jan/01	25	482.21
843428	B3	103G040	2011/jan/18	2024/jan/01	25	482.44
843429	B4	103G040	2011/jan/18	2024/jan/01	25	482.67
843430	B5	103G040	2011/jan/18	2024/jan/01	25	482.67
843432	B6	103G040	2011/jan/18	2024/jan/01	25	482.67
843438	B7	103G040	2011/jan/18	2024/jan/01	12	231.67
843442	B8	103G040	2011/jan/18	2024/jan/01	25	482.21
843443	B9	103G040	2011/jan/18	2024/jan/01	25	482.44
843444	B10	103G040	2011/jan/18	2024/jan/01	25	482.67
843445	B11	103G040	2011/jan/18	2024/jan/01	25	482.44
843447	B12	103G040	2011/jan/18	2024/jan/01	25	482.67
843448	B13	103H031	2011/jan/18	2024/jan/01	25	482.44

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843449	B14	103H031	2011/jan/18	2024/jan/01	25	482.67
843450	B15	103G040	2011/jan/18	2024/jan/01	22	424.90
843451	B16	103G040	2011/jan/18	2024/jan/01	23	444.27
843452	B17	103G040	2011/jan/18	2024/jan/01	25	482.90
843453	B18	103H031	2011/jan/18	2024/jan/01	25	482.91
843454	B19	103G040	2011/jan/18	2024/jan/01	17	328.49
843455	B20	103G040	2011/jan/18	2024/jan/01	10	193.13
843456	B21	103G040	2011/jan/18	2024/jan/01	10	192.98
917809	B22	103G040	2011/oct/18	2024/jan/01	22	425.02
917829	B23	103G040	2011/oct/18	2024/jan/01	24	463.92
1019799	BANKSE1	103H	2013/may/26	2024/jan/01	100	1933.19
1019800	BANKSCH	103G	2013/may/26	2024/jan/01	40	771.17
1023544		103H	2013/nov/02	2024/jan/01	2	38.64
1025955	MT	103G	2014/feb/14	2016/feb/14	3	57.87
1027557 Mining Lease		103G040	2014/apr/16	2016/apr/16	4	77.17
1034018	STEPH	103G	2015/feb/11	2016/feb/11	1	19.29
1037603	DISCO	103G040	2005/jun/17	2025/jan/01	2	38.59
1037604		103G040	2005/jun/17	2025/jan/01	61	1176.60
1037605	KIM	103G040	2005/jun/17	2025/jan/01	6	115.74
<b>Total: 36</b>					<b>669</b>	<b>12,913.67</b>

## ADDITIONAL DESCRIPTION OF COLLATERAL:

YEAR	Make	Model	Function	Est. Market Value
2013	Sepro		Mobile Grinding Module	\$800,000
2012	Custom		Skid Mounted Dense Media Separation Plant	\$650,000
2013	Marcotte	M40	Underground Scissor Lift	\$280,000
2000	Tamrock	Axera 000	Zboom Jumbo Drill	\$250,000
2011	Boart	Stopmate	Pneumatic longhole drill	\$200,000
2008	Volvo	A30E	Articulated Rock Truck	\$170,000
2014			Thickener Tanks & mechanisms	\$100,000
2012	Zinex	A5	Diamond Drill with accessories	\$80,000
2014	Cementec		Mobile concrete batch plant	\$80,000
2014	Hayward Gordon		Stock Tanks & agitators	\$80,000
2011	Caterpillar		Genset - 300kW	\$60,000
1996	Dux	20t	20T Underground Rock Truck (With new engines)	\$50,000
1996	Dux	20t	20T Underground Rock Truck (With new engines)	\$50,000
			300kw Genset	\$40,000
			Diesel Compressor -800CFM	\$25,000
2000			Diesel Compressor -800CFM	\$25,000
			100kw Genset	\$25,000
2013			Shotcrete Machine	\$18,000
				\$7,083,000

## LOCATION(S) OF REAL PROPERTY OWNED OR LEASED BY THE DEBTOR

300 - 1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9

**SCHEDULE 2****PERMITTED PRIOR SECURITY INTERESTS**

- I. The following security interests represented by financing statements registered in the British Columbia Personal Property Registry:
- (a) Financing statement in favour of Bank of Montreal under Base Registration Number 587377G in connection with a pledge of a specific bank instrument;
  - (b) Financing Statement in favour of Selkirk Metals Corp. under Base Registration Number 046752H in connection with certain mineral products, which is or will be subject to the terms of a priority and subordination agreement between the Secured Party and Selkirk Metals Corp. dated September 2015;
  - (c) Financing statement in favour of National Leasing Group Inc. under Base Registration Number 663258H in connection with a Modular Office Trailer;
  - (d) Financing statements in favour of Atco Structures & Logistics Ltd. under Base Registration Numbers 966196H and 102157I in connection with Office Trailers;
  - (e) Financing statements in favour of Finning International Inc. under Base Registration Numbers 002042I and 002056I in connection with a 2013 Caterpillar Load Haul Dump and a 2012 Caterpillar Load Haul Dump;
  - (f) Financing statement in favour of Horizon North Camp & Catering Inc. under Base Registration Number 073893I in connection with a Skidded Office;
  - (g) Financing statement in favour of New-Line Products Ltd. under Base Registration Number 244533I in connection with a Portable Hose Shop Container; and
  - (h) Financing statement in favour of Sepro Mineral Systems Corp. under Base Registration Number 262468I in connection with a Sepro Modular Mineral Processing Plant.


The attached is Exhibit "D "

referred to in the affidavit

of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/2/17

M 1265-P

**BANKS ISLAND GOLD CONCENTRATES**  
**SALE AND PURCHASE AGREEMENT**

This agreement (the "Agreement") is entered into as of July 19, 2013 between Banks Island Gold Ltd., 300-1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9 (the "Seller"), and MCC Non Ferrous Trading Inc., 222 Bloomingdale Road, White Plains, New York 10605 (the "Buyer") for gold concentrate ("Concentrate" or "Concentrates") expected to be produced from the Bob, Tel, Discovery and Kim zones (collectively, the "Zones") at Seller's Yellow Giant Gold Property located on Banks Island, British Columbia (the "Mine"), with estimated analysis as set out below.

Seller shall deliver and Buyer shall purchase the Concentrate in accordance with the terms and conditions of this Agreement.

1. **DEFINITIONS:**

Where used in this Agreement, unless the context otherwise requires:

"Advance Payment" shall have the meaning set out in Article 18.

"Business Day" means any day other than a Saturday, Sunday or any day on which the principal commercial banks in Vancouver, British Columbia, Canada or New York, New York are not open for business during normal banking hours;

"DMT" means a tonne of 2,204.62 pounds dry weight;

"gram" or "gm" means a gram of 0.032151 troy ounces;

"month" means a calendar month;

"ounce" or "oz" means a troy ounce of 31.1035 grams;

"Parcel" shall mean the tonnage of Concentrates to be shipped to Buyer from the Port of Loading on a single vessel.

"Port of Discharge" shall mean a main port in the People's Republic of China;

"Port of Loading" shall mean either the port of Prince Rupert, British Columbia or the port of Vancouver, British Columbia or such other port as Seller shall designate;

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**"Receiving Smelter"** shall mean the smelter where the Concentrates are delivered for processing;

**"Start of Production"** shall mean the date on which the first Concentrate is loaded into bags for shipment to Buyer;

**"unit"** means 1% of a tonne of concentrate (e.g. one unit of copper means 22.0462 pounds of copper per tonne of concentrate);

**"wet metric ton"** and **"wmt"** mean a tonne of 2,204.62 pounds wet weight.

## 2. CONDITIONS PRECEDENT

Seller's obligation to deliver and sell Concentrates to Buyer and Buyer's obligation to receive and purchase Concentrates from Seller under this Agreement are subject to the Start of Production from the Mine. Seller shall (i) advise Buyer monthly of the progress of development of the Mine, (ii) notify the Buyer monthly of its best estimate of the expected date of the Start of Production at the mine, and (iii) notify Buyer promptly following the occurrence of the Start of Production.

## 3. QUALITY

The Concentrates will be produced from the Mine which is currently being developed by the Seller. The Concentrates will be produced from four separate Zones at the Mine. Seller expects, but does not represent or warrant, that the Concentrate actually delivered to Buyer will meet the typical analysis as set out in Schedule A attached hereto.

The Kim zone Concentrates are expected to have chemical and physical properties similar to those of the other Concentrates to be produced from the Mine and as set out in Schedule A. Additional specifications for these Concentrates will be provided to Buyer as soon as they are available to the Seller, expected to be no later than October, 2013. In the event that the Kim zone Concentrates vary materially from the specifications of the Concentrates to be produced from the other Zones, Buyer and Seller shall negotiate in good faith any modifications to the terms of the Agreement to accommodate such Concentrates. In the event that Seller and Buyer are unable to reach agreement on any modification to the terms of this Agreement within sixty days of the date that Seller so notifies Buyer of the additional specifications, the matter shall be referred to Referee for resolution as set out in Article 33.

The Concentrate shall otherwise be free of deleterious impurities harmful to the smelting and / or refining processes. The Concentrate shall furthermore conform to all local regulations and the IMO/BC Code, if applicable.

The Buyer acknowledges that the source of the Concentrates is a new mine and plant, as a result of which the composition of the Concentrates may vary from the typical analysis set out herein. Seller shall advise Buyer from time to time, but no later than quarterly, of any additional information of which Seller becomes aware concerning any material changes in the expected

chemical, physical or other compositional characteristics of the Concentrates from the indicated specifications.

During each of the first 6 months following the startup of production, Seller shall advise Buyer on a monthly basis the actual assays of the Concentrates produced. Subsequent to this six month period Seller shall advise Buyer on a quarterly basis the actual assays of the Concentrates produced.

In the event that Concentrates scheduled for shipment to Buyer are, in Seller's reasonable opinion, expected to materially exceed the specifications as set out herein, Seller shall promptly notify Buyer and Buyer and Seller shall negotiate in good faith any modifications to the terms of the Agreement to accommodate such Concentrates. In the event that Seller and Buyer are unable to reach agreement on any modification to the terms of this Agreement within thirty days of the date that Seller so notifies Buyer, the matter shall be referred to Referee for resolution as set out in Article 33. For clarity, such action will not affect any Advance Payment that Buyer has provided to Seller nor shall it affect any obligations that Seller has to repay such Advance Payment to Buyer.

In the event that Concentrates delivered to Buyer materially exceed the specifications as set out herein, Buyer shall promptly notify Seller and Buyer and Seller shall negotiate in good faith any modifications to the terms of the Agreement to accommodate such Concentrates. In the event that Seller and Buyer are unable to reach agreement on any modification to the terms of this Agreement within sixty days of the date that Buyer so notifies Seller, the matter shall be referred to Referee for resolution as set out in Article 33. For clarity, any such action will not affect any Advance Payment that Buyer has provided to Seller nor shall it affect any obligations that Seller has to repay such Advance Payment to Buyer.

4. WARRANTY

NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR ANY OTHER MATTERS OTHER THAN THE EXPRESS WARRANTIES SET OUT IN THIS AGREEMENT. NO REPRESENTATION OR STATEMENT MADE BY A PARTY OR ITS AGENTS, EMPLOYEES, REPRESENTATIVES OR ANY OTHER PERSON ON ITS BEHALF NOT EXPRESSLY CONTAINED IN THIS AGREEMENT SHALL BE BINDING UPON THE OTHER PARTY.

5. CURRENCY

All references to dollar amounts are quoted in US funds, unless otherwise noted.

6. DURATION

This Agreement shall come into effect as of the date first above written and shall continue in effect until completion of deliveries of Concentrates from the Zones in the Mine.

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7. **QUANTITY**

Seller shall deliver and sell to Buyer and Buyer shall purchase from Seller, in accordance with this Agreement, the full production of Concentrates from the existing mineral resources of the Zones in the Mine, estimated to be approximately 26,000 DMT of Concentrates as set out in Schedule B. In the event that any additional quantity of Concentrates comes available prior to completion of Concentrate deliveries from the Zones, Seller and Buyer will negotiate in good faith the terms and conditions for the sale and purchase of such Concentrates, provided however, that neither party will be under any obligation to reach agreement for the sale or purchase of such Concentrates.

8. **SHIPMENT AND DELIVERY**

The Concentrates shall be packed in one to two metric tonne bags, at Seller's option, and loaded into containers for delivery CIF (INCOTERMS, 2010) Liner Terms, the Port of Discharge. All terminal handling charges at the Port of Loading shall be for Seller's account and all terminal handling charges at the Port of Discharge shall be for Buyer's account. Buyer shall have the right to take delivery of the Concentrates at a destination other than the Port of Discharge with any additional costs or savings versus delivery to the Port of Discharge for Buyer's account.

At Seller's option, which shall be declared with enough lead time to allow for timely shipment of the upcoming Parcel, Concentrates will be delivered FOB (INCOTERMS, 2010) in containers at the Port of Loading. In the event that Seller exercises such option, Buyer will be provided with a freight and insurance credit to cover the cost of delivering the Concentrates to the Port of Discharge. Such freight and insurance credit shall be discussed and mutually agreed.

Shipment of Concentrates shall be regularly as produced. Seller expects, but does not represent or warrant, that the production schedule for the Concentrates shall be as outlined in Schedule B.

9. **INSURANCE**

Seller shall obtain and pay for ocean marine cargo insurance for Concentrate shipped to Buyer. Such insurance shall be placed with large, well-known companies of good international repute. The insurance shall be effected in Dollars in the amount of 110% of the estimated value of the Concentrate in each shipment based on the bill of lading weight and Seller's best estimate of moisture, provisional assays and last known metal prices and treatment and refining charges hereunder, if applicable, at the time of shipment and shall be adjusted to 110% of the final price payable by Buyer pursuant to Article 17. All such insurance shall nominate the Buyer as beneficiary.

The insurance, which shall be freely payable in Dollars without any deductibles or deductions, shall be written to provide coverage against all risks (as that term is generally understood in the industry) to the extent commercially available, including inter alia the following clauses:

- (a) Institute Cargo Clauses (A);

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- (b) Institute War Clauses (CARGO);
- (c) Institute Strikes, Riots and Civil Commotion Clauses (CARGO); and
- (d) Risk of heating and spontaneous combustion, with average irrespective of percentage.

Exclusions shall include ordinary loss in weight or volume and losses caused by fraud, insolvency, delay in delivery or by inherent vice or the nature of the cargo.

10. **TITLE AND RISK OF LOSS**

Title to Concentrate sold hereunder shall pass to Buyer upon receipt by Seller of the First Provisional Payment for Concentrates as provided in accordance with Article 17. Risk of loss or damage to the Concentrate shall pass to Buyer as the Concentrates are loaded on the carrying vessel at the Port of Loading.

11. **ACCOUNTABLE METALS**

The purchase price for the accountable metals in Concentrate shall be settled as follows:

Gold: Buyer shall pay Seller for the agreed gold contained in the Concentrate, in accordance with the schedule below, subject to a minimum deduction of 3.0 gms/DMT:

- If gold content is greater than 50.0 gms/DMT and less than or equal to 70.0 gms/DMT, pay 89.5%
- If gold content is greater than 70.0 gms/DMT, pay 90.5%

Silver: Buyer shall pay Seller for 90% of the agreed silver contained in the Concentrates, subject to a minimum deduction of 30 gms/DMT.

12. **PRICES**

Gold: The average of the daily London morning and afternoon fixings for gold quoted in Dollars as published on the official London Bullion Market Association website ("the LBMA Website"), averaged for the applicable Quotational Period.

Silver: The average of the daily London Bullion Market Association's fine silver spot quotations for silver quoted in Dollars as published on the LBMA Website, averaged for the applicable Quotational Period.

In the event that any metal exchange whose quotations are the basis for pricing any metal terminates business operations or terminates the makeup of quotations, then Buyer shall pay Seller in accordance with revised industry practice, having regard to such ascertainable market references as shall be available.

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13. QUOTATIONAL PERIOD

The quotational period (the "Quotational Period") for accountable gold and silver in Concentrates shall be the month after the month of shipment from the Port of Loading.

14. TREATMENT CHARGE

For deliveries of Concentrates hereunder the Treatment Charge shall be \$185.00 per DMT.

15. REFINING CHARGES

For deliveries of Concentrates hereunder the Refining Charges shall be as follows:

- Gold: \$6.00 per troy ounce of accountable gold basis \$1500.00 per troy ounce of gold.  
For each \$1.00 per troy ounce that the settlement gold price for each Parcel is above \$1500.00 per troy ounce, the gold refining charge shall increase by \$0.05 per troy ounce of accountable gold, fractions pro rata.
- Silver: \$1.00 per troy ounce of accountable silver.

16. PENALTIES

For deliveries of Concentrates hereunder the Penalties shall be as follows:

- Cadmium: 0.05% free. Excess shall be penalized at the rate of \$2.00/DMT of Concentrates for each 0.01% above 0.05%.
  - Arsenic: 0.50% free. Excess shall be penalized at the rate of \$3.00/DMT of Concentrates for each 0.10% above 0.50%.
  - Zinc: 3.00% free. Excess shall be penalized at the rate of \$3.00/DMT of Concentrates for each 1.0% above 3.0%.
- All fractions pro rata.

17. PAYMENT

Buyer shall make a first provisional payment equal to 90% of the estimated value of the Concentrate (the "First Provisional Payment") against presentation to Buyer of the following documents (a) a full set of original clean on board Bills of Lading marked 'freight prepaid', (b) Seller's original provisional invoice (the "First Provisional Invoice") relating to such shipment, (c) Seller's provisional weight and assay certificates, (d) the original and duplicate insurance certificates endorsed in blank (collectively, the "Shipping Documents"), and (e) any other document which Buyer may reasonably request.

For purposes of the First Provisional Payment the value of the First Provisional Invoice shall be estimated based on (a) shipped weights, moisture content and estimated assays determined by Seller for the particular shipment of Concentrates as set out in the Seller's provisional weight, moisture and assay certificate, (b) the applicable Treatment Charge, Refining

Charges and Penalties, if any, and (c) provisional gold and silver prices determined in accordance with Article 12 averaged over the ten market days prior to the date of the bill of lading.

Once the Advance Payment, as set out in Article 18, has been fully repaid, Seller shall have the option to request Buyer to make an early payment equal to the value of the First Provisional Payment (the "Early Payment") for Concentrates sold hereunder for each Parcel delivered into a third party warehouse acceptable to Buyer at the Port of Loading against delivery to Buyer of a *pro forma* invoice, a holding certificate acceptable to Buyer, an insurance certificate and other appropriate documents as required by Buyer for each Parcel of Concentrates. Payable gold and silver prices for determination of the *pro forma* invoice value shall be based upon the average of the five (5) LBMA market days prior to the date of the *pro forma* invoice. For any Early Payment made by Buyer to Seller, interest shall be payable by Seller to Buyer for the period from and including the date on which payment is made up to but excluding, the date on which the First Provisional Payment for the Parcel of Concentrates would otherwise have been due according to the terms set out in this Article 17. Such payment shall bear interest at a rate to be mutually agreed between Buyer and Seller which shall reflect Buyer's then prevailing cost of capital.

Buyer shall make a second provisional payment equal to 100% of the estimated value of the Concentrate, less the value of the First Provisional Payment (the "Second Provisional Payment"), no later than sixty days after shipment of the Concentrates from the Port of Loading based on the most up to date information available to Buyer and Seller. In the event that final gold and silver prices are not known at the time the Second Provisional Payment is due, gold and silver prices shall be determined in accordance with Article 12 averaged over the ten market days prior to the date of the second provisional invoice.

For purposes of final settlement for each shipment of Concentrates to Buyer, Seller shall submit to Buyer its final invoice for each shipment by email promptly after dry weights and assays and the final prices applicable to such shipment shall have been determined. Final payment for each shipment of Concentrates shall be made by Buyer no later than the third Business Day after receipt of Seller's final invoice (the "Final Payment"). At Buyer's request, the original invoice shall be sent by mail to Buyer on the same day on which Seller submits its final invoice by email.

If the total value as shown on Seller's final invoice is less than the amount of the First and Second Provisional Payments made by Buyer, the amount of the difference shall be paid by Seller no later than the third Business Day after Seller has transmitted its final invoice to Buyer, in good and collectable funds by electronic transfer to Buyer at such account as Buyer may direct or, at the option of Buyer, Buyer may deduct such amount from sums becoming due and payable to Seller under this Agreement.

In the event that any payment under this Article 17 is not made on the due date, such payment shall bear interest at the 3-month LIBO rate in effect on such due date plus three percent (3%) per annum, from and including such due date to but excluding the date on which such payment is received and calculated on the basis of a 360-day year.

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18. ADVANCE PAYMENT

18.1 Buyer will provide Seller with a total \$6,000,000 (six million dollars) advance payment ("Advance Payment") against future production of Concentrates according to the following schedule:

- Drawdown #1 Upon signing of the Agreement, but by no later than July 26, 2013: \$2,000,000 (two million dollars);
- Drawdown #2 October 1, 2013: Upon receipt of Ministry of Mines Mining Permit and Ministry of Environment Discharge Permit to allow mining and processing of ore from the Bob and Tel zones, \$1,000,000 (one million dollars); and
- Drawdown #3 Upon commencement of production of flotation Concentrates from Bob and Tel zones, i.e. commissioning and operation of plant, December 1, 2013: \$3,000,000 (three million dollars).

Seller shall repay to Buyer all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2, against delivery of Concentrates to Buyer. Buyer will withhold as repayment of the Advance Payment 25% (twenty-five percent) of the payable invoice value of each invoice issued for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. The repayment amounts shall be applied first to the accrued interest and then to the outstanding balance. For greater clarity, Buyer will retain 25% of the value of the 90% First Provisional Payment due Seller, 25% of the value of the Second Provisional Payment due Seller and 25% of the Final Payment due Seller for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. In the event that the value of any Second Provisional Payment or Final Payment due Seller for any shipment is less than zero, no additional repayment will be made to Buyer for that particular shipment and the period of repayment will be extended until the full value of the Advance Payment and accrued interest is repaid to Buyer.

18.2 Interest rate

Interest on the Advance Payment shall be calculated at the rate of 8.5 percent *per annum* and calculated on the basis of a 360-day year and shall be accrued from the date on which the Advance Payment is made from and including such date to but excluding the date on which repayment is made against any outstanding amount under the Advance Payment.

18.3 Early payment

Seller may repay to Buyer all or part of the outstanding Advance Payment plus accrued interest at any time at its discretion with no penalty to either Seller or Buyer.

19. WEIGHING, SAMPLING AND MOISTURE DETERMINATION

Weighing, sampling, moisture determination for the purposes of determination of dry weight, and sample preparation shall be performed at the Receiving Smelter / Port of Discharge in accordance with international standards, subject to Seller's approval, having regard to the quality of the Concentrate. Sample lot size shall be approximately 100 wet metric tonnes.

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Each prepared sample shall be divided into six portions for analysis for gold and silver: two for the Receiving Smelter, two for Seller, one for umpire and one for reserve.

For the purpose of conducting any analysis for penalty elements as set out in Article 16, six sets of composite samples shall be prepared for each shipment of Concentrates: two for Seller, two for the Receiving Smelter, one for umpire and one for reserve.

Buyer and Seller shall jointly appoint an internationally recognized supervision company to represent them during the weighing and sampling procedures with all associated costs to be evenly shared between the two parties. The umpire and reserve sample portions described above shall be carefully sealed and retained by such supervision company.

20. SPLITTING LIMITS AND UMPIRES

Seller and the Receiving Smelter, on behalf of the Buyer, shall each carry out or cause to be carried out assays on the samples taken during the weighing and sampling procedures as set out in Article 19. Assays for gold and silver shall be performed using standard fire assay techniques and these assays shall be corrected for cupellation losses. Assays will be exchanged simultaneously between Seller and the Receiving Smelter, with a copy to Buyer, on a lot-by-lot basis for all elements no later than seventy-five days after the date of completion of weighing and sampling of the Concentrate. In the event that one party is not ready to exchange its assays by such date, the assays of the party that is ready to exchange shall govern for final settlement.

If both Seller's and the Receiving Smelter's sample analyses are within the following splitting limits, then the average thereof shall be used for settlement:

- As: 0.10%
- Zn: 0.10%
- Cd: 0.02%

The splitting limits for gold and silver shall be agreed prior to the first shipment but shall, in any event, be as per standard industry practice.

If Seller's and the Receiving Smelter's sample analyses are not within the splitting limits for one or more of the metals, the umpire portion shall be sent for analysis to an umpire ("Umpire") taken in rotation from the panel of four as specified below, or as otherwise agreed.

Should the Umpire assay fall between the results of the Receiving Smelter and Seller, the arithmetical mean of the Umpire assay and the assay of the party whose results are nearer to the Umpire's shall be taken as the final assay. Should the Umpire assay fall outside the exchanged results, the middle of the three results shall be final. If the Umpire result coincides with the result of either of the two parties or is the exact mean of the exchanged results, the Umpire assay shall be final.

The cost of the Umpire sample assay shall be borne by that party whose assay result is furthest from the Umpire. If the Umpire assay is the exact mean of each party's assay result, then the cost will be shared equally by Seller and the Receiving Smelter.

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The Umpires designated for this purpose shall be:

**ALS Inspection UK Limited**  
Caddick Road  
Knowsley Industrial Estate  
Knowsley, Merseyside L34 9ER  
England

**Inspectorate International Ltd**  
Metals and Minerals Division  
2 Perry Road,  
Witham, Essex, CMB8 3TU,  
England

**Alfred H. Knight International Ltd.**  
Eccleston Grange  
Prescot Road  
St. Helens, Merseyside WA10 3BQ  
England

**SGS Laboratory Services**  
Malledijk 18  
3200 AE Spijkenisse  
The Netherlands

or such other Umpires as Seller and Buyer may agree from time to time.

21. **FORCE MAJEURE**

Except for any obligations to make payment when due hereunder, the obligations of a party shall be suspended to the extent and for the period that performance is prevented by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, without limitation, labour disputes (however arising and whether or not employee demands are reasonable or within the power of the party to grant); acts of God, laws, regulations, orders, proclamations, instructions or requests of any government or governmental entity; judgments or orders of any court having jurisdiction over either the Mine, or the Receiving Smelter; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of federal, state, provincial or local environmental standards; acts of war or conditions arising out of or attributable to war, whether declared or not; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather conditions; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; or any other cause similar to the foregoing (collectively, a "Force Majeure Event" or "Event").

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The party claiming a Force Majeure Event (the "Affected Party") shall promptly give written notice to the other party of the Force Majeure Event stating therein the nature of the suspension, the reasons therefor, and the expected duration thereof. The Affected Party shall be excused from performance of its obligations under this Agreement for the shipment or shipments, as the case may be, so affected to the extent made necessary by such Force Majeure Event and such obligations shall be suspended during the continuance of such Force Majeure Event, and such party shall incur no liability by reason of its failure to perform the obligations so excused. The Affected Party shall endeavour with due diligence to resume compliance with its obligations hereunder at the earliest date and the parties will do all they reasonably can to overcome or mitigate the effects of any such Event upon the mutual duties and obligations set out in this Agreement.

During any period that the Affected Party is excused from accepting or delivering Concentrate by reason of the Force Majeure Event, Seller may sell to others or Buyer may procure from others that portion of Concentrate which Buyer is excused from accepting or Seller is excused from delivering without liability to the other party and such quantity of Concentrate so affected shall not be subject to the terms of this Agreement.

The Affected Party shall use all reasonable diligence to remedy the Force Majeure Event as quickly as practicable. However, this requirement of reasonable diligence shall not require the settlement of strikes, lockouts or other labour difficulties by the Affected Party or the entering into of any agreements or arrangements with third parties on terms not commercially acceptable to the Affected Party. The manner of dealing with any such labour difficulties shall be entirely within the discretion of the Affected Party.

If a Force Majeure Event results in a partial reduction of Buyer's ability to treat or accept delivery of Concentrate, Buyer shall be obligated to allocate any such reduced amount of Concentrate between Seller and all other sellers of concentrate to Buyer in proportion to Seller's annual commitment to Buyer and the annual commitments of such other sellers. Notwithstanding the foregoing, Seller shall be treated no less favourably than any other seller of concentrate to Buyer.

#### 21.1 Termination

Always subject to the limitations as set out in Article 3, "Quality" and Article 7 "Quantity",

(i) If any Force Majeure Event continues in effect for a period of 60 consecutive days or less, any affected deliveries of Concentrates during such period shall be made up as soon as practicable following termination of the Event;

(ii) If any Force Majeure Event continues in effect for a period of more than 60 days, but less than or equal to 180 consecutive days, then the party who has received notice of the Event shall have the option to cancel any of the Concentrates which would have been delivered during such period;

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(iii) If any Event of Force Majeure continues in effect for a period of more than 180 days, then either party shall have the right to terminate this Agreement provided that the Advance Payment and accrued interest have been fully repaid to Buyer as set out in Article 18.

The right to cancel quantities of Concentrates or the right to terminate the Agreement as set forth above shall be made by written notice to the other party at any time during the period of the Force Majeure Event or up to 5 Business Days following the termination of the Event. In the event of a termination of the Agreement all obligations, covenants and commitments of both parties hereto, except outstanding payments to be made hereunder, shall cease to exist on the date such notice is given.

22. **LIABILITY**

Each party (the "Indemnifying Party") shall indemnify and save forever harmless the other party from any loss, damage, claim, cost or expense, including legal fees (collectively, "liability"), arising from personal injury, death, property damage or environmental liability resulting from the handling, possession, resale, use, or disposal of Concentrates or any byproducts or waste therefrom, whether alone or in combination with other substances, by the Indemnifying Party, its agents, employees, or customers, but only to the extent that such liability was caused by the negligence or willful misconduct of the Indemnifying Party.

23. **INSOLVENCY**

Either party may immediately cancel or suspend this Agreement (while preserving its other remedies arising at law or in equity) without liability to the other party in the event the other party becomes or is adjudicated bankrupt or commits any act of bankruptcy, makes a general assignment for the benefit of creditors, is ordered wound up by a court of competent jurisdiction, permits or suffers a receiver to be appointed for all or any part of its property, takes advantage of any law for the benefit of insolvent persons, permits or suffers any writ of attachment, garnishment or execution to be filed or levied against it, ceases to carry on business or otherwise acknowledges its insolvency.

24. **CANCELLATION FOR BREACH**

Either party reserves the right to cancel or suspend this Agreement (while preserving its other rights and remedies arising at law or in equity), without liability to the other party in the event the other party repudiates or breaches any of the terms and conditions of this Agreement and such breach has continued unremedied for a period of twenty (20) days on the giving of notice of such breach.

25. **WAIVER**

Waiver by a party of a breach of any provision of this Agreement shall not be deemed to be a waiver of future compliance with such provision. No delay or failure of a party to enforce any right or claim which it may have hereunder shall in any way affect, limit or waive such right or claim or the right of a party to compel strict compliance with each and every term and condition hereof.

26. SEVERABILITY

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and all other provisions hereof shall continue in full force and effect.

27. CONFIDENTIAL INFORMATION

Each party shall ensure that the provisions of this Agreement and all information disclosed to it concerning the other party and its assets and businesses and not otherwise publicly available and the determination of any matter by any Umpire or arbitrator shall be kept confidential and shall, unless otherwise required by law or the rules and regulations of any stock exchange, not be disclosed without the consent of the other party to anyone other than (a) to the directors, officers, employees, accountants, consultants, counsel and representatives of each party, (b) to any proposed assignee, (c) to any other person or entity providing substantial financing to either Buyer or Seller, (d) to any underwriter of securities to be issued by the Buyer or Seller, or a rating agency, (e) in connection with legal proceedings or required filings with government agencies, courts, stock exchanges or other regulatory agencies, or (f) to any Umpire or arbitrator appointed. If such information is so disclosed to any such person or entity, the disclosing party agrees to use its best efforts to obtain from such person or entity a covenant for the benefit of both parties to keep such information confidential.

28. TAXES AND TARIFFS

Any taxes, tariffs and duties whether existing or new on the Concentrate or contained metals or on commercial documents relating thereto or on the cargo itself, imposed in British Columbia, Canada shall be borne by the Seller.

Any taxes, tariffs and duties whether existing or new on the Concentrate or contained metals or on commercial documents relating thereto or on the cargo itself, imposed outside of British Columbia, Canada shall be borne by Buyer.

29. HARDSHIP

The provisions of this Agreement are intended by the Buyer and the Seller to operate fairly over the term of this Agreement. The Buyer and the Seller recognize that it is impracticable to make provisions for every contingency which may arise during the term of this Agreement. In the future, should circumstances arise which were unforeseeable at the time this Agreement was entered into and which actually cause severe economic hardship to either the Buyer or the Seller from the continued operation of this Agreement in accordance with its terms, the affected party may so notify the other party, following which the parties shall agree to promptly consult together and review the provisions of this Agreement and consider possible modifications thereof which might lessen such severe economic hardship.

It is not intended that the preceding paragraph be invoked to deprive a party of savings or advantages arising from the efficiency of the party which contributes to the profitability of its

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operations, nor is it intended that this preceding paragraph be invoked as a result of the availability of more attractive sources of concentrates supply for the Buyer or more attractive markets for the Seller.

30. **SUSPENSION OF OPERATIONS**

Provided that the Advance Payment and accrued interest have been fully repaid to Buyer as set out in Article 18, Seller shall have the right to suspend production at the Mine, if economic conditions do not warrant continued operations. Should Seller exercise this right, Seller shall give Buyer prompt written notice of the expected date of the Mine's closure and the estimated duration of the suspension of operations, and Seller's obligations under this Agreement, other than any payment obligations which may exist, shall be suspended for the duration of the suspension of operations at the Mine.

Should economic conditions improve to the extent that Mine operations resume prior to 360 days after the date of suspension of operations, at Buyer's option, to be declared no later than 30 days prior to the resumption of operations, the Agreement shall resume in full force and effect and the Agreement shall be extended for a period equivalent to the period of suspension of operations at the Mine. Should mine operations not resume within 360 days of the date of suspension of operations, this Agreement shall be terminated and all obligations, covenants and commitments of both parties hereto, except outstanding payments to be made hereunder, shall cease to exist.

31. **NOTICES:**

All notices, requests, directions and other communications required or permitted by any provision of this Agreement shall be in writing and in the English language and shall be sufficiently given or transmitted if delivered by hand or sent electronically by email and addressed

(i) in the case of Buyer, to,

MCC Non Ferrous Trading Inc.,  
222 Bloomingdale Road,  
White Plains, New York 10605  
Attention: Howie Sio  
Tel: +1 914 368 2206 x612  
Email: [howie@metallicacc.com](mailto:howie@metallicacc.com)

and, (ii) in the case of Seller, to

Banks Island Gold Ltd.,  
300-1055 W. Hastings St.,  
Vancouver, British Columbia  
Canada V6E 2E9  
Attention: Mr. Ben Mossman  
Tel: +1 604 245 0066

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email: BMossman@BanksIslandGold.com

or to such other address or individual as may be designated by notice given by either party to the other. Any communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by email, on the day of transmittal thereof.

**32. SUCCESSORS AND ASSIGNS**

Neither of the parties may assign the benefits or obligations of this Agreement without the consent in writing of the other; provided, however, that (i) Seller may, without such consent, assign this Agreement, by way of security, to any lender(s) that provide(s) financing to Seller, and any such lender(s) may, upon enforcement of such security, without such consent, further assign this Agreement to any purchaser(s) of substantially all the assets of the Mine, (ii) Seller may, without such consent, assign this Agreement to a purchaser of substantially all of the assets of the Mine or to an affiliate which, pursuant to a corporate reorganization, is taking over the ownership and/or operation of the Mine and (iii) Buyer may, without such consent, assign this Agreement to a purchaser of substantially all of its assets or to an affiliate which, pursuant to a corporate reorganization, is taking over the ownership and/or operation of substantially all of its assets. Such consent shall not be unreasonably withheld. This Agreement shall extend to, bind and inure to the benefit of the successors and permitted assigns of the parties.

**33. REFEREES**

**33.1 Selection of Referees**

In the event that a matter is to be submitted to Referees pursuant to this Agreement, Seller and Buyer shall jointly appoint an independent industry expert to act as a single Referee to determine the matter. Any person appointed as a Referee shall be a person of sound commercial background and with knowledge of the base metals and concentrates markets. No person who has been an employee, consultant or has otherwise provided services (other than as a Referee) to either party or any of their respective affiliates during the five years preceding the reference shall be eligible to act as a Referee. If the parties are unable to agree on the appointment of the single Referee within 10 Business Days then each shall appoint one Referee and a third Referee shall be appointed by agreement of the first two Referees. If either Seller or Buyer fails to appoint its respective Referee within 5 Business Days after such initial 10 Business Day period, such Referee shall be appointed by the President of the British Columbia International Commercial Arbitration Centre ("BCICAC") and the costs for such appointment shall be paid by the party failing to appoint such Referee. If the two Referees fail to agree on the third Referee within 15 Business Days after the appointment of the second Referee, such third Referee shall be appointed by the President of the BCICAC and the costs of such appointment shall be paid equally by Seller and Buyer.

**33.2 Submission of Positions**

Seller and Buyer shall each submit in writing in English its respective position to the Referee(s) and to the other party within 15 Business Days after the Referee(s) has (have) been

appointed. The parties shall then have a further 10 Business Days to review the other's submission and to submit a written rebuttal in English to the Referee(s) (the "Submission Period").

### 33.3 Proceeding; Final Determination

Promptly after expiry of the Submission Period, the Referee(s) shall offer such guidance to Buyer and Seller, if any, that the Referee(s) consider(s) appropriate with a view to progressing the negotiations between Seller and Buyer. If Seller and Buyer fail to agree within 30 Business Days after both parties have submitted their respective positions to the Referees, the Referee(s) shall, within 15 Business Days, finally determine any such matter by selecting one of such two positions. In making such selection, the Referees shall take account of any basis of negotiations between the parties to this Agreement with respect to the matter in question. If either Seller or Buyer fails to submit its respective position to the Referee(s) prior to the expiry of the Submission Period, the Referee(s) shall promptly following expiry of such period finally determine that the sole position submitted to him (them) shall prevail.

### 33.4 The Decision

Any decision of the single Referee, or a majority of the three Referees, as applicable, made in accordance with this Agreement shall be final and binding on the parties and shall apply retroactively to the period for which the parties were to have reached agreement.

### 33.5 Costs

Any costs associated with the services of a Referee shall be borne equally by Buyer and Seller in the event that agreement is reached by them on a particular issue. If an issue is decided by the Referee(s), the party whose position was not selected shall bear all such costs, provided that, if the single Referee, or a majority of the three Referees, as applicable, finds that the other party acted unreasonably in connection with the matter, the Referee(s) may, in his (their) discretion, order that other party pay all or any portion of such costs.

## 34. ARBITRATION

Any dispute, claim or failure to agree arising out of or relating to this Agreement or any provision, except those specifically identified as being determined by Referee or Umpire, shall be determined by arbitration between Seller, on the one hand, and Buyer on the other hand, in accordance with the then prevailing rules of the BCICAC (the "Rules") and which Rules are deemed to be incorporated by reference into this Article 34. The place and seat of arbitration shall be Vancouver, British Columbia, Canada. The arbitration shall be conducted in the English language by arbitral tribunal consisting of three arbitrators, one to be appointed by each party and the third to be appointed by the BCICAC in accordance with the Rules. Any decision or award shall be final and binding on both the Buyer and the Seller. The arbitral tribunal shall state in its award the facts of the case and the reasons for its decision. The parties agree that they will give conclusive effect to the arbitrator's determination and award and that judgment may be entered by any court having jurisdiction. Each party shall bear its own costs in any such arbitration, provided that, if the arbitrator finds that any party shall have acted unreasonably he may, in his discretion, award costs against such party.

All arbitrators shall be qualified by training and experience to decide the issues presented to them. No person shall be eligible for appointment as an arbitrator who is not neutral and impartial as to the parties or the issues.

A party desiring arbitration under this Agreement shall give a notice of arbitration to the other party containing a concise description of the matter to be submitted for arbitration.

35. **GOVERNING LAW**

Each party irrevocably consents and agrees, for the benefit of each other party, that any legal action, suit or proceeding against it (i) with respect to enforcement of the provisions in Article 34, shall be brought in a court located in British Columbia, Canada (the "Court") and irrevocably accepts and submits to the exclusive jurisdiction of such Court with respect to any such action, suit or proceeding; and (ii) with respect to the enforcement, modification, vacation or correction of an award rendered in an arbitration conducted pursuant to Article 34, may be brought in any such Court and irrevocably accepts and submits to the jurisdiction of such Court with respect to any such action, suit or proceeding. Each party waives any objection which it may have now or hereafter have to the laying of venue of any of the actions, suits or proceedings specified in the preceding Article 34 brought in any Court and further waives and agrees not to plead or claim in any such Court that any such action, suit or proceeding has been brought in an inconvenient forum.

To the extent that any party has or may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution, sovereign immunity or otherwise) with respect to itself or its property, it irrevocably waives such immunity in respect of its obligations under this Agreement.

36. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations (actionable in contract, tort or otherwise), warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

37. **EXECUTION AND DELIVERY**

This Agreement may be executed and delivered by the parties in one or more counterparts, each of which when so executed and delivered will be an original, and those counterparts will together constitute one and the same instrument. Delivery of this Agreement by



facsimile transmission, electronic mail or functionally equivalent electronic transmission constitutes valid and effective delivery

We confirm our acceptance to the foregoing terms and conditions,

**Banks Island Gold Ltd.**

**MCC Non Ferrous Trading Inc.**

By: Ben Masman

By: [Signature]

Dated: JULY 22 2013

Dated: 7/22/13

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

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

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

## Schedule A

Concentrate Specifications

Seller expects, but does not represent or warrant that the Concentrates which are the subject of this Agreement will have the following approximate analysis:

Zone	DMS Concentrates		Flotation Concentrates		
	Bob	Bob	Tel	Discovery	Kim
Au g/t	77.0	97.2	96.2	91.4	72.8
Ag g/t	136	327	205	63	66
Cu (%)	4.1	4.1	1.5	1.0	n.a.
Fe (%)	28.5	28.5	29.7	39.0	n.a.
S %	33.6	33.6	36.0	39.8	n.a.
Zn(%)	1.8	1.8	10.2	0.2	n.a.
Pb (%)	1.25	1.25	0.75	0.04	n.a.
As %	1.2	1.2	1.4	0.3	n.a.
Sb g/t	242	242	116	< 10	n.a.
Bi g/t	< 200	< 200	< 200	< 200	n.a.
Al <sub>2</sub> O <sub>3</sub> (%)	4.3	4.3	0.9	1.3	n.a.
Ba g/t	117	117	117	117	n.a.
Be g/t	0.34	0.34	0.08	0.20	n.a.
Ca (%)	1.9	1.9	3.8	3.7	n.a.
Cd g/t	366	366	1,970	< 60	n.a.
Cl g/t	40	40	70	100	n.a.
Co g/t	< 40	< 40	< 40	278	n.a.
Cr g/t	509	509	113	121	n.a.
F g/t	180	180	270	120	n.a.
Hg g/t	2	2	5	1	n.a.
K g/l	0.97	0.97	0.16	0.26	n.a.
Li g/t	< 30	< 30	< 30	< 30	n.a.
MgO %	0.5	0.5	0.8	0.6	n.a.
Mn %	0.05	0.05	0.12	0.08	n.a.
Mo g/t	16	16	< 10	< 10	n.a.
Na g/t	2,450	2,450	229	472	n.a.
Ni g/t	< 20	< 20	< 20	41	n.a.
P g/t	< 200	< 200	< 200	< 200	n.a.
Se g/t	< 30	< 30	< 30	< 30	n.a.
Si %	7.6	7.6	3.0	3.2	n.a.
Sn g/t	< 20	< 20	< 20	< 20	n.a.
Sr g/t	76	76	77	67	n.a.
Te g/t	132	132	69	70	n.a.
Ti g/t	530	530	241	357	n.a.
Tl g/t	< 30	< 30	< 30	< 30	n.a.
U g/t	0.6	0.6	0.7	2.0	n.a.
V g/t	19	19	31	18	n.a.
Y g/t	2	2	2	2	n.a.

Schedule B

Projected Concentrates Production Schedule

Seller expects, but does not represent or warrant that the Concentrates which are the subject of this Agreement will be produced according to the following schedule:

YEAR	2013												2014												2015											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25											
OPERATION MONTH	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN											
Red Zone - DMS Sinks	0	0	398	400	1,327	1,544	0	710	336	336	336	336	336	336	340	0	0	0	0	0	0	0	0	0	0											
Red Zone - Flotation								0	840	840	840	840	840	840	849	0	0	0	0	0	0	0	0	0	0											
Blue Zone - Flotation								0	0	0	0	0	0	0	0	735	735	735	735	735	735	735	735	735	735											
Blue Zone - Flotation								0	0	0	0	0	0	0	0	784	784	784	784	784	784	784	784	784	784											
Blue Zone - Flotation								0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
Total Concentrate	0	0	398	400	1,327	1,544	0	710	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,189	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519												
																									659											
																									3,659											
																									3,401											
																									6,731											
																									6,780											
																									5,735											
																									26,324											

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**BANKS ISLAND GOLD CONCENTRATES  
SALE AND PURCHASE AGREEMENT**

**AMENDMENT NO. 1**

This amendment (the "Amendment") to the above referenced agreement (the "Agreement") dated July 19, 2013 is entered into as of November 15, 2013 between Banks Island Gold Ltd., 300-1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9 (the "Seller"), and MCC Non Ferrous Trading Inc., 222 Bloomingdale Road, White Plains, New York 10605 (the "Buyer").

Seller and Buyer herewith agree to amend the Agreement as follows:

**I.** Clause 18.1 shall be replaced in its entirety with the following:

18.1 Buyer will provide Seller with a total \$6,000,000 (six million dollars) advance payment ("Advance Payment") against future production of Concentrates according to the following schedule:

- |             |  |
|-------------|--|
| Drawdown #1 | Upon signing of the Agreement, but by no later than July 26, 2013: \$2,000,000 (two million dollars);  |
| Drawdown #2 | November 20, 2013: \$1,000,000 (one million dollars);  |
| Drawdown #3 | Upon barging of the first shipment of DMS concentrates from Banks Island to Seller's designated Prince Rupert warehouse, estimated to be the first or second week of December, 2013: \$1,000,000 (one million dollars);  |
| Drawdown #4 | Upon receipt of Ministry of Mines Mining Permit and Ministry of Environment Discharge Permit to allow mining and processing of ore from the Tel zone, beyond the tonnage allowed by the existing bulk sample permit, expected in January, 2014: \$1,000,000 (one million dollars); and |
| Drawdown #5 | Upon commencement of production of flotation Concentrates from the Tel, Bob, Kim, or Discovery and zones, i.e. commissioning and operation of plant, projected to be sometime February 2014: \$1,000,000 (one million dollars).  |

Seller shall repay to Buyer all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2, against delivery of Concentrates to Buyer. Buyer will withhold as repayment of the Advance Payment 25% (twenty-five percent) of the payable invoice value of each invoice issued for each shipment of Concentrates up until the full value of the Advance

Payment and accrued interest is repaid to Buyer. The repayment amounts shall be applied first to the accrued interest and then to the outstanding balance. For greater clarity, Buyer will retain 25% of the value of the 90% First Provisional Payment due Seller, 25% of the value of the Second Provisional Payment due Seller and 25% of the Final Payment due Seller for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. In the event that the value of any Second Provisional Payment or Final Payment due Seller for any shipment is less than zero, no additional repayment will be made to Buyer for that particular shipment and the period of repayment will be extended until the full value of the Advance Payment and accrued interest is repaid to Buyer.

All other terms and conditions under Clause 18 shall remain unchanged.

2. Clause 38 shall be added to the Agreement as follows:

38. **FUTURE PRODUCTION**

Should Seller determine that additional production (or productions) of any form of gold bearing material (or materials) may be generated at any time (such as but not limited to flotation concentrates, gravity concentrates or dore/bullion), in excess of the currently estimated 26,000 DMT of concentrates from the existing mineral resources of the Zones in the Mine, Seller shall be obligated to approach Buyer initially, on an exclusive basis, for interest to purchase. Should there be interest, Seller and Buyer shall negotiate in good faith to arrive at a mutually acceptable set of terms and conditions for such purchase. If after exhaustive discussions, should no such agreement be reached, Seller may then approach other parties for interest.

All other terms and conditions of the Agreement shall remain unchanged.

We confirm our acceptance to the foregoing terms and conditions of this Amendment,

**Banks Island Gold Ltd.**

By: 

Dated: NOV 13 2013

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

Dated: \_\_\_\_\_

**MCC Non Ferrous Trading Inc.**

By: 

Dated: 11/20/13

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

Dated: \_\_\_\_\_

**BANKS ISLAND GOLD CONCENTRATES**  
**SALE AND PURCHASE AGREEMENT**  
**(Buyer's Contract Ref. No. M1265-P)**

**AMENDMENT NO. 2**

**THIS AMENDMENT** (this "Amendment") is dated September 15, 2015 between **BANKS ISLAND GOLD LTD.**, 300-1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9 (the "Seller"), and **MCC NON FERROUS TRADING INC.**, 222 Bloomingdale Road, White Plains, New York 10605 (the "Buyer").

**CONTEXT:**

- A. The Buyer and the Seller entered into an agreement dated July 19, 2013, as amended by Amendment No. 1 dated November 15, 2013 (collectively, the "Agreement"); and
- B. The Seller and the Buyer have agreed to amend the terms of the Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Buyer and the Seller agree as follows:

**1. Interpretation**

- (a) All terms contained in this Amendment which are defined in the Agreement shall, for all purposes hereof, have the meanings given to such terms in the Agreement unless specifically defined herein or the context otherwise specifies or requires.
- (b) The headings of sections hereof are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amendment.

**2. Amendments to Agreement**

- (a) Increased Advance Payment and Additional Drawdown. The Buyer will provide the Seller with a total of USD \$7,400,000 advance payment. Accordingly, Article/Clause 18.1 is deleted and replaced with the following:

"18.1 Buyer will provide Seller with a total USD \$7,400,000 (Seven Million Four Hundred Thousand Dollars USD) advance payment ("Advance Payment") against future production of Concentrates according to the following schedule:

- Drawdown #1                      Upon signing of the Agreement, but by no later than July 26, 2013; USD \$2,000,000 (Two Million Dollars USD);
- Drawdown #2                      November 20, 2013; USD \$1,000,000 (One Million Dollars USD);
- Drawdown #3                      Upon barging of the first shipment of DMS concentrates from Banks Island to Seller's designated Prince Rupert warehouse, estimated to be

the first or second week of December, 2013: USD \$1,000,000 (One Million Dollars USD);

Drawdown #4 Upon receipt of Ministry of Mines Mining Permit and Ministry of Environment Discharge Permit to allow mining and processing of ore from the Tel zone, beyond the tonnage allowed by the existing build sample permit, expected in January, 2014: USD \$1,000,000 (One Million Dollars USD);

Drawdown #5 Upon commencement of production of flotation Concentrates from the Tel, Bob, Kim or Discovery and zones, i.e. commissioning and operation of plant, projected to be sometime February 2014: USD \$1,000,000 (One Million Dollars USD); and

Drawdown #6 August 2015: USD \$1,400,000 (One Million Four Hundred Thousand Dollars USD).

Seller shall repay to Buyer all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2, against delivery of Concentrates to Buyer. Buyer will withhold as repayment of the Advance Payment 25% (Twenty-Five Percent) of the payable invoice value of each invoice issued for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. The repayment amounts shall be applied first to the accrued interest and then to the outstanding balance. For greater clarity, Buyer will retain 25% of the value of the 90% First Provisional Payment due Seller, 25% of the value of the Second Provisional Payment due Seller, and 25% of the Final Payment due Seller for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. In the event that the value of any Second Provisional Payment or Final Payment due Seller for any shipment is less than zero, no additional repayment will be made to Buyer for that particular shipment and the period of repayment will be extended until the full value of the Advance Payment and accrued interest is repaid to Buyer.”

(b) Use of Funds. The Seller shall provide cash flow statements to the Buyer for the Buyer’s pre-approval and shall only use funds in accordance with the use of funds attached hereto as Schedule 1. Accordingly, the following is inserted into the Agreement following Article/Clause 18.3:

“18.4 Use of Funds

Until all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2 are repaid by the Seller, the Seller shall:

- (a) submit monthly cash flow statements (the “Cash Flow Statements”) to the Buyer for the Buyer’s prior approval each and every month commencing on the 21st day of September 2015; and
- (b) only use the funds received under the Advance Payment in accordance with the approved Cash Flow Statements and the use of funds approved by the Buyer and set out in Schedule “C” to the Agreement, as may be further amended from time to time by the Buyer.

(c) Future Production. The Seller shall provide additional specifications for future production. Accordingly, Article/Clause 38 is deleted and replaced with the following:

38. FUTURE PRODUCTION

Should Seller determine that additional production of flotation and/or gravity concentrates may be generated, at any time, in excess of the currently estimated 26,000 DMT of concentrates from the existing four (4) known zones in the Mine, namely Bob, Tel, Discovery and Kim, Seller shall sell these flotation and/or gravity concentrates to the Buyer.

For flotation concentrates, the contractual terms and conditions shall apply. Buyer and Seller agree that should there be a significant and material improvement in the quality of flotation concentrates such that Buyer will be able to deliver flotation concentrates to another receiver on financially better terms, both parties shall negotiate in good faith to come to a mutually acceptable agreement for the purchase and sale of the flotation concentrates.

For gravity concentrates, the terms and conditions shall be as per this contract except as follows:

a. Quality:

The current expected assays for this material are as follows:

Au	500 - 1000 g/mt
Ag	500 - 1000 g/mt
Cu	< 0.5%
Pb	4 - 7%
Zn	1 - 3%
As	3 - 6%
S	10 - 20%
SiO2	15 - 30%
Fe	15 - 25%
Cd	400 - 700 ppm

b. Quantity:

Approximately 8-10 WMT per month.

c. Shipment and Delivery:

Unchanged except:

- Buyer and Seller shall discuss and agree on a mutually acceptable shipment schedule with the intention of shipping on a regular basis in lots of 12-20 WMT per shipment.
- Delivery shall be CIF Liner Terms Antwerp

d. Gold Payable:

- If less than 500 g/mt, pay 90.5%
- If greater than or equal to 500 g/mt, pay 91.0%
- If greater than or equal to 1000 g/mt, pay 91.5%

e. Gold Price:

The average of the lowest of daily London morning and afternoon fixings for gold (quoted in Dollars as published on the official LBMA website) of each quotational day during the quotational period.

f. Quotational Period:

The third calendar month following the official date of arrival of the carrying vessel in Antwerp.

g. Treatment Charge:

\$385.00 per DMT



h. Penalties:

Unchanged except for arsenic which shall be as follows:

\$5.00/DMT conc for each 0.10 % above 0.10 % up to 1 %

\$7.00/DMT conc for each 0.10 % above 1 % up to 5%

\$9.00/DMT conc for each 0.10 % above 5 %

Buyer and Seller agree that should there be a significant and material improvement in the quality of the gravity concentrates such that Buyer will be able to deliver gravity concentrates to another receiver on financially better terms, both parties shall negotiate in good faith to come to a mutually acceptable agreement for the purchase and sale of the gravity concentrates.

At any time, if the Seller gains access to new production of material (gold or otherwise), in any form (including but not limited to flotation concentrates, gold gravity concentrates, or dore) through or resulting from, but not limited to, a merger, acquisition, expansion or joint venture of projects or properties, Buyer shall have the exclusive right to, and Seller shall be obligated to offer Buyer the opportunity to, purchase such new production. Such exclusivity shall cover the first five (5) years of production from the respective mine, project or property of the Seller. If Seller chooses to exercise its right to purchase the new production, Seller and Buyer shall negotiate in good faith to come to a mutually acceptable agreement for the sale and purchase of new production. If Seller waives its right to the new production or, if, after a commercially reasonable period of time and despite best efforts being made by both parties, no agreement can be reached for the purchase and sale of new production, Seller may offer to sell such new production to third parties.

Buyer's exclusive right to purchase new production shall not apply only if:

- a. Seller requires debt financing to acquire such projects or properties; and
- b. Buyer declines to offer debt financing to Seller to finance the acquisition, merger, or expansion of such projects or properties; and
- c. An interested third party lender requires Seller to sell the initial production from such projects or properties once the mining commences.

(d) Right of First Refusal. The Buyer shall have the right of first refusal for any new financing the Seller may require, including but not limited to financing in connection with any merger, acquisition or expansion. Accordingly, the following is inserted into the Agreement following Article/Clause 38:

**"39. RIGHT OF FIRST REFUSAL**

The Seller will not accept any debt financing or otherwise seek any such financing, in connection with any merger, acquisition or expansion, or otherwise, (an "Offer of Financing") except in accordance with, and to the extent permitted by, the terms of this Article 39.

Should Seller decide to look for debt financing in connection with any merger, acquisition, expansion or otherwise, Seller shall first approach Buyer to determine their interest in participating in such financing. Seller shall provide Buyer with full details of the contemplated financing. If Buyer is interested, then Buyer and Seller shall negotiate in good faith to try to come to an agreement on such financing (the "Preliminary Negotiations"). If no agreement is reached in Preliminary Negotiations within 30 days of the date upon which Seller provided full details of the contemplated financing to Buyer, Seller may then approach any other interested third party financing entity.

If, after failing to reach an agreement with Buyer through Preliminary Negotiations, Seller receives an Offer of Financing from such financing entity who deals at arm's length (as such term is defined in the *Income Tax Act* (Canada)) with the Seller (an "Outside Offeror"), which Offer of Financing the Seller is willing to accept, then the Seller will deliver written notice (the "Notice") immediately to the Buyer, delivered in accordance with Article 31, containing a photocopy of such Offer of Financing.

The Notice will be deemed to constitute an offer by the Seller to the Buyer to accept financing from the Buyer on and subject to all the terms and conditions set forth in such Offer of Financing (the "Seller's Offer"). The Seller's Offer will be irrevocable and may not be withdrawn by the Seller until after [5:00 p.m. EST on the 10<sup>th</sup> calendar day after the receipt by the Buyer of the Seller's Offer] with the day the Seller's Offer is received by the Buyer to be excluded (the "Expiry Time").

Upon receipt of the Notice, the Buyer will have the first right, exercisable up to and including but not after the Expiry Time, to deliver to the Seller written notice, delivered in accordance with Article 31, (the "Acceptance") that the Buyer will provide financing to the Seller for the price and upon the terms and conditions set forth in the Offer of Financing.

Upon receipt by the Seller of the Acceptance, an agreement will be constituted between the Buyer and the Seller, which agreement will be completed in the manner provided on the same material terms as contained in the Offer of Financing as if the Buyer were the Outside Offeror."

- (e) Advance Payment and Security. The Seller has agreed to acknowledge the existing amounts advanced pursuant to the Advance Payment and to provide certain security to the Buyer in consideration for the Advance Payment and other good and valuable consideration. Accordingly, the following is inserted into the Agreement following Article 39:

"40. ADVANCE PAYMENT AND SECURITY

The Seller acknowledges and confirms that the following additional agreements have been or will be entered into in connection with the Advance Payment (collectively, the "Supplemental Loan Agreements"):

- (i) Agreement titled Promissory Note dated July 25, 2013 between the Seller and the Buyer for USD \$2,000,000 (Two Million Dollars USD);
- (ii) Agreement titled Promissory Note dated November 20, 2013 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);
- (iii) Agreement titled Promissory Note dated February 26, 2014 between the Seller and the Buyer for USD \$250,000 (Two Hundred Fifty Thousand Dollars USD);
- (iv) Agreement titled Promissory Note dated March 11, 2014 between the Seller and the Buyer for USD \$750,000 (Seven Hundred Fifty Thousand Dollars USD);
- (v) Agreement titled Promissory Note dated April 15, 2014 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);
- (vi) Agreement titled Promissory Note dated August 11, 2014 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);

- (vii) Promissory Note dated on or about August 2015 granted by the Buyer in favour of the Seller for USD \$1,400,000 (One Million Four Hundred Thousand Dollars USD); and
- (viii) Such further agreements or instruments in connection with the Advance Payment as may be requested by the Buyer.

The liability, indebtedness and obligations of the Seller to the Buyer under the Advance Payment, the Supplemental Loan Agreements and the Agreement (the "Indebtedness") will be evidenced, governed and secured, as the case may be, by the following documents (the "Security Documents") executed in favour of the Seller, in each case completed in form and manner satisfactory to the Seller:

- (i) a general security agreement from the Seller creating a first priority security interest in all present and after acquired personal property of the Seller and a floating charge over all present and after acquired real property, subject only to any prior encumbrances permitted therein; and
- (ii) such other documents as the Seller, or its solicitors may reasonably request.

**3. General**

This Amendment is supplemental to the Agreement and the Agreement shall henceforth be read in conjunction with this Amendment and shall henceforth have effect so far as practicable as though all the provisions of the Agreement and this Amendment were contained in one and the same document.

All provisions of the Agreement, except only so far as the same may be inconsistent with the express provisions in this Amendment, shall apply to and shall have effect in connection with this Amendment.

Nothing herein contained or in any document given or executed in pursuance hereof or supplemental hereto shall be deemed to constitute a waiver by the Buyer of any covenant, term, representation, warranty or agreement by the Seller under the Agreement or a surrender of any rights or the security thereby conferred on the Buyer.

**4. Counterparts**

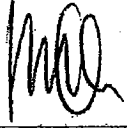
This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Buyer and the Seller have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date set forth on page one.

**The Buyer:**

**MCC NON FERROUS TRADING  
INC.,** by its authorized signatory:



Name: Howard Sio  
Title:

**The Seller:**

**BANKS ISLAND GOLD LTD.,** by  
its authorized signatory:

Name: \_\_\_\_\_  
Title:

IN WITNESS WHEREOF the Buyer and the Seller have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date set forth on page one.


**The Buyer:**

**MCC NON FERROUS TRADING  
INC., by its authorized signatory:**

\_\_\_\_\_  
Name:  
Title:

**The Seller:**

**BANKS ISLAND GOLD LTD., by  
its authorized signatory:**

  
\_\_\_\_\_  
Name: BEN MOSSMAN  
Title: PRESIDENT

**SCHEDULE 1  
USE OF FUNDS**

<b>Accounts Payable</b>	
Receiv:	\$0,013 <i>Pay remainder of Order for shipping</i>
Screen Cochr. Ply Ltd.	\$8,420 <i>Pay remainder of Order for shipping</i>
Shawmut Ltd.	\$100 <i>Small Vendors</i>
Adriel Computers & Co. Inc.	\$410 <i>Small Vendors</i>
Mr. Speedy Delivery (Rural Logistics)	\$7,200 <i>Small Vendors</i>
Computerworks	\$600 <i>Small Vendors</i>
Prince Rupert Airport Authority	\$0,000 <i>Small Vendors</i>
Raymond Canada Express	\$7,234 <i>Small Vendors</i>
Flora	\$2,178 <i>Small Vendors</i>
MarketView P.	\$2,932 <i>Small Vendors</i>
Arrowsmith Archaeological Research & Consulting Ltd.	\$0,623 <i>Environmental/Permitting Vendor</i>
AEI Marketing (Inc.)	\$0,045 <i>Pay remainder of Order for shipping</i>
Halyard	\$54,788 <i>Environmental/Permitting Vendor</i>
Nemius Environmental	\$8,610 <i>Environmental/Permitting Vendor</i>
StarLynx Communications	\$9,434 <i>Camp Internet</i>
CARO Analytical Services	\$10,920 <i>Environmental/Permitting Vendor</i>
ALS Canada (Environmental)	\$14,511 <i>Environmental/Permitting Vendor</i>
Transformation Catalyst Corporation	\$17,220 <i>Environmental/Permitting Vendor</i>
ALS Canada Ltd.	\$28,269 <i>Environmental/Permitting Vendor</i>
AGAT Laboratories	\$28,633 <i>Environmental/Permitting Vendor</i>
Stream Payments	\$186,000 <i>To prevent default for 2 months</i>
Employee Severances	\$203,000 <i>To pay severances. Government remittances excluded.</i>
Consultants Payable	\$28,000 <i>Outstanding Consultants invoices</i>
Trijivi Air Charters Ltd.	\$32,688 <i>Flights to site</i>
Blue Coast Research Ltd.	\$26,988 <i>Environmental/Permitting Vendor</i>
Sapro Mineral Systems Corp.	\$100,000 <i>Process Module Full payment</i>
Lehigh Equipment Inc.	\$200,000 <i>Partial payment on crushers</i>
<b>Total Accounts Payable:</b>	<b>\$386,000</b>

Corporate Salaries (2 months)	\$100,000	8 persons total
Site Salaries (2 months)	\$120,000	8 persons total
Legal Costs	\$80,000	Various actions to defend company.
Corporate Overhead (2 months)	\$32,000	Insurance etc
Site Costs (2 months)	\$100,000	Food, porta, and environmental maintenance
<b>Total G&amp;A + Site Expenses</b>	<b>\$432,000</b>	<b>CDN</b>
Consultants/Patenting	\$80,000	To complete regulatory orders and prepare permit applications
Met testing	\$60,000	To improve flowsheet - increase ability to finance
EA report for expanded production	\$100,000	Consultants to prepare new EA study
43-101 PEA study	\$100,000	Consultants to prepare new 43-101 study for financing
<b>Total Engineering &amp; Environmental</b>	<b>\$340,000</b>	<b>CDN</b>
<b>Total Required Funds</b>	<b>\$1,702,000</b>	<b>CDN</b>
<b>Total Required Funds</b>	<b>\$1,363,884</b>	<b>US</b>

**BANKS ISLAND GOLD CONCENTRATES  
SALE AND PURCHASE AGREEMENT  
(Buyer's Contract Ref. No. M1265-P)**

**AMENDMENT NO. 2**

**THIS AMENDMENT** (this "Amendment") is dated September 15, 2015 between **BANKS ISLAND GOLD LTD.**, 300-1055 W. Hastings St., Vancouver, British Columbia, Canada V6E 2E9 (the "Seller"), and **MCC NON FERROUS TRADING INC.**, 222 Bloomingdale Road, White Plains, New York 10605 (the "Buyer").

**CONTEXT:**

- A. The Buyer and the Seller entered into an agreement dated July 19, 2013, as amended by Amendment No. 1 dated November 15, 2013 (collectively, the "Agreement"); and
- B. The Seller and the Buyer have agreed to amend the terms of the Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Buyer and the Seller agree as follows:

**1. Interpretation**

- (a) All terms contained in this Amendment which are defined in the Agreement shall, for all purposes hereof, have the meanings given to such terms in the Agreement unless specifically defined herein or the context otherwise specifies or requires.
- (b) The headings of sections hereof are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amendment.

**2. Amendments to Agreement**

- (a) Increased Advance Payment and Additional Drawdown. The Buyer will provide the Seller with a total of USD \$7,400,000 advance payment. Accordingly, Article/Clause 18.1 is deleted and replaced with the following:

"18.1 Buyer will provide Seller with a total USD \$7,400,000 (Seven Million Four Hundred Thousand Dollars USD) advance payment ("Advance Payment") against future production of Concentrates according to the following schedule:

- Drawdown #1                      Upon signing of the Agreement, but by no later than July 26, 2013; USD \$2,000,000 (Two Million Dollars USD);
- Drawdown #2                      November 20, 2013: USD \$1,000,000 (One Million Dollars USD);
- Drawdown #3                      Upon barging of the first shipment of DMS concentrates from Banks Island to Seller's designated Prince Rupert warehouse, estimated to be



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the first or second week of December, 2013: USD \$1,000,000 (One Million Dollars USD);

Drawdown #4 Upon receipt of Ministry of Mines Mining Permit and Ministry of Environment Discharge Permit to allow mining and processing of ore from the Tel zone, beyond the tonnage allowed by the existing build sample permit, expected in January, 2014: USD \$1,000,000 (One Million Dollars USD);

Drawdown #5 Upon commencement of production of flotation Concentrates from the Tel, Bob, Kim or Discovery and zones, i.e. commissioning and operation of plant, projected to be sometime February 2014: USD \$1,000,000 (One Million Dollars USD); and

Drawdown #6 August 2015: USD \$1,400,000 (One Million Four Hundred Thousand Dollars USD).

Seller shall repay to Buyer all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2, against delivery of Concentrates to Buyer. Buyer will withhold as repayment of the Advance Payment 25% (Twenty-Five Percent) of the payable invoice value of each invoice issued for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. The repayment amounts shall be applied first to the accrued interest and then to the outstanding balance. For greater clarity, Buyer will retain 25% of the value of the 90% First Provisional Payment due Seller, 25% of the value of the Second Provisional Payment due Seller, and 25% of the Final Payment due Seller for each shipment of Concentrates up until the full value of the Advance Payment and accrued interest is repaid to Buyer. In the event that the value of any Second Provisional Payment or Final Payment due Seller for any shipment is less than zero, no additional repayment will be made to Buyer for that particular shipment and the period of repayment will be extended until the full value of the Advance Payment and accrued interest is repaid to Buyer."

(b) Use of Funds. The Seller shall provide cash flow statements to the Buyer for the Buyer's pre-approval and shall only use funds in accordance with the use of funds attached hereto as Schedule 1. Accordingly, the following is inserted into the Agreement following Article/Clause 18.3:

"18.4 Use of Funds

Until all funds received under the Advance Payment, plus accrued interest as set out in Article 18.2 are repaid by the Seller, the Seller shall:

- (a) submit monthly cash flow statements (the "Cash Flow Statements") to the Buyer for the Buyer's prior approval each and every month commencing on the 21st day of September 2015; and
- (b) only use the funds received under the Advance Payment in accordance with the approved Cash Flow Statements and the use of funds approved by the Buyer and set out in Schedule "C" to the Agreement, as may be further amended from time to time by the Buyer.

(c) Future Production. The Seller shall provide additional specifications for future production. Accordingly, Article/Clause 38 is deleted and replaced with the following:

38. FUTURE PRODUCTION

Should Seller determine that additional production of flotation and/or gravity concentrates may be generated, at any time, in excess of the currently estimated 26,000 DMT of concentrates from the existing four (4) known zones in the Mine, namely Bob, Tel, Discovery and Kim, Seller shall sell these flotation and/or gravity concentrates to the Buyer.

For flotation concentrates, the contractual terms and conditions shall apply. Buyer and Seller agree that should there be a significant and material improvement in the quality of flotation concentrates such that Buyer will be able to deliver flotation concentrates to another receiver on financially better terms, both parties shall negotiate in good faith to come to a mutually acceptable agreement for the purchase and sale of the flotation concentrates.

For gravity concentrates, the terms and conditions shall be as per this contract except as follows:

a. Quality:

The current expected assays for this material are as follows:

Au	500 - 1000 g/mt
Ag	500 - 1000 g/mt
Cu	< 0.5%
Pb	4 - 7%
Zn	1 - 3%
As	3 - 6%
S	10 - 20%
SiO2	15 - 30%
Fe	15 - 25%
Cd	400 - 700 ppm

b. Quantity:

Approximately 8-10 WMT per month.

c. Shipment and Delivery:

Unchanged except:

- Buyer and Seller shall discuss and agree on a mutually acceptable shipment schedule with the intention of shipping on a regular basis in lots of 12-20 WMT per shipment.
- Delivery shall be CIF Liner Terms Antwerp

d. Gold Payable:

- If less than 500 g/mt, pay 90.5%
- If greater than or equal to 500 g/mt, pay 91.0%
- If greater than or equal to 1000 g/mt, pay 91.5%

e. Gold Price:

The average of the lowest of daily London morning and afternoon fixings for gold (quoted in Dollars as published on the official LBMA website) of each quotational day during the quotational period.

f. Quotational Period:

The third calendar month following the official date of arrival of the carrying vessel in Antwerp.

g. Treatment Charge:

\$385.00 per DMT

h. Penalties:

Unchanged except for arsenic which shall be as follows:

- \$5.00/DMT conc for each 0.10 % above 0.10 % up to 1 %
- \$7.00/DMT conc for each 0.10 % above 1 % up to 5%
- \$9.00/DMT conc for each 0.10 % above 5 %

Buyer and Seller agree that should there be a significant and material improvement in the quality of the gravity concentrates such that Buyer will be able to deliver gravity concentrates to another receiver on financially better terms, both parties shall negotiate in good faith to come to a mutually acceptable agreement for the purchase and sale of the gravity concentrates.

At any time, if the Seller gains access to new production of material (gold or otherwise), in any form (including but not limited to flotation concentrates, gold gravity concentrates, or dore) through or resulting from, but not limited to, a merger, acquisition, expansion or joint venture of projects or properties, Buyer shall have the exclusive right to, and Seller shall be obligated to offer Buyer the opportunity to, purchase such new production. Such exclusivity shall cover the first five (5) years of production from the respective mine, project or property of the Seller. If Seller chooses to exercise its right to purchase the new production, Seller and Buyer shall negotiate in good faith to come to a mutually acceptable agreement for the sale and purchase of new production. If Seller waives its right to the new production or, if, after a commercially reasonable period of time and despite best efforts being made by both parties, no agreement can be reached for the purchase and sale of new production, Seller may offer to sell such new production to third parties.

Buyer's exclusive right to purchase new production shall not apply only if:

- a. Seller requires debt financing to acquire such projects or properties; and
- b. Buyer declines to offer debt financing to Seller to finance the acquisition, merger, or expansion of such projects or properties; and
- c. An interested third party lender requires Seller to sell the initial production from such projects or properties once the mining commences.

- (d) Right of First Refusal. The Buyer shall have the right of first refusal for any new financing the Seller may require, including but not limited to financing in connection with any merger, acquisition or expansion. Accordingly, the following is inserted into the Agreement following Article/Clause 38:

"39. RIGHT OF FIRST REFUSAL

The Seller will not accept any debt financing or otherwise seek any such financing, in connection with any merger, acquisition or expansion, or otherwise, (an "Offer of Financing") except in accordance with, and to the extent permitted by, the terms of this Article 39.

Should Seller decide to look for debt financing in connection with any merger, acquisition, expansion or otherwise, Seller shall first approach Buyer to determine their interest in participating in such financing. Seller shall provide Buyer with full details of the contemplated financing. If Buyer is interested, then Buyer and Seller shall negotiate in good faith to try to come to an agreement on such financing (the "Preliminary Negotiations"). If no agreement is reached in Preliminary Negotiations within 30 days of the date upon which Seller provided full details of the contemplated financing to Buyer, Seller may then approach any other interested third party financing entity.

If, after failing to reach an agreement with Buyer through Preliminary Negotiations, Seller receives an Offer of Financing from such financing entity who deals at arm's length (as such term is defined in the *Income Tax Act (Canada)*) with the Seller (an "Outside Offeror"), which Offer of Financing the Seller is willing to accept, then the Seller will deliver written notice (the "Notice") immediately to the Buyer, delivered in accordance with Article 31, containing a photocopy of such Offer of Financing.

The Notice will be deemed to constitute an offer by the Seller to the Buyer to accept financing from the Buyer on and subject to all the terms and conditions set forth in such Offer of Financing (the "Seller's Offer"). The Seller's Offer will be irrevocable and may not be withdrawn by the Seller until after [5:00 p.m. EST on the 10<sup>th</sup> calendar day after the receipt by the Buyer of the Seller's Offer] with the day the Seller's Offer is received by the Buyer to be excluded (the "Expiry Time").

Upon receipt of the Notice, the Buyer will have the first right, exercisable up to and including but not after the Expiry Time, to deliver to the Seller written notice, delivered in accordance with Article 31, (the "Acceptance") that the Buyer will provide financing to the Seller for the price and upon the terms and conditions set forth in the Offer of Financing.

Upon receipt by the Seller of the Acceptance, an agreement will be constituted between the Buyer and the Seller, which agreement will be completed in the manner provided on the same material terms as contained in the Offer of Financing as if the Buyer were the Outside Offeror."

- (e) Advance Payment and Security. The Seller has agreed to acknowledge the existing amounts advanced pursuant to the Advance Payment and to provide certain security to the Buyer in consideration for the Advance Payment and other good and valuable consideration. Accordingly, the following is inserted into the Agreement following Article 39:

"40. ADVANCE PAYMENT AND SECURITY

The Seller acknowledges and confirms that the following additional agreements have been or will be entered into in connection with the Advance Payment (collectively, the "Supplemental Loan Agreements"):

- (i) Agreement titled Promissory Note dated July 25, 2013 between the Seller and the Buyer for USD \$2,000,000 (Two Million Dollars USD);
- (ii) Agreement titled Promissory Note dated November 20, 2013 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);
- (iii) Agreement titled Promissory Note dated February 26, 2014 between the Seller and the Buyer for USD \$250,000 (Two Hundred Fifty Thousand Dollars USD);
- (iv) Agreement titled Promissory Note dated March 11, 2014 between the Seller and the Buyer for USD \$750,000 (Seven Hundred Fifty Thousand Dollars USD);
- (v) Agreement titled Promissory Note dated April 15, 2014 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);
- (vi) Agreement titled Promissory Note dated August 11, 2014 between the Seller and the Buyer for USD \$1,000,000 (One Million Dollars USD);

- (vii) Promissory Note dated on or about August 2015 granted by the Buyer in favour of the Seller for USD \$1,400,000 (One Million Four Hundred Thousand Dollars USD); and
- (viii) Such further agreements or instruments in connection with the Advance Payment as may be requested by the Buyer.

The liability, indebtedness and obligations of the Seller to the Buyer under the Advance Payment, the Supplemental Loan Agreements and the Agreement (the "Indebtedness") will be evidenced, governed and secured, as the case may be, by the following documents (the "Security Documents") executed in favour of the Seller, in each case completed in form and manner satisfactory to the Seller:

- (i) a general security agreement from the Seller creating a first priority security interest in all present and after acquired personal property of the Seller and a floating charge over all present and after acquired real property, subject only to any prior encumbrances permitted therein; and
- (ii) such other documents as the Seller, or its solicitors may reasonably request.

**3. General**

This Amendment is supplemental to the Agreement and the Agreement shall henceforth be read in conjunction with this Amendment and shall henceforth have effect so far as practicable as though all the provisions of the Agreement and this Amendment were contained in one and the same document.

All provisions of the Agreement, except only so far as the same may be inconsistent with the express provisions in this Amendment, shall apply to and shall have effect in connection with this Amendment.

Nothing herein contained or in any document given or executed in pursuance hereof or supplemental hereto shall be deemed to constitute a waiver by the Buyer of any covenant, term, representation, warranty or agreement by the Seller under the Agreement or a surrender of any rights or the security thereby conferred on the Buyer.

**4. Counterparts**

This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF the Buyer and the Seller have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date set forth on page one.

**The Buyer:**

**The Seller:**

**MCC NON FERROUS TRADING  
INC., by its authorized signatory:**

**BANKS ISLAND GOLD LTD., by  
its authorized signatory:**



Name: Howard Sio  
Title:

Name: \_\_\_\_\_  
Title:

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IN WITNESS WHEREOF the Buyer and the Seller have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date set forth on page one.


**The Buyer:**

**MCC NON FERROUS TRADING  
INC., by its authorized signatory:**

\_\_\_\_\_  
Name:  
Title:

**The Seller:**

**BANKS ISLAND GOLD LTD., by  
its authorized signatory:**

  
\_\_\_\_\_  
Name: BEN MOSSMAN  
Title: PRESIDENT

**SCHEDULE 1  
USE OF FUNDS**

Accounts Payable	
Recoverit	\$8,019 Pay remainder of Order for shipping
Screen Doctor Pty Ltd	\$8,420 Pay remainder of Order for shipping
Skeena Tool Ltd	\$140 Small Vendor
Adnal Construction Ltd	\$116 Small Vendor
Ny Shady Delivery Rural Services	\$30 Small Vendor
CompuLink	\$98 Small Vendor
Prince Rupert Allied Authority	\$110 Small Vendor
Greenview Course Express	\$230 Small Vendor
Pine	\$170 Small Vendor
Keightley P.	\$125 Small Vendor
Aurioshore Archaeological Research & Consulting Ltd.	\$8,826 Environmental/Permitting Vendor
AFI Marketing Inc.	\$8,045 Pay remainder of Order for shipping
Hobbyard	\$54,788 Environmental/Permitting Vendor
Nautilus Environmental	\$8,810 Environmental/Permitting Vendor
Startyx Communications	\$8,434 Camp Internet
CARD Analytical Services	\$10,923 Environmental/Permitting Vendor
ALS Canada (Environmental)	\$14,511 Environmental/Permitting Vendor
Transformation Catalyst Corporation	\$17,220 Environmental/Permitting Vendor
ALS Canada Ltd.	\$28,258 Environmental/Permitting Vendor
AGAT Laboratories	\$28,633 Environmental/Permitting Vendor
Silverstream Payments	\$180,000 To prevent default for 2 months
Employee Severances	\$203,000 To pay severances. Government remittances excluded.
Consultants Payable	\$29,000 Outstanding Consultants invoices
Injuriel Air Charters Ltd.	\$32,588 Flights to site
Blue Coast Research Ltd	\$26,988 Environmental/Permitting Vendor
Sepro Mineral Systems Corp.	\$100,000 Process Module Full payment
LoneTrack Equipment Inc.	\$200,000 Partial payment on crushers
<b>Total Accounts Payable</b>	<b>\$986,000</b>



Corporate Salaries (2 months)	\$108,000 6 persons total
Site Salaries (2 months)	\$128,000 8 persons total
Legal Costs	\$80,000 Various actions to defend company.
Corporate Overhead (2 months)	\$32,000 Insurance etc
Site Costs (2 months)	\$100,000 Food, parts, util, environmental maintenance
<b>Total G&amp;A + Site Expenses</b>	<b>\$448,000 CDN</b>
Consultants/Permitting	\$80,000 To complete regulatory orders and prepare permit applications
Met testing	\$50,000 To improve flowsheet - increase ability to finance
EA report for expanded production	\$100,000 Consultants to prepare new EA study
43-101 PEA study	\$100,000 Consultants to prepare new 43-101 study for financing
<b>Total Engineering &amp; Environmental</b>	<b>\$330,000 CDN</b>
<b>Total Required Funds</b>	<b>\$1,782,000 CDN</b>
<b>Total Required Funds</b>	<b>\$1,363,365 US</b>

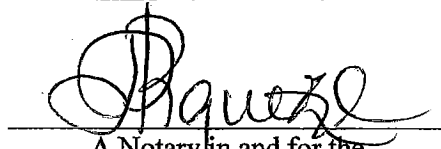
The attached is Exhibit "E"

referred to in the affidavit

of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/12/17

Page: 1

BC OnLine: PPRS SEARCH RESULT 2016/01/11  
Lterm: XPSP0054 For: PF45560 GOWLING LAFLEUR HENDERSON LLP 08:16:04

Attn./Ref. No.: JBR/MSH

Index: BUSINESS DEBTOR

Search Criteria: BANKS ISLAND GOLD

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: FEB 14, 2012 Reg. Length: 5 YEARS  
Reg. Time: 13:04:59 Expiry Date: FEB 14, 2017  
Base Reg. #: 587377G Control #: D1015944

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: BANK OF MONTREAL/BANQUE DE MONTREAL  
2ND FLOOR, 234 SIMCOE ST.  
TORONTO ON M5T 1T4

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) 580 HORNBY ST SUITE 880  
VANCOUVER BC V6C 3B6

General Collateral:

LF269 - PLEDGE OF INSTRUMENT, ASSIGNMENT OF PROCEEDS. INSTRUMENT DESCRIBED AS TERM INVESTMENT/PERFORMING PORTFOLIO GIC/VARIABLE RATE GIC INCLUDING ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFORE, ACCRETIONS THERETO AND INTEREST, INCOME AND MONEY THEREFROM AND ALL PROCEEDS THEREOF AND THEREFROM INCLUDING ACCOUNTS

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: NOV 09, 2012 Reg. Length: 5 YEARS  
Reg. Time: 13:03:49 Expiry Date: N/A  
Base Reg. #: 046752H Control #: D1486679

\*\*\* Expiry date includes subsequent registered renewal(s).

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: SELKIRK METALS CORP  
580 HORNBY ST, STE 200  
VANCOUVER BC V6C 3B6

=D0001 Base Debtor: BANKS ISLAND GOLD LTD  
(Business) 1055 W HASTINGS ST, STE 300  
VANCOUVER BC V6E 2E9

General Collateral:

THE DEBTOR GRANTS IN FAVOUR OF THE SECURED PARTY BY WAY OF MORTGAGE, CHARGE, ASSIGNMENT, TRANSFER, AND SECURITY INTEREST, ALL OF THE DEBTOR'S RIGHT, TITLE AND INTEREST, PRESENT AND FUTURE, IN AND TO THE MINERAL PRODUCTS MINED OR OTHERWISE RECOVERED FROM THE BANKS

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ISLAND PROPERTY AS FURTHER SET OUT IN THE GENERAL SECURITY AGREEMENT  
EXECUTED ON NOVEMBER 8, 2012.

Continued on Page 2

Search Criteria: BANKS ISLAND GOLD

Page: 2

Registering

Party: ALEXANDER HOLBURN BEAUDIN + LANG LLP  
700 W. GEORGIA, 2700 BOX 10057  
VANCOUVER BC V7Y 1B8

----- R E N E W A L -----

Reg. #: 064809H                      Reg. Date: NOV 21, 2012  
Reg. Life: INFINITY                  Reg. Time: 15:48:27  
Control #: D1505212

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 046752H                  Base Reg. Date: NOV 09, 2012

Registering

Party: ALEXANDER HOLBURN BEAUDIN + LANG LLP  
700 W. GEORGIA, 2700 BOX 10057  
VANCOUVER BC V7Y 1B8

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 845673I                      Reg. Date: SEP 16, 2015  
Reg. Time: 16:16:40  
Control #: D3327936

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 046752H                  Base Reg. Date: NOV 09, 2012

Details Description:

SUBORDINATION AGREEMENT REGARDING THE PRIORITY OF THE  
SECURED PARTY'S SECURITY INTERESTS VIS-A-VIS THE SECURITY  
INTERESTS PERFECTED BY BASE REGISTRATION NO. 845668I  
REGISTERED ON SEPTEMBER 16, 2015.

Registering

Party: GOWLING LAFLEUR HENDERSON LLP  
2300-550 BURRARD ST., BOX 30  
VANCOUVER BC V6C 2B5

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: NOV 15, 2013                  Reg. Length: 4 YEARS  
Reg. Time: 13:00:21                      Expiry Date: NOV 15, 2017  
Base Reg. #: 663258H                      Control #: D2118527

This registration was selected and included for your protection  
because of close proximity to your search criteria.

Block#

S0001 Secured Party: NATIONAL LEASING GROUP INC.  
1525 BUFFALO PLACE  
WINNIPEG MB R3T 1L9

=D0001 Base Debtor: BANKS ISLAND GOLD LTD  
(Business) 300-1055 W HASTINGS STREET N  
VANCOUVER BC V6E2E9

Continued on Page 3

Search Criteria: BANKS ISLAND GOLD

Page: 3

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 TR	132073404	2007	10'X32' ATCO OFFICE	

General Collateral:

ALL MODULAR OFFICE TRAILER OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2646808 BETWEEN FIRST CAPITAL LEASING LTD., AS ORIGINAL LESSOR AND THE DEBTOR, AS LESSEE, WHICH LEASE WAS ASSIGNED BY THE ORIGINAL LESSOR TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: MAY 21, 2014 Reg. Length: 1 YEAR  
Reg. Time: 12:41:43 Expiry Date: MAY 21, 2016  
Base Reg. #: 966196H Control #: D2429595

\*\*\* Expiry date includes subsequent registered renewal(s).

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: ATCO STRUCTURES & LOGICTICS LTD  
982 BOUNDARY ROAD  
PRINCE GEORGE BC V2N5T2

=D0001 Base Debtor: BANKS ISLAND GOLD LTD  
(Business) 300 - 1055 W. HASTINGS STREET  
VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MH	240118775	2011	OFFICE	NR
V0002 MH	240062365	2006	OFFICE	NR

----- R E N E W A L -----

Reg. #: 606055I Reg. Date: MAY 15, 2015  
Reg. Life: 1 YEAR Reg. Time: 13:11:34  
Control #: D3084853  
Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 966196H Base Reg. Date: MAY 21, 2014

Registering

Party: ATCO STRUCTURES & LOGISTICS LTD.  
982 BOUNDARY ROAD  
PRINCE GEORGE BC V2N 5T2

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: JUN 06, 2014                      Reg. Length: 6 YEARS  
Reg. Time: 14:12:36                         Expiry Date: JUN 06, 2020  
Base Reg. #: 002042I                         Control #: D2466208

Block#

Continued on Page 4

Search Criteria: BANKS ISLAND GOLD

Page: 4

S0001 Secured Party: FINNING INTERNATIONAL INC.  
16830-107 AVE.  
EDMONTON AB T5J 2S1

=D0001 Base Debtor: BANKS ISLAND GOLD  
(Business) 300 1055 W HASTINGS STREET  
VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	CATR1600C9YZ00947	2013	CATERPILLAR R1600G	

General Collateral:

ONE 2013 CATERPILLAR R1600G LOAD HAUL DUMP S/N CATR1600C9YZ00947.  
ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS,  
SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE  
ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM  
DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH  
COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY  
PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR  
DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH  
COLLATERAL.  
PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL  
PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.

Registering

Party: FINNING INTERNATIONAL INC.  
16830-107 AVE.  
EDMONTON AB T5J 2S1

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: JUN 06, 2014                      Reg. Length: 6 YEARS  
Reg. Time: 14:18:40                         Expiry Date: JUN 06, 2020  
Base Reg. #: 002056I                         Control #: D2466226

Block#

S0001 Secured Party: FINNING INTERNATIONAL INC.  
16830-107 AVE.  
EDMONTON AB T5J 2S1

=D0001 Base Debtor: BANKS ISLAND GOLD  
(Business) 300 1055 W HASTINGS STREET  
VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	CATR1600A9YZ00778	2012	CATERPILLAR R1600G	

General Collateral:

ONE 2012 CATERPILLAR R1600G LOAD HAUL DUMP S/N CATR1600A9YZ00778.  
ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS,  
SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE  
ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM  
DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH

Continued on Page 5

Search Criteria: BANKS ISLAND GOLD

Page: 5

COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY  
PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR  
DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH  
COLLATERAL.

PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL  
PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.

Registering

Party: FINNING INTERNATIONAL INC.  
16830-107 AVE.  
EDMONTON AB T5J 2S1

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: JUL 16, 2014

Reg. Length: 1 YEAR

Reg. Time: 11:19:27

Expiry Date: JUL 16, 2016

Base Reg. #: 073893I

Control #: D2539723

\*\*\* Expiry date includes subsequent registered renewal(s).

This registration was selected and included for your protection  
because of close proximity to your search criteria.

Block#

S0001 Secured Party: HORIZON NORTH CAMP & CATERING INC.  
PO BOX 3094, 3355 SUGARLOAF RD.  
KAMLOOPS BC V2C 6B7

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) 300-1055 WEST HASTINGS STREET  
VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
------	----------	------	------------	----------

V0001 TR 126008565 2008 12X60 SKD OFF TN2015

General Collateral:

ONE (1) 12X60 SKIDDED OFFICE TN2015 SERIAL NUMBER 126008565 TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS, AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL. PROCEEDS: ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES OR MONEY NOW OR HEREAFTER FORMING PROCEEDS OF THE FOREGOING COLLATERAL

Registering

Party: HORIZON NORTH CAMP & CATERING INC. PO BOX 3094, 3355 SUGARLOAF RD. KAMLOOPS BC V2C 6B7

----- R E N E W A L -----

Reg. #: 710227I Reg. Date: JUL 08, 2015 Reg. Life: 1 YEAR Reg. Time: 10:19:09 Control #: D3191333

Base Reg. Type: PPSA SECURITY AGREEMENT Base Reg. #: 073893I Base Reg. Date: JUL 16, 2014

Continued on Page 6

Search Criteria: BANKS ISLAND GOLD

Page: 6

Registering

Party: HORIZON NORTH CAMP & CATERING INC. PO BOX 3094, 3355 SUGARLOAF RD. KAMLOOPS BC V2C 6B7

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: JUL 31, 2014 Reg. Length: 1 YEAR Reg. Time: 13:20:22 Expiry Date: JUL 31, 2016 Base Reg. #: 102157I Control #: D2568738

\*\*\* Expiry date includes subsequent registered renewal(s).

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: ATCO STRUCTURES & LOGISTICS LTD 982 BOUNDARY ROAD PRINCE GEORGE BC V2N 5T2

=D0001 Base Debtor: BANKS ISLAND GOLD LTD (Business) 300 - 1055 W. HASTINGS STREET VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type Serial # Year Make/Model MH Reg.#



V0001 MH 234132244 2013 OFFICE NR

----- R E N E W A L -----

Reg. #: 704203I Reg. Date: JUL 06, 2015  
Reg. Life: 1 YEAR Reg. Time: 10:54:01  
Control #: D3185182  
Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 102157I Base Reg. Date: JUL 31, 2014

Registering  
Party: ATCO STRUCTURES & LOGISTICS LTD  
982 BOUNDARY ROAD  
PRINCE GEORGE BC V2N 5T2

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: OCT 21, 2014 Reg. Length: 5 YEARS  
Reg. Time: 12:55:08 Expiry Date: OCT 21, 2019  
Base Reg. #: 244533I Control #: D2714674

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: NEW-LINE PRODUCTS LTD  
9415 189TH STREET  
SURREY BC V4N 5L8

Continued on Page 7

Search Criteria: BANKS ISLAND GOLD Page: 7

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) MINE SITE  
BANKS ISLAND BC

General Collateral:  
1 EA - SC20-0601 PORTABLE HOSE SHOP CONTAINER C/W BENCH, SHELVING, HOS  
E STORAGE - SERIAL #FBXU8385655  
1 EA - FT1380-115-8 BENCH TOP CRIMPER C/W 8 DIES - SERIAL #10588  
1 EA - HYDSAW-7-110 TOLEDO #8 HOSE SAW - SERIAL # 801009073  
1 EA - CT-X1-KIT ELIMINATOR HOSE CLEANING SYSTEM

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: OCT 30, 2014 Reg. Length: 3 YEARS  
Reg. Time: 12:16:10 Expiry Date: OCT 30, 2017  
Base Reg. #: 262468I Control #: D2733052

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: SEPRO MINERAL SYSTEMS CORP.  
#101A, 9850 - 201 STREET  
LANGLEY BC V1M 4A3

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) 300-1055 WEST HASTINGS STREET  
VANCOUVER BC V6E 2E9

General Collateral:

ONE SEPRO MODULAR MINERAL PROCESSING PLANT, INCLUDING 1 EACH: SIZETEC VIBRATING SCREEN S/N C0904, SEPRO BALL MILL S/N Y021040-1011, PREDATOR PUMP SCREEN FEED TANK PUMP S/N 100438MST, PREDATOR PUMP CONCENTRATION FEED TANK PUMP S/N 100439MST, PREDATOR PUMP HYDRO-CYCLONE FEED TANK PUMP S/N 100440MST, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL, AND A RIGHT TO ANY INSURANCE PAYMENT RELATING TO ANY LOSS OF OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL.

Registering

Party: JAMES A. MACLEAN, MILNE SELKIRK  
BLDG. #5, 21183 - 88TH AVENUE  
LANGLEY BC V1M 2G5

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: AUG 21, 2015                      Reg. Length: 10 YEARS  
Reg. Time: 14:27:04                      Expiry Date: AUG 21, 2025  
Base Reg. #: 796701I                      Control #: D3279650

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

Continued on Page 8

Search Criteria: BANKS ISLAND GOLD

Page: 8

S0001 Secured Party: SISSONS ENTERPRISES CORP.  
LOT 26, 26308 TWP RD. 525A  
ACHESON AB T7X 5A6

S0002 Secured Party: TANKS DIRECT  
LOT 26, 26308 TWP RD. 525A  
ACHESON AB T7X 5A6

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) 300-1055 W. HASTINGS ST.  
VANCOUVER BC V6E 2E9

General Collateral:

FUEL/OIL/FLUID STORAGE TANKS, SPILL BOXES AND ALL ACCESSIONS,

IMPROVEMENTS OR MODIFICATIONS THERETO, INCLUDING WITHOUT LIMITATION ALL PUMPS, DISPENSING EQUIPMENT, PIPING, NOZZLES, ELECTRICAL SYSTEMS, VALVES, LEASES, CARDLOCK OR KEYLOCK SYSTEMS PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED GOODS, MOTOR VEHICLES, ACCOUNTS, MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INVESTMENT PROPERTY, INSTRUMENTS AND INTANGIBLES AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, INSURANCE PROCEEDS AND ALL OTHER SUBSTITUTIONS, RENEWALS, ALTERATIONS OR PROCEEDS OF EVERY DESCRIPTION AND OF ANY KIND WHATSOEVER DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALINGS WITH THE GENERAL COLLATERAL OR SERIAL NUMBER COLLATERAL (IF ANY) DESCRIBED ABOVE, OR PROCEEDS THEREFROM.

Registering

Party: MILLER THOMSON  
2700, 10155 - 102 STREET  
EDMONTON AB T5J 4G8

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: SEP 16, 2015                      Reg. Length: 5 YEARS  
Reg. Time: 16:13:26                      Expiry Date: SEP 16, 2020  
Base Reg. #: 845668I                      Control #: D3327869

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: MCC NON FERROUS TRADING INC.  
222 BLOOMINGDALE ROAD  
WHITE PLAINS NY 10605

=D0001 Base Debtor: BANKS ISLAND GOLD LTD  
(Business) 1055 WEST HASTINGS ST, STE 300  
VANCOUVER BC V6E 2E9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 TR	3176	2013	MARCOTTE M40 SCISSORLIFT	

Continued on Page 9

Search Criteria: BANKS ISLAND GOLD

Page: 9

General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY (INCLUDING, WITHOUT LIMITATION, FIXTURES) AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND; AND ALL PROCEEDS THAT ARE GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY OR INTANGIBLES (EACH AS DEFINED IN THE BRITISH COLUMBIA PERSONAL PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO).

Registering

Party: GOWLING LAFLEUR HENDERSON LLP  
2300-550 BURRARD ST., BOX 30  
VANCOUVER BC V6C 2B5

\*\*\*\*\* MISCELLANEOUS REGISTRATIONS ACT \*\*\*\*\*

Crown Charge Filed Pursuant to: MINERAL TAX ACT

Reg. Date: DEC 21, 2015                      Reg. Length: INFINITY  
Reg. Time: 14:50:23                         Expiry Date: N/A  
Base Reg. #: 022158J                         Control #: D3510152

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: HER MAJESTY THE QUEEN IN THE RIGHT  
OF THE PROVINCE OF BRITISH COLUMBIA  
1802 DOUGLAS STREET  
VICTORIA BC V8T 4K6

=D0001 Base Debtor: BANKS ISLAND GOLD LTD.  
(Business) 1055 W HASTING ST STE 300  
VANCOUVER BC V6E 2E9

General Collateral:

ALL THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY,  
INCLUDING BUT NOT RESTRICTED TO MACHINERY, EQUIPMENT, FURNITURE,  
FIXTURES , INVENTORY AND RECEIVABLES

Registering

Party: RECEIVABLES MANAGEMENT OFFICE - ROB  
KOVACS  
6TH FLOOR, 1802 DOUGLAS STREET  
VICTORIA BC V8T 4K6

\*\*\*\*\* MISCELLANEOUS REGISTRATIONS ACT \*\*\*\*\*

Crown Charge Filed Pursuant to: INCOME TAX ACT (CANADA)

Reg. Date: JAN 08, 2016                      Reg. Length: INFINITY  
Reg. Time: 11:33:49                         Expiry Date: N/A  
Base Reg. #: 049337J                         Control #: D3537842

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

Continued on Page 10

Search Criteria: BANKS ISLAND GOLD

Page: 10

S0001 Secured Party: HER MAJESTY THE QUEEN IN RIGHT OF  
CANADA




The attached is **Exhibit "F"**

referred to in the affidavit

of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/12/17

93

9/28/2015



Print and Close

Cancel

## Mineral Titles Online

### Mineral Title Registration of Documents

### Confirmation

**Recorder:** MARTIN, TRACY L (TRMARTIN)    **Submitter:** BANKS ISLAND GOLD LTD. (276665)  
**Recorded:** 2015/SEP/28                      **Effective:** 2015/SEP/28  
**D/E Date:** 2015/SEP/28

**Event Number:** 5572124

The event was successfully saved.

Please use **Back** button to go back to event confirmation index.

Back

Event # 557 2124



Print and Close

Cancel

94

## Mineral Titles Online

## Mineral Title Registration of Documents

Review Form Data

Recorder: MARTIN, TRACY L (TRMARTIN) Submitter: BANKS ISLAND GOLD LTD. (276665)  
 Recorded: 2015/SEP/28 Effective: 2015/SEP/28  
 D/E Date: 2015/SEP/28

Comments: MCC registers a Priority and Sub. Agmt

Encumbrance Type: AGREEMENTS  
 Release Date:  
 Release Document #:

Title Number	Type	GTD	Client Name	Claim Name/Property
514646	MCX	2025/jan/01	BANKS ISLAND GOLD LTD.	N/A
603539	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	N/A
603540	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	N/A
603543	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	N/A
843425	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B1
843426	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B2
843428	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B3
843429	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B4
843430	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B5
843432	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B6
843438	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B7
843442	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B8
843443	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B9
843444	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B10
843445	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B11
843447	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B12
843448	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B13
843449	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B14



9/28/2015

843450	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B15
843451	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B16
843452	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B17
843453	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B18
843454	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B19
843455	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B20
843456	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B21
917809	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B22
917829	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	B23
1019799	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	BANKSE1
1019800	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	BANKSCH
1023544	MCX	2024/jan/01	BANKS ISLAND GOLD LTD.	N/A
1025955	MCX	2016/feb/14	BANKS ISLAND GOLD LTD.	MT
1027557	ML	2016/apr/16	BANKS ISLAND GOLD LTD.	N/A
1034018	MCX	2016/feb/11	BANKS ISLAND GOLD LTD.	STEPH
1037603	MCX	2025/jan/01	BANKS ISLAND GOLD LTD.	DISCO
1037604	MCX	2025/jan/01	BANKS ISLAND GOLD LTD.	N/A
1037605	MCX	2025/jan/01	BANKS ISLAND GOLD LTD.	kim

Fees due: \$ 360.0

Back

Next

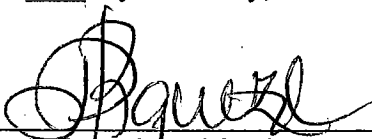
The attached is Exhibit "G"

referred to in the affidavit

of H. Sio sworn before

me at White Plains New York,

this 12<sup>th</sup> day of January, 2016



A Notary in and for the  
State of New York

PATRICIA D RODRIGUEZ  
Notary Public - State of New York  
NO. 01R06199133  
Qualified in Westchester County  
My Commission Expires 01/12/17

**BANKS ISLAND GOLD CONCENTRATES  
PRIORITY AND SUBORDINATION AGREEMENT**

This Agreement is dated August 30, 2015

**BETWEEN:**

**SELKIRK METALS CORP.** (Inc. No. BC0865420), with an address at 580 Hornby Street, Suite 200, Vancouver, British Columbia V6C 3B6

(the "**Subordinate Lender**")

**AND:**

**MCC NON FERROUS TRADING INC.**, with an address at 222 Bloomingdale Road, White Plains, New York 10605

(the "**Senior Lender**")

**CONTEXT:**

- A. Banks Island Gold Ltd. (Inc. No. BC0900653) (the "**Borrower**") is the legal and beneficial owner of certain personal property and mineral products including but not limited to all ores, concentrates, precious and base metallic and non-metallic minerals located in, on or under the property and mineral tenures described in Schedule A attached hereto (collectively, the "**Mineral Products**");
- B. The Senior Lender holds or will hold certain security from the Borrower including, *inter alia*, a security agreement charging all present and after acquired property of the Borrower, including but not limited to the Mineral Products (together with any other security now or hereafter granted by the Borrower to the Senior Lender collectively, the "**Senior Security**");
- C. The Subordinate Lender holds or will hold certain security from the Borrower, consisting of a security agreement charging the Mineral Products and, *inter alia*, all accounts receivable and proceeds derived from the Mineral Products (all of the foregoing security together with any other security now or hereafter granted by the Borrower to the Subordinate Lender collectively, the "**Subordinate Security**");
- D. The Senior Security is held by the Senior Lender as continuing collateral security for all of the present and future debts, liabilities and obligations of the Borrower to the Senior Lender in connection with loan facilities in the aggregate principal amount of USD \$6,000,000 (the "**Senior Lender Loan**") provided by the Senior Lender to the Borrower; and

- E. It is a condition, among others, of the Senior Lender making available, or continuing to make available, the Senior Lender Loan that the Subordinate Lender execute and deliver this Agreement pursuant to which the Subordinate Security will at all times be postponed and subordinated to the Senior Security, to the extent of the Senior Lender Loan, plus interest thereon, protective disbursements and reasonable costs and expenses incurred in the realization of the Senior Security (collectively, the "**Senior Lender Priority Amount**").

**NOW THEREFORE, THIS AGREEMENT WITNESSES THAT**, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which is acknowledged by the Subordinate Lender, the Subordinate Lender and the Senior Lender agree with each other as follows:

1. **Grant of Priority:** The Subordinate Lender hereby grants priority to the Senior Security over the Subordinate Security and grants to the Senior Lender priority over any interest that the Subordinate Lender has in the Mineral Products and all other assets, effects, property and undertaking of the Borrower (collectively the "**Charged Property**") by virtue of the Subordinate Security in each case to the extent of the Senior Lender Priority Amount, and does hereby postpone all its right, title and interest in and to the Charged Property with and to the intent that the interests of the Subordinate Lender therein will be subject to the rights of the Senior Lender therein under the Senior Security to the extent of the Senior Lender Priority Amount as though the Senior Security had been granted and delivered, registered or otherwise perfected and all funds advanced or readvanced thereunder prior to the execution, delivery or registration of the Subordinate Security.
2. **Subordination:** Subject to Section 3, the Subordinate Lender does hereby defer, postpone and subordinate all of its rights under and by virtue of the Subordinate Security (including, without limitation, the right of the Subordinate Lender to receive payment of principal, interest and any other money secured thereby) and all the lien, charge and security interest created by the Subordinate Security upon the Charged Property to the Senior Security and to the prior payment in full to the Senior Lender of the Senior Lender Priority Amount and to the lien, charge and security interest which the Senior Lender has acquired or may at any time hereafter acquire upon the Charged Property under or by virtue of the Senior Security and the Senior Security shall be, become and remain a charge upon the Charged Property having and retaining priority to the full extent thereof over the Subordinate Security.
3. **Payments to Subordinate Lender:** Notwithstanding anything to the contrary contained in the Subordinate Security, so long as the Senior Security is registered in the British Columbia Personal Property Registry or Mineral Titles Online, any right of the Subordinate Lender to receive any payment of or on account of any money secured or intended to be secured by the Subordinate Security from time to time will be subordinated to the right of the Senior Lender to receive payment of or on account of any money secured or intended to be secured by the Senior Security from time to time and the Subordinate Lender will not be entitled to receive any payment of interest on the principal amount of the Subordinate Security or any repayment of the principal amount of the Subordinate Security or any portion thereof until the Senior Lender has received

payment in full of the Senior Lender Priority Amount. Any payment made to the Subordinate Lender in contravention of the foregoing provision or any proceeds received by the Subordinate Lender in connection with any enforcement or realization on the Subordinate Security, shall be received by the Subordinate Lender in trust for the Senior Lender and shall forthwith be paid over by the Subordinate Lender to the Senior Lender.

4. **Priority in All Circumstances:** The grant of priority provided to the Senior Lender herein will apply in all events and circumstances:

- (a) to the full amount of the Senior Lender Priority Amount, until all of such Senior Lender Priority Amount has been repaid in full to the Senior Lender and the Senior Security has been completely released and discharged;
- (b) regardless of:
  - (i) the dates of execution, delivery and registration of the Subordinate Security and the Senior Security;
  - (ii) the dates of all past, present and future advances of any of the Senior Lender Loan made by the Senior Lender for or on behalf of or for the benefit of the Borrower;
  - (iii) the dates of any past, present or future defaults by the Borrower under the Subordinate Security or the Senior Security or any of the terms and conditions of the Loan;
  - (iv) the dates any demands for payment are made, the dates any notices are given, and any failure to make or give any such demands or notices and the dates of realization or attachment of any security interests held by the Subordinate Lender or the Senior Lender;
  - (v) any contrary intention expressed in the Senior Security, the Subordinate Security or any other documents; and
  - (vi) any priority granted by any principle of law or equity or any statute, including the *Personal Property Security Act* (British Columbia).

5. **Exclusive Rights of Senior Lender:** The Subordinate Lender agrees that notwithstanding anything contained in the Subordinate Security to the contrary or otherwise provided in law or equity, until the Senior Lender Priority Amount has been fully paid and satisfied, the Senior Lender shall have the sole and exclusive right without the consent of, but upon providing prior written notice to, the Subordinate Lender, to from time to time, acting in a commercially reasonable manner:

- (a) take action with respect to, enforce and realize upon, or to sell or otherwise dispose of, the Charged Property or any part thereof in accordance with the Senior Security or as permitted by applicable law;

- (b) enforce and realize upon the charges held by the Senior Lender in accordance with the Senior Security or as permitted by applicable law, including to conduct any sale of all or any portion of the Charged Property;
- (c) determine whether or not to accept a transfer in lieu of foreclosure or similar transfer of all or any portion of the Charged Property;
- (d) adjust and settle any claim made under any insurance policy covering the Charged Property or any part thereof in the event of any loss thereunder;
- (e) enforce all rights and privileges accruing to the Senior Lender by reason of, and in accordance with, the Senior Security including, without limitation, to appoint and to provide instructions to any receiver-manager or monitor of any kind over the Borrower or the Charged Property, to grant or refuse to grant any and all consents, approvals and waivers, and to exercise all of its rights and privileges as attorney-in-fact of the Borrower for purposes of carrying out the terms of the Senior Security; and
- (f) take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement,

and in exercising its rights as aforesaid, the Senior Lender shall have sole control over the timing, circumstances and manner of exercising its rights hereunder, provided that the provisions of this Section 5 will not deprive the Subordinate Lender of its right to appear in or to take a position in any foreclosure proceedings commenced by the Senior Lender with respect to the Charged Property.

- 6. **Differing Interests:** The Subordinate Lender acknowledges and agrees that the Senior Lender has or may have various business relationships with the Borrower or entities affiliated or otherwise related to the Borrower and that its relationship to the Borrower varies with the interest and relationship of the Subordinate Lender to the Borrower. The Subordinate Lender acknowledges and agrees that the Senior Lender may act in connection with this Agreement having regard to its own self interest so long as any such action does not contravene or otherwise result in non-compliance by it with the terms and conditions of this Agreement.
- 7. **No Duty of Care:** Except as expressly provided for in this Agreement, the Senior Lender owes no duty of care to the Subordinate Lender with respect to its dealings with the Borrower under the Senior Security.
- 8. **Senior Lender's Rights:** The Senior Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as it may see fit, including without limitation renewal of the Senior Lender Loan secured by the Senior Security at the Senior Lender's interest rates then prevailing at the time of such renewal, without consent of the Subordinate Lender and without prejudice to or in any way limiting or affecting the agreements on the part of the Subordinate Lender pursuant to this Agreement.

- 9. **Assignment of Subordinate Security:** The Subordinate Lender will not assign or charge the Subordinate Security or any portion hereof without first obtaining from the assignee or chargee and delivering to the Senior Lender a written acknowledgement that the assignment or charge is subject to the terms of this Agreement, provided that the Subordinate Lender may assign or grant participations to any affiliate which will be or be deemed to be bound by the terms of this Agreement.
- 10. **Enurement:** This Agreement will be binding on and enure to the benefit of the parties hereto and their respective successors and assigns.
- 11. **Governing Law:** This Agreement and all matters arising under it will be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein.
- 12. **Headings:** All headings in this Agreement are inserted only for convenience of reference and are not to be considered in the construction or interpretation of a provision of this Agreement.
- 13. **Notice:** All notices and other communications (each referred to as the "Notice") permitted or required to be given to any of the parties hereto will be in writing and may be delivered personally or by courier or transmitted by email to the following addresses or to such other address as will be designated by such party by notice in writing to the other parties to this Agreement:

- (i) to the Subordinate Lender:

Selkirk Metals Corp.  
 580 Hornby Street, Suite 200  
 Vancouver, BC V6C 3B6  
 Attention: Sophie Hsia  
 Tel. No.: +1 604 488 2696  
 Email: shsia@imperialmetals.com

- (ii) to the Senior Lender:

MCC Non Ferrous Trading Inc.  
 222 Bloomingdale Road  
 White Plains, New York 10605  
 Attention: Howie Sio  
 Tel. No.: +1 914 368 2206 x612  
 Email: howie@metallicacc.com

The Notice will be deemed to have been received:

- (i) in the case of personal delivery or delivery by courier, when the Notice is delivered to the party receiving the Notice, unless the Notice was not delivered on a day upon which the Senior Lender is open for business in Vancouver, British Columbia (a "Business Day"), or was delivered on a Saturday, Sunday or

Canadian legal holiday, in which case the Notice will be deemed to have been delivered and received on the next Business Day; and

(ii) in the case of email, on the day the Notice was sent, unless the Notice was not received on a Business Day or was received after 4:00 p.m. (local time of the recipient) in which case the Notice will be deemed to have been given or made and received on the next Business Day.

14. **No Waiver:** No failure or delay on the part of the Senior Lender in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

15. **Provisions Severable:** If any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

16. **Entire Agreement:** This Agreement constitutes the entire agreement between the Senior Lender and the Subordinate Lender with respect to the subject matter hereof and supersedes any prior written or oral agreements, undertakings, and understandings between them with respect to the subject matter hereof.

17. **Authorization:** The Subordinate Lender authorizes the Senior Lender or its representative or agent to file a financing change statement in the British Columbia Personal Property Registry and Mineral Titles Online to evidence the priority granted herein.

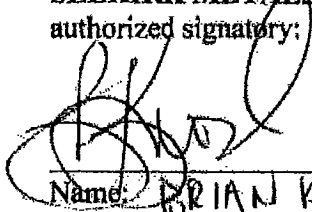
IN WITNESS WHEREOF, the Subordinate Lender and the Senior Lender have executed this Agreement as of the day and year first above written.

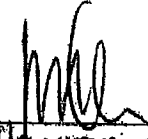
**The Subordinate Lender:**

**The Senior Lender:**

SELKIRK METALS CORP., by its authorized signatory:

MCC NON FERROUS TRADING INC., by its authorized signatory:

  
Name: BRIAN KYNOCHE  
Title: PRESIDENT

  
Name: HOWARD SIO  
Title:



**SCHEDULE A**

The property located in or around the Wake Lakes region of Skeena – Queen Charlotte, British Columbia, located 105 kilometres south of Prince Rupert, B.C. in the Skeena Mining Division, BCGS Reference Map 103G040, composed of the thirty-one (31) mineral tenures further described below.

<b>Banks Island Mineral Tenures:</b>						
<b>Tenure Number</b>	<b>Tenure Name</b>	<b>Map Number</b>	<b>Record Date (yyyy-mm-dd)</b>	<b>Good to Date (yyyy-mm-dd)</b>	<b>Cells</b>	<b>Area (ha)</b>
514646	-	103G040	2005/jun/17	2025/jan/01	30	578.92
603539	-	103G040	2009/apr/28	2024/jan/01	24	463.11
603540	-	103G040	2009/apr/28	2024/jan/01	10	193.01
603543	-	103G040	2009/apr/28	2024/jan/01	18	347.25
843425	B1	103G040	2011/jan/18	2024/jan/01	24	462.89
843426	B2	103G040	2011/jan/18	2024/jan/01	25	482.21
843428	B3	103G040	2011/jan/18	2024/jan/01	25	482.44
843429	B4	103G040	2011/jan/18	2024/jan/01	25	482.67
843430	B5	103G040	2011/jan/18	2024/jan/01	25	482.67
843432	B6	103G040	2011/jan/18	2024/jan/01	25	482.67
843438	B7	103G040	2011/jan/18	2024/jan/01	12	231.67
843442	B8	103G040	2011/jan/18	2024/jan/01	25	482.21
843443	B9	103G040	2011/jan/18	2024/jan/01	25	482.44
843444	B10	103G040	2011/jan/18	2024/jan/01	25	482.67
843445	B11	103G040	2011/jan/18	2024/jan/01	25	482.44
843447	B12	103G040	2011/jan/18	2024/jan/01	25	482.67
843448	B13	103H031	2011/jan/18	2024/jan/01	25	482.44
843449	B14	103H031	2011/jan/18	2024/jan/01	25	482.67
843450	B15	103G040	2011/jan/18	2024/jan/01	22	424.90
843451	B16	103G040	2011/jan/18	2024/jan/01	23	444.27
843452	B17	103G040	2011/jan/18	2024/jan/01	25	482.90
843453	B18	103H031	2011/jan/18	2024/jan/01	25	482.91
843454	B19	103G040	2011/jan/18	2024/jan/01	17	328.49
843455	B20	103G040	2011/jan/18	2024/jan/01	10	193.13
843456	B21	103G040	2011/jan/18	2024/jan/01	10	192.98
917809	B22	103G040	2011/oct/18	2024/jan/01	22	425.02
917829	B23	103G040	2011/oct/18	2024/jan/01	24	463.92
1027557		103G040	2014/apr/16	2016/apr/16	4	77.17
Mining Lease						
1037603	DISCO	103G040	2005/jun/17	2025/jan/01	2	38.59
1037604		103G040	2005/jun/17	2025/jan/01	61	1176.60
1037605	KIM	103G040	2005/jun/17	2025/jan/01	6	115.74
<b>Total: 31</b>					<b>669</b>	<b>12,913.67</b>

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF  
BANKS ISLAND GOLD LTD.**

---

**AFFIDAVIT**

---

**GOWLING LAFLEUR HENDERSON LLP**

Barristers & Solicitors  
Suite 2300, 550 Burrard Street  
Vancouver, BC V6C 2B5

Tel. No. 604.683.6498

Fax No. 604.683.3558

File No. V44241

CDB/jbr