



This is the 1<sup>st</sup> Affidavit of Amanda Simister  
in this case and was made on November 16, 2018

NO. 51812407  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

ORION FUND JV LIMITED, in its capacity as collateral agent for  
ORION FUND JV LIMITED and LIBERTY METALS AND  
MINING HOLDINGS LLC

PLAINTIFFS

AND:

RED EAGLE MINING CORPORATION  
REMDC HOLDINGS LIMITED  
ORION TITHECO LIMITED, as agent  
ROYAL BANK OF CANADA

DEFENDANTS

**AFFIDAVIT**

I, Amanda Simister, legal assistant, of 1600-925 West Georgia Street, in the City  
of Vancouver, in the Province of British Columbia, SWEAR THAT:

1. I am a legal assistant with Lawson Lundell LLP, counsel for the Plaintiffs herein,  
and as such have personal knowledge of the matters herein deposed to, except where stated to be  
based on information and belief, in which case I verily believe them to be true.

2. Attached as Exhibits are true copies of the following documents:

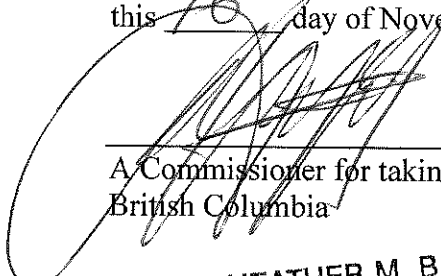
- |                    |          |   |
|--------------------|----------|---|
| <b>Exhibit "A"</b> | (page 1) | BC corporate search of Red Eagle Mining Corporation (" <b>Red Eagle</b> ")        |
| <b>Exhibit "B"</b> | (page 3) | BC corporate search of REMDC Holdings Limited (" <b>REMDC</b> ").                 |
| <b>Exhibit "C"</b> | (page 5) | Corporate organizational chart of Red Eagle and its subsidiaries, including REMDC |

<b>Exhibit "D"</b>	(page 6)	BC Personal Property Registry search of Red Eagle Mining Corporation
<b>Exhibit "E"</b>	(page 11)	BC Personal Property Registry search of REMDC Holdings Limited
<b>Exhibit "F"</b>	(page 14)	Second Amended and Restated Credit Agreement dated August 11, 2017
<b>Exhibit "G"</b>	(page 127)	General Security Agreement in writing and signed by Red Eagle dated November 3, 2015
<b>Exhibit "H"</b>	(page 140)	Guarantee signed by REMDC dated October 5, 2015
<b>Exhibit "I"</b>	(page 156)	General Security Agreement signed by REMDC dated November 3, 2015
<b>Exhibit "J"</b>	(page 169)	Assignment of material contracts granted by Red Eagle to Orion being in writing and signed by Red Eagle dated November 3, 2015
<b>Exhibit "K"</b>	(page 178)	Pledge of all equity interests in Red Eagle, and in each guarantors' directly owned subsidiaries, in writing and signed by Red Eagle dated November 3, 2015
<b>Exhibit "L"</b>	(page 193)	Blocked account agreement in respect of all bank accounts with Red Eagle as account holder held at the Royal Bank of Canada (" <b>RBC</b> ") dated August 12, 2015
<b>Exhibit "M"</b>	(page 210)	Blocked account agreement in respect of all bank accounts with REMDC as account holder held at the RBC
<b>Exhibit "N"</b>	(page 227)	Forbearance Agreement dated April 1, 2018
<b>Exhibit "O"</b>	(page 240)	Forbearance Extension Agreement dated April 30, 2018
<b>Exhibit "P"</b>	(page 248)	Forbearance Extension Agreement dated May 15, 2018
<b>Exhibit "Q"</b>	(page 256)	Forbearance Extension Agreement dated June 22, 2018
<b>Exhibit "R"</b>	(page 264)	Debt Satisfaction Agreement executed by Lenders and Red Eagle dated August 23, 2018

- Exhibit "S"** (page 288) Letter from Lawson Lundell LLP to Red Eagle dated November 8, 2018
- Exhibit "T"** (page 290) Letter from Lawson Lundell LLP to REMDC dated November 8, 2018
- Exhibit "U"** (page 292) Letter from Lawson Lundell LLP to Red Eagle dated November 9, 2018, with Notice of Intention to Enforce Security
- Exhibit "V"** (page 296) Letter from Lawson Lundell LLP to REMDC dated November 9, 2018, with Notice of Intention to Enforce Security
- Exhibit "W"** (page 304) Printout of a google search of Red Eagle Mining, with the contents of their website showing "Website Unavailable", as showing on November 14, 2018
- Exhibit "X"** (page 307) Consent to act as Receiver provided by FTI Consulting, Inc.

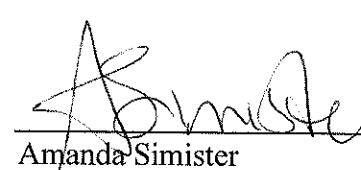
3. I make this Affidavit in support of the application to appoint a Receiver in these proceedings.

SWORN BEFORE ME at the City of )  
 Vancouver, in the Province of BC )  
 this 10 day of November, 2018. )  
 )  
 )  
 )  
 )  
 )




---

A Commissioner for taking Affidavits in  
 British Columbia




---

Amanda Simister

**HEATHER M. B. FERRIS**  
*Barrister & Solicitor*  
 1600 925 WEST GEORGIA ST.  
 VANCOUVER B.C. V6C 3L2  
 (604) 683-0455



BC Company Summary For RED EAGLE MINING CORPORATION

Date and Time of Search: October 22, 2018 12:01 PM Pacific Time
Currency Date: September 25, 2018

ACTIVE

Incorporation Number: BC0870465
Name of Company: RED EAGLE MINING CORPORATION
Recognition Date and Time: Incorporated on January 04, 2010 04:07 PM Pacific Time In Liquidation: No
Last Annual Report Filed: January 04, 2018 Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address: SUITE 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: SUITE 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

RECORDS OFFICE INFORMATION

Mailing Address: SUITE 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: SUITE 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

This is Exhibit "A" referred to in the affidavit of AMANDA SIMISTER

made before me on Nov 16 20 18

DIRECTOR INFORMATION

Last Name, First Name, Middle Name: BELL, ROBERT

Mailing Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

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Last Name, First Name, Middle Name: PEASE, ROBERT BRUCE

Mailing Address: 13706 20A AVENUE SURREY BC V9A 9V7 CANADA

Delivery Address: 13706 20A AVENUE SURREY BC V9A 9V7 CANADA

**Last Name, First Name, Middle Name:**

SLATER, IAN

2

**Mailing Address:**

UNIT 2348, 666 BURRARD STREET  
VANCOUVER BC V6C 2X8  
CANADA

**Delivery Address:**

UNIT 2348, 666 BURRARD STREET  
VANCOUVER BC V6C 2X8  
CANADA

---

**Last Name, First Name, Middle Name:**

SUJIR, JAY

**Mailing Address:**

25TH FLOOR, 700 WEST GEORGIA STREET  
PO BOX 10026, PACIFIC CENTRE SOUTH  
VANCOUVER BC V7Y 1B3  
CANADA

**Delivery Address:**

25TH FLOOR, 700 WEST GEORGIA STREET  
PO BOX 10026, PACIFIC CENTRE SOUTH  
VANCOUVER BC V7Y 1B3  
CANADA

---

NO OFFICER INFORMATION FILED AS AT January 04, 2018.

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BC Company Summary For REMDC HOLDINGS LIMITED

Date and Time of Search: November 13, 2018 02:33 PM Pacific Time
Currency Date: October 10, 2018

ACTIVE

Incorporation Number: BC1017905
Name of Company: REMDC HOLDINGS LIMITED
Recognition Date and Time: Incorporated on October 31, 2014 01:46 PM Pacific Time In Liquidation: No
Last Annual Report Filed: October 31, 2018 Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

This is Exhibit "...B..." referred to in the affidavit of .....AMANDA SIMISTER.....

RECORDS OFFICE INFORMATION

Mailing Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

made before me on Nov 16 2018 A Commissioner for Taking Affidavits for British Columbia

DIRECTOR INFORMATION

Last Name, First Name, Middle Name: BELL, ROBERT

Mailing Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

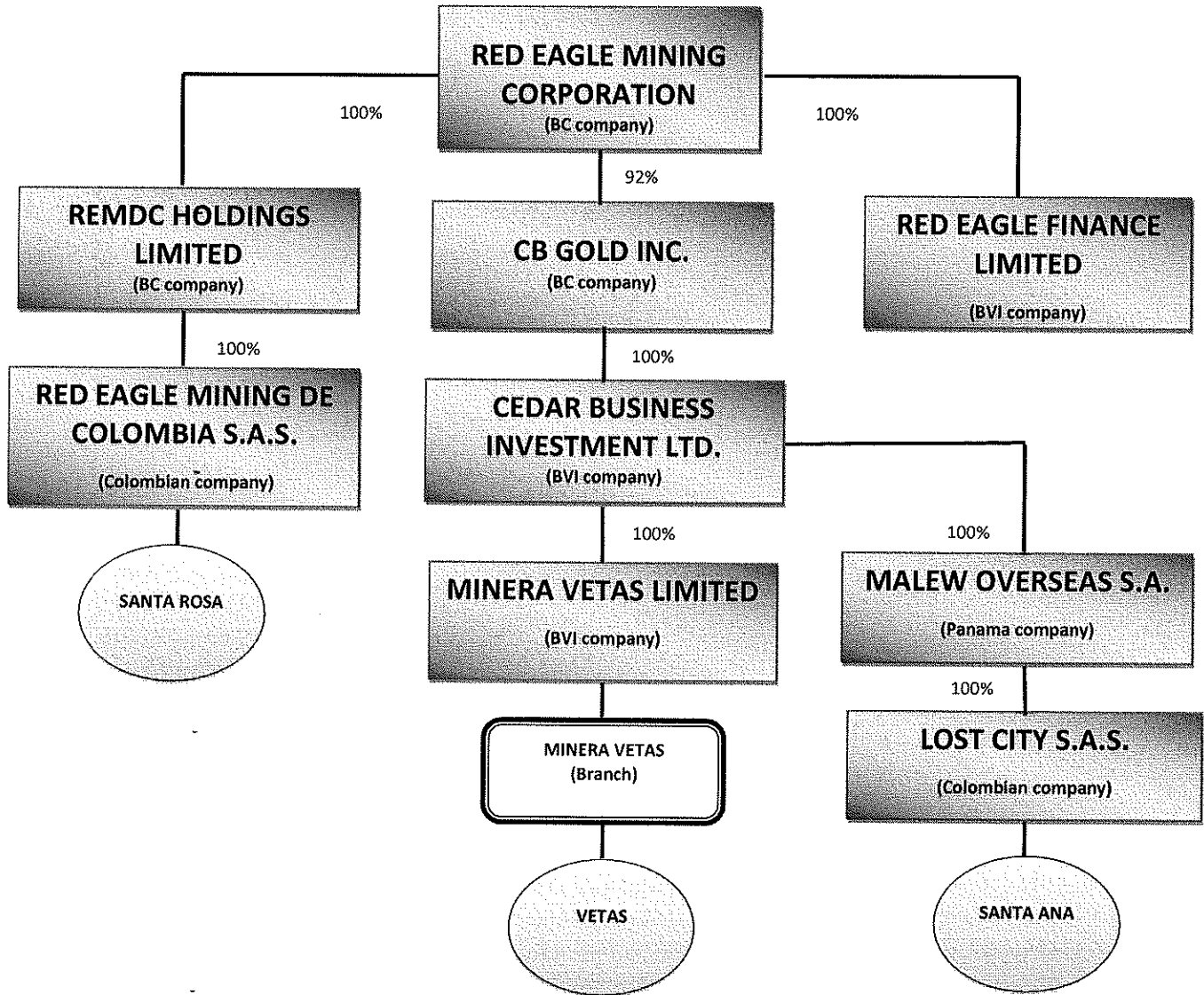
Delivery Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Last Name, First Name, Middle Name: SLATER, IAN

Mailing Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

Delivery Address: UNIT 2348, 666 BURRARD STREET VANCOUVER BC V6C 2X8 CANADA

NO OFFICER INFORMATION FILED AS AT October 31, 2018.



This is Exhibit " C " referred to in the affidavit of AMANDA SIMISTER made before me on Nov 16 2018

*[Signature]*  
 A Commissioner for Taking Affidavits  
 for British Columbia



BC OnLine: PPRS SEARCH RESULT 2018/10/22  
Lterm: XPSP0054 For: PU21887 LAWSON LUNDELL LLP 12:02:37

Index: BUSINESS DEBTOR

Search Criteria: RED EAGLE MINING

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

Reg. Date: FEB 21, 2013 Reg. Length: 5 YEARS  
Reg. Time: 07:35:34 Expiry Date: FEB 21, 2023  
Base Reg. #: 201047H Control #: D1644921

\*\*\* 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: ROYAL BANK OF CANADA  
36 YORK MILLS ROAD 4TH FLR  
TORONTO ON M2P 0A4

This is Exhibit "D" referred to in the affidavit of .....AMANDA SIMISTER..... made before me on Nov 16 2018

=D0001 Base Debtor: RED EAGLE MINING CORPORATION  
(Business) SUITE 920 1030 WEST GEORGIA ST  
VANCOUVER BC V6E 2Y3

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General Collateral:

MONEYS OR AMOUNTS THAT MAY FROM TIME TO TIME BE ON DEPOSIT IN THE NAME OF DEBTOR WITH OR OWED TO DEBTOR BY SECURED PARTY, ROYAL BANK MORTGAGE CORPORATION, THE ROYAL TRUST COMPANY OR ROYAL TRUST CORPORATION OF CANADA OR ANY TWO OR MORE OF THEM, AND IN THE DEBTOR'S RIGHTS IN THOSE MONEYS OR THOSE AMOUNTS.

PROCEEDS: ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, GOODS (INCLUDING INVENTORY AND EQUIPMENT (EQUIPMENT INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS, PLANT, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF WHATSOEVER NATURE AND KIND) BUT EXCLUDING CONSUMER GOODS), MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS AND SECURITIES.

Registering

Party: ROYAL BANK OF CANADA  
36 YORK MILLS ROAD 4TH FLR  
TORONTO ON M2P 0A4

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

Reg. #: 521174K Reg. Date: JAN 19, 2018  
Reg. Life: 5 YEARS Reg. Time: 08:10:01  
Control #: D5040701

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 201047H Base Reg. Date: FEB 21, 2013

Registering

Party: D & H LIMITED PARTNERSHIP  
4126 NORLAND AVENUE, SUITE 201  
BURNABY BC V5G 3S8





CANON'S COURT, 22 VICTORIA ST  
HAMILTON BERM

Registering  
Party: CYBERBAHN  
400-333 BAY STREET  
TORONTO ON M5H 2R2

Continued on Page 4

Search Criteria: RED EAGLE MINING

Page: 4

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

Reg. Date: NOV 05, 2015                      Reg. Length: 5 YEARS  
Reg. Time: 12:36:52                          Expiry Date: NOV 05, 2020  
Base Reg. #: 939415I                          Control #: D3425629

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

Block#

S0001 Secured Party: ROYAL BANK OF CANADA  
36 YORK MILLS ROAD, 4TH FLOOR  
TORONTO ON M2P 0A4

=D0001 Base Debtor: RED EAGLE MINING CORPORATION  
(Business) SUITE 920,1030 WEST GEORGIA ST  
VANCOUVER BC V6E 2Y3

General Collateral:

MONEYS OR AMOUNTS THAT MAY FROM TIME TO TIME BE ON DEPOSIT  
IN THE NAME OF DEBTOR WITH OR OWED TO DEBTOR BY SECURED  
PARTY, ROYAL BANK MORTGAGE CORPORATION, THE ROYAL TRUST  
COMPANY OR ROYAL TRUST CORPORATION OF CANADA OR ANY TWO OR  
MORE OF THEM, AND IN THE DEBTOR'S RIGHTS IN THOSE MONEYS OR  
THOSE AMOUNTS.

PROCEEDS: ALL PROCEEDS INCLUDING, WITHOUT LIMITATION,  
GOODS (INCLUDING INVENTORY AND EQUIPMENT (EQUIPMENT  
INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS,  
PLANT, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF  
WHATSOEVER NATURE AND KIND) BUT EXCLUDING CONSUMER GOODS),  
MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS AND  
SECURITIES.

Registering  
Party: ROYAL BANK OF CANADA  
36 YORK MILLS ROAD, 4TH FLOOR  
TORONTO ON M2P 0A4



BC OnLine: PPRS SEARCH RESULT 2018/11/13  
Lterm: XPSP0050 For: PU21887 LAWSON LUNDELL LLP 14:35:16

Index: BUSINESS DEBTOR

Search Criteria: REMDC HOLDINGS LIMITED

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

Reg. Date: OCT 13, 2015 Reg. Length: 10 YEARS  
Reg. Time: 11:19:31 Expiry Date: OCT 13, 2025  
Base Reg. #: 893930I Control #: D3379072

Block#

+++ Secured Party: ORION FUND JV LIMITED  
CANON'S COURT, 22 VICTORIA ST  
HAMILTON BERM HM 12

This is Exhibit " E " referred to in the

S0002 Secured Party: ORION FUND JV LIMITED, AS AGENT  
CANON'S COURT, 22 VICTORIA ST  
HAMILTON BERM HM 12

made before me on Nov 16, 2018  
AMANDA SIMISTER

=D0001 Base Debtor: REMDC HOLDINGS LIMITED  
(Business) 920 - 1030 WEST GEORGIA STREET  
VANCOUVER BC V6E 2Y3

A Commissioner for taking Affidavits  
for British Columbia

General Collateral:

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR

Registering

Party: ESC CORPORATE SERVICES LTD.  
445 KING STREET WEST, 4TH FL  
TORONTO ON M5V 1K4

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

Reg. #: 907784I Reg. Date: OCT 20, 2015  
Reg. Time: 14:31:31  
Control #: D3393218

Base Reg. Type: PPSA SECURITY AGREEMENT  
Base Reg. #: 893930I Base Reg. Date: OCT 13, 2015

Details Description:

TO REMOVE SECURED PARTY ORION FUND JV LIMITED.

Block#

\*\* DELETED \*\*

+++ Secured Party: ORION FUND JV LIMITED  
CANON'S COURT, 22 VICTORIA ST  
HAMILTON BERM HM 12

Registering

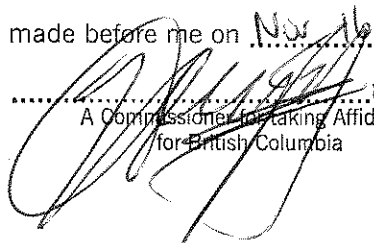
Party: CYBERBAHN  
400-333 BAY STREET  
TORONTO ON M5H 2R2







This is Exhibit "F" referred to in the  
affidavit of ..... AMANDA SIMISTER.....  
made before me on Nov 16 2018

  
.....  
A Commissioner for taking Affidavits  
for British Columbia

**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

**BETWEEN:**

**RED EAGLE MINING CORPORATION**

**as Borrower**

**-and-**

**the lenders party hereto from time to time as lenders**

**as Lenders**

**-and-**

**ORION FUND JV LIMITED**

**as Administrative Agent**

**August 11, 2017**

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**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

THIS AGREEMENT is made as of the 11th day of August, 2017,

**BETWEEN:**

Red Eagle Mining Corporation, a corporation incorporated under the laws of British Columbia

(the "**Borrower**")

-and-

the lenders party hereto from time to time

(the "**Lenders**")

-and-

Orion Fund JV Limited, an exempted company formed under the laws of Bermuda, in its capacity as administrative agent

(the "**Administrative Agent**")

**RECITALS:**

- A. The Borrower has requested that the Lenders make available the Loan for the purpose of financing, in part, the development, construction, and working capital requirements of the Santa Rosa Project on the terms and conditions herein set forth;
- B. The parties hereto entered into a credit agreement dated as of March 24, 2015 (as amended by an amending agreement dated July 14, 2015, the "**Original Credit Agreement**");
- C. The parties hereto amended and restated the Original Credit Agreement by way of an amended and restated credit agreement dated as of December 29, 2015 (as amended by a first amendment to amended and restated credit agreement and by a bridge funding agreement dated as of July 24, 2017, the "**Original A&R Credit Agreement**");
- D. The parties hereto wish to amend and restate the Original A&R Credit Agreement in accordance with the terms hereof;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions.**

For the purposes of this Agreement:

1.1.1 “**2017 Rights Offering**” means the rights offering by the Borrower to be completed by the Borrower on or about **August 7, 2017** for gross proceeds of up to **CAD \$46,379,396**

1.1.2 “**Acquisition**” means, with respect to any Person, any purchase or other acquisition by such Person, regardless of how accomplished or effected (including any such purchase or other acquisition effected by way of amalgamation, merger, arrangement, business combination or other form of corporate reorganization or by way of purchase, lease or other acquisition arrangements), of: (a) any other Person (including any purchase or acquisition of such number of the issued and outstanding securities of, or such portion of an equity interest in, such other Person so that such other Person becomes a Subsidiary of the purchaser or of any of its Affiliates) or of all or substantially all of the property of any other Person, or (b) any division, business, project, operation or undertaking of any other Person or of all or substantially all of the property of any division, business, project, operation or undertaking of any other Person;

1.1.3 “**Additional Amounts**” has the meaning ascribed to such term in Section 2.9;

1.1.4 “**Administrative Agent**” means Orion Fund JV Limited, in its capacity as administrative agent for the Lenders hereunder, or any successor Administrative Agent appointed pursuant to Section 9.1;

1.1.5 “**Advance**” means the advance by the Lenders to the Borrower of any portion of the Loan;

1.1.6 “**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly, through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person;

1.1.7 “**Agreement**” means this amended and restated credit agreement and all Schedules attached hereto; and the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement as a whole and not to any particular Article, Section, Schedule, or other portion hereof or thereof;

1.1.8 “**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Applicable Laws, whether within Canada or, to the extent applicable to the Borrower and its Subsidiaries, elsewhere, including any regulations, guidelines or orders thereunder;

1.1.9 “**Amortization Payment**” means a payment equal to \$1,600,000;

1.1.10 “**Ancillary Mining Properties**” means the mining concession contracts listed in Schedule 1.1.10 hereto and any other mining concession contract required to be encumbered in favour of the Lenders pursuant to Section 5.19.26;

1.1.11 “**Anti-Corruption Laws**” means the *Corruption of Foreign Public Officials Act* (Canada) and all other laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption;

1.1.12 “**Anti-Corruption Policy**” means the anti-bribery and anti-corruption policy adopted by the board of directors of the Borrower as in effect at the date hereof and otherwise amended from time to time in a manner satisfactory to the Lenders;

1.1.13 “**Annual Forecast Report**” means a written report, in relation to a Fiscal Year, to be prepared by or on behalf of the Borrower, which shall include with reasonable detail a forecast of the results of operations of the Borrower and the Guarantors on a Consolidated Basis, including:

- (i) with respect to the Santa Rosa Project:
  - (A) a statement setting out the mineral reserves and mineral resources (by category) prepared in accordance with National Instrument 43-101 (with the assumptions used, including cut-off grade, metal prices and metal recoveries);
  - (B) a statement setting out the actual tonnes and grades of minerals expected to be stockpiled as of the commencement of the year;
  - (C) a forecast of the quantity of gold and other products expected to be produced during such Fiscal Year on a month-by-month basis and over the remaining life of the mine on a year-by-year basis, including:
    - (1) with respect to the processing facilities, the tonnes and grade of minerals to be processed; and expected recoveries for gold and other minerals (if any); and
    - (2) based on the foregoing, the number of ounces of Produced Gold;
- (ii) the amount, and a description of, the anticipated operating and capital expenditures for the year on an annual and quarterly basis (including anticipated drilling expenditures on a per concession basis);

and which shall be consistent with the then current Santa Rosa Mine Plan and shall not be inconsistent with the most current information contained in the Public Disclosure Documents;

1.1.14 “**Applicable Law**” means any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, Order (including any securities laws or requirements of stock exchanges and any consent decree or administrative Order), or Authorization of a Governmental Entity in any case applicable to any specified Person, property, transaction or event; or any such Person’s property or assets (and, in the case of Section 2.11, whether or not having the force of law);

1.1.15 “**Applicable Percentage**” means with respect to any Lender, the percentage of the total Loan represented by such Lender’s commitment;

1.1.16 “**Associate**” has the meaning ascribed to such term in the *Securities Act* (Ontario), as in effect on the date of this Agreement;

1.1.17 “**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Entity having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters;

1.1.18 “**Available Cash**” means cash as reflected on the balance sheet of the Borrower on a Consolidated Basis, to the extent such cash is not subject to any Encumbrance other than Encumbrances (i) in favour of the Administrative Agent, or (ii) securing the obligations under the Production Payment Agreement;

1.1.19 “**Borrower**” means Red Eagle Mining Corporation, a corporation incorporated under the laws of British Columbia, and its permitted successors and assigns;

1.1.20 “**Borrower Property**” means the Santa Rosa Mining Property, the Real Property, the Ancillary Mining Properties, the Excluded Properties, the rights of the Borrower or any Guarantor to acquire the Pending Mining Properties, and all of the Borrower’s and Guarantors’ other presently held and future acquired undertaking, property and assets, but for greater certainty Borrower Property does not include any Pending Mining Property until the Borrower or a Guarantor acquires title to such Pending Mining Property;

1.1.21 “**Business**” means the business of the Obligors, taken as a whole, as described in the Public Disclosure Documents, including, without limitation, the development, construction, and operation of, and extraction of mineral resources from, the Santa Rosa Project;

1.1.22 “**Business Day**” means any day, other than (a) a Saturday, Sunday or statutory holiday in all or any of Vancouver, British Columbia, New York City, New York, Medellin, Colombia, London, England (but only for the purpose of determining Libor) or Hamilton, Bermuda (but only for the purpose of a drawdown date); or (b) a day on which



banks are generally closed in all or any of Vancouver, British Columbia, New York City, New York, Medellin, Colombia, London, England (but only for the purpose of determining Libor) or Hamilton, Bermuda (but only for the purpose of a drawdown date);

1.1.23 “**Capital Expenditures**” means expenditures made by the Borrower on a Consolidated Basis in any period for tangible assets (after deducting the net proceeds received by the Borrower on a Consolidated Basis during such period from the disposal of similar tangible assets in the ordinary course of business) required to be classified as fixed assets or leasehold improvements on the balance sheet of the Borrower on a Consolidated Basis in accordance with IFRS;

1.1.24 “**Capitalized Lease Obligation**” means, for any Person, any payment obligation of such Person under an agreement for the lease, license or rental of, or providing such Person with the right to use, property that, in accordance with IFRS, is required to be capitalized;

1.1.25 “**Cash Flow Available for Debt Service**” for a period, means Cash Flow from Operations for such period, less Unfunded Capital Expenditures for such period, plus Available Cash on the first day of such period;

1.1.26 “**Cash Flow from Operations**” for any period, means earnings actually received in cash during such period from mine operations in respect of solely the Santa Rosa Project and (i) excluding in calculating such amount all non-cash items for such period used in determining such amount (including depreciation and amortization), and (ii) deducting from such amount cash Taxes payable on such earnings for such period, Royalties payable for such period and refining costs incurred in respect of such operations for such period (to the extent not already deducted in calculating such earnings), all as determined in accordance with IFRS and evidenced by verifiable financial statements;

1.1.27 “**Cash Interest Commencement Date**” means April 1, 2018;

1.1.28 “**CB Gold**” means Red Eagle Exploration Inc.;

1.1.29 “**CB Gold Budget**” means the budget for CB Gold and set forth at 3.1.41, as the same may be amended from time to time in accordance with the terms of this Agreement;

1.1.30 “**Change of Control**” means:

- (i) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)) acquires, together with all other voting shares held by such Person or Persons, control or direction over 50% of the outstanding voting shares of the Borrower, or otherwise acquires the ability to elect a majority of the board of directors of the Borrower; or
- (ii) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither

- (a) nominated by the board of directors of the Borrower nor (b) appointed by directors so nominated; or
- (iii) the acquisition of direct or indirect Control of the Borrower by any Person or group of Persons acting jointly or otherwise in concert; or
- (iv) any Guarantor ceases to be a wholly-owned Subsidiary of the Borrower;

or the Borrower or any of its Subsidiaries, as applicable, takes any actions to effect any of the foregoing;

1.1.31 “**Claim**” means any claim or liability of any nature whatsoever, including any demand, obligation, liability, debt, cause of action, suit, proceeding, judgment, award, assessment or reassessment;

1.1.32 “**Collateral**” means all Borrower Property other than Excluded Property. For greater certainty, Collateral shall include the Ancillary Mining Properties;

1.1.33 “**Colombian Security Documents**” means:

- 1.1.33.1 the Pledge over Shares;
- 1.1.33.2 the Conditional Assignment;
- 1.1.33.3 the Mining Pledge; and
- 1.1.33.4 the Pledge over Future Productions;

1.1.34 “**Commercial Production Start Date**” was March 31, 2017;

1.1.35 “**Commercial Production Re-Start Date**” means the day after the processing plant at the Santa Rosa Project has operated, over 30 consecutive days, at an average of at least 75% of design capacity set forth in the Santa Rosa Mine Plan;

1.1.36 “**Common Shares**” means common shares of the Borrower;

1.1.37 “**Compliance Certificate**” means a certificate of a senior officer of the Borrower in the form set out in Schedule 1.1.37;

1.1.38 “**Concession Expenditure**” means, in respect of any mining concession contract, the amount spent on drilling in respect of such mining concession contract (in aggregate since the date the Borrower and any of its Subsidiaries acquired any rights in such mining concession contract);

1.1.39 “**Conditional Assignment**” means the conditional assignment of contracts agreement in respect to the Santa Rosa Project Agreements, to the extent they are governed by Colombian law, between Red Eagle Mining Colombia and the Administrative Agent in a form to be agreed;

1.1.40 “**Consolidated Basis**” means, in respect of any calculations or determinations hereunder, the consolidated financial position or results of operations, as the case may be, of the Obligor determined on a consolidated basis in accordance with IFRS;

1.1.41 “**Construction Contracts**” means the mine and plant construction contracts relating to the development, construction and operation of the Santa Rosa Project (as the same may be amended, varied, supplement or replaced from time to time in accordance with the terms hereof), including any development, construction, service or other similar contracts made thereunder, whether now held or required to be obtained;

1.1.42 “**Contaminant**” means (a) any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, petroleum product, oil, or radioactive material, (b) any substance, gas, material or chemical which is or may be defined as or included in the definition of “hazardous substances”, “toxic substances”, “hazardous materials”, “hazardous wastes” or words of similar import under any Environmental Laws, (c) any other chemical, material, gas or substance, the exposure or release of which is or may be prohibited, limited or regulated by any Environmental Laws, or (d) any chemical, material, gas or substance that does or may pose a hazard to health and/or safety of Persons or the environment;

1.1.43 “**Contract**” means any agreement, contract, lease, licence, concession, option, indenture, mortgage, deed of trust, debenture, note or other instrument, arrangement, understanding or commitment, whether written or oral;

1.1.44 “**Control**” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto;

1.1.45 “**Current Assets**” means, at any time, all assets of the Borrower at such time determined on a Consolidated Basis which, under IFRS, would be classified as current assets;

1.1.46 “**Current Liabilities**” means, at any time, all liabilities of the Borrower at such time determined on a Consolidated Basis which, under IFRS, would be classified as current liabilities, other than:

- (a) current maturities of long term debt which is not then in default or otherwise due and payable; and
- (b) revolving Debt;

1.1.47 “**Debt**” means, at any time, with respect to any Person on a Consolidated Basis (or in the case of a Person that is not the Borrower, on a consolidated basis), without duplication and without regard to any interest component thereof (whether actual or imputed) that is not due and payable, the aggregate of all the liabilities of that Person at that time that according to IFRS are required to appear in that Person’s financial statements including the following amounts, each calculated in accordance with IFRS:

- (a) all obligations, including by way of overdraft and drafts or orders accepted representing extensions of credit, that would be considered to be indebtedness for borrowed money, and all obligations, whether or not with respect to the borrowing of money, that are evidenced by bonds, debentures, notes or other similar instruments;
- (b) the face amount of all bankers' acceptances and similar instruments;
- (c) all liabilities upon which interest charges are customarily paid by that Person, other than liabilities for Taxes;
- (d) any capital stock of that Person, or of any Subsidiary who is a Guarantor of that Person, which capital stock, by its terms or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part;
- (e) all Capitalized Lease Obligations, synthetic lease obligations, obligations under Sale-Leasebacks and Purchase Money Obligations;
- (f) the amount of all contingent liabilities in respect of letters of credit, Guarantees and similar instruments;
- (g) accounts payable and accruals that are over one hundred twenty (120) days past due (except to the extent being contested in good faith);
- (h) the mark-to-market amount (to the extent "under water" from the perspective of such Person) of any hedging, swap, forward or other derivative transaction;
- (i) contingent liabilities in respect of performance bonds, surety bonds and product warranties, and any other contingent liability, in each case only to the extent that the contingent liability is required by IFRS to be treated as a liability on a balance sheet of the Person contingently liable;
- (j) the amount of the contingent liability under any Guarantee in any manner of any part or all of an obligation of another Person of the type included in items (a) through (i) above;

1.1.48 "**Debt to EBITDA Ratio**" for a period means the ratio calculated by dividing the Debt of the Borrower as of the last day of such period by the EBITDA of the Borrower for such period calculated on a Consolidated Basis;

1.1.49 "**Debt to Equity Ratio**" at any time, means the ratio of the Debt of the Borrower to the Equity of the Borrower at such time, calculated on a Consolidated Basis;

1.1.50 “**Debt Service**” for a period means the sum of (i) Interest Expense for such period, and (ii) the aggregate of all scheduled principal payments on Debt during such period;

1.1.51 “**Debt Service Coverage Ratio**” for a period, means the ratio calculated by dividing the Borrower’s Cash Flow Available for Debt Service for such period by the Borrower’s Debt Service for such period, calculated on a Consolidated Basis;

1.1.52 “**Default**” means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

1.1.53 “**Default Rate**” means Libor plus fourteen hundred (1400) basis points;

1.1.54 “**Depreciation Expense**” means, with respect to any period, the collective depreciation, depletion, impairment and amortization expense of the Borrower for such period, determined on a Consolidated Basis;

1.1.55 “**Disposition**” means any sale, assignment, transfer, conveyance, lease, license, granting of an option or other disposition (or agreement to dispose) of any nature or kind whatsoever of any property or of any right, title or interest in or to any property in accordance with this Agreement, but does not include the payment of a dividend, and the verb “**Dispose**” has a correlative meaning;

1.1.56 “**DSRA**” has the meaning ascribed to such term in Section 5.18.

1.1.57 “**EBITDA**” means, for any period, an amount equal to Net Income for such period minus, to the extent included in such Net Income (but without duplication):

- (a) any non-cash income and gains; and
- (b) any extraordinary or non-recurring income and gains;

plus, to the extent deducted from such Net Income (but without duplication):

- (c) Interest Expense;
- (d) Income Tax Expense;
- (e) Depreciation Expense;
- (f) any other non-cash expenses and losses; and
- (g) any extraordinary or non-recurring charges, expenses or losses,

plus, any cash distributions received by the Borrower or Guarantors from CB Gold or any of its Subsidiaries, all determined on a Consolidated Basis;

1.1.58 “**Equity**” means with respect to the Borrower at any time, the aggregate of all common, preferred and other share capital interests (however designated, whether voting

or non-voting or whether certificated or uncertificated) (other than all shares of the Borrower that are redeemable or retractable at the option of any Person (other than the Borrower)) in, and all warrants of, the Borrower that would be reflected as equity on the balance sheet of the Borrower at that time, together with retained earnings and contributed surplus of the Borrower, that would be reflected on the balance sheet of that Person at that time;

1.1.59 “**Encumbrance**” means any mortgage, debenture, pledge, security interest over movable assets (*garantía mobiliaria*), hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation, and “**Encumbrances**”, “**Encumbrancer**”, “**Encumber**” and “**Encumbered**” shall have corresponding meanings;

1.1.60 “**Environmental Laws**” means all Applicable Laws relating to the protection of the environment, natural resources, human health and safety, Contaminants, Hazardous Substances, the assessment of environmental and social impacts or the rehabilitation, reclamation and closure of lands used in connection with the Business;

1.1.61 “**Environmental License**” means the authorization granted by the competent environmental authority for the execution of a mining project within the area covered by the Santa Rosa Mining Property, including all the permits, authorizations and concessions required for the use of the non-renewable natural resources which will be used during the project life cycle;

1.1.62 “**Event of Default**” has the meaning ascribed to it in Section 7.1;

1.1.63 “**Excess Cash Flow**” for a period means an amount equal to Cash Flow from Operations for such period minus Unfunded Capital Expenditures for such period and Debt Service for such period;

1.1.64 “**Excluded Taxes**” means, with respect to the Lenders, (i) Taxes imposed on or measured by its net income or capital, and franchise, branch profits Taxes or any similar Taxes, (ii) any Taxes imposed as a result of the failure of a Lender to comply, or to provide the necessary documentation to the Borrower or its Subsidiaries, as the case may be, in order to comply, with certification, identification, declaration or similar reporting requirements concerning the nationality, residence, identity or connection with any jurisdiction of a Lender, if such compliance is required by applicable statute or regulation, as a precondition to reduction of, or exemption from, such Taxes, (iii) Taxes imposed on it that would not have been imposed but for a present or former connection between a Lender and Canada or any province or territory thereof arising otherwise than by the mere acquisition, holding or disposition of this Agreement or the receipt of payments hereunder or the enforcement of rights hereunder, (iv) Taxes imposed as a result of the Borrower or any Subsidiary of the Borrower, as the case may be, not dealing at arm’s length within the meaning of the *Income Tax Act* (Canada), with a Lender or as a result of the payment being in respect of a debt or other obligation to pay an amount to a

Person with whom the Borrower or any Subsidiary of the Borrower, as the case may be, does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)); or (v) Taxes imposed as a result of a Lender being, or not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) with, a "specified shareholder" of the Borrower or any Subsidiary of the Borrower for purposes of the thin capitalization rules in the *Income Tax Act* (Canada);

1.1.65 "**Excluded Property**" means any mining concession contracts that an Obligor has title to but that are not the Santa Rosa Mining Property or Ancillary Mining Properties and that are listed in Schedule 1.1.65;

1.1.66 "**Feasibility Study**" means the technical report titled "Amended NI 43-101 Technical Report, Feasibility Study of the Santa Rose Gold Project", dated October 27, 2014 and effective October 6, 2014, and prepared for the Borrower by Lycopodium Minerals Canada Ltd., Mine Development Associates, Hydrometal Inc. and Golder Associates South America Ltd.;

1.1.67 "**Financial Assistance**" given by any Person (the "**Financial Assistance Provider**") to or for the account or benefit of any other Person (the "**Financial Assistance Recipient**") means any direct or indirect financial assistance of any nature, kind or description whatsoever (by means of loan, Guarantee or otherwise) of or from such Financial Assistance Provider, or of or from any other Person with recourse against such Financial Assistance Provider or any of its property, to or for the account or benefit of the Financial Assistance Recipient (including Investments in a Financial Assistance Recipient, Acquisitions from a Financial Assistance Recipient, and gifts or gratuities to or for the account or benefit of a Financial Assistance Recipient);

1.1.68 "**Financial Covenants**" means the financial covenants in Section 5.9;

1.1.69 "**Financial Statements**" means the most recent financial statements of the Borrower which form part of the Public Disclosure Documents;

1.1.70 "**First Advance**" means the first Advance made by the Lenders in favour of the Borrower in respect of the Loan on November 3, 2015;

1.1.71 "**Fiscal Quarter**" means each calendar quarter ending on March 31, June 30, September 30 and December 31 of each year;

1.1.72 "**Fiscal Year**" means the period of January 1 to December 31 of each year;

1.1.73 "**Governmental Entity**" means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange, including without limitation the National Mining Agency of Colombia;

1.1.74 “**Guarantee**” means, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, letter of credit, lease, dividend or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation (including keep-well covenants), or to make payment for any products, materials or supplies or for any transportation or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose or intent of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the lender of such obligation will be protected against loss in respect thereof. The amount of any guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited;

1.1.75 “**Guarantor**” means each Subsidiary of the Borrower that has given Security and a Guarantee in a form satisfactory to the Lenders;

1.1.76 “**Hazardous Substances**” means any substance, material or waste defined, regulated, listed or prohibited by Environmental Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, tailings, wasterock, radioactive materials, flammable substances, explosives, petroleum and petroleum products, polychlorinated biphenyls, chlorinated solvents and asbestos;

1.1.77 “**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time;

1.1.78 “**Income Tax Expense**” means, with respect to any period, the aggregate of all taxes on income of the Borrower for such period, whether current or deferred and net of any incentive or similar tax credits, determined on a Consolidated Basis;

1.1.79 “**Inchoate Lien**” means, with respect to any property or asset of any Person, the following liens:

- (a) any lien for taxes, assessments or governmental charges not yet due or being contested in good faith by appropriate proceedings and for which a reasonable reserve satisfactory to the Administrative Agent has been provided; and
- (b) undetermined or inchoate liens, privileges or charges incidental to current operations which have not been filed (or are not required to be filed) pursuant to



law against such Person's property or assets or which relate to obligations not due or delinquent;

1.1.80 "Initial Equity Financing" means the Common Share equity financing of the Borrower completed on August 21, 2015 for aggregate gross proceeds of \$19,350,000;

1.1.81 "Interest Coverage Ratio" means, in respect of any period, the ratio calculated by dividing (i) EBITDA for such period by (ii) Interest Expense for such period, all as determined on a Consolidated Basis;

1.1.82 "Interest Date" means the first Business Day of each calendar month;

1.1.83 "Interest Expense" for a period means the interest expense of the Borrower for such period;

1.1.84 "Interest Period" means the initial period from and including the date of the First Advance and ending on (and including) the last day of the calendar month in which such First Advance is made, and thereafter, each successive period commencing on and including the first day of a calendar month and ending on (and including) the last calendar day of such month;

1.1.85 "Interest Rate" means Libor plus eleven hundred (1100) basis points;

1.1.86 "Investment" means, with respect to any Person, the making by such Person of: (a) any direct or indirect investment in or purchase or other acquisition of the securities of or an equity interest in any other Person, (b) any loan or advance to, or arrangement for the purpose of providing funds or credit to (excluding extensions of trade credit in the ordinary course of business in accordance with customary commercial terms), any other Person, or (c) any capital contribution to (whether by means of a transfer of cash or other property or any payment for property or services for the account or use of) any other Person; provided that, for greater certainty, an Acquisition shall not be treated as an Investment;

1.1.87 "June 2017 Waiver" has the meaning ascribed to such term in Section 1.13;

1.1.88 [deleted]

1.1.89 "LBMA" means the London Bullion Market Association, or any successor organization;

1.1.90 "Lenders" means Orion Fund JV Limited, Liberty Metals and Mining Holdings, LLC and their respective permitted successors and assigns;

1.1.91 "Liberty" means Liberty Metals and Mining Holdings, LLC and any of its Affiliates, successors and assigns who are entitled to or have rights pursuant to the Liberty Royalty;

1.1.92 “**Liberty Royalty**” means the net smelter return royalty granted in favour of Liberty Metals and Mining Holdings, LLC pursuant to the following three agreements: (i) NSR Royalty Agreement among the Borrower, Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012, (ii) the Closed Mining Pledge Over Future Productions Contract among Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012, and (iii) Addendum no. 1 to the Closed Mining Pledge Over Future Productions Contract between Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated December 19, 2013;

1.1.93 “**Liberty Subordination Agreement**” means the subordination agreement entered into among Liberty, the Obligors and Orion Titheco Limited dated July 21, 2015 and the subordination agreement entered into among Liberty, the Obligors and Orion Titheco Limited dated July 14, 2015;

1.1.94 “**Libor**” means, in respect of an Interest Period, the greater of one percent (1%) per annum and the rate of interest per annum expressed on the basis of a year of three-hundred sixty (360) days, determined by the Administrative Agent, rounded upwards, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16th%), which is equal to the offered rate that appears on the page of the Reuters LIBOR01 screen (or any successor thereto as may be selected by the Administrative Agent) that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. Dollars with a term of three months, determined as of approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period;

1.1.95 “**Loan**” means the secured loan in the aggregate maximum principal amount of \$60,000,000 to be made available to the Borrower by the Lenders, subject to the terms and conditions of this Agreement;

1.1.96 “**Loan Documents**” means, collectively, this Agreement, the Security Documents, the Production Payment Agreement, the Warrant Agreement, the Liberty Subordination Agreement and all other agreements, instruments and documents from time to time (both before and after the date of this Agreement) delivered to the Lenders or the Administrative Agent for the benefit of the Lenders in connection with this Agreement or the other Loan Documents;

1.1.97 “**Majority Lenders**” means, at any time, one or more Lenders holding at least greater than 50% of the principal amount of the Loan;

1.1.98 “**Material Adverse Effect**” means, individually or in the aggregate, any event, change or effect that could reasonably be expected to have a materially adverse effect on (i) the Business, affairs, capitalization, assets, liabilities, results of operations, condition (financial or otherwise) or prospects of the Obligors, taken as a whole, (ii) the development, construction, construction timetable, or operation or economic viability of the Santa Rosa Project as contemplated by the Santa Rosa Mine Plan (as in effect at the time of such event, change or effect), (iii) the ability of any Obligor to consummate the transactions contemplated by the Loan Documents or to perform their respective

obligations under the Loan Documents, or (iv) the rights and remedies of the Administrative Agent or Lenders under the Loan Documents, provided, in each case, that it shall not include any event, change or effect resulting solely from: (x) the announcement of the execution of this Agreement or any other Loan Document or the transactions contemplated herein or therein or the performance of the covenants and obligations herein or therein; (y) any action taken by any Obligor at the request of the Administrative Agent or as required under this Agreement or any other Loan Document, or the failure to take any action prohibited by this Agreement or any other Loan Document or (z) the price of precious metals and other commodities, or any change in the price of the publicly listed stock of the Borrower;

1.1.99 “**Material Contracts**” means the Contracts listed on Schedule 1.1.99 and any other Contract which is material to the Business, having regard to the potential consequences of the breach, loss or termination of such Contract, and any other Contract involving the potential expenditure or revenue of more than \$1,000,000 in the aggregate;

1.1.100 “**Material Santa Rosa Project Authorization**” means the Santa Rosa Project Authorizations listed on Schedule 1.1.100, and any other Santa Rosa Project Authorization, the breach, loss or termination of which would be, or could reasonably be expected to be, material to the development of the Santa Rosa Project or the commencement and ongoing operation of commercial production (including commercial production transactions);

1.1.101 “**Material Orders**” means the Orders listed on Schedule 1.1.101 and any other Order which is material to the Business or the Santa Rosa Project, having regard to the nature and effect of such Order;

1.1.102 “**Maturity Date**” means April 1, 2019;

1.1.103 “**Mining Pledge**” means the mining pledge agreement entered into between Red Eagle Mining Colombia and the Administrative Agent on July 29, 2015;

1.1.104 “**National Instrument 43-101**” National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators and the companion policy thereto;

1.1.105 “**Net Asset Disposition Proceeds**” means, in respect of each Permitted Asset Disposition, the aggregate net cash proceeds received by any Obligor, therefrom after payment of reasonable expenses, commissions and the like (including brokerage, legal, accounting and investment banking fees and commissions) incurred in connection therewith;

1.1.106 “**Net Equity Proceeds**” means the aggregate net cash proceeds of any issuance of equity interests or securities convertible into, or exchangeable for, equity interests, of any Obligor after payment of reasonable expenses, commissions and the like (including brokerage, legal, accounting and investment banking fees and commissions) incurred in connection therewith, other than (i) the proceeds raised from the 2017 Rights Offering, (ii) the proceeds received by any Obligor from the issuance of any such equity interests to

another Obligor, and (iii) aggregate net cash proceeds of any issuance made after the 2017 Rights Offering and before December 31, 2017 in an amount of up to the difference between \$40,000,000 and the aggregate net cash proceeds raised pursuant to the 2017 Rights Offering, to be applied directly pursuant to the Santa Rosa Construction Budget or to fund the DSRA;

1.1.107 "**Net Income**" means, with respect to any period, the net income of the Borrower for such period, determined on a Consolidated Basis;

1.1.108 "**Net Insurance Proceeds**" means the aggregate net cash proceeds of insurance received by any Obligor, as the case may be, after payment of reasonable expenses (including legal and accounting fees) incurred in connection therewith;

1.1.109 "**Net Proceeds**" means an amount equal to the sum of all Net Asset Disposition Proceeds and Net Equity Proceeds received by any Obligor from March 24, 2015;

1.1.110 "**Obligations**" means all indebtedness, liabilities and other obligations owed to the Administrative Agent and the Lenders hereunder or under any other Loan Document, whether actual or contingent, direct or indirect, matured or not, now existing or hereafter arising;

1.1.111 "**Obligors**" means the Borrower and the Guarantors;

1.1.112 "**OFAC**" means The Office of Foreign Assets Control of the US Department of the Treasury;

1.1.113 "**Officer's Certificate**" means a certificate in form satisfactory to the Administrative Agent, acting reasonably, (a) in the case of any such certificate of the Borrower, signed by the Chief Executive Officer or the Chief Financial Officer of the Borrower, and (b) in all other cases, of the applicable Person required to provide such certificate signed by the President or a Vice President of such Person or by such other of its senior officers, managers or directors as may be acceptable to the Administrative Agent;

1.1.114 "**Operating Plan**" means the operating plan delivered by the Borrower to the Administrative Agent on or prior to the date hereof outlining (i) the targeted meters of drilling, meters of development, stope development, mining tonnage and progress of the paste backfill plant installation through December 31, 2017, and (ii) the strategic review process to be commenced by the Borrower;

1.1.115 "**Order**" means any order, directive, decree, judgment, ruling, award, injunction, direction or request of any Governmental Entity or other decision-making authority of competent jurisdiction;

1.1.116 "**Original A&R Credit Agreement**" has the meaning ascribed to it in the recitals hereto;

1.1.117 "**Original Credit Agreement**" has the meaning ascribed to it in the recitals hereto;

1.1.118 "**Orion**" means Orion Fund JV Limited and its successors and assigns;

1.1.119 "**Other Rights**" means all licenses, approvals, authorizations, consents, rights (including surface rights, access rights and rights of way), privileges, concessions or franchises held by any Obligor required to be obtained from any Person (other than a Governmental Entity), for the construction, development and operation of the Santa Rosa Project, as such construction, development and operation is contemplated by the current or then applicable development or mine plan, as the case may be;

1.1.120 "**Other Real Property**" means the real property listed in Schedule 1.1.120 hereto, and all accessions and succession thereto and includes all other property, buildings, structures, facilities and fixtures used, affixed or situate thereon;

1.1.121 "**Pending Mining Properties**" means the mining concession contracts and applications for mining concession contracts which as of the date of this Agreement any Obligor has an agreement or option to acquire, but to which the Obligors do not have title, and which are listed in Schedule 1.1.121;

1.1.122 "**Permitted Asset Disposition**" means, as at any particular time, a sale, transfer or other Disposition of:

- (a) tangible personal property that is no longer required in the conduct of the Business for fair market value to a maximum aggregate gross proceeds in each Fiscal Year of \$250,000 (whether in cash or other property); and
- (b) tangible personal property that is required in the conduct of the Business but is being replaced, and is in fact replaced within three (3) calendar months of such sale, transfer or other Disposition, and, if not so replaced within three (3) calendar months of the closing of such sale, transfer or other Disposition, such tangible personal property shall be deemed to be no longer required in the conduct of the Business and subject to clause (a) of this definition;

1.1.123 "**Permitted Encumbrances**" means, in respect of any Borrower Property, any of the following:

- (a) Encumbrances arising from court or arbitral proceedings or any judgment rendered, claim filed or registered related thereto, provided that the judgment or claim secured thereby are being contested in good faith by such Person, adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS, execution thereon has been stayed and continues to be stayed and such Encumbrances do not result in an Event of Default or materially impair the operation of the Business;
- (b) good faith deposits made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed

money), leases, surety, customs, performance bonds and other similar obligations, provided such Encumbrances do not materially impair the operation of the Business;

- (c) Encumbrances made or incurred in the ordinary course of business to secure (i) workers' compensation, surety or appeal bonds, letters of credit, costs of litigation when required by law, Order, and public and statutory obligations, or (ii) the discharge of Encumbrances or claims incidental to construction and mechanics', warehouseman's, carriers' and other similar liens or construction and mechanics' and other similar Encumbrances, provided such Encumbrances do not materially impair the operation of the Business;
- (d) any development or similar agreements concerning real property of such Person entered into with a Governmental Entity or public utility from time to time which do not and will not in the aggregate materially and adversely affect the Security or materially detract from the value of such property or materially impair its use in the operation of the business of such Person, and which are not violated in any material respect;
- (e) any Inchoate Lien;
- (f) such minor defects as may be revealed by an up to date plan of survey of any property and any minor registered or unregistered encumbrances, including, without limitation, easements, rights of way, encroachments, restrictive covenants, servitudes or other similar rights in land granted to or reserved by other Persons, rights of way for sewers, electric lines, telephone lines and other similar purposes, or zoning by-laws or other restrictions as to the use of real properties which defects, encumbrances, easements, servitudes, rights of way and other similar rights and restrictions do not in the aggregate materially detract from the value of the said properties or materially impair their use in the operation of the business of such Person;
- (g) security or deposits given to a public utility or any Governmental Entity when required by such utility or Governmental Entity pursuant to any Project Agreement, or in connection with the operations of such entities and in the ordinary course of their business;
- (h) Encumbrances in favour of the Administrative Agent;
- (i) Encumbrances securing the obligations under the Production Payment Agreement;
- (j) the Encumbrances securing the Liberty Royalty, provided that such Encumbrances are subject to the Liberty Subordination Agreement and are effectively subordinated to the Security;
- (k) Encumbrances securing Purchase Money Obligations and Capitalized Lease Obligations relating solely to the acquisition of mobile equipment necessary for

the development, construction or operation of the Santa Rosa Project, provided that the aggregate of the Debt outstanding at any time in respect of the Purchase Money Obligations and Capitalized Lease Obligations referred to in this paragraph (k) shall not exceed \$3,000,000; and provided that the Encumbrances securing such obligations extend only to the property clearly and individually identified acquired or financed thereby (including the proceeds of such property) and no recourse is available to any other assets of the Obligors;

- (l) Encumbrances for taxes, assessments or governmental charges or levies not at the time due or delinquent provided that the claims secured thereby are being contested in good faith by such Person and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do not result in an Event of Default or materially impair the operation of the Business;
- (m) Encumbrances and charges incidental to construction or current operations (including, without limitation, carrier's warehouseman's, mechanics', materialmen's and repairmen's Encumbrances) that have not at such time been filed pursuant to law or which relate to obligations not due or delinquent provided that the claims secured thereby are being contested in good faith by such Person and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do not result in an Event of Default or materially impair the operation of the Business;
- (n) the right reserved to or vested in any Governmental Entity by the terms of any lease, licence, franchise, grant or permit acquired by any Obligor or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof and such Encumbrances do not result in an Event of Default or materially impair the operation of the Business;
- (o) the restrictions, exceptions, reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants from the Crown or other Governmental Entity, and such Encumbrances do not result in an Event of Default or materially impair the operation of the Business;
- (p) Encumbrances on concentrates or minerals or the proceeds of sale of such concentrates or minerals arising or granted pursuant to a processing or refining arrangement entered into in the ordinary course and upon usual market terms, securing only the payment of the Borrower's or any other Guarantor's respective portion of the fees, costs and expenses attributable to the processing of such concentrates or minerals under any such processing or refining arrangement, but only insofar as such Encumbrances relate to obligations which are at such time not past due or the validity of which are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do

not result in an Event of Default or materially impair the operation of the Business;

- (q) Encumbrances consisting of cash collateral in the maximum amount of \$200,000 pursuant to the cash collateral agreement dated February 19, 2013 between the Borrower and the Royal Bank of Canada;
- (r) other Encumbrances agreed to in writing by the Lenders;

provided, however, that no Encumbrance described in (a) through (e) above shall constitute a Permitted Encumbrance if it was incurred in connection with the borrowing of money;

1.1.124 "**Person**" means any individual, incorporated or unincorporated company, limited partnership, general partnership, joint stock company, limited liability company, joint venture, association, trust, bank, trust company, pension fund, business trust or other organization, whether or not a legal entity, and any Governmental Entity;

1.1.125 "**Pledge over Future Productions**" means the pledge agreement over future productions (*contrato de garantía mobiliaria sobre producciones futuras*) entered into between Red Eagle Mining Colombia and the Administrative Agent on July 29, 2015;

1.1.126 "**Pledge over Shares**" the pledge agreement (*contrato de garantía mobiliaria*) entered into between the shareholders of Red Eagle Mining Colombia and the Administrative Agent with respect to all of their equity interests in Red Eagle Mining Colombia on July 28, 2015;

1.1.127 "**Principal Amount**" means the principal amount of the Loan outstanding under this Agreement from time to time, including for greater certainty any accrued interest that is capitalized pursuant to Section 2.5.3;

1.1.128 "**Produced Gold**" means the gold contained in the doré produced at the Santa Rosa Project and suitable for shipment to a refinery for processing into gold bullion;

1.1.129 "**Production Delay Event**" means the following acts, events, circumstances or causes to the extent they: (i) are beyond the reasonable control of the Guarantors, (ii) could not have been prevented or overcome by the Obligors taking reasonable steps in accordance with good industry practice and standards, (iii) are not caused by a default or negligence on the part of the Obligors, and (iv) prevent the Commercial Production Re-Start Date from occurring by February 28, 2018:

- (a) acts of God, lightning strikes, earthquakes, cyclones, floods, storms, explosions, fires, epidemics and any natural disaster;
- (b) acts of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, terrorism, riots or loss of goods at sea;



- (c) unavailability of power, water, fuel or input materials provided by third parties that are necessary for the continued operations of the Obligors;
- (d) interruption, disruption or failure in rail service or port facilities; or
- (e) acts of a Governmental Entity or the enactment or coming into force of any Applicable Law;

provided, however, that a Production Delay Event shall not include any circumstances of economic hardship or lack of funds, and such economic hardship or lack of funds shall in no event constitute a cause beyond the reasonable control of the Obligors;

1.1.130 "**Production Payment Agreement**" means the production payment agreement entered into on March 31, 2015 among Red Eagle Finance Limited, Red Eagle Mining de Colombia Limited, the Borrower, and Orion Titheco Limited;

1.1.131 [**Intentionally Deleted**];

1.1.132 "**Production Start Date**" means the first day on which a doré bar that is of a quality suitable for delivery to a refinery for processing into bullion is produced at the Santa Rosa Project;

1.1.133 "**Progress Report**" means the monitoring report prepared by the counterparties to the Construction Contracts, from time to time, pursuant to the Construction Contracts;

1.1.134 "**Public Disclosure Documents**" means, collectively, all of the documents which have been filed by or on behalf of the Borrower with the relevant Securities Regulators pursuant to the requirements of Securities Laws, including all documents publicly available on the Borrower's SEDAR profile;

1.1.135 "**Purchase Money Obligations**" means the outstanding balance of the purchase price of real and/or personal property, title to which has been acquired or will be acquired upon payment of such purchase price, or indebtedness to non-vendor third parties incurred to finance the acquisition of such new and not replacement real and/or personal property, or any refinancing of such indebtedness or outstanding balance;

1.1.136 "**Quarterly Operations Report**" means a written report in relation to a Fiscal Quarter with respect to the Santa Rosa Project to be prepared by or on behalf of the Borrower for each Fiscal Quarter after the Production Start Date, which shall include all of the information contained in the quarterly operating reports prepared and provided to the board of directors of the Borrower or any other Guarantor and, to the extent not contained in such reports, will also contain, for such Fiscal Quarter:

- (i) tonnes and gold grade of minerals mined;
- (ii) with respect to the processing facilities, tonnes and grade of processed minerals; recoveries for gold and other minerals; and doré weight and gold grade;

- (iii) a summary of the sales of gold and other products during such Fiscal Quarter;
- (iv) a review of the development or operating activities for the Fiscal Quarter (including the amount and a description of operating and capital expenditures) and a report on any material issues or departures from that contemplated by the current Santa Rosa Mine Plan;
- (v) details with respect to any actual, potential or alleged non-compliance with Environmental Law;
- (vi) details with respect to any material incidents related to health or safety;
- (vii) any material changes to or expected departure from the most recent Annual Forecast Report; and
- (viii) details with respect to any Investments made in accordance with Section 5.19.14;

1.1.137 “**Real Property**” means the Santa Rosa Real Property and the Other Real Property;

1.1.138 “**Records**” means all of the present and future books, records and data of every kind or nature, including books of account, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files, electronically stored data and other data, together with the tapes, disks, diskettes, drives and other data and software storage media of the Borrower and its Subsidiaries and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of the Borrower or a Subsidiary of the Borrower with respect to the foregoing maintained with or by any other Person);

1.1.139 “**Red Eagle Mining Colombia**” means Red Eagle Mining de Colombia S.A.S.;

1.1.140 “**Related Party**” means, with respect to any Person (the “**first named person**”), any Person that does not deal at arm’s length with the first named person or is an Associate of the first named person and, in the case of the Borrower, includes: (a) any director, officer, employee or Associate of the Borrower or any of its Affiliates, (b) any Person that does not deal at arm’s length with the Borrower or any of its Affiliates, and (c) any Person that does not deal at arm’s length with, or is an Associate of, a director, officer, employee or Associate of the Borrower or any of its Affiliates;

1.1.141 “**Release**” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Hazardous Substances or Contaminants through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata;

1.1.142 “**Restricted Payment**” means, with respect to any of the Obligor, any payment by such Person to any other Person (a) of any dividends or any other distribution on any

shares of its capital or other equity interests, (b) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of its capital or other equity interests or any warrants, options or rights to acquire any such shares, (c) of any principal of, or interest or premium on, or of any amount in respect of a sinking or analogous fund or defeasance fund for, any Debt of such Person ranking in right of payment *pari passu* with or subordinate to the Obligations, or (d) of any management, consulting or similar fee, or any material bonus or comparable payment, or material payment by way of gift or other gratuity, to any Related Party, unless such payment is to a director, officer or employee of the Obligor in that capacity and either (i) has been approved by the board of directors of the Obligor and is in accordance with past practice or (ii) consists of reimbursement for reasonable and ordinary course expenses related to the Business incurred by such director, officer or employee in accordance with the policies in effect governing such reimbursements;

1.1.143 **“Royalties”** means the royalties set out in Schedule 1.1.143;

1.1.144 **“Sale-Leaseback”** means an arrangement under which title to any property or an interest therein is transferred by or on the direction of a Person (“X”) to another Person which leases or otherwise grants the right to use such property, asset or interest (or other property, which X intends to use for the same or a similar purpose) to X (or nominee of X), whether or not in connection therewith X also acquires a right or is subject to an obligation to acquire the property, asset or interest, and regardless of the accounting treatment of such arrangement;

1.1.145 **“Sanctioned Entity”** means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country Sanctions program administered and enforced by OFAC or by any Canadian Governmental Entity;

1.1.146 **“Sanctioned Person”** means, (a) any Person listed in any sanctions-related list of designated Persons maintained by any Canadian Governmental Entity, or (b) a person named on the list of Specially Designated Nationals maintained by OFAC;

1.1.147 **“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by OFAC or any Canadian Governmental Entity;

1.1.148 **“Santa Rosa Construction Budget”** means the control budget to December 31, 2017 for the construction and operations of the Santa Rosa Project as approved by the board of directors of the Borrower and the Administrative Agent and set forth at Schedule 1.1.148, as the same may be amended from time to time in accordance with the terms of this Agreement;

1.1.149 “**Santa Rosa Lease**” means the lease agreement or the easement to conduct exploitation activities within the area of the Santa Rosa Mining Property for the life of the mine;

1.1.150 “**Santa Rosa Mine Plan**” means the development or mine plan, as applicable, for the Santa Rosa gold project located in the Antioquia Batholith near the town of Santa Rosa de Osos approximately 70 kilometres north of Medellin, Colombia, as approved by the Borrower’s Board of Directors, as the same may be amended, revised, supplemented or replaced from time to time in accordance with the terms of this Agreement;

1.1.151 “**Santa Rosa Mining Property**” means the mining concession contract set forth in Schedule 1.1.151 hereto;

1.1.152 “**Santa Rosa Project**” means the Santa Rosa gold project located in the Antioquia Batholith near the town of Santa Rosa de Osos approximately 70 kilometres north of Medellin, Colombia, as described in the Santa Rosa Mine Plan, and including the construction, development, production, processing, recovery, sale, transportation, storage and delivery operations in respect thereof;

1.1.153 “**Santa Rosa Project Agreements**” means all Contracts listed in Schedule 1.1.99 and all other Contracts of any Obligor relating to (i) the ownership, lease or use of the Santa Rosa Mining Property and the Santa Rosa Real Property, (ii) the development, construction and mining operations of the Santa Rosa Project, (iii) the sale or disposition of mineral production from the Santa Rosa Mining Property and the Santa Rosa Real Property, including sales, royalty, streaming and off-take agreements and other similar arrangements, and (iv) any option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty, or right capable of becoming an option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty, in respect of the Santa Rosa Mining Property and the Santa Rosa Real Property, or the mineral production or proceeds therefrom;

1.1.154 “**Santa Rosa Project Authorizations**” means all Authorizations and Other Rights (including environmental Authorizations and Utility Commitments) necessary for (i) the development, construction and mining operations of the Santa Rosa Project, and (ii) the commencement and ongoing operation of commercial production transactions;

1.1.155 “**Santa Rosa Real Property**” means the real property and surface rights listed in Schedule 1.1.155 attached hereto, and all accessions and successions thereto, in each case held or used by the Obligors in connection with the Santa Rosa Project, and includes all other property, tailings, buildings, structures, facilities and fixtures used, affixed or situate thereon, and, once obtained by Red Eagle Mining Colombia, includes the Santa Rosa Lease;

1.1.156 “**Securities Laws**” means all applicable securities laws and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments

of the Securities Regulators, and all rules and policies of the TSX and any other stock exchange on which securities of the Borrower are traded;

1.1.157 “**Securities Regulators**” means, collectively, the securities regulators or other securities regulatory authorities in each of the provinces and territories of Canada in which the Borrower is a reporting issuer and in any other jurisdictions whose Securities Laws are applicable to the Borrower;

1.1.158 “**Security**” means the Encumbrances created by the Security Documents;

1.1.159 “**Security Documents**” means any Guarantees in favour of the Administrative Agent in respect of the Obligations, the Colombian Security Documents and any other security documents held from time to time by the Administrative Agent securing or intended to secure repayment of the Obligations, including, without limitation, the security described in Section 4.1;

1.1.160 “**Subordinated Debt**” means Debt that has the following attributes:

1.1.160.1 it is subordinated and postponed to the Obligations to the satisfaction of the Lenders acting reasonably;

1.1.160.2 it is unsecured;

1.1.160.3 it requires no payment of principal until at least 6 months following the Maturity Date;

1.1.160.4 it is not guaranteed by any Person other than the Obligors;

1.1.160.5 it has no financial covenants, events of default or positive or negative covenants that are more restrictive or onerous than in this Agreement; and

1.1.160.6 it is subject to fees and cash interest rate no higher than an amount approved by the Lenders acting reasonably.

1.1.161 “**Subsidiary**” means with respect to any Person, any other Person which is Controlled directly or indirectly by that Person, and “**Subsidiaries**” means all of such other Persons. Where the term “**Subsidiary**” or “**Subsidiaries**” is used herein without further qualification, such term shall mean a Subsidiary or the Subsidiaries of the Borrower. For certainty, CB Gold shall be considered to be a Subsidiary of the Borrower for all purposes of this Agreement;

1.1.162 “**Sustaining Capital**” means sustaining capital (as that term is used in the Santa Rosa Mine Plan as it exists on the date hereof) for the Santa Rosa Project;

1.1.163 “**Taxes**” means all present and future taxes (including, for certainty, real property taxes), levies, imposts, stamp taxes, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Entity, including any

interest, additions to tax or penalties applicable thereto and “Tax” shall have a corresponding meaning;

1.1.164 “**Tax Returns**” means all returns, declarations, reports, estimates, information returns and statements required to be filed in respect of any Taxes, including any schedule or attachment thereto or amendment thereof;

1.1.165 “**Tested Working Capital**” of the Borrower means the following of the Borrower on a consolidated basis, but excluding any non-Obligors:

1.1.165.1 cash and cash equivalents on the balance sheet; plus

1.1.165.2 accounts receivable which are not more than 90 days past invoicing date; plus

1.1.165.3 the fair market value of inventory; plus

1.1.165.4 prepaid expenses; minus

1.1.165.5 accounts payable which are over 90 days past due;

1.1.165.6 minus accrued liabilities (other than liabilities described in Section 1.1.165.5); minus

1.1.165.7 mineral property obligations

all determined in accordance with IFRS.

1.1.166 “**TSX**” means the Toronto Stock Exchange;

1.1.167 “**Unfunded Capital Expenditures**” means Capital Expenditures other than Purchase Money Obligations and Capitalized Lease Obligations;

1.1.168 “**Utility Commitment**” means water service commitments and agreements, transmission or electrical service commitments and agreements and other utility commitments and agreements including commitments or agreements to construct or provide the infrastructure, rights of way and easements necessary to provide the aforementioned utility services;

1.1.169 “**Warrant Agreement**” means the agreement entered into between the Borrower and Orion on July 16, 2015 granting the Warrants to Orion;

1.1.170 “**Warrant Shares**” means the Common Shares issuable upon exercise of the Warrants;

1.1.171 “**Warrants**” means common share purchase warrants to be granted to Orion by the Borrower pursuant to Section 5.14, with each such warrant being exercisable for one Common Share; and

1.1.172 "Working Capital" means, at any time, Current Assets minus Current Liabilities, in each case at such time.

**1.2 Gender and Number.**

Words importing the singular include the plural and vice versa and words importing gender include all genders.

**1.3 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.4 Knowledge.**

Where any representation, warranty, or other statement in this agreement, or in any other agreement or other document delivered in connection with this agreement, is expressed by a party to be "to its knowledge", or is otherwise expressed to be limited in scope to facts or matters known to the party or of which the party is aware, it means (i) the current, actual knowledge of directors and officers of such party, and (ii) the knowledge that would or should have come to the attention of any such directors or officers had such individuals duly investigated the facts related to that statement and made reasonable inquiries of other individuals reasonably likely to have knowledge of facts related to that statement.

**1.5 Monetary References.**

Any reference in this Agreement to "Dollars", "dollars" or the sign "\$" shall be deemed to be a reference to lawful money of the United States of America. Any amounts to be advanced, paid, prepaid, or repaid shall be made in lawful money of the United States of America.

**1.6 References.**

Except as otherwise specifically provided, reference in this Agreement to any Contract, agreement, document or any other instrument shall be deemed to include references to the same as varied, amended, supplemented, restated or replaced from time to time, reference in this Agreement to any enactment, including without limitation, any statute, law, by-law, regulation, ordinance or order, shall be deemed to include references to such enactment as re-enacted, amended or extended from time to time, and reference in this Agreement to any Person shall be deemed to include reference to such Person's successors and permitted assigns.

**1.7 Invalidity of Provisions.**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

**1.8 This Agreement to Govern.**

If there is any inconsistency between the terms of this Agreement and the terms of any Security Document, the provisions hereof shall prevail to the extent of the inconsistency.

**1.9 Actions on Days Other Than Business Days.**

Except as otherwise specifically provided herein, where any payment is required to be made or any other action is required to be taken on a particular day and such day is not a Business Day and, as a result, such payment cannot be made or action cannot be taken on such day, then this Agreement shall be deemed to provide that such payment shall be made or such action shall be taken on the first Business Day after such day.

**1.10 Interest Act.**

For the purposes of the *Interest Act* (Canada) and disclosure under such statute, whenever interest to be paid under this Agreement or any other Loan Document is to be calculated on the basis of a year of three-hundred sixty (360) days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or such other period of time, as the case may be.

**1.11 No Subordination**

The use of the term "Permitted Encumbrances" to describe any interests and Encumbrances permitted hereunder shall mean that they are permitted to exist (whether in priority to or subsequent in priority to the Security, as determined by Applicable Law), and shall not be interpreted as meaning that such interests and Encumbrances are entitled to priority over the Security.

**1.12 Waiver**

1.12.1 In this Agreement, "**Current Defaults**" shall mean the Existing Defaults as defined in the forbearance agreement among the Borrower, the Administrative Agent and the Lenders dated as of June 28, 2017, provided that for greater certainty "Current Defaults" shall not include any Defaults or Events of Default not existing as of the date of such forbearance agreement, whether or not comprised of the same or similar subject matter.

1.12.2 The Administrative Agent and the Lenders party hereto hereby waive enforcement of their rights against the Borrower or any of its Subsidiaries arising from the Current Defaults. This waiver shall be effective only for the specific defaults comprising the Current Defaults, and in no event shall this waiver be deemed to be a waiver of enforcement of Administrative Agent's and the Lender's rights with respect to any other Defaults or Events of Default now existing or hereafter arising. Nothing contained in this Section 1.12 nor any communications between the Borrower and the Administrative Agent and the Lenders shall be a waiver of any rights or remedies the



Administrative Agent or the Lenders have or may have against the Borrower or any of its Subsidiaries, except as specifically provided in this Section 1.12. Except as specifically provided in this Section 1.12, the Administrative Agent and the Lenders hereby reserve and preserve all of their respective rights and remedies against the Borrower and any of its Subsidiaries under this Agreement and the other Loan Documents.

**1.13 Continuing Effect of June 2017 Waiver**

For certainty, the terms of the waiver, consent and release made as of June 1, 2017 among the Administrative Agent, the Lenders and the Borrower (the "**June 2017 Waiver**") regarding, among other things, certain sales by the Borrower of shares it owns or owned in the capital of CB Gold shall continue to apply following the date hereof notwithstanding the amendment and restatement herein or other terms hereof and such June 2017 Waiver remains in full force and effect, provided that any amounts received by the Borrower from the proceeds of the sale of shares of CB Gold that are required by the Borrower to comply with its obligations under Section 5.1.24 shall not be required to be used to make a prepayment of the Loan.

**ARTICLE 2  
PAYMENTS**

**2.1 Loan.**

The Lenders, in reliance on each of the representations, warranties and covenants set out herein and upon and subject to the provisions of this Agreement, including without limitation the satisfaction of the conditions to the making of Advances hereunder set out in Article 6 hereof, agreed to make the Loan available to the Borrower. No further Advances are available hereunder and as of the date hereof the Principal Amount is equal to \$6,500,000.

**2.2 Availment.**

2.2.1 ~~[Intentionally Deleted].~~

2.2.2 ~~[Intentionally Deleted]~~

2.2.3 The final Advance shall be made ~~no later than February 3, 2017;~~ the commitment of the Lenders in respect of any amount not Advanced by such date will be cancelled and terminated.

2.2.4 The Borrower shall provide at least thirty (30) days' prior written notice to the Lenders of any requested Advance, including the amount to be drawn pursuant to such Advance and the date of the requested Advance, together with such other supporting documentation evidencing the need for such Advance as the Administrative Agent may reasonably require.

2.2.5 Each Advance shall be made to the Borrower at an original issue discount of 97.5%, which original issue discount shall not be a credit against the Interest Rate but shall constitute additional interest paid in advance, which additional interest represents an annual interest rate for the purposes of the Interest Act (Canada) on such Advance equal

to such 2.5% divided by the number of days from the date of such Advance to the Maturity Date multiplied by 365.

**2.3 Several Obligations.**

Each Lender is severally liable for its commitment to provide the Loan and the Lenders are not jointly liable or jointly and severally liable. No Lender shall be obligated to fund its portion of any Advance unless it is reasonably confident that the other Lenders will fund their respective portions of such Advance.

**2.4 [Intentionally Deleted]**

**2.5 Calculation and Payment of Interest.**

2.5.1 Subject to Section 2.5.5, the Borrower shall pay to the Lenders interest on the Principal Amount at a per annum rate equal to the Interest Rate.

2.5.2 Interest on the Principal Amount shall accrue from day to day, both before and after default, demand, maturity and judgment, and shall be calculated on the basis of the actual number of days elapsed in an applicable Interest Period and on the basis of a year of three-hundred sixty (360) days.

2.5.3 Provided that no Default or Event of Default is then continuing, prior to the Cash Interest Commencement Date, accrued interest shall not be required to be paid in cash, but instead on each Interest Date accrued interest shall be added to the Principal Amount.

2.5.4 On and after the Cash Interest Commencement Date, interest on the Principal Amount shall be payable to the Lenders in arrears on each Interest Date in accordance with Section 2.6.2 and Section 2.8.

2.5.5 The Borrower shall pay to the Lenders interest on overdue amounts both before and after demand, default and judgment, and on the Principal Amount upon the occurrence and continuation of an Event of Default, at a rate per annum equal to, subject to and only to the extent permitted by Applicable Law, the Default Rate, calculated on a daily basis on the actual number of days elapsed in a three-hundred sixty (360) day year, computed from the date the amount becomes due for so long as the amount remains overdue. Such interest shall be payable upon demand made by the Lenders and shall be compounded on each Interest Date.

**2.6 Prepayment and Repayment of Loan.**

2.6.1 Except as otherwise set forth herein, the Borrower shall not be required to make principal payments to the Lenders until April 1, 2018.

2.6.2 On the Cash Interest Commencement Date, and on each Interest Date thereafter, the Borrower shall repay to the Lenders an Amortization Payment, together with the payment of all accrued interest pursuant to Section 2.5.4 and any fees and expenses then

due and owing. Any Principal Amount and any accrued and unpaid interest remaining outstanding on the Maturity Date shall be due and payable on the Maturity Date.

2.6.3 In the event that, in any Fiscal Year, the aggregate amount of Net Proceeds received by the Obligors in such Fiscal Year is in excess of \$100,000, then the Borrower shall, within 30 days of such \$100,000 threshold being reached (and within 10 days of any further receipt of Net Proceeds in such Fiscal Year), apply or cause to be applied an amount equal to 100% of all such Net Proceeds in excess of \$100,000, to repay all or a portion of the Principal Amount, plus accrued and unpaid interest thereon, which repayments shall be applied to the Borrower's principal payment obligations under Section 2.6.2 in inverse order of maturity. For greater certainty, this Section 2.6.3 is a continuing obligation for each Fiscal Year.

2.6.4 In the event that any Net Insurance Proceeds in a Fiscal Year have not been applied to repair and replace property as set forth in Section 2.15, such Net Insurance Proceeds will within 5 Business Days of the expiry of the timeline or the making of the decision, as applicable, in Section 2.15, be applied to repay all or a portion of the Principal Amount, plus accrued and unpaid interest thereon, which repayments shall be applied to the Borrower's principal payment obligations under Section 2.6.4 in inverse order of maturity. For greater certainty, this Section 2.6.4 is a continuing obligation for each Fiscal Year.

2.6.5 Subject to Section 5.18, within 30 days of the end of each Fiscal Quarter, the Borrower shall prepay the Principal Amount in an amount equal to 75% of Excess Cash Flow in such Fiscal Quarter, with such repayments being applied to the Borrower's principal payment obligations under Section 2.6.1 in inverse order of maturity.

2.6.6 The Borrower may at its option voluntarily prepay the Principal Amount, in whole or in part, at any time provided that:

- (a) such prepayment is in the minimum amount of \$1,000,000 and integral multiples of \$100,000 thereafter; and
- (b) any such prepayment shall only be made on a Business Day and shall only be effected on at least (10) ten days' notice in writing to the Lenders, which notice, once given, shall be irrevocable and binding upon the Borrower.

## **2.7 Application of Payments.**

Any amounts prepaid or repaid pursuant to Section 2.6 shall not be reborrowed, and the Lenders' commitment in respect thereof shall be cancelled. All amounts prepaid or repaid shall be applied (i) firstly in reduction of the accrued and unpaid interest and all other amounts then outstanding (other than the Principal Amount), and (ii) thereafter in reduction of the Principal Amount being prepaid or repaid in the inverse order of maturity.

**2.8 Payments Generally.**

All payments made pursuant to this Agreement (in respect of principal, interest or otherwise) shall be made by the Borrower to the Lenders by way of deposit by or on behalf of the Borrower to the account specified therefor by the Lenders to the Borrower from time to time no later than 1:00 p.m. (Toronto time) on the due date thereof. Any payments received after such time shall be considered for all purposes as having been made on the next following Business Day unless the Lender otherwise agrees in writing. All payments hereunder, shall be made to the Lenders pro rata according to their Applicable Percentage.

**2.9 Payments - No Deduction.**

All payments made in respect of this Agreement (in respect of principal, interest or otherwise) shall be made in full without set-off or counterclaim, and free of and without deduction or withholding for any Taxes, other than Excluded Taxes, provided that if the payor shall be required by law to deduct or withhold any Taxes, other than Excluded Taxes, from or in respect of any payment or sum payable to a Lender, the payment or sum payable shall be increased as may be necessary ("**Additional Amounts**") so that after making all required deductions or withholdings, such Lender receives an amount equal to the sum it would have received if no deduction or withholding had been made and the payor shall pay the full amount deducted to the relevant taxation or other authority in accordance with Applicable Law.

If a Lender becomes liable for any Tax, other than Excluded Taxes, imposed on any payments under this Agreement the payor shall indemnify such Lender for such Tax, and the indemnity payment shall be increased as necessary so that after the imposition of any Tax on the indemnity payment (including Tax in respect of any such increase in the indemnity payment), such Lender shall receive the full amount of Taxes for which it is liable, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Entity. A certificate as to the amount of such payment or liability delivered to the Borrower by such Lender shall be conclusive absent manifest error.

If a Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by the payor or with respect to which the payor has paid Additional Amounts pursuant to this Section 2.9 or that, because of the payment of such Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the payor an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the payor under this Section 2.9 with respect to the Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Entity with respect to such refund). The payor, upon the request of a Lender, agrees to repay the amount paid over to the payor (plus any penalties, interest or other charges imposed by the relevant Governmental Entity) to such Lender if such Lender is required to repay such refund or reduction to such Governmental Entity. If the Borrower determines in good faith that a reasonable basis exists for contesting any Taxes for which a payment has been made hereunder, such Lender shall use its commercially reasonable efforts to co-operate with the Borrower in challenging such Taxes at the Borrower's cost and expense if so requested by the Borrower; provided that such Lender does not reasonably determine that such challenge could be

prejudicial to it. This paragraph shall not be construed to require a Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

**2.10 Illegality.**

If any Applicable Law comes into force after the date hereof, or if any change in any existing Applicable Law or in the interpretation or application thereof by any court or Governmental Entity now or hereafter makes it unlawful for a Lender to have advanced or acquired an interest in the Loan or to give effect to its obligations in respect thereof, such Lender may, by written notice thereof to the Borrower, declare its obligations under this Agreement to be terminated, and the Borrower shall prepay, within the time required by such law, the Principal Amount together with accrued interest thereon and any other amounts owing under this Agreement as may be applicable to the date of such payment. If any such event shall, in the opinion of such Lender, only affect part of its obligations under this Agreement, the remainder of this Agreement shall be unaffected and the obligations of the Borrower under the Loan Documents shall continue.

**2.11 Change in Circumstances.**

If the introduction of or any change in any Applicable Law relating to a Lender or any change in the interpretation or application thereof by any Governmental Entity or compliance by a Lender with any request or direction of any Governmental Entity:

2.11.1 subjects such Lender or causes the withdrawal or termination of a previously granted exemption with respect to any Taxes or changes the basis of taxation of payments due to the Lender or increases any existing Taxes on payments of amounts owing to such Lender (other than Excluded Taxes);

2.11.2 imposes, modifies or deems applicable any reserve, liquidity, cash margin, capital, special deposit, deposit insurance or assessment, or any other regulatory or similar requirement against assets held by, or deposits in or for the account of, or loans by, or any other acquisition of funds for loans by, such Lender;

2.11.3 imposes on such Lender or requires there to be maintained by such Lender any capital adequacy or additional capital requirement (including, without limitation, a requirement which affects such Lender's allocation of capital resources to its obligations) in respect of such Lender's obligations hereunder; or

2.11.4 imposes on such Lender any other condition or requirement with respect to this Agreement (other than Excluded Taxes);

and such occurrence has the effect of:

2.11.5 increasing the cost to such Lender of agreeing to make or making, maintaining or funding this Agreement or any portion thereof;

2.11.6 reducing the amount of the Obligations owing to such Lender;

2.11.7 directly or indirectly reducing the effective return to such Lender under this Agreement or on its overall capital as a result of entering into this Agreement or as a result of any of the transactions or obligations contemplated by this Agreement (other than a reduction resulting from a higher rate of income tax being imposed on such Lender's overall income); or

2.11.8 causing such Lender to make any payment or to forego any interest, fees or other return on or calculated by reference to any sum received or receivable by such Lender hereunder;

then such Lender shall also provide a notice to the Borrower with sufficient particulars (including, for greater certainty, the details of calculations relevant thereto), the facts relevant to the application of this Section 2.11, and, absent manifest error in such notice, the Borrower shall promptly upon demand by such Lender pay or cause to be paid to such Lender such additional amounts as shall be sufficient to fully indemnify such Lender for such additional cost, reduction, payment, foregone interest or other return provided that the Borrower shall not be required to pay such additional amounts unless such additional amounts are being demanded by such Lender as a general practice from its borrowers similarly obligated. Such Lender shall provide to the Borrower a certificate in respect of the foregoing which incorporates reasonable supporting evidence thereof and any such certificate will be *prima facie* evidence thereof except for manifest error.

## **2.12 Payment of Costs and Expenses.**

The Borrower shall pay to the Lenders on demand all reasonable and documented costs and expenses of the Lenders and their agents, counsel, and any receiver or receiver-manager appointed by it or by a court (including, without limitation, all fees, expenses and disbursements of legal counsel) in connection with this Agreement and the other Loan Documents, to the extent incurred subsequent to the date of this Agreement, including, without limitation:

2.12.1 [Intentionally Deleted]

2.12.2 in the event of any prepayment made pursuant to Section 2.6.6, the prepayment fee provided for in Section 2.6.6;

2.12.3 the preparation of any actual or proposed amendment or modification hereof or thereof or any waiver hereunder or thereunder and all instruments supplemental or ancillary thereto;

2.12.4 the registration and/or discharge of any of the Security Documents in any public record office;

2.12.5 obtaining advice as to the Lenders' rights and responsibilities under this Agreement or the other Loan Documents;

2.12.6 the defence, establishment, protection or enforcement of any of the rights or remedies of the Lenders under this Agreement or any of the other Loan Documents including, without limitation, all costs and expenses of establishing the validity and enforceability of, or of collection of amounts owing under, any of the Security Documents or any enforcement of the Security; and

2.12.7 all costs, charges and expenses reasonably incurred by the Lenders and arising out of, or related or incidental to, the preparation, negotiation, and completion of the Loan Documents and the transactions contemplated thereby, including the reasonable and fees and expenses of the Lenders' mining consultants and legal advisers.

**2.13 Indemnities.**

2.13.1 The Borrower shall indemnify and save harmless the Lenders from all claims, demands, liabilities, damages, losses, costs, charges and expenses (including the reasonable and documented fees, expenses and disbursements of one outside legal counsel, per applicable jurisdiction to the Lenders and, in the case of an actual or perceived conflict of interest where the party to be indemnified affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected party), which may be incurred by the Lenders as a consequence of or in respect of (a) default by the Borrower in the payment when due of any Obligation or any other Default or Event of Default hereunder which is continuing, (b) the entering into by the Lenders of this Agreement and any amendment, waiver or consent relating hereto, and the performance by the Lenders of their obligations under this Agreement (which for greater certainty will not include any grossly negligent act or wilful misconduct on the part of any Lender or any changes in the value of the Loan as a result of market interest rate fluctuations and credit rate spread), (c) the application by the Borrower of the proceeds of this Agreement, or (d) the Santa Rosa Project. A certificate of an officer of the Lender as to any such claim, demand, liability, damage, loss, cost, charge or expense and containing reasonable details of the calculation shall be, absent manifest error, *prima facie* evidence of the amount of such claim, demand, liability, damage, loss, cost, charge or expense.

2.13.2 The Borrower shall indemnify and save harmless each Lender and their Affiliates, agents, officers, directors and employees (each an "Indemnified Party") from all claims, demands, liabilities, damages, losses, costs, charges and expenses (including without limitation any investigatory, remedial, clean-up, compliance or preventative costs, charges and expenses) (collectively, "Claims") which may be asserted against or incurred by such Indemnified Party under or on account of any applicable Environmental Law (including the assertion of any Encumbrance thereunder), whether upon realization of the Security, or as a lender to the Borrower, or as successor to or assignee of any right or interest of any Obligor or as a result of any order, investigation or action by any Governmental Entity relating to any one of its or their business or property, including without limitation any Claims arising from:

- (a) the Release of a Contaminant, the threat of the Release of any Contaminant, or the presence of any Contaminant affecting the real or personal property of the

Borrower or any of its Subsidiaries, whether or not the Contaminant originates or emanates from such Person's property or any other real property or personal property located thereon;

- (b) the Release of a Contaminant owned by, or under the charge, management or control of, any Obligor or any predecessors or assignors thereof;
- (c) any costs of removal or remedial action incurred by any Governmental Entity or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources in relation to the real property or personal property of any Obligor or any contiguous real property or personal property located thereon, including reasonable and documented costs of assessing such injury, destruction or loss incurred pursuant to Environmental Law;
- (d) liability for personal injury or property damage arising by reason of any civil law offences or quasi-criminal offences or under any statutory or common tort law theory and any and all other third party Claims of any and every nature whatsoever, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, near, or with respect to the real or personal property of the Obligors; and/or
- (e) any other matter relating to the environment and Environmental Law affecting the property or the operations and activities of the Obligors within the jurisdiction of any Governmental Entity;

except for any such Claims that a non-appealable court of competent jurisdiction determined arose on account of the relevant Indemnified Party's gross negligence or wilful misconduct.

**2.14 Maximum Rate of Interest.**

Notwithstanding anything herein or in any of the other Loan Documents to the contrary:

2.14.1 in the event that any provision of this Agreement or any other Loan Document would oblige the Borrower to make any payment of interest or other amount payable to the Lenders in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lenders of interest at a criminal or prohibited rate (as such terms are construed under the *Criminal Code* (Canada) or any other Applicable Law), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with the same effect as if adjusted at the Closing Date to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lenders of interest at a criminal or prohibited rate, such adjustment to be effected to the extent necessary in each case, as follows:

- (a) by reducing any fees and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada) or any other Applicable Law;



- (b) by reducing the amount or rate of interest exigible under Article 2 of this Agreement; and
- (c) any amount or rate of interest referred to in this Section 2.14 shall be determined in accordance with generally accepted actuarial practices and principles over the maximum term of this Agreement (or over such shorter term as may be required by Section 347 of the *Criminal Code* (Canada) or any other Applicable Law) and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of such determination, absent manifest error.

**2.15 Net Insurance Proceeds**

To the extent any Obligor receives Net Insurance Proceeds, then (i) the amount of such Net Insurance Proceeds received collectively by the Obligors that is less than \$100,000 in aggregate any Fiscal Year may be retained by the Obligors, (ii) the amount of such Net Insurance Proceeds received collectively by the Obligors that is greater than \$100,000 but less than \$3,000,000 in aggregate any Fiscal Year shall either (a) be used by the Obligors to repair and replace the property that is the subject of such Net Insurance Proceeds, or (b) to the extent not so used to repair and replace property within 180 days of receipt, shall be used to make a repayment to the Lenders pursuant to Section 2.6.4, and (iii) Insurance Proceeds received collectively by the Obligors that are more than \$3,000,000 in aggregate any Fiscal Year shall be paid over to the Administrative Agent to hold, and such funds held by the Administrative Agent: (a) if in the Administrative Agent's reasonable opinion the property subject of such Net Insurance Proceeds can be adequately repaired and/or replaced in a manner and time-frame such that there will not be a Material Adverse Effect, then at the Borrower's option such property may be repaired and replaced within 180 days of receipt, and the Administrative Agent shall pay over such funds upon payment being due for such repairs and/or replacement, or (b) if the Administrative Agent is not of such opinion, the Borrower elects not to so repair and replace, or the repair and replacement is not completed within 180 days, such funds shall be used to make a repayment to the Lenders as provided for in Section 2.6.4.

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties of the Borrower.**

The Borrower, as to itself and as to each of its Subsidiaries (or all its Subsidiaries where provided herein), represents and warrants to the Lenders at the date hereof, and as of the date of each Advance hereunder, and as of the date of each Compliance Certificate, as follows:

**3.1.1 Organization and Powers.** Each of the Obligors: (i) has been duly incorporated or formed, as applicable, and is validly existing (if applicable) under the laws of its existence or incorporation; (ii) has all requisite corporate power and authority or, if such entity is not a corporation, such other power and authority, to own and lease its property and assets and to carry on its business; (iii) has all requisite corporate power and authority or, if such entity is not a corporation, such other power and authority, to enter

into each of the Loan Documents to which it is or will become a party, and to perform its obligations hereunder and thereunder; and (iv) is duly qualified, licensed or registered to do business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it make such qualification, licensing or registration necessary, except where the failure to be so qualified, licensed or registered does not have a material impact on the Obligors' ability to construct and operate the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect. No proceeding has been instituted or, to the Borrower's knowledge, threatened in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification, licensing or registration. Each of the Obligors is up-to-date in all its corporate filings and is (if applicable) in good standing under Applicable Laws.

**3.1.2 Authorization; No Conflict.** The execution and delivery by each of the Obligors of the Loan Documents to which it is a party, and the performance by it of its obligations hereunder and thereunder, have been duly authorized by all necessary corporate or other action on its part and do not and will not: (i) contravene any provision of its constituting documents or any resolution of its shareholders, partners or directors (or any committee thereof); (ii) conflict with, result in a breach of, or constitute a default or an event creating rights of acceleration, termination, modification or cancellation or a loss of rights under (with or without the giving notice or lapse of time or both), any Material Contract to which the any Obligor is a party, subject or otherwise bound (including any of its property or assets); (iii) violate any Applicable Law; or (iv) other than as contemplated by the Loan Documents, result in, or require, the creation or imposition of any Encumbrance on any property or assets of the Obligors.

**3.1.3 Execution; Binding Obligation.** Each Loan Document to which an Obligor is or will become a party: (i) has been, or when delivered under or in connection with this Agreement will be, duly executed and delivered by the Obligors, as applicable; and (ii) constitutes, or when delivered under or in connection with this Agreement will constitute, a legal, valid and binding agreement of the Obligors, as applicable, enforceable against such party in accordance with its terms, except to the extent enforcement may be affected by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Applicable Laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

**3.1.4 Consents.** The Obligors are not required to give any notice to, make any filing with or obtain any Authorization, Order or other consent or approval of any Person in connection with the execution or delivery of or performance of its obligations under any Loan Document or the consummation of the transactions contemplated herein and therein other than those that have already been obtained and copies of which have been provided to the Administrative Agent.

**3.1.5 Subsidiaries; Other Ventures.** Schedule 3.1.5 sets forth the true and complete list of all Subsidiaries of the Borrower, including the type and number of issued and outstanding shares or other equity interest of each such Subsidiary and the Person in whose name such shares or equity interests are registered. Other than as disclosed in

Schedule 3.1.5, no Person (other than the Borrower or another Subsidiary of the Borrower) has any option, warrant, right (pre-emptive, contractual or otherwise) or other security or conversion privilege of any kind that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire (whether or not subject to conditions) common shares or other securities of any Subsidiary of the Borrower. Neither the Borrower nor any Subsidiary of the Borrower is engaged in any joint purchasing arrangement, joint venture, partnership or other joint enterprise with any other Person. Other than as disclosed in Schedule 3.1.5, no Person has a direct or indirect ownership interest in any Subsidiary of the Borrower or the Santa Rosa Mining Property or any of the Ancillary Mining Properties or is otherwise involved in any manner in the operation of the Santa Rosa Project, other than the Borrower or Borrower's Subsidiaries.

**3.1.6 Chief Executive Office and Other Locations.** The principal place of business and chief executive office of each of the Obligors as of the date hereof is set out in Schedule 3.1.6. The material Records of each of the Obligors are located at its chief executive office, and the only other offices and/or locations where it keeps the Collateral (except for inventory which is in transit) or conducts any of its business as of the date hereof are set forth in Schedule 3.1.6.

**3.1.7 Residency for Tax Purposes.** The Borrower is a resident of Canada for tax purposes.

**3.1.8 Solvency.** No Obligor is insolvent within the meaning of Applicable Law.

**3.1.9 No Defaults; Material Contracts.** No event has occurred or circumstance exists that (with or without the giving of notice or lapse of time or both) has contravened, conflicted with or resulted in, or may contravene, conflict with or result in, a violation or breach of, or give any Obligor or any other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Material Contract, Authorization or Material Order to which it is a party or by which it or its properties and assets may be bound, and, to the knowledge of the Borrower, each other Person that is party thereto is in compliance in all material respects with the terms and requirements thereof. Without limiting the generality of the foregoing:

- (i) all Material Contracts as of the date hereof, are set out in Schedule 1.1.99, and true and complete copies thereof have been made available to the Administrative Agent;
- (ii) No Obligor, nor, to the Borrower's knowledge, any other Person, is in default or breach in the observance or performance of any term, covenant or obligation to be performed by the Obligor or such other Person under any Material Contract to which any Obligor is a party or by which it is otherwise bound (including its property and assets) and each such Material Contract is in good standing, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in

accordance with its terms, except to the extent enforcement may be affected by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Applicable Laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction; and

- (iii) the Borrower has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any such Material Contract and no Obligor has received notice of any intention to terminate any such Material Contract or repudiate or disclaim any transaction contemplated thereby.

### 3.1.10 Real Property.

- (i) Schedule 1.1.120 and Schedule 1.1.155 hereto set forth a true, correct and complete list and description of the Real Property in which the Obligors have a right, title or interest;
- (ii) No Obligor owns or leases any other real property or other surface rights or has any easements over any other real property or other surface rights, other than the Real Property;
- (iii) The Obligors have valid and subsisting leasehold title in respect of the Real Property;
- (iv) Each real property lease that comprises the Real Property is in good standing and in full force and effect and is valid and enforceable in accordance with its terms, free and clear of all Encumbrances, other than Permitted Encumbrances, and there is no default under any such real property lease by the Obligor that is a party thereto or, to the knowledge of the Borrower, by any other party thereto, and no event has occurred that, with the lapse of time or the giving of notice or both, would constitute a default thereunder. Each such real property lease covers the entire estate it purports to cover and entitles the Obligor that is a party thereto to the use, occupancy and possession of the real property specified in such real property lease and for the purposes such real property is now being used by the Obligor;

### 3.1.11 Mining Properties

- (i) Schedule 1.1.10, Schedule 1.1.151 and Schedule 1.1.65 hereto set forth true, correct and complete list and description of all of the mining concession contracts (or other mineral interests) in which the Obligors have a right, title or interest, each of which is owned solely and exclusively by Red Eagle Mining Colombia. Upon an Excluded Property (x) being disposed of or allowed to lapse if consented to by the Lenders, or (y) becoming an Ancillary Mining Property pursuant to Section 5.19.26, the Borrower shall provide to the Lenders an updated Schedule 1.1.65

(and (if applicable an updated Schedule 1.1.10). Upon any Obligor acquiring title to a Pending Mining Property, the Borrower shall provide an updated Schedule 1.1.65 or Schedule 1.1.10, as applicable. In each case of any of the events described above, the Borrower shall be deemed to represent and warrant on the date of such acquisition or disposition that all of the representations and warranties continue to be true and correct as if made on such date after giving effect to such acquisition or disposition and such updated schedules;

- (ii) The Obligors do not lease any mining concession contracts (or other mineral interests);
- (iii) Red Eagle Mining Colombia has an undivided 100% legal and beneficial good, valid, marketable and exclusive title to, and exclusive possession of, the Santa Rosa Mining Property and the Ancillary Mining Properties, free and clear of all Encumbrances, other than Permitted Encumbrances. The Santa Rosa Mining Property and the Ancillary Mining Properties have been duly and validly issued to Red Eagle Mining Colombia and, except as described in the title opinion of Jose Lloreda Camacho & Co delivered to the Lenders on November 3, 2015, all amounts payable thereunder have been duly and timely paid in full since the date of the constitution of the respective mining concession contract (or other mineral interest);
- (iv) The Santa Rosa Mining Property and the Santa Rosa Real Property constitute all real property, mineral interests and surface rights, necessary for the development, construction and mining operations of the Santa Rosa Project, as currently operated and as contemplated to be operated, substantially in accordance with the current Santa Rosa Mine Plan;
- (v) No Person other than Red Eagle Mining Colombia has any rights to participate in or operate the Santa Rosa Mining Property, the Ancillary Mining Properties and the Santa Rosa Project;
- (vi) Other than the Royalties, none of the Santa Rosa Mining Property, the Ancillary Mining Properties or any minerals produced therefrom are subject to an option, right of first refusal or right title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty, or right capable of becoming an agreement, option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty;
- (vii) There are no artisanal miners conducting any activity on the Santa Rosa Mining Property or on any mining concession directly adjacent thereto;
- (viii) The Obligors have no right to use or access any other real property or mining concessions other than the Real Property, the Santa Rosa Mining Property, the Ancillary Mining Properties and the Excluded Property.

3.1.12 **Other Borrower Property.** The Obligors have good and valid title to, or leasehold interest in, all other Borrower Property that is not Real Property, the Santa Rosa Mining Property, the Ancillary Mining Properties or the Excluded Properties, free and clear of all Encumbrances other than Permitted Encumbrances.

3.1.13 **Maintenance of Property.** All mining concession maintenance fees, recording fees, and Taxes and all other amounts have been paid when due and payable and all other actions and all other obligations as are required to maintain the Santa Rosa Mining Property, the Ancillary Mining Properties and the Collateral in good standing, have been taken and complied with in all material respects.

3.1.14 **No Expropriation.** No Borrower Property, nor any part thereof, has been taken or expropriated by any Governmental Entity nor has any notice been given (in writing to the Borrower or any Guarantor) or proceeding commenced by a Governmental Entity in respect thereof nor, to the knowledge of the Borrower, is there any intent or proposal to give any such notice or commence any such proceeding.

3.1.15 **Insurance.** The Borrower Property and the businesses and operations of the Borrower and the Guarantors are insured with reputable insurance companies (not Affiliates of the Borrower or any Subsidiary of the Borrower) in such amounts, with such deductibles and covering such risks as is consistent with insurance carried by reasonably prudent participants in comparable businesses in the relevant jurisdictions, and such coverage is in full force and effect, and no Obligor has breached the terms and conditions of any policies in respect thereof nor failed to promptly give any notice or present any material claim thereunder. There are no material claims by the Obligors under any such policy as to which any insurer is denying liability or defending under a reservation of rights clause. To the knowledge of the Borrower, each of the Obligors will be able (i) to renew existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business and at a comparable cost.

3.1.16 **Authorizations and Other Rights.** The Obligors have obtained or been issued (or upon obtaining the Santa Rosa Lease, will have been obtained or issued) all such Authorizations and Other Rights as are necessary for the conduct of their respective businesses and operations as currently conducted except for those Authorization and Other Rights which, if not held, do not have and could not reasonably be expected to have a material impact on the Obligors' ability to construct and develop the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect. Without limiting the foregoing, the Obligors have obtained or been issued all Santa Rosa Project Authorizations other than such Authorizations and Other Rights (A) that are not necessary on the date this representation and warranty is made or deemed made for the conduct of development activities as such activities are currently being conducted, but that are expected to be obtained, in the ordinary course of business, by the time they are necessary for the conduct of development activities and the eventual commencement and ongoing commercial production, as applicable, or (B) the failure of which to be obtained would not be material to the development of the Santa Rosa Project or the

commencement and ongoing operation of commercial production (including commercial production transactions). Without limiting the foregoing:

- (i) of all of such Material Santa Rosa Project Authorizations which have been obtained or issued as of the date hereof are set out in Schedule 1.1.100, true and complete copies thereof have been made available to the Administrative Agent, and no Obligor is in breach or default of the terms and conditions thereof, all of such Material Santa Rosa Project Authorizations are in good standing, and no proceeding is pending or, to the knowledge of the Borrower, threatened to revoke or limit any such Material Santa Rosa Project Authorizations; and
- (ii) there are no facts or circumstances that might reasonably be expected to adversely affect the issuance, renewal or obtaining of any such Authorizations (whether obtained or issued or to be obtained or issued).

**3.1.17 Applicable Laws; Conduct of Operations.** The Borrower and its Subsidiaries, including the conduct of operations at the Santa Rosa Project, are and have been in compliance in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, all exploration, development and mining operations in respect of all Borrower Property have been conducted in accordance with good mining and engineering practices and all material workers' compensation and health and safety regulations have been complied with. There are no pending or, to the knowledge of the Borrower, proposed changes to Applicable Laws that would render illegal or materially restrict the construction of the Santa Rosa Project or conduct of operations at the Santa Rosa Project, or that could otherwise reasonably be expected to result in a Material Adverse Effect.

**3.1.18 AML Legislation.** The Borrower is in compliance with, and has not been charged under AML Legislation.

**3.1.19 Anti-Corruption and Sanctions.** Without limiting the generality of Section 3.1.17, the Borrower, its Subsidiaries and their respective officers and employees and, to the knowledge of the Borrower, its directors and agents, are in compliance with, and have not been charged under, Anti-Corruption Laws and applicable Sanctions and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person or Sanctioned Entity. None of (a) the Borrower, its Subsidiaries or, to the knowledge of the Borrower, any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of an of them that will act in any capacity in connection with or benefit from the Loan, (i) has used, or authorized the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made, or authorized the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds, or (iii) is a Sanctioned Person or a Sanctioned Entity. No Advance, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

3.1.20 **Environmental Compliance.** Without limiting the generality of Sections 3.1.16 and 3.1.17:

- (i) the Borrower and its Subsidiaries, including without limitation the conduct of operations at the Santa Rosa Project, have been and are in compliance in all material respects with all Environmental Laws;
- (ii) the Borrower and the Guarantors have obtained all Authorizations required under Environmental Laws necessary to construct, develop and operate the Santa Rosa Project or to conduct any other exploration, development, drilling or mining operations being conducted by it;
- (iii) the Borrower and its Subsidiaries have not used or permitted to be used, except in material compliance with all Environmental Laws, any of the Borrower Property to release, dispose, recycle, generate, manufacture, process, distribute, use, treat, store, transport or handle any Hazardous Substance;
- (iv) there is no presence of any Hazardous Substance on, in or under any of the Borrower Property and no Hazardous Substances will be generated from the Borrower's or any of its Subsidiaries use of such Borrower Property (including without limitation as a result of the conduct of operations at the Santa Rosa Project) except in compliance with all Environmental Laws;
- (v) neither the Borrower nor its Subsidiaries, nor any of the Borrower Property, is subject to any pending or, to the knowledge of the Borrower, threatened:
  - (A) material claim, notice, complaint, allegation, investigation, application, order, requirement or directive that relates to environmental, natural resources, Hazardous Substances, human health or safety matters, and which may require or result in any work, repairs, rehabilitation, reclamation, remediation, construction, obligations, liabilities or expenditures (and, to the knowledge of the Borrower, there is no basis for such a claim, notice, complaint, allegation, investigation, application, order, requirement or directive); or
  - (B) material allegation, demand, direction, Order, notice or prosecution with respect to any Environmental Law applicable thereto including any Laws respecting the use, storage, treatment, transportation, rehabilitation, reclamation, remediation or disposition of any Hazardous Substance (including without limitation tailings, waste rock, sediment from erosion, wastewater and surface water run-off) from the Property of the Borrower and its Subsidiaries and neither the Borrower nor any of its



Subsidiaries have settled any allegation of non-compliance with Environmental Laws prior to prosecution;

- (vi) the Borrower has made available to the Administrative Agent a true and complete copy of each material environmental audit, assessment, study or test of which (x) it is aware relating to the Santa Rosa Mining Property, or (y) in relation to any Ancillary Mining Property, was either (A) conducted subsequent to the acquisition by the Borrower or Guarantor of such Ancillary Mining Property, or (B) was commissioned by the Borrower or Guarantor, including in each case any environmental and social impact assessment study reports, and
- (vii) as of the date hereof, there are no pending or, to the knowledge of the Borrower, proposed (in writing) changes to Environmental Laws or environmental Authorizations referred to in paragraph (ii) above that would render illegal or materially restrict the conduct of operations at the Santa Rosa Project, or that could otherwise reasonably be expected to result in a Material Adverse Effect.

**3.1.21 Indigenous Matters.** There are no indigenous persons or groups or collective territories duly granted to said indigenous persons or groups, or Persons acting on behalf of any indigenous person or group, from which the Borrower or any of its Subsidiaries has received any notice of, or to the knowledge of the Borrower has any claim or assertion, written or oral, whether proven or unproven, in respect of indigenous or afro-descendant rights, indigenous title (including collective titles), treaty rights or any other indigenous interest in or in relation to all or any portion of its business or the Santa Rosa Mining Property or the Ancillary Mining Properties. The Borrower has made available to the Administrative Agent all material correspondence, notices and other documents of which the Borrower is aware, from or involving any indigenous person or group or any Person acting on behalf of any indigenous person or group relating to its business, the Santa Rosa Mining Property, the Ancillary Mining Properties or the Santa Rosa Project, including any such correspondence, notices or other documents regarding any impact benefit agreements or other similar arrangements that have been proposed to any indigenous person or group potentially affected by its business or the Santa Rosa Project. The Borrower's consultation and dealings with indigenous persons and groups to date regarding the proposed exploration, development, construction, operation, closure and rehabilitation of the Santa Rosa Mining Property, the Ancillary Mining Properties and the Santa Rosa Project have been consistent in scope with similar projects of that nature and consistent with Canadian mining industry best practices.

**3.1.22 Employee and Labour Matters.** The Obligors are in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages; there is not currently any labour disruption or conflict involving the Obligors or directly affecting the Santa Rosa Project. No Obligor is a party to a collective bargaining agreement.

3.1.23 **Security.** The Obligors have implemented security practices and procedures at the Santa Rosa Project consistent with Canadian mining industry best practices.

3.1.24 **Employee Benefit Plans.** Each Employee Benefit Plan mandated by a Governmental Entity that is intended to qualify for special tax treatment meets all of the requirements for such treatment and has obtained all necessary approvals of all relevant Governmental Entities. No Employee Benefit Plan has any unfunded liabilities, determined in accordance with IFRS, that have not been fully accrued on the Financial Statement or that will not be fully offset by insurance. All Employee Benefit Plans are registered where required by, and are in good standing under, all Applicable Laws. For purposes of this Section 3.1.24, "**Employee Benefit Plan**" means any employee benefit plan, program, policy or arrangement sponsored, maintained or contributed to by the Borrower or a Guarantor or any of their respective Affiliates or with respect to which the Borrower, any Guarantor or any of their respective Affiliates has any liability or obligation.

3.1.25 **Taxes.**

- (a) All Taxes due and payable by the Borrower and its Subsidiaries (whether or not shown due on any Tax Returns and whether or not assessed (or reassessed) by the appropriate Governmental Entity) have been timely paid when due. All assessments and reassessments received by the Borrower in respect of Taxes have been paid when due.
- (b) All Tax Returns required by Applicable Law to be filed by or with respect to the Borrower or any of its Subsidiaries have been properly prepared and timely filed when due and all such Tax Returns (including information provided therewith or with respect thereto) are true, complete and correct in all material respects, and no material fact or facts have been omitted therefrom which would make any such Tax Returns misleading.
- (c) Adequate provision has been made by the Borrower in the Financial Statements for all Taxes for any period for which Tax Returns are not yet required to be filed, or for which Taxes are not yet due or payable, up to the date of the most recent financial statements contained in the Public Disclosure Documents.
- (d) Since the date of the most recent financial statements contained in the Public Disclosure Documents, neither the Borrower nor any Guarantor has incurred any material liability, whether actual or contingent, for Taxes or engaged in any transaction or event that would result in any material liability, whether actual or contingent, for Taxes, other than in the ordinary course of business.
- (e) No audit or other proceeding by any Governmental Entity is pending or, to the knowledge of the Borrower, threatened with respect to any Taxes due from or with respect to the Borrower or any Guarantor, and no Governmental Entity has given written notice of any intention to assert any deficiency or claim for additional Taxes against the Borrower or any Guarantor. There are no matters

under audit or appeal or in dispute, or, to the knowledge of the Borrower, under discussion, with any Governmental Entity relating to Taxes.

- (f) No Governmental Entity of a jurisdiction in which the Borrower or any Guarantor do not file Tax Returns has made any written claim that the Borrower is (or any of the Guarantors are) or may be subject to taxation by such jurisdiction. To the knowledge of the Borrower, there is no basis for a claim that the Borrower is (or any Guarantor is) subject to Tax in a jurisdiction in which it or any Guarantor do not file Tax Returns.
- (g) There are no outstanding agreements, waivers, objections or arrangements extending the statutory period of limitations applicable to any claim for Taxes due from or with respect to the Borrower or any of its Subsidiaries for any taxable period, nor has any such agreement, waiver, objection or arrangement been requested. Neither the Borrower nor any of its Subsidiaries are bound by any tax sharing, allocation or indemnification or similar agreement.
- (h) The Borrower and each of its Subsidiaries has withheld or collected any Taxes that are required by Applicable Law to be withheld or collected and has paid or remitted, on a timely basis, the full amount of any Taxes that have been withheld or collected, and are due, to the applicable Governmental Entity.

**3.1.26 Intellectual Property.** Each Obligor owns, licenses or otherwise has the right to use all material licenses, Authorizations, patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, copyright applications, franchises, authorizations and other intellectual property rights that are necessary for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect thereto (other than any Intellectual Property the absence of which or any such infringement upon or conflict with respect to which would not have a material impact on the Obligors' ability to construct and operate the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect). No slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Obligor infringes upon or conflicts with any rights owned by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the Borrower's knowledge, threatened.

**3.1.27 Books and Records.** The minute books and corporate records of each of the Obligors are true and correct in all material respects and contain all minutes of all meetings and all resolutions of the shareholders or directors (or any committee thereof) of each Obligor (and true and correct copies thereof have been provided by the Borrower to the Administrative Agent).

**3.1.28 Financial Statements.**

- (a) The Financial Statements have been prepared in accordance with IFRS applied on a consistent basis throughout and compiled, as of their date of filing, with the applicable published rules and regulations of any stock exchange on which the

Borrower's securities are listed and Securities Laws, and the Financial Statements present fairly, in all material respects, the financial condition of the Borrower and the other Obligor, on a consolidated basis, for the period then ended. The Borrower does not intend to correct or restate, nor, to the knowledge of the Borrower, is there any basis for any correction or restatement of, any aspect of the Financial Statements.

- (b) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Borrower or any of its Subsidiaries with unconsolidated entities or other Persons.
- (c) PricewaterhouseCoopers LLP has been the auditor of the Borrower since 2016 and is "independent" as required under Securities Laws. There has not been a "reportable event" (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) within the last five years with the present or any former auditor of the Borrower.
- (d) The Borrower is in compliance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators.

**3.1.29 Absence of Change.** Except as disclosed in the Public Disclosure Documents or in writing by the Borrower to the Administrative Agent as of the date hereof and except as otherwise permitted by this Agreement after the date hereof, since December 31, 2014, there has been no event, change or effect which, individually or in the aggregate, has had, or could reasonably be expected to have a Material Adverse Effect.

**3.1.30 Related Party Transactions.** Except as disclosed in the Public Disclosure Documents as of the date hereof or as permitted by the Loan Documents after the date hereof, neither the Borrower nor any Guarantor has: (i) made any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any Related Party of the Borrower; or (ii) been a party to any Contract with any Related Party of the Borrower, other than independent contractor or indemnification agreements entered into with officers or directors of the Borrower. Any transactions between the Borrower or a Guarantor and a Related Party have, except as specifically permitted pursuant to Sections 5.19.14, 5.19.15 or 5.19.16, been completed on reasonable commercial terms that, considered as a whole, are not less advantageous to the Borrower or such Guarantor, as the case may be, than if the transaction was with a Person dealing at arm's length with the Borrower or such Guarantor, as the case may be.

**3.1.31 No Liabilities.** Neither the Borrower nor any Guarantor has any material liabilities, contingent or otherwise, other than those reflected in the Financial Statements or after the date hereof as otherwise permitted pursuant to the Loan Documents.

**3.1.32 Litigation.** There are no Material Orders which remain unsatisfied against the Borrower or any Guarantor or consent decrees or injunctions to which the Borrower or any Guarantor is subject. There are no material investigations, actions, suits or

proceedings at law or in equity or by or before any Governmental Entity pending or, to the knowledge of the Borrower, threatened against or directly affecting the Borrower or any Guarantor (or their respective properties or assets) or otherwise having a material impact on the ability of the Borrower and the Guarantors to develop, construct and operate the Santa Rosa Project and, to the knowledge of the Borrower, there is no ground on which any such action, suit or proceeding might be commenced.

**3.1.33 Debt Instruments.** Other than pursuant to the Loan Documents, no Obligor has any Debt other than the Obligations and Debt permitted under this Agreement.

**3.1.34 No Subordination.** There is no Contract to which any Obligor is a party or by which it or any of its properties or assets may be bound that requires the subordination in right of payment of any of the Obligations under the Loan Documents to any other obligation of it.

**3.1.35 Issuance of Warrants.**

- (i) [Intentionally Deleted]
- (ii) The Common Shares are listed and posted for trading on the TSX and no order ceasing or suspending trading in any securities of the Borrower or prohibiting the sale or issuance of the Purchased Securities or the trading of any of the Borrower's issued securities has been issued and no (formal or informal) proceedings for such purpose are pending or, to the knowledge of the Borrower, have been threatened.
- (iii) The Borrower has not taken any action which would reasonably be expected to result in the delisting or suspension of the Common Shares on or from the TSX and the Borrower is currently in compliance in all material respects with the rules and regulations of the TSX.

**3.1.36 Regulatory Compliance.**

- (i) The Borrower is a "reporting issuer" (or the equivalent) in British Columbia, Alberta and Ontario and is not included on a list of defaulting reporting issuers maintained by the Securities Regulators. The Borrower has not taken any action to cease to be a reporting issuer in any jurisdiction in which it is a reporting issuer, and has not received any notification from a Securities Regulator seeking to revoke the Borrower's reporting issuer status.
- (ii) All filings and fees required to be made and paid by the Borrower pursuant to Securities Laws have been made and paid when due.
- (iii) Since December 31, 2014, as of their respective filing dates, each of the Public Disclosure Documents complied with the requirements of applicable Securities Laws in all material respects and none of the Public Disclosure Documents contained any untrue statement of a material fact or

omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. There is no material change as of the date hereof relating to the Borrower which has occurred and with respect to which the requisite material change report has not been filed with the Securities Regulators. The Borrower has not filed any confidential material change report or other confidential report with any Securities Regulator or other Governmental Entity which at the date hereof remains confidential.

**3.1.37 Mineral Reserves and Resources.** The most recent estimated measured, indicated and inferred mineral resources and proven and probable mineral reserves and technical reports disclosed in the Public Disclosure Documents for the Santa Rosa Project have been prepared and disclosed in accordance with accepted mining industry practices. The Borrower is in compliance, in all material respects, with the requirements prescribed by National Instrument 43-101 (as in effect on the date of publication of the relevant report or information). The Borrower has no knowledge that the mineral resources or mineral reserves (or any other material aspect of any technical reports) as disclosed in the Public Disclosure Documents are inaccurate in any material respect. At the date hereof, there are no outstanding unresolved comments of any Securities Regulator or the TSX in respect of the technical disclosure made in the Public Disclosure Documents. To the knowledge of the Borrower, there has been no material reduction in the aggregate amount of estimated mineral resources and reserves for the Santa Rosa Project from the amounts last disclosed publicly by the Borrower in the Public Disclosure Documents.

**3.1.38 No Default.** Other than the Current Defaults, no Default or Event of Default has occurred and is continuing under any Loan Document.

**3.1.39 Disclosure.** All information which has been prepared by or on behalf of the Borrower relating to the Borrower, its Subsidiaries and their respective businesses, properties and assets and disclosed in writing to the Lenders is, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information materially misleading. All forecasts, projections and budgets which have been prepared by or on behalf of the Borrower relating to the Borrower, its Subsidiaries and their respective businesses, properties and assets and delivered to the Lenders represent the Borrower's reasonable estimates and assumptions as to future performance, which the Borrower believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions. To the knowledge of the Borrower, there is no matter, thing, information, fact, data or interpretation thereof relative to the Borrower, its Subsidiaries, or their respective businesses, properties and assets which could reasonably be expected to have a Material Adverse Effect that has not been disclosed to the Lenders.

**3.1.40 Bank Accounts.** The Obligors have no other bank accounts other than as set out in Schedule 3.1.40 (or if such Schedule is replaced in accordance with this Agreement, such replacement schedule).

3.1.41 **CB Gold Budget.** The CB Gold Budget attached as Schedule 3.1.41 represents the Borrower's reasonable estimates and assumptions as to the requirements of CB Gold to December 31, 2018, which the Borrower believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions.

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

The representations and warranties made in this Agreement shall survive the execution and delivery of this Agreement and shall continue until payment in full of the Obligations notwithstanding any investigation made at any time by or on behalf of the Lenders.

## **ARTICLE 4 SECURITY**

### 4.1 **Security.**

As security for the due and punctual payment of all of the Obligations, the Borrower and its wholly-owned Subsidiaries granted a continuing security interest and a first-ranking Encumbrance in favour of the Administrative Agent over all of the Collateral (subject only to Permitted Encumbrances), and delivered or caused to be delivered to the Administrative Agent, for the benefit of the Lenders, in form and substance satisfactory to Lenders' counsel, acting reasonably:

- 4.1.1 a Guarantee from each wholly-owned Subsidiary of the Borrower;
- 4.1.2 a first-ranking (subject only to Permitted Encumbrances) general security agreement;
- 4.1.3 specific assignment of the Material Contracts that the Borrower or any other Obligor is party to or bound by, together with applicable acknowledgements of the counterparties thereto, provided that such acknowledgement shall not be required in respect of the Material Contracts listed as items 6, 7 and 8 of Schedule 1.1.99;
- 4.1.4 assignment of the proceeds of the Borrower's and Guarantors' insurance;
- 4.1.5 a pledge of all equity interests in the Borrower's and each Guarantor's directly owned Subsidiaries;
- 4.1.6 the Colombian Security (which shall only be required prior to the First Advance except for the Mining Pledge and the Pledge over Future Production, which registration shall be completed on the terms set forth in Sections 5.1.18, 5.1.19 and 5.1.20);
- 4.1.7 the Liberty Subordination Agreement;
- 4.1.8 all share certificates, stock powers of attorney, documentation, consents or authorizations necessary in order to make valid and effective the aforementioned agreements;

4.1.9 blocked account agreements in respect of all bank accounts of the Obligors except as otherwise agreed by the Administrative Agent;

4.1.10 an account control agreement dated May 30, 2017 between the Administrative Agent, the Borrower and National Bank Financial Inc. in respect of the shares of CB Gold; and

4.1.11 such other security documents as the Administrative Agent or the Lenders may at any time reasonably request having for the purposes of granting, protecting or ensuring a first-ranking (subject only to Permitted Encumbrances) perfected Encumbrance in favour of the Administrative Agent in all assets and property of the Borrower and the Guarantors, including without limitation, any additional security reasonably required as a result of the transactions contemplated by the 2015 Reorg Plan.

**4.2 Further Assurances - Security.**

The Borrower shall take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the Lenders such agreements, documents and instruments as the Lenders shall reasonably request, and register, file or record the same (or a notice or financing statement in respect thereof) in all offices where such registration, filing or recording is, in the reasonable opinion of the Lenders or Lenders' counsel, necessary or advisable to constitute, perfect and maintain the Security Documents referred to in Section 4.1 as first-ranking Encumbrances of the Borrower or the Person granting such Encumbrances, subject only to the Permitted Encumbrances, in all jurisdictions reasonably required by the Lenders, in each case within a reasonable time after the request therefor by the Lenders or Lenders' counsel, and in each case in form and substance satisfactory to Lenders' counsel, acting reasonably.

**4.3 Security Effective Notwithstanding Date of Advance.**

The Security shall be effective and the undertakings in this Agreement and the other Loan Documents with respect thereto shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security or before or after or upon the date of execution of this Agreement. The Security shall not be affected by any payments under this Agreement or any of the other Loan Documents, but shall constitute continuing security to and in favour of the Administrative Agent for the benefit of the Lenders for the Obligations from time to time.

**4.4 No Merger.**

The Security shall not merge in any other security. No judgment obtained by or on behalf of the Lenders shall in any way affect any of the provisions of this Agreement, the other Loan Documents or the Security. For greater certainty, no judgment obtained by or on behalf of the Lenders shall in any way affect the obligation of the Borrower to pay interest or other amounts at the rates, times and in the manner provided in this Agreement.



**4.5 Release of Security.**

Following indefeasible payment and performance in full of all Obligations of the Borrower and its Subsidiaries under this Agreement and the other Loan Documents, the Administrative Agent will promptly, at the request, cost and expense of the Borrower, release and discharge the right and interest of the Lenders in the Collateral.

In addition, if any Collateral is Disposed of as permitted by this Agreement or is otherwise released from the Security at the direction or with the consent of the Lenders, at the request, cost and expense of the Borrower (on satisfaction, or on being assured of concurrent satisfaction, of any condition to or obligation imposed with respect to such Disposition), the Administrative Agent shall discharge such Collateral from the Security and deliver and re-assign to the Borrower or its Subsidiaries (without any representation or warranty) any of such Collateral as is then in the possession of the Lenders.

**ARTICLE 5  
COVENANTS**

**5.1 Affirmative Covenants.**

So long as any Obligations remain outstanding, and except as otherwise consented to by the Majority Lenders, the Borrower shall, and shall cause, as applicable, each Guarantor to:

5.1.1 duly and punctually pay the Obligations at the times and places and in the manner required by the terms of the Loan Documents;

5.1.2 maintain its corporate existence; keep proper books of account and records; and except where the failure to do so would not, either individually or in the aggregate, have a material impact on the Borrower's and the Guarantors' ability to operate construct the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect, maintain its corporate status in all jurisdictions where it carries on business; and operate its business and the Santa Rosa Project (including the construction thereof) in accordance with good mining and engineering practices and in compliance, in all material respects, with Applicable Law and all Material Contracts;

5.1.3 maintain the Borrower Property in good standing, performing or causing to be performed all required assessment work thereon, paying or causing to be paid all concession, permit and license maintenances fees in respect thereof, paying or causing to be paid all rents and other payments in respect of leased properties forming a part thereof and otherwise maintaining the Borrower Property in compliance, in all material respects, with Applicable Law, and including that the Borrower and Guarantors shall not be permitted to dispose of, abandon or allow to lapse the Excluded Property;

5.1.4 not abandon all or any portion of any mining concessions (or other mineral interest) comprising part of the Collateral or any other interest in the Collateral;

5.1.5 at all times during its business hours and with reasonable frequency upon reasonable prior written notice from a Lender and at all times and with reasonable

frequency and without notice if an Event of Default shall have occurred and be continuing, permit representatives of the Lenders, at the cost and expense of the Borrower, to enter into or onto its property, to inspect any of the Collateral and to examine its financial books, accounts and records and to discuss its financial condition with its senior officers and its auditors;

5.1.6 provide the Lenders promptly with such evidence of insurance as the Lenders may from time to time reasonably require;

5.1.7 keep insured with financially sound and reputable insurance companies all of the Collateral, including the Santa Rosa Project, in amounts and against losses or damages, including property damage and public liability, on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses in the relevant jurisdictions and cause the policies of insurance referred to above to contain customary endorsements for the benefit of the Lenders, all in a form acceptable to the Administrative Agent acting reasonably, and include a provision that such policies will not be amended in any manner which is prejudicial to the Lenders or be cancelled without thirty days' prior written notice being given to the Lenders by the issuers thereof, and cause the Administrative Agent to be named as an additional insured with respect to public liability insurance;

5.1.8 provide the Lenders promptly with such evidence of insurance as the Administrative Agent may from time to time reasonably require;

5.1.9 diligently complete, or cause to be completed, the development and construction of the Santa Rosa Project in a good and workmanlike manner in accordance, in all material respects, with the budgets, timelines, plans and specifications set forth in the Construction Contracts, the Santa Rosa Construction Budget and the Santa Rosa Mine Plan, or as otherwise approved by the Majority Lenders, acting reasonably;

5.1.10 subject to the thresholds set out in Sections 5.19.18 and 5.19.19, obtain, as and when required, and preserve and maintain, all Authorizations (including environmental Authorizations and Utility Commitments), Other Rights and Material Contracts which are required to permit it to (i) own, operate and maintain the Business and the Santa Rosa Project in the manner currently carried on, (ii) construct, develop and operate the Santa Rosa Project as contemplated by the Santa Rosa Mine Plan; (iii) commence and carry out the operation of commercial production transactions; and (iv) perform its obligations under the Loan Documents to which it is a party;

5.1.11 pay all Taxes as they become due and payable unless they are being contested in good faith by appropriate legal proceedings and, with respect to Taxes which are overdue, make arrangements satisfactory to the Administrative Agent regarding adequate provision for their payment;

5.1.12 conduct all environmental remedial activities which a Person acting in a commercially reasonable manner and in accordance with mining industry best practices would perform in similar circumstances to meet its environmental responsibilities and

conduct and pay for any environmental investigations, assessments or remedial activities with respect to any of the Borrower Property that the Administrative Agent may reasonably request;

5.1.13 (a) ensure that the only mining activities taking place on the Santa Rosa Mining Property are those under the control and direction of the Borrower and the Guarantors in furtherance of the Santa Rosa Project; (b) take reasonable steps to enforce its rights to not have any mining activities taking place on the Ancillary Mining Properties that are not under the control and direction of the Borrower and the Guarantors, and (c) construct and operate the Santa Rosa Project in compliance with the requirements of any environmental permit, order or other Authorization in respect of the Santa Rosa Project;

5.1.14 warrant and defend the right, title and interest of the Borrower in and to any Collateral, and every part thereof, against the claims of any Person, subject only to Permitted Encumbrances;

5.1.15 cause each of its wholly-owned Subsidiaries to promptly, and in the event any Person hereafter becomes a wholly-owned Subsidiary of the Borrower within five Business Days of its becoming a wholly-owned Subsidiary of the Borrower, execute and deliver the equivalent of the Colombian Security or the other Security Documents, as required by the Lenders acting reasonably on the advice of counsel as may be necessary to obtain a security interest in the Collateral, and provide customary opinions, registrations (or evidence of the filing of same with the applicable authority for the purposes of registration) and supporting documentation (including updates to disclosure schedules hereto) in respect thereof;

5.1.16 use the proceeds of the Loan only for the purpose of financing the development, construction and working capital requirements of the Santa Rosa Project;

5.1.17 use all commercially reasonable and lawful efforts to overcome or remove a Production Delay Event as quickly as possible and furnish timely regular reports to the Lenders of actions being undertaken by the Borrower or its Subsidiaries to overcome or remove the Production Delay Event, and provide any other information regarding the Production Delay Event as the Administrative Agent may reasonably request.

5.1.18 prior to the First Advance, the Borrower shall file all documents, take all actions required and provide its best efforts in order to obtain the prompt registration and/or recording required by Applicable Law for the validity, perfection and priority of the Mining Pledge and the Pledge over Future Productions;

5.1.19 obtain all registrations and recordings required by Applicable Law for the validity, perfection and priority of the Mining Pledge and the Pledge over Future Productions and provide satisfactory evidence thereof to the Lenders within 18 months following the Closing Date.

5.1.20 until evidence of the registration and recording of the Mining Pledge and the Pledge over Future Productions is provided to the Lenders pursuant to Section 5.1.19, review the public file on a (i) quarterly basis prior to the First Advance, and (ii) monthly

basis after the First Advance, to determine if competing filings have been made against the Collateral and to promptly notify the Lenders of the results of each review.

5.1.21 whenever the filing and registration of Colombian Security Documents must be undertaken by the Administrative Agent, the Borrower or the Guarantors shall, at its own cost, execute and deliver any additional document or instrument and take any subsequent actions and/or measures considered necessary or appropriate or which is reasonably requested by the Administrative Agent in order for the Colombian Security Documents to be effectively registered.

5.1.22 Forthwith on or after the Closing Date, the Borrower shall maintain an up to date data room which shall be updated promptly as new information is produced or becomes available and the Borrower shall provide the Administrative Agent and the Lenders with full access to such data room.

5.1.23 Forthwith on or after the Closing Date, the Borrower shall take all required action to satisfy the conditions set out in the conditional acceptance of the TSX for the listing of the Warrant Shares, and in any event within the time period prescribed by the TSX, to satisfy such conditions.

5.1.24 From the period of August 12, 2017 to October 31, 2017, the Borrower shall receive at least \$4,000,000 (net) in cash from a combination of sources, including but not limited to the following: issuance of Equity of the Borrower, sale of gold, sale of CB Gold shares, incurrence of Subordinated Debt and reduction in projected expenses in the Santa Rosa Construction Budget to the extent such reductions are satisfactory to the Lenders acting reasonably. In the event the Borrower has not received such amount by October 20, 2017, and will not receive such amount by October 31, 2017, the Borrower shall submit to the Administrative Agent by October 20, 2017, for the approval of the Lenders acting reasonably, a proposal to receive such amount by December 31, 2017. In the event that such proposal is approved by the Lenders the Borrower shall be required to receive such amount by December 31, 2017 in accordance with such proposal. In the event such proposal is not approved by the Lenders by October 31, 2017, the Borrower's failure to receive such \$4,000,000 by October 31, 2017 shall be an Event of Default.

**5.2 Notifications to the Lenders.**

5.2.1 The Borrower shall promptly notify the Lenders of the occurrence of the Production Start Date and the Commercial Production Date.

5.2.2 The Borrower shall promptly notify the Lenders of the occurrence of:

- (a) any Default or Event of Default;
- (b) any default by any party under or termination or threatened termination of any Material Contract of which it becomes aware; and
- (c) the loss of or material non-compliance with the terms of any Santa Rosa Project Authorization.

5.2.3 The Borrower shall promptly notify the Lenders on becoming aware of the occurrence of any litigation, dispute, arbitration, proceeding or other circumstance affecting it (i) for an amount in excess of \$1,000,000, (ii) which relates to any Material Contract, or (iii) which could reasonably be expected to have a material impact on the Borrower's and the Guarantors' ability to operate construct the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect, and from time to time provide the Lenders with all information reasonably requested by the Administrative Agent concerning the status thereof.

5.2.4 The Borrower shall promptly notify the Lenders, including in the notification the intended action to be taken by it, upon:

- (a) learning of any material claim, complaint, notice or order under any Environmental Law affecting it;
- (b) learning of the existence of Hazardous Materials located on, above or below the surface of any land which it occupies or controls, except those being stored; used or otherwise handled in compliance with Environmental Law, or contained in the soil or water constituting such land, in each case which could reasonably be expected to have a material impact on the Borrower's and the Guarantors' ability to operate construct the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect;
- (c) the occurrence of any reportable release, spill, leak, emission, discharge, leaching, dumping or disposal of Hazardous Materials that has occurred on or from such land which could reasonably be expected to have a material impact on the Borrower's and the Guarantors' ability to operate construct the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect;
- (d) the occurrence of any change in business activity conducted by it which involves the storage, use or handling of Hazardous Materials or wastes or increases its environmental liability in any material manner;
- (e) any proposed change in the use or occupation of the Borrower Property which may have a material impact on the Borrower's and the Guarantors' ability to operate construct the Santa Rosa Project and operate the Business or otherwise have a Material Adverse Effect; and
- (f) learning of any Production Delay Event or any fact or circumstance that could reasonably be expected to result in a Production Delay Event, or the cessation of any Production Delay Event.

5.2.5 The Borrower shall promptly notify the Lenders upon becoming aware of any proposed change or change in name or jurisdiction of incorporation or chief executive office of the Borrower or any Guarantor or of any proposed change or change in the Chief Executive Officer or Chief Financial Officer of the Borrower.

5.2.6 The Borrower shall notify the Lenders in writing at least 10 days prior to any intended Restricted Payment or dividend to be made in accordance with Section 5.19.9 with full particulars of such intended Restricted Payment or dividend.

5.2.7 The Borrower shall promptly notify the Lenders of (i) the acquisition by it of any real property (including mineral rights), whether owned or leased (and in the case of any leased property, provide the Administrative Agent with a charge over such leasehold interest on terms satisfactory to the Lenders, acting reasonably) (ii) any new locations of tangible assets of the Borrower or any Guarantor (other than inventory in transit), and (iii) new Material Contracts or any amendment or revision to any existing Material Contract (provided that any amendment or revision shall be subject to Section 5.19.17), and forthwith provide a true and complete copy of same to the Lenders, together with the acknowledgement required by Section 4.1.3.

5.2.8 As soon as practicable following a request thereof from the Administrative Agent, the Borrower shall provide any financial information, financial statements, budgets, forecasts, projections, lists of property and accounts and other statements as the Administrative Agent may reasonably request from time to time, including copies of any Tax returns and any other elections, remittance forms or other documents filed by the Borrower or any of its Subsidiaries pursuant to any legislation which requires the Borrower or any of its Subsidiaries to pay, withhold, collect, or remit amounts.

### **5.3 Corporate Documents.**

The Borrower shall deliver to the Lenders, contemporaneously with delivery of same to the Borrower's shareholder, a copy of each management information circular and other notices issued to its shareholders. The parties agree that the making of documents publicly available on the Borrower's SEDAR profile satisfies the delivery requirements under this Section.

### **5.4 Material Contracts and Mine Plan.**

5.4.1 The Borrower shall promptly deliver to the Lenders a copy of any new Material Contract or any amendment or revision to any existing Material Contract (provided that any new Material Contract or any amendment or revision shall be subject to Section 5.19.17 and shall be accompanied by the acknowledgement required by Section 4.1.3)

5.4.2 The Borrower shall promptly deliver to the Lenders a copy of any amendment, revision or supplement to the Santa Rosa Construction Budget (provided that any amendment, revision or supplement to shall be subject to Section 5.19.18).

5.4.3 The Borrower shall promptly deliver to the Lenders any amendment, revision or supplement to or replacement of the Santa Rosa Mine Plan (provided that any such amendment, revision, supplement or replacement shall be subject to Section 5.19.19).

5.4.4 The Borrower shall promptly deliver to the Lenders a copy any technical reports prepared in accordance with National Instrument 43-101 or updated finalized mineral

reserve and mineral resource estimates produced in accordance with National Instrument 43-101.

## **5.5 Forecast Reports.**

5.5.1 At least forty-five (45) days prior to the anticipated Commercial Production Re-Start Date, the Borrower shall deliver to the Lenders an Annual Forecast Report in respect of the remaining portion of such Fiscal Year, which shall be in form and substance satisfactory to the Administrative Agent, acting reasonably.

5.5.2 At least forty-five (45) days before the beginning of each Fiscal Year for each Fiscal Year after the Fiscal Year referred to in Section 5.5.1, the Borrower shall deliver to the Lenders an Annual Forecast Report in respect of the upcoming Fiscal Year, which shall be in form and substance satisfactory to the Administrative Agent, acting reasonably.

## **5.6 Monthly Reporting.**

5.6.1 The Borrower shall deliver to the Lenders a copy of each monthly Progress Report promptly upon receipt thereof from the provider thereof, together with, on request of the Administrative Agent, all other relevant Santa Rosa Project documentation or information that may have a material impact on the Santa Rosa Construction Budget or Santa Rosa Mine Plan.

5.6.2 On or before the twentieth day after the end of each calendar month prior to the Commercial Production Re-Start Date, the Borrower shall deliver to the Lenders a written report which shall include all of the information contained in the monthly construction/operations reports prepared and provided to the board of directors of the Borrower or any Guarantor, and to the extent not contained in such reports, will also contain, for such month: (a) the documents, information and analysis contained in a Quarterly Operations Report but on a monthly basis; and (b) the anticipated Commercial Production Re-Start Date. The Borrower shall make detailed reference to, and provide on request of the Administrative Agent together with such monthly report, all other relevant Santa Rosa Project documentation or information that may have a material impact on the Santa Rosa Mine Plan.

5.6.3 The Borrower shall on a monthly basis provide to the Lenders copies of the monthly bank statements for each bank account of the Borrower or any Subsidiary that is located in Colombia.

5.6.4 The Borrower shall, as soon as practicable on a monthly basis, and in any event no later than 20 days following the end of each month, provide to the Lenders a report detailing (i) working capital position, (ii) for the period through to December 31, 2017, reconciliation of drilling, development and mining against the Operating Plan.

5.6.5 The Borrower shall no later than August 20, 2017 provide to the Lenders a report detailing its proposal (which proposal shall contain more than one alternative) for the Borrower's plan to satisfy the requirements of Section 5.1.24 and the Borrower shall

use commercially reasonable efforts to comply with such proposal. No later than 20 days following the end of each month thereafter the Borrower shall provide the Lenders with an update as to any changes to such proposal and as to its progress with respect to satisfying its obligations under Section 5.1.24.

5.6.6 The Borrower shall, as soon as practicable on a monthly basis, and in any event on or before the twentieth day after the end of each calendar month, provide to the Lenders a report detailing progress/completion of the following deliverables:

- Philosophy for selecting mine methods,
- Geotechnical and hydrogeological reports to support mining method parameters,
- Stope designs in plan including design parameters,
- Dilution calculation and minimum width assumptions,
- Design of development and drill patterns,
- Production schedule with tons and grade from each stope, mining type and sequence,
- Ventilation plan,
- First principal operation cost estimate for mining and the backfill plant,
- Assumptions used to determine cut-off grade,
- Detailed project schedule,
- Reconciliations of mining to date

**5.7 Quarterly Reporting.**

- (a) As soon as available and in any event within the time of filing of such quarterly financial statements pursuant to Securities Laws after the end of each of the first, second and third Fiscal Quarter of each Fiscal Year, the Borrower shall deliver to the Lenders:
- (i) a copy of the Borrower's quarterly unaudited consolidated financial statements for such Fiscal Quarter, and the parties agree that the making of documents publicly available on the Borrower's SEDAR profile satisfies the delivery requirements under this Section 5.7(a);
  - (ii) after the Commercial Production Start Date, a detailed calculation of, for such Fiscal Quarter, (i) the number of ounces of Produced Gold, (ii) Sustaining Capital, and (iii) the Borrower's Cash Flow from Operations; and
  - (iii) a Compliance Certificate (provided that the certification and associated calculations at item 8 and Exhibit A of any Compliance Certificate regarding compliance with the financial covenants set out at Section 5.9 shall only be required commencing with the Compliance Certificate to be delivered in respect of the Fiscal Quarter ending June 30, 2018 and for each Fiscal Quarter thereafter).
- (b) Commencing with the Fiscal Quarter ending after the Production Start Date, the Borrower shall deliver to the Lenders a Quarterly Operations Report on or before



the twentieth day after the end of each Fiscal Quarter. The Borrower shall make detailed reference to, and provide on request of the Administrative Agent together with the Quarterly Operations Reports, all other relevant Santa Rosa Project documentation or information that may have a material impact on the Santa Rosa Mine Plan;

**5.8 Annual Reporting.**

As soon as available and in any event within the time of filing of such annual financial statements pursuant to Securities Laws after the end of each Fiscal Year, the Borrower shall deliver to the Lenders:

- (a) a copy of the Borrower's audited annual consolidated financial statements for such Fiscal Year, and the parties agree that the making of documents publicly available on the Borrower's SEDAR profile satisfies the delivery requirements under this Section 5.8(a);
- (b) after the Commercial Production Start Date, a detailed calculation of, for the fourth Fiscal Quarter of such Fiscal Year, (i) the number of ounces of Produced Gold, (ii) Sustaining Capital, and (iii) the Borrower's Cash Flow from Operations;
- (c) a Compliance Certificate (provided that the certification and associated calculations at item 8 and Exhibit A of any Compliance Certificate regarding compliance with the financial covenants set out at Section 5.9 shall only be required commencing with the Compliance Certificate to be delivered in respect of the Fiscal Quarter ending June 30, 2018 and for each Fiscal Quarter thereafter); and
- (d) an Officer's Certificate of the Borrower listing the types of insurance coverages in effect for the Borrower and stating the amounts of such insurance and the applicable deductibles under such insurance.

**5.9 Financial Covenants.**

Commencing July 1, 2018, the Borrower shall maintain the following additional financial covenants:

- (a) as of the end of each Fiscal Quarter, Debt Service Coverage Ratio on a rolling four Fiscal Quarter basis of at least 1.5:1;
- (b) as of the end of each Fiscal Quarter, EBITDA to Interest Coverage Ratio on a rolling four Fiscal Quarter basis of at least 5:1; and
- (c) as of the end of each Fiscal Quarter, Debt to EBITDA Ratio on a rolling four Fiscal Quarter basis of no greater than 2:1.

For purposes of determining compliance with the foregoing in respect of the Fiscal Quarters ending June 30, 2018 and September 30, 2018, EBITDA and Cash

Flow from Operations shall be calculated on an annualized basis using the financial results of the Borrower from and after April 1, 2018.

Commencing on the date of this Agreement, the Borrower shall maintain the following financial covenant:

- (d) the Borrower shall at all times ensure Tested Working Capital is no less than zero and shall immediately provide notice to the Lender if that is not the case at any time provided that after the Commercial Production Re-Start Date the Borrower shall only be required to calculate Tested Working Capital at the end of each calendar month.

**5.10 Inspections.**

Without limiting any of the Lenders' other rights under this Agreement, at any time and without the need for the prior consent of the Borrower, the Lenders and their authorized representatives shall have a right of access to all surface and subsurface portions of the Santa Rosa Mining Property and the Ancillary Mining Properties, to any mill, smelter, concentrator or other processing facility owned or operated by the Borrower or any of its Affiliates that is used to process minerals from the Santa Rosa Mining Property and the Ancillary Mining Properties and to any of their related operations. The Lenders and their authorized representatives shall have the further right to: (i) inspect and take copies of all records and data, whether maintained physically or electronically, pertaining to the Santa Rosa Mining Property, the Ancillary Mining Properties, mill, smelter, concentrator, other processing facilities and related operations; and (ii) take samples from the Santa Rosa Mining Property, Ancillary Mining Properties or any stockpile of minerals, any mill, smelter, concentrator or other processing facility for purposes of assay verification.

**5.11 Anti-Corruption**

The Borrower and its Subsidiaries shall at all times comply with the Borrower's Anti-Corruption Policy, and shall immediately notify the Lender upon becoming aware of any breach or suspected breach of such Policy.

**5.12 Sell All Gold**

The Borrower and Subsidiaries shall promptly sell all gold inventory (whether held as physical gold or gold credits) and shall not hold or stock-pile any gold in inventory.

**5.13 Changes to Accounting Policies.**

If there is any material change in a period to the accounting policies, practices and calculation methods used by the Borrower in preparing its financial statements or components thereof as compared to any previous period, the Borrower shall provide the Lenders with all information which the Lenders reasonably require relating to the impact of any such material

change on the comparability of the reports provided to the Lenders after any such material change to previous reports.

**5.14 Issuance of Bonus Warrants**

5.14.1 Concurrently with the closing of the remaining portion of the Initial Equity Financing, the Borrower shall issue 5,000,000 Warrants to Orion and deliver to Orion a duly executed Warrant Agreement in respect of such Warrants. The Warrants shall have an exercise price equal to the greater of: (a) the price per Common Share issued pursuant to the remaining portion of the Initial Equity Financing (without attributing value to any warrants issued with the common shares); and (b) the lesser of (i) the market price in respect of such Initial Equity Offering (determined in accordance with the rules of the TSX) and (ii) the market price in respect of the transactions contemplated by this Agreement (determined in accordance with the rules of the TSX). The Warrants shall have a term of five years from the date of issuance thereof, subject to earlier termination in accordance with the terms of the Warrant Agreement.

5.14.2 In the event that the remaining portion of the Initial Equity Financing is completed pursuant to more than one offering, the Warrants shall be issuable upon the closing of the final such offering, and for the purposes of determining the exercise price of the Warrants:

5.14.2.1 the price per Common Share issued pursuant to the remaining portion of the Initial Equity Offering in Section 5.14.1(a) above shall be the weighted average of the prices of such offerings, weighted based on the gross proceeds of each such offering; and

5.14.2.2 the market price in respect of the remaining portion of the Initial Equity Offering in Section 5.14.1(b)(ii) above shall be the weighted average of the market prices of such offerings, weighted based on the gross proceeds of each such offering.

5.14.3 For the purposes of this Section 5.14, the price per Common Share, market prices and the gross proceeds in respect of an offering shall be measured in Canadian dollars.

**5.15 Transactions**

Borrower shall:

- (i) provide 3 Business Days' notice to the Administrative Agent of any wire transfer by an Obligor to a Person that is not an Obligor and which is in excess of \$4,000,000 (or which together with other wire transfers to the same Person made within a 10 Business Day period would exceed \$4,000,000 in aggregate);

- (ii) provide 3 Business Days' notice to the Administrative Agent of any payments made by an Obligor to CB Gold in excess of \$100,000 individually or in any calendar month;
- (iii) provide 3 Business Days' notice to the Administrative Agent of any Obligor opening any new bank account;
- (iv) provide online access to the Administrative Agent to all of the Borrower's and Guarantors' bank accounts at all times, provided that such online access shall be restricted to viewing transactions and not (for greater certainty) initiating transactions unless the Administrative Agent or Lenders are in control of the relevant account under the applicable Blocked Account Agreement;
- (v) ensure that the signature of at least two officers of the Borrower or any Guarantor is required for any banking transactions;

**5.16 Operating Plan**

The Borrower shall (i) comply in all material respects with the Operating Plan, (ii) not permit any deviation from the figures set out in the Operating Plan in excess of 5% from such figures in the aggregate for all such deviations

**5.17 December 2017 Mine Plan**

Prior to December 31, 2017 the Borrower shall provide the Lenders with a detailed mine plan covering the next twelve (12) months of operations as well as, prior to December 1, 2017, an updated three year plan and updated resources and reserves, in each case in compliance with National Instrument 43-101 and in form and substance satisfactory to the Majority Lenders.

**5.18 Debt Service Reserve Account**

By no later than December 31, 2018, the Borrower shall (i) have established a deposit account with a financial institution chosen by the Lenders in their discretion and subject to a blocked account agreement in favour of the Administrative Agent in form and substance satisfactory to the Lenders which shall serve as a debt service reserve account for purposes of this Agreement (the "DSRA"), and (ii) have funded such DSRA in an amount of not less than \$5,000,000 (for certainty, which minimum amount of not less than \$5,000,000 shall be remaining on deposit in such DSRA as of and following such date). Until December 31, 2018, the Borrower shall be permitted to use Excess Cash Flow that would otherwise be payable to Lenders as a prepayment of the Principal Amount pursuant to Section 2.6.5 to fund the DSRA, provided that the Borrower shall only be so permitted to use such Excess Cash Flow to the extent required to maintain on deposit in the DSRA the minimum required reserve amount of \$5,000,000.

**5.19 Negative Covenants.**

Except as otherwise provided in this Agreement, so long as any Obligations remain outstanding the Borrower shall not, and shall not permit any Guarantor to, without the prior written consent of the Majority Lenders, acting reasonably:

5.19.1 Enter into any transaction or series of related transactions or any document or agreement related thereto whereby all or substantially all of the Borrower Property, or all or substantially all of the Santa Rosa Mining Property, would become the property of any other Person;

5.19.2 Amend the 2015 Reorg Plan in any material respect without consent of the Majority Lenders, not to be unreasonably withheld;

5.19.3 (i) Use, or authorize the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) make, or authorize the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds; or (iii) violate any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions;

5.19.4 Except as otherwise permitted pursuant to the June 2017 Waiver, dispose of all or any part of the Collateral except pursuant to a Permitted Asset Disposition, or the sale, transfer or other disposition of inventory in the ordinary course of business;

5.19.5 Make any payment of royalties in respect of minerals from the Santa Rosa Mining Property or the Ancillary Mining Properties other than the amounts required by the Royalties and only to the extent not prohibited by any intercreditor agreement related thereto, or enter into any royalty, stream financing or similar agreement with any other Person in relation to the Santa Rosa Mining Property or the Ancillary Mining Properties other than the Production Payment Agreement;

5.19.6 Make any expenditure (including any Capital Expenditure) or payment (including providing any Subsidiary of the Borrower with any funds to make any expenditure or payment or otherwise providing any Subsidiary of the Borrower with pre-funding except in the ordinary course and consistent with past practice) in respect of the development of the Santa Rosa Project not in accordance with the Santa Rosa Construction Budget unless otherwise permitted hereunder;

5.19.7 Use (i) the proceeds of the Loan, or (ii) the proceeds of the Initial Equity Financing, or the proceeds of the 2017 Rights Offering, for any purpose other than the development of the Santa Rosa Project in accordance with the Santa Rosa Construction Budget;

5.19.8 Create, incur, assume or suffer to exist any Encumbrance upon any of the Borrower Property, whether now owned or hereafter acquired, other than Permitted Encumbrances;

5.19.9 Make any Restricted Payment other than Restricted Payments by an Obligor to another Obligor;

5.19.10 Enter into any agreement or arrangement or take any action which restricts or purports to restrict the ability of any of its Subsidiaries (i) to pay dividends or make any other distributions to the Borrower or another of its Subsidiaries, or (ii) deliver minerals or perform its other obligations under the Production Payment Agreement;

5.19.11 Create, incur, assume, or otherwise become directly or indirectly liable upon or in respect of, or suffer to exist, any Debt other than:

- (a) the Obligations;
- (b) deposits received from customers in the ordinary course of business;
- (c) Debt secured by Encumbrances permitted pursuant to Section 1.1.123(k) (Purchase Money Obligations and Capitalized Lease Obligations);
- (d) unsecured Debt owed to the Borrower or any Guarantor, provided such Debt does not and cannot be reasonably expected to impair the Borrower's or any Guarantor's obligation under any Loan Documents;
- (e) unsecured trade payables incurred in the ordinary course of business;
- (f) Debt in the maximum principal amount of \$200,000 secured by Encumbrances referred to in Section 1.1.123(q);
- (g) Subordinated Debt incurred in satisfaction of the Borrower's obligations under Section 5.1.24 in a principal amount of no more than \$4,000,000 less the amount otherwise raised, generated or realized pursuant to Section 5.1.24 as of the date of incurrence; and
- (h) any other Debt of the Borrower or any Guarantor permitted in writing by the Majority Lenders;

5.19.12 Enter into any hedge instrument or incur any hedge obligations unless such hedge obligations are entered into for bona fide business purposes, and not for speculative purposes, and are within the principles of the Borrower's foreign exchange and commodity risk program that have, and have been approved in advance by the Majority Lenders, acting reasonably;

5.19.13 Except as otherwise expressly contemplated by this Agreement or the Production Payment Agreement (as such agreement exists on the date hereof), provide Financial Assistance, either directly or indirectly, to any Person other than on an unsecured basis: (i) in favour of the Borrower; (ii) in favour of Subsidiary of the Borrower;

5.19.14 Make any Investments, except (i) Investments by an Obligor in another Obligor; (ii) short term Investments in money market instruments with remaining maturities of twelve (12) months or less at the date of purchase including securities issued by government agencies, and term deposits and bank accounts with financial institutions provided that such short-term Investments are readily convertible to cash; (iii) [deleted]; or (iv) any other Investment as may be agreed upon in writing by the Majority Lenders;

5.19.15 Make any Acquisitions;

5.19.16 Use any portion of the Loan or the Initial Equity Financing or the 2017 Rights Offering to fund any costs or expenses related to CB Gold or for the development, exploration or operation of any property or projects of CB Gold or its subsidiaries;

5.19.17 Enter into any new Material Contract or amend in any material respect or waive any material provision of or terminate or assign (other than as contemplated under the Loan Documents) or give notice of termination or assignment of any Material Contract (including, for certainty, the Construction Contracts) or waive or grant indulgences in respect of any default or event of default under any of the Material Contracts;

5.19.18 Amend in any material respect the Santa Rosa Construction Budget except with the written consent of the Majority Lenders;

5.19.19 Amend, revise, supplement or replace the Santa Rosa Mine Plan except with the written consent of the Majority Lenders or except to increase the rate of production;

5.19.20 Change in any material respect the nature of its business or operations from the Business, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, other than the Pending Mining Properties, in either case not related to or in furtherance of the conduct of the Business or initiate any construction project other than the Santa Rosa Project. Upon acquisition of any Pending Mining Property, such Pending Mining Property shall be deemed to be an Ancillary Mining Property;

5.19.21 Transfer or assign any Debt owed to the Borrower or any Guarantor to any Person other than the Borrower or a Guarantor;

5.19.22 Directly or indirectly purchase, acquire or lease any property from, or sell, transfer or otherwise Dispose of any property to, or otherwise deal or enter into any agreement with, any Related Party (other than a Guarantor), except in the ordinary course of and pursuant to the reasonable requirements of the Borrower's or the Guarantors' business and upon fair and reasonable terms that are no less favourable to the Borrower or such Guarantor, as the case may be, than those that could be obtained in an arm's length transaction with a Person that is not a Related Party;

5.19.23 Enter into any transaction to change or reorganize its capital structure or materially amend its articles, by-laws or any other constating documents, in a manner that prejudices the Lenders; for greater certainty any amendment to the articles, by-laws or constating documents of the Borrower that increases the maximum number of directors of

the Borrower to more than 8 directors is deemed to be a material amendment that prejudices the Lender;

5.19.24 Change its Fiscal Year; change its legal or operating name, or the location of its chief executive office or location of its assets except with at least 15 days' prior written notice to the Administrative Agent;

5.19.25 Amend its Anti-Corruption Policy except with Majority Lender consent;

5.19.26 Expend or budget to expend, in respect of any mining concession contract, any amount such that, after giving effect to such expenditure or budgeted expenditure, the Concession Expenditure in respect of such mining concession contract would exceed \$5,000,000, unless first having provided a continuing security interest and a first-ranking Encumbrance in favour of the Administrative Agent over such mining concession contract, including filing of such Encumbrance with the competent authority, at which time such mining concession contract shall be deemed to be an Ancillary Mining Property;

5.19.27 Transfer funds to any account in Columbia except that once in every two calendar week period the Borrower may transfer funds to an account of Red Eagle Mining Colombia in amounts no more than the lesser of (i) the amount required to pay expenses required to be paid for the next 30 days and which expenses are provided for in the Santa Rosa Construction Budget, less any amount transferred in the previous two-week period that were not used to pay expenses, and (ii) \$2,500,000 in any two-week period, and provided that the Borrower provides concurrent written notice to the Lenders of such transfer together with the details thereof;

5.19.28 at any time retain funds (x) in Colombia in excess of \$5,000,000 at any time; or (y) in any other account over which the Administrative Agent does not have a perfected first priority Encumbrance;

5.19.29 Permit Brian Peer (or anyone else holding equivalent or parallel positions to those held by them as of the date hereof) to spend any time on any of the projects or properties owned by CB Gold or its subsidiaries;

5.19.30 Amend the CB Gold Budget in any manner that would result in the Borrower's portion of the expenditures therein to increase;

5.19.31 Make any payment in excess of \$100,000 not provided for in the Santa Rosa Construction Budget or the Annual Forecast Report, except to the Agent and the Lenders in respect of the Obligations; or

5.19.32 Make any payment of principal, or any payment of interest other than scheduled interest in respect of any Subordinated Debt, or amend, restate, or otherwise modify the terms of any Subordinated Debt.



**ARTICLE 6  
CONDITIONS PRECEDENT**

**6.1 Conditions Precedent to this Amendment and Restatement**

This Agreement shall not be effective until satisfaction of each of the following conditions, in form and substance satisfactory to the Lenders acting reasonably:

- (i) receipt by the Administrative Agent of an opinion of counsel to the Borrower and all supporting documents in relation thereto;
- (ii) completion of a rights issue or other equity placement whereby the Borrower receives new cash proceeds of at least \$26,000,000 (inclusive of the Lenders' full participation thereunder) plus an additional \$4,000,000 consisting of either cash proceeds or the conversion to equity of at least \$4,000,000 in accounts payable, such accounts payable to be satisfactory to the Lenders acting reasonably;
- (iii) transfer by the Borrower to each Lender, as an amendment fee, of 16,552,681 shares of CB Gold from the Borrower's current holding thereof;
- (iv) payment by the Borrower of the fees and expenses of counsel to the Lenders incurred to the date of this Agreement; and
- (v) except in respect of the Current Events of Default, satisfaction of each of the conditions set forth in Section 6.3.2 through 6.3.5.

**6.2 [Intentionally Deleted]**

**6.3 Conditions Precedent to Subsequent Advances**

As of the date hereof, no further Advances are permitted hereunder, however should the Lenders agree to provide additional Advances, the obligations of the Lenders hereunder to make any subsequent Advance are subject to compliance, on or before the making of each such Advance, with each of the following conditions precedent, which conditions precedent are for the sole and exclusive benefit of the Lenders and may be waived in writing by the Majority Lenders in their sole discretion, with the exception of paragraph 6.3.4, the waiver of which shall require consent of all of the Lenders:

- 6.3.1 notice to the Lenders requesting the Advance, including (i) the amount and date requested, (ii) reasonably detailed evidence and calculations supporting the amount requested, and (iii) evidence that the remaining undrawn Advances together with cash on hand are sufficient to complete the construction of the Project, each of which shall be satisfactory to the Administrative Agent acting reasonably;

6.3.2 the representations and warranties made in or pursuant to this Agreement shall be true and correct on the date of the Advance, (except to the extent such representations and warranties expressly relate to an earlier date, and in such case, shall be true and correct on and as of such earlier date) as if made on and as of the date of any subsequent Advance, except for such changes, facts, events, or circumstances that have been previously disclosed in writing to the Lenders and provided that such disclosed changes, facts, events, or circumstances are satisfactory to the Administrative Agent, acting reasonably;

6.3.3 the Lenders shall have received a Compliance Certificate;

6.3.4 no event shall have occurred since the Closing Date which, individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect, including any event arising as a result of any casualty or disaster, accident, labour dispute, exercise of power of eminent domain or other governmental action, act of God or other reason whatsoever; and

6.3.5 no Default or Event of Default shall have occurred and be continuing nor shall there be any such Default or Event of Default after giving effect to such advance and the Lenders shall have received an Officer's Certificate confirming same.

**6.4 Delivering Documents to Lenders.**

The Administrative Agent shall provide the other Lenders with copies of all opinions, documents and certificates delivered by the Borrower pursuant to Section 6.3 hereof prior to any subsequent Advance, as applicable.

**6.5 Utility Commitment.**

[deleted].

**ARTICLE 7  
EVENTS OF DEFAULT AND REMEDIES**

**7.1 Events of Default.**

The occurrence of any of the following events shall constitute an "Event of Default":

7.1.1 the Borrower fails to pay any amount of principal due hereunder by the due date thereof or interest due hereunder within two (2) Business Days of the due date thereof, or any fees, commissions or other Obligations within five (5) Business Days of the due date thereof; or

7.1.2 the Borrower fails to comply with or achieve the requirements of Section 5.1.24 by the date required therein;

7.1.3 there is a breach of any other term, condition or provision of this Agreement, or any of the provisions of any other Loan Document not specified in this Section 7.1, and such breach remains unremedied for a period of fifteen (15) Business Days after the earlier of (i) written notice by the Administrative Agent to the Borrower, and (ii) the Borrower becoming aware of such breach; or

7.1.4 the Borrower or any Subsidiary of the Borrower or any Person that is a party to any Loan Document makes any representation or warranty under any Loan Document which is, in any material respect, incorrect or incomplete when made or deemed to be made and, where they can be changed, the circumstances giving rise to the representation or warranty being so incorrect or incomplete are not, within fifteen (15) Business Days of the Borrower becoming aware thereof, changed so that the representations and warranties made are no longer so incorrect or incomplete; or

7.1.5 the Borrower or any Subsidiary of the Borrower ceases or threatens to cease to carry on its business or admits its inability, or fails, to pay its debts generally as they become due; or

7.1.6 the Borrower or any of its Subsidiaries is in default after giving effect to any applicable cure period (and such default has not been waived) under any agreement relating to Debt in excess of \$1,000,000;

7.1.7 the existence of any Debt described in paragraph (g) of the definition of "Debt" in excess of \$1,000,000 excluding accounts payable owed to STRACON GyM S.A. which are over 120 days past due provided there are no written threats of suspension of operations, termination or collection of such payables; or

7.1.8 the Borrower or any of its Subsidiaries becomes bankrupt, whether voluntarily or involuntarily, or becomes subject to any proceeding seeking liquidation, arrangement, monitorship, relief of creditors or the appointment of a receiver or trustee over any of the Borrower Property, and such proceeding is not contested by the Borrower or such Subsidiary diligently, in good faith and on a timely basis and dismissed or stayed within forty-five (45) days of its commencement or issuance (for greater certainty, such 45-day grace period shall not apply if the Borrower or such Subsidiary becomes bankrupt voluntarily or any such proceedings are initiated by the Borrower or such Subsidiary); or

7.1.9 an order is made or a resolution is passed for the winding up, liquidation or dissolution of the Borrower or any of its Subsidiaries; or

7.1.10 any of the Security or any other Loan Document is withdrawn by the Borrower or any of its Subsidiaries in whole or in part or, in the case of the Security, ceases to be in full force and effect, or is invalidated or is unenforceable by any act, regulation or governmental action or is determined to be invalid by a court or other judicial entity or to not constitute a first ranking priority security in the Collateral subject to Permitted Encumbrances; or

- 7.1.11 a final judgment, order, writ of execution, garnishment or attachment or similar process for an amount in excess of \$1,000,000 is issued or levied against the Borrower or any of its Subsidiaries or any material portion of the Borrower Property; or
- 7.1.12 all or any portion of the Collateral is sold, transferred, encumbered or assigned without the consent of the Lenders (other than pursuant to a Permitted Asset Disposition or other Disposition permitted hereunder or Permitted Encumbrance, as applicable); or
- 7.1.13 an Encumbrancer or any other Person takes possession of any of the Borrower Property by appointment of a receiver, receiver and manager, or otherwise; or
- 7.1.14 the audit report to the financial statements of the Borrower are qualified in any material respect which is unacceptable to the Administrative Agent, acting reasonably; or
- 7.1.15 the Borrower or any Subsidiary of the Borrower takes or seeks to take any action to (a) abandon all or any material portion of the Collateral, (b) abandon the construction of the Santa Rosa Project, (c) put the Santa Rosa Project on care and maintenance, or (d) otherwise suspend construction, development or mining operations at the Santa Rosa Project (other than temporary suspensions for sound operational reasons not to exceed three months); or
- 7.1.16 any Governmental Entity directly or indirectly condemns, expropriates, nationalizes, seizes or appropriates any property which relates to or forms part of the Collateral; or
- 7.1.17 any Governmental Entity imposes or enforces formal or de facto exchange or currency controls, restrictions on export of metal, which in each case in the reasonable opinion of the Administrative Agent make it impractical or impossible to make the required payments hereunder (including mandatory prepayments), perform the Production Payment Agreement or otherwise perform obligations under the Loan Documents;
- 7.1.18 any Material Santa Rosa Project Authorization or any TSX approval obtained as condition precedent hereto is modified or revoked;
- 7.1.19 the Borrower loses the right to, or benefit of, a Material Santa Rosa Project Authorization; or
- 7.1.20 notwithstanding anything in Section 7.1.23, the occurrence of any event or circumstance that has a Material Adverse Effect; or
- 7.1.21 a Change of Control occurs; or
- 7.1.22 a material default occurs and is continuing under any Material Contract after giving effect to any cure period thereunder or any Material Contract is terminated other than at scheduled maturity or with the prior written consent of the Majority Lenders, acting reasonably; or

7.1.23 a breach of any of the Financial Covenants;

7.1.24 7.1.22 if the Commercial Production Re-Start Date has not occurred by February 28, 2018;

7.1.25 [deleted];

7.1.26 the Borrower, any of its Subsidiaries, or any director, officer, employee or agent of any of them has breached, or is charged with breaching, any AML Legislation, any Anti-Corruption Laws or any Sanctions.

7.1.27 If the Borrower discovers a competing filing against the Collateral subject to the Mining Pledge and the Pledge over Future Productions pursuant to the quarterly or monthly review, as applicable, of public filings under Section 5.1.20.

## **7.2 Remedies Upon Default.**

Upon the occurrence of an Event of Default under Section 7.1.8, to the extent permitted by Applicable Law, the Obligations shall automatically and immediately become due and payable and, upon the occurrence of and during the continuance of any other Event of Default, the Administrative Agent may (and, if requested by the Majority Lenders, shall), by notice given to the Borrower declare all Obligations to be immediately due and payable and, in either case, the Administrative Agent, to the extent permitted by Applicable Law, may then:

7.2.1 realize upon all or any part of the Security; and

7.2.2 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Security Documents) at such times and in such manner as the Administrative Agent in its sole discretion may consider expedient,

all without any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action except as required by law. The rights and remedies of the Lenders hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the other Loan Documents.

## **7.3 Set-Off.**

Upon the occurrence and during the continuance of an Event of Default the Lenders may, without notice to the Borrower or to any other Person, combine, consolidate and merge all or any of the Borrower's accounts with, and liabilities to, the Lenders and set off, any indebtedness and liability of the Lenders to the Borrower, matured or unmatured, against and on account of the Obligations when due.

## **7.4 Application of Proceeds**

7.4.1 The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the

exercise by the Administrative Agent of its remedies, and any other funds realized by Administrative Agent during the continuance of an Event of Default, shall be applied, subject to Applicable Laws, in full or in part, together with any other sums then held by the Administrative Agent pursuant to this Agreement, promptly by the Administrative Agent as follows:

*First*, to the payment of all reasonable costs and expenses, fees, commissions and taxes of such sale, collection or other realization including compensation to the Administrative Agent and its agents and counsel, and all expenses, liabilities and advances made or incurred by the Administrative Agent in connection therewith and all amounts for which the Administrative Agent is entitled to indemnification pursuant to the provisions of any Loan Document, together with interest on each such amount at the highest rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

*Second*, to the payment in full in cash of all amounts owing with respect of interest and fees under this Agreement;

*Third*, to the payment in full in cash, *pro rata*, of the principal and other remaining obligations hereunder and all other Obligations, in each case equally and rateably in accordance with the respective amounts thereof then due and owing; and

*Fourth*, the balance, if any, to the person lawfully entitled thereto (including the applicable Borrower, Subsidiary of the Borrower or its successors or assigns) or as a final and non-appealable judgment of a court of competent jurisdiction may direct.

## ARTICLE 8 ADMINISTRATIVE AGENT

### 8.1 Agency.

8.1.1 Appointment and Authority. Each Lender hereby irrevocably appoints Orion, as Administrative Agent to act on its behalf as Administrative Agent under the Credit Agreement and under the other Loan Documents and authorizes the Administrative Agent in such capacity to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Lenders and neither the Borrower nor any Subsidiaries shall have rights as a third party beneficiary of any of such provisions.

### 8.1.2 Exculpatory Provisions.

8.1.2.1 The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

8.1.2.1.1 shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

8.1.2.1.2 shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by it or any of its Affiliates in any capacity.

8.1.2.2 The Administrative Agent shall not be liable for any action taken or not taken by it in such capacity in the absence of its own gross negligence or wilful misconduct.

8.1.3 Indemnification of the Administrative Agent. Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in its capacity as such in any way relating to or arising out of the Loan Documents or the transactions therein contemplated. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent's gross negligence or wilful misconduct.

8.1.4 Non-Reliance on Administrative Agent. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any of its Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any of its Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

8.1.5 Collective Action of the Lenders. Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Administrative Agent are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Administrative Agent upon the decision of the Majority Lenders (or such number or percentage of the Lenders as shall be expressly provided for in Section 9.2 of this Agreement). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action thereunder including, without limitation, any declaration of default but that any such action shall be taken only by the Administrative Agent on the instruction of the Majority Lenders (or such number or percentage of the Lenders as shall be expressly provided for in Section 9.2 of this

Agreement). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent.

8.1.6 Replacement of Administrative Agent. In the event that the Administrative Agent ceases to hold a majority of the principal amount of the Loan, the Majority Lenders may (and, if requested by the outgoing Administrative Agent, shall within 30 days of such request) appoint the new Administrative Agent to be the Administrative Agent for the Lenders and this Agreement shall be amended or supplemented to provide for such appointment.

8.1.7 Payments. While no Event of Default is continuing, the Borrower shall make all payments required to be made under the Credit Agreement directly to the Lenders pursuant to any payment instructions provided by the Lenders to the Borrower. Following an Event of Default that is continuing, provided the Administrative Agent has declared all Obligations immediately due and payable, all payments shall be made to the Administrative Agent for distribution to the Lenders according to the Applicable Percentage. If any Lender, by exercising any right of setoff or counterclaim or otherwise (including without limitation pursuant to Section 7.3 of this Agreement), obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Loan and accrued interest thereon or other Obligations greater than its Applicable Percentage thereof, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the Applicable Percentage owing them, provided that the provisions of this Section shall not be construed to apply to (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrower's obligations under or in connection with the Loan Documents, or (y) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

## ARTICLE 9 GENERAL

### 9.1 Reliance and Non-Merger.

All covenants, agreements, representations and warranties of the Borrower or any of its Subsidiaries made herein or in any other Loan Document or in any certificate or other document signed by any of its directors or officers and delivered by or on behalf of the Borrower or any of its Subsidiaries pursuant hereto or thereto are material, shall be deemed to have been relied upon by the Lenders notwithstanding any investigation heretofore or hereafter made by the Lenders or counsel to or any employee or other representative of the Lenders and shall survive the execution and delivery of this Agreement and the other Loan Documents until all Obligations owed to the Lenders under this Agreement and the other Loan Documents shall have been satisfied and performed.



**9.2 Amendment and Waiver.**

No amendment or waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower or any of its Subsidiaries from any provision hereof or thereof is effective unless it is in writing and signed by the Majority Lenders or the Administrative Agent upon the instructions of the Majority Lenders, and the relevant counterparty to such document, provided no such amendment, waiver or consent shall:

- (a) increase the Loan or extend the Maturity Date;
- (b) subject any Lender to any additional obligation;
- (c) reduce the principal or amount of, or rate of interest on, directly or indirectly, any Loan outstanding or any fees;
- (d) postpone any date fixed for any payment of principal of, or interest on, the Loan or any fees;
- (e) change the percentage of the commitments to provide the Loan;
- (f) alter the manner in which payments are shared under the terms of this Agreement;
- (g) permit any termination of all or any substantial part of the guarantees or the Security Documents or release all or any substantial part of the guarantees or the Collateral subject to the Security Documents (except as otherwise permitted under this Agreement);
- (h) release the Borrower from any material obligations under the Security Documents and other instruments contemplated by this Agreement or any other Loan Documents (except as otherwise permitted under this Agreement);
- (i) reduce the priority of the liens created pursuant to the Security Documents;
- (j) reduce the priority of any payment obligation of the Borrower under this Agreement or any other Loan Document; or
- (k) amend the terms of this Section 9.2 or the definition of Majority Lenders or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder,

in each case without the prior written consent of each Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. The Administrative Agent shall provide the other Lenders with copies of all amendments, waivers and consents provided by the Administrative Agent with respect to any provisions of this Agreement or any other Loan Document promptly upon the execution thereof.

**9.3 Notices.**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notices of change of address shall also be governed by this Section. Notices and other communications shall be addressed as follows:

(a) if to the Borrower:

c/o Red Eagle Mining Corporation  
920 - 1030 West Georgia Street  
Vancouver, B.C. V6E 2Y3

Attention: Ian Slater  
Facsimile: (604) 638-2546  
Email: slater@redeaglemining.com

(b) if to Orion or the Administrative Agent:

Orion Fund JV Limited  
c/o Estera Services (Bermuda) Limited  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

Attention: Michelle James, Estera Services (Bermuda) Limited  
Facsimile: (441) 295 3328  
Email: michell.james@estera.com

with a copy to (which shall not constitute notice):

Orion Resource Partners (USA) LP  
1211 Avenue of the Americas, Suite 3000  
New York, NY 10036

Attention: General Counsel  
Facsimile: (212) 596-3489  
Email: notices@orionresourcepartners.com

(c) if to Liberty:

Liberty Metals & Mining Holdings, LLC  
175 Berkeley Street, T22B

Boston, MA 02116

Attention: Senior Managing Director  
Facsimile: (857) 224-8663  
Email: noticesLMM@lmi.com

**9.4 Time.**

Time is of the essence of this Agreement and the other Loan Documents.

**9.5 Further Assurances.**

Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, things, agreements, documents and instruments in connection with this Agreement and the other Loan Documents as the Administrative Agent may reasonably request from time to time for the purpose of giving effect to the terms of this Agreement and the other Loan Documents including, without limitation, for the purpose of facilitating the enforcement of the Security, all immediately upon the request of the Administrative Agent.

**9.6 Assignment.**

9.6.1 This Agreement and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assignee of some or all of the parties' rights or obligations under this Agreement and the other Loan Documents as permitted under this Section.

9.6.2 The Borrower shall not assign all or any part of its rights, benefits or obligations under this Agreement or any of the other Loan Documents without the prior written consent of the Lenders, which may be unreasonably withheld.

9.6.3 A Lender may assign or transfer all or any part of its rights in respect of the Obligations, this Agreement and any of the other Loan Documents to or in favour of any Person and have its corresponding obligations hereunder and thereunder assumed by such Person without the consent of the Borrower.

9.6.4 Any assignment made hereunder shall become effective when the Borrower has been notified thereof by the Administrative Agent and the Lenders have received an acknowledgement from the assignee Lender to be bound by this Agreement and the other Loan Documents. Any such assignee shall be treated as a party to this Agreement for all purposes of this Agreement and the other Loan Documents and shall be entitled to the full benefit hereof and thereof and shall be subject to the obligations of the Lenders to the same extent as if it were an original party in respect of the rights assigned to it and obligations assumed by it and the Lender making such assignment shall be released and discharged accordingly.

9.6.5 The Lenders may provide to any permitted assignee or transferee such information, including confidential information, concerning this Agreement, the other

Loan Documents and the financial position and the operations of the Borrower and its Subsidiaries as, in the reasonable opinion of the Lenders, may be relevant or useful in connection with this Agreement, the other Loan Documents or any portion thereof proposed to be acquired by such assignee or transferee, provided that each recipient of such information agrees not to disclose such information to any other Person.

9.6.6 In connection with any assignment pursuant to this Section 9.6, the Borrower agrees to enter into such documents as may reasonably be required by a Lender to evidence such assignment provided that all of the costs incurred by the Borrower (including legal fees on a substantial indemnity basis) in connection with such assignment shall be for the account of such Lender.

9.6.7 If Orion assigns or transfers all or any part of its rights in respect of the Obligations, this Agreement and any of the other Loan Documents, this Agreement shall be deemed to be amended as follows:

9.6.7.1 the definition of "Majority Lenders" shall be deleted in its entirety;

9.6.7.2 Section 9.2(k) shall be deleted in its entirety and replaced with the following: "(k) amend the terms of this Section 9.2"; and

9.6.7.3 all references to Majority Lenders shall be replaced with Lenders.

## **9.7 Entire Agreement.**

This Agreement and the other Loan Documents constitute the entire agreement between the parties pertaining to the subject matter described herein and therein. There are no warranties, conditions or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement and the other Loan Documents. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneously with, or after the entering into of this Agreement and the other Loan Documents, or any amendment or supplement thereto, by any party to this Agreement or any of the other Loan Documents or its directors, officers, partners, employees or agents, where applicable, to any other party to this Agreement or any of the other Loan Documents or its directors, officers, partners, employees or agents, where applicable, except to the extent that the same has been reduced to writing and included as a term of this Agreement or any of the other Loan Documents.

## **9.8 Confidentiality**

The Borrower and Lenders each agree that it shall maintain as confidential and, without the prior written consent of the other party, shall not disclose the terms of this Agreement and any non-public information concerning the other party or its business and operations, provided that a party may disclose such information:

- (a) where such information becomes publicly available or widely known by the public other than by a breach of this Agreement;

- (b) if required by Applicable Laws or requested by any Governmental Entity having jurisdiction;
- (c) to its Affiliates and to any of its or its Affiliates representatives, consultants or advisers who have a legitimate need to know such information (including the limited partners of each Lender or its Affiliates); and
- (d) to any Person to whom such party, in good faith, anticipates assigning an interest in this Agreement as contemplated by Section 9.6 and such Person's Affiliates and the representatives, consultants and advisers of such Person or its Affiliates who have a legitimate need to know such information.

In the case of disclosure pursuant to clause (c) or (d), the disclosing party shall be responsible to ensure that the recipient of such information does not disclose such information to the same extent as if it were bound by the same non-disclosure obligations of the disclosing party hereunder.

#### **9.9 Press Releases and Public Disclosure**

If the Borrower or any of its Affiliates is required by Applicable Law to file a copy of this Agreement on SEDAR (or otherwise publicly file a copy of this Agreement), the Borrower (or such Affiliate) shall consult with the Administrative Agent with respect to, and agree upon, any proposed redactions to this Agreement in compliance with Applicable Laws before it is filed on SEDAR (or otherwise). If the parties are unable to agree on such redactions, the Borrower (or such Affiliate) shall redact this Agreement to the fullest extent permitted by Applicable Laws before filing it on SEDAR (or otherwise).

#### **9.10 Governing Law.**

This Agreement and the other Loan Documents shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein with exception of the Colombian Security Documents which shall be governed and construed in accordance with the laws of the Republic of Colombia.

#### **9.11 Attornment.**

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Agreement and the other Loan Documents.

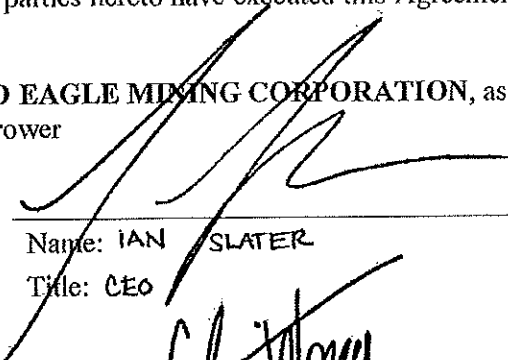
#### **9.12 Counterparts.**

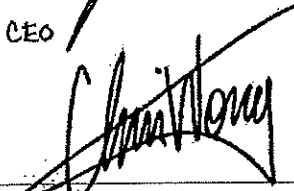
This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts (including facsimile), with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 11<sup>th</sup> the day of August, 2017.

RED EAGLE MINING CORPORATION, as Borrower

By:   
Name: IAN SLATER  
Title: CEO

By:   
Name: CHU WONG  
Title: CFO

I/We have the authority to bind the Borrower

ORION FUND JV LIMITED, as Administrative Agent

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

ORION FUND JV LIMITED, as Lender

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

LIBERTY METALS & MINING HOLDINGS, LLC, as Lender

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

IN WITNESS WHEREOF the parties hereto have executed this Agreement this  
11th the day of August, 2017.

**RED EAGLE MINING CORPORATION**, as  
Borrower

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

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

I/We have the authority to bind the Borrower

**ORION FUND JV LIMITED**, as Administrative  
Agent

By: Sarah Demerling  
Name: Sarah Demerling  
Title: Authorized Signatory

**ORION FUND JV LIMITED**, as Lender

By: Sarah Demerling  
Name: Sarah Demerling  
Title: Authorized Signatory

**LIBERTY METALS & MINING HOLDINGS,  
LLC**, as Lender

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



11th the day of August, 2017. **IN WITNESS WHEREOF** the parties hereto have executed this Agreement this

**RED EAGLE MINING CORPORATION**, as  
Borrower

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

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

I/We have the authority to bind the Borrower

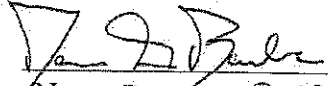
**ORION FUND JV LIMITED**, as Administrative  
Agent

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

**ORION FUND JV LIMITED**, as Lender

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

**LIBERTY METALS & MINING HOLDINGS,**  
**LLC**, as Lender

By:   
Name: DAMON BARBER  
Title: SR VICE PRESIDENT

## Schedule 1.1.37

## Form of Compliance Certificate

TO: **ORION FUND JV LIMITED** (the "Administrative Agent")

RE: Second amended and restated credit agreement dated as of August 11, 2017 among Red Eagle Mining Corporation (the "**Borrower**"), the lenders party thereto and the Administrative Agent (as it may be amended, supplemented or restated from time to time, the "**Credit Agreement**").

We, \_\_\_\_\_, the Chief Executive Officer of the Borrower, and \_\_\_\_\_, the Chief Financial Officer of the Borrower, hereby certify without personal liability on behalf of the Borrower as follows:

2. This Certificate is furnished pursuant to the Credit Agreement and initially capitalized terms used in this Compliance Certificate and not otherwise defined in this Compliance Certificate shall have the respective meanings given to such terms in the Credit Agreement.
3. We have read and are familiar with the Credit Agreement including, in particular, the definitions of the various financial terms used in the Credit Agreement, the representations and warranties and covenants and the Events of Default contained in the Credit Agreement.
4. We have made or caused to be made such examinations or investigations as are, in our opinion, necessary to furnish this Compliance Certificate and we have furnished this Compliance Certificate with the intent that it may be relied upon by the Lenders as a basis for determining compliance by the Borrower with the covenants and obligations under the Credit Agreement as of the date of this Compliance Certificate.
5. The representations and warranties contained in the Credit Agreement are true and correct on the date of this Compliance Certificate as if made on and as of the date of this Compliance Certificate, except such representations and warranties which are specified to be made as of a particular date, in which case such representations and warranties were true and correct as of such date.
6. The Borrower and each of its Subsidiaries (or where provided for in the Credit Agreement, its Subsidiaries), since [date of Credit Agreement or last Compliance Certificate whichever is most recent] has duly observed and performed all of its covenants and other agreements and has satisfied every condition contained in the Loan Documents to be observed, performed or satisfied by it.

- 7. No Default or Event of Default has occurred and is continuing on the date of this Compliance Certificate, except \_\_\_\_\_.
- 8. The Borrower is in compliance with the financial covenants set forth in Section 5.9 of the Credit Agreement, the calculation of which is set forth in Exhibit A to this Compliance Certificate.<sup>1</sup>

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**RED EAGLE MINING CORPORATION**

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

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

We have the authority to bind the Corporation.

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<sup>1</sup> This certification and associated calculations only required from and after July 1, 2018 in respect of Fiscal Quarter ending June 30, 2018 and for each Fiscal Quarter thereafter.

**Exhibit A – Compliance Certificate**

To: Orion Resource Partners (USA) LP  
1211 Avenue of the Americas, Suite 3000  
New York, NY 10036

Attention: Investment Manager  
Facsimile: (212) 596-3489

The undersigned hereby refers to the second amended and restated credit agreement dated August 11, 2017 made between Red Eagle Mining Corporation (the “**Borrower**”), the Lenders party thereto (the “**Lenders**”) and Orion Fund JV Limited, as Administrative Agent (as it may be amended, supplemented or restated from time to time) and certifies that for the rolling four Fiscal Quarter period ending on \_\_\_\_\_, 20\_\_\_\_, on a Consolidated Basis for the Borrower:

- (a) Earnings from operations solely in respect of the Santa Rosa Project = \$ \_\_\_\_\_
- (b) Non-cash income in such period included in the calculation of such earnings = \$ \_\_\_\_\_
- (c) Non-cash expenses (including depreciation and amortization) in such period included in the calculation of such earnings = \$ \_\_\_\_\_
- (d) Cash Taxes payable on such earnings (to the extent included in calculating such earnings) = \$ \_\_\_\_\_
- (e) Royalties payable in respect of such operations in such period (to the extent included in calculating such earnings) = \$ \_\_\_\_\_
- (f) Refining costs incurred in respect of such operations in such period (to the extent included in calculating such earnings) = \$ \_\_\_\_\_
- (g) “Cash Flow from Operations” for such period = (a) – (b) + (c) - (d) - (e) - (f) = \$ \_\_\_\_\_
- (h) Unfunded Capital Expenditures for such period = \$ \_\_\_\_\_
- (i) Available Cash on the first day of such period = \$ \_\_\_\_\_
- (j) “Cash Flow Available for Debt Service” for such = \$ \_\_\_\_\_

period = (g) - (h) + (i)

(k) Interest expense for such period = \$ \_\_\_\_\_

(l) Aggregate of all scheduled principal payments of Debt during such period = \$ \_\_\_\_\_

(m) "Debt Service" for such period = (k) + (l) = \$ \_\_\_\_\_

(n) "Debt Service Coverage Ratio" = (j) / (m) = \_\_\_\_ : 1

**(Required to be at least 1.5:1)**

(o) Net Income for such period = \$ \_\_\_\_\_

(p) Non-cash income and gains included in such net income = \$ \_\_\_\_\_

(q) Extraordinary or non-recurring income and gains included in such net income = \$ \_\_\_\_\_

(r) Aggregate of all taxes on income, whether current or deferred and net of any incentive or similar tax credits = \$ \_\_\_\_\_

(s) Depreciation, depletion, impairment and amortization expense = \$ \_\_\_\_\_

(t) Non-cash expenses and losses = \$ \_\_\_\_\_

(u) Extraordinary and non-recurring charges, expenses or losses = \$ \_\_\_\_\_

(v) "EBITDA" for such period = (o) - (p) - (q) + (k) + (r) + (s) + (t) + (u) = \$ \_\_\_\_\_

(w) "Interest Coverage Ratio" for such period = (v) / (k) = \_\_\_\_ : 1

**(Required to be at least 5:1)**

(x) Debt as of the last day of the period = \$ \_\_\_\_\_

(y) "Debt to EBITDA Ratio" for such period = (x) / (v) = \_\_\_\_ : 1

**(Required to be no greater than 2:1)**

[SIGNATURE PAGE FOLLOWS]

**RED EAGLE MINING CORPORATION**

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

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

I/We have the authority to bind the Borrower

## Schedule 1.1.10

## Ancillary Mining Properties

Type of tenure	Issuance Date	Expiration Date	Duration	Area (ha)
Concession Contract 5790	Sep 30, 2010	Sep 16, 2032	30 Years	270.0
Concession Contract 5791	Oct 7, 2003	Oct 7, 2033	30 Years	219.97
Concession Contract 7171	May 6, 2011	May 6, 2041	30 Years	498.48

**Schedule 1.1.65****Excluded Property**

<b>Type of tenure</b>	<b>Issuance Date</b>	<b>Expiration Date</b>	<b>Duration</b>	<b>Area (ha)</b>
Concession Contract JIT 08461	Oct 25, 2013	Oct 25, 2043	30 Years	8590.35



**Schedule 1.1.99****Material Contracts**

1. Cost Reimbursement Agreement between the Borrower and SB Management Ltd. dated January 1, 2011.
2. Executive Employment Agreement between the Borrower and Ian Slater dated October 16, 2012.
3. NSR Royalty Agreement between the Borrower, Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012.
4. Closed Mining Pledge Over Future Productions Contract between Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012.
5. Addendum no. 1 to the Closed Mining Pledge Over Future Productions Contract between Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated December 19, 2013.
6. Purchase and Sale Agreement Subject to Conditions Subsequent Derived from Mining Concessions Agreements and Mining Requests Related to the Santa Rosa Project among Miguel Angel Perez Villa, Luis Carlos Perez Villa, Carlos Augusto Escobar, the Borrower, and Red Eagle Mining de Colombia Limited Sucursal Colombia dated April 15, 2011.
7. Transfer of Properties and Sale Agreement among AngloGold Ashanti Colombia S.A., the Borrower, and Red Eagle Mining de Colombia Limited (Sucursal Colombia) dated May 28, 2014.
8. Purchase Agreement between Red Eagle Mining de Colombia Limited, the Borrower and Bullet Holding Corp dated October 24, 2012.

**Santa Rosa Project Agreements**

With the exception of the agreements listed in number 9, 10, 16 and 18 below, which are currently in force as of the date hereof, the following is a list of agreements that the Borrower anticipates will be entered into after the date of this Agreement.

9. Agreement for the provision of engineering, procurement and project management services for the Santa Rosa Project in Colombia between the Borrower and Lycopodium Minerals Canada Ltd dated March 17, 2015.
10. Agreement for the provision of construction management and commissioning services for the Santa Rosa Project in Colombia between the Borrower and Lycopodium Minerals Canada Ltd dated March 17, 2015.