

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE APRIL 17, 2022.

BEAR CREEK MINING CORPORATION

US\$22,500,000 SECURED CONVERTIBLE DEBENTURE

December 16, 2021

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Principal Amount US\$22,500,000

SECURED CONVERTIBLE DEBENTURE

BEAR CREEK MINING CORPORATION

This Debenture is issued to the Holder as part of a private placement of no greater than the US\$22,500,000 principal amount secured convertible debenture being offered by the Corporation;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

**ARTICLE I
INTERPRETATION**

1.1 **Definitions.** In this Debenture, including the preamble, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings:

- (a) “**Advance**” means the advance of the Principal Amount by the Holder to the Corporation pursuant to the terms of this Debenture;
- (b) “**Affiliate**” means, in relation to any person, any other person controlling, controlled by, or under common control with such first mentioned person;
- (c) “**AML Legislation**” has the meaning ascribed to that term in Section 12.11 hereof;
- (d) “**Anti-Bribery Laws**” means the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act* (United States), and any other anti-bribery, anti-corruption or conflict of interest statute, rule, regulation, order, decree or other law applicable to the Corporation;
- (e) “**Anti-Terrorism Laws**” has the meaning ascribed to that term in Section 6.1(l) hereof;
- (f) “**Applicable Laws**” means any international, federal, state, provincial, territorial, local or municipal law (including, without limitation, Anti-Bribery Laws, Anti-Terrorism Laws, Insolvency Laws, Sanctions laws, and Securities Laws), regulation, ordinance, code, order or other requirement or rule of law or the rules, policies, orders or regulations of any Governmental Authority or stock exchange, including any judicial or administrative interpretation thereof, applicable to a Person or any of its properties, assets, business or operations;
- (g) “**Area of Interest**” means the area that lies wholly or partially within five (5) kilometres from the outer boundaries of any part of the Mining Concessions as they exist on the Execution Date, which outer boundaries are demarcated by the black line on the map of the Mining Concessions and the UTM coordinates in Schedule “D” attached hereto;
- (h) “**Assignment, Subordination and Postponement of Claims**” has the meaning ascribed to that term in Section 4.2(b) hereof;
- (i) “**Business Day**” means any day other than a Saturday or Sunday or a day that is a statutory or bank holiday under the laws of the Province of British Columbia;

- (j) “**CanCo**” means 2536062 Ontario Inc., a company existing under the laws of the Province of Ontario;
- (k) “**Change of Control**” has the meaning given to it in the Gold Purchase Agreement;
- (l) “**Closing Date**” means the first Business Day after all of the conditions precedent herein have been satisfied in full, or such other date as the parties hereto may agree;
- (m) “**Collateral**” means, collectively, the Owner Collateral and the Share Collateral;
- (n) “**Collateral and Agency Agreement**” has the meaning ascribed to that term in Section 4.2(a)(iv);
- (o) “**Common Shares**” means the common shares in the capital of the Corporation as such shares are constituted on the date hereof;
- (p) “**Conversion Notice**” has the meaning ascribed to that term in Section 5.1 hereof;
- (q) “**Conversion Price**” shall be an amount equal to the greater of: (i) 1.35x the closing price per Common Share as of the Closing Date, subject to adjustment in accordance with Section 5.2; or (ii) the minimum conversion price per Common Share permitted by the TSX-V;
- (r) “**Corporation**” means Bear Creek Mining Corporation, a corporation existing under the laws of the Province of British Columbia, and its successors and permitted assigns;
- (s) “**Debenture Shares**” means the Common Shares issuable upon the due conversion of the Debenture;
- (t) “**this Debenture**”, the “**Debenture**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean or refer to this secured convertible debenture and any debenture, deed or instrument supplemental or ancillary thereto and any schedules hereto or thereto and not to any particular article, section, subsection, clause, subclause or other portion hereof; the “**Debenture**” means this Debenture;
- (u) “**Debt**” means, with respect to any Person, without duplication:
 - (i) an obligation in respect of borrowed money or for the deferred purchase price of assets, property or services (including an obligation arising from conditional sales or other title retention agreements but excluding trade accounts payable arising in the ordinary course of business) or an obligation that is evidenced by a note, bond, debenture or any other similar instrument;
 - (ii) an obligation under a capital lease, including liabilities in respect of capital leases incurred by such Person in connection with sale/leaseback transactions;
 - (iii) a reimbursement obligation or other obligation (contingent or otherwise) in connection with a bond, bankers’ acceptance or any similar instrument, or letter of credit or letter of guarantee issued by or for the account of such Person;

- (iv) a contingent obligation to the extent that the primary obligation so guaranteed would be classified as “Debt” (within the meaning of this definition) of the primary obligor;
 - (v) the aggregate amount at which any shares in the capital of such Person are redeemable or retractable at the option of the holder of such shares for cash or obligations constituting Debt or any combination thereof, but only to the extent that any conditions precedent (other than the providing of notice) to such option of the holder being exercisable have been satisfied; or
 - (vi) purchase money obligations of such Person;
- (v) “**Encumbrance**” means any mortgage, deed of trust, pledge, lien, assignment by way of security, charge, collateral right, option, right of first refusal, right of first option, royalty (to the extent constituting an interest in real property or the Mining Concessions), security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trust, lease financing including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, restriction, patent or other reservation in minerals, preferential right or adverse claim constituting an interest in property, or any other encumbrance of any nature and kind, or any rights or privileges capable of becoming any of the foregoing;
 - (w) “**Event of Default**” has the meaning ascribed to that term in Section 8.1 hereof;
 - (x) “**Execution Date**” means the date of this Debenture, as first set forth above.
 - (y) “**Foreign Official**” has the meaning ascribed to that term in Section 6.1(m) hereof;
 - (z) “**Gold Purchase Agreement**” means the gold purchase agreement dated as of December 16, 2021 between the Holder and the Corporation, as may be amended, restated, supplemented, modified or replaced from time to time;
 - (aa) “**Governmental Authority**” 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, official or other regulatory authority, including any securities regulatory authorities or stock exchange;
 - (bb) “**Guarantors**” means, collectively, CanCo, MGH and the Owner, and “**Guarantor**” means any one of them;
 - (cc) “**Guarantor Guarantees**” has the meaning ascribed to that term in Section 4.2(a)(i);
 - (dd) “**Holder**” has the meaning ascribed to that term in Section 2.2 hereof;
 - (ee) “**Holder Conversion**” has the meaning ascribed to that term in Section 5.1 hereof;
 - (ff) “**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time;
 - (gg) “**Indebtedness**” has the meaning ascribed to that term in Section 2.2 hereof;

- (hh) “**Insolvency Law**” shall mean, to the extent applicable
- (i) the *Bankruptcy and Insolvency Act* (Canada);
 - (ii) the *Companies’ Creditors Arrangement Act* (Canada);
 - (iii) the *Winding-up and Restructuring Act* (Canada);
 - (iv) the United States Bankruptcy Code;
 - (v) the Ley de Concursos Mercantiles (Mexico); or
 - (vi) any applicable similar federal, provincial, state, local or foreign bankruptcy or insolvency law,
- in each case as now constituted or hereafter amended or enacted;
- (ii) “**Material Adverse Effect**” means any event, occurrence, change or effect that, when taken together with all other events, occurrences, changes or effects, would or would reasonably be expected to:
- (i) materially limit, restrict or impair the ability of the Corporation to perform its obligations under this Debenture;
 - (ii) materially limit, restrict or impair the ability of the Corporation or any Guarantor to perform its obligations under any of the Security Documents; or
 - (iii) materially limit, restrict or impair the ability of the Holder to enforce its rights, benefits and privileges under the Security Documents;
- (jj) “**Maturity Date**” means the third anniversary date of the Closing Date;
- (kk) “**Mine**” means the underground gold and silver mine referred to as the Mercedes Gold Mine located in Sonora, Mexico;
- (ll) “**Mine Assets**” means the Mining Concessions, the Real Property, the Minerals, the Mineral Processing Facility and all other present and after-acquired real or personal property, used or acquired for use by the Owner or any of its Affiliates in connection with the operation or expansion of the Mine or the mining, production or extraction of the Minerals;
- (mm) “**Mineral Processing Facility**” means any mill or heap leaching facility, or other processing facility used to process ore from the Mining Concessions, and at which Minerals are processed;
- (nn) “**Minerals**” means any and all marketable metal bearing material in whatever form or state (including gold) that is mined, produced, extracted or otherwise recovered from the Mining Concessions, including any such material derived from any processing or reprocessing of any tailings, waste rock or other waste products originally derived from the Mining Concessions, and including ore and any other products resulting from the further milling,

leaching, processing or other beneficiation of Minerals, including concentrates or doré bars;

- (oo) **“Mining Concessions”** means:
 - (i) the mineral exploitation and exploration concessions listed in Schedule “C” attached hereto;
 - (ii) all mineral exploration and exploitation licences, leases, concessions and other forms of mineral tenure or other rights to minerals or mining rights, or rights to work or enter upon lands for the purpose of exploring for, developing or extracting minerals, whether contractual, statutory or otherwise, that are acquired or purchased by the Owner or any of its Affiliates from and after the date hereof and are situated, in whole or in part, within the Area of Interest; and
 - (iii) any amendments, relocations, adjustments, resurvey, additional locations, conversions of, or any renewal, amendment, other modification or extension, accession or succession to any Mining Concessions or other forms of mineral tenure or other rights to minerals or mining rights, or rights to work or enter upon lands for the purpose of exploring for, developing or extracting minerals referenced in paragraphs (i) or (ii) above, whether created privately or through government action.
- (pp) **“MGH”** means Mercedes Gold Holdings, S.A. de C.V., a company existing under the laws of Mexico;
- (qq) **“OFAC”** has the meaning ascribed to that term in Section 6.1(n) hereof;
- (rr) **“Owner”** means Minera Mercedes Minerales, S. de R.L. de C.V., a company existing under the laws of Mexico, and owner of the Mine Assets;
- (ss) **“Owner Collateral”** has the meaning ascribed to that term in Section 4.2(a)(ii) hereof;
- (tt) **“Owner Security Agreements”** has the meaning ascribed to that term in 4.2(a)(ii) hereof;
- (uu) **“PATRIOT Act”** means the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (Title III of Pub. L. 107-56 (signed into law October 26, 2011));
- (vv) **“Permitted Encumbrances”** means:
 - (i) Encumbrances defined as ‘Permitted Encumbrances’ under the Gold Purchase Agreement; and
 - (ii) Encumbrances granted in connection with the Gold Purchase Agreement;
- (ww) **“Person”** means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof;
- (xx) **“Principal Amount”** has the meaning ascribed to that term in Section 2.1 hereof;

- (yy) “**Principal Conversion Amount**” has the meaning ascribed to that term in Section 5.1 hereof;
- (zz) “**Real Property**” means all real property interests, including all surface rights, owned or leased, by the Owner, or in which the Owner has a right, title or interest, as specified in Schedule “E” attached hereto, and all buildings, structures, improvements, appurtenances and fixtures thereon or attached thereto, whether created privately or by the action of any Governmental Authority, and includes any term extension, renewal, replacement, conversion or substitution of any such real property interests;
- (aaa) “**Redemption Amount**” has the meaning ascribed to that term in Section 2.3 hereof;
- (bbb) “**Redemption Date**” has the meaning ascribed to that term in Section 2.3 hereof;
- (ccc) “**Registration Term**” has the meaning ascribed to that term in Section 4.2(a)(v) hereof;
- (ddd) “**Restricted Person**” has the meaning ascribed to that term in Section 6.1(n) hereof;
- (eee) “**Sanctions**” means sanctions imposed, administered or enforced, as applicable, pursuant to Executive Order of the President of the United States, by the U.S. Department of the Treasury, OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury or any other relevant sanctions authority;
- (fff) “**Securities Laws**” means all applicable securities laws of each of the jurisdictions in which the Corporation is a “reporting issuer” and the respective rules and regulations under such laws together with applicable published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other applicable regulatory instruments of the securities regulatory authorities in any of such jurisdictions;
- (ggg) “**Security Documents**” means, collectively, the Guarantor Guarantees, the Owner Security Agreements, the Share Pledge Agreements, the Assignment, Subordination and Postponement of Claims, and any other security agreement, instrument or document contemplated hereunder or thereunder, and “**Security Document**” means any one of them;
- (hhh) “**Share Collateral**” has the meaning ascribed to that term in Section 4.2(a)(iii) hereof;
- (iii) “**Share Pledge Agreements**” has the meaning ascribed to that term in Section 4.2(a)(iii) hereof;
- (jjj) “**Share Purchase Agreement**” means the share purchase agreement dated December 16, 2021 among Premier Gold Mines Limited, as seller, Equinox Gold Corp., as guarantor, and the Corporation, as purchaser;
- (kkk) “**Share Purchase Transaction**” means the transaction whereby the Corporation shall purchase from Premier Gold Mines Limited all of the issued and outstanding shares in the capital of CanCo and Premier Gold Mines (Cayman) Ltd. and all of the issued and outstanding membership interests in Premier Gold Mines (Netherlands) Cooperatie U.A., and thereby indirectly acquire the Mine, in each case pursuant to the terms and conditions of the Share Purchase Agreement.

(III) “**Transaction Documents**” means, collectively, this Debenture and the Security Documents; and

(mmm)“**TSX-V**” means the TSX Venture Exchange.

1.2 **Gender.** Whenever used in this Debenture, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

1.3 **Numbering of Articles, etc.** Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause, subclause or schedule refers to the article, section, subsection, clause, subclause or schedule bearing that number or letter in this Debenture.

1.4 **Day not a Business Day.** In the event that any day on which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day. If the payment of any amount is deferred for any period, then such period shall be included for purposes of the computation of any interest payable hereunder.

1.5 **Computation of Time Period.** Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

1.6 **Currency.** All references to dollars or to “\$” shall be references to United States dollars unless otherwise specified.

ARTICLE II ADVANCE AND PROMISE TO PAY

2.1 **Advance.** Subject to the terms and conditions set out herein, the Holder shall advance the principal amount of US\$22,500,000 (being the “**Principal Amount**”) to the Corporation on the Closing Date.

2.2 **Indebtedness.** With effect on the Closing Date, the Corporation hereby promises and covenants to pay to Sandstorm Gold Ltd., the registered holder hereof (the “**Holder**”):

- (a) the outstanding Principal Amount on the Maturity Date or sooner in accordance with Sections 2.3 or 8.2 or upon such other date as specified herein, subject to the reduction of such Principal Amount from time to time upon the exercise of the conversion rights set out in ARTICLE V hereof;
- (b) interest on the Principal Amount owing by the Corporation to the Holder hereunder, all as specifically calculated hereunder; and
- (c) all other monies which may be owing by the Corporation to the Holder pursuant to this Debenture,

(collectively, the “**Indebtedness**”).

2.3 **Redemption.** The Indebtedness under this Debenture may be prepaid in whole or in part prior to the Maturity Date at the Corporation’s option at any time and from time to time, on not less than ten (10) Business Days’ prior written notice to the Holder, for an amount equal to the sum of the following: (i) the amount of the Principal Amount being prepaid or redeemed, and (ii) accrued interest to the date fixed for

early redemption in respect of such amount (the “**Redemption Date**”) (the sum of (i) and (ii) being the “**Redemption Amount**”).

Notice of redemption shall be sent to the Holder not less than ten (10) Business Days prior to the Redemption Date and shall state:

- (a) the Redemption Amount;
- (b) the Redemption Date; and
- (c) the place where this Debenture is to be surrendered for payment of the Redemption Amount thereof.

Notice of redemption having been given as aforesaid, the Redemption Amount shall become due and payable on the Redemption Date, and on and after the Redemption Date the Redemption Amount shall only bear interest as calculated hereunder if the Corporation shall default in the payment of the Redemption Amount. Upon surrender of the Debenture (for redemption in accordance with such notice), such Redemption Amount shall be paid by the Corporation. In addition, and for greater certainty, until the Redemption Date (or if the Corporation shall default in the payment of the Redemption Amount on the Redemption Date, until the date such payment is made), the Holder retains the right to convert the Principal Amount then outstanding to Debenture Shares in accordance with ARTICLE V hereof and receive payment in cash for accrued interest thereon, including for greater certainty, during such ten (10) Business Days’ notice period prior to the Redemption Date. In the event that the Redemption Amount only relates to a portion of the Principal Amount, the Holder will be entitled to receive a replacement Debenture representing the Principal Amount not subject to redemption on the same terms and provisions contained herein. In this event, interest shall continue to be payable on the remainder of the Principal Amount.

2.4 **General Covenants.** In addition to the covenants to repay the Principal Amount and to pay interest thereon as provided in this Debenture, the Corporation covenants and agrees with the Holder until the earliest of:

- (a) if the Holder exercises its right to convert the Debenture in whole pursuant to ARTICLE V, the date of such conversion;
- (b) if the Corporation redeems the entire Principal Amount and pays all accrued interest thereon under the Debenture pursuant to Section 2.3, the Redemption Date on which the entire Principal Amount is redeemed and all accrued interest is fully paid; and
- (c) the date the Principal Amount and accrued interest has been paid in full,

that the Corporation will, at all times:

- (d) perform all covenants required to be performed by it, as provided in this Debenture;
- (e) do all things necessary or advisable to maintain its corporate existence;
- (f) not merge, amalgamate or consolidate with another entity or reincorporate, reconstitute into or as another entity unless at the time of such merger, amalgamation, consolidation, reincorporation or reconstitution the resulting, surviving or transferee entity assumes in favour of the Holder (including assumption by operation of law) all obligations of the Corporation under this Debenture;

- (g) to the extent that it is reasonably able to under applicable Securities Laws, notify and consult with the Holder regarding any matter that has or is reasonably likely to have a Material Adverse Effect;
- (h) at all times prior to a Change of Control of the Corporation, if any, maintain its status as a reporting issuer in each of the provinces and territories of Canada (other than Quebec) and maintain the listing of its Common Shares on the TSX-V (or the Toronto Stock Exchange);
- (i) pay and discharge when due all taxes, assessments and other governmental charges imposed upon it, upon its property or any part thereof, or upon its income or profits or any part thereof, except that the Corporation shall not be required to pay or cause to be paid any tax, assessment or other governmental charge not yet past due or that is being contested in good faith by appropriate proceedings, or where the failure to pay or discharge the same would not reasonably be expected to have a Material Adverse Effect;
- (j) comply with the requirements of all Applicable Laws, rules, regulations and orders of any Governmental Authority, non-compliance with which might materially adversely affect the financial condition or operations of the Corporation, except that the Corporation need not comply with a requirement then being contested by it in good faith by appropriate proceedings or to the extent that any failure to so comply would not reasonably be expected to have a Material Adverse Effect;
- (k) keep proper books of record and account in accordance with the methodologies and procedures currently in use by the Corporation as of the Execution Date (and provide the Holder with inspection access thereto at reasonable times upon reasonable notice), in which entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with IFRS applied on a consistent basis;
- (l) pay all trade debts or other accounts payable of the Corporation, whether outstanding on the Execution Date or thereafter created, incurred, assumed or guaranteed by the Corporation, when due and payable, except that the Corporation shall not be required to pay or cause to be paid any such trade debt or accounts payable that is being contested in good faith by appropriate proceedings, or where the failure to pay or discharge the same would not reasonably be expected to have a Material Adverse Effect;
- (m) not, without the prior written consent of the Holder, directly or indirectly, create, grant, assume, or permit to exist any Encumbrance on the Collateral, other than Permitted Encumbrances or any Encumbrances in favour of the Holder pursuant hereto;
- (n) not convey, sell, assign, transfer or otherwise dispose of any Collateral, or permit any Guarantor to convey, sell, assign, transfer or otherwise dispose of any Collateral, except in accordance with this Debenture or the Gold Purchase Agreement;
- (o) not cease to carry on the business currently being carried on by it at the Execution Date, being the evaluation, acquisition, exploration, development and operation of precious and polymetallic mineral properties (which, for greater certainty, shall not affect the Corporation's decision to cease exploration, development or operations of a particular mineral project from time to time in accordance with the Corporation's business strategy);

- (p) not (i) engage in or conspire to engage in, and will not permit any of its subsidiaries to engage in or conspire to engage in, any transaction that evades or avoids, or has the purpose of evading or avoiding, or otherwise violates any applicable Anti-Terrorism Law, Anti-Bribery Law or Sanctions law, (ii) cause or permit any of the funds that are used to repay the Indebtedness to be derived from any unlawful activity with the result that the Holder or the Corporation would be in violation of any Applicable Law, (iii) use any part of the proceeds of any Advance, directly or indirectly, for any conduct that would cause the representations and warranties in Section 6.1(m) and Section 6.1(n) to be untrue as if made on the date any such conduct occurs, or (iv) alter the Corporation's articles, by-laws or other constituting documents in a manner that would be materially prejudicial to the Holder or change the Corporation's jurisdiction of incorporation or formation, without first giving the Holder ten (10) Business Days' prior written notice;
- (q) timely file all documents that must be publicly filed or sent to its shareholders pursuant to Securities Laws and the policies of the TSX-V within the time prescribed by such Securities Laws and make such documents available as required by such Securities Laws within any prescribed time period; and
- (r) execute, deliver, and file any documentation and pay all necessary fees required under Applicable Laws to obtain final approval from the TSX-V for the listing and trading of the Debenture Shares on the TSX-V within 10 Business Days of the Execution Date.

2.5 **To Give Notice of Event of Default.** When any Event of Default has occurred, the Corporation will deliver to the Holder by hand delivery or facsimile or other electronic transmission a notice signed by an authorized officer of the Corporation specifying such event, notice or other action within three (3) Business Days of an officer or director becoming aware of such Event of Default unless such Event of Default will have been cured or waived within such period.

ARTICLE III INTEREST

3.1 **Calculation and Payment of Interest, etc.** The Corporation shall pay interest on the Principal Amount, which shall accrue beginning from the date of the Advance under this Debenture at the rate of 6.0% per annum, calculated and payable quarterly in arrears on the last day of a calendar quarter. All interest due on this Debenture will be payable in cash.

3.2 **No Merger In Judgement.** The covenant of the Corporation to pay interest at the rate provided herein shall not merge in any judgement in respect of any obligation of the Corporation hereunder and such judgement shall bear interest in the manner set out in this ARTICLE III and be payable on the same days when interest (whether hereunder or otherwise) is payable hereunder.

3.3 **Withholdings Tax.** All amounts payable by the Corporation to the Holder hereunder, shall, unless otherwise required by Applicable Laws, be made free and clear of, and without deduction for any amount in respect of taxes. If the Corporation shall be required by Applicable Laws to deduct or withhold any amount in respect of taxes from or in respect of any amount payable hereunder to the Holder: (i) the Corporation shall make such deductions or withholdings; (ii) the Corporation shall remit the full amount deducted or withheld to the relevant taxing authority in accordance with Applicable Laws; and (iii) any payment made under this ARTICLE III by the Corporation to the Holder, including amounts withheld and remitted to the relevant taxing authority pursuant to (i) and (ii) of this Section 3.3 in respect of such payment, shall satisfy and discharge the liability of the Corporation for amounts required to be paid hereunder. If any other amount payable hereunder is payable by the Corporation otherwise than by the

delivery of cash, the Corporation shall be entitled to withhold and liquidate any such non-cash property to the extent necessary to satisfy its withholding and/or remittance obligations in accordance with this Section 3.3.

ARTICLE IV SECURITY

4.1 **Secured Obligation.** This Debenture and the Indebtedness created hereby constitutes a secured obligation of the Corporation.

4.2 **Security.**

- (a) As security for the payment of the Indebtedness and performance of the other obligations hereunder, the Corporation shall cause:
 - (i) each Guarantor to execute and deliver a guarantee in favour of the Holder, in a form and substance satisfactory to the Holder, acting reasonably, acknowledging the material benefits to the Guarantor arising directly or indirectly pursuant to this Debenture and the Gold Purchase Agreement, and irrevocably and unconditionally guaranteeing the prompt and complete payment, observance and performance of all of the terms, covenants, conditions and provisions to be observed or performed by the Corporation under this Debenture and the Gold Purchase Agreement (each, a “**Guarantor Guarantee**” and collectively, the “**Guarantor Guarantees**”);
 - (ii) the Owner to grant, as security for its obligations under its Guarantor Guarantee, to and in favour of the Holder, first-ranking charges, mortgages and security interests, subject only to Permitted Encumbrances (including, for greater certainty, [Commercially sensitive information redacted]), in and to all present and after-acquired property, assets and undertaking of the Owner, including: (i) the Mine Assets, including all present and after-acquired real and personal property of the Owner used in connection with, relating to or arising out of, in whole or in part, the Mining Concessions; (ii) the Minerals; and (iii) the deposit accounts maintained by the Owner at one or more financial institutions, and in each case including all proceeds thereof but excluding dividends or other distributions paid when no Event of Default has occurred and is continuing (the “**Owner Collateral**”), pursuant to one or more agreements in form and substance satisfactory to the Holder, acting reasonably, which for greater certainty shall include, subject only to the Permitted Encumbrances, a mortgage or mortgages over the Real Property and a non-possessory pledge (*prenda sin transmisión de posesión*) over all of the Mining Concessions and the Owner’s present and after-acquired movable assets, including the Mine Assets, the Minerals and the deposit accounts maintained by the Owner at one or more financial institutions (the “**Owner Security Agreements**”); and
 - (iii) CanCo and MGH to grant, as security for their obligations under their respective Guarantor Guarantees, to and in favour of the Holder, first-ranking charges and security interests, subject only to Permitted Encumbrances (including, for greater certainty, [Commercially sensitive information redacted]), in and over all present and after-acquired share capital or other equity ownership interests of the Owner owned or held by CanCo and MGH (the “**Share Collateral**”), pursuant to one or more share pledge agreements in form and substance satisfactory to the Holder,

acting reasonably (collectively, the “**Share Pledge Agreements**” and each a “**Share Pledge Agreement**”);

- (iv) CanCo and MGH to execute a collateral and agency agreement by and among, CanCo, MGH, the Corporation, the Holder, and [Commercially sensitive information redacted] (the “**Collateral and Agency Agreement**”); and
 - (v) within twelve months from the Closing Date, the Owner shall deliver evidence to the Holder that all registrations, filings and recordings of the Owner Security Agreements in the relevant jurisdictions have been duly completed, showing the Owner Security Agreements ranking in first place, subject to Permitted Encumbrances, which for greater certainty shall include: (A) the first official transcript (*primer testimonio*) of any public deed containing a non-possessory pledge (*prenda sin transmission de posesion*) over Owner’s Collateral with evidence of its registration in the Public Registry of Mines (*Registro Publico de Minería*) and in the Movable Property Registry (*Registro Unico de Garantías Mobiliarias*) of the Public Registry of Commerce (*Registro Público de Comercio*), (B) the first official transcript (*primer testimonio*) of any public deed containing a mortgage over any Real Property, with evidence of its registration in the Public Registry of Property (*Registro Publico de la Propiedad*) of the State of Sonora, Mexico, and any other applicable States of Mexico, and (C) certificates of non-encumbrance issued by the applicable public registries in Mexico showing that the Owner Security Agreements have been duly registered, and rank in first place, subject to Permitted Encumbrances (the “**Registration Term**”). The Registration Term may be extended by the Holder in case of force majeure events or in the event that for reasons beyond the control of the Owner, such registrations, filings and recordings are not completed within the Registration Term, provided, however, that the Owner shall make all reasonable commercial efforts and take all reasonable commercial action as may be necessary or advisable to complete the registration, filings and recordings of the Owner Security Agreements. In addition to the foregoing, the Holder shall have received favourable opinions, in form and substance satisfactory to Holder, acting reasonably, from external legal counsel to the Owner with respect to the foregoing registrations, filings, and recordings.
- (b) The Corporation shall cause each Affiliate of the Owner to whom any Debt, liability or obligation is owed by the Owner or Guarantors at any time and from time to time, to execute and deliver a written assignment, subordination and postponement of claims (or the equivalent security instrument under any Applicable Law) (the “**Assignment, Subordination and Postponement of Claims**”), in favour of and in form and substance satisfactory to the Holder, acting reasonably, that assigns, by way of a security interest and subject only to the Permitted Encumbrances, all such debts, liabilities or obligations to the Holder and subordinates and postpones the enforcement of any such debts, liabilities and obligations and the realization of any charges or security interests to secure such claims to the Security Documents and, from and after an Event of Default, or any event or circumstance which, with notice, the passage of time or both, would constitute an Event of Default, and until such Event of Default is remedied, subordinates and postpones the payment of all such debts, liabilities and obligations to the payment in full of all debts, liabilities and obligations of such person to the Holder.
- (c) The Corporation shall not, and shall cause the Guarantors not to, grant any security interest or other Encumbrance in the Collateral, other than such security interests that are

subordinated to the security interests of the Holder and subject to intercreditor arrangements between the Holder and the applicable grantee, in form and substance acceptable to the Holder, acting reasonably.

ARTICLE V CONVERSION OF DEBENTURE

5.1 **Conversion.** The Holder may, at its election, upon surrender (either in person, by mail (postage prepaid) or other means of delivery) of this Debenture along with a completed notice of conversion (the “**Conversion Notice**”) in the form attached hereto as **Schedule “A”** at the principal office of the Corporation in Vancouver, British Columbia, at any time prior to the close of business on the earlier of (a) the Maturity Date, (b) a Change of Control, or (c) in the event the Debenture was prepaid in whole by the Corporation pursuant to Section 2.3, the Redemption Date, convert that portion of the Principal Amount described in the Conversion Notice (“**Principal Conversion Amount**”) into Debenture Shares (without adjustment for interest accrued but unpaid hereon, which interest shall be paid to the Holder in cash) (“**Holder Conversion**”), according to the following formula:

$$\# \text{ of Debenture Shares Issued on Holder Conversion} = \frac{\text{Principal Conversion Amount}}{\text{Conversion Price}}$$

Example A included at **Schedule “B”** sets forth a hypothetical working example of how the number of Debenture Shares to be issued on a Holder Conversion is to be calculated. The delivery of the Conversion Notice duly executed by the Holder and the surrender of the Debenture shall be deemed to constitute a contract between the Holder and the Corporation whereby (i) the Holder subscribes for the number of Debenture Shares which it shall be entitled to receive upon such Holder Conversion, (ii) the Holder agrees that the issuance to the Holder of the Debenture Shares in accordance with this Debenture constitutes payment in full of the applicable portion of the Principal Amount of this Debenture as of the date of issuance, (iii) the Holder releases the Corporation from all liability thereon or from all liability with respect to the portion of the Principal Amount thereof, to be converted, as the case may be, and when duly paid all accrued interest on the same and (iv) the Corporation agrees that the surrender of the Debenture for Holder Conversion constitutes full payment of the subscription price for the Debenture Shares issuable on such Holder Conversion and that the Debenture Shares will be issued as fully paid and non-assessable Common Shares in the capital of the Corporation.

The Holder may only require the Corporation to issue Debenture Shares to any Person other than the Holder upon a conversion of the Debenture, or a stated portion of the Principal Amount thereof, if such issuance is permitted under applicable securities legislation. If any of the Debenture Shares to be issued hereunder are to be issued to any Person other than the Holder such request will be accompanied by payment to the Corporation of any tax which may be payable by reason of the transfer and if requested by the Corporation, a legal opinion acceptable to the Corporation acting reasonably stating that such issuance is permitted under applicable securities laws.

As promptly as possible after receipt of the Conversion Notice and the Debenture (and in any event within five (5) Business Days of such receipt) but subject to Section 5.3 hereto, the Corporation shall issue or cause to be issued and deliver or cause to be delivered to the Holder certificate(s) or direct registration statement(s) in the name(s) of the Person(s) specified in the Conversion Notice (subject to the preceding paragraph) for the number of Debenture Shares deliverable upon the Holder Conversion. Upon completion of the conversion transaction, the rights of the Holder to receive, in respect of the amount hereof so converted, the Principal Amount (or portions thereof) and interest thereon, shall cease and the Holder or the other person or persons in whose name or names any certificate(s) or direct registration statement(s) for Common Shares shall be deliverable upon such Holder Conversion shall be deemed to have become on

such date the holder or holders of record of such Common Shares represented thereby. Interest will be payable on the portion of the Principal Amount converted up to the date of Holder Conversion.

In the event that only a portion of the Principal Amount is subject to Holder Conversion, the Holder will be entitled to receive a replacement Debenture representing the portion of the Principal Amount not subject to Holder Conversion on the same terms and provisions contained herein. In this event, interest shall continue to be payable on the portion of the Principal Amount not converted.

The Holder covenants and agrees that it will not exercise its right to convert that portion of the Principal Amount that, upon conversion into Common Shares in accordance with the terms of this Debenture, would result in the Holder holding more than 9.99% of the total outstanding common shares of the Corporation on a non-diluted basis as of the date of such conversion (the “**Conversion Restriction**”). Notwithstanding the foregoing, the Conversion Restriction shall not (i) prevent the Holder from exercising its right to convert 100% of the Principal Amount into Common Shares in accordance with the terms of this Debenture: (a) for the purpose of participating in any offer to acquire securities pursuant a takeover bid or statutory procedure, (b) during the five Business Days immediately prior to the Maturity Date or the date of a proposed Change of Control, or (c) following an Event of Default, or (ii) prevent the Holder from exercising its right to convert an amount equal to the applicable Redemption Amount during the five Business Days immediately prior to a Redemption Date.

5.2 Adjustment.

- (a) If and whenever the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares; (iii) issue any Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, then the “Conversion Price” (as defined in Section 1.1) for the purposes of any Holder Conversion under Section 5.1 on and at any time after the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be (and as a result of such adjustment, the corresponding number of number of Debenture Shares which may be acquired pursuant to such Holder Conversion), shall be adjusted according to the following formula:

$$\text{Adjusted Conversion Price} = \frac{\text{Conversion Price multiplied by X}}{Y}$$

where:

X = the number of Common Shares outstanding before such subdivision, redivision, reduction, combination, consolidation or dividend

Y = the number of Common Shares outstanding after such subdivision, redivision, reduction, combination, consolidation or dividend

Example B included at **Schedule “B”** sets forth a hypothetical working example of how the number of Debenture Shares to be issued on a Holder Conversion is to be calculated following a subdivision, redivision, reduction, combination, consolidation or dividend affecting the number of outstanding Common Shares. Any such issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Common

Shares under this Section 5.2(a) or Section 5.2(c), so long as such stock dividend is ultimately consummated.

- (b) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a subdivision, redivision, reduction, combination or consolidation, subject to the approval of applicable regulatory authorities, the Holder shall be entitled to receive upon conversion pursuant to this ARTICLE V, and shall accept in lieu of the number of Common Shares to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of such reclassification if, on the effective date thereof, it had been the registered holder of the number of Common Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this ARTICLE V with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this ARTICLE V shall thereafter correspondingly be made applicable as nearly as may be reasonably possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Debenture. Any such adjustments shall be made by and set forth in a supplemental certificate approved by the directors of the Corporation and shall for all purposes be conclusively deemed to be an appropriate adjustment, after consultation with the Holder, acting reasonably.
- (c) If and whenever the Corporation shall issue or distribute to all or substantially all the holders of Common Shares (i) shares of the Corporation of any class; (ii) rights, options or warrants (that shall not have expired unexercised, unconverted or unexchanged at the time the Holder converts this Debenture, in whole or in part); (iii) evidences of indebtedness (but only to the extent permitted under this Debenture); or (iv) any other assets or securities and if such issuance or distribution does not result in an adjustment as provided for in Section 5.2(a) or Section 5.2(b), subject to the approval of applicable regulatory authorities, the price at which the Principal Amount may be converted into Common Shares pursuant to this ARTICLE V shall be adjusted effective immediately before the record date at which the holders of Common Shares are determined for purposes of any such issuance or distribution as aforesaid in such manner as the directors of the Corporation determine to be appropriate on a basis consistent with this Section 5.2.
- (d) If and whenever at any time after the date hereof, the Corporation takes any action to which the foregoing anti-dilution adjustments, in the opinion of the board of directors of the Corporation, acting reasonably and in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder in accordance with the intent and purposes thereof, then subject to the approval of applicable regulatory authorities, the Corporation shall execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such a manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting reasonably and in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence, absent manifest error that the board of directors has determined that it is equitable to make no adjustment in the circumstances.
- (e) If, at any time, the Holder exercises its conversion rights before the record date and before the occurrence of an event, for which this Section 5.2 requires that an adjustment shall become effective immediately before the record date for such event, the Corporation may

defer issuing to the Holder the additional Common Shares issuable upon such conversion, by reason of the adjustment required by such event, until the occurrence of such event. In the event of such an adjustment, the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of the holders of Common Shares on and before the date of conversion or such later date as such holder would, but for the provisions of this Section 5.2, have become the holder of record of such additional Common Shares.

- (f) If a dispute shall at any time arise with respect to adjustments of the Conversion Price or the number of Common Shares issuable upon the conversion of this Debenture, such disputes shall be conclusively determined by the auditors of the Corporation, or, if they are unable or unwilling to act, by such other firm of Certified Public Accountants certified and licenced in Canada as may be selected by the Corporation and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to this Section 5.2 and shall be binding upon the Corporation and the Holder.

5.3 **No Fractional Common Shares.** Notwithstanding anything herein contained, the Corporation shall in no case be required to issue fractional Common Shares. Any fractions will be rounded down to the next lower whole number, and a cash amount shall be payable by the Corporation to the Holder in lieu of any fractional Common Share upon the conversion of the Debenture, calculated based on the fractional amount (subject to any adjustments pursuant to this Debenture) and the Conversion Price.

5.4 **Reservation of Common Shares.** The Corporation shall at all times while the Debenture remains convertible into Debenture Shares as herein provided, reserve and keep available out of its authorized but unissued share capital, for the purpose of effecting the conversion of the Debenture, such number of Common Shares as shall from time to time be sufficient to effect the conversion of the Debenture.

5.5 **Reclassifications, Reorganizations, etc.** In case of any reclassification or change of the Common Shares (other than a change as a result of a subdivision or consolidation), or in case of any amalgamation of the Corporation with, or merger of the Corporation into, any other corporation (other than an amalgamation or merger in which the Corporation is the continuing corporation and which does not result in any reclassification or change, other than as aforesaid, of the Common Shares), or in case of any sale, transfer or other disposition of all or substantially all of the assets of the Corporation, the Corporation or the corporation formed by such amalgamation or the corporation into which the Corporation will have been merged or the corporation which will have acquired such assets, as the case may be, will execute and deliver to the Holder an amendment providing that the Holder will have the right thereafter (until the expiration of the conversion right of the Debenture) to convert such Debenture into the kind and amount of shares and other securities and property receivable upon such reclassification, change, amalgamation, merger, sale, transfer or other disposition by the Holder of the number of Common Shares into which the Debenture might have been converted at the Conversion Price immediately prior to such reclassification, change, amalgamation, merger, sale, transfer or other disposition. Such amendment will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in this ARTICLE V. The above provisions of this Section 5.5 will similarly apply to successive reclassifications, changes, amalgamations, mergers, sales, transfers or other dispositions.

5.6 **Legend Requirements.** If issued prior to April 17, 2022, certificates and direct registration statements representing this Debenture and any Debenture Shares issued upon conversion of the Debenture shall bear the following legends, subject to such amendment or changes as shall be approved by the Corporation and/or required under securities laws: **“Unless permitted under securities legislation, the**

holder of this security must not trade the security before April 17, 2022”. The Holder hereby acknowledges, confirms and agrees that the Debenture and any Debenture Shares issued upon a conversion of the Debenture are subject to the aforementioned trading restriction.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 **Representations and Warranties of the Corporation.** To induce the Holder to enter into this Debenture and to make the Advance contemplated under this Debenture, the Corporation hereby makes the following representations and warranties as of the Execution Date, which shall survive the execution and delivery of this Debenture through the date all of the Corporation’s obligations hereunder have been fully satisfied:

- (a) the Corporation is a company incorporated, organized and subsisting under the law of the Province of British Columbia and is up to date in all material respects with filings required by Applicable Laws;
- (b) each of the Transaction Documents to which the Corporation is a party, when executed and delivered, will constitute legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors’ rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- (c) the execution, delivery and performance by the Corporation of the Transaction Documents to which it is a party, the incurrance of the Indebtedness, and the issuance of the applicable Debenture Shares (as applicable), have been duly authorized by all requisite corporate, and if required, shareholder, action on the part of the Corporation;
- (d) neither the execution and delivery of the Transaction Documents to which the Corporation is a party nor, subject to obtaining the approval of applicable regulatory authorities, compliance with the terms, conditions and provisions thereof:
 - (i) will conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the formation documents of the Corporation, or the terms of any class or series of shares of the Corporation;
 - (B) any material agreement, instrument or arrangement to which the Corporation is now a party or by which any such party is bound, or constitute a default thereunder, other than where such conflict would not result in a Material Adverse Effect;
 - (C) any judgment or order, writ, injunction or decree of any applicable court; or
 - (D) any Applicable Law or governmental regulation;
 - (ii) will result in a Material Adverse Effect;

- (iii) will give rise to any pre-emptive right (which has not been waived or will be waived prior to the closing of the transactions contemplated hereunder), or give any Person the right, to:
 - (A) trigger or accelerate the maturity or performance of any agreement, golden parachute or any other provision in any agreement, to which the Corporation is a party or trigger the payment of any monies by the Corporation which would not otherwise be payable, other than where such payment would not result in a Material Adverse Effect; or
 - (B) cancel, terminate or modify any material agreement to which the Corporation is a party, which cancellation, termination or modification would result in a Material Adverse Effect.
- (e) this Debenture is duly and validly created and authorized and issued and delivered as fully paid (up to the amount of the Principal Amount) to the Holder in compliance with all applicable Securities Laws, and the Holder will be the legal and registered owner of the Debenture and, upon issuance, the Debenture Shares, all of which will be free and clear of all pre-emptive rights, mortgages, liens, charges, security interests, adverse claims, pledges and demands whatsoever arising by reason of the acts or omissions of the Corporation, other than under applicable Securities Laws, and will be issued as fully paid and non-assessable Common Shares in the capital of the Corporation;
- (f) the Corporation is not an “insolvent person” within the meaning of any Insolvency Laws nor has the Corporation made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor had any petition for a receiving order presented in respect of it. The Corporation has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of the Corporation or any of its property or assets and no execution or distress has been levied upon any of its property or assets of the Corporation. No act or proceeding has been taken or authorized by or against the Corporation with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, the Corporation, nor have any such proceedings been authorized by any other Person;
- (g) no proceeding has been instituted against the Corporation seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts and no order for similar relief has been instituted against the Corporation under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including without limitation under any Insolvency Laws or any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets, that have not been dismissed within 30 days of its filing or presentment;
- (h) except as would not reasonably be expected to result in a Material Adverse Effect, the Corporation is in compliance with the terms of all agreements to which it is a party;
- (i) the Corporation is in material compliance with the requirements of all Applicable Laws, rules, regulations and decrees, directives and orders of any Governmental Authority that are applicable to it or to any of its properties, and has obtained all material licenses and

permits that are necessary for the conduct of their respective businesses, as currently conducted;

- (j) there are no actions, suits or proceedings, including appeals or applications for review or any pending actions, suits or proceedings, against the Corporation before any court or administrative agency which could reasonably be expected to result in a Material Adverse Effect;
- (k) any material taxes and assessments and government Encumbrances imposed on property, earnings, labour or materials which might result in a lien or charge upon the property of the Corporation have been paid by such party, as applicable, when due, unless such taxes, assessments, charges or liens are being diligently contested in good faith;
- (l) to the extent applicable, the Corporation is in compliance, in all material respects, with anti-money laundering laws and anti-terrorism finance laws including the United States Bank Secrecy Act and the PATRIOT Act (collectively, “**Anti-Terrorism Laws**”);
- (m) no part of the proceeds of any Advance shall be used, directly or indirectly: (i) to offer or give anything of value to any official or employee of any foreign government department or agency or instrumentality or government-owned entity, to any foreign political party or party official or political candidate or to any official or employee of a public international organization, or to anyone else acting in an official capacity (collectively, “**Foreign Official**”), in order to obtain, retain or direct business by (A) influencing any act or decision of such Foreign Official in his official capacity, (B) inducing such Foreign Official to do or omit to do any act in violation of the lawful duty of such Foreign Official, (C) securing any improper advantage or (D) inducing such Foreign Official to use his influence with a foreign government or instrumentality to affect or influence any act or decision of such government or instrumentality; or (ii) to cause the Holder to violate any Anti-Bribery Laws;
- (n) none of the Corporation, nor its Affiliates, directors, officers, employees or other agents of the Corporation acting on the Corporation’s behalf in connection with any Advance is any of the following (a “**Restricted Person**”): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001; (ii) a Person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“**OFAC**”) at its official website or any replacement website or other replacement official publication of such list or similarly named by any similar foreign governmental authority; (iii) a Person that is owned 50 percent or more by any Person described in subparagraph (ii); (iv) any other Person with which the Holder is prohibited from dealing under any Sanctions laws applicable to the Holder; or (v) a Person that derives more than 10% of its annual revenue from investments in or transactions with any Person described in subparagraphs (i), (ii), (iii) or (iv). Further, none of the proceeds from the Advance shall be used to finance or facilitate, directly or indirectly, any transaction with, investment in, or any dealing for the benefit of, any Restricted Person or any transaction, investment or dealing in which the benefit is received in a country for which such benefit is prohibited by any Sanctions laws applicable to the Holder;
- (o) except for the approval from the TSX-V with respect to the listing and trading of the Debenture Shares on the TSX-V, the Corporation is not required to obtain from any Governmental Authority or any other person any consent, license, certification, waiver, or approval under Applicable Law in connection with the execution and delivery of the

Transaction Documents or the performance of its obligations thereunder, the incurrence of the Indebtedness, or the allotment and issuance of the applicable Debenture Shares;

- (p) the Corporation shall use the Advance solely for the purpose of completing the Share Purchase Transaction in accordance with the terms and conditions of the Share Purchase Agreement;
- (q) subject to the accuracy of the Holder's representations and warranties set out below, the issue and sale of the Debenture by the Corporation to the Holder is exempt from the prospectus requirements of Securities Laws of the Province of British Columbia, and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and, other than as set forth in Section (o), no approval, permit, consent or authorization is required to be obtained by the Corporation under such Securities Laws in connection with such issuance and sale except for the filing by the Corporation, within the prescribed time period, of a report of such sale with the British Columbia Securities Commission, together with the applicable fees;
- (r) the issue by the Corporation of the Debenture Shares which may be issuable on conversion of this Debenture, when issued in accordance with the terms of this Debenture, will be exempt from the prospectus requirements of Securities Laws of the Province of British Columbia and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or other authorization is required to be obtained by the Corporation under such Securities Laws or from any Person in connection with such issue; and
- (s) no other documents will be required to be filed, and no other proceeding, approval, consent or authorization is required to be made, taken or obtained pursuant to Securities Laws of the Province of British Columbia in connection with the first trade by the Holder of the Debenture or of the Debenture Shares which may be issuable on conversion of this Debenture, provided that:
 - (i) the Corporation is and has been a "reporting issuer" (within the meaning of Securities Laws) in a jurisdiction of Canada for the four months immediately preceding the trade;
 - (ii) at the time of the trade, at least four months have elapsed from the date of issue of the Debenture;
 - (iii) the certificate representing the Debenture (and if applicable, the Debenture Shares), carry the legend required by, or otherwise comply with the requirements set out in, Section 2.5(2)3(i) or Section 2.5(2)3.1 of National Instrument 45-102;
 - (iv) the trade is not a "control distribution" as defined in National Instrument 45-102;
 - (v) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;
 - (vi) no extraordinary commission or other consideration is paid to a person or company in respect of such trade; and

- (vii) if the selling security holder is an insider or officer of the Corporation, the selling security holder has no reasonable grounds to believe that the Corporation is in default of Securities Laws.

6.2 **Representations and Warranties with respect to the Guarantors.** To induce the Holder to enter into this Debenture and to make the Advance contemplated under this Debenture, the Corporation (on its own behalf and on behalf of each Guarantor) hereby makes the following representations and warranties as of the Closing Date with effect upon the completion of the Share Purchase Transactions, which shall survive the execution and delivery of this Debenture through the date all of the Corporation's obligations hereunder have been fully satisfied:

- (a) the Owner is a *Sociedad de Responsabilidad Limitada de Capital Variable* existing under the law of Mexico and is up to date in all material respects with filings required by Applicable Laws;
- (b) CanCo is a corporation incorporated, organized and subsisting under the laws of the Province of Ontario and is up to date in all material respects with filings required by Applicable Laws;
- (c) MGH is a *Sociedad Anonima de Capital Variable* existing under the law of Mexico and is up to date in all material respects with filings required by Applicable Laws;
- (d) each of the Transaction Documents to which any Guarantor is a party, when executed and delivered, will constitute legal, valid and binding obligations of such Guarantor enforceable against such Guarantor in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally (including with respect to labour or tax credits), and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- (e) the execution, delivery and performance by each Guarantor of the Transaction Documents to which it is a party, and its guaranteeing of the obligations of the Corporation thereunder, have been duly authorized by all requisite corporate, and if required, shareholder, action on the part of such Guarantor;
- (f) neither the execution and delivery of the Transaction Documents to which each Guarantor is a party nor, subject to obtaining the approval of applicable regulatory authorities, compliance with the terms, conditions and provisions thereof:
 - (i) will conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (A) the formation documents of such Guarantor, or the terms of any class or series of shares of such Guarantor;
 - (B) any material agreement, instrument or arrangement to which the such Guarantor is now a party or by which any such party is bound, or constitute a default thereunder, other than where such conflict would not result in a Material Adverse Effect;

- (C) any judgment or order, writ, injunction or decree of any applicable court;
or
- (D) any Applicable Law or governmental regulation;
- (ii) will result in a Material Adverse Effect;
- (iii) will give rise to any pre-emptive right (which has not been waived or will be waived prior to the closing of the transactions contemplated hereunder), or give any Person the right, to:
 - (A) trigger or accelerate the maturity or performance of any agreement, golden parachute or any other provision in any agreement, to which the such Guarantor is a party or trigger the payment of any monies by any Guarantor which would not otherwise be payable, other than where such payment would not result in a Material Adverse Effect; or
 - (B) cancel, terminate or modify any material agreement to which such Guarantor is a party, which cancellation, termination or modification would result in a Material Adverse Effect;
- (iv) will require such Guarantor to obtain any material consent, license, certification or approval from any third party which has not been duly obtained;
- (g) no Guarantor is an “insolvent person” within the meaning of any Insolvency Laws, nor has any Guarantor made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor had any petition for a receiving order presented in respect of it. No Guarantor has initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of any Guarantor or any of its property or assets and no execution or distress has been levied upon any of its property or assets of any Guarantor. No act or proceeding has been taken or authorized by or against any Guarantor with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, any Guarantor nor have any such proceedings been authorized by any other Person;
- (h) no proceeding has been instituted against any Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts and no order for similar relief has been instituted against any Guarantor under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including without limitation under any Insolvency Laws or any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets, that have not been dismissed within 30 days of its filing or presentment;
- (i) as of the Closing Date, each Guarantor is a wholly-owned indirect subsidiary of the Corporation. The only assets of CanCo and MGH are its respective shares in the capital of the Owner, and the only assets of the Owner are the Mine Assets. The Owner does not have any subsidiaries. All of the issued and outstanding securities of the Owner are (i) duly authorized, validly issued, fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, (ii) are owned by CanCo or MGH, free and clear of all Encumbrances, (iii) are not subject to any proxy, voting trust or other

agreement or restriction relating to the voting of such securities. There are no outstanding subscriptions, options, warrants, rights, entitlements, plans, understandings or commitments (contingent or otherwise) regarding the right to acquire any securities or assets of, or to require the issuance, sale, transfer, registration, repurchase or redemption of, any securities of, the Owner;

- (j) except as would not reasonably be expected to result in a Material Adverse Effect, each Guarantor is in compliance with the terms of all agreements to which it is a party;
- (k) each Guarantor is in material compliance with the requirements of all Applicable Laws, rules, regulations and decrees, directives and orders of any Governmental Authority that are applicable to it or to any of its properties, and has obtained all material licenses and permits that are necessary for the conduct of their respective businesses, as currently conducted;
- (l) there are no actions, suits or proceedings, including appeals or applications for review or any pending actions, suits or proceedings, against the any Guarantor before any court or administrative agency which could reasonably be expected to result in a Material Adverse Effect;
- (m) any material taxes and assessments and government Encumbrances imposed on property, earnings, labour or materials which might result in a lien or charge upon the property of any Guarantor have been paid by such party, as applicable, when due, unless such taxes, assessments, charges or liens are being diligently contested in good faith;
- (n) to the extent applicable, each Guarantor is in compliance, in all material respects, with anti-money laundering laws and anti-terrorism finance laws including the United States Bank Secrecy Act and the PATRIOT Act (collectively, “**Anti-Terrorism Laws**”); and
- (o) no Guarantor is required to obtain from any Governmental Authority or any other person any consent, license, certification, waiver, or approval under Applicable Law in connection with the execution and delivery of the Security Documents or the performance of its obligations thereunder.

6.3 **Reliance and Indemnity**. The Holder is relying on the representations and warranties set forth in Sections 6.1 and 6.2, notwithstanding any investigation or enquiries made by the Holder or waiver of any conditions to advancing funds under this Debenture; and the Corporation agrees to indemnify and save harmless the Holder from and against all losses, damages, costs, or expenses, including legal costs as between a solicitor and own client, suffered or incurred by the Holder as a result of or in connection with any of those representations or warranties being incorrect or breached.

6.4 **Representations and Warranties of the Holder**. In connection with the transaction contemplated by this Debenture, the Holder hereby makes the following representations and warranties to the Corporation:

- (a) the Holder has full power and authority to enter into this Debenture and to perform all obligations required to be performed by it hereunder and this Debenture, when executed and delivered by the Holder, will constitute the Holder’s valid and legally binding obligation, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors’ rights generally, and (b) as

limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;

- (b) the Holder acknowledges that this Debenture is made with the Holder in reliance upon the Holder's representation to the Corporation, which the Holder hereby confirms by executing this Debenture, that this Debenture and any Debenture Shares will be acquired for investment for the Holder's own account, not as a nominee or agent, for investment purposes only and not with a view to resale, and by executing this Debenture, the Holder further represents that the Holder does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to the this Debenture or any Debenture Shares and the Holder has not been organized solely for the purpose of acquiring this Debenture or any Debenture Shares;
- (c) the Holder is an "accredited investor" as defined in National Instrument 45-106 and has completed executed and delivered to the Corporation an "accredited investor" certificate dated as of the date of this Debenture and agrees to furnish any additional information requested by the Corporation to assure compliance with the applicable Securities Laws in connection with the purchase and sale of this Debenture and to execute, deliver and file or assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Debenture as may be required under applicable Securities Laws and any information that has been furnished or that will be furnished by the Holder to evidence its status as an accredited investor, and a resident of Canada at the address for the Holder provided in Section 13.1(a), or otherwise to assure compliance with the applicable Securities Laws in connection with the purchase and sale of this Debenture, is and will be accurate and complete, and does not and will not contain any misrepresentation or material omission; and
- (d) the Holder acknowledges that the Corporation may be required to file with the British Columbia Securities Commission a report regarding the issuance of the Debenture and the Holder acknowledges that such report may require the Corporation to disclose the Holder's full legal name, residential address, telephone number and email address and the purchase price of the Debenture and specific details of the prospectus exemption relied upon under Securities Laws to complete such purchase, including how the Holder qualifies for such exemption; the Holder consents to the disclosure of such information and acknowledges that such information is made available to the public under Securities Laws and acknowledges that this information is collected indirectly by the applicable securities regulatory authority or regulator under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation and that the Holder may contact the applicable securities regulatory authority or regulator by way of the following information for more information regarding the indirect collection of such information: British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2, Inquiries: 604-899-6854, Toll free in Canada: 1-800-373-6393, Facsimile: 604-899-6581, Email: FOI-privacy@bcsc.bc.ca, Public official contact regarding indirect collection of information: FOI Inquiries.

ARTICLE VII CONDITIONS PRECEDENT

7.1 **Conditions Precedent to the Advance.** Notwithstanding any other provision of this Debenture, the Holder's obligations to make the Advance to the Corporation is subject to the fulfillment of each of the following conditions:

- (a) the Corporation shall have submitted a written notice to the Holder requesting the Advance from the Holder and setting out the targeted date of the Advance (which date shall be no later than March 31, 2022, unless otherwise agreed to by the parties), such written notice to be submitted not less than three (3) Business Days prior to the targeted date of the Advance;
- (b) the Holder and the Corporation shall have entered into the Gold Purchase Agreement, and all conditions precedent thereunder shall be satisfied as determined by the Holder in its sole discretion;
- (c) the Corporation shall have delivered evidence satisfactory to the Holder, acting reasonably, that all conditions precedent to completing the Share Purchase Transaction have been satisfied in full or waived by the party entitled to waive any such condition precedent, other than (i) the payment of the First Cash Payment (as such term is defined in the Share Purchase Agreement) by the Corporation, such First Cash Payment to be paid by way of the Advance hereunder, and (ii) the delivery of the Consideration Shares (as such term is defined in the Share Purchase Agreement) by the Corporation;
- (d) receipt by the Holder of the following documents, each in full force and effect, unamended, in form and substance satisfactory to the Holder, acting reasonably:
 - (i) duly executed copies of the Debenture;
 - (ii) duly executed copies of the Security Documents;
 - (iii) certificate of good standing, status or compliance or other similar type of evidence of good standing for the Corporation and each Guarantor dated as of the date of the officer's certificates set out in paragraphs (iv) and (vi) below;
 - (iv) an executed certificate of a senior officer of the Corporation, in form and substance satisfactory to the Holder, acting reasonably, certifying that, on and as of the Closing Date: (1) all the representations and warranties made by the Corporation (on its own behalf, and on behalf of the Guarantors upon the completion of the Share Purchase Transaction) in this Debenture are true and correct on and as of the Closing Date; (2) the Corporation has complied with its obligations under this Debenture as of the Closing Date; and (3) no Event of Default (or event which with notice or lapse of time or both would become an Event of Default) has occurred and is continuing;
 - (v) an executed certificate of a senior officer of the Corporation, in a form satisfactory to the Holder, acting reasonably, as to (i) the constating documents of the Corporation, (ii) the resolutions of the board of directors of the Corporation authorizing the execution, delivery and performance of this Debenture, the Security Documents to which the Corporation is a party, and the transactions

contemplated thereby, and (iii) the names, positions and true signatures of the persons authorized to sign this Debenture and the Security Documents to which the Corporation is a party, (iv) satisfaction of the conditions precedent in paragraphs (b), (e), (f), (g), (h), (i) and (j) of this Section 7.1, and (v) such other matters pertaining to the transactions contemplated hereby as Holder may reasonably request;

- (vi) an executed certificate of a senior officer of each Guarantor, in a form satisfactory to the Holder, acting reasonably, as to (i) the constating documents of each Guarantor, (ii) the resolutions of the board of directors and/or shareholders of each Guarantor authorizing the execution, delivery and performance of the Security Documents to which each Guarantor is a party, and the transactions contemplated thereby, and (iii) the names, positions and true signatures of the persons authorized to sign the Security Documents to which each Guarantor is a party, and (iv) such other matters pertaining to the transactions contemplated hereby as Holder may reasonably request;
- (vii) favourable opinions from external legal counsel to the Corporation and each Guarantor in a form satisfactory to the Holder, acting reasonably, as to, among other things (i) the legal status of the Corporation and each Guarantor, (ii) the authority of the Corporation to execute and deliver this Debenture, (iii) the execution and delivery of this Debenture, and the enforceability thereof against the Corporation, (iv) the authority of the Corporation to execute and deliver the Security Documents to which the Corporation is a party; (v) the execution and delivery of the Security Documents to which the Corporation is a party, and the enforceability thereof against the Corporation, (vi) the registrations, filings and recordings made to create, perfect and otherwise preserve the charges and security interests granted in favour of the Holder under the Security Documents to which the Corporation is a party; (vii) the results of the usual searches that would be conducted in each of the relevant jurisdictions in connection with the charges and security interests granted in favour of the Holder under the Security Documents to which the Corporation is a party; (viii) the authority of each Guarantor to execute and deliver the Security Documents to which such Guarantor is a party; (ix) the execution and delivery of the Security Documents to which each Guarantor is a party, and the enforceability thereof against such Guarantor, (x) the registrations, filings and recordings made to create, perfect and otherwise preserve the charges and security interests granted in favour of the Holder under the Security Documents to which each Guarantor is a party; (xi) the results of the usual searches that would be conducted in each of the relevant jurisdictions in connection with the charges and security interests granted in favour of the Holder under the Security Documents to which each Guarantor is a party; and (xii) the valid issuance of the Debenture Shares as fully paid and non-assessable common shares in the capital of the Corporation upon conversion of this Debenture as contemplated in ARTICLE V in accordance with all Applicable Laws, including the matters set forth in Sections 6.1(q) to 6.1(s);
- (viii) a signed letter from the Corporation's transfer agent specifying the number and class of issued and outstanding shares in the capital of the Corporation;
- (ix) evidence that a certificate of non-encumbrance has been obtained from the corresponding Public Registries of Property (*Registros Publicos de la Propiedad*)

of the State of Sonora, Mexico, and any other applicable States of Mexico, and from the Movable Property Registry (*Registro Unico de Garantías Mobiliarias*) of the Public Registry of Commerce (*Registro Público de Comercio*), and that it has been filed with the Public Registry of Mines (*Registro Público de Minería*), confirming that there are no Encumbrances registered against the Real Property, Mining Concessions and Mine Assets, other than the Permitted Encumbrances; and

- (x) evidence that a preventive notice (*aviso preventivo*) has been obtained with the Public Registries of Property (*Registros Públicos de la Propiedad*) of the State of Sonora, Mexico, and any other applicable States of Mexico, and has been filed with the Public Registry of Mines (*Registro Público de Minería*), in respect of the registration of any Owner Security Agreements;
- (e) no Material Adverse Effect has arisen or occurred since the Closing Date, and no event or circumstance has occurred since the Closing Date and is continuing which in the opinion of the Holder, acting reasonably, has had or would reasonably be expected to have a Material Adverse Effect;
- (f) no Material Adverse Effect will arise or occur as a result of the Advance or the incurring of the Indebtedness thereunder;
- (g) the Corporation has complied in all material respects with all of its covenants contained in the Transaction Documents, and all of the representations and warranties of the Corporation contained in the Transaction Documents are true and correct in all material respects (without regard to any qualifications with respect to materiality contained therein);
- (h) there exists no Encumbrance on the Collateral, other than Permitted Encumbrances; and
- (i) no Event of Default shall be in effect; and
- (j) the Corporation shall have received approval from the TSX-V with respect to the listing and trading of the Debenture Shares on the TSX-V.

For greater certainty, the parties acknowledge and agree that: (i) the Holder shall have no obligation to make the Advance if the conditions precedent set out in this Section 7.1 have not been satisfied or waived by the Holder on or before March 31, 2022 (unless otherwise agreed to by the parties), and (ii) the Holder shall disburse the Advance to the Corporation as a single advance of the full Principal Amount on the Closing Date.

7.2 **Waiver and Termination.** The conditions precedent in Section 7.1 are inserted for the sole benefit of the Holder and may be waived in writing by the Holder, in whole or in part, with or without conditions, as the Holder may determine.

ARTICLE VIII DEFAULT

8.1 **Events of Default.** Upon the occurrence of any one or more of the following events (herein called “**Events of Default**”):

- (a) if the Corporation does not pay when due any principal, interest or other amount due and payable by it under this Debenture at the place and in the currency in which such amount is expressed to be payable, and such failure to pay is not cured within five (5) Business Days following receipt of notice from Holder notifying the Corporation of such default;
- (b) if the Corporation or any Guarantor defaults in observing or performing any other covenants of this Debenture or any of the Security Documents, and such default is not remedied within thirty (30) days following delivery by Holder to the Corporation of written notice or such longer period of time as Holder may determine in its sole discretion;
- (c) if any representation or warranty made in the Transaction Documents granted in connection with this Debenture, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished pursuant to any Transaction Document, shall prove to have been false or misleading in any material respect when so made or furnished, and with respect to any false or misleading representation or warranty, which may be corrected or rectified and does not give rise to a Material Adverse Effect, remains false or misleading thirty (30) days after the earlier of (i) the Corporation becomes aware that such representation or warranty has become false or misleading and (ii) notice from the Holder of the same;
- (d) a judgment or order is obtained against the Corporation or any Guarantor for an amount in excess of \$5,000,000, in the aggregate, which remains unsatisfied, undischarged, unvacated, unbinded or unstayed for a period of thirty (30) days during which such judgment shall not be on appeal or execution there shall not be effectively stayed;
- (e) any Collateral is seized (including by way of execution, attachment, garnishment or distraint), or shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of execution or distress warrant with respect to obligations of the Corporation, or any sheriff civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon any such property under Applicable Laws whereunder such remedies are provided;
- (f) any Collateral is conveyed, sold, assigned, transferred or otherwise disposed of, other than in accordance with this Debenture or the Gold Purchase Agreement;
- (g) if any material provision of any Transaction Document (including any Encumbrance granted in connection therewith) shall at any time cease to be in full force and effect, be declared to be void or voidable or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by the Corporation or any Guarantor, or if any Encumbrance constituted pursuant to any Security Document ceases to have the priority contemplated therein;
- (h) the occurrence of an "Event of Default" under the Gold Purchase Agreement that is continuing after the expiry of any cure periods thereunder;
- (i) there exists any Encumbrance on the Collateral, other than Permitted Encumbrances and Encumbrances in favour of the Holder pursuant hereto;
- (j) if the Corporation or any Guarantor makes a general assignment for the benefit of creditors; or any proceeding is instituted by it seeking relief as debtor, or to adjudicate it a bankrupt

or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including without limitation under any Insolvency Laws or any statutes relating to the incorporation of companies) or seeking appointment of a receiver or trustee, or other similar official for it or for any substantial part of its properties or assets; or any corporate action is taken to authorize any of the actions referred to in this Section 8.1(j);

- (k) if any proceedings are instituted against the Corporation or any Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including without limitation under any Insolvency Laws or any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets, and, provided that such proceedings are being diligently contested in good faith by the Corporation or any Guarantor (as the case may be), such proceedings are not being dismissed within 90 days of its filing or presentment;
- (l) a custodian, liquidator, sequestrator, conservator, receiver, receiver and manager, receiver-manager or trustee or any other Person with similar powers being appointed for the Corporation or any Guarantor, or for any substantial part of the property of the Corporation or any Guarantor;
- (m) any execution, extent or sequestration or other process of any court becoming enforceable against the Corporation or any Guarantor, as applicable, or a distress or analogous process being levied against any substantial part of the property of the Corporation or any Guarantor, and such execution, extent, sequestration, distress or other process not being released, vacated or fully bonded within 90 days after becoming enforceable or levied, as the case may be; or
- (n) if the Corporation or any Guarantor takes any corporate proceedings for its dissolution, liquidation or if the corporate existence of the Corporation or any Guarantor shall be terminated by expiration, forfeiture or otherwise, or if the Corporation or any Guarantor ceases or threatens to cease, to carry on all or a material part of its business.

8.2 **Acceleration.** Upon the occurrence of an Event of Default which is continuing and the expiry of any applicable curative periods, the entire Principal Amount and all accrued but unpaid interest owing on the Debenture will become immediately due and payable upon written notice to that effect from the Holder to the Corporation, provided that upon the occurrence of any Event of Default set out in Sections 8.1(j), 8.1(k), 8.1(l), 8.1(m) or 8.1(n) (subject to any cure period in such Sections), all of the Indebtedness then outstanding shall automatically become due and payable, and in each case, without protest, presentment, demand or further notice of any kind, of which are expressly waived by the Corporation.

8.3 **Waiver of Corporation's Rights.** To the full extent that it may lawfully do so, the Corporation for itself and its successors and assigns hereby waives and disclaims any benefit of, and shall not have or assert any right or defense under, any statute, law, rule, regulation, common law right or rule of law pertaining to the marshalling of assets, discussion, division or other matter whatever, to defeat, reduce or affect the rights of the Holder under the terms of the Transaction Documents.

8.4 **Remedies Cumulative.** No remedy conferred upon the Holder is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

ARTICLE IX WAIVER

9.1 **Waiver.** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Corporation in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any other or subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Corporation shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Corporation's obligations.

ARTICLE X OTHER RIGHTS OF THE HOLDER

10.1 **Rights of Set-Off.** The Corporation acknowledges and agrees that the Principal Amount and the other obligations hereunder shall be paid, satisfied and discharged to the Holder without regard to such dealings as may from time to time occur as between any one or more of the Holder, the Corporation and any other Person and without regard to such equities or rights of set-off or counterclaim which may from time to time exist between any one or more of the Holder, the Corporation or any other Person, and that the Principal Amount and other obligations hereof shall be paid without regard to any equities between the Corporation and the Holder hereof or any set-off or cross-claims and the receipt of the Holder for the payment of the Principal Amount will be a good discharge to the Corporation in respect thereof.

10.2 **No Merger.** Neither the taking of any judgement nor the exercise of any rights hereunder shall operate to extinguish the obligation of the Corporation to pay the monies under this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment shall not constitute or create a novation, and the taking of a judgement or judgements under a covenant herein contained shall not operate as a merger of those covenants and affect the Holder's right to interest under this Debenture.

ARTICLE XI ADMINISTRATIVE PROVISIONS

11.1 **Registered Holders.** The person in whose name this Debenture shall be registered shall be deemed and regarded as the owner and holder hereof for all purposes, and the payment to and/or receipt by any Holder of any portion of the Principal Amount or interest thereon shall be a good discharge of the Corporation for the same, and the Corporation shall not be bound to enter in the register notice of any trust or to enquire into the title of any Holder or to recognize any trust or equity affecting the title hereof save as ordered by a court of competent jurisdiction or as required by statute.

ARTICLE XII MISCELLANEOUS

12.1 **Expenses.** The Corporation agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Holder in connection with (i) the preparation, execution and delivery of this Debenture and

the other Transaction Documents (including all costs relating to due diligence), or (ii) in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or incurred by the Holder in connection with the enforcement or protection of its rights in connection with this Debenture and the other Transaction Documents or in connection with the Indebtedness, including any reasonable and documented out-of-pocket legal fees, disbursements and other charges. The Corporation further agrees to indemnify the Holder from, and hold it harmless against, any documentary taxes, assessments or similar charges made by any Governmental Authority by reason of the execution and delivery of this Debenture or any of the other Transaction Documents. The Corporation agrees that it will also be responsible for the Holder's reasonable legal costs for any amendments to this Debenture or the Security Documents requested by the Corporation or required by the Holder, the preparation of any additional security agreements in connection with the transactions contemplated by this Debenture or the Security Documents, or any security interest registrations in connection with the foregoing.

12.2 **Time.** Time shall be of the essence of this Debenture.

12.3 **Governing Law.** This Agreement shall be governed by and construed under the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to its laws relating to any conflicts of laws). The courts of the Province of British Columbia shall have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement.

12.4 **Severability.** If any one or more of the provisions or parts thereof contained in this Debenture should be or become invalid, illegal or unenforceable, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed.

12.5 **Headings.** The headings of the articles, sections, subsections and clauses of this Debenture have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Debenture.

12.6 **Binding Effect.** This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Corporation and its successors and permitted assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

12.7 **Amendments; Waiver.** Subject to certain exceptions set forth below, this Debenture may only be amended when both the Corporation and the Holder have approved such amendment.

12.8 **Release and Discharge.** When the Corporation duly pays the Holder the Principal Amount, any accrued and unpaid interest thereon, together with all other moneys which may become owing pursuant to this Debenture, or issues to or to the order of the Holder the Debenture Shares issuable upon conversion of this Debenture in full, this Debenture will cease and become null and void and will for all purposes be considered to be discharged and cancelled, and none of the provisions of this Debenture shall survive such discharge and cancellation.

12.9 **Assignment.**

- (a) This Debenture is not transferrable or assignable by the Corporation without the consent of the Holder.

- (b) The Holder may assign all or any portion of its right, title and interest under this Debenture and the Security Documents without the prior consent of the Corporation.

12.10 **Third Party Beneficiaries.** This Debenture will not benefit or create any right or cause of action in favour of any Person, other than the Corporation and the Holder. No Person, other than Corporation and the Holder is entitled to rely on the provisions of this Debenture in any action, suit, proceeding, hearing or other forum. The Corporation and the Holder reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Debenture to any Person who is not the Corporation or the Holder without notice to or consent of that Person.

12.11 **AML Legislation.** The Corporation acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the PATRIOT Act and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws (collectively, including any guidelines or orders thereunder, “**AML Legislation**”), the Holder may be required to obtain, verify and record information regarding the Corporation or any Guarantor, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Corporation, and the transactions contemplated hereby, including the name and address of the Corporation and other information that will allow the Holder to identify the Corporation in accordance with the PATRIOT Act. The Corporation shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Holder, or any participant of the Holder, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

ARTICLE XIII NOTICE

13.1 **Notices.** Any notice required or permitted to be given under any of this Debenture or any tender or delivery of documents may be given by personal delivery, email or by facsimile transmission to the parties at the following addresses:

- (a) to the Holder at:

Sandstorm Gold Ltd.
[Address redacted]

Attention: [Name redacted]
Fax No.: [Fax number redacted]
Email: [Email address redacted]

- (b) to the Corporation at:

Bear Creek Mining Corporation
[Address redacted]

Attention: [Name redacted]
Fax No.: [Fax number redacted]
Email: [Email address redacted]

Any notice or delivery shall be given as herein provided or to such other addresses or fax number or in care of such other Person as a party may from time to time advise by notice in writing as aforesaid. The date of receipt of such notice or delivery shall be the date of actual delivery to the address specified if delivered or the date of actual transmission to the email address or fax number

if emailed or faxed, unless such date is not a Business Day in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission.

[Signature page follows]

IN WITNESS WHEREOF the parties have duly executed this Debenture as of the date first written above.

BEAR CREEK MINING CORPORATION,
by its authorized signatories:

Per: (signed) Anthony Hawkshaw
Name: Anthony Hawkshaw
Title: President and CEO

SANDSTORM GOLD LTD.,
by its authorized signatory:

Per: (signed) Nolan Watson
Name: Nolan Watson
Title: President and CEO

SCHEDULE "A"

CONVERSION FORM

TO: BEAR CREEK MINING CORPORATION (the "Corporation")

The undersigned registered holder of the secured convertible debenture (the "**Debenture**") hereby subscribes for Debenture Shares of the Corporation pursuant to the terms of the Debenture, to the extent of \$_____ of Principal Amount.

The Debenture Shares subscribed for will be issued as set forth below and will be mailed to the address set forth below.

DATED this _____ day of _____.

[Insert Name of Registered Holder],
by its authorized signatory:

Per: _____
Name:
Title:

Print below the name and address in full of the Person in whose name the Debenture Shares subscribed for are to be issued. If the Debenture Shares subscribed for are to be issued to more than one person, similar information must be provided for each person, as well as the number of Debenture Shares to be issued to each. (If any of the Debenture Shares are to be issued to any Person other than the holder of the within Debenture certificate, the holder must pay to the Corporation all requisite taxes.)

Name:

Address:

SCHEDULE "B"

SAMPLE CALCULATIONS OF THE NUMBER OF DEBENTURE SHARES TO BE ISSUED ON HOLDER CONVERSION

Example A

This Example A sets out a hypothetical working example of how the number of Debenture Shares to be issued on a Holder Conversion is to be calculated pursuant to the formula and the terms set out in Section 5.1 of this Debenture:

# of Debenture Shares Issued on Holder Conversion	=	$\frac{\text{Principal Conversion Amount}}{\text{Conversion Price}}$
Hypothetical Principal Conversion Amount as set out in a Conversion Notice	=	\$10,000,000
Hypothetical Conversion Price (assuming no adjustments under Section 5.2 of this Debenture)	=	\$2.70
# of Debenture Shares Issued on Holder Conversion (\$10,000,000 / \$2.70)	=	3,703,703

Example B

This Example B sets out a hypothetical working example of how the number of Debenture Shares to be issued on a Holder Conversion is to be calculated pursuant to the formula and the terms set out in Section 5.1 of this Agreement, assuming an adjustment under Section 5.2 of this Agreement resulting from a 4:1 share consolidation in the number Common Shares outstanding following the Closing Date.

Adjusted Conversion Price	=	$\frac{\text{Conversion Price multiplied by X}}{Y}$
X (hypothetical number of Common Shares outstanding before the hypothetical 4:1 share consolidation or dividend)	=	34,000,000
Y (hypothetical number of Common Shares outstanding before the hypothetical 4:1 share consolidation or dividend)	=	8,500,000
# of Debenture Shares Issued on Holder Conversion	=	$\frac{\text{Principal Conversion Amount}}{\text{Conversion Price}}$
Hypothetical Principal Conversion Amount as set out in a Conversion Notice	=	\$10,000,000
Hypothetical Conversion Price (before adjustment)	=	\$2.70
Adjusted Conversion Price	=	$\frac{\$2.70 \text{ multiplied by } 34,000,000}{8,500,000}$
	=	\$10.80
# of Debenture Shares Issued on Holder Conversion (\$10,000,000 / \$10.80)	=	925,925

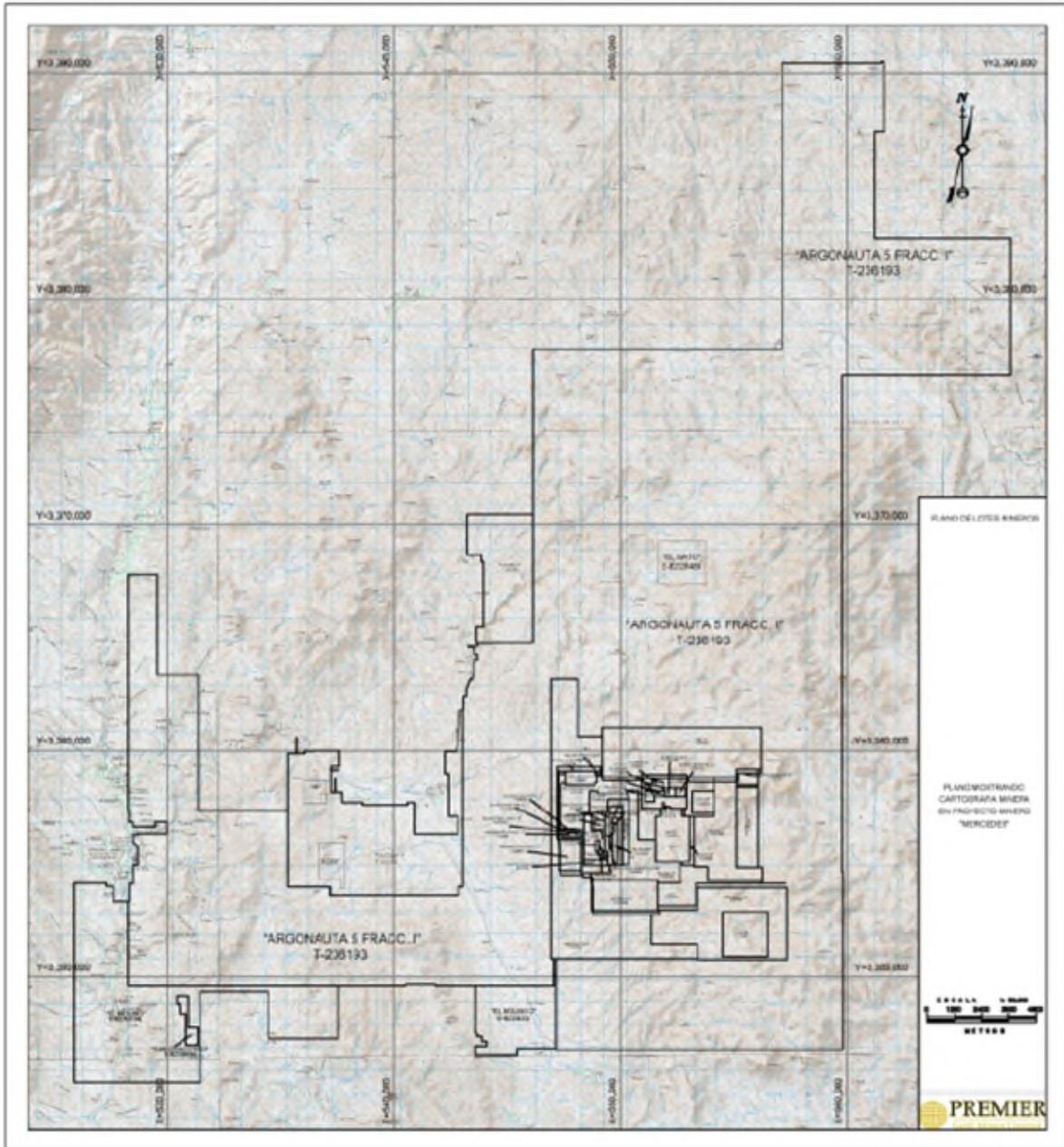
SCHEDULE "C"

MINING CONCESSIONS

[Commercially sensitive information redacted]

SCHEDULE "D"

MAP OF MINING CONCESSIONS



[UTM Coordinates on following page]

UTM Coordinates

The list below summarizes the outermost coordinates of the Mining Concessions shown on the map above.

[Commercially sensitive information redacted]

SCHEDULE "E"

REAL PROPERTY

[Commercially sensitive information redacted]