

PRODUCTION PAYMENT AGREEMENT

Between

RED EAGLE FINANCE LIMITED

- and -

RED EAGLE MINING DE COLOMBIA LIMITED

- and -

RED EAGLE MINING CORPORATION

- and -

EACH OF THE OTHER GUARANTORS LISTED IN SCHEDULE D

- and -

ORION TITHECO LIMITED

March 31, 2015

TABLE OF CONTENTS

	Page
1. DEFINITIONS AND INTERPRETATION	2
1.1 Defined Terms	2
1.2 Certain Rules of Interpretation.....	9
1.3 Control	10
1.4 Measurements	10
1.5 Currency and Manner of Payment	10
1.6 Time of Essence.....	11
2. PRODUCTION PAYMENT	11
2.1 Payment Obligations.....	11
2.2 Shipping and Delivery Notifications	11
3. MINIMUM ANNUAL PAYMENT REQUIREMENTS	12
4. TAXES, TARIFFS AND DUTIES	13
4.1 Taxes Payable by the Red Eagle Entities.....	13
4.2 Application to Guarantors.....	13
4.3 Income Taxes.....	14
4.4 New Taxes	14
5. TERM AND TERMINATION	14
5.1 Term.....	14
5.2 Orion’s Right to Terminate.....	14
5.3 Red Eagle Entities’ Right to Terminate	15
5.4 Expropriation, Nationalization or Act of Eminent Domain.....	15
5.5 Survival.....	16
6. PERFORMANCE OF MINING OPERATIONS	16
6.1 Operational Decisions.....	16
6.2 Maintenance of Existence	16
6.3 Maintenance of Property.....	16
6.4 Compliance with Applicable Laws.....	17
6.5 Anti-Corruption Compliance	17
6.6 Authorizations.....	17
6.7 Processing and Sale of Minerals	17
6.8 Commingling: Processing of Other Minerals	18
6.9 Refining of Minerals.....	18
6.10 Gold Purchase Agreement	18
7. REPORTING; BOOKS AND RECORDS	19
7.1 Mine Plan.....	19
7.2 Production Start Dates	19
7.3 Forecast Reports	19
7.4 Production Payment Reports.....	19

TABLE OF CONTENTS

(continued)

	Page
7.5	Change in Property 20
7.6	Material Adverse Effect 20
7.7	Books and Records; Audits 20
8.	FORCE MAJEURE 20
9.	REPRESENTATIONS AND WARRANTIES 21
9.1	Representations and Warranties of Orion 21
9.2	Representations and Warranties of the Red Eagle Entities 22
10.	INDEMNIFICATION AND LIMITATION OF LIABILITY 24
10.1	Indemnification by Red Eagle Entities 24
10.2	Limitation of Liability 24
10.3	Indemnification Procedures for Third Party Claims 24
10.4	Subrogation 25
10.5	Insurance Reimbursement 26
11.	GUARANTEE AND SECURITY 26
11.1	Guarantee of Red Eagle BVI's Obligations 26
11.2	Security Matters 28
11.3	Additional Guarantors 29
12.	TRANSFER RESTRICTIONS 29
12.1	Transfer of the Property 29
12.2	Change of Control of Red Eagle Entities 29
12.3	Assignment by Red Eagle Entities 30
12.4	Assignment by Orion 30
13.	GOVERNING LAW AND ATTORNNMENT 30
14.	DISPUTE RESOLUTION PROCEDURES 30
14.1	Disputes Under Credit Agreement 30
14.2	Disputes Under This Agreement 30
14.3	Arbitration Procedure 30
14.4	Awards and Appeal 31
14.5	Costs of Arbitration 31
14.6	Provisional Remedies 31
15.	CONFIDENTIALITY AND DISCLOSURES 32
15.1	Confidentiality 32
15.2	Press Releases and Public Disclosure 33
15.3	Technical Reports 33

TABLE OF CONTENTS

(continued)

	Page
16. NOTICES.....	34
17. MISCELLANEOUS	35
17.1 Further Assurances	35
17.2 No Partnership or Joint Venture	35
17.3 Severability	35
17.4 Entire Agreement.....	35
17.5 Amendments	35
17.6 Waivers	36
17.7 Specific Performance	36
17.8 Benefit of Agreement.....	36
17.9 Costs and Expenses.....	36
17.10 Execution in Counterparts.....	36

SCHEDULES

SCHEDULE A – DESCRIPTION OF PROPERTY

SCHEDULE B – MAP OF PROPERTY

SCHEDULE C – PRODUCTION PAYMENT SCHEDULE

SCHEDULE D – GUARANTORS

SCHEDULE E – ADDITIONAL GUARANTOR COUNTERPART

PRODUCTION PAYMENT AGREEMENT

THIS AGREEMENT is made as of the 31st day of March, 2015.

BETWEEN:

RED EAGLE FINANCE LIMITED, a corporation existing under the laws of the British Virgin Islands (“**Red Eagle BVI**”)

- and -

RED EAGLE MINING DE COLOMBIA LIMITED, a corporation existing under the laws of British Columbia (the “**Owner**”)

- and -

RED EAGLE MINING CORPORATION, a corporation existing under the laws of British Columbia (“**Red Eagle**”)

- and -

EACH OF THE OTHER GUARANTORS LISTED IN SCHEDULE D (collectively with Red Eagle and the Owner, the “**Guarantors**”)

- and -

ORION TITHECO LIMITED, a corporation existing under the laws of Bermuda (“**Orion**”)

WHEREAS:

- A. The Owner, a wholly-owned Subsidiary of Red Eagle, intends to develop, operate and mine 100% of the Project.
- B. Red Eagle BVI, a wholly-owned Subsidiary of Red Eagle and an Affiliate of the Owner, has agreed to purchase from the Owner 100% of the Refined Gold processed from the Minerals, on and subject to the terms and conditions of the Gold Purchase Agreement.
- C. In connection with the transactions contemplated by the Credit Agreement, Red Eagle BVI has agreed to pay to Orion the Production Payment for each ounce of Refined Gold processed from Minerals until such time as Red Eagle BVI has paid Orion the Production Payment for and in respect of the Contract Quantity, on and subject to the terms and conditions of this Agreement.
- D. The Guarantors have agreed to guarantee the performance of Red Eagle BVI’s obligations under this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Agreement (including the recitals hereto and the Schedules), unless the context otherwise requires, the following terms shall have the respective meanings given to them, as set out below, and grammatical variations of such terms shall have corresponding meanings:

“**Acceptable Refinery**” means a refinery that refines gold to standards meeting or exceeding commercial standards for the sale of Refined Gold.

“**Additional Guarantor Counterpart**” means a counterpart to this Agreement in the form attached as Schedule E.

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

“**Agreement**” means this Production Payment Agreement and all attached schedules, as the same may be amended, modified or supplemented from time to time.

“**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws, whether within Canada, Colombia or, to the extent applicable to the Red Eagle Entities, elsewhere, including any regulations, guidelines or orders thereunder.

“**Annual Forecast Report**” means a written report, in relation to a Calendar Year, with respect to the Project, to be prepared by or on behalf of the Owner, which shall include with reasonable detail a forecast, based on the Mine Plan, of the quantity of gold and other materials expected to be produced during such Calendar Year on a month-by-month basis and over the remaining life of the mine on a year-by-year basis, including:

- (a) tonnes and grade of Minerals to be mined;
- (b) tonnes and grade of Minerals to be stockpiled; and
- (c) tonnes and grade of Minerals to be processed through the Process Plant, and expected recoveries for gold and other materials.

“**Anti-Corruption Laws**” means the *Corruption of Foreign Public Officials Act* (Canada) and all other laws, rules, and regulations of any jurisdiction applicable to any Red Eagle Entity from time to time concerning or relating to bribery or corruption.

“**Applicable Law**” means any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, Order (including any securities laws or requirements of stock exchanges and any consent decree or administrative Order), or Authorization of a Governmental Body in any case applicable to any specified Person, property, transaction or event, or any such Person’s property or assets.

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

“**Business Day**” means any day, other than: (a) a Saturday, Sunday or statutory holiday in all or either of Medellin, Colombia, or Road Town, British Virgin Islands, or (b) a day on which banks are generally closed in all or any of those cities.

“**Calendar Year**” means a calendar year.

“**Change of Control**” means, with respect to Red Eagle: (a) the consummation of any transaction, including any consolidation, amalgamation or merger or any issue, transfer or acquisition of securities, the result of which is that any Person or group of Persons acting jointly or in concert directly or indirectly acquires control of Red Eagle; or (b) the consummation of any other transaction which constitutes a Change of Control (as defined in the Credit Agreement) of Red Eagle.

“**Change of Control Agreement**” means a binding agreement entered into between Red Eagle and another Person providing for a Change of Control.

“**Collateral**” has the meaning set out in the Credit Agreement.

“**Commercial Production Start Date**” means the day after the Process Plant has operated, over 30 consecutive days, at an average of at least 75% of designed capacity set forth in the Feasibility Study.

“**Concession Contract 7560**” means the mining concession contract B7560005 executed by Antioquia’s Secretary of Mines and Luis Carlos Pérez Villa on December 9, 2009, registered with the Mining Registry on September 30, 2010 and assigned to the Owner’s Colombian Branch on May 20, 2011, registered with the Mining Registry in the Owner’s Colombian Branch’s name on October 4, 2011, which grants to the concessionaire the right to explore and exploit the area covered by the coordinates described in the minutes of the same, including any extension or renewal of, or replacement or substitution for, such concessions, whether created privately or through government action.

“**Contract Quantity**” means four hundred five thousand (405,000) ounces of Refined Gold.

“**Contractual Year**” means: (a) in the case of the first Contractual Year, the period commencing on the date of this Agreement and ending on the earlier of (i) December 31, 2017, and (ii) the date that is 12 months after the Commercial Production Start Date; (b) in the case of the second Contractual Year, the period commencing on the first day after the end of the first Contractual Year and ending on the first anniversary of the end of the first Contractual Year; and (c) in the case of subsequent Contractual Years, corresponding subsequent 12 month periods, in each case as extended for any period during which a Force Majeure Event is in effect pursuant to Section 8(a)(ii).

“**Credit Agreement**” means the credit agreement dated March 24, 2015 between Orion Fund JV Limited, as lender, and Red Eagle, as borrower.

“**Cumulative Production**” means, at any time, the cumulative number of ounces of Refined Gold processed from Minerals and credited to a Red Eagle Entity by the Refinery and for which Red Eagle BVI has paid the Production Payment hereunder at such time.

“**Default Rate**” means Libor plus five hundred (500) basis points.

“**Deficit Amount**” has the meaning set out in Section 3(a).

“**Early Termination Amount**” means, at any time, the sum of:

- (a) the amount determined by the following formula:

$$(A - B) \times C$$

where

“A” is the Contract Quantity (being 405,000 ounces),

“B” is the number of ounces of Refined Gold for which the Production Payment has been paid by Red Eagle BVI to Orion at such time, and

“C” is the Production Payment, and

- (b) interest on such amount at a rate per annum equal to the Default Rate, calculated on a daily basis on the actual number of days elapsed in a three-hundred sixty (360) day year, computed from the date of the notice from Orion to Red Eagle BVI pursuant to Section 5.2(a) to the date of payment of such amount.

“**Encumbrance**” means any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation, title retention right, or any other encumbrance or prior claim of any nature or kind whatsoever.

“**Event of Default**” has the meaning set out in Section 5.2(b).

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

“**Force Majeure Event**” means the following acts, events, circumstances or causes (or substantially similar acts, events, circumstances or causes) to the extent they: (i) are beyond the reasonable control of the Owner, (ii) wholly or partially prevents the Owner from producing Minerals or having Refined Gold processed from Minerals, (iii) could not have been prevented or overcome by the Owner taking reasonable steps in accordance with good industry practice and standards, and (iv) are not caused by a default or negligence on the part of the Owner:

- (a) acts of God, lightning strikes, earthquakes, cyclones, floods, storms, explosions, fires, epidemics and any natural disaster;

- (b) acts of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, terrorism or riots;
- (c) strikes, boycotts, labour disruptions or any other industrial disturbances of any kind whatsoever;
- (d) unavailability of power, water, fuel or input materials provided by third parties that are necessary for the continued operations of the Owner;
- (e) interruption, disruption or failure in rail service or port facilities;
- (f) expropriation, nationalization or act of eminent domain; or
- (g) acts of a Governmental Body or the enactment or coming into force of any Applicable Law (other than an expropriation, nationalization or act of eminent domain).

“**FM Notice**” has the meaning set out in Section 8(a)(i).

“**Gold Purchase Agreement**” means the Gold Purchase Agreement to be entered into between Red Eagle BVI and the Owner, pursuant to which Red Eagle BVI will agree to purchase from the Owner 100% of the Refined Gold processed from the Minerals, in form and substance satisfactory to Orion, acting reasonably.

“**Governmental Body**” means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange.

“**Guaranteed Obligations**” has the meaning set out in Section 11.1(a).

“**ICDR**” means the International Centre for Dispute Resolution.

“**Insolvency Event**” means any of the following:

- (a) a Party suffers or consents to or applies for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or is generally unable to or fails to pay its debts as they become due, or makes a general assignment for the benefit of creditors;
- (b) a Party files a voluntary petition in bankruptcy, or seeks to effect a plan or other arrangement with creditors or any other relief under any Bankruptcy Code, or under any Applicable Law granting similar relief to debtors, whether now or hereafter in effect;
- (c) any involuntary petition or proceeding pursuant to any Bankruptcy Code or any other Applicable Law relating to bankruptcy, reorganization or other relief for debtors is filed or commenced against a Party and is not dismissed, stayed or vacated within 30 days thereafter, or such Party files an answer admitting the jurisdiction of the court and the material allegations of the involuntary petition;

- (d) a Party is adjudicated bankrupt, or an order for relief is entered by any court of competent jurisdiction under any Bankruptcy Code or any other Applicable Law relating to bankruptcy, reorganization or other relief for debtors;
- (e) a Party suffers the enforcement of security interests over all or a material portion of its assets;
- (f) a Party voluntarily ceases to conduct its business in the ordinary course or materially changes the nature of the business it carries on;
- (g) a Party liquidates, winds up or dissolves (or suffers any liquidation, wind-up or dissolution) or suspends its operations other than in the ordinary course of business; or
- (h) a Party takes any action authorizing or in furtherance of any of the foregoing.

For the purposes of this definition, “**Bankruptcy Code**” means any of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada) or any similar legislation, each as amended or re-codified from time to time, including any rules or regulations promulgated thereunder.

“**Liberty Royalty Agreement**” means the NSR Royalty Agreement among the Borrower, the Owner and Liberty Metals and Mining Holdings, LLC dated October 22, 2012, the Closed Mining Pledge Over Future Productions Contract among the Owner and Liberty Metals and Mining Holdings, LLC dated October 22, 2012, and Addendum no. 1 to the Closed Mining Pledge Over Future Productions Contract between the Owner and Liberty Metals and Mining Holdings, LLC dated December 19, 2013;

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

“**Material Adverse Effect**” means any change, event, occurrence, condition, circumstance, effect, fact or development that has, or could reasonably be expected to have, a material and adverse effect on:

- (a) the Project (including the ability of the Owner to construct, develop and operate the Project substantially in accordance with the Mine Plan in effect at the time of the occurrence of the Material Adverse Effect);
- (b) the ability of any Red Eagle Entity to perform its obligations under this Agreement; or
- (c) the validity, perfection or priority of security under any Security Agreement;

provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change resulting from: (x) the announcement of the execution of this Agreement and the Credit Agreement or the transactions contemplated herein or therein or the performance of the

covenants and obligations herein or therein; (y) any action taken by any Red Eagle Entity at the request of Orion or as required under this Agreement or the Credit Agreement, or the failure to take any action prohibited by this Agreement or the Credit Agreement; or (z) the price of precious metals and other commodities, or any change in the price of the publicly listed stock of Red Eagle.

“**Metal Availability Date**” means the date on which the Refinery delivers or makes available to any Red Eagle Entity Refined Gold processed from Minerals.

“**Mine Plan**” means, at any given time, the then current development or mine plan for the Project, as approved by the board of directors of Red Eagle (or other Person which at the relevant time ultimately controls the Owner), which, as of the date hereof, is the Feasibility Study.

“**Minerals**” means any and all minerals of every nature and kind, including precious metals, base metals and other metals, gems, diamonds, industrial minerals, commercially valuable rock, aggregate, clays and diatomaceous earth, coal, oil, gas and other petroleum substances and other materials, in whatever form or state, that are mined, excavated, extracted, recovered in soluble solution or otherwise recovered or produced on, at or under the Property, including any such material derived from any processing or reprocessing of any tailings, waste rock or other waste products originally derived from the Property, and including ore and any other products resulting from the further milling, processing or other beneficiation of such materials, including concentrates and doré bars.

“**Minimum Cumulative Production Requirement**” has the meaning set out in Section 3(a).

“**National Instrument 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (or any successor instrument, rule or policy).

“**OFAC**” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“**Order**” means any order, directive, decree, judgment, ruling, award, injunction, direction or request of any Governmental Body or other decision-making authority of competent jurisdiction.

“**Other Minerals**” means minerals that are not Minerals.

“**Parties**” means the parties to this Agreement and “**Party**” means any one of the Parties.

“**Permitted Encumbrance**” means, in respect of the Collateral, any of the following:

- (a) Encumbrances created solely to secure obligations under the Credit Agreement;
- (b) Encumbrances created solely to secure obligations under the Liberty Royalty Agreement, in accordance with the provisions of such agreement as it exists on the date hereof;
- (c) any Permitted Encumbrance (as such term is defined in the Credit Agreement);
- (d) other Encumbrances agreed to in writing by Orion.

“**Person**” means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations,

companies, trusts, banks, trust companies, Governmental Bodies or any other type of organization or entity, whether or not a legal entity.

“**Process Plant**” means the carbon in leach process plant to be constructed in connection with the Project substantially as contemplated in the Feasibility Study and used to process Minerals into doré bars.

“**Production Payment**” means \$30.00 per ounce of Refined Gold.

“**Production Schedule**” has the meaning set out in Section 3(a).

“**Production Start Date**” means the first day on which a doré bar that is of a quality suitable for delivery to a refinery for processing into bullion is produced at the Project.

“**Project**” means the Santa Rosa gold project located in the Department of Antioquia, approximately 73 kilometres northeast of Medellín, Colombia, including the Property, the mining, development, production, processing, recovery, sale, transportation, storage and delivery operations and related assets and other assets located on or at or used in connection with the Property or to mine minerals from the Property.

“**Project Subsidiary**” means each Subsidiary of the Person which ultimately controls the Owner that holds a direct or indirect interest in Red Eagle BVI, the Owner or in the Project.

“**Property**” means all right, title and interest of the Owner or any other Red Eagle Entity in and to: (a) Concession Contract 7560; and (b) any other mineral interest owned, operated or controlled by the Owner or any other Red Eagle Entity from time to time within the land area described in section 4.3 of the Feasibility Study and from which gold-bearing minerals are mined, produced, extracted or otherwise recovered.

“**Red Eagle Colombia**” means Red Eagle Mining de Colombia S.A.S., a *Sociedad por Acciones Simplificada* formed under the laws of Colombia.

“**Red Eagle Entities**” means, collectively, Red Eagle BVI and the Guarantors.

“**Refined Gold**” means marketable metal bearing material in the form of gold bars that is refined to a fineness of at least 995 fine.

“**Refinery**” means the refinery chosen by the Owner from time to time in accordance with Section 6.9.

“**Restricted Person**” means any Person that is a Sanctioned Entity or Sanctioned Person, or a Person who is an Affiliate of a Sanctioned Entity or Sanctioned Person.

“**Sales Taxes**” means sales, transfer, turnover, VAT or value added Taxes of any nature or kind.

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

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

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

“**Secured Obligations**” means: (a) in the case of Red Eagle BVI, its payment obligations under Section 2.1 or its obligation to pay the Early Termination Amount pursuant to Section 5.2(a)(i), as applicable; and (b) in the case of a Guarantor, its guarantee of such obligations.

“**Security**” means the Encumbrances created by the Security Documents.

“**Security Documents**” means has the meaning set out in Section 11.2(a).

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval operated by the Canadian Securities Administrators.

“**Subsidiary**” means, with respect to any Person, any other Person which is controlled directly or indirectly by that Person.

“**Taxes**” means all taxes of any kind or nature whatsoever including corporation taxes, capital taxes, realty taxes (including utility charges which are collectible like realty taxes), net proceeds of mines tax, privilege taxes, excise taxes, business taxes, property transfer taxes, income taxes, Sales Taxes, customs duties, payroll taxes, levies, stamp taxes, royalties, duties, and all fees, including claim fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon.

“**Term**” means the period of time during which this Agreement is in effect as described in Section 5.1.

“**Transfer**”, when used as a verb, means to sell, transfer, assign, convey or otherwise dispose of or commit do any of the foregoing. When used as a noun, “**Transfer**” means a sale, transfer, assignment, conveyance or other disposal or the commitment to do any of the foregoing.

1.2 **Certain Rules of Interpretation**

In this Agreement, unless otherwise specifically provided or unless the context otherwise requires:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to a “clause”, “Section” or “Schedule” followed by a number or letter refer to the specified clause or Section of or Schedule to this Agreement;
- (c) references to a Party in this Agreement mean the Party or its successors or permitted assigns;

- (d) for the purposes of Sections 14, 15 and 15.3, the Red Eagle Entities shall be treated as a single Party;
- (e) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (f) words importing the singular shall include the plural and vice versa, and words importing gender shall include all genders;
- (g) the words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation”;
- (h) a date on which an event occurs will be deemed to be the date in Road Town, British Virgin Islands, when the event occurred, and a period of days will be deemed to begin on the first day after the event which began the period and to end at 11:59 p.m. (in Road Town, British Virgin Islands) on the last day of the period, provided that, if the last day of the period does not fall on a Business Day, the period will terminate at 11:59 p.m. (in Road Town, British Virgin Islands) on the next Business Day;
- (i) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day;
- (j) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement; and
- (k) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to.

1.3 Control

The term “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

1.4 Measurements

References to “ounce” or “oz” mean a troy ounce (being equal to 31.1034768 grams).

1.5 Currency and Manner of Payment

All references in this Agreement to currency or to “\$”, unless otherwise expressly indicated, shall be to United States dollars. All payments made by the Parties to each other under this Agreement shall be made in such currency in immediately available funds by means of electronic transfer to the account designated by the recipient Party in writing from time to time, without deduction or set-off (unless provided otherwise in this Agreement).

1.6 Time of Essence

Time shall be of the essence of this Agreement.

2. PRODUCTION PAYMENT

2.1 Payment Obligations

- (a) On and subject to the terms and conditions of this Agreement, Red Eagle BVI hereby agrees to pay to Orion the Production Payment for each ounce of Refined Gold processed from Minerals until such time as Red Eagle BVI has paid the Production Payment for and in respect of the Contract Quantity.
- (b) Red Eagle BVI shall pay the Production Payment to Orion for each ounce of Refined Gold processed from Minerals, by wire transfer in immediately available funds to an account nominated by Orion from time to time, within one (1) Business Day of the applicable Metal Availability Date.
- (c) For the avoidance of doubt, Orion shall not be responsible for any refining, treatment or other charges, penalties, insurance, deductions, transportation, settlement, financing, price participation charges or other charges, penalties, deductions, set-offs, Taxes or expenses pertaining to and/or in respect of the production of Refined Gold processed from Minerals, all of which shall be for the account of the Red Eagle Entities.

2.2 Shipping and Delivery Notifications

- (a) Promptly, and in any event no later than 24 hours, after each shipment of Minerals from the Process Plant to the Refinery, the Owner shall send Orion notice of such shipment, including the date of shipment and the weight and, if estimated, fineness of the doré bars so shipped.
- (b) Promptly, and in any event no later than 24 hours, after receipt thereof by the Owner, the Owner shall send Orion a copy or notice of, as applicable, all documents and information received from the Refinery related to the processing of Minerals shipped to the Refinery, including the expected Metal Availability Date, sampling/assay information, umpire reports (if any), invoices and other settlement documents.
- (c) Each payment of the Production Payment shall be accompanied by a statement from Red Eagle BVI to Orion setting forth the number of ounces of Refined Gold for which the Production Payment was made and any discrepancy from the information provided by the Owner to Orion pursuant to Section 2.2(b).
- (d) All notifications by the Owner or Red Eagle BVI to Orion under this Section 2.2 shall be made by email to logistics@orionresourcepartners.com or such other email address designated by Orion to the Owner and Red Eagle BVI in writing from time to time. Notwithstanding the provisions of Sections 2.2(a) and (b), if any of the 24 hour periods referred to therein do not include any part of a Business Day, then the notification shall be made no later than 10:00 a.m. (in Road Town, British Virgin Islands) on the first Business Day after such 24 hour period.

3. MINIMUM ANNUAL PAYMENT REQUIREMENTS

- (a) Red Eagle BVI's payment obligations under this Agreement shall be subject to minimum annual Production Payments based on the production payment schedule set out in Schedule C (the "**Production Schedule**"). At the end of each Contractual Year, the Cumulative Production shall be measured against the number of ounces of Refined Gold set out opposite such Contractual Year in the Production Schedule (the "**Minimum Cumulative Production Requirement**"). Subject to Section 3(e), if, at the end of a Contractual Year, the Cumulative Production is less than the Minimum Cumulative Production Requirement, Red Eagle BVI shall be subject to a penalty payment in respect of the amount by which the Cumulative Production is less than the Minimum Cumulative Production Requirement (the "**Deficit Amount**") as follows:
- (i) at the end of the first Contractual Year:
 - (A) if the Deficit Amount does not exceed 10% of the Minimum Cumulative Production Requirement, then no penalty shall be payable;
 - (B) if the Deficit Amount exceeds 10% and does not exceed 15% of the Minimum Cumulative Production Requirement, then a penalty in an amount equal to the product of the Deficit Amount and \$2.50 shall be payable; and
 - (C) if the Deficit Amount exceeds 15% of the Minimum Cumulative Production Requirement, then a penalty in an amount equal to the product of the Deficit Amount and \$5.00 shall be payable;
 - (ii) at the end of the second Contractual Year:
 - (A) if the Deficit Amount does not exceed 5% of the Minimum Cumulative Production Requirement, then no penalty shall be payable;
 - (B) if the Deficit Amount exceeds 5% and does not exceed 10% of the Minimum Cumulative Production Requirement, then a penalty in an amount equal to the product of the Deficit Amount and \$2.50 shall be payable; and
 - (C) if the Deficit Amount exceeds 10% of the Minimum Cumulative Production Requirement, then a penalty in an amount equal to the product of the Deficit Amount and \$5.00 shall be payable; and
 - (iii) at the end of the third or any subsequent Contractual Year:
 - (A) if the Deficit Amount does not exceed 5% of the Minimum Cumulative Production Requirement, then no penalty shall be payable; and
 - (B) if the Deficit Amount exceeds 5% of the Minimum Cumulative Production Requirement, then a penalty in an amount equal to the product of the Deficit Amount and \$5.00 shall be payable.

- (b) If a penalty is payable pursuant to Section 3(a), then Red Eagle BVI shall pay such penalty to Orion either concurrently with or after delivery by the Owner of the production report described in Section 7.4, but in any event no later than 30 days after the end of the applicable Contractual Year. If any amount required to be paid to Orion pursuant to this Section 3 is not made within the time required therefor, Red Eagle BVI shall pay interest on such amount at a rate per annum equal to the Default Rate, calculated on a daily basis on the actual number of days elapsed in a three-hundred sixty (360) day year, computed from the date such amount was due to the date of payment of such amount and accrued interest in full.
- (c) For greater certainty, the payment of any penalty amounts under this Section 3 shall not be credited toward Red Eagle BVI's obligations under this Agreement to pay the Production Payment to Orion for each ounce of Refined Gold processed from Minerals.
- (d) Orion acknowledges and agrees that its sole and exclusive remedy with respect to any and all claims for the Cumulative Deliveries being less than the Minimum Cumulative Production Requirement, provided such deficit does not otherwise constitute a breach of any other provision of this Agreement, shall be the payment of penalty amounts pursuant to the provisions set forth in this Section 3.
- (e) Notwithstanding Section 3(a), if, at the end of a Contractual Year, the Cumulative Production is less than the Minimum Cumulative Production Requirement, Red Eagle BVI shall have the option of paying the Production Payment to Orion, no later than 30 days after the end of the applicable Contractual Year, for all or any part of the Deficit Amount, in which case: (i) the penalties provided for in Section 3(a) shall not apply, and (ii) Red Eagle BVI shall be deemed to have paid the Production Payment in respect of that number of ounces of Refined Gold equal to the aggregate amount of such payment divided by the Production Payment.

4. TAXES, TARIFFS AND DUTIES

4.1 Taxes Payable by the Red Eagle Entities

Except as required by Applicable Law or expressly contemplated herein, all payments on account of the Production Payments and any other payment or transfer of property of any kind made under this Agreement to Orion shall be made free and clear and without any present or future deduction, withholding, charge or levy on account of Taxes, without setoff or counterclaim. Red Eagle BVI shall be liable for all such Taxes directly or indirectly imposed on Orion and shall indemnify and save Orion harmless from any such Taxes imposed on Orion. All Taxes, if any, as are required by Applicable Law to be so deducted, withheld, charged or levied by Red Eagle BVI on any such payment, shall be paid by Red Eagle BVI paying to Orion or on its behalf, in addition to such payment, such additional payments as are necessary to ensure that the net payment received by Orion (net of any such Taxes, including any Taxes required to be deducted, withheld, charged or levied on any such additional amount) equals the full payment that Orion would have received had no such deduction, withholding, charge or levy been required.

4.2 Application to Guarantors

The provisions of Section 4.1 shall also apply to all payments made by a Guarantor to Orion whether made pursuant to its guarantee obligations in Section 11.1 or otherwise.

4.3 Income Taxes

Notwithstanding any other provision in this Section 4, the Red Eagle Entities shall not have any responsibility for any Taxes imposed on or measured by Orion's net income or net revenues by any Governmental Body.

4.4 New Taxes

In the event that any new Tax is implemented, or there shall occur any revision in, implementation of, amendment to or interpretation of any existing Tax, in each case that has an adverse effect on any of the Parties or any of their Affiliates in respect of the transactions contemplated by this Agreement, then the Parties agree that they shall negotiate in good faith with each other to amend this Agreement so that the affected Party and their Affiliates are no longer adversely affected by any such enactment, revision, implementation, amendment or interpretation, as the case may be; provided that any amendment to this Agreement shall not have any adverse effect on any of the Parties. For greater certainty, until this Agreement is so amended, the Red Eagle Entities shall not be relieved of their obligations hereunder.

5. TERM AND TERMINATION

5.1 Term

Subject to the other provisions of this Section 5, the rights and obligations of the Parties under this Agreement shall begin on the date of this Agreement and end once Red Eagle BVI has paid Orion the Production Payment in respect of the Contract Quantity.

5.2 Orion's Right to Terminate

- (a) Upon each occurrence of a Event of Default, and for so long as such Event of Default is continuing:
 - (i) upon written notice to Red Eagle BVI, and in addition to and not in substitution for any other remedies available to it hereunder or at law or in equity, Orion shall have the right to terminate Red Eagle BVI's obligation to make any further Production Payments if it so elects, and upon such election, the Early Termination Amount shall become immediately due and payable by Red Eagle BVI to Orion (it being acknowledged by Red Eagle BVI that the Early Termination Amount is intended to be a genuine pre-estimate of liquidated damages that would be suffered by Orion upon the occurrence of a Event of Default);
 - (ii) Orion shall be entitled to enforce its security under the Security Documents; and
 - (iii) Orion shall be entitled to such other rights and remedies as are available to it at law;

provided that, if Red Eagle BVI pays the Early Termination Amount, then Orion shall no longer be entitled to enforce its security under the Security Documents or such other rights and remedies as are available to it at law solely in respect of such Event of Default. For greater certainty, the foregoing shall not limit any indemnified Person from claiming indemnity from the Red Eagle Entities under Section 10.1 in respect of third party claims.

- (b) Each of the events or circumstances set out below shall constitute a “**Event of Default**”:
- (i) any Red Eagle Entity is affected by an Insolvency Event; or
 - (ii) Red Eagle BVI is in default of its payment obligations under Section 2.1, 3 or 5.4, which default has not been cured to the satisfaction of Orion, acting reasonably, within a period of two (2) Business Days of a written demand made in respect thereof by Orion; provided that any day during which Red Eagle BVI is in good faith disputing any such payment arising under Section 3 only shall not count towards such two Business Day period; or
 - (iii) the Owner Transfers all or any portion of the Property in breach of Section 12.1, there is a change of control of a Red Eagle Entity, other than Red Eagle, in breach of Section 12.2(a), or a Red Eagle Entity assigns its rights or obligations under this Agreement, in breach of Section 12.3; or
 - (iv) there is a Change of Control other than pursuant to a Change of Control Agreement;
 - (v) a Red Eagle Entity is in default of its obligations under Section 6.5 or any representation or warranty made by a Red Eagle Entity under Section 9.2(g) or 9.2(h) is in any material respect inaccurate, or a Red Eagle Entity, or any director, officer, employee or agent of any of them, has breached or is charged with breaching any AML Legislation, any Anti-Corruption Laws or any Sanctions; or
 - (vi) a Red Eagle Entity is in default of any its obligations under this Agreement other than those described in clauses (ii),(iii), (iii) and (iv) above, which default, if capable of cure, has not been cured to the satisfaction of Orion, acting reasonably, within a period of 30 days of a written demand made in respect thereof by Orion; or
 - (vii) any representation or warranty made by a Red Eagle Entity under or in connection with this Agreement, other than those described in clause (v) above is, in any material respect, inaccurate, which inaccuracy, if capable of cure, has not been cured to the satisfaction of Orion, acting reasonably, within a period of 30 days of a written demand made in respect thereof by Orion; or
 - (viii) an Event of Default (as defined in the Credit Agreement) under the Credit Agreement has occurred and is continuing.

5.3 Red Eagle Entities’ Right to Terminate

The Red Eagle Entities shall have the right, by written notice to Orion, to terminate this Agreement prior to the end of the Term if, prior to or concurrently with such termination, Red Eagle BVI pays the Early Termination Amount to Orion.

5.4 Expropriation, Nationalization or Act of Eminent Domain

If all or any part of the Property is expropriated, nationalized, or is subject to any other act of eminent domain, the Early Termination Amount shall immediately become due and payable to

Orion, provided that, at any given time, Red Eagle BVI shall only be required to pay amounts owing in respect of the Early Termination Amount if and to the extent that any of the Red Eagle Entities have received compensation up to such time in respect of such expropriation, nationalization or other act of eminent domain. Upon payment of the full amount of the Early Termination Amount to Orion, this Agreement shall terminate. For greater certainty and the avoidance of doubt, Orion shall not be entitled to enforce its security under the Security Documents or such other rights and remedies as are available to it at law solely as a result of all or any part of the Property being expropriated, nationalized, or subject to any other act of eminent domain.

5.5 Survival

If this Agreement is terminated under this Section 5, then all rights and obligations under this Agreement shall terminate other than in connection with any antecedent breach. Notwithstanding the foregoing, Sections 1 (to the extent applicable to surviving provisions), 2.1(b) (to the extent a Production Payment has not been made following a Metal Availability Date), 4, 5.2(a), 7.7 (in respect of the period prior to termination of this Agreement), 10, 11, 13, 14, 15, 15.3 and 17 shall survive termination of this Agreement.

6. PERFORMANCE OF MINING OPERATIONS

6.1 Operational Decisions

Subject to the provisions of this Section 6, all decisions concerning methods, the extent, times, procedures and techniques of any exploration, construction, development and mining operations related to the Property and the Project shall be made by the Owner in its sole and absolute discretion. For greater certainty, the Owner shall have the right at any time to: (i) curtail, suspend or terminate the mining, production, extraction, recovery or processing of Minerals if, in its sole discretion, it deems it advisable to do so; and (ii) upon at least 30 days' prior written notice to the Buyer, relinquish, surrender or terminate all or any part of any of the mining rights or concessions constituting the Property if the Owner determines that the cost of maintaining such mining rights or concessions is not commercially justified.

6.2 Maintenance of Existence

Each of Red Eagle Entities shall at all times do or cause to be done all things necessary to maintain its corporate or other entity existence and to obtain and, once obtained, maintain all Authorizations necessary to carry on its business and own its assets in each jurisdiction in which it carries on business or in which its assets are located, except where the failure to do so would not, either individually or in the aggregate, have a Material Adverse Effect.

6.3 Maintenance of Property

Subject to Section 6.1, the Red Eagle Entities shall at all times do or cause to be done all things necessary to maintain the Property in good standing, including paying or causing to be paid all Taxes owing in respect thereof, performing or causing to be performed all required assessment work thereon, paying or causing to be paid all concession, permit and license maintenance fees in respect thereof, paying or causing to be paid all rents and other payments in respect of leased properties forming a part thereof and otherwise maintaining the Property in accordance with Applicable Laws.

6.4 Compliance with Applicable Laws

Each of the Red Eagle Entities shall ensure that all exploration, construction, development and mining operations and other activities in respect of the Property and the Project will be performed in compliance in all material respects with Applicable Laws, including any Applicable Law relating to environmental matters and reclamation obligations or the corruption of public officials.

6.5 Anti-Corruption Compliance

- (a) No Red Eagle Entity shall (i) use, or authorize the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) make, or authorize the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds; or (iii) violate any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions.
- (b) Each of the Red Eagle Entities shall use commercially reasonable efforts to cause each of the directors, officers, agents, employees and other Persons acting on behalf of it to comply with the provisions of AML Legislation, Anti-Corruption Laws and any applicable Sanctions.
- (c) The Red Eagle Entities shall immediately notify Orion upon becoming aware of any breach or suspected breach by any Red Eagle Entity, or any director, officer, employee or agent thereof, of any AML Legislation, any Anti-Corruption Laws or any Sanctions, or if any of them are charged with such a breach.
- (d) Red Eagle shall maintain an Anti-Corruption and Anti-Money-laundering Policy consistent with Canadian mining industry best practices. Each of the Red Eagle Entities shall at all times comply with such Policy and shall immediately notify Orion upon becoming aware of any breach or suspected breach of such Policy. Orion confirms that it has received a copy of Red Eagle's current Anti-Corruption and Anti-Money-Laundering Policy and acknowledges and agrees that such Policy complies with the requirements of this Section 6.5(d) as of the date hereof.

6.6 Authorizations

Red Eagle BVI shall be responsible, at its own expense, for obtaining and maintaining any Authorizations required in order to perform its obligations under this Agreement, including the payment of the Production Payments to Orion.

6.7 Processing and Sale of Minerals

The Owner shall not, without the prior written consent of Orion, such consent not to be unreasonably withheld:

- (a) sell unprocessed Minerals mined from the Property;
- (b) process Minerals mined from the Property other than through the Process Plant in order to produce doré for shipment to the Refinery for processing into Refined Gold; or

- (c) sell, ship or deliver Minerals processed through the Process Plant and containing gold (in a form and of a quality suitable for delivery to the Refinery for processing into Refined Gold) to any Person other than the shipment of such Minerals to the Refinery as contemplated by this Agreement.

For greater certainty, it shall not be unreasonable for Orion to withhold its consent if any proposed activity would in any way adversely impact the quantity or rate of production of Refined Gold.

6.8 Commingling: Processing of Other Minerals

The Owner shall not process Other Minerals through the Process Plant, or commingle Other Minerals with Minerals mined, produced, extracted or otherwise recovered from the Property, unless (a) the Owner has adopted and employs reasonable practices and procedures (a “**Commingling Plan**”) to ensure the division of Other Minerals and Minerals for the purpose of determining the quantum of Minerals; (b) Orion shall not be disadvantaged as a result of the processing of Other Minerals concurrently with Minerals, or the Parties, acting reasonably, shall have entered into an agreement to compensate Orion for any such disadvantage (a “**Compensation Agreement**”); (c) Orion has approved the Commingling Plan and the Compensation Agreement, such approval not to be unreasonably withheld; and (d) the Owner keeps all books, records, data, information and samples required by the Commingling Plan. The Owner and Orion agree to revisit the Commingling Plan and the Compensation Agreement from time to time to ensure the accuracy thereof.

6.9 Refining of Minerals

- (a) The Owner shall ship all doré produced at the Process Plant and containing gold produced from Minerals to an Acceptable Refinery (the “**Refinery**”) chosen by the Owner from time to time. The Owner shall give Orion at least 10 Business Days’ written notice of its initial choice and any change in the Refinery, together with all documentation required to be delivered to Orion under this Section 6.9 in respect of such refinery.
- (b) Unless prohibited by confidentiality obligations owed by the Owner to the Refinery, the Owner shall promptly provide Orion with a copy of any agreements entered into by the Owner with the Refinery in respect of the refining of Minerals processed by the Owner. If the Owner is prohibited by confidentiality obligations from providing Orion with a copy of any such agreement, the Owner shall provide to Orion a summary of such agreement (to the extent permitted by such confidentiality obligations). The Owner shall promptly notify the Buyer in writing of any dispute with the Refinery in respect of a material matter arising out of or in connection with the processing of Minerals into Refined Gold and shall provide the Buyer with timely updates of the status of any such dispute and the final decision and award of the court or arbitration panel with respect to such dispute, as the case may be.

6.10 Gold Purchase Agreement

- (a) Red Eagle BVI and the Owner shall not amend or revise any part of the Gold Purchase Agreement, or terminate the Gold Purchase Agreement, during the Term, except with the prior written consent of Orion.

- (b) Neither Red Eagle BVI nor the Owner shall assign, in whole or in part, its rights and obligations under the Gold Purchase Agreement, except as contemplated by Section 12.1(b) or with the prior written consent of Orion.

7. REPORTING; BOOKS AND RECORDS

7.1 Mine Plan

Upon the approval of any amendment, revision or supplement to, or replacement of, the Mine Plan, the Owner shall promptly deliver a copy thereof to Orion.

7.2 Production Start Dates

Following execution of this Agreement and until each of the Production Start Date and Commercial Production Start Date, the Owner shall provide regular updates to Orion of the anticipated Production Start Date and Commercial Production Start Date, respectively (or at such intervals as Orion may reasonably request from time to time).

7.3 Forecast Reports

- (a) At least 45 days prior to the anticipated Commercial Production Start Date, the Owner shall send Orion by email (at logistics@orionresourcepartners.com or such other email address designated by Orion in writing from time to time) an Annual Forecast Report for the remainder of the then current Calendar Year.
- (b) At least 45 days before the beginning of each Calendar Year after the Calendar Year referred to in Section 7.3(a), the Owner shall send Orion by email (at logistics@orionresourcepartners.com or such other email address designated by Orion in writing from time to time) an Annual Forecast Report in respect of the upcoming Calendar Year.

7.4 Production Payment Reports

Within 30 days of the end of each Contractual Year, the Owner shall send Orion by email (at logistics@orionresourcepartners.com or such other email address designated by Orion in writing from time to time) a written report on the production of Refined Gold processed from Minerals during each such Contractual Year, which shall include:

- (a) other than in respect of the first Contractual Year, the Cumulative Production as of the end of the preceding Contractual Year;
- (b) the date of each Production Payment made during such Contractual Year and the number of ounces of Refined Gold for which such Production Payments were made (including as a separate line item, any deemed Production Payments pursuant to Section 3(e));
- (c) a calculation showing the Cumulative Production and the Deficit Amount, if any, as of the end of such Contractual Year; and
- (d) if there is a Deficit Amount, the total penalty payable under Section 3 in respect of such Deficit Amount, and/or the amount to be paid pursuant to Section 3(e), as applicable.

7.5 Change in Property

Within 10 days of any change in the Property, the Owner shall notify Orion of such change, including details thereof and an updated Schedule A and Schedule B.

7.6 Material Adverse Effect

Promptly after the Owner has knowledge or becomes aware thereof, the Owner shall deliver to Orion written notice of any change, event, occurrence, condition, circumstance, effect, fact or development which has resulted, or that could reasonably be expected to result, in a Material Adverse Effect.

7.7 Books and Records; Audits

- (a) The Red Eagle Entities shall keep true, complete and accurate books and records of all material operations and activities with respect to the Property, including the mining, treatment, processing, refining, transportation and sale of Minerals.
- (b) Upon not less than three Business Days' notice, Orion and its authorized representatives shall be entitled to perform its own audits or other reviews and examinations of the books and records of the Red Eagle Entities relevant to the production of Refined Gold processed from Minerals and to otherwise confirm compliance with the terms of this Agreement. The Red Eagle Entities shall each provide Orion with complete access to their books and records at their respective offices during usual business hours. If any such audits reveal a material breach of any provision of this Agreement, Red Eagle BVI shall reimburse Orion for its costs and expenses incurred in conducting such audit; otherwise, any such costs and expenses shall be for Orion's account.

8. FORCE MAJEURE

- (a) If the Owner is unable to produce Minerals or Refined Gold processed from Minerals due to a Force Majeure Event:
 - (i) The Owner must give written notice (an "**FM Notice**") to Orion promptly after, and in any event within a period of three Business Days of, the occurrence of the Force Majeure Event with all particulars of the Force Majeure Event and, so far as is known, the probable extent to which the Owner will be unable to produce Minerals or Refined Gold processed from Minerals due to the Force Majeure Event.
 - (ii) The running of the current and each subsequent Contractual Year period shall be suspended during, but no longer than, the continuance of a Force Majeure Event, with the effect that the end date of the current and each subsequent Contractual Year will be extended on a day-for-day basis for each day that the Force Majeure Event is in effect.
 - (iii) The Owner shall use all commercially reasonable and lawful efforts to overcome or remove the Force Majeure Event as quickly as possible and shall furnish timely regular reports to Orion of actions being undertaken by it to overcome or remove the Force Majeure Event, and shall provide any other information regarding the Force Majeure Event as Orion may reasonably request.

Notwithstanding the foregoing, the settlement of any strike or other labour disturbance shall be entirely at the discretion of the Owner, and there shall be no obligation on the Red Eagle Entities to test or refrain from testing the validity of any applicable court order, regulation or law.

- (iv) The Owner shall give further notice to Orion immediately upon such Force Majeure Event ceasing to have effect.
- (b) For greater certainty, except for the suspension of the running of the Contractual Year pursuant to Section 8(a)(ii), the Red Eagle Entities shall comply with and be bound by all of their obligations under this Agreement.

9. REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties of Orion

Orion represents and warrants to the Red Eagle Entities as follows on and as of the date hereof and acknowledges that the Red Eagle Entities are relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Orion is:
 - (i) duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and no proceedings have been instituted or are pending for its dissolution or liquidation;
 - (ii) qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the nature and location of its assets requires such qualification or licensing except where such failure to qualify or be licensed or in good standing would not have a material adverse effect on its ability to perform its obligations under this Agreement; and
 - (iii) has all requisite power and authority to own and lease its assets and carry on its business and to execute and deliver, and perform its obligations under this Agreement.
- (b) The execution and delivery by Orion of, the performance of its obligations under, and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or other action of Orion, as applicable, and do not and will not:
 - (i) contravene the terms of its constating documents;
 - (ii) conflict with, result in a breach of, or constitute a default or an event creating rights of acceleration, termination, modification or cancellation or a loss of rights under (with or without the giving notice or lapse of time or both), any written or oral contract, agreement, license, concession, indenture, mortgage, debenture, note or other instrument to which it is a party, subject or otherwise bound (including with respect to its assets) except in each case as would not have a material adverse effect on its ability to perform its obligations under this Agreement; or

- (iii) violate in any material respect any Applicable Law to which it is subject or otherwise bound (including with respect to its assets).
- (c) This Agreement has been duly and validly executed and delivered by Orion, and constitutes a legal, valid and binding obligation of Orion, enforceable against it in accordance with its terms, except to the extent enforcement may be affected by Applicable Laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies.
- (d) Orion is not required to give any notice to, make any filing with or obtain any Authorization, Order or other consent or approval of any Person in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated herein, in each case, other than as have been obtained or, if not obtained, would not have a material adverse effect on its ability to perform its obligations under this Agreement.

9.2 Representations and Warranties of the Red Eagle Entities

Each of the Red Eagle Entities, jointly and severally, represents and warrants to Orion as follows on and as of the date hereof and acknowledges that Orion is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Each Red Eagle Entity is:
 - (i) duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and no proceedings have been instituted or are pending for its dissolution or liquidation;
 - (ii) qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the nature and location of its assets requires such qualification or licensing except where such failure to qualify or be licensed or in good standing would not have a Material Adverse Effect; and
 - (iii) has all requisite power and authority to own and lease its assets and carry on its business and to execute and deliver, and perform its obligations under this Agreement.
- (b) The execution and delivery by each Red Eagle Entity of, the performance of its obligations under, and the consummation of the transactions contemplated by this Agreement, have been duly authorized by all necessary corporate or other action of such Red Eagle Entity, as applicable, and do not and will not:
 - (i) contravene the terms of the constating documents of such Red Eagle Entity;
 - (ii) conflict with, result in a breach of, or constitute a default or an event creating rights of acceleration, termination, modification or cancellation or a loss of rights under (with or without the giving notice or lapse of time or both), any written or oral contract, agreement, license, concession, indenture, mortgage, debenture, note or other instrument to which any Red Eagle Entity is a party, subject or

otherwise bound (including with respect to its assets) in each case except as would not have a Material Adverse Effect; or

- (iii) violate in any material respect any Applicable Law to which any Red Eagle Entity is subject or otherwise bound (including with respect to its assets).
- (c) This Agreement has been duly and validly executed and delivered by each Red Eagle Entity. This Agreement constitutes a legal, valid and binding obligation of each Red Eagle Entity, enforceable against such Red Eagle Entity in accordance with its terms, except to the extent enforcement may be affected by Applicable Laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies.
- (d) No Red Eagle Entity is required to give any notice to, make any filing with or obtain any Authorization, Order or other consent or approval of any Person in connection with the execution, delivery or performance of the obligations of the Red Eagle Entities under this Agreement or the consummation of the transactions contemplated herein, in each case, other than as have been obtained or, if not obtained, would not have a Material Adverse Effect.
- (e) Red Eagle (a British Columbia corporation) is the registered holder and beneficial owner of all of the outstanding equity and voting securities of each of REMDC Holdings Limited (a British Columbia corporation) and Red Eagle BVI (a BVI company). REMDC Holdings Limited is the registered holder and beneficial owner of all of the outstanding equity and voting securities of Red Eagle Colombia and the Owner. Neither Red Eagle Colombia nor the Owner holds any equity or voting securities in any Person. No Person, other than another Red Eagle Entity, has any option, warrant, right (pre-emptive, contractual or otherwise) or other security or conversion privilege of any kind that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire (whether or not subject to conditions) equity or voting securities of any Red Eagle Entity (other than Red Eagle). Except pursuant to the Gold Purchase Agreement, none of the Red Eagle Entities is engaged in any joint purchasing arrangement, joint venture, partnership or other joint enterprise with any other Person in respect of the Property or the Project. No Person has an ownership interest in the Property or the Project or is otherwise involved in any manner in the operation of the Project, other than the Owner.
- (f) The Property, as of the date hereof, is correctly and completely described in Schedule A and depicted in Schedule B. All mining concession maintenance fees, recording fees, Taxes and all other amounts have been paid when due and payable and all other actions and all other obligations as are required to maintain the Property in good standing have been taken and complied with in all material respects.
- (g) Each of the Red Eagle Entities is in compliance with, and has not been charged under AML Legislation.
- (h) Each of Red Eagle Entities and its officers and employees and, to Red Eagle's knowledge, its directors and agents, are in compliance with, and have not been charged under, Anti-Corruption Laws and applicable Sanctions and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person or Sanctioned Entity. None of (a) the Red Eagle Entities or, to

Red Eagle's knowledge, any of their respective directors, officers or employees, or (b) to Red Eagle's knowledge, any agent of an of them that will act in any capacity in connection with this Agreement, (i) has used, or authorized the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made, or authorized the making of, any direct or indirect unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic or foreign government official or employee from corporate funds, or (iii) is a Sanctioned Person or a Sanctioned Entity.

10. INDEMNIFICATION AND LIMITATION OF LIABILITY

10.1 Indemnification by Red Eagle Entities

The Red Eagle Entities jointly and severally agree to indemnify and save harmless Orion and its Affiliates and the directors, officers, employees and agents of the foregoing from and against any and all losses and damages (including related costs and expenses) suffered or incurred by any of them as a result of, in respect of, or arising as a consequence of:

- (a) any breach or inaccuracy of any representation or warranty of the Red Eagle Entities contained in this Agreement or in any document, instrument or agreement delivered pursuant hereto;
- (b) any breach, including breach due to non-performance, by the Red Eagle Entities of any covenant or agreement to be performed by any of the Red Eagle Entities contained in this Agreement or in any document, instrument or agreement delivered pursuant hereto;
- (c) the failure of any of the Red Eagle Entities to comply with any Applicable Law, including any Applicable Law relating to environmental matters and reclamation obligations with respect to the Project, or any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions; and
- (d) the physical environmental condition of the Project and matters of health and safety related thereto or any action or claim brought with respect thereto (including conditions arising before the date of this Agreement);

provided that the foregoing shall not apply to any losses or damages to the extent they arise primarily from the gross negligence or willful misconduct of such indemnified persons.

10.2 Limitation of Liability

Notwithstanding any other provision of this Agreement, in no event shall any Party be liable to any other Party for or in respect of any consequential, indirect, incidental, exemplary, special or punitive damages of any nature or kind whatsoever (or any other indirect economic loss suffered by another Party) arising at any time in connection with this Agreement, whether arising under contract, tort (including negligence), strict liability or any other cause whatsoever.

10.3 Indemnification Procedures for Third Party Claims

- (a) In the case of claims made by a third party with respect to which indemnification is sought under this Section 10, including claims made by a Governmental Body, the indemnified party shall give prompt written notice, and in any event within 20 days, to

the indemnifying party of any such claims made upon it. If the indemnified party fails to give such notice, such failure shall not preclude the indemnified party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the claim or increased the amount of liability or cost of defence.

- (b) The indemnifying party shall have the right, by written notice to the indemnified party given not later than 30 days after receipt of the notice described in Section 10.3(a), to assume the control of the defence, compromise or settlement of the claim, provided that such assumption shall, by its terms, be without cost to the indemnified party and provided the indemnifying party acknowledges in writing its obligation to indemnify the indemnified party in accordance with the terms contained in this Section 10 in respect of that claim.
- (c) Upon the assumption of control of any claim by the indemnifying party as set out in Section 10.3(b), the indemnifying party shall diligently proceed with the defence, compromise or settlement of the claim at its sole expense including, if necessary, employment of counsel and consultants, engineers and contractors reasonably satisfactory to the indemnified party and, in connection therewith, the indemnified party shall cooperate fully, but at the expense of the indemnifying party with respect to any out-of-pocket expenses incurred, to make available to the indemnifying party all pertinent information and witnesses under the indemnified party's control, make such assignments and take such other steps as in the opinion of counsel for the indemnifying party are reasonably necessary to enable the indemnifying party to conduct such defence. No admission of liability or settlement shall be made by the indemnifying party without, in each case, the prior written consent of the indemnified party, such consent not to be unreasonably withheld. Without limiting the generality of the foregoing, the indemnifying party shall not, without the indemnified party's prior written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any claim in respect of which indemnification may be sought hereunder (whether or not any indemnified party is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of all indemnified parties from any liabilities arising out of such claim without any admission of negligence, misconduct, liability or responsibility by any indemnified party. The indemnified party shall also have the right to participate in the negotiation, settlement or defence of any claim at its own expense.
- (d) If the indemnifying party does not assume control of a claim as permitted in Section 10.3(b), the indemnified party shall be entitled to make such settlement of the claim as in its sole discretion may appear advisable; provided, however, that no admission of liability or settlement may be made by an indemnified party without, in each case, the prior written consent of the indemnifying party, such consent not to be unreasonably withheld.

10.4 Subrogation

The indemnifying party in respect of any losses and damages suffered by an indemnified party shall be subrogated to all rights of the indemnified party to recover such losses and damages from any third party.

10.5 Insurance Reimbursement

Notwithstanding any other provision contained herein, any amounts payable by an indemnifying party to indemnified parties under this Section 10 shall be reduced on a dollar for dollar basis to the extent that claims for such losses and damages are actually reimbursed to the indemnified party by insurance carried by the indemnified party.

11. GUARANTEE AND SECURITY

11.1 Guarantee of Red Eagle BVI's Obligations

- (a) Each of the Guarantors does hereby absolutely, unconditionally and irrevocably guarantee the prompt and complete observance and performance of each and all the terms, covenants, conditions and provisions to be observed or performed by Red Eagle BVI pursuant to this Agreement (the “**Guaranteed Obligations**”). Each Guarantor shall be obligated to perform all of the Guaranteed Obligations upon the default or non-performance thereof by Red Eagle BVI.
- (b) The obligations of each Guarantor under this Section 11.1 are continuing, unconditional and absolute and, without limitation, will not be released, discharged, limited or otherwise affected by (and the Guarantor hereby consents to or waives, as applicable, to the fullest extent permitted by Applicable Law):
 - (i) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any of the Guaranteed Obligations, security, person or otherwise;
 - (ii) any modification or amendment of or supplement to the Guaranteed Obligations;
 - (iii) any release, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations;
 - (iv) any winding-up, dissolution, insolvency, bankruptcy, reorganization or other similar proceeding affecting Red Eagle BVI;
 - (v) the existence of any claim, set-off or other rights which the Guarantor or Red Eagle BVI may have at any time against Orion;
 - (vi) any invalidity, illegality or unenforceability relating to or against Red Eagle BVI or any provision of Applicable Law or regulation purporting to prohibit the payment of the Production Payments;
 - (vii) any limitation, postponement, prohibition, subordination or other restriction on the rights of Orion to performance of the Guaranteed Obligations;
 - (viii) any addition of any co-signer, endorser or other guarantor of the Guaranteed Obligations;
 - (ix) any defence arising by reason of any failure of Orion to make any presentment, demand for performance, notice of non-performance, protest or any other notice, including notice of acceptance of this Agreement, partial performance or non-

performance of any of the Guaranteed Obligations or the existence, creation or incurring of new or additional Guaranteed Obligations;

- (x) any defence arising by reason of any failure of Orion to proceed against Red Eagle BVI or any other Person, to proceed against, apply or exhaust any security held from Red Eagle BVI or any other Person for the Guaranteed Obligations or to pursue any other remedy in the power of Orion whatsoever;
- (xi) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;
- (xii) any defence arising by reason of any incapacity, lack of authority or other defence of Red Eagle BVI or any other Person, or by reason of the cessation from any cause whatsoever of the liability of Red Eagle BVI or any other Person in respect of any of the Guaranteed Obligations, except as a result of the payment or fulfillment in full of the Guaranteed Obligations, whether by contract, operation of law or otherwise;
- (xiii) any defence arising by reason of any failure by Orion to obtain, perfect or maintain a perfected or prior (or any) Encumbrance upon any property of Red Eagle BVI or any other Person, or by reason of any interest of Orion in any property, whether as owner thereof or the holder of an Encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by Orion of any right to recourse or collateral;
- (xiv) any defence arising by reason of the failure of Orion to marshal any properties;
- (xv) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Red Eagle BVI or any other Person, including any discharge of, or bar against collecting, any of the Guaranteed Obligations, in or as a result of any such proceeding; or
- (xvi) any other act or omission to act or delay of any kind by Red Eagle BVI, Orion or any other Person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 11.1(b), constitute a legal or equitable discharge, limitation or reduction of the obligations of Red Eagle BVI or the Guarantors hereunder (other than the performance in full of all of the Guaranteed Obligations).

To the extent permitted by Applicable Law, the foregoing provisions of this Section 11.1(b) apply (and the waivers set out therein will be effective) even if the effect of any action (or failure to take action) by Red Eagle BVI is to destroy or diminish any subrogation rights of the Guarantors or any rights of Red Eagle BVI or the Guarantors to proceed against Orion for reimbursement or to recover any contribution from any other Person.

- (c) Orion shall not be bound to exhaust its recourse against Red Eagle BVI or any other Person or to realize on any security it may hold in respect of the Guaranteed Obligations before being entitled to payment or performance from a Guarantor under this Section 11.1 and each Guarantor hereby renounces all benefits of discussion and division.

11.2 Security Matters

- (a) So long as Orion or any of its Affiliates is a secured lender to Red Eagle or any of its Subsidiaries, pursuant to the Credit Agreement or any replacement financing, as security for the due and punctual performance of all of the Secured Obligations, Red Eagle BVI and each Guarantor shall grant a continuing security interest and a first-ranking Encumbrance in favour of Orion over all of the Collateral (subject only to the Permitted Encumbrances), and deliver or cause to be delivered, for the benefit of Orion, in form and substance satisfactory to Orion, acting reasonably, security documents (“**Security Documents**”) that are functionally equivalent to those provided under the Credit Agreement (or replacement financing), with appropriate changes to reflect the nature of the security granted under this Agreement.
- (b) The Red Eagle Entities shall take or cause to be taken such action and execute and deliver or cause to be executed and delivered to Orion such agreements, documents and instruments as Orion shall reasonably request, and register, file or record the same (or a notice or financing statement in respect thereof) in all offices where such registration, filing or recording is, in the reasonable opinion of Orion, necessary or advisable to constitute, perfect and maintain the Security Documents as first-ranking Encumbrances of the Red Eagle Entities or the Person granting such Encumbrances, subject only to the Permitted Encumbrances, in all jurisdictions reasonably required by Orion, in each case within a reasonable time after the request therefor by Orion, and in each case in form and substance satisfactory to Orion, acting reasonably.
- (c) The Security shall be effective and the undertakings in this Agreement and the Security Documents with respect thereto shall be continuing, whether the Secured Obligations arise before or after or at the same time as the creation of any such Security or before or after or upon the date of execution of this Agreement. The Security shall not be affected by any payments under this Agreement or any of the Security Documents, but shall constitute continuing security to and in favour of Orion for the Secured Obligations from time to time.
- (d) The Security shall not merge in any other security. No judgment obtained by or on behalf of Orion shall in any way affect any of the provisions of this Agreement, the Security Documents or the Security. For greater certainty, no judgment obtained by or on behalf of Orion shall in any way affect the obligation of Red Eagle BVI or any Guarantor to pay interest or other amounts at the rates, times and in the manner provided in this Agreement.
- (e) Orion will promptly, at the request, cost and expense of the Red Eagle Entities, release and discharge the right and interest of Orion in the Collateral subject to the Security following the earlier of: (i) indefeasible payment and performance in full of all Secured Obligations; and (ii) Orion or any of its Affiliates ceasing to be a secured lender to Red Eagle or any of its Subsidiaries, pursuant to the Credit Agreement or any replacement financing. In addition, if any Collateral is disposed of as permitted by this Agreement or is otherwise released from the Security at the direction or with the consent of Orion, at

the request, cost and expense of the Red Eagle Entities (on satisfaction, or on being assured of concurrent satisfaction, of any condition to or obligation imposed with respect to such disposition), Orion shall discharge such Collateral from the Security and deliver and re-assign to the applicable Red Eagle Entity (without any representation or warranty) any of such Collateral as is then in the possession of Orion.

11.3 Additional Guarantors

Each of the Red Eagle Entities shall ensure that each Person which becomes a Project Subsidiary after execution of this Agreement shall guarantee the Guaranteed Obligations in accordance with this Section 11 and, as soon as reasonably possible after such Person becomes a Project Subsidiary, execute an Additional Guarantor Counterpart and provide Security in favour of Orion, in substantially the same form as the Security Documents.

12. TRANSFER RESTRICTIONS

12.1 Transfer of the Property

- (a) The Owner shall not Transfer all or any portion of the Property, except as contemplated by Section 12.1(b) or with the prior written consent of Orion. Any action taken in violation of this Section 12.1 shall be null and void and of no force or effect whatsoever. The Owner shall provide written notice of the restrictions on Transfers set out in this Section 12.1 to any potential transferee of the Property.
- (b) The Owner may merge with Red Eagle Colombia provided that:
 - (i) all of the Owner's right, title and interest in and to the Property are transferred to the merged entity, by operation of law or otherwise;
 - (ii) the merged entity shall have entered into an agreement, in form and substance satisfactory to Orion, acting reasonably, to be bound by this Agreement, as Owner and Guarantor, and the Gold Purchase Agreement, as seller to Red Eagle BVI, or become so bound by operation of law; and
 - (iii) the merged entity shall, forthwith upon such merger, provide written notice of such merger to Orion, which notice shall:
 - (A) be accompanied by evidence of such merger, including the constating documents of the merged entity; and
 - (B) confirm that the conditions of clauses (i) and (ii) above have been satisfied.

Following such merger in accordance with the foregoing, the merged entity shall constitute the Owner for all purposes under this Agreement.

12.2 Change of Control of Red Eagle Entities

- (a) Subject to Section 12.2(b), no Red Eagle Entity may permit a change of control of itself or another Red Eagle Entity to occur, except with the prior written consent of Orion. Any action taken in violation of this Section 12.2 shall be null and void and of no force or

effect whatsoever. The Red Eagle Entities shall provide written notice of the restrictions on Transfers set out in this Section 12.2 to any potential acquirer of any other Red Eagle Entity.

- (b) No Change of Control of Red Eagle shall require the consent of Orion, but a Change of Control other than pursuant to a Change of Control Agreement is subject to Section 5.2(b)(iv).

12.3 Assignment by Red Eagle Entities

No Red Eagle Entity may assign, in whole or in part, its rights and obligations under this Agreement, except as contemplated by Section 12.1(b) or with the prior written consent of Orion. Any action taken in violation of this Section 12.3 shall be null and void and of no force or effect whatsoever. The Red Eagle Entities shall provide written notice of the restriction on Transfers set out in this Section 12.3 to any potential transferee of this Agreement.

12.4 Assignment by Orion

Orion may assign, in whole or in part, its rights and obligations under this Agreement, provided that, prior to any such assignment, Orion shall have provided Red Eagle BVI with at least five (5) days' prior written notice of the intent to effect such assignment, including the identity of the proposed assignee (and any other Person that ultimately controls such assignee).

13. GOVERNING LAW AND ATTORNMENT

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without reference to conflicts of law rules, and subject to Section 14, each of the parties irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

14. DISPUTE RESOLUTION PROCEDURES

14.1 Disputes Under Credit Agreement

Any dispute under the Credit Agreement, including as to whether an Event of Default has occurred for purposes of the Credit Agreement, shall be settled in accordance with the provisions of the Credit Agreement and shall not be subject to the dispute resolution procedures contained in this Agreement.

14.2 Disputes Under This Agreement

Subject to Section 14.1, any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be determined by arbitration administered by the ICDR in accordance with its International Arbitration Rules and in accordance with the other provisions of this Section 14.

14.3 Arbitration Procedure

- (a) The seat, or legal place, of arbitration shall be New York, New York.
- (b) The following provisions shall apply to the composition and powers of the arbitral tribunal:

- (i) The number of arbitrators shall be three. Within 30 days after the commencement of arbitration, each Party shall appoint a person to serve as an arbitrator. The Parties shall then appoint the presiding arbitrator within 20 days after selection of the party appointees. If any arbitrators are not selected within these time periods, the ICDR shall, at the written request of any party, complete the appointments that have not been made.
- (ii) The arbitrators shall each be a suitably qualified individual who is knowledgeable in relation to the subject matter of the arbitration. No individual shall be eligible for appointment unless he or she is independent of the Parties and free from all conflicts of interest and specifically shall not be a present or former director, officer, employee, shareholder, consultant, advisor or otherwise have any interest in any of the Parties or in the matter to be arbitrated.
- (iii) The arbitral tribunal may determine all questions of law and jurisdiction (including questions as to whether a dispute is arbitrable) and all matters of procedure relating to the arbitration. The arbitral tribunal shall have the right to grant legal and equitable relief (including injunctive relief) and to award costs (including legal fees and the costs of the arbitration) and interest.
- (c) The arbitration shall be conducted in the English language and shall take place in such location and at such place in New York, New York, and time as the arbitral tribunal may fix.
- (d) No later than 30 days after hearing the representations and evidence of the Parties, the arbitral tribunal shall make its determination in writing and deliver one copy to each of the Parties.
- (e) The governing law for any arbitration shall be as set out in Section 13.

14.4 Awards and Appeal

The written decision of the arbitral tribunal shall be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration. Judgment upon any award rendered by the arbitral tribunal may be entered in any court having jurisdiction.

14.5 Costs of Arbitration

The losing party shall pay all costs and expenses of the arbitration, including the reasonable legal fees and expenses of the successful party.

14.6 Provisional Remedies

This Section 14 shall not preclude the Parties from seeking provisional remedies.

15. CONFIDENTIALITY AND DISCLOSURES

15.1 Confidentiality

Each Party agrees that it shall maintain as confidential and not disclose, and shall cause its Affiliates, partners, limited partners, directors, officers, employees, representatives and agents to maintain as confidential and not disclose, without the prior written consent of the other Party, the terms of this Agreement and all information (whether written, oral or in electronic format) received or reviewed by it as a result of or in connection with this Agreement, including any refining agreement or summary thereof provided under Section 6.9(b), provided that a Party may disclose such information:

- (a) with the express prior written consent of the other Party;
- (b) where such information is or becomes publicly available or widely known by the public other than by a breach of this Agreement;
- (c) if required by Applicable Laws or requested by any Governmental Body having jurisdiction (and then only in accordance with Section 15.2, if applicable);
- (d) to its Affiliates and those of its and its Affiliates' directors, officers, employees, representatives and agents who need to have knowledge of the confidential information;
- (e) in the case of Orion and its Affiliates, to any limited partner or co-investor or prospective limited partner or co-investor in or with a private equity fund managed by Affiliates of Orion, to the extent such information is reasonably relevant to the current investment or future investment decision of any such limited partner or co-investor or prospective limited partner or co-investor, provided that such Persons undertake to maintain the confidentiality of it and are strictly limited in their use of the confidential information for the purpose of making an investment decision in or with respect to Affiliates of Orion;
- (f) to its or its Affiliates' auditors, legal counsel, lenders, brokers, underwriters, investment bankers and other professional advisers for whom such confidential information would be relevant, provided that such Persons are advised of the confidential nature of the confidential information, undertake to maintain the confidentiality of it and are strictly limited in their use of the confidential information to those purposes necessary for such Persons to perform the services for which they were, or are proposed to be, retained by the disclosing Party or its Affiliate, as the case may be;
- (g) to Persons (including potential assignees of a Party) with whom it or an Affiliate is considering or intends to enter into a transaction for whom such confidential information would be relevant (including such Persons' representatives and advisers), provided that such Persons are advised of the confidential nature of the confidential information, undertake to maintain the confidentiality of it and are strictly limited in their use of the confidential information to those purposes necessary for such Persons to consider or effect the applicable transaction; or
- (h) for the purposes of any arbitration proceeding commenced under Section 14.

Each Party shall be liable to the other Party for any improper use or disclosure of such terms or information by its Affiliates, its or its Affiliates' directors, officers, employees, representatives and agents, or those Persons listed in Sections 15.1(e), (f) and (g).

15.2 Press Releases and Public Disclosure

- (a) The Parties shall consult with each other before either of them or their respective Affiliates issues any press release or otherwise makes any public disclosure regarding this Agreement or the transactions contemplated hereby and shall not, and shall cause their respective Affiliates to not, issue any such press release or make any such public disclosure before receiving the consent of the other of them. Notwithstanding the foregoing, the Parties or their respective Affiliates may, without prior consultation with the other Party, issue a press release or make public disclosure regarding this Agreement or the transactions contemplated hereby if the disclosure proposed to be so made, as it relates to this Agreement or the transactions contemplated hereby, is substantially the same as disclosure previously consented to by the Parties pursuant to this Section 15.2(a). Nothing in this Section 15.2(a) prohibits a Party from issuing a press release or making other disclosure required by Applicable Law if the Party or its Affiliate making the disclosure has first consulted with the other Party.
- (b) If Red Eagle or any of its Affiliates is required by Applicable Law to file a copy of this Agreement on SEDAR (or otherwise publicly file a copy of this Agreement), Red Eagle (or such Affiliate) shall consult with Orion with respect to, and agree upon, any proposed redactions to this Agreement in compliance with Applicable Laws before it is filed on SEDAR (or otherwise). If the Parties are unable to agree on such redactions, Red Eagle (or such Affiliate) shall redact this Agreement to the fullest extent permitted by Applicable Laws before filing it on SEDAR (or otherwise).

15.3 Technical Reports

- (a) If Orion or any of its Affiliates is required by Applicable Law to prepare a technical report under National Instrument 43-101 (or similar report) in respect of the Property, as determined by Orion acting reasonably, the Owner shall cooperate with and allow Orion and its authorized representatives to access technical information pertaining to the Property and complete site visits at the Property so as to enable Orion or its Affiliates, as the case may be, to prepare the technical report (or similar report) in accordance with National Instrument 43-101 (or any other applicable Canadian and/or U.S. securities laws and/or stock exchange rules and policies governing the disclosure obligations of Orion or any of its Affiliates) at the sole cost and expense of Orion. At reasonable times and with the prior consent of the Owner (not to be unreasonably withheld or delayed), at the sole risk and expense of Orion, Orion and its authorized representatives shall have a right of access to all surface and subsurface portions of the Property, to any mill, smelter, concentrator or other processing facility owned or operated by any Owner Entity that is used to process Minerals and to any related operations of the Owner Entities for the purpose of enabling Orion to comply with the obligations of Orion or any of its Affiliates under National Instrument 43-101 (or any other applicable Canadian and/or U.S. securities laws and/or stock exchange rules and policies governing the disclosure obligations of Orion or any of its Affiliates), as determined by Orion acting reasonably.
- (b) Notwithstanding Section 15.3(a), nothing in Section 15.3(a) will obligate any Red Eagle Entity to (i) prepare, or assist Orion or its Affiliates in the preparation of, any technical

report or reports relating to the Property that Orion or its Affiliates may be required to prepare and file with under National Instrument 43-101, or U.S. securities laws; or (ii) provide the services of, or assist Orion or its Affiliates in procuring the services of, a “qualified person” (as that term is defined in National Instrument 43-101) or similar person under U.S. securities laws to produce, or to oversee the production of, any such technical report or reports.

16. NOTICES

- (a) Unless otherwise specifically provided in this Agreement, any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered by hand to an officer or other responsible employee of the addressee or transmitted by facsimile transmission or other electronic communication, addressed to:

If to any Red Eagle Entity:

c/o Red Eagle Mining Corporation
920 – 1030 West Georgia Street
Vancouver, BC V6E 2Y3

Attention: Ian Slater
Facsimile: 1 (604) 638 2546
Email: slater@redeaglemining.com

If to Orion:

c/o Appleby (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Attention: Desirae Jones, Appleby Services (Bermuda) Ltd.
Facsimile No.: (441) 298-3467

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

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

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

or at such other address, facsimile number or email address as such Party from time to time directs in writing to the other Party.

- (b) Any notice or other communication given in accordance with this Section 15.3, if delivered by hand as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery is received

before 4:00 p.m. at the place of delivery; otherwise, it shall be deemed to be validly and effectively given on the Business Day next following the date of delivery. Any notice of communication which is transmitted by facsimile transmission or electronic mail as aforesaid, shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was received before 4:00 p.m. at the place of receipt; otherwise it shall be deemed to have been validly and effectively given on the next Business Day following such date of transmission.

- (c) A notice given under Section 16(a) by Orion to any Red Eagle Entity shall constitute simultaneous due notice to all Red Eagle Entities for the purpose of this Agreement.
- (d) Any notices and communications given in respect of this Agreement must be given in the English language, or if given in any other language, that notice or communication must be accompanied by an English translation of it, which must be certified as being a true and correct translation of the notice or communication.

17. MISCELLANEOUS

17.1 Further Assurances

Each Party shall execute all such further instruments and documents and shall take all such further actions as may be necessary to effect the transactions contemplated herein, in each case at the cost and expense of the Party requesting such further instrument, document or action, unless expressly indicated otherwise.

17.2 No Partnership or Joint Venture

Nothing herein shall be construed to create, expressly or by implication, a joint venture, agency relationship, fiduciary relationship, mining partnership, commercial partnership or other partnership relationship between the Parties.

17.3 Severability

If any provision of this Agreement is wholly or partially invalid, illegal or unenforceable, this Agreement shall be interpreted as if such provision had not been a part hereof so that the invalidity, illegality or unenforceability shall not affect the validity, legality or unenforceability of the remainder of this Agreement which shall be construed as if this Agreement had been executed without such provision.

17.4 Entire Agreement

This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, among the Parties, including the term sheet dated November 10, 2014.

17.5 Amendments

This Agreement may not be changed, amended or modified in any manner, except pursuant to an instrument in writing signed on behalf of each of the Parties.

17.6 Waivers

The failure by any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision unless such waiver is acknowledged in writing, nor shall such failure affect the validity of this Agreement or any part thereof or the right of a Party to enforce each and every provision. No waiver of a breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

17.7 Specific Performance

The Red Eagle Entities acknowledge that any breach of this Agreement may cause Orion irreparable harm for which damages are not an adequate remedy. The Red Eagle Entities agree that, in the event of any such breach, in addition to other remedies at law or in equity that Orion may have, Orion shall be entitled to seek specific performance.

17.8 Benefit of Agreement

This Agreement is intended for the benefit of the Parties and their respective successors and permitted assigns and, except for the indemnified Persons referred to in Section 9.2(h), is not for the benefit of, nor may any provision in this Agreement be enforced by, any other Person. With respect to any indemnified Person who is not a party to this Agreement, Orion or Red Eagle BVI, as applicable, shall obtain and hold the rights and benefits of Section 9.2(h) in trust for and on behalf of such indemnified Person.

17.9 Costs and Expenses

- (a) Except as otherwise expressly provided in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the negotiation and preparation of this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.
- (b) All costs, charges and expenses reasonably incurred by Orion and its legal counsel subsequent to the date of this Agreement and arising out of, or related or incidental to the following matters shall be paid by the Red Eagle Entities:
 - (i) the preparation, negotiation, and completion of the Security Documents;
 - (ii) any reorganization of any Red Eagle Entity; and
 - (iii) any amendment of this Agreement undertaken as a result of the actions of the Parties under Section 4.4.

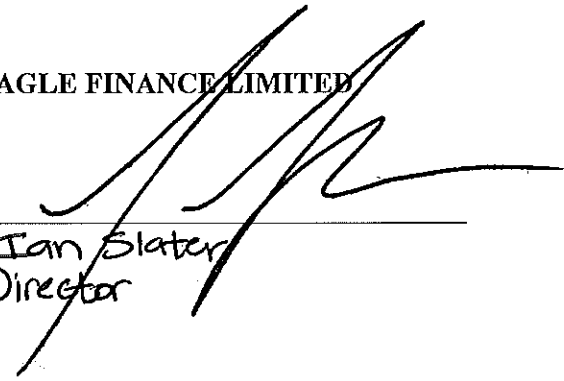
17.10 Execution in Counterparts

This Agreement may be executed in one or more counterparts and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or electronic format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature pages follow.]

IN WITNESS WHEREOF this Production Payment Agreement has been executed by the Parties as of the date first above written.

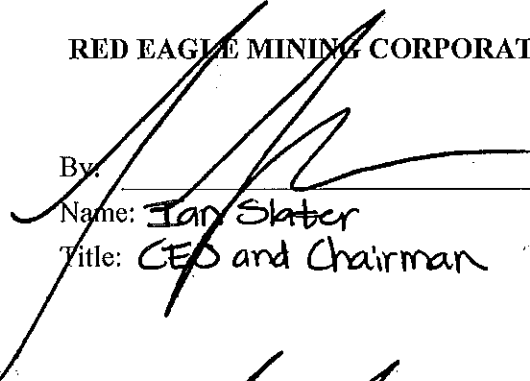
RED EAGLE FINANCE LIMITED

By: 
Name: Ian Slater
Title: Director

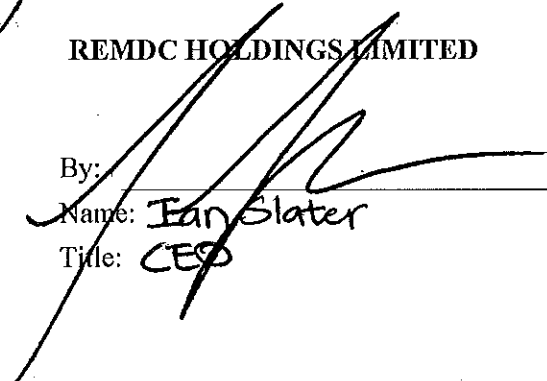
**RED EAGLE MINING DE COLOMBIA
S.A.S.**

By: _____
Name: _____
Title: _____

RED EAGLE MINING CORPORATION

By: 
Name: Ian Slater
Title: CEO and Chairman

REMDC HOLDINGS LIMITED

By: 
Name: Ian Slater
Title: CEO

IN WITNESS WHEREOF this Production Payment Agreement has been executed by the Parties as of the date first above written.

RED EAGLE FINANCE LIMITED

By: _____
Name:
Title:

**RED EAGLE MINING DE COLOMBIA
S.A.S.**

By: 

Name: RAFAEL SILVA
Title: LEGAL REPRESENTATIVE

RED EAGLE MINING CORPORATION

By: _____
Name:
Title:

REMDC HOLDINGS LIMITED

By: _____
Name:
Title:

**RED EAGLE MINING DE COLOMBIA
LIMITED**

By: _____

Name: *Tom Slater*

Title: *CEO and Chairman*

ORION TITHECO LIMITED

By: _____

Name:

Title:

**RED EAGLE MINING DE COLOMBIA
LIMITED**

By: _____

Name:

Title:

ORION TITHECO LIMITED

By:  _____

Name: MELANIE SIMONS

Title: Authorized Signatory

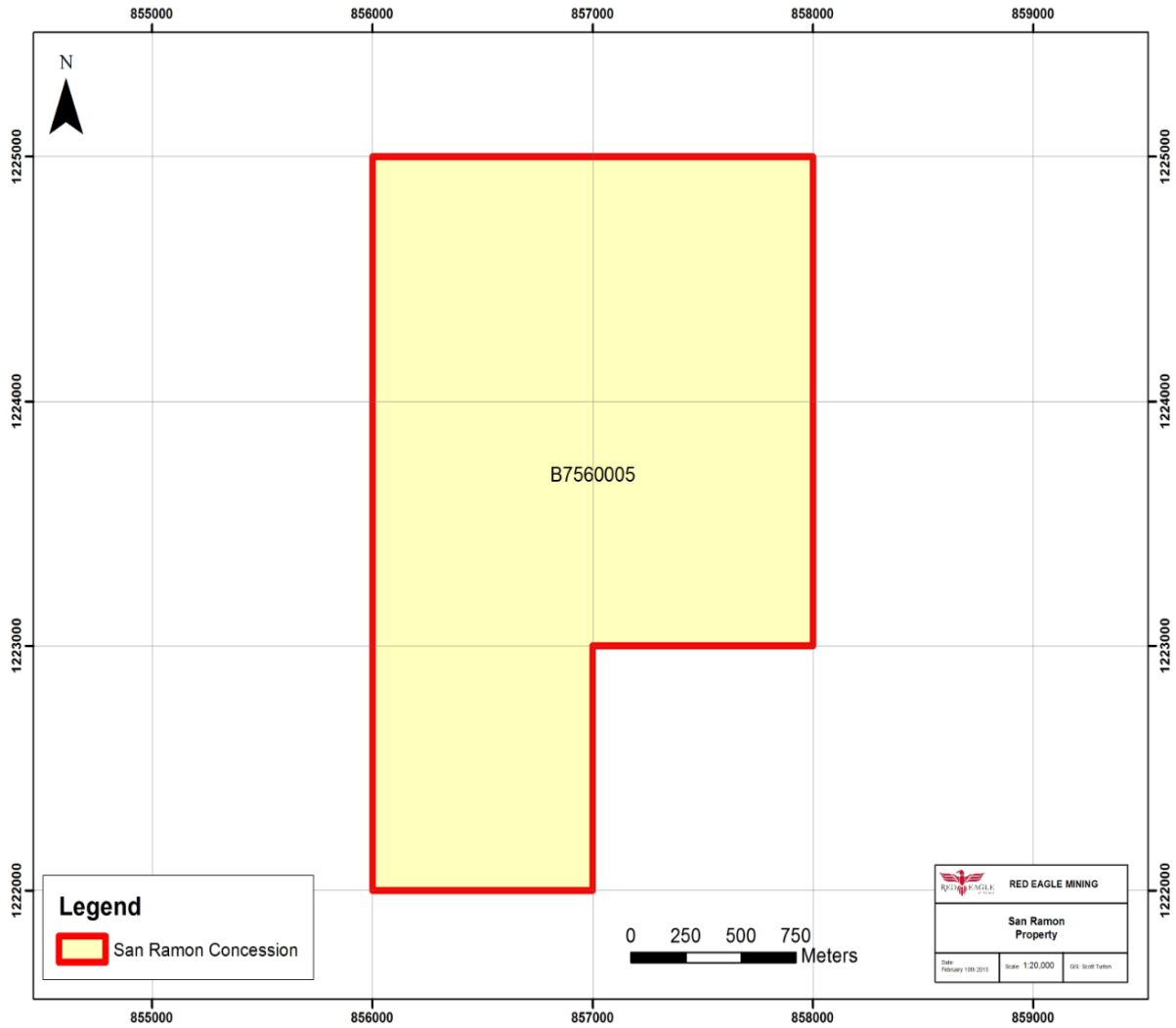
Schedule A

DESCRIPTION OF PROPERTY

Mining concession contract B7560005 executed by Antioquia's Secretary of Mines and Luis Carlos Pérez Villa on December 9, 2009, registered with the Mining Registry on September 30, 2010 and assigned to Red Eagle Mining de Colombia Limited (Colombian Branch) on May 20, 2011, registered with the Mining Registry in Red Eagle Mining de Colombia Limited's (Colombian Branch) name on October 4, 2011, which grants to the concessionaire the right to explore and exploit the area covered by the coordinates described in the minutes of the same, including any extension or renewal of, or replacement or substitution for, the foregoing, whether created privately or through government action.

Schedule B

MAP OF DESIGNATED AREA



Schedule C

PRODUCTION PAYMENT SCHEDULE

<u>Contractual Year</u>	<u>Minimum Cumulative Production Requirement</u> (number of ounces of Refined Gold)
Contractual Year 1	67,000
Contractual Year 2	142,000
Contractual Year 3	191,000
Contractual Year 4	236,000
Contractual Year 5	287,000
Contractual Year 6	322,000
Contractual Year 7	352,000
Contractual Year 8	384,000
Contractual Year 9 (and any subsequent Contractual Year)	405,000

Schedule D

GUARANTORS

Red Eagle Mining Corporation

Red Eagle Mining de Colombia S.A.S.

Red Eagle Mining de Colombia Limited

REMDC Holdings Limited

Each other Project Subsidiary which executes an Additional Guarantor Counterpart

Schedule E

FORM OF ADDITIONAL GUARANTOR COUNTERPART

ADDITIONAL GUARANTOR COUNTERPART

RE: PRODUCTION PAYMENT AGREEMENT DATED MARCH 31, 2015 BETWEEN RED EAGLE MINING DE COLOMBIA S.A.S., RED EAGLE FINANCE LIMITED, RED EAGLE MINING CORPORATION, EACH OF THE OTHER GUARANTORS FROM TIME TO TIME PARTY THERETO AND ORION TITHECO LIMITED (AS AMENDED, RESTATED AND REPLACED FROM TIME TO TIME, THE “PRODUCTION PAYMENT AGREEMENT”)

TO: ORION

For value received, the undersigned [insert name of Additional Guarantor] (the “Additional Guarantor”) hereby agrees as follows:

1. **Definitions.** Capitalized terms not otherwise defined herein have the meanings given thereto in the Production Payment Agreement.
2. **Representations and Warranties.** The Additional Guarantor repeats the representations and warranties of the Red Eagle Entities set out in Section 9.2 of the Production Payment Agreement as of the date hereof, except those relating to a specific date [, amended as set forth in Schedule A hereto].
3. **Assumption of Obligations.** The Additional Guarantor agreed to be bound by all terms and conditions of the Production Payment Agreement applicable to Guarantors as if an original party thereto.
4. **Security Documents.** The Additional Guarantor acknowledges and agrees to the provisions of Section 11.2 of the Production Payment Agreement and delivers herewith duly executed Security Agreements in favour of Orion, as contemplated thereby, and agrees to execute and deliver such other security documents as Orion may from time to time reasonably request.

IN WITNESS WHEREOF, the undersigned has executed this counterpart this ____ day of _____, _____.

[Name of Additional Guarantor]

By: _____

Name:

Title: