

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **2018-06-27**
SEC Accession No. [0001144204-18-035895](#)

([HTML Version](#) on [secdatabase.com](#))

SUBJECT COMPANY

CANADIAN ZINC CORP

CIK:[910569](#) | IRS No.: **000000000** | State of Incorporation: **A1** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: [005-83059](#) | Film No.: **18920233**
SIC: **1000** Metal mining

Mailing Address

*650 WEST GEORGIA
STREET
SUITE 1710, PO BOX 11644
VANCOUVER A1 V6B 4N9*

Business Address

*650 WEST GEORGIA
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SUITE 1710, PO BOX 11644
VANCOUVER A1 V6B 4N9
6046882001*

FILED BY

Resource Capital Fund VI L.P.

CIK:[1569972](#) | IRS No.: **981091392** | State of Incorporation: **E9** | Fiscal Year End: **1231**
Type: **SC 13D**

Mailing Address

*1400 SIXTEENTH STREET
SUITE 200
DENVER CO 80202*

Business Address

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720-946-1444*

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 13D

(Rule 13d-102)
**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)**

Canadian Zinc Corporation

(Name of Issuer)

Common Shares

(Title of Class of Securities)

136802

(CUSIP Number)

**Catherine J. Boggs
Resource Capital Funds
1400 Sixteenth Street, Suite 200
Denver, CO 80202
United States of America
(720) 946-1444**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

September 8, 2014

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of this schedule, including all exhibits. See §§240.13d-7 for other parties to whom copies are to be sent.

(continued on following pages)

(Page 1 of 11 Pages)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only) Resource Capital Fund VI L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 51,630,000
		8 SHARED VOTING POWER 0
		9 SOLE DISPOSITIVE POWER 51,630,000
		10 SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 51,630,000	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 19.95%	
14	TYPE OF REPORTING PERSON (See Instructions) PN	

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only) Resource Capital Associates VI L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 51,630,000
		8 SHARED VOTING POWER 0
		9 SOLE DISPOSITIVE POWER 51,630,000
		10 SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 51,630,000	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 19.95%	
14	TYPE OF REPORTING PERSON (See Instructions) PN	

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only) RCA VI GP Ltd.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7 SOLE VOTING POWER 51,630,000
		8 SHARED VOTING POWER 0
		9 SOLE DISPOSITIVE POWER 51,630,000
		10 SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 51,630,000	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 19.95%	
14	TYPE OF REPORTING PERSON (See Instructions) OO, HC	

ITEM 1. SECURITY AND ISSUER.

This 13D relates to the acquisition of beneficial ownership of common shares (the “Common Shares”) of Canadian Zinc Corporation, a corporation organized under the laws of British Columbia (the “Company”) whose principal executive office is located at 650 West Georgia Street, Suite 1710, Vancouver, British Columbia V6B 4N9.

ITEM 2. IDENTITY AND BACKGROUND.

The persons filing this Schedule 13D (collectively, the “Reporting Persons”) are:

- a. Resource Capital Fund VI L.P. (“RCF VI”), a Cayman Islands exempt limited partnership, whose address is 1400 Sixteenth Street, Suite 200, Denver, Colorado 80202. The principal business of RCF VI is investments.
- b. Resource Capital Associates VI L.P. (“Associates VI”), a Cayman Islands exempt limited partnership, whose address is 1400 Sixteenth Street, Suite 200, Denver, Colorado 80202. Associates VI is the general partner of RCF VI. The principal business of Associates VI is to act as the general partner of RCF VI.
- c. RCA VI GP Ltd. (“RCA VI”), a Cayman Islands exempt company, whose address is 1400 Sixteenth Street, Suite 200, Denver, Colorado 80202. RCA VI is the general partner of Associates VI. The principal business of RCA VI is to act as the general partner of Associates VI.

The sole members of RCA VI are Messrs. Ryan T. Bennett, Ross R. Bhappu, Russ Cranswick, James McClements, Henderson G. Tuten and Ms. Sherri Croasdale (collectively, the “Principals”). The business of RCA VI is directed by the officers of RCA VI. The Principals serve as executive officers of RCA VI. The business address of each of Messrs. Bennett, Bhappu, Cranswick, McClements, Tuten and Ms. Croasdale is 1400 Sixteenth Street, Suite 200, Denver, Colorado 80202. The principal occupation of Messrs. Bennett, Bhappu, Cranswick, McClements, Tuten and Ms. Croasdale is serving as senior executives of the Resource Capital Funds which include RCF VI.

RCF VI and Associates VI are each Cayman Islands exempt limited partnerships.

RCA VI is a Cayman Islands exempt company.

Messrs. Bennett, Bhappu, Tuten and Ms. Croasdale are citizens of the United States. Mr. Cranswick is a citizen of Canada. Mr. McClements is a citizen of Australia.

During the last five years, none of the Reporting Persons nor any Principal has been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors). During the last five years, none of the Reporting Persons nor any Principal has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction making such Reporting Person or Principal subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The source of cash for all purchases totaling CAD\$14,527,178.15 was from cash on hand of RCF VI.

The source of cash totaling CAD\$20,000,000 for additional purchases to which RCF VI CAD is committed under a subscription agreement dated May 14, 2018, subject to certain conditions described in Item 4 below, will be cash on hand of RCF VI.

ITEM 4. PURPOSE OF TRANSACTION.

Between August 22, 2014 and September 5, 2014 RCF VI purchased in open market transactions 3,384,000 Company Common Shares. On September 8, 2014, RCF VI purchased 9,564,000 Common Shares of the Company in the open market for a purchase price of CAD\$0.3199 per share giving it ownership of 5.94% of the Company's Common Shares.

Subsequent to the transaction on September 8, 2014, RCF VI purchased in open market transactions the following shares:

On September 19, 2014, RCF VI purchased 2,064,500 Company Common Shares at CAD\$0.3120 per share.

On September 26, 2014, RCF VI purchased 1,429,500 Company Common Shares at CAD\$0.2801 per share.

On October 1, 2014, RCF VI purchased 1,958,000 Company Common Shares at CAD\$0.2501 per share.

On October 9, 2014, RCF VI purchased 1,500,000 Company Common Shares at CAD\$0.2350 per share.

On October 23, 2014, RCF VI purchased 1,800,000 Company Common Shares at CAD\$0.2337 per share.

On June 6, 2016, RCF VI purchased 503,000 Company Common Shares at CAD\$0.2728 per share. Following the purchase, RCF VI owned 10.18% of the Company Common Shares at which time RCF VI commenced filing to comply with substantial shareholder reporting requirements in Canada. Concurrent with each subsequent acquisition RCF VI made filings on SEDI reporting such purchase. Additional Early Warning Reports were filed in Canada's SEDAR system as required.

On June 15, 2016, RCF VI purchased 23,500 Company Common Shares at CAD\$0.2700 per share.
On June 16, 2016, RCF VI purchased 639,500 Company Common Shares at CAD\$0.2880 per share.
On June 17, 2016, RCF VI purchased 186,000 Company Common Shares at CAD\$0.2892 per share.
On June 21, 2016, RCF VI purchased 59,500 Company Common Shares at CAD\$0.2900 per share.
On June 30, 2016, RCF VI purchased 199,500 Company Common Shares at CAD\$0.2713 per share.
On July 5, 2016, RCF VI purchased 284,500 Company Common Shares at CAD\$0.2809 per share.
On July 6, 2016, RCF VI purchased 171,500 Company Common Shares at CAD\$0.2940 per share.

On June 29, 2016, RCF VI purchased in a public offering by the Company 20,000,000 Company Common Shares at CAD\$0.2500 per share.

Subsequent to the June 29, 2016 public offering, RCF VI purchased in open market transactions the following shares:

On July 7, 2016, RCF VI purchased 457,000 Company Common Shares at CAD\$0.3191 per share.
On July 20, 2016, RCF VI purchased 200,000 Company Common Shares at CAD\$0.3500 per share.
On July 21, 2016, RCF VI purchased 50,000 Company Common Shares at CAD\$0.3450 per share.
On August 10, 2016, RCF VI purchased 243,000 Company Common Shares at CAD\$0.3200 per share.
On August 11, 2016, RCF VI purchased 65,500 Company Common Shares at CAD\$0.3300 per share.
On August 12, 2016, RCF VI purchased 52,000 Company Common Shares at CAD\$0.3348 per share.
On August 16, 2016, RCF VI purchased 152,000 Company Common Shares at CAD\$0.3400 per share.
On August 25, 2016, RCF VI purchased 237,500 Company Common Shares at CAD\$0.3016 per share.
On September 12, 2016, RCF VI purchased 2,576,000 Company Common Shares at CAD\$0.3261 per share.
On September 14, 2016, RCF VI purchased 1,530,000 Company Common Shares at CAD\$0.3143 per share.
On September 15, 2016, RCF VI purchased 1,500,000 Company Common Shares at CAD\$0.3100 per share.

On September 15, 2016, RCF VI purchased 800,000 Company Common Shares at CAD\$0.3100 per share.

In December 2017, RCF VI entered into a Credit Agreement with the Company under which it lent USD\$10,000,000 to the Company (the "Loan"). See Item 6 below.

In May 2018, RCF VI CAD entered into a subscription agreement with the Company to purchase 100,000,000 units at a purchase price of CAD\$20,000,000. See Item 6 below.

Except as set forth herein, none of the Reporting Persons currently has any plans or proposals which relate to or would result in any of the actions or transactions specified in clauses (a) through (j) of Item 4 of Schedule 13D. Each of the Reporting Persons reserves the right to dispose of the securities of the Company or to formulate other purposes, plans or proposals regarding the Company or its securities to the extent deemed advisable in light of general investment policies, market conditions and other factors.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

RCF VI: From September 15, 2016 through June 25, 2018, RCF VI beneficially owned 51,630,000 Common Shares of the Company for a total aggregate holding by the Reporting Persons of 51,630,000 Common Shares of the Company. Based on the foregoing and using 266,111,543 as the number of outstanding Common Shares of the Company, RCF VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 19.95% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering (see Item 6), RCF VI will beneficially own 151,630,000 Common Shares of the Company. Based on the foregoing and using 366,111,543 as the number of outstanding Common Shares of the Company, after giving effect to the Offering RCF VI is expected to be deemed to have sole voting and dispositive power, and therefore beneficial ownership of, 41.4% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering and assuming the exercise of all Warrants, RCF VI will beneficially own 201,630,000 Common Shares of the Company. Based on the foregoing and using 416,111,543 as the number of outstanding Common Shares of the Company, RCF VI is expected to be deemed to have sole voting and dispositive power, and therefore beneficial ownership of, 48.5% of the issued and outstanding Common Shares of the Company.

Associates VI: From September 15, 2016 through June 25, 2018, Associates VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 19.95% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering and RCF VI Transfer (see Item 6), Associates VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 41.4% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering and RCF VI Transfer assuming the exercise of all Warrants, Associates VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 48.5% of the issued and outstanding Common Shares of the Company.

RCA VI: From September 15, 2016 through June 25, 2018, RCA VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 19.95% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering and the RCF VI Transfer (see Item 6), RCA VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 41.4% of the issued and outstanding Common Shares of the Company. Upon completion of the Offering and the RCF VI Transfer and assuming the exercise of all Warrants, RCA VI may be deemed to have sole voting and dispositive power over, and therefore beneficial ownership of, 48.5% of the issued and outstanding Common Shares of the Company.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

December 2017 Transaction

RCF VI and the Company are current parties to an Investor Agreement dated December 21, 2017 (the “December Agreement”) entered into in conjunction with the Loan. The Loan is a non-convertible senior secured project loan in the amount of USD\$10,000,000, with an interest rate of 8%, payable quarterly, and with a maturity date of January 31, 2019. The Loan is secured by a charge on the Company’s Prairie Creek property and contains customary affirmative and negative covenants and events of default. Proceeds from the Loan were to be utilized by the Company for the development of the Company’s Prairie Creek property. Under the December Agreement, RCF VI was granted a 90-day period of exclusivity to propose and negotiate an agreement concerning project financing sought by the Company. The December Agreement also granted RCF VI pro-rata participation rights and top-up rights on any equity financing of the Company for so long as RCF VI owns at least 10% of the Common Shares of the Company. Additionally, RCF VI received the right, for so long as RCF VI owns at least 10% of the Common Shares of the Company, to receive notice of and to participate pro-rata in any issuance by the Company of any convertible debt securities or other form of indebtedness, including establishing, selling, or creating any royalty, metal stream or similar arrangement, subject to exceptions for certain preexisting third party rights.

The December Agreement granted RCF VI the right to nominate a director to the board of the Company at any time while RCF VI owns at least 10% of the Common Shares of the Company. RCF VI has not exercised this right. Additionally, the December Agreement grants RCF VI observer rights over the general Board meetings of the Company as well the right to receive copies of all information, materials and documentation provided to the Board.

May 2018 Transactions

On May 14, 2018, RCF VI CAD LLC (“RCF VI CAD” and together with the Reporting Persons, “RCF”), a wholly owned subsidiary of RCF VI, entered into a subscription agreement with the Company (the “Subscription Agreement”) for the purchase of 100,000,000 units, each consisting of one Common Share and one-half of one Common Share purchase warrant (the “Warrants”), for a purchase price of CAD\$20,000,000 (the “Offering”). Each Warrant will entitle the holder thereof to purchase one Common Share of the Company at an exercise price of CAD\$0.25 per share until December 31, 2018. The closing of the Offering is subject to shareholder approval at the Company’s shareholder meeting, which is scheduled for June 27, 2018. The Company will use a portion of the proceeds from the Offering to repay the balance of the Loan, along with interest, fees and expenses of the Loan. Proceeds not so utilized will be used for the ongoing development of the Company’s Prairie Creek Project.

Concurrent with the closing of the Offering, RCF VI, RCF VI CAD and the Company will execute a new investor agreement (the “Amended Agreement”). The Amended Agreement extends the rights granted to RCF VI under the December Agreement to RCF VI CAD and imposes certain monthly reporting obligations on the Company.

Additionally, under the Amended Agreement, for as long as RCF collectively owns at least 10% of the Common Shares of the Company, RCF VI CAD shall have the right to nominate one director to the board of the Company. At any time when RCF collectively owns at least 20% of the Common Shares of the Company, RCF VI CAD shall have the right to nominate two directors to the board of the Company. RCF VI CAD shall have additional nomination rights in proportion to RCF’s ownership interest in the Common Shares of the Company. RCF VI CAD anticipates that it will nominate one person to the board of the Company prior to the end of 2018.

RCF VI anticipates that concurrent with the closing of the Offering, the shares currently held by RCF VI will be transferred to RCF VI CAD (the “RCF VI Transfer”). Upon closing of the Offering and the RCF VI transfer, RCF VI CAD is expected to own approximately 41.4% of the Common Shares of the Company or approximately 48.5% assuming exercise of all Warrants held.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- 10.1 Credit Agreement, dated as of December 21, 2017, by and among Canadian Zinc Corporation and Resource Capital Fund VI L.P.
- 10.2 Investor Agreement, dated as of December 21, 2017, by and among Canadian Zinc Corporation and Resource Capital Fund VI L.P.
 - Subscription Agreement, dated as of May 14, 2018 by and among Canadian Zinc Corporation and RCF VI CAD LLC, which
- 10.3 includes an amended Investor Agreement by and among Canadian Zinc Corporations and Resource Capital Fund VI L.P. and RCF VI CAD LLC.
- 99.1 Joint Filing Agreement, dated as of June 25, 2018, by and among the Reporting Persons.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

June 25, 2018

RCA VI GP LTD.

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel

RESOURCE CAPITAL ASSOCIATES VI L.P.

By: RCA VI GP Ltd., its General Partner

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel

RESOURCE CAPITAL FUND VI L.P.

By: Resource Capital Associates VI L.P., its General Partner

By: RCA VI GP Ltd., its General Partner

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel

CREDIT AGREEMENT

DATED AS OF DECEMBER 21, 2017

Between:

**CANADIAN ZINC CORPORATION
as Borrower**

- and -

**RESOURCE CAPITAL FUND VI L.P.
as Lender**

CREDIT AGREEMENT

THIS AGREEMENT made as of the 21st day of December, 2017

BETWEEN:

CANADIAN ZINC CORPORATION, a corporation organized and existing under the laws of British Columbia
(hereinafter referred to as the “**Borrower**”)

AND:

RESOURCE CAPITAL FUND VI L.P.
(hereinafter referred to as the “**Lender**”)

WHEREAS the Borrower has requested, and the Lender has agreed, to establish a U.S. \$10,000,000 senior secured bridge credit facility on and subject to the terms and conditions herein set forth.

NOW THEREFORE THIS CREDIT AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the parties, the parties agree as follows:

ARTICLE 1 INTERPRETATION

Definitions

1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

“**Advance**” means an advance of the Facility contemplated herein;

“**Affiliate**” has the meaning given thereto in the Securities Act;

“**Agreement**”, “**this Agreement**”, “**hereto**”, “**hereby**”, “**hereunder**”, “**hereof**”, “**herein**” and similar expressions refer to this credit agreement and not to any particular Article, section, subsection, paragraph, clause, subdivision or other portion hereof, and include any and every supplemental Agreement; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**paragraph**” followed by a number mean and refer to the specified Article, section, subsection or paragraph of this Agreement;

“**Amount**” or “**Amount Payable**” includes the principal amount advanced or deemed to be advanced and any other amount payable hereunder or under any of the Facility Document;

“**Applicable Law**” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

“Applicable Securities Legislation” means all applicable securities laws of each of the Reporting Jurisdictions and the respective rules and regulations under such laws together with applicable published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other applicable regulatory instruments of the securities regulatory authorities in any of the Reporting Jurisdictions and such other jurisdictions as may be agreed to between the Borrower and the Lender;

“Authorization” means any consent, order, permit, grant, right, privilege, authorization, approval, registration, filing, resolution, lodgement, agreement, notarization, certificate, judgment, writ, injunction, award, decree, demand, permission, licence, title, mineral right, right of occupancy, approval, authority, concession, lease or exemption from, by or with a Government Authority or from any Person in connection with easements, contractual rights or other related matters;

“Budget” means the cost budget detailing the hard and soft costs associated with the development and construction of the Project and all related improvements, as approved by the board of directors of the Borrower and by the Lender, and as may be updated from time to time pursuant to this Agreement;

“Business Day” means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Denver, Colorado or Vancouver, British Columbia;

“Capital Lease” means, with respect to a Person, a lease or other arrangement in respect of real or personal property that is required to be classified and accounted for as a capital lease obligation on a balance sheet of the Person in accordance with IFRS;

“Capital Lease Obligation” means, with respect to a Person, the obligation of the Person to pay rent or other amounts under a Capital Lease and for the purposes of this definition, the amount of such obligation at any date shall be the capitalized amount of such obligation at such date as determined in accordance with IFRS;

“Change of Control” means the occurrence of any of the following events:

(a) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as such term is defined in Section 1.1 of Multilateral Instrument 62-104, a regulation of the Securities Act), other than the Borrower or any Subsidiary of the Borrower, has acquired beneficial ownership (within the meaning of the Securities Act) of, or the power to exercise control or direction over, or securities convertible into, any Voting Shares of the Borrower, that together with the offeror’s other securities (as such term is defined in Section 1.1 of Multilateral Instrument 62-104, a regulation of the Securities Act) in relation to the Voting Shares of the Borrower, would constitute Voting Shares of the Borrower representing more than 50% of the total voting power attached to all Voting Shares of the Borrower then outstanding;

(b) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of the Borrower (1) in which the Borrower is not the continuing or surviving corporation or (2) pursuant to which any Voting Shares of such the Borrower would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of the Borrower in which the holders of the Voting Shares of the Borrower immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50% of the Voting Shares of the continuing or surviving corporation immediately after such transaction; or

- (c) any Person or group of Persons shall succeed in having a sufficient number of its nominees elected as directors of the board of directors of the Borrower such that such nominees, when added to any existing directors after such election who was a nominee of or is an Affiliate or related Person of such Person or group of Persons, will constitute a majority of the directors of the board of directors of the Borrower;

“**Closing Date**” means the date of the first Advance made pursuant to the terms of this Agreement;

“**Commitment**” means the Advances to be made by the Lender to the Borrower in the principal amount of up to Ten Million U.S. Dollars (U.S. \$10,000,000) in accordance with this Agreement;

“**Constituting Documents**” means (i) with respect to a corporation, its articles of incorporation, amalgamation or continuance, or constitution, or other similar documents by which it is established under its governing corporate legislation as a corporation, and its by-laws, if any, and (ii) with respect to any other Person which is an artificial body other than a corporation, the organization and governance documents of such Person; in each case as amended and supplemented from time to time;

“**Contingent Liabilities**” means, with respect to a Person, any agreement, undertaking or arrangement by which the Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or other, to provide funds for payment, to supply funds to, or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) the obligation, debt or other liability of any other Person or guarantees the payment of dividends or other distributions upon the shares of any Person. The amount of any contingent liability will, subject to any limitation contained therein, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the obligation, debt or other liability to which the contingent liability is related;

“**Default**” means an Event of Default or any event or circumstance specified in Section 8.1 hereof which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) be an Event of Default;

“**Disclosure Record**” means all information circulars, prospectuses (including preliminary prospectuses), annual information forms, offering memoranda, financial statements, material change reports and news releases filed by the Borrower with the Exchange and all securities regulatory authorities in each Reporting Jurisdiction during the 24 months preceding the date hereof;

“**Environmental Laws**” means all federal, provincial, state, municipal, county, local and other laws, statutes, codes, ordinances, by-laws, rules, regulations, policies, guidelines, certificates, approvals, permits, consents, directions, standards, judgments, orders and other Authorizations, as well as common law, civil law and other jurisprudence or authority, in each case, domestic or foreign, having the force of law at any time relating in whole or in part to any Environmental Matters and any permit, order, direction, certificate, approval, consent, registration, licence or other Authorization of any kind held or required to be held in connection with any Environmental Matters;

“Environmental Matters” means:

- (a) any condition or substance, heat, energy, sound, vibration, radiation or odour that may affect any component of the earth and its surrounding atmosphere or affect human health or any plant, animal or other living organism; and
- (b) any waste, toxic substance, contaminant or dangerous good or the deposit, release or discharge of any thereof into any component of the earth and its surrounding atmosphere;

“Event of Default” has the meaning attributed to such term in Section 8.1 hereof;

“Exchange” means the Toronto Stock Exchange and each successor thereto;

“Facility” has the meaning attributed to such term in Section 2.1 hereof;

“Facility Documents” means this Agreement, the Security Documents and all other certificates, instruments, notices and documents delivered or to be delivered by the Borrower hereunder or thereunder specifically designated as a “Facility Document” by the Borrower and the Lender, each as amended, modified, supplemented, restated or replaced from time to time;

“Facility Indebtedness” means all present and future debts, liabilities and obligations of the Borrower and the Guarantors to the Lender under and in connection with this Agreement and all other Facility Documents, including all fees and other money payable or owing from time to time pursuant to the terms of this Agreement or any of the Facility Documents;

“Financial Instrument Obligations” means, with respect to any Person, obligations arising under:

- (a) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is interest rates or the price, value or amount payable thereunder is dependent or based upon interest rates or fluctuations in interest rates in effect from time to time (but excluding non-speculative conventional floating rate indebtedness);
- (b) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates in effect from time to time; and
- (c) any agreement for the making or taking of any commodity (including gold, coal, natural gas, oil and electricity), swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreement or arrangement, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is any commodity or the price, value or amount payable thereunder is dependent or based upon the price or fluctuations in the price of any commodity;

or any other similar transaction, including any option to enter into any of the foregoing, or any combination of the foregoing, in each case to the extent of the net amount due or accruing due by the Person under the obligations determined by marking the obligations to market in accordance with their terms;

“**Governmental Authority**” means each national, state, provincial, county, municipal or other such governmental or public authority, including their authorized administrative bodies, courts, tribunals, commissions and agents, which have legal jurisdiction over a Person or a matter relevant to this Agreement;

“**Hazardous Materials**” has the meaning attributed to such term in Section 6.1(aa) hereof;

“**IFRS**” means international financial reporting standards, approved by the International Accounting Standards Board or any successor thereto (“**IASB**”), as at the date on which any calculation or determination is required to be made, provided that, in accordance with such international financial reporting standards, where the IASB includes a recommendation concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financing reporting standard;

“**Indebtedness**” means, with respect to a Person, without duplication:

- (a) all obligations of the Person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit;
- (b) all Financial Instrument Obligations of the Person;
- (c) all Capital Lease Obligations and other indebtedness issued, incurred or assumed to finance all or part of the cost of acquiring any asset of the Person;
- (d) all obligations to pay the deferred and unpaid purchase price of property or services, which purchase price is due and payable more than six months after the date of placing such property or service or taking delivery at the completion of such services;
- (e) all indebtedness of any other Person secured by a Security Interest on any asset of the Person;
- (f) all obligations to repurchase, redeem or repay any common shares or any other shares of the Person that fall prior to the Maturity Date; and
- (g) all Contingent Liabilities of the Person with respect to obligations of another Person if such obligations are of the type referred to in paragraphs (a) to (f) above;

“**Indemnified Parties**” has the meaning attributed to such term in Section 10.1 hereof;

“**Investor Agreement**” means the investor agreement dated on or about the date of this Agreement between the Borrower and the Lender in connection with certain corporate oversight rights of the Lender and certain rights of first refusal of the Lender on potential financings of the Borrower;

“Material Adverse Effect” means, when used with reference to any event or circumstance, any event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, operations, prospects, operations, assets, liabilities or condition (financial or otherwise) of the Borrower;
- (b) the ability of the Borrower to perform its obligations when due under this Agreement or any of the other Facility Documents or the Investor Agreement;
- (c) the validity or enforceability of this Agreement or any other Facility Document or the Investor Agreement; or
- (d) the priority or ranking of any Security Interest granted pursuant to the Security Documents or any of the rights or remedies of the Lender thereunder or under any other Facility Document;

“Material Contract” means any contract to which the Borrower is a party which contains terms and conditions which, if amended or upon breach, termination, non-renewal or non-performance thereof, could reasonably be expected to have a Material Adverse Effect or a Project Material Adverse Effect, and any contract that relates to the construction, implementation, development, acquisition, expansion or processing of the Project;

“Maturity Date” means the later of January 31, 2019 and the date falling on the first anniversary of the Closing Date;

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

“Obligations” means, without duplication, with respect to a Person, all items which, in accordance with IFRS, would be included as liabilities on the liability side of the balance sheet of the Person and all Contingent Liabilities of the Person;

“Patriot Act” means the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001));

“Permitted Disposal” means any sale, lease, license, transfer or other disposal:

- (a) of assets made in the ordinary course of business;
- (b) of obsolete or redundant vehicles, plant and equipment for cash;
- (c) of assets made with the prior written consent of the Lender;
- (d) of fixed assets where the proceeds of disposal are used to purchase replacement assets comparable or superior as to type, value and quality;
- (e) of assets (other than shares) for cash where the net consideration receivable (when aggregated with the net consideration receivable for any other sale, lease, license, transfer or disposal not allowed under paragraphs (a) to (d) above) does not exceed Cdn. \$250,000 (or the equivalent amount in any other currency) in any calendar year; or

- (f) a transfer or sale of the ownership interest in Paragon Minerals Corporation or Messina Minerals Inc., including by way of exchange of shares, merger, amalgamation or plan of arrangement, to or with, as applicable, an existing or newly formed publicly-listed entity, in each case for fair market value on arms-length terms and conditions;

“**Permitted Encumbrances**” means with respect to the Borrower:

- (a) any Security Interest granted pursuant to the Security Documents;
- (b) any Security Interest or deposit under workers’ compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secure related public or statutory obligations, surety and appeal bonds where required by law;
- (c) any Security Interest imposed pursuant to statute such as builders’, mechanics’, materialman’s, carriers’, warehousemen’s and landlords’ liens and privileges, in each case, which relate to obligations not yet due or delinquent or, if due or delinquent, which the Borrower is contesting in good faith if such contest will involve no material risk of loss of any material part of the property of the Borrower;
- (d) any Security Interest for Taxes, assessments, unpaid wages or governmental charges or levies for the then current year, or not at the time due and delinquent or the validity of which is being contested at the time in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by the Borrower, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Security Interest created or assumed by the Borrower arising in the ordinary course of business and for amounts not overdue or for amounts contested in good faith and in appropriate proceedings and for which the Borrower has established adequate reserves (including purchase-money liens and retention of title arrangements in favour of suppliers), up to a maximum of Cdn. \$250,000 (or the equivalent amount in any other currency) in the aggregate;
- (g) any Security Interest created or assumed by the Borrower in favour of a public utility or Governmental Authority (whether directly or indirectly) when required by the utility or Governmental Authority in connection with the operations of the Borrower that do not in the aggregate materially detract from the value of any of the Secured Assets or materially impair their use in the operation of the business of the Borrower;
- (h) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (i) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by the Borrower, or title defects, encroachments or irregularities, that do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of the business of the Borrower;

- (j) customary Security Interests in respect of service charges and related obligations in respect of bank, custodian, investment, customs and other accounts opened in the ordinary course of business, up to a maximum of Cdn. \$100,000 (or the equivalent amount in any other currency) in the aggregate; and
- (k) any Security Interest that secures Permitted Indebtedness referred to under subsections (h), (i) and (j) of that definition, provided that, in each case, such Security Interest is, in conjunction with the related Permitted Indebtedness, subject to postponement, subordination and priority terms acceptable to the Lender, in its sole discretion (but acting reasonably);

“**Permitted Indebtedness**” means:

- (a) Indebtedness under this Agreement;
- (b) Indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by the Borrower by appropriate proceedings diligently conducted;
- (c) any other Indebtedness which the Lender agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (d) any Indebtedness arising under a foreign exchange transaction for spot or forward deliver entered into in connection with protection against fluctuation in currently rates where that foreign exchange exposure arises in the ordinary course of business (and not a foreign exchange transaction for investment or speculative purposes);
- (e) any Indebtedness under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by the Borrower does not exceed Cdn. \$250,000 (or the equivalent amount in any other currency) at any time;
- (f) any Indebtedness relating to employee benefit plans or compensation entered into in the ordinary course of business, consistent with past practices and provided always that such Indebtedness is not overdue;
- (g) any Indebtedness under any corporate or employee credit card programs of the Borrower entered into in the ordinary course of business;
- (h) Indebtedness incurred by the Borrower from time to time in connection with financing the Project, provided that such Indebtedness is subject to intercreditor, subordination and priority terms acceptable to the Lender, in its sole discretion (but acting reasonably), and further provided that the Borrower has in all cases complied with its obligations in favour of the Lender under the Investor Agreement in respect of such Indebtedness;

- (i) Indebtedness of the Borrower under and in connection with the base metal and precious metal net smelter returns royalties agreement dated May 31, 2013 between Sandstorm Gold Ltd. (as the successor by assignment of Sandstorm Metals & Energy Ltd.) as royalty holder and the Borrower as owner, provided that such Indebtedness is subject to intercreditor, subordination and priority terms acceptable to the Lender, in its sole discretion (but acting reasonably);
- (j) Indebtedness of the Borrower under any metal streaming arrangement entered into between Sandstorm Gold Ltd. (as the successor by assignment of Sandstorm Metals & Energy Ltd.) or its Affiliates and the Borrower as contemplated in section 2.3 of the base metal and precious metal net smelter returns royalties agreement dated May 31, 2013 between Sandstorm Gold Ltd. (as the successor by assignment of Sandstorm Metals & Energy Ltd.) as royalty holder and the Borrower as owner, provided that such Indebtedness is subject to intercreditor, subordination and priority terms acceptable to the Lender, in its sole discretion (but acting reasonably); and
- (k) any Indebtedness not permitted by the preceding paragraphs (a) to (j) and the outstanding amount of which does not exceed Cdn. \$250,000 (or the equivalent amount in any other currency) in aggregate for the Borrower at any time;

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, or corporation with or without share capital, body corporate, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or Governmental Authority or entity, however designated or constituted;

“**PPSA**” means the *Personal Property Securities Act* (British Columbia);

“**Project**” means the Prairie Creek advanced-staged zinc-lead-silver mine of the Borrower located adjacent to the Nahanni National Park Reserve in the Northwest Territories of Canada;

“**Project Material Adverse Effect**” means, when used with reference to any event or circumstance, any event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on the development, construction, improvement or process of the Project, including in respect of any infrastructure related to the Project or the access to or egress from the Project;

“**Relevant Jurisdiction**” means, from time to time, any jurisdiction in which the Borrower has material property or assets, or in which it carries on material business and, for the purposes of this Agreement, includes British Columbia, Canada and the Northwest Territories, Canada;

“**Reporting Jurisdictions**” means all of the jurisdictions in which the Borrower is a “reporting issuer”;

“**Sanctioned Entity**” means a country or a government of a country, an agency of the government of a country, an organization directly or indirectly controlled by a country or its government, or a Person resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC;

“**Sanctioned Person**” means a person named on the list of Specially Designated Nationals maintained by OFAC;

“**Secured Assets**” means the undertaking, properties and assets now owned, leased or hereafter acquired or leased by the Borrower secured by the Security Documents;

“**Securities Act**” means the *Securities Act* (British Columbia);

“**Security Documents**” means, collectively, the agreements, instruments and documents listed in Schedule A hereto and delivered pursuant to Article 4 of this Agreement;

“**Security Interest**” means any security interest, assignment by way of security, mortgage, charge (whether fixed or floating), hypothec, deposit arrangement, pledge, lien encumbrance, preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever, and includes any other “Security Interest” as defined in section 12 of the PPSA;

“**Subsidiary**” has the meaning attributed to such term in the *Business Corporations Act* (British Columbia);

“**Taxes**” means all present or future taxes, assessments, rates, levies, imposts, deductions, withholdings, dues, duties, fees and other charges of any nature, including any interest, fines, penalties or other liabilities with respect thereto, imposed, levied, collected, withheld or assessed by any Governmental Authority (of any jurisdiction), and whether disputed or not; and

“**Voting Shares**” means shares of capital stock of any class of any corporation carrying voting rights under all circumstances, provided that for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of any event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of such event.

Interpretation Not Affected by Headings

1.2 The division of this Agreement into articles, sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Statute References

1.3 Any reference in this Agreement to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time.

Currency

1.4 Any reference in this Agreement to “**U.S. Dollars**” or “**U.S. \$**” shall be deemed to be a reference to lawful money of the United States of America and any reference in this Agreement to “**Canadian Dollars**” or “**Cdn. \$**” shall be deemed to be a reference to lawful money of Canada.

Non-Business Days

1.5 Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day and the Lender shall not be entitled to any further interest or other payment in respect of such delay.

Governing Law

- This Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. The Borrower hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of British Columbia in the City of Vancouver. The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any Court of the Province of British Columbia. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, any forum non conveniens defence to the maintenance of such action or proceeding in any such court. The Borrower irrevocably consents to service of process in British Columbia. Nothing in this Agreement will affect the right of the Lender to serve process in any other manner or in any other jurisdiction permitted by law.
- 1.6

Paramountcy

- 1.7 In the event of any inconsistency between the provisions of this Agreement and the provisions of any other Facility Document, the provisions of this Agreement shall prevail.

Enurement

- 1.8 The Facility Documents shall be binding upon and shall enure to the benefit of the Borrower which is party thereto and the Lender and their respective successors and permitted assigns.

ARTICLE 2 THE FACILITY

The Facility

- 2.1 Subject to the terms and conditions hereof, the Lender hereby establishes in favour of the Borrower a non-revolving, term credit facility (the “**Facility**”) in an amount equal to the amount of the Commitment, which shall be made available to the Borrower, or as the Borrower may direct, by way of one or more Advances in accordance with this Agreement.

Non-Revolverment

- 2.1 The Facility is a non-revolving facility, and any repayment of the Facility shall not be re-borrowed.

Notice of Borrowing

- 2.2 The Borrower shall provide a notice of borrowing to the Lender in respect of each Advance not less than ten (10) Business Days prior to the requested drawdown date, provided that any such Advance shall be in a minimum amount of U.S. \$3,000,000. The notice of borrowing shall be in form and on terms satisfactory to the Lender and shall be irrevocable. Prior to the issuance of a notice of borrowing for the first Advance, the Borrower shall have satisfied or fulfilled all conditions precedent set out in Section 5.1 hereof. Prior to the issuance of a notice of borrowing for any subsequent Advance, the Borrower shall have satisfied or fulfilled all conditions precedent set out in Sections 5.1 and 5.2 hereof.

Term

- 2.3 Except as otherwise provided herein, the outstanding principal amount of the Facility, together with all accrued but unpaid interest and other costs, fees or charges payable hereunder from time to time, will be immediately due and payable by the Borrower to the Lender on the Maturity Date.

Use of Proceeds

- 2.4 Except with the prior written consent of the Lender, the Borrower shall only use the proceeds of the Facility as follows:
- (a) in payment of any costs, expenses and fees incurred by Borrower in preparing, documenting or executing this Agreement;
 - (b) in financing short term working capital needs of the Borrower, including payment of any recruitment services and corporate operating costs; and
 - (c) in financing expenditures on or at the Project in accordance with the Budget.

Interest

- 2.5 Interest shall accrue on the principal amount of the outstanding Facility from the date of the first Advance, as well as on all overdue amounts outstanding in respect of interest, costs or other fees or expenses payable hereunder, at the rate of eight percent (8.0%) per annum, and be payable by the Borrower to the Lender quarterly within five (5) Business Days of the last day of each and every calendar quarter, as well as upon maturity, default and judgment.

Administrative Matters Re: Payments

- 2.6 If the date for payment of any Amount Payable is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place.
- 2.7 The Borrower shall pay each Amount Payable to the Lender, or as the Lender may otherwise direct from time to time, by transferring to the Lender via wire transfer or other electronic funds transfer, payment for such Amount Payable by 10:00 a.m. (Vancouver time) at least two (2) Business Days prior to the applicable payment date.

Record of Payments

- 2.8 The Lender shall maintain accounts and records evidencing all payments hereunder, which accounts and records shall constitute, in the absence of manifest error, prima facie evidence thereof.

**ARTICLE 3
PREPAYMENT**

Voluntary Prepayment

- 3.1 The Borrower may prepay the outstanding balance of the Facility, in whole or in part, at any time before the Maturity Date, without penalty, upon five (5) Business Days' prior written notice of its intention to so prepay all or part of the outstanding balance of the Facility.

Prepayment on Change of Control

- 3.2 Upon the occurrence of a Change of Control, the Facility will become immediately due and payable, in full and the Borrower shall pay to the Lender in respect thereof, an amount equal to the outstanding balance of the Facility, all accrued but unpaid interest hereon and all costs and charges payable hereunder.

**ARTICLE 4
SECURITY**

Security Documents

- 4.1 To secure the due payment of all Indebtedness of the Borrower to the Lender in respect of the Facility and the payment and performance of all other obligations, indebtedness and liabilities of the Borrower to the Lender hereunder and under the other Facility Documents, the Borrower shall execute and deliver the Security Documents to the Lender.

Registration of the Security

- 4.2 The Lender shall at the Borrower's expense, register, file, record and give notice of (or cause to be registered, filed, recorded and given notice of) the Security Documents in all offices where such registration, filing, recording or giving notice is necessary or desirable for the perfection of the Security Interest constituted thereby and to ensure that such Security Interest is first ranking, subject only to the Permitted Encumbrances.

After Acquired Property and Further Assurances

- 4.3 The Borrower shall from time to time, execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as may be reasonably necessary or desirable in the opinion of the Lender or its counsel to ensure that any additional interests in the Secured Assets acquired after the date hereof, are subject to the Security Interests created pursuant to the Security Documents.

**ARTICLE 5
CONDITIONS PRECEDENT**

Conditions Precedent to first Advance

- 5.1 The obligation of the Lender to make the first Advance under this Agreement is subject to and conditional upon the following conditions precedent being satisfied, fulfilled or otherwise met to the satisfaction of the Lender on or before the Closing Date:

- (a) receipt by the Lender of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender and its counsel:
- (i) executed copies of the Facility Documents, including, without limitation, this Agreement and the Security Documents described in Schedule A hereto;
 - (ii) an executed copy of the Investor Agreement;
 - (iii) certificates of good standing or extra-provincial registration, as applicable, for the Borrower from all Relevant Jurisdictions;
 - (iv) a certified copy of the Constatting Documents of the Borrower or confirmation that the publicly available Constatting Documents of the Borrower are true, accurate and current;
 - (v) a certified copy of the directors' resolutions for the Borrower with respect to its authorization, execution and delivery of the Facility Documents (or the Investor Agreement) being delivered in connection herewith;
 - (vi) a certificate of a director or authorized officer of the Borrower certifying the names and the true signatures of the officers authorized to sign the Facility Documents (or the Investor Agreement);
 - (vii) all requisite regulatory and other approvals to the transactions contemplated herein;
 - (viii) releases, discharges and postponements (in registrable form where appropriate) covering all Security Interests or other encumbrances affecting the Secured Assets secured by the Security Documents described in Schedule A hereto which are not Permitted Encumbrances, if any, or an undertaking satisfactory to the Lender to provide such releases, discharges and postponements;
 - (ix) legal opinions of counsel to the Borrower in the Northwest Territories in respect of title of the Borrower to the Project; and
 - (x) in addition to the legal opinions set out in paragraph (ix) above, legal opinions of counsel to the Borrower (or, if applicable, the Lender) in all of the Relevant Jurisdictions;
- (b) receipt by the Lender of the Budget;
- (c) the Lender shall have completed and be satisfied with its financial, business, environmental, tax and other due diligence review of the Borrower and its properties and assets, including without limitation the Lender's review of all feasibility studies, mine plans, leases, licences, permits, pro forma financial statements and all Material Contracts and the net realizable value of the Secured Assets;
- (d) the Lender shall have received all documentation and other information that is required by any regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act;

- (e) the Lender shall have obtained internal investment committee approval to incur the Commitment;
 - (f) evidence that all Security Interests pursuant to the Security Documents described in Schedule A hereto have been (i) duly perfected and registered in all Relevant Jurisdictions and any other relevant jurisdiction as required by the Lender and its counsel or (ii) if the Lender permits, in its sole and absolute discretion, in respect of any Security Interests which are not so perfected and registered, submitted for perfection and registration in all Relevant Jurisdictions and any other relevant jurisdiction as required by the Lender and its counsel;
 - (g) there shall be no other Security Interests whatsoever attaching to the Secured Assets, other than Permitted Encumbrances;
 - (h) all of the representations and warranties of the Borrower contained herein or in any other Facility Document are true and correct on and as of the Closing Date as though made on and as of such date;
 - (i) no Default or Event of Default has occurred and is continuing;
 - (j) the Lender has received payment of all fees and all reimbursable expenses so invoiced in connection with this Agreement in accordance with Section 7.4 hereof, which are payable by the Borrower to the Lender on or prior to the Closing Date;
 - (k) as at the Closing Date, no event or circumstance shall have occurred or exist that could reasonably be expected to have a Material Adverse Effect on the Borrower or a Material Project Adverse Effect, including but not limited to there being no pending or threatened litigation, proceedings or investigations which could reasonably be expected to have a Material Adverse Effect or a Material Project Adverse Effect; and
 - (l) such other conditions precedent as the Lender may reasonably require based on its due diligence review,
- failing which the Lender shall have no further obligation to the Borrower hereunder and the Borrower shall promptly thereafter pay to the Lender all outstanding fees and expenses reasonably incurred by the Lender in connection with this Agreement.

Conditions Precedent to Subsequent Advances

5.2 The obligation of the Lender to make each subsequent Advance under this Agreement is subject to and conditional upon the following conditions precedent being satisfied, fulfilled or otherwise met to the satisfaction of the Lender and its counsel on or before the date on which such subsequent Advance is proposed to be made:

- (a) each of the conditions precedent referred to in Section 5.1 hereof has been and continues to be satisfied;
- (b) all of the notice of borrowing conditions set out in Section 2.2 of this Agreement have been satisfied; and
- (c) no Default or Event of Default has occurred and is continuing.

Waiver

- 5.3 The conditions in Sections 5.1 and 5.2 hereof are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part, with or without conditions, as the Lender may determine in its sole and absolute discretion.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Borrower

- 6.1 The Borrower hereby represents and warrants to the Lender as of the date hereof that:

(a) the Borrower has been duly incorporated and organized under the laws of its jurisdiction of incorporation and is validly existing and is current and up-to-date with all material filings required to be made under the laws of its jurisdiction of incorporation to maintain its corporate existence and has all requisite corporate power to carry on its business as now conducted and to own, lease or operate its property, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;

(b) the Borrower has full power and capacity to enter into each of the Facility Documents and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof, and the Borrower has taken all necessary corporate action to duly authorize the creation, execution, delivery and performance of each of the Facility Documents and to observe and perform the provisions of such Facility Documents in accordance with the provisions thereof;

(c) the Facility Documents will create valid and legally binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to the qualifications that such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, dissolution or other laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered;

(d) the entry into and the performance of its obligations under each Facility Document is in its best interests and for a proper purpose;

(e) none of the execution and delivery of the Facility Documents, the compliance by the Borrower with the provisions of the Facility Documents or the consummation of the transactions contemplated herein, does or will: (i) require the consent, approval, Authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority or other Person, other than final approval of the Exchange in respect of the Facility; (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Borrower is a party or by which it or any of the properties or assets thereof is bound; or (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the articles or by-laws of the Borrower or any resolution passed by the directors (or any committee thereof) or shareholders of the Borrower, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, any arbitrator, stock exchange or securities regulatory authority applicable to the Borrower or any of the properties or assets thereof (including the Exchange), which, in the case of any matter referred to in (ii) or (iii), could reasonably be expected to have a Material Adverse Effect or a Material Project Adverse Effect;

- (f) the outstanding shares of the Borrower are listed and posted for trading on the Exchange;
- (g) except as disclosed in the Disclosure Record, the Borrower does not own, beneficially or of record, or exercise control or direction over, any shares (or other ownership interests) of any Person;
- (h) except as disclosed in the Disclosure Record, no Person has any agreement, option, right or privilege (whether preemptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Borrower;
- (i) the Borrower is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all Applicable Law, rules and regulations of each such jurisdiction;
- (j) the Borrower has conducted and is conducting its business in compliance in all material respects with Applicable Law and possesses all Authorizations issued by the appropriate Governmental Authority necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such Authorizations, and the Borrower has not received any notice of the modification, revocation or cancellation of, any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Authorization (save in respect of any such notice, intention or proceeding which the Borrower is disputing in good faith and pursuant to appropriate proceedings diligently conducted), and a list of all Authorizations in respect of or related to, in any way, the Project is set out on Schedule 6.1(j)A hereto and a list of all pending applications for Authorizations in respect of or related to, in any way, the Project, including a brief description of the status of such pending applications, is set out on Schedule 6.1(j)B hereto;
- (k) the Borrower is a reporting issuer or the equivalent in the Reporting Jurisdictions and is in compliance with its obligations under the Applicable Securities Legislation of such jurisdictions and of the Exchange in all material respects and is not included in any list of defaulting reporting issuers maintained by the securities commission of such jurisdictions;
- (l) no order, ruling of suspending the sale or ceasing the trading in any securities of the Borrower nor prohibiting the sale of such securities has been issued by any securities regulatory authority to and is outstanding against the Borrower or its directors, officers or promoters and no investigations or proceedings for such purposes have been threatened or are pending or contemplated;

- (m) there is not any material change, as defined in the Applicable Securities Legislation, relating to the Borrower, which has not been fully disclosed in accordance with the requirements of the Applicable Securities Legislation and the policies of the Exchange;
- (n) the Borrower has not incurred any Indebtedness or guaranteed the obligations of any Person except in relation to Permitted Indebtedness;
- (o) any and all of the agreements and other documents and instruments pursuant to which the Borrower holds the property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with terms thereof. The Borrower is not in default of any of the provisions of any such agreements, documents or instruments in any material respect, and there has been no material default under any lease, licence or claim pursuant to which the Borrower derives the interests thereof in such property and assets. None of the real properties (or any interest in, or right to earn an interest in, any property) of the Borrower is subject to any right of first refusal or purchase or acquisition right, except as set out in the base metal and precious metal net smelter returns royalties agreement dated May 31, 2013 between Sandstorm Gold Ltd. (as the successor by assignment of Sandstorm Metals & Energy Ltd.) as royalty holder and the Borrower as owner;
- (p) except as qualified by the disclosure therein and except as otherwise permitted herein (including with respect to Permitted Encumbrances), the Borrower is the legal and beneficial owner of the properties, business and assets referred to as being owned by it in the Disclosure Record;
- (q) the Borrower holds either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which the Project or any other property is located, in respect of the ore bodies and minerals located in properties in which it has an interest as described in the Disclosure Record (including the Project) under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Borrower to explore the minerals relating thereto, all such property, leases or claims and all property, leases or claims in which the Borrower has an interest or right have been validly located and recorded in accordance with Applicable Law in all material respects and are valid and subsisting, the Borrower has all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which the Borrower has an interest as described in the Disclosure Record granting the Borrower the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of the rights and interest therein of the Borrower, with only such exceptions as do not materially interfere with the use made by the Borrower of the rights or interests so held and each of the proprietary interests or rights;
- (r) the Borrower owns or has the right to use under license, sub-license or otherwise all material intellectual property used by it in its business, including copyrights, industrial designs, trade marks, trade secrets, know how and proprietary rights, free and clear of any and all encumbrances;
- (s) except for Permitted Indebtedness or Permitted Encumbrances, as applicable, there are no royalty obligations or similar obligations applicable to the properties of the Borrower;

- (t) the Borrower has not approved entering into any agreement in respect of (i) the sale of any property material to the Borrower, or assets or any interest therein or the sale, transfer or other disposition of any property material to the Borrower, or assets or any interest therein currently owned, directly or indirectly, by the Borrower whether by asset sale, transfer of shares or otherwise, in each case outside of the ordinary course of its business; or (ii) any Change of Control;
- (u) no portion of the Disclosure Record contains an untrue statement of a material fact as of the date thereof nor does it omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (v) the consolidated financial statements of the Borrower contained in the Disclosure Record are in accordance with the *Business Corporations Act* (British Columbia), including giving a true and fair view of the consolidated entity's financial position as at the date thereof comply with IFRS, and no adverse material changes in the financial position of the Borrower has taken place since the date thereof;
- (w) the Borrower does not have any material liabilities, fixed or contingent, that are not reflected in the consolidated financial statements of the Borrower contained in the Disclosure Record, in the notes thereto or otherwise disclosed in writing to the Lender;
- (x) the Borrower's auditors are independent chartered accountants and have participant status with the Canadian Public Accountability Board as required under Applicable Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102) between the Borrower and its auditors;
- (y) the Borrower has in all respects complied with all continuous disclosure obligations under Applicable Securities Legislation and the rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred a material adverse change, financial or otherwise, in the assets, liabilities (contingent or otherwise), business, financial condition, capital or prospects of the Borrower and its Subsidiaries (taken as a whole) which has not been publicly disclosed on a non-confidential basis; the information and statements in the Disclosure Record were true and correct at the time such documents were filed and contained no misrepresentation as of the respective dates of such information and statements; the Disclosure Record conformed in all respects to Applicable Securities Legislation at the time such documents were filed and the Borrower has not filed any confidential material change reports which remain confidential as at the date hereof;
- (z) all taxes, duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto due and payable by the Borrower have been paid, except any non-payment that would not reasonably be expected to have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Borrower have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings were, at the time of filing, complete and accurate in all respects and no fact or facts have been omitted therefrom which could make any of them misleading. There are no issues or disputes outstanding with any Governmental Authority respecting any taxes that have been paid, or may be payable, by the Borrower and no examination of any tax return of the Borrower is currently in progress (save in respect of any issue, dispute or examination which the Borrower is disputing in good faith and pursuant to appropriate proceedings diligently conducted);

(aa) except as disclosed publicly by the Borrower in its routine disclosures under Applicable Securities Legislation (i) the Borrower is not in violation of any Environmental Laws including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum by-products (collectively, “**Hazardous Materials**”) or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials; (ii) the Borrower has all material Authorizations required under any applicable Environmental Laws and the Borrower is in material compliance with such Authorizations; (iii) there are no pending or, to the Borrower’s knowledge, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Borrower; and (iv) there are no events or circumstances that could reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Borrower relating to any Environmental Laws, which, in each case in respect of any matter referred to in (i) to (iv), could reasonably be expected to have a Material Adverse Effect;

(bb) the Borrower has been and is continuing to operate its businesses in compliance with all applicable employment laws and there are no legal proceedings nor any threatened legal proceedings, against the Borrower pursuant to any applicable employment laws which in each case could reasonably be expected to have a Material Adverse Effect. There are no outstanding decisions, orders or settlements or pending settlements under any applicable employment laws which place any obligation upon any of the Borrower to do or refrain from doing any act and which could reasonably be expected to have a Material Adverse Effect. The Borrower is up to date in the payment of all material premiums or assessments under applicable workers compensation or other worker safety legislation applicable in the Relevant Jurisdictions, and the Borrower is not subject to any special assessment or penalty under any such legislation which could reasonably be expected to have a Material Adverse Effect;

(cc) the assets of the Borrower and its businesses and operations are insured against loss or damage with insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, such coverage is in full force and effect, and the Borrower has not failed to promptly give any notice of any material claim thereunder. There are no claims by the Borrower under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause;

(dd) the Borrower is not in violation of any material term of its Constating Documents. The Borrower is not in violation of any term or provision of any agreement, indenture or other instrument applicable to it which could reasonably be expected to result in any Material Adverse Effect, and there is no action, suit, proceeding or investigation commenced, pending or threatened which, either in any case or in the aggregate, could reasonably be expected to result in any Material Adverse Effect or which places, or could place, in question the validity or enforceability of this Agreement, or any document or instrument delivered, or to be delivered, by the Borrower pursuant hereto;

(ee) the Borrower is not in default of any material term, covenant or condition under or in respect of any judgment, order, agreement or instrument to which it is a party or to which it or any of the property or assets thereof are subject that could reasonably be expected to have a Material Adverse Effect, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which the Borrower is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which could reasonably be expected to have a Material Adverse Effect;

(ff) the Borrower has not committed any act of bankruptcy nor is it insolvent and the Borrower has not proposed a compromise or arrangement to its creditors generally, has not had a petition or receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceedings to have a receiver appointed for any of its property and has not had any execution or distress become enforceable or become levied upon any of its property;

(gg) there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the Borrower's knowledge, threatened against or adversely affecting the Borrower or to which any of its property or assets is subject, at law or equity, or before or by any Governmental Authority and the Borrower is not subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(hh) to the best of the knowledge of the Borrower, the Borrower and no director, officer, agent, employee or other Person acting on behalf of the Borrower has, in the course of its actions for, or on behalf of, the Borrower (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the *Corruption of Foreign Public Officials Act* (Canada), the US *Foreign Corrupt Practices Act* of 1977 or any other similar laws; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official, employee or other Person;

(ii) the Borrower is not in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC, nor is the Borrower a Sanctioned Person or a Sanctioned Entity nor does it have assets located in Sanctioned Entities, derive revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, or do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or a Sanctioned Entity in violation of any anti-terrorism laws. No proceeds of the Facility will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity; and

(jj) the Borrower does not enjoy immunity from suit or execution in relation to its obligations under any Facility Document.

Acknowledgement

6.2 The Borrower acknowledges that the Lender is relying upon the representations and warranties in this Article 6 in discharging its obligations under this Agreement and that such representations and warranties shall be deemed to be restated in every respect effective on the date each Advance is made.

Survival and Inclusion

6.3 The representations and warranties in this Article 6 will survive the termination of this Agreement. All statements, representations and warranties contained in any other Facility Document or in any instruments delivered by or on behalf of the Borrower or the Lender pursuant to this Agreement or any other Facility Document will be deemed to constitute statements, representations and warranties made by the Borrower to the Lender and vice-versa under this Agreement.

ARTICLE 7 COVENANTS OF THE BORROWER

General Covenants

7.1 While any Facility Indebtedness is outstanding or the Facility remains available to the Borrower, the Borrower covenants with the Lender as follows:

- (a) the Borrower will duly and punctually pay or cause to be paid to the Lender each Amount Payable, on the dates, at the places, in the currency and in the manner mentioned herein, including, without limitation, upon the occurrence of any Event of Default and acceleration by the Lender pursuant to Section 8.2 hereof, the outstanding balance of the Facility;
- (b) the Borrower will at all times maintain its corporate existence, obtain and maintain all Authorizations required or necessary in connection with its business and/or any of the Secured Assets (including the Project) and to carry on and conduct its business in accordance with prudent mining industry standards;
- (c) the Borrower will keep or cause to be kept proper books of account and make or cause to be made therein true and complete entries of all of its dealings and transactions in relation to its business in accordance with IFRS, and at all reasonable times it will furnish or cause to be furnished to the Lender or its duly authorized agent or attorney such information relating to its operations as the Lender may reasonably request and such books of account shall be open for inspection by the Lender or such agent or attorney, upon reasonable prior notice and during regular business hours in the location of the requested information;
- (d) the Borrower will provide the Lender and its representatives or such agent or attorney access to all properties, assets and books and records, upon reasonable prior notice and during regular business hours;
- (e) the Borrower will ensure that each of the Security Documents will at all times constitute valid and perfected first ranking security on all of the Secured Assets, subject only to Permitted Encumbrances, and at all times take all actions necessary or reasonably requested to create, perfect and maintain the Security Interests granted pursuant to the Security Documents as perfected first ranking security over the Secured Assets, subject only to Permitted Encumbrances;

(f) the Borrower will duly and punctually perform and carry out all of the covenants and acts or things to be done by it as provided in this Agreement, the Investor Agreement and each of the Security Documents;

(g) the Borrower will comply in all material respects with all Applicable Law and the Borrower will comply in all material respects with Applicable Securities Legislation;

(h) the Borrower will comply, and conduct its business in such a manner so as to comply, in all material respects with all Applicable Law, the Borrower will comply in all material respects with all Environmental Laws (including without limitation laws relating to the release or threatened release of Hazardous Materials and the manufacture, processing distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials) and Authorizations, and the Borrower will comply in all respects with Applicable Securities Legislation. The Borrower shall promptly, and in any event no later than ten (10) Business Days after the Borrower obtains knowledge thereof, deliver written notice to the Lender of the occurrence of: (i) any material environmental accident or spill affecting the Project; or (ii) any other condition, event or circumstance that results in non-compliance by the Borrower at the Project with any Environmental Laws or Authorizations in any material respect;

(i) the Borrower will: (i) maintain policies of insurance with carriers and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower operates, and add and maintain the Lender as first loss payee and a named insured under all such policies to the extent of its interest; and (ii) on an annual basis, or on some other basis as agreed with the Lender from time to time, deliver to the Lender all certificates and reports prepared in connection with such insurance;

(j) the Borrower will immediately notify the Lender in writing upon becoming aware of any Default or any material suit, proceeding or governmental investigation pending or, to the Borrower's knowledge, threatened or any notification of any challenge to the validity of any Authorization, relating to the Borrower which could reasonably be expected to have a Material Adverse Effect or relating to any of the Secured Assets;

(k) the Borrower will maintain or cause to be maintained the Secured Assets (including the Project) in good condition in accordance with prudent mining industry standards (subject to normal wear and tear);

(l) the Borrower will provide the Lender with production records, banking statements and such other information with respect to the Borrower as the Lender may reasonably request;

(m) the Borrower will timely file all tax returns as and when required pursuant to Applicable Law and pay and discharge or cause to be paid and discharged, promptly when due, all taxes, assessments and governmental charges or levies imposed upon it or in respect of any of the Secured Assets or upon the income or profits therefrom except for Permitted Encumbrances as well as all claims of any kind (including claims for labour, materials, supplies and rent) which, if unpaid, might become a lien thereupon; provided however, that the Borrower shall not be required to pay or cause to be paid any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall concurrently be contested in good faith by appropriate proceedings diligently conducted;

- (n) the Borrower will cause all necessary and proper steps to be taken diligently to protect and defend the Secured Assets and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand;
- (o) in respect of each Authorization which is required to be held by the Borrower in connection with the Project: (i) the Borrower will apply for and obtain each such Authorization, as at such time as such Authorization shall be so required by Applicable Law to be held; (ii) the Borrower will, as applicable, on or before the time and in the manner required by Applicable Law for each such Authorization, apply for and procure the renewal of that Authorization, and pay or cause to be paid the renewal fees and other sums required in respect of that Authorization or its renewal within the time allowed and in the manner prescribed by Applicable Law; (iii) the Borrower will, upon request, produce to the Lender each such Authorization and all receipts for payments in relation to each such Authorization; and (iv) the Borrower will comply with all Applicable Law in relation to each such Authorization and otherwise do all things so required of a holder of such Authorization;
- (p) if and to the extent that the Borrower holds or is granted any Security Interests, it will take all steps necessary to ensure that all such Security Interests which it holds are attached, enforceable and continuously perfected under the PPSA (or such similar legislation pursuant to which such Security Interest is granted) until the obligations they secure are satisfied or they are released for value where a failure to take the necessary steps could have a Material Adverse Effect;
- (q) the Borrower will deliver to the Lender in each calendar month a written report regarding the construction and operation of the Project, in the form agreed between the Lender and the Borrower;
- (r) the Borrower will, in addition to any separate rights of the Lender set out in this Agreement or otherwise, permit any representatives designated by the Lender, upon reasonable prior notice and at a reasonable time, once per calendar year, to visit and inspect the Project, to examine and make extracts from its books and records and to discuss its affairs, finances and condition with its directors, officers, management, advisors and consultants, in each case at the cost and expense of the Borrower; and
- (s) the Borrower will promptly provide to the Lender a draft copy of any updates or revisions to the Budget, which updated and revised Budget will, following approval by the Lender and the board of directors of the Borrower, replace the previous Budget.

Negative Covenants of the Borrower

- 7.2 The Borrower hereby covenants and agrees with the Lender that, except with the prior written consent of the Lender, it will not:
- (a) directly or indirectly issue, incur, assume or otherwise become liable for or in respect of any Indebtedness other than Permitted Indebtedness;
 - (b) directly or indirectly create, incur, assume, permit or suffer to exist any Security Interest against any of its assets, including, without limitation, any of the Secured Assets, other than Permitted Encumbrances;

convey, sell, lease, assign, transfer or otherwise dispose of any of the Secured Assets, including its interest in Paragon Minerals Corporation and Messina Minerals Inc., or any other material assets, and procure and ensure that none of its Subsidiaries, including Paragon Minerals Corporation and Messina Minerals Inc., convey, sell, lease, assign, transfer or otherwise dispose of any of their own material assets, in each case other than pursuant to a Permitted Disposal;
 - (c) enter into a Material Contract unless such Material Contract has been reviewed by the Lender and confirmed by it as acceptable;
 - (d) amend, modify, vary or terminate any Material Contract other than in respect of administrative or minor variations;
 - (e) do, allow or suffer any act, matter or thing as a result of which any Authorization in respect of or relating, in any way, to the Project, is or may be surrendered, forfeited, withdrawn, cancelled, refused or rendered void, or whereby it is disqualified permanently or temporarily from receiving or continuing to hold an Authorization or whereby the Project may be disqualified permanently or temporarily from having an Authorization (except where required by Applicable Law or in the ordinary course of business);
 - (f) enter into any scheme for the reconstruction or reorganization of it or for the consolidation, amalgamation, merger or similar transaction of it with or into any other Person, except that the Borrower may consolidate, amalgamate, merge or enter into a similar arrangement with one or more of its Subsidiaries so long as the continuing or surviving entity will enter into such confirmation or assumption agreement with respect to such Facility Document(s) and the Investor Agreement as may be reasonably requested by the Lender;
 - (g) make any prepayment on, purchase, redeem, or otherwise acquire or retire for value, prior to any scheduled final maturity, any Indebtedness other than the Facility Indebtedness or any Permitted Indebtedness in accordance with the terms of any intercreditor, priority, subordination or similar agreement agreed between the Lender and the lender of such Permitted Indebtedness;
 - (h) purchase, redeem, retire, repurchase and cancel or otherwise acquire for cash any securities;
 - (i) make any change to its Constating Documents in a manner that materially adversely affects the position of the Lender or any Security Interest granted to the Lender under the Security Documents;
 - (j) pay out any shareholders loans or other indebtedness to non-arms length parties or enter into any transactions with any non-arm's-length parties other than on commercially reasonable terms;
 - (k)

- (l) declare or provide for any dividends or other payments or distributions based on share capital;
- (m) guarantee the obligations of any other Person, directly or indirectly, other than obligations permitted by this Agreement (including any Permitted Indebtedness);
- (n) enter into or become party or subject to any dissolution, winding-up, reorganization or similar transaction or proceeding;
- (o) engage in the conduct of any business other than the business the Borrower as existing on the date of this Agreement or in businesses reasonably related thereto on a basis consistent with the conduct of such business as conducted on the date of this Agreement; or
- (p) in respect of any dealings or otherwise with any of its Subsidiaries, including Paragon Minerals Corporation and Messina Minerals Inc.:
 - (i) purchase or otherwise acquire additional shares, interests, participations, rights in, or other equivalents of, such Subsidiary's capital or the capital (including any beneficial interest in a trust and any rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing) or make any capital contribution to any such Subsidiary, save as expressly contemplated in the subscription for shares agreement issued on October 1, 2017 by Paragon Minerals Corporation in favour of the Borrower or in the subscription for shares agreement issued on November 1, 2017 by Messina Minerals Inc. in favour of the Borrower (in each case in the form of such agreement as provided to the Lender by the Borrower on or before the date of this Agreement);
 - (ii) purchase or otherwise acquire any bonds, notes, debentures or other debt securities issued by such Subsidiary;
 - (iii) make any loan or cash advance to such Subsidiary;
 - (iv) declare, pay or make, or agree to pay or make, directly or indirectly, any payment (whether in cash or in kind, and whether by way of actual payment, set-off, counterclaim or otherwise):
 - (A) of any principal of or interest or premium on any Indebtedness owing by the Borrower to such Subsidiary; or
 - (B) of any management, consulting or similar fee or any bonus payment or comparable payment, or of any gift or other gratuity, to such Subsidiary; or
 - (v) convey, sell, lease, assign, transfer or otherwise dispose of any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any such Subsidiary except in the ordinary course of business at prices and on terms and conditions not less favourable to the Borrower than could be obtained on an arm's-length basis from unrelated third parties.

Continued Listing

- 7.3 The Borrower shall take all reasonable steps and actions as may be required to maintain the listing and posting for trading of the common shares of the Borrower on the Exchange and to maintain its status as a “reporting issuer”, or the equivalent thereof, not in default of the requirements of the Applicable Securities Legislation in the Reporting Jurisdictions.

Lender’s Fees and Expenses

- 7.4 The Borrower will pay for the Lender’s legal fees (on a solicitor and own client basis) and all other costs, charges and expenses of the Lender (including all due diligence expenses) of and incidental to the preparation, execution and completion of this Agreement and the other Facility Documents, and all amendments thereto, to complete or facilitate this transaction, as contemplated herein, and other reasonable due diligence costs. The Borrower further covenants and agrees to pay all of the Lender’s legal fees (on a solicitor and own client basis) and all other costs, charges and expenses of and incidental to the recovery of all amounts owing hereunder, including but not limited to the enforcement of this Agreement and the other Facility Documents. All amounts will be payable by the Borrower upon demand by the Lender. If not paid within thirty (30) days of demand, all such amounts will be added to and form part of the principal amount of the Facility and shall accrue interest from the date of demand as if such amounts had been advanced by the Lender to the Borrower hereunder on such date.

Continuous Disclosure Obligations and Publicity

- 7.5 The Borrower shall timely file all documents that must be publicly filed or sent to its shareholders pursuant to Applicable Securities Legislation within the time prescribed by such Applicable Securities Legislation and make such documents available as required by such Applicable Securities Legislation within any prescribed time period. If the Borrower is not at any time subject to Applicable Securities Legislation, the Borrower shall provide to the Lender: (i) within 120 days after the end of each fiscal year, copies of its annual report and audited annual financial statements, and (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information required to be provided in quarterly reports by a “reporting issuer” (as such term is defined in such Applicable Securities Legislation) under the Applicable Securities Legislation. Each of such reports will be prepared in accordance with the disclosure requirements of Applicable Securities Legislation.

- 7.6 The Borrower shall, to the extent legally permitted, consult with the Lender in respect of any public announcements concerning the Project, and provide the Lender with a reasonable opportunity to comment on the content thereof, provided that if the Lender does not respond to a request for consultation and comments on any public announcements by the Borrower concerning the Project within 48 hours (excluding days that are not Business Days) or such shorter period of time as the Borrower has determined is necessary in the circumstances, acting reasonably and in good faith, the Borrower may issue the disclosure without the input of the Lender.

Additional Amounts; Tax Gross-Up

- 7.7 The Borrower will, from time to time, promptly pay or make provisions satisfactory to the Lender for the payment of any additional amounts, including taxes and charges which may be imposed on the Borrower by the laws of Canada or any Province or Territory thereof (except income tax or security transfer tax, if any) which shall be payable with respect to the Facility.

7.8 Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Facility Document shall be made free and clear of and without deduction or withholding for any Taxes except as required by Applicable Law. If the Lender is required by Applicable Law to deduct or withhold any Taxes from such payments, then:

- (a) the amount payable by the Borrower shall be increased so that after all such required deductions or withholdings are made (including deductions or withholdings applicable to additional amounts payable under this Section), the Lender receives an amount equal to the amount it would have received had no such deduction or withholding been made; and
- (b) the Lender shall make such deductions or withholdings and pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law.

Further Assurances

7.9 The Borrower shall, from time to time, as may be reasonably required by the Lender, execute and deliver such further and other documents and do all matters and things which are necessary to carry out the intention and provisions of this Agreement.

Lender May Perform Covenants

7.10 If the Borrower shall fail to perform any of its covenants contained in this Agreement or any of the Security Documents, the Lender may, upon becoming aware of such failure, in its discretion, but need not, itself perform any of such covenants capable of being performed by it, but is under no obligation to do so. All reasonable sums so required to be paid in connection with the Lender's performance of any covenant will be paid by the Borrower and all sums so paid shall be payable by the Borrower in accordance with the provisions of Section 7.4 hereof. No such performance by the Lender of any such covenant or payment or expenditure by the Borrower of any sums advanced or borrowed by the Lender pursuant to the foregoing provisions shall be deemed to relieve the Borrower from any default hereunder or its continuing obligations hereunder.

ARTICLE 8 DEFAULT AND ENFORCEMENT

Events of Default

- 8.1 The occurrence of any one or more of the following events shall constitute an “**Event of Default**” hereunder:
- (a) if the Borrower fails to make any payment of any principal amount of the Facility when due;
 - (b) if the Borrower fails to make any payment of interest or any other fees, costs, amounts or charges payable hereunder when due and such failure shall continue unremedied for a period of three (3) Business Days after written notice from the Lender;

- (c) if the Borrower defaults in observing or performing any covenant or condition of this Agreement or any other Facility Document on its part to be observed or performed and, with respect to such covenants or conditions which are capable of being cured, if such default continues for a period of fifteen (15) Business Days after the earlier of knowledge thereof by the Borrower or notice thereof from the Lender;
- (d) if the Company defaults in observing or performing any covenant under the Investor Agreement on its part to be observed or performed and, with respect to such covenants which are capable of being cured, if such default continues for a period of fifteen (15) Business Days after the earlier of knowledge thereof by the Company or notice thereof from the Lender;
- (e) any one or more of the Facility Documents or the Investor Agreement ceases to be in full force and effect or any Security Document ceases to constitute a valid and perfected first priority Security Interest (subject only to Permitted Encumbrances) upon all the Secured Assets it purports to charge or encumber, in favour of the Lender;
- (f) the institution by the Borrower of proceedings to be adjudicated a bankrupt or insolvent or any similar proceedings or the seeking by it of liquidation, reorganization or relief under any applicable federal, provincial, state or other law relating to bankruptcy, insolvency, reorganization or relief of debtors, or the filing by it of any such petition or to the appointment under any such law of a receiver, receiver-manager, liquidator, assignee, trustee or other similar official of the Borrower of all or substantially all of its property, or the making by it of a general assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due;
- (g) any proceedings are commenced by a Person other than the Borrower for the bankruptcy, insolvency, reorganization, winding-up, liquidation or dissolution or any similar proceedings of the Borrower, unless the Borrower in good faith actively and diligently contests such proceedings resulting in a dismissal or stay thereof within thirty (30) days of commencement;
- (h) the entry of a decree or order by a court having jurisdiction adjudging the Borrower a bankrupt or insolvent or approving as properly filed an application or a petition seeking liquidation, reorganization, arrangement or adjustment of or in respect of the Borrower under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or appointing under any such law a receiver, receiver-manager, liquidator, assignee, trustee or other similar official of the Borrower or of all or substantially all of its property, or ordering pursuant to any such law the winding-up or liquidation of its affairs, and, in all such cases, such decree or order continues unvacated and unstayed and in effect for a period of 30 consecutive days;
- (i) this Agreement or any Security Document is claimed by the Borrower to, cease in whole or in any part to be a legal, valid, binding and enforceable obligation of the Borrower;
- (j) this Agreement or any Security Document shall for any reason other than paragraph (i) above, cease in whole or in any part to be a legal, valid, binding and enforceable obligation of the Borrower;

- the Borrower fails to pay the principal of, premium, if any, interest on, or any other amount owing in respect of any of its Indebtedness or obligation which is outstanding in an aggregate principal amount exceeding Cdn. \$250,000 (or the equivalent amount in any other currency) when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace or cure period, if any, specified in the agreement or instrument relating to such Indebtedness or obligation; or any other event occurs or condition exists and continues after the applicable grace or cure period, if any, specified in any agreement or instrument relating to any such Indebtedness or obligation, if its effect is to accelerate such Indebtedness or obligation or any such Indebtedness or obligation shall be declared to be due and payable prior to its stated maturity, in each case in respect of any of its Indebtedness or obligation which is outstanding in an aggregate principal amount exceeding Cdn. \$250,000 (or the equivalent amount in any other currency);
- (k)
- (l) any representation or warranty given by the Borrower in this Agreement or any other Facility Document shall prove to be incorrect or misleading;
- (m) the occurrence or existence of any event or circumstance which has or could reasonably be expected to have a Material Adverse Effect or a Material Project Adverse Effect, in the opinion of the Lender, in its sole discretion;
- (n) any destruction, suspension or abandonment of the Project or any part thereof which destruction, suspension or abandonment causes any material reduction in the valuation thereof or material delay of its development or the achievement of commercial production at the Project;
- (o) final non-appealable judgments or decrees for the payment of money in excess of Cdn. \$250,000 (or the equivalent amount in any other currency) individually are rendered against the Borrower by courts having jurisdiction, and such judgments or decrees have not been paid in full by the Borrower within thirty (30) days after such judgments or decrees have become final non-appealable judgments or decrees;
- (p) any Authorization held by or on behalf of the Borrower with respect to the Project is surrendered, forfeited, withdrawn, cancelled, refused or rendered void, the loss of which constitutes, or could reasonably be expected to constitute, a Material Adverse Event or a Project Material Adverse Effect, as the case may be, or is amended, supplemented, varied or otherwise modified in any respect if such amendment, supplement, variation or modification constitutes, or could reasonably be expected to constitute, a Material Adverse Event or a Project Material Adverse Effect, as the case may be;
- (q) the Borrower is disqualified permanently or temporarily from receiving or continuing to hold an Authorization or whereby the Project may be disqualified permanently or temporarily from having an Authorization, if such disqualification constitutes, or could reasonably be expected to constitute, a Material Adverse Event or a Project Material Adverse Effect, as the case may be; or
- (r) (i) any termination of a Material Contract or any Material Contract becomes unenforceable; (ii) any event of default (howsoever described) or material breach under any Material Contract; or (iii) any Material Contract is assigned without the consent of the Lender, provided that the occurrence of any event set forth in (i) above will not constitute an Event of Default if the Borrower obtains a replacement of such Material Contract, in form and substance satisfactory to the Lender, acting reasonably, including with a replacement party acceptable to the Lender, acting reasonably, that has assumed the corresponding obligations on terms and conditions not less favourable to the Borrower than those existing in the applicable Material Contract within 60 days after the occurrence of the relevant event, and provided further that the occurrence of any event set forth in (ii) above will not constitute an Event of Default if any such event of default or breach has been remedied within the applicable grace period, if any, specified in the applicable Material Contract, or such longer period as is acceptable to the Lender in its discretion.

Acceleration on Default

8.2 If any Event of Default shall occur and be continuing, the Lender may (i) by notice to the Borrower, (A) declare its commitment to advance the Facility or any portion thereof to be terminated, whereupon the same shall forthwith terminate and (B) declare the entire unpaid principal amount of the Facility, all interest accrued and unpaid thereon and all other fees, charges and costs hereunder to be forthwith due and payable, whereupon the principal amount of the Facility, all such accrued interest and all other fees, charges and costs hereunder shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other similar such legislation in other jurisdictions, the result which would otherwise occur only upon giving of notice by the Lender to the Borrower under this Section 8.2, shall occur automatically without the giving of any such notice; and (ii) whether or not the actions referred to in clause (i) have been taken, (X) exercise any or all of the Lender's rights and remedies under the Security Documents, and (Y) proceed to enforce all other rights and remedies available to the Lender under this Agreement, the Security Documents and Applicable Law.

Waiver of Default

8.3 If an Event of Default shall have occurred, the Lender shall have the power to waive any Event of Default hereunder if, in the Lender's opinion, the same shall have been cured or adequate provision made therefor, upon such terms and conditions as the Lender may consider advisable, provided that no delay or omission of the Lender to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein and provided further that no act or omission of the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default hereunder or the rights resulting therefrom.

Enforcement by the Lender

8.4 If an Event of Default shall have occurred, but subject to Section 8.3 hereof:

- the Lender may in its sole discretion proceed to enforce, and to instruct any other Person to enforce, the rights of the Lender by any action, suit, remedy or proceeding authorized or permitted by this Agreement or any of the Security Documents or by law or equity; and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Lender in any bankruptcy, insolvency, winding-up or other judicial proceedings relating to the Borrower; and
- (a)

- (b) no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

Application of Moneys

8.5 Except as otherwise provided herein, any moneys arising from any enforcement hereof or any of the Security Documents or other proceedings against the Borrower pursuant hereto or any of the Security Documents or from any trustee in bankruptcy or liquidation of any of the Borrower, shall be held by the Lender and applied by it, together with any moneys then or thereafter in the hands of the Lender available for the purpose, as follows:

- (a) first, in payment or reimbursement to the Lender of the reasonable remuneration, expenses, disbursements, and advances of the Lender earned, properly incurred or made in the administration or enforcement of this Agreement and the Security Documents or otherwise in relation to this Agreement and any of the Security Documents with interest thereon as herein provided;
- (b) second, in or towards payment of all outstanding principal, interest and fees due under the Facility Documents; and
- (c) third, the surplus (if any) of such moneys shall be paid to the Borrower or as it may direct.

Persons Dealing with Lender

8.6 No Person dealing with the Lender or any of its agents shall be required to enquire whether an Event of Default has occurred, or whether the powers which the Lender is purporting to exercise have become exercisable, or whether any moneys remain due under this Agreement, or to see to the application of any moneys paid to the Lender, and in the absence of fraud on the part of such Person, such dealing shall be deemed to be within the powers hereby conferred and to be valid and effective accordingly.

Lender Appointed Attorney

8.7 The Borrower irrevocably appoints the Lender to be the attorney of the Borrower in the name and on behalf of the Borrower to execute any instruments and do any things which the Borrower ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Agreement and generally to use the name of the Borrower in the exercise of all or any of the powers hereby conferred on the Lender with full powers of substitution and revocation. Such power of attorney, being coupled with an interest, is irrevocable.

Remedies Cumulative

8.8 No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any Security Document or now or hereafter existing by law or by statute.

ARTICLE 9 NOTICES

Notice to the Borrower

- 9.1 Any notice to the Borrower under the provisions of this Agreement or any other Facility Document shall be valid and effective if delivered personally, by courier or by email to or, if given by registered mail, postage prepaid, addressed to, the Borrower at:

Suite 1710, 650 West Georgia Street
PO Box 11644
Vancouver, British Columbia
Canada V6B 4N9
Fax: 604 688 2043

and shall be deemed to have been given on the date of personal delivery, when sent by email or when sent by facsimile transmission if so delivered or sent prior to 5:00 pm (Vancouver time) on a Business Day and otherwise on the next Business Day, or on the fifth (5th) Business Day after such letter has been mailed, as the case may be. The Borrower may from time to time notify the Lender of a change in address which thereafter, until changed by further notice, shall be the address of the Borrower for all purposes of this Agreement.

Notice to the Lender

- 9.2 Any notice to the Lender under the provisions of this Agreement shall be valid and effective if delivered personally, by courier or by facsimile transmission to or, if given by registered mail, postage prepaid, addressed to the Lender at its principal office at:

1400 Sixteenth Street, Suite 200
Denver, Colorado
80202 United States of America
Fax: 720 946 1450

and shall be deemed to have been given on the date of delivery personally or by facsimile transmission if so delivered prior to 5:00 p.m. (Denver time) on a Business Day and otherwise on the next Business Day or on the fifth (5th) Business Day after such letter has been mailed, as the case may be. The Lender may from time to time notify the Borrower of a change in address which thereafter, until changed by further notice, shall be the address of the Lender for all purposes of this Agreement.

Waiver of Notice

- 9.3 Any notice provided for in this Agreement may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

ARTICLE 10 INDEMNITIES

General Indemnity

10.1 The Borrower expressly declares and agrees as follows:

- (a) the Lender, its partners and its and their directors, officers, employees, and agents, and all of their respective representatives, heirs, successors and assigns (collectively the “**Indemnified Parties**”) will at all times be indemnified and saved harmless by the Borrower from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with this Agreement and the other Facility Documents, including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Lender contemplated hereby, legal fees and disbursements on a solicitor and own client basis and all costs and expenses incurred in connection with the enforcement of this indemnity, which the Lender may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Lender and including any act, deed, matter or thing in relation to the registration, perfection, release or discharge of security. The foregoing provisions of this subsection do not apply in any circumstances where any Indemnified Party was grossly negligent or acted with wilful misconduct in relation to their obligations hereunder or otherwise in connection with or under this Agreement and the Facility Documents. This indemnity shall survive the termination of this Agreement or the resignation or termination of the Lender; and
- (b) the Lender may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cable, facsimile or other paper or electronic document reasonably believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.

Environmental Indemnity

10.2 The Borrower hereby indemnifies and holds harmless the Indemnified Parties against any loss, expenses, claim, proceedings, judgment, liability or asserted liability (including strict liability and including costs and expenses of abatement and remediation of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties to third parties for the third parties’ foreseeable and unforeseeable consequential damages) incurred as a result of or in connection with the administration or enforcement of this Agreement or any other Facility Document, including the exercise by the Lender of any rights hereunder or under the Security Documents, which result from or relate, directly or indirectly, to:

- (a) the presence or release of any contaminants, by any means or for any reason, on the Secured Assets, whether or not release or presence of the contaminants was under the control, care or management of the Borrower or of a previous owner, or of a tenant; or
- (b) the breach or alleged breach of any Environmental Laws by the Borrower.

The foregoing provisions of this Section do not apply in any circumstances where any Indemnified Party was grossly negligent or acted with wilful misconduct in relation to their obligations hereunder or otherwise in connection with or under this Agreement and the Facility Documents. For purposes of this Section, “**liability**” shall include (a) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of contaminants, (b) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party, (c) liability of the Indemnified Party for damage suffered by the third party, (d) liability of an Indemnified Party for damage to or impairment of the environment and (e) liability of an Indemnified Party for court costs, expenses of alternative dispute resolution proceedings, and fees and disbursements of expert consultants and legal counsel on a solicitor and client basis.

Currency Indemnity

10.3 If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Facility Document, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due under this Agreement or under any other Facility Document in any currency other than the Judgment Currency (the “**Currency Due**”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose “rate of exchange” means the rate at which the Lender is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice. In the event that there is a change in the rate of exchange prevailing between the Business Day immediately preceding the day on which the judgment is given and the date of receipt by the Lender of the amount due, the Borrower shall, on the date of receipt by the Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Lender on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Lender is the amount then due under this Agreement or such other Facility Document in the Currency Due. If the amount of the Currency Due which the Lender is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Lender harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Facility Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Facility Document or under any judgment or order.

Action by Lender to Protect Interests

10.4 The Lender shall have the power to institute and maintain all and any such actions, suits or proceedings and to take any other action as it may consider necessary or expedient to preserve, protect or enforce its interests.

Waiver of Right to Counsel

10.5 Each of the parties hereto acknowledges, agrees and declares that it:

- (a) has had the assistance of legal counsel in preparing, negotiating and entering into this Agreement and the other Facility Documents;
- (b) has made its own, separate and independent decisions as to how and when to avail itself of such legal assistance; and
- (c) understands the nature and effect of the Facility Documents and that it has no obligation to execute the Facility Documents and hereby acknowledges and declares that it does so freely and voluntarily,

and hereby waives all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with such party's decision to engage or not to engage the assistance of its legal counsel at any time in preparing, negotiating or entering into this Agreement and the other Facility Documents.

ARTICLE 11 MISCELLANEOUS

Amendments and Waivers

11.1 No amendment to any provision of the Facility Documents shall be effective unless it is in writing and has been signed by the Lender and the Borrower, and no waiver of any provision of any Facility Document, or consent to any departure by the Borrower therefrom, shall be effective unless it is in writing and has been signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

No Waiver; Remedies Cumulative

11.2 No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege under any Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under the Facility Documents are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

Survival

11.3 All covenants, agreements, representations and warranties made in any Facility Documents shall, except to the extent otherwise provided therein, survive the execution and delivery of this Agreement and each Advance of the Facility, and shall continue in full force and effect so long as any principal amount of the Facility remains outstanding or any other Obligations remain unpaid or any obligation to perform any other act hereunder or under any other Facility Document remains unsatisfied.

Benefits of Agreement

11.4 The Facility Documents are entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person (other than the Indemnified Persons) shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Facility Document.

Binding Effect; Assignment; Syndication

11.5 This Agreement shall become effective when it shall have been executed by the parties hereto and thereafter shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. The Borrower shall not have the right to assign its rights and obligations hereunder or under the other Facility Documents or any interest herein or therein without the prior written consent of the Lender, which may be withheld in the Lender's sole discretion. The Lender shall have the right to sell, assign, transfer or grant participations in all or any portion of the Lender's interests, rights and obligations hereunder and under the other Facility Documents at any time to any Person, upon notice to, but without the consent of, the Borrower.

11.6 In the event of any sale, assignment or transfer by the Lender of all of its interests, rights and obligations hereunder and under the other Facility Documents, upon notice thereof to the Borrower, the assignee shall be deemed the "Lender" for all purposes of the Facility Documents with respect to the rights and obligations assigned to it, the obligations of the Lender so assigned shall thereupon terminate and the assigning Lender shall be released from all obligations to the Borrower in respect thereof. The Borrower shall, from time to time upon request of the Lender, enter into such amendments to the Facility Documents and execute and deliver such other documents as shall be necessary to effect any such grant or assignment and maintain the perfected security interest created by the Security Documents. The Borrower acknowledges and agrees that the Lender is authorized to disclose to any lender, assignee or participant hereunder and any prospective lender, assignee or participant hereunder any and all financial and other information concerning the Borrower, its properties and assets and the Facility and any other transactions contemplated herein, whether received by the Lender or derivative thereof, in connection with the Lender's credit evaluation, internal reporting, or other activities reasonably incidental to the management or administration of the Facility, including in connection with the enforcement thereof, so long as the recipient thereof agrees not to disclose any confidential, non-public information to any person other than its employees, accountants, legal counsel or other representatives, unless required by law.

Entire Agreement

11.7 The Facility Documents reflect the entire agreement between the parties hereto with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, including but not limited to any term sheet entered into between any of the parties thereto.

Payments Set Aside

11.8 To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada) or other Canadian federal, provincial or foreign liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws, or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

Severability

- 11.9 Whenever possible, each provision of the Facility Documents shall be interpreted in such manner as to be effective and valid under all Applicable Law. If, however, any provision of any of the Facility Documents shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Facility Document, or the validity or effectiveness of such provision in any other jurisdiction.

Counterparts and facsimile

- 11.10 This Agreement may be executed in counterparts and by electronic transmission of an authorized signature and each such counterpart shall be deemed to form part of one and the same document.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf.

The Lender

RESOURCE CAPITAL FUND VI L.P.
By RESOURCE CAPITAL ASSOCIATES VI L.P.,
its General Partner,
By RCA VI GP LTD.,
its General Partner

By: /s/ Catherine J. Boggs
Name: Catherine J. Boggs
Title: General Counsel

The Borrower

CANADIAN ZINC CORPORATION

Per: _____
Authorized Signatory

[signature page to the Credit Agreement]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf.

The Lender

**RESOURCE CAPITAL FUND VI L.P.
By RESOURCE CAPITAL ASSOCIATES VI L.P.,
its General Partner,
By RCA VI GP LTD.,
its General Partner**

By: _____
Name: Catherine J. Boggs
Title: General Counsel

The Borrower

CANADIAN ZINC CORPORATION



Per: _____
Authorized Signatory

[signature page to the Credit Agreement]

SCHEDULE A
SECURITY DOCUMENTS

The Security Documents shall include a mortgage, charge and security agreement of the Borrower (including security over the tenures and mineral rights of the Borrower at the Project), pursuant to which the Borrower shall grant to and in favour of the Lender a first priority security interest over all of its present and after-acquired personal property (including its interests in Paragon Minerals Corporation and Messina Minerals Inc.), subject only to Permitted Encumbrances.

SCHEDULE 6.1(J)

Part A

MV2008D0014 - Minesite Land Use Permit
MV2008L2-0002 - Mine Operations Type "A" Amended Water Licence
MV2008L2-0002 - Security Deposit Receipt
MV2012F0007 - Winter Road Land Use Permit
MV2012L1-0005 - Winter Road Water Licence
MV2008T0012 - Liard Transfer Facility Land Use Permit
Parks Canada - 2012 L001 Winter Road Land Use Permit including Tetcela Transfer Facility
Parks Canada - 2012 W001 Winter Road Water License
MV2001L2-0003 - Mine Site UG Decline Type "B" Water Licence – Amended
MV2012C0008 - UG Decline Land Use Permit – Extension
MV2013C0002 - Exploration Diamond Drilling Land Use Permit
MINING LEASES 2854, 2931, 2932, 2933, 3313, 3314, 3315, 3338, 5113, 5114, 5115, 5116 issued pursuant to the Northwest Territories Mining Regulations
SURFACE LEASES 95F/10-7-4 and 95F/10-5-5 between Her Majesty the Queen in Right of Canada.

Part B

New LUP MV2014F0013 and associated Class 'B' Water Licence MV2014L8-0006 for Prairie Creek Mine All Season Road Permit submitted to MVLWB April 26, 2014 and now registered under MV2014F0013 was subsequently referred to EA1415- 01[2014] under the MVRB: *On September 12, 2017, the Mackenzie Valley Environmental Impact Review Board ("MVRB" or the "Review Board") recommended approval of Canadian Zinc's Prairie Creek all season road project for the Prairie Creek Mine, issued its Report of Environmental Assessment and Reasons for Decision (the "EA Report") and submitted the Report to the Federal Minister of Crown-Indigenous Relations and Northern Affairs. The Review Board recommends the approval of the Prairie Creek all season road be made subject to implementation of the measures described in the Report, which it considers are necessary to prevent significant adverse impacts on the environment and local people.*

The EA Report was forwarded to the Federal Minister of Crown-Indigenous Relations and Northern Affairs, on September 12, 2017 with a recommendation that the development be approved, subject to the measures described in the Report. The Mackenzie Valley Resource Management Act provides that after considering the report of an environmental assessment, the federal Minister and the responsible ministers to whom the report was distributed may agree to adopt the recommendation or refer it back to the Review Board for further consideration or, after consulting the Review Board, adopt the recommendation with modifications, or reject it and order an environmental impact review of the proposal. Under the Act, the Minister is required to distribute a decision within five months of receipt of the report.

The regulatory phase, conducted by the Mackenzie Valley Land and Water Board with input from territorial and federal agencies, is the next permitting stage in which the road permit is issued by the Water Board and by Parks Canada. This permit is expected to include the recommended measures included in the EA Report.

Application to Mackenzie Valley Land and Water Board, November 13,2017, for an Extension of Mine Operations Type A Water Licence MV2008L2-0002, Prairie Creek Mine; *currently under review.*

Application to the Mackenzie Valley Land and Water Board, November 13,2017, for an amendment to change zinc limits in Exploration Water Licence MV2001L2-0003, Prairie Creek Mine. : CZN received an Information Request from MVLWB dated November 17, 2017 and subsequent email of November 24, 2017 to which CZN submitted information on December 5, 2017. *Currently under review.*

Application to the Mackenzie Valley Land and Water Board, November 13, 2017, for an Extension of Winter Road Land Use Permit MV2012F007, Prairie Creek Mine: *MVLWB distributed to parties for comments and CZN submitting comments by December 20, 2017.*

December 5, 2017 Email request to Parks Canada requesting direction about how to proceed with a Winter Road 2 year extension to 2012 L001 LUP and 2012 W001 Water licence: *currently under discussion.*

INVESTOR AGREEMENT

THIS AGREEMENT made as of the 21st day of December, 2017

BETWEEN:

CANADIAN ZINC CORPORATION, a corporation organized and existing under the laws of British Columbia
(hereinafter referred to as the “**Company**”)

AND:

RESOURCE CAPITAL FUND VI L.P.
(hereinafter referred to as the “**Investor**”)

WHEREAS the Investor holds 51,630,000 common shares of the Company, representing approximately 19.4% of its issued and outstanding shares.

AND WHEREAS the Investor has agreed to establish a U.S. \$10,000,000 senior secured bridge credit facility pursuant to a credit agreement dated on or about the date of this Agreement between the Company as borrower and the Investor as lender (the “**Credit Agreement**”).

AND WHEREAS the Investor has requested the exclusive right, in priority to any other potential financiers, to propose a preferential offer of financing in respect of the construction and development of the Project and the Company has agreed to grant the Investor certain rights in respect of potential financings of the Company and certain oversight rights in respect of the management and affairs of the Company, on the terms and conditions herein set forth.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the parties, the parties agree as follows:

1. **Definitions and Interpretation**

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

“**Affiliate**” has the meaning given thereto in the Securities Act;

“**Applicable Law**” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

“**Board**” means the board of directors of the Company, as duly appointed from time to time;

“**Business Day**” means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Denver, Colorado or Vancouver, British Columbia;

“**Director**” means a director of the Company for the time being and reference to action by the Directors means action by the directors as a board or action by a committee of the Board as a committee;

“**Equity Financing**” means any proposed issuance of Equity Securities, directly or indirectly, for cash or cash equivalents, by the Company after the date of this Agreement;

“**Equity Securities**” means, with respect to the Company, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, the Company’s capital, whether outstanding on the date hereof or issued after the date hereof, including any rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing;

“**Exchange**” means the Toronto Stock Exchange and each successor thereto;

“**Governmental Authority**” means each national, state, provincial, county, municipal or other such governmental or public authority, including their authorized administrative bodies, courts, tribunals, commissions and agents, which have legal jurisdiction over a Person or a matter relevant to this Agreement;

“**Investor’s Percentage**” means the percentage calculated by multiplying 100 by a fraction, the numerator of which is the total amount of the outstanding common shares of the Company held by the Investor, its Affiliates and its Related Parties, and the denominator of which is the total outstanding common shares of the Company;

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, or corporation with or without share capital, body corporate, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or Governmental Authority or entity, however designated or constituted;

“**Project**” means the Prairie Creek advanced-staged zinc-lead-silver mine of the Company located in the Northwest Territories of Canada;

“**Project Financing**” means indebtedness or other financing in respect of the construction, development or improvement of the Project;

“**Related Party**” means, with respect to the Investor, any fund or Person that is a direct or indirect investor in the Investor or its Affiliates, any Person that is managed by the same investment advisor(s) as the Investor or its Affiliates, any trust of which the Investor or any of its Affiliates is a trustee, any partnership of which the Investor or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, the Investor or any of its Affiliates;

“**Securities Act**” means the *Securities Act* (British Columbia); and

“**Subsidiary**” has the meaning attributed to such term in the *Business Corporations Act* (British Columbia).

2. **Headings**

The division of this Agreement into articles, sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

3. **Representations and Warranties of the Company**

The Company hereby represents and warrants to the Investor as of the date hereof that:

- (a) *Power and Capacity:* it has full power and capacity to enter into this Agreement and to do all acts and things and execute and deliver all documents as are required hereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof, and it has taken all necessary corporate action to duly authorize the creation, execution, delivery and performance of this Agreement and to observe and perform the provisions of this Agreement in accordance with the provisions hereof;
- (b) *Enforceability:* this Agreement will create valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms;
- (c) *Due Performance:* the entry into and the performance of its obligations under this Agreement is in its best interests and for a proper purpose; and
- (d) *Non-Conflict:* none of the execution and delivery of this Agreement, the compliance by the Company with the provisions of this Agreement or the consummation of the transactions contemplated herein, does or will:
 - (i) require the consent, approval, authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority or other Person;
 - (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company is a party or by which it or any of the properties or assets thereof is bound; or
 - (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the articles or by-laws of the Company or any resolution passed by the directors (or any committee thereof) or shareholders of the Company, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, any arbitrator, stock exchange or securities regulatory authority applicable to the Company or any of the properties or assets thereof.

4. **Exclusivity**

The Company hereby agrees to grant the Investor the exclusive right, in priority to any party other than the Investor (or its Affiliates), for a period of ninety (90) days from the date of this Agreement, to propose, negotiate and enter into an agreement in respect of Project Financing with the Borrower and further agrees not to solicit, negotiate or enter into any agreement, arrangement or understanding in respect of any Project Financing with any party other than the Investor (or its Affiliates) during such ninety (90) day period, provided that the Company may discuss Project Financing during such period with prospective creditors who comprise established commercial lenders considering the provision of indebtedness to the Company in respect of the construction, development or improvement of the Project.

5. Participation by the Investor in Equity Financing

Subject to compliance with Applicable Law, including, if required, the approval of the Exchange, from and after the date of this Agreement and for so long as the Investor's Percentage is at least 10%, the Investor shall have the following rights in respect of any Equity Financing:

- (a) the right, but not the obligation, to participate, on a pro rata basis, in such Equity Financing to the extent required to allow the Investor to maintain the same Investor's Percentage that it possessed immediately prior to the announcement of such Equity Financing such that the Investor does not suffer any equity dilution (the "**Participation Right**"); and
- (b) the right, but not the obligation, to subscribe for any Equity Securities issued in connection with such Equity Financing not taken up by other investors or subscribers to enable the Investor to increase its equity ownership percentage in the Company (the "**Top-up Right**").

If the Company intends or proposes to, or enters into documentation purporting to issue or authorize an Equity Financing, then in each case:

- (i) *Notice of Financing:* the Company shall first provide written notice of such Equity Financing to the Investor, as soon as possible, but in any event on or prior to the earlier of 10 Business Days prior to the expected completion date of such Equity Financing, and the date on which the Company files a preliminary prospectus or other offering document in connection with such Equity Financing, including a detailed summary of the material terms and conditions of such Equity Financing, together with any other information that the Investor may thereafter reasonably request in respect of the same;

- (ii) *Election Right of Investor:* if the Investor wishes to exercise its Participation Right or Top-up Right, as the case may be, the Investor must provide the Company with written notice that it is exercising its Participation Right or its Top-up Right, as the case may be, before the earlier of (A) five (5) Business Days after the date of receipt by the Investor of notice of such Equity Financing from the Company pursuant to paragraph (i) above, and (B) 48 hours after public announcement of such Equity Financing if such Equity Financing is a "bought deal" public offering (or 24 hours in the event that the Investor elects to exercise its Top-up Right and such exercise would require shareholder approval under Applicable Law); failing which, the Investor shall be deemed to have elected not to exercise its rights under this paragraph 5;

- (iii) *Flow-Through Shares:* to the extent that such Equity Financing involves the issuance of common shares in the Company that will be issued as "flow-through shares" (as defined in subsection 66(15) of the *Income Tax Act* (Canada)), at a price per share that reflects a premium associated with a flow-through designation, and the Investor elects to participate in such offering, the Company agrees to negotiate in good faith the price at which such flow-through shares will be issued to the Investor, taking into consideration that any benefits received by a purchaser of flow-through shares will not be received by the Investor;

(iv) *Completion of Equity Financing:* if the Investor notifies the Company of its election to exercise its Participation Right or Top-up Right pursuant to paragraph (ii) above, the Company shall use all commercially reasonable efforts, including, but not limited to, promptly making all required filings with the Exchange or any other applicable securities regulator, commission or authority and paying all fees in connection therewith, to obtain any Exchange or regulatory approvals required in respect of the issuance of Equity Securities to the Investor in respect of such Equity Financing and, subject to Applicable Law, the Company and the Investor shall proceed to complete the purchase and sale of the Equity Securities that are the subject of such Equity Financing, which completion may take place concurrently with and subject to the closing of the issuance of other Equity Securities forming part of the same Equity Financing, provided that the issue price offered to the Investor shall, subject to Applicable Law, be equivalent to the issue price under the Equity Financing. In the case of an Equity Financing that is a “bought deal” public offering, the Equity Securities that the Investor elects to purchase shall be issued to the Investor by the Company in a concurrent private placement with the Investor on the same terms as such wider Equity Financing, subject to Applicable Law;

(v) *Prospectus Offering:* without limitation to any of the rights of the Investors under paragraphs (i) to (iv) above, the Company shall use commercially reasonable efforts to include the Investor’s pro rata entitlement in any such Equity Financing that is a prospectus offering, provided that if the Investor’s pro rata share is not included in such prospectus offering, the Company shall ensure that the Investor is provided with the opportunity to subscribe for such Equity Securities on a private placement basis as soon as reasonably possible thereafter, and in no case later than fifteen (15) Business Days after the closing of the prospectus offering on terms no less favourable as those provided to investors under such Equity Financing. Notwithstanding the foregoing, any Equity Securities subscribed for by the Investor in the case of a public offering that is a “bought deal” shall be issued on a private placement basis on terms no less favourable as those provided to investors under such Equity Financing;

(vi) *Shareholder Approval:* if the Company is required by the Exchange or otherwise to seek shareholder approval for the issuance of Equity Securities to the Investor under such Equity Financing, then the Company may complete that portion of such Equity Financing that the Exchange will then permit without shareholder approval, provided that the Investor subscribes for and is issued at that time the lesser of:

- (A) a pro rata portion of the maximum number of Equity Securities that the Investor wishes to purchase as part of such Equity Financing based on the size of the issuance that the Company is entitled to complete without obtaining shareholder approval; and
- (B) the maximum number of Equity Securities that the Exchange will permit the Company to issue to the Investor as part of such Equity Financing without obtaining shareholder approval,

and the Company shall call and hold a meeting of its shareholders to consider the subscription and issuance of the balance of the Equity Securities in such Equity Financing as soon as reasonably practicable and in any event within sixty (60) days after the date that the Company is advised that it will require shareholder approval. In connection with such meeting of shareholders (or any adjournment or postponement thereof), unless inconsistent with the fiduciary duties of the Board, management of the Company shall recommend in writing that shareholders vote in favour of such equity issuance to the Investor and shall vote their common shares in the Company in respect of which management is granted a discretionary proxy in favour of such equity issuance to the Investor. If shareholder approval for such issuance is obtained, the Company will issue to the Investor the remaining Equity Securities in such Equity Financing on the Business Day following receipt of such shareholder approval. If, however, shareholder approval for the issuance of Equity Securities in such Equity Financing is not obtained at such meeting, the Company shall not issue any such Equity Securities to the Investor; and

- (vii) *Continuing Right of the Company:* if the Investor elects or is deemed to have elected not to exercise its Participation Right or Top-up Right in respect of such Equity Financing then the Company may, at any time within forty-five (45) days of such election (or deemed election), complete such Equity Financing on substantially the same terms and conditions as initially indicated to the Investor by the Company.

For greater certainty and notwithstanding anything to the contrary contained in this Agreement, the participation rights of the Investor under this paragraph 5 or otherwise will not apply to the issuance by the Company of Equity Securities (A) pursuant to the Company's stock option plan or other compensation plans for employees, consultants, officers or directors of the Company and its Affiliates (including the issuance of options, restricted stock, restricted share units, restricted stock units, performance share units, deferred share units and any securities issued on exercise, vesting or settlement thereof), (B) in respect of securities issued or made issuable in connection with bona fide acquisitions by the Company, (C) the conversion or exchange of any Equity Securities of the Company into common shares of the Company, or the exercise of any warrants or other rights to acquire common shares of the Company, or (D) in respect of securities issued or made issuable pursuant to or in connection with a rights offering or similar transaction, in all cases subject to the terms of the Credit Agreement.

6. Participation by the Investor in Debt or Royalty Financing

Without limiting the rights of the Investor under paragraph 4 above, if, at any time while any obligations are outstanding or remains available under the Credit Agreement or while the Investor's Percentage is at least 10%, the Company intends or proposes to issue any convertible debt securities, or enters into documentation purporting to create, incur or assume any Indebtedness (as defined in the Credit Agreement or, if the Credit Agreement is of no force and effect, as imported into this Agreement from the Credit Agreement with the same meaning as set out in the Credit Agreement immediately prior to its termination), including in respect of any Project Financing, or establish, sell, or create any royalty, metal stream or similar arrangement (in each case, other than Permitted Indebtedness (as defined in the Credit Agreement or, if the Credit Agreement is of no force and effect, as imported into this Agreement from the Credit Agreement with the same meaning as set out in the Credit Agreement immediately prior to its termination)) to any Person other than the Investor (any such transaction, a "**Debt or Royalty Financing**"), then in each case:

- (a) *Notice of Financing:* the Company shall promptly provide written notice of such Debt or Royalty Financing, as the case may be, to the Investor, including a detailed summary of the material terms and conditions of such Debt or Royalty Financing, together with any other information that the Investor may thereafter reasonably request in respect of the same;

- Election Right of Investor:* within twenty (20) Business Days of receipt of the notice of the Company contemplated in paragraph (a) above, the Investor may notify the Company that it has elected to participate in such Debt or Royalty Financing, up to an amount equal to the Investor's Percentage in respect of such Debt or Royalty Financing on a pro rata basis, at its sole discretion, and thereafter the Company and the Investor will (and, if applicable, the Company will cause any other applicable Persons to) take steps to promptly complete such Debt or Royalty Financing on terms and conditions acceptable to the Investor but which substantially match the terms of the Debt or Royalty Financing proposed to be entered into by the Company with the other Person, if applicable; failing which, the Investor shall be deemed to have elected not to exercise its rights under this paragraph 6; and
- (b)
- Continuing Right of the Company:* if the Investor does not elect (or is deemed to have not elected) to exercise its right of participation pursuant to paragraph (b) above then the Company may, at any time within sixty (60) days of such election (or such deemed election at the end of the above twenty (20) Business Day period), take steps to complete such Debt or Royalty Financing on substantially the same terms and conditions as initially indicated to the Investor.
- (c)

7. **No Consent or Waiver**

For the avoidance of doubt, in no way shall the determination by the Investor of any offer or right of participation in any Debt or Royalty Financing, or the Investor's rejection or acceptance of the same, constitute a consent by the Investor to the entry into such financing by the Company under or in connection with the Credit Agreement (or any successor agreement thereto or any other financing arrangement involving the Investor and the Company), which consent shall, if required under the Credit Agreement (or any successor agreement thereto or any other financing arrangement involving the Investor and the Company), require a separate process between the Company and the Investor pursuant to the terms thereof, including in respect of any subordination, postponement, priority or inter-creditor terms that may be required with any other Person.

8. **Corporate Oversight by the Investor**

The Company covenants with the Investor as follows:

- Board Nomination:* the Company agrees that, for so long as the Investor's Percentage is at least 10%, the Investor may, at any time and from time to time, at its sole discretion, nominate a Director to the Board ("**Investor's Nominee**") and upon the Investor exercising such nomination right by way of written notice to the Company, provided that such Investor's Nominee is eligible under Applicable Law to serve as a Director and consents in writing to serve as a Director, the Company (including its then-current Directors and officers) shall take all such actions and steps to promptly appoint the Investor's Nominee to the Board, including convening a meeting of the shareholders or directors of the Company, as the case may be, in order to so effect such nomination and appointment. The parties acknowledge that appointees to the Company's Board (including the Investor's Nominee) must be ratified annually by a shareholder vote at the Company's annual general meeting of shareholders, and the Company agrees that its management shall recommend in writing that shareholders vote in favour of the Investor's Nominee and that its management shall vote their common shares in the Company (and their common shares in the Company in respect of which they are granted a discretionary proxy) in favour of the Investor's Nominee in each annual general meeting or special meeting at which directors are proposed to be elected during which the Investor's Percentage is at least 10%;
- (a)

- Technical Committee:* the Company shall, within sixty (60) days of the date of this Agreement, establish a project technical committee consisting of five (5) members, comprising Directors and other individuals and including at least one appointee of the Investor, subject to a committee charter that is acceptable to the Company and the Investor, whose role will be to monitor, at the cost and expense of the Company, permitting, environmental and social matters in respect of the Project as well as review
- (b) the technical and operational development of the Project and its construction (including pursuant to site visits to the Project from time to time and upon appropriate access to management and management information of the Company, as required), which committee will report to the Board and will provide updated, written reports to the Board in respect of the technical and operational development of the Project and its construction, which reports shall be delivered by such technical committee to the Board no less than once per month, unless otherwise agreed by the Company and the Investor;
- Other Committees:* the Company shall, within sixty (60) days of the date of this Agreement, establish both a compensation committee and a nomination committee, each consisting of five (5) members, comprising Directors and including the Investor's Nominee and each subject to a committee charter that is acceptable to the Company and the Investor;
- (c)
- Observer Rights:* in addition to the Director nomination rights of the Investor set out in paragraph (a) above, the Company agrees that, for so long as the Investor's Percentage is at least 10%, the Investor may, from time to time, at its sole discretion, nominate one or more observers to sit in on the general Board meetings of the Company and on any meetings of any technical, social, financial and other committees established by the Board, and such observer(s) shall receive all information and committee documentation provided to the other members of each such committees, provided that if any such observation or disclosure of information or documentation creates a conflict of interest, in the reasonable opinion of the Company or the Investor, then such observer(s) may be excluded from any such meetings or such information or documentation may be withheld from such observer(s), as the case may be. To the extent reasonably considered necessary by the Company, any such observer(s) designated by the Investor shall enter into a confidentiality agreement (in form and substance acceptable to the Company and the Investor, each acting reasonably) and agree to be bound by the Company's disclosure and insider trading policies; and
- (d)
- Board Information:* without limiting or impairing (and in addition to) any other rights of the Investor under this paragraph 8 generally, the Company shall ensure that all information, materials and documentation provided to the Board are concurrently provided to the Investor, provided that the Investor shall hold all such information, including, but not limited to, all of the Company's technical data, work plans and programs, permitting, environmental and social information, and results of the Company's operations, in the strictest confidence and shall protect and safeguard the confidential and proprietary nature thereof by exercising the same degree of care that the Investor exercises over its own confidential information.
- (e)

9. **Further Assurances**

The Company shall (and shall ensure that its Subsidiaries shall) from time to time, as may be reasonably required by the Investor, execute and deliver such further and other documents and do all matters and things which are necessary to carry out the intention and provisions of this Agreement.

10. **Events of Default**

To the extent that the Credit Agreement then remains in force and effect, the Company acknowledges and agrees that a breach of any of the terms of this Agreement shall constitute an Event of Default under (and as defined in) the Credit Agreement, entitling the Investor to all of its rights and remedies thereafter pursuant to the terms of the Credit Agreement. Without limiting the foregoing sentence, upon any breach by the Company of any of its obligations under this Agreement, the Investor may enforce all rights and remedies then available to it under Applicable Law.

11. **Notice to the Company**

Any notice to the Company under the provisions of this Agreement shall be valid and effective if delivered personally, by courier or by email to or, if given by registered mail, postage prepaid, addressed to, the Company at:

Suite 1710, 650 West Georgia Street
PO Box 11644
Vancouver, British Columbia
Canada V6B 4N9
Fax: 604 688 2043

and shall be deemed to have been given on the date of personal delivery, when sent by email or when sent by facsimile transmission if so delivered or sent prior to 5:00 pm (Vancouver time) on a Business Day and otherwise on the next Business Day, or on the fifth (5th) Business Day after such letter has been mailed, as the case may be. The Company may from time to time notify the Investor of a change in address which thereafter, until changed by further notice, shall be the address of the Company for all purposes of this Agreement.

12. **Notice to the Investor**

Any notice to the Investor under the provisions of this Agreement shall be valid and effective if delivered personally, by courier or by facsimile transmission to or, if given by registered mail, postage prepaid, addressed to the Investor at its principal office at:

1400 Sixteenth Street, Suite 200
Denver, Colorado
80202 United States of America
Fax: 720 946 1450

and shall be deemed to have been given on the date of delivery personally or by facsimile transmission if so delivered prior to 5:00 p.m. (Denver time) on a Business Day and otherwise on the next Business Day or on the fifth (5th) Business Day after such letter has been mailed, as the case may be. The Investor may from time to time notify the Company of a change in address which thereafter, until changed by further notice, shall be the address of the Investor for all purposes of this Agreement.

13. **Waiver of Right to Counsel**

Each of the parties hereto acknowledges, agrees and declares that it:

- (a) has had the assistance of legal counsel in preparing, negotiating and entering into this Agreement;
- (b) has made its own, separate and independent decisions as to how and when to avail itself of such legal assistance; and
- (c) understands the nature and effect of this Agreement and that it has no obligation to execute this Agreement and hereby acknowledges and declares that it does so freely and voluntarily,

and hereby waives all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with such party's decision to engage or not to engage the assistance of its legal counsel at any time in preparing, negotiating or entering into this Agreement.

14. **Amendments and Waivers**

No amendment to any provision of this Agreement shall be effective unless it is in writing and has been signed by the Investor and the Company, and no waiver of any provision of this Agreement, or consent to any departure by the Company therefrom, shall be effective unless it is in writing and has been signed by the Investor. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

15. **No Waiver; Remedies Cumulative**

No failure on the part of the Investor to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

16. **Termination**

This Agreement shall continue in full force and effect until the later of:

- (a) the date of the discharge in full of all obligations owing to the Investor under the Credit Agreement; and
- (b) the first date on which the Investor's Percentage is less than 10%.

17. **Binding Effect; Assignment; Syndication**

This Agreement shall become effective when it shall have been executed by the parties hereto and thereafter shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein without the prior written consent of the Investor, which may be withheld in the Investor's sole discretion. The Investor shall not have the right to sell, assign or transfer all or any portion of the Investor's interests, rights and obligations hereunder or any interest herein without the prior written consent of the Company, save that the Investor may sell, assign or transfer all or any portion of its interests, rights and obligations hereunder at any time to any Affiliate or Related Party of the Investor, upon notice to, but without the consent of, the Company; the Company shall, from time to time upon request of the Investor, enter into such amendments to this Agreement and execute and deliver such other documents as shall be necessary to effect any such assignment and the Company acknowledges and agrees that the Investor is authorized to disclose to any permitted assignee or prospective permitted assignee hereunder any and all financial and other information concerning the Company and its assets and any other transactions contemplated herein, whether received by the Investor or derivative thereof, in connection with this Agreement, so long as the recipient thereof agrees not to disclose any confidential, non-public information to any person other than its employees, accountants, legal counsel or other representatives, unless required by Applicable Law.

18. **Governing Law**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. The Company hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of British Columbia in the City of Vancouver and hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any Court of the Province of British Columbia.

19. **Enurement**

This Agreement shall be binding upon and shall enure to the benefit of the Company and the Investor and their respective permitted successors and assigns.

20. **Entire Agreement**

This Agreement reflect the entire agreement between the parties hereto with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, including but not limited to any term sheet entered into between any of the parties thereto.

21. **Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all Applicable Laws. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

22. **Counterparts and facsimile**

This Agreement may be executed in counterparts and by electronic transmission of an authorized signature and each such counterpart shall be deemed to form part of one and the same document.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf.

The Investor

RESOURCE CAPITAL FUND VI L.P.
By RESOURCE CAPITAL ASSOCIATES VI L.P.,
its General Partner,
By RCA VI GP Ltd., CHP
its General Partner

By: /s/ Catherine J. Boggs
Name: Catherine J. Boggs
Title: General Counsel

The Company

CANADIAN ZINC CORPORATION

Per: _____
Authorized Signatory

[signature page to the Investor Agreement]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf.

The Investor

**RESOURCE CAPITAL FUND VI L.P.
By RESOURCE CAPITAL ASSOCIATES VI L.P.,
its General Partner,
By RESOURCE CAPITAL ASSOCIATES VI L.P.,
its General Partner**

By: _____
Name: Catherine J. Boggs
Title: General Counsel

The Company

CANADIAN ZINC CORPORATION



Per: _____
Authorized: Signatory

[signature page to the Investor Agreement]

SUBSCRIPTION AGREEMENT

CANADIAN ZINC CORPORATION

- and -

RCF VI CAD LLC

May 14, 2018

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Schedule F – Form of Legal Opinion



SUBSCRIPTION AGREEMENT

THIS AGREEMENT made the 14 day of May, 2018

BETWEEN:

RCF VI CAD LLC, a Delaware limited liability company

(hereinafter referred to as the “**Investor**”),

- and -

CANADIAN ZINC CORPORATION, a corporation organised and existing under the laws of British Columbia,

(hereinafter referred to as the “**Company**”).

WHEREAS the Company has agreed to issue to the Investor, and the Investor has agreed to purchase from the Company, 100,000,000 units (“**Units**”) of the Company at a subscription price of \$0.20 per Unit for an aggregate purchase price of \$20,000,000 (the “**Purchase Price**”), in reliance upon the representations, warranties and covenants contained herein;

AND WHEREAS each Unit will consist of one common share in the capital of the Company and one-half of one transferable common share purchase warrant. Each whole common share purchase warrant will entitle the Subscriber to purchase an additional common share in the capital of the Company at any time up to December 31, 2018 at a price of \$0.25 per common share (the “**Exercise Price**”);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

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

“**Act**” means the *Business Corporations Act* (British Columbia);

“**Amended and Restated Investor Agreement**” means the amended and restated investor agreement between the Company and the Investor in the form attached as Schedule E, to be entered into on Closing;

“**Applicable Law**” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

“Applicable Securities Legislation” means all applicable securities laws of each of the Reporting Jurisdictions and the respective rules and regulations under such laws together with applicable published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other applicable regulatory instruments of the securities regulatory authorities in any of the Reporting Jurisdictions;

“Authorization” means any consent, order, permit, grant, right, privilege, authorization, approval, registration, filing, resolution, lodgement, agreement, notarization, certificate, judgment, writ, injunction, award, decree, demand, permission, licence, title, mineral right, right of occupancy, approval, authority, concession, lease or exemption from, by or with a Government Authority or from any Person in connection with easements, contractual rights or other related matters;

“Board” means the board of directors of the Company;

“Bridge Loan Agreement” means the credit agreement dated December 21, 2017 between the Company and RCF;

“Bridge Loan Facility” means the loan contemplated by the Bridge Loan Agreement;

“Business Day” means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Denver, Colorado or Vancouver, British Columbia;

“Cash Component” means the Net Proceeds less the outstanding balance due to RCF under the Bridge Loan Agreement (including the principal amount of the Bridge Loan and all accrued interest and fees thereunder as at the Closing Date);

“Change of Control” means the occurrence of any of the following events:

- (a) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as such term is defined in Section 1.1 of Multilateral Instrument 62-104, a regulation of the Securities Act), other than the Company or any Subsidiary of the Company, has acquired beneficial ownership (within the meaning of the Securities Act) of, or the power to exercise control or direction over, or securities convertible into, any Common Shares of the Company, that together with the offeror’s other securities (as such term is defined in Section 1.1 of Multilateral Instrument 62-104, a regulation of the Securities Act) in relation to the Common Shares of the Company, would constitute Common Shares of the Company representing more than 50% of the total voting power attached to all Common Shares of the Company then outstanding;
- (b) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of the Company (1) in which the Company is not the continuing or surviving corporation or (2) pursuant to which any Common Shares of such the Company would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of the Company in which the holders of the Common Shares of the Company immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50% of the Common Shares of the continuing or surviving corporation immediately after such transaction; or
- (c) any Person or group of Persons shall succeed in having a sufficient number of its nominees elected as directors of the board of directors of the Company such that such nominees, when added to any existing directors after such election who was a nominee of or is an Affiliate or related Person of such Person or group of Persons, will constitute a majority of the directors of the board of directors of the Company;

“**Closing**” means the closing of the purchase and sale of the Units;

“**Closing Date**” shall have the meaning set out in Section 5.1;

“**Common Shares**” means the common shares in the capital of the Company;

“**Constituting Documents**” means (i) with respect to a corporation, its articles of incorporation, amalgamation or continuance, or constitution, or other similar documents by which it is established under its governing corporate legislation as a corporation, and its by-laws, if any, and (ii) with respect to any other Person which is an artificial body other than a corporation, the organization and governance documents of such Person; in each case as amended and supplemented from time to time;

“**Disclosure Record**” means all information circulars, prospectuses (including preliminary prospectuses), annual information forms, offering memoranda, financial statements, material change reports and news releases filed and made public by the Company with the Exchange and all securities regulatory authorities in each Reporting Jurisdiction during the 24 months preceding the date hereof;

“**Environmental Laws**” means all federal, provincial, state, municipal, county, local and other laws, statutes, codes, ordinances, by-laws, rules, regulations, policies, guidelines, certificates, approvals, permits, consents, directions, standards, judgments, orders and other Authorizations, as well as common law, civil law and other jurisprudence or authority, in each case, domestic or foreign, having the force of law at any time relating in whole or in part to any Environmental Matters and any permit, order, direction, certificate, approval, consent, registration, licence or other Authorization of any kind held or required to be held in connection with any Environmental Matters;

“**Environmental Matters**” means:

- (a) any condition or substance, heat, energy, sound, vibration, radiation or odour that may affect any component of the earth and its surrounding atmosphere or affect human health or any plant, animal or other living organism; and
- (b) any waste, toxic substance, contaminant or dangerous good or the deposit, release or discharge of any thereof into any component of the earth and its surrounding atmosphere;

“**Estimated Investor Expenses**” means the Investor Expenses estimated by the Investor as of the day immediately prior to Closing;

“**Exchange**” means the Toronto Stock Exchange and each successor thereto;

“**Exercise Price**” shall have the meaning set out in the recitals hereto;

“**Financial Statements**” means the consolidated financial statements of the Company, including the notes thereto, contained in the Disclosure Record.

“**Finder**” means a finder, agent, financial advisor or other Person engaged to find or act as agent on behalf of purchasers of or subscribers for, or proposed purchasers of or subscribers for, securities of the Company or to otherwise identify potential investors in, or lenders to, or any other potential sources of debt, revenue or financial benefit (including, for greater certainty, off-take arrangements) for the Company, in return for compensation including cash and/or securities of the Company;

“**Governmental Authority**” means each national, state, provincial, county, municipal or other such governmental or public authority, including their authorized administrative bodies, courts, tribunals, commissions and agents, which have legal jurisdiction over a Person or a matter relevant to this Agreement;

“**Hazardous Materials**” has the meaning attributed to such term in Section 3.1(bb) hereof;

“**IFRS**” means international financial reporting standards, approved by the International Accounting Standards Board or any successor thereto (“**IASB**”), as at the date on which any calculation or determination is required to be made, provided that, in accordance with such international financial reporting standards, where the IASB includes a recommendation concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financing reporting standard;

“**Indebtedness**” has the meaning given to such term in the Bridge Loan Agreement.

“**Investor Expenses**” means the costs and expenses of the Investor and RCF associated with the purchase of the Units, including (a) the fees and expenses of the Investor’s and RCF’s legal counsel and technical consultants; (b) fees and expenses incurred in connection the Investor’s and RCF’s evaluation of the Company and the Project, and (c) out of pocket expenses incurred by the Investor, and shall include, for greater certainty, any such fees and expenses incurred by the Investor in connection with the Bridge Loan Agreement and related matters which have not been reimbursed prior to the Closing Date;

“**Material Adverse Effect**” means, when used with reference to any event or circumstance, any event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, operations, prospects, operations, assets, liabilities or condition (financial or otherwise) of the Company and its subsidiaries taken as a whole;
- (b) the ability of the Company to perform its obligations when due under this Agreement or any of the other Placement Documents; or
- (c) the validity or enforceability of this Agreement or any other Placement Document;

“**Material Contract**” means any contract to which the Company is a party which contains terms and conditions which, if amended or upon breach, termination, non-renewal or non-performance thereof, could reasonably be expected to have a Material Adverse Effect or a Project Material Adverse Effect, and any contract that relates to the construction, implementation, development, acquisition, expansion or processing of the Project;

“**Net Proceeds**” means the Purchase Price minus the Estimated Investor Expenses;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus and Registration Exemptions*;

“**Offering**” means the issuance and sale of the by the Company of the Securities for the Purchase Price;

“**Offering Jurisdictions**” means the Province of British Columbia and the United States;

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, or corporation with or without share capital, body corporate, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or Governmental Authority or entity, however designated or constituted;

“**Placement Documents**” means this Agreement, the Amended and Restated Investor Agreement and the certificate(s) representing the Warrants;

“**Project**” means the Prairie Creek advanced-staged zinc-lead-silver mine of the Company located adjacent to the Nahanni National Park Reserve in the Northwest Territories of Canada;

“**Project Material Adverse Effect**” means, when used with reference to any event or circumstance, any event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on the development, construction, improvement or process of the Project, including in respect of any infrastructure related to the Project or the access to or egress from the Project;

“**Purchase Price**” shall have the meaning set out in the recitals hereto;

“**RCF**” means Resource Capital Fund VI L.P.;

“**Relevant Jurisdiction**” means, from time to time, any jurisdiction in which the Company has material property or assets, or in which it carries on material business and, for the purposes of this Agreement, includes British Columbia, Canada and the Northwest Territories, Canada;

“**Reporting Jurisdictions**” means all of the jurisdictions in which the Company is a “reporting issuer”;

“**Securities Laws**” means, as applicable, the securities laws, regulations, rules, rulings and orders in the Offering Jurisdictions, the applicable policy statements, notices, blanket rulings, orders and all other regulatory instruments of the securities regulators in the Offering Jurisdictions, and the policies of the Exchange;

“**Securities**” means collectively, the Units, the Shares, the Warrants and the Warrant Shares;

“**Shares**” means the previously unissued Common Shares of the Company forming part of the Units;

“**Taxes**” means all present or future taxes, assessments, rates, levies, imposts, deductions, withholdings, dues, duties, fees and other charges of any nature, including any interest, fines, penalties or other liabilities with respect thereto, imposed, levied, collected, withheld or assessed by any Governmental Authority (of any jurisdiction), and whether disputed or not;

“**Termination Date**” means July 31, 2018;

“**Time of Closing**” means 9:00 a.m. EST (or such later time as the parties hereto agree) on the Closing Date;

“**Units**” shall have the meaning set out in the recitals hereto;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**Warrant Shares**” means the previously unissued Common Shares which will be issued upon the exercise of the Warrants; and

“**Warrants**” means the transferable common share purchase warrants of the Company forming part of the Units, in substantially the form set out in Schedule D hereto, each whole Warrant entitling the Subscriber to purchase a Warrant Share up to December 31, 2018 at a price of \$0.25 per Warrant Share.

1.2 Rules of Construction

In this Agreement:

- (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 an “**Article**”, “**Section**” or “**Schedule**” followed by a number or letter refer to the specified Article or Section of or Schedule to this Agreement;
- (c) 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;
- (d) words importing the singular number only shall include the plural and *vice versa* and words importing the use of any gender shall include all genders;
- (e) the word “**including**” is deemed to mean “including without limitation”;
- (f) the terms “**party**” and the “**parties**” refer to a party or the parties to this Agreement;
- (g) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time;
- (h) any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (i) unless otherwise indicated, all dollar amounts refer to Canadian dollars;
- (j) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (k) whenever any action is required to be taken or period of time is to expire on a day other than a Business Day, such action shall be taken or period shall expire on the next following Business Day.

1.3 Time of Essence

Time shall be of the essence of this Agreement.

1.4 Governing Law and Submission to Jurisdiction

- (a) This Agreement shall be interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.

- (b) Each of the parties irrevocably and unconditionally (i) submits to the nonexclusive jurisdiction of the courts of the Province of British Columbia over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

1.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

1.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided herein.

1.7 Schedules and Appendices

The following Schedules are attached to and form an integral part of this Agreement:

Schedule A	–	Representation Letter
Schedule B	–	Registration and Delivery Instructions
Schedule C	–	Investor Information
Schedule D	–	Form of Warrant Certificate
Schedule E	–	Form of Amended and Restated Investor Agreement
Schedule F	–	Form of Legal Opinion

ARTICLE 2 PURCHASE OF UNITS

2.1 Investment in Company

On the terms and subject to the conditions of this Agreement, the Investor agrees on the date hereof to subscribe for and purchase from the Company, and the Company agrees to issue from treasury and sell to the Investor, the Units for the Purchase Price. The Purchase Price will be satisfied by the Investor on Closing as follows:

- (a) set-off against the outstanding balance due to RCF under the Bridge Loan Agreement (including the principal amount of the Bridge Loan Facility and all accrued interest and fees thereunder as at the Closing Date);
- (b) retention by the Investor of the Estimated Investor's Expenses; and

- (c) payment of the Cash Component by the Investor to the Company at the Time of Closing.

All expenses denominated in U.S. dollars will be converted to Canadian dollars based on the closing day exchange rate published by Bloomberg on the day prior to the date of payment.

2.2 Use of Proceeds

The Company acknowledges and agrees that the Net Proceeds shall be used by the Company to repay the Bridge Loan Facility, including all accrued interest thereunder, which amount shall be deducted by the Investor from the Net Proceeds, and the balance of the Net Proceeds shall be applied to additional engineering and permitting works of the Project and for general working capital.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company hereby represents and warrants to the Investor as of the date hereof that:

- (a) the Company has been duly incorporated and organized under the laws of its jurisdiction of incorporation and is validly existing and is current and up-to-date with all material filings required to be made under the laws of its jurisdiction of incorporation to maintain its corporate existence and has all requisite corporate power to carry on its business as now conducted and to own, lease or operate its property, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;
- (b) the Company has full power and capacity to enter into each of the Placement Documents, to issue the Securities and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof, and the Company has taken all necessary corporate action to duly authorize the creation, execution, delivery and performance of each of the Placement Documents and to observe and perform the provisions of such Placement Documents in accordance with the provisions thereof;
- (c) the Placement Documents will create valid and legally binding obligations of the Company enforceable against the Company in accordance with their respective terms, subject to the qualifications that such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, dissolution or other laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered;
- (d) the entry into and the performance of its obligations under each Placement Document is in its best interests and for a proper purpose;

- except for the approvals contemplated by Section 5.2(h), none of the execution and delivery of the Placement Documents, the compliance by the Company with the provisions of the Placement Documents, the issue and sale of the Units by the Company or the consummation of the transactions contemplated herein, does or will: (i) require the consent, approval, Authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority or other Person, except for filing required by applicable securities laws and the filings required by, and the approval of, the Exchange; (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company is a party or by which it or any of the properties or assets thereof is bound; or (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the articles or by-laws of the Company or any resolution passed by the directors (or any committee thereof) or shareholders of the Company, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, any arbitrator, stock exchange or securities regulatory authority applicable to the Company or any of the properties or assets thereof (including the Exchange), which, in the case of any matter referred to in (ii) or (iii), could reasonably be expected to have a Material Adverse Effect or a Material Project Adverse Effect;
- (e) the outstanding shares of the Company are listed and posted for trading on the Exchange;
- (f) except as disclosed in the Disclosure Record, the Company does not own, beneficially or of record, or exercise control or direction over, any shares (or other ownership interests) of any Person;
- (g) the authorized share structure of the Company consists of an unlimited number of Common Shares of which 266,111,543 Common Shares are issued and outstanding as at the date of this Agreement;
- (h) except as disclosed in the Disclosure Record, no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Company;
- (i) the Company is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all Applicable Law, rules and regulations of each such jurisdiction;
- (j) except as disclosed in the Disclosure Record, the Company has conducted and is conducting its business in compliance in all material respects with Applicable Law and possesses all Authorizations issued by the appropriate Governmental Authority necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such Authorizations, and the Company has not received any notice of the modification, revocation or cancellation of, any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Authorization (save in respect of any such notice, intention or proceeding which the Company is disputing in good faith and pursuant to appropriate proceedings diligently conducted);
- (k) the Company is a reporting issuer or the equivalent in the Reporting Jurisdictions and is in compliance with its obligations under the Applicable Securities Legislation of such jurisdictions and of the Exchange in all material respects and is not included in any list of defaulting reporting issuers maintained by the securities commission of such jurisdictions;
- (l) no order, ruling of suspending the sale or ceasing the trading in any securities of the Company nor prohibiting the sale of such securities has been issued by any securities regulatory authority to and is outstanding against the Company or its directors, officers or promoters and no investigations or proceedings for such purposes have been threatened or are pending or contemplated;
- (m)

- (n) there is not any material change, as defined in the Applicable Securities Legislation, relating to the Company, which has not been fully disclosed in accordance with the requirements of the Applicable Securities Legislation and the policies of the Exchange;
- (o) the Company has not incurred any Indebtedness or guaranteed the obligations of any Person except as disclosed in its most recent annual and quarterly Financial Statements;
- (p) any and all of the agreements and other documents and instruments pursuant to which the Company holds the property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with terms thereof. The Company is not in default of any of the provisions of any such agreements, documents or instruments in any material respect, and there has been no material default under any lease, licence or claim pursuant to which the Company derives the interests thereof in such property and assets. None of the real properties (or any interest in, or right to earn an interest in, any property) of the Company is subject to any right of first refusal or purchase or acquisition right, except as set out in the base metal and precious metal net smelter returns royalties agreement dated May 31, 2013 between Sandstorm Gold Ltd. (as the successor by assignment of Sandstorm Metals & Energy Ltd.) as royalty holder and the Company as owner;
- (q) except as qualified by the Disclosure Record, the Company is the legal and beneficial owner of the properties, business and assets referred to as being owned by it in the Disclosure Record;
- (r) the Company holds either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which the Project or any other property is located, in respect of the ore bodies and minerals located in properties in which it has an interest as described in the Disclosure Record (including the Project) under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company to explore the minerals relating thereto, all such property, leases or claims and all property, leases or claims in which the Company has an interest or right have been validly located and recorded in accordance with Applicable Law in all material respects and are valid and subsisting, the Company has all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which the Company has an interest as described in the Disclosure Record granting the Company the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of the rights and interest therein of the Company, with only such exceptions as do not materially interfere with the use made by the Company of the rights or interests so held and each of the proprietary interests or rights;
- (s) the Company owns or has the right to use under license, sub-license or otherwise all material intellectual property used by it in its business, including copyrights, industrial designs, trade marks, trade secrets, know how and proprietary rights, free and clear of any and all encumbrances;
- (t) except as disclosed in the Company's most recent annual and quarterly Financial Statements, there are no royalty obligations or similar obligations applicable to the properties of the Company;

- (u) the Company has not approved entering into any agreement in respect of (i) the sale of any property material to the Company, or assets or any interest therein or the sale, transfer or other disposition of any property material to the Company, or assets or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares or otherwise, in each case outside of the ordinary course of its business; or (ii) any Change of Control;
- (v) no portion of the Disclosure Record contains an untrue statement of a material fact as of the date thereof nor does it omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (w) the Financial Statements are in accordance with the *Business Corporations Act* (British Columbia), including giving a true and fair view of the consolidated entity's financial position as at the date thereof comply with IFRS, and no adverse material changes in the financial position of the Company has taken place since the date thereof;
- (x) the Company does not have any material liabilities, fixed or contingent, that are not reflected in the Financial Statements;
- (y) the Company's auditors are independent chartered accountants and have participant status with the Canadian Public Accountability Board as required under Applicable Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102) between the Company and its auditors;
- (z) the Company has in all respects complied with all continuous disclosure obligations under Applicable Securities Legislation and the rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred a material adverse change, financial or otherwise, in the assets, liabilities (contingent or otherwise), business, financial condition, capital or prospects of the Company and its Subsidiaries (taken as a whole) which has not been publicly disclosed on a non-confidential basis; the information and statements in the Disclosure Record were true and correct at the time such documents were filed and contained no misrepresentation as of the respective dates of such information and statements; the Disclosure Record conformed in all respects to Applicable Securities Legislation at the time such documents were filed and the Company has not filed any confidential material change reports which remain confidential as at the date hereof;
- (aa) except as contained in the Disclosure Record, all Taxes, duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto due and payable by the Company have been paid, except any non-payment that would not reasonably be expected to have a Material Adverse Effect. Except as contained in the Disclosure Record, all tax returns, declarations, remittances and filings required to be filed by the Company have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings were, at the time of filing, complete and accurate in all respects and no fact or facts have been omitted therefrom which could make any of them misleading. Except as contained in the Disclosure Record, there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Company and no examination of any tax return of the Company is currently in progress (save in respect of any issue, dispute or examination which the Company is disputing in good faith and pursuant to appropriate proceedings diligently conducted);

(bb) except as disclosed publicly by the Company in its routine disclosures under Applicable Securities Legislation (i) the Company is not in violation of any Environmental Laws including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum by-products (collectively, “**Hazardous Materials**”) or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials; (ii) the Company has all material Authorizations required under any applicable Environmental Laws and the Company is in material compliance with such Authorizations; (iii) there are no pending or, to the Company’s knowledge, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company; and (iv) there are no events or circumstances that could reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company relating to any Environmental Laws, which, in each case in respect of any matter referred to in (i) to (iv), could reasonably be expected to have a Material Adverse Effect;

(cc) the Company has been and is continuing to operate its businesses in compliance with all applicable employment laws and there are no legal proceedings nor any threatened legal proceedings, against the Company pursuant to any applicable employment laws which in each case could reasonably be expected to have a Material Adverse Effect. There are no outstanding decisions, orders or settlements or pending settlements under any applicable employment laws which place any obligation upon any of the Company to do or refrain from doing any act and which could reasonably be expected to have a Material Adverse Effect. The Company is up to date in the payment of all material premiums or assessments under applicable workers compensation or other worker safety legislation applicable in the Relevant Jurisdictions, and the Company is not subject to any special assessment or penalty under any such legislation which could reasonably be expected to have a Material Adverse Effect;

(dd) the assets of the Company and its businesses and operations are insured against loss or damage with insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, such coverage is in full force and effect, and the Company has not failed to promptly give any notice of any material claim thereunder. There are no claims by the Company under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause;

(ee) the Company is not in violation of any material term of its Constating Documents. The Company is not in violation of any term or provision of any agreement, indenture or other instrument applicable to it which could reasonably be expected to result in any Material Adverse Effect, and there is no action, suit, proceeding or investigation commenced, pending or threatened which, either in any case or in the aggregate, could reasonably be expected to result in any Material Adverse Effect or which places, or could place, in question the validity or enforceability of this Agreement, or any document or instrument delivered, or to be delivered, by the Company pursuant hereto;

(ff) the Company is not in default of any material term, covenant or condition under or in respect of any judgment, order, agreement or instrument to which it is a party or to which it or any of the property or assets thereof are subject that could reasonably be expected to have a Material Adverse Effect, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which the Company is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which could reasonably be expected to have a Material Adverse Effect;

- (gg) the Company has not committed any act of bankruptcy nor is it insolvent and the Company has not proposed a compromise or arrangement to its creditors generally, has not had a petition or receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceedings to have a receiver appointed for any of its property and has not had any execution or distress become enforceable or become levied upon any of its property;
- (hh) there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the Company's knowledge, threatened against or adversely affecting the Company or to which any of its property or assets is subject, at law or equity, or before or by any Governmental Authority and the Company is not subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;
- (ii) to the best of the knowledge of the Company, the Company and no director, officer, agent, employee or other Person acting on behalf of the Company has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Corruption of Foreign Public Officials Act (Canada), the US Foreign Corrupt Practices Act of 1977 or any other similar laws; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official, employee or other Person;
- (jj) the Company is not in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC, nor is the Company a Sanctioned Person or a Sanctioned Entity nor does it have assets located in Sanctioned Entities, derive revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, or do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or a Sanctioned Entity in violation of any anti-terrorism laws. No proceeds of the Offering will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity;
- (kk) the Company has complied with applicable Securities Laws in connection with the offer, sale and issuance of the Securities;
- (ll) all of the Shares to be sold by the Company hereunder have been, or will by the Time of Closing be, upon payment therefore as contemplated in Section 2.1, duly authorized and issued as fully paid and non-assessable Common Shares, and will have been issued in compliance with all applicable Laws and not in violation of or subject to any pre-emptive or similar right that entitles any person to acquire from the Company any Common Shares, or other security of the Company, or any security convertible into, or exercisable for, Common Shares or any other such security;

- (mm) the Warrants have been, or prior to the Closing Date will be, duly and validly authorized and created and will, at the Time of Closing, be validly issued;
- (nn) the Warrant Shares have been, or prior to the Closing Date will be, duly and validly authorized and reserved for issuance and, upon due and valid exercise of the Warrants in accordance with their terms the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares. All Warrant Shares will be issued in compliance with all applicable Laws and not in violation of or subject to any pre-emptive or similar right that entitles any person to acquire from the Company any Common Shares, or other security of the Company, or any security convertible into, or exercisable for, Common Shares or any other such security;
- (oo) the Company is not a party or subject to any agreement or understanding, and to the knowledge of the Company there is no agreement between any shareholders that affects or relates to the voting or control of any of the Company's securities. The Company has not granted any registration rights or similar rights with respect to its securities to any person;
- (pp) other than stock options, compensation units and warrants described in the Disclosure Records and 2,500,000 incentive stock options granted to Don MacDonald, no person has any agreement, option, warrant, right or other security or conversion privilege issued or granted by the Company or any of its Affiliates that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire Common Shares, including pursuant to one or more multiple exercises, conversions and/or exchanges (collectively, "**Convertible Securities**") or to require the Company to purchase, redeem or otherwise acquire any of its issued and outstanding shares, except Warrants to be issued pursuant to the Offering;
- (qq) the technical report for the Project complies in all material respects with the provisions of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;
- (rr) the Company is not a party to any agreement with any broker, Finder or financial or investment advisor in respect of this Agreement and the Company does not and will not owe any compensation, including the issue of securities, to any broker, Finder or financial or investment advisor in respect of this Agreement;
- (ss) as of the date of this Agreement, the Company is a "foreign issuer" as defined (as defined in Regulation S under the U.S. Securities Act"); and
- (tt) the Company has not engaged in any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in connection with the Offering.

3.2 **Representations and Warranties of the Investor**

The Investor represents, warrants and covenants to the Company (and acknowledges that the Company and its counsel, are relying thereon) that both at the date hereof and at the Time of Closing:

- (a) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Company which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Units;

(b) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display and the internet) with respect to the distribution of the Units;

(c) it understands that the Units are being offered for sale only on a “private placement” basis in reliance upon the exemption from registration under the U.S. Securities Act afforded by Section 4(a)(2) thereof and that the sale and delivery of the Units is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or registration statement or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum and, as a consequence (i) the Investor is restricted from using most of the civil remedies available under securities legislation, (ii) the Investor may not receive information that would otherwise be required to be provided to it under securities legislation, and (iii) the Company is relieved from certain obligations that would otherwise apply under securities legislation;

(d) it is purchasing the Units as principal for its own account, not for the benefit of any other Person, for investment only and not with a view to the resale or distribution of all or any of the Securities, it is resident in, was offered the Units in and executed this Agreement in the jurisdiction of Denver, Colorado, and it is an institutional “accredited investor” that meets the requirements set forth in Rule 501(a)1, 2, 3 or 7 of Regulation D under the U.S. Securities Act and has concurrently executed and delivered a Representation Letter in the form attached to this Agreement as Schedule A;

(e) it certifies that it is not resident in any province or territory of Canada and it acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities; and

(ii) there is no government or other insurance covering the Securities; and

(iii) there are risks associated with the purchase of the Securities; and

(iv) there are restrictions on the Investor’s ability to resell the Securities and it is the responsibility of the Investor to find out what those restrictions are and to comply with them before selling the Securities; and

(v) the Company has advised the Investor that the Company is relying on an exemption from the requirements to provide the Investor with a prospectus and to sell securities through a Person registered to sell securities under the *Securities Act* (British Columbia) and other Applicable Securities Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (British Columbia) and other Applicable Securities Legislation, including statutory rights of rescission or damages, will not be available to the Investor; and

- (vi) the certificate representing the Securities will be endorsed with legends stating that the Securities will be subject to restrictions on resale in accordance with Applicable Securities Legislation;
- (f) it undertakes and agrees that it will not resell the Securities, except in accordance with the provisions of Applicable Securities Legislation;
- (g) it pre-existed the offering of the Units and has a *bona fide* business purpose other than the investment in the Units and was not created, formed or established solely or primarily to acquire the Units, or to permit the purchase of the Units without a prospectus, in reliance on an exemption from the prospectus requirements of Applicable Securities Legislation;
- (h) it has the legal capacity to enter into and be bound by this Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting securities or otherwise have been given and obtained;
- (i) the entering into of this Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Investor, or if the Investor is not a natural Person, any of such Person's constating documents, or any agreement to which such Person is a party or by which it is bound;
- (j) this Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Investor;
- (k) it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Securities and is able to, and agrees to, bear the economic risk of loss of its investment;
- (l) no Person has made to the Investor any written or oral representations (i) that any Person will resell or repurchase the Securities (except in accordance with the articles of the Company), or (ii) that any Person will refund the purchase price of the Securities, or (iii) as to the future price or value of the Securities;
- (m) the Purchase Price which will be advanced by the Investor to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLA") and the Investor acknowledges that the Company may in the future be required by law to disclose the Investor's name and other information relating to this Agreement and the Investor's subscription hereunder, on a confidential basis, pursuant to the PCMLA; and to the best of its knowledge (i) none of the subscription funds to be provided by the Investor (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or (B) are being tendered on behalf of a Person or entity who has not been identified to the Investor, and (ii) it shall promptly notify the Company if the Investor discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith;
- (n) the Investor has been encouraged to obtain independent legal, income tax and investment advice with respect to this subscription for Units and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Investor for purposes of giving representations, warranties and covenants under this Agreement.

3.3 Survival of Representations and Warranties

The representations and warranties of a party herein shall survive the Time of Closing until the date that is 24 months after the Time of Closing, unless *bona fide* notice of a claim that a representation or warranty was incorrect shall have been made in writing before such date, in which case the representation or warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of the claim, notwithstanding any investigation made by or on behalf of the party entitled to rely on such representation or warranty. Notwithstanding the foregoing, a claim for any breach of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation may be made at any time following the date of this Agreement, subject only to applicable limitation periods imposed by applicable Law.

3.4 Legends

The Investor acknowledges that the certificates representing the Shares, the Warrants and, if applicable, the certificates representing the Warrant Shares will bear a legend in substantially the following form and with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 2018” [the date which is four months and one day after the applicable Closing Date will be inserted]

and also acknowledges that the certificates representing the Shares, Warrants and, if applicable, the certificates representing the Warrant Shares may bear a legend in substantially the following form and with the necessary information inserted if required by the policies of the Exchange:

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE [AND FOR THE WARRANTS: AND ANY SECURITIES ISSUED ON THE EXERCISE OF SUCH SECURITIES] MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL ●, 2018.” [the date which is four months and one day after the applicable Closing Date will be inserted]

provided that subsequent to the date which is four months and one day after the Closing Date the certificates representing the Shares or Warrants or, if applicable, the certificates representing the Warrant Shares, may be exchanged for certificates bearing no such legends.

The Investor also acknowledges that it has been advised to consult its own independent legal advisor with respect to the applicable resale restrictions; that it is solely responsible for complying with such restrictions; and that the Company is not responsible for ensuring compliance by the Investor of the applicable resale restrictions.

The Company agrees to take such actions and execute such documents as may be reasonably requested by the Investor or the Company's transfer agent to promptly remove any legends in accordance with applicable law restricting transferability of the Common Shares placed on share certificates issued in relation to the Offering (if any), subject to and in compliance with applicable securities laws (including U.S. and Canadian securities laws). If a legal opinion is required by the Company's transfer agent for legend removal, the Investor may request that the Company provide such opinion or the Investor may elect to obtain the opinion from counsel of its choosing, reasonably acceptable to the Company, and, in either event, the Company shall pay the reasonable cost of issuing such opinion on the Investor's behalf, the Investor shall provide such supporting documentation for such legal opinion as may be reasonably requested by counsel.

3.5 Material Changes

The Company agrees that if, between the date of this Agreement and the Time of Closing, a material change (actual, anticipated, contemplated or threatened, financial or otherwise), as defined in Applicable Securities Legislation, occurs in respect of the Company, or a change in a material fact occurs of which the Company becomes aware, the Company will as soon as practicable notify the Investor in writing, setting forth the particulars of such change.

ARTICLE 4 INDEMNITY

4.1 General

- The Company agrees to indemnify, defend, and hold harmless, the Investor, RCF and the partners therein, the officers, directors, shareholders, employees and agents of RCF Management L.L.C. (collectively the “**Indemnified Persons**”) from and against any and all losses, claims, demands, damages, liabilities, and other expenses of any kind to which any Indemnified Person may become subject to (collectively “**Claims**”), insofar as such Claims (or actions or other proceedings commenced or threatened in relation thereto) arise out of or in any way relate to or result from any misrepresentation by or wrongful act of the Company in connection with this Agreement, and to reimburse each Indemnified Person for any legal or other expenses incurred in connection with investigating, preparing to defend, or defending against any Claims (whether or not such Indemnified Person is a party to any action or proceeding out of which any such expenses arise). The Company will not, however, be responsible for any Claims that are determined by final and non-appealable judgment or court of competent jurisdiction to have resulted primarily from actions taken or omitted to be taken by such Indemnified Person in bad faith or from such Indemnified Person’s gross negligence, fraud or willful misconduct. The Investor shall not be liable to any person, firm, corporation or other legal entity, including the Company for consequential damages that may be alleged as a result of this Agreement, the activities contemplated herein or by the proposed transactions.
- (a)
- (b) The Investor covenants and agrees that it shall, and shall use reasonable efforts to cause any other Indemnified Person to, co-operate fully with the Company in the investigation and defense of any proceeding arising in connection with the proposed transactions.
- (c) Promptly after receipt of notice of the commencement of any legal proceeding against any Indemnified Person or after receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Company, the Indemnified Person will notify the Company in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Company, will keep the Company advised of the progress thereof and will discuss with the Company all significant actions proposed.
- (d) The Company shall be entitled to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Company notifying the Indemnified Person in writing of its election to assume the defence and retaining counsel, the Company shall not be liable to the indemnified party for any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Company, it will provide copies of all relevant documentation to the Indemnified Person, will keep the Indemnified Person advised of the progress thereof and will discuss with the Indemnified Person all significant actions proposed. Any law firm retained by the Company pursuant to this Section 4.1 is subject to approval by the Investor, acting reasonably.

ARTICLE 5 CLOSING

5.1 Closing

The Closing for the purchase and sale of the Units shall be held at the offices of DuMoulin Black LLP, at the Time of Closing or such other date and time as the parties hereto agree (the “**Closing Date**”).

5.2 Company Closing Deliveries and Investor Conditions

The Investor’s obligation to purchase the Securities at the Time of Closing shall be subject to the following conditions:

(a) Representation; Covenants.

(i) Each of the representations and warranties of the Company contained in this Agreement shall be true and correct as and when made and at and as of the Time of Closing as though such representations and warranties were made at and as of the Time of Closing.

(ii) All covenants, agreements and conditions of the Company contained in this Agreement to be completed prior to the Time of Closing shall have been performed or completed in all material respects by the Company.

(b) Delivery of Opinions.

(i) The Investor shall have received at the Time of Closing a favourable legal opinion dated at Closing, in form and substance satisfactory to the Investor, from Canadian counsel to the Company, addressed to the Investor, as to the laws of Canada and British Columbia which counsel may rely upon as to matters of fact on certificates of the auditors of the Company, government officials, public and stock exchange officials and officers of the Company, with respect to the matters set forth on Schedule F, assuming completion of the Closing.

(ii) The Investor shall have received at the Time of Closing a title opinion dated at Closing, in form and substance satisfactory to the Investor, from counsel to the Company, addressed to the Investor, in respect of the Project.

(c) Delivery of Certificates.

(i) The Investor shall have received at the Time of Closing a certificate dated at Closing, addressed to the Investor and signed by the Company’s Chief Executive Officer, Chief Financial Officer or such other officer of the Company acceptable to the Investor, with respect to the constating documents of the Company, all resolutions of directors relating to this Agreement, the incumbency and specimen signatures of signing officers of the Company.

- (ii) The Investor shall have received at the Time of Closing a certificate dated at Closing, addressed to the Investor and signed on behalf of the Company by the Company's Chief Executive Officer, Chief Financial Officer or such other officer of the Company acceptable to the Investor, certifying for and on behalf of the Company, after having made due inquiry, that:
- A. since the date of this Agreement, that, (A) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs, liabilities (absolute, accrued, contingent or otherwise), capital, operations, financial condition, properties, prospects or assets of the Company, and (B) no transaction has been entered into by the Company which is material to the Company;
 - B. no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Securities, or any other securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, after due inquiry, contemplated or threatened under applicable Securities Laws or by any other regulatory authority;
 - C. the Company has complied with the terms and conditions of this Agreement on its part to be complied with up to and as of the Time of Closing;
 - D. the representations and warranties of the Company contained in this Agreement and in any certificate or other document delivered pursuant to or in connection with this Agreement are accurate in all material respects as of the Time of Closing with the same force and effect as if made at and as of the Time of Closing after giving effect to the transactions contemplated by this Agreement;
 - E. other than as contemplated herein there has been no change in the Company's total issued and outstanding Common Shares, on a non-diluted and fully diluted basis, since the date of this Agreement; and
 - F. such other matters as the Investor may reasonably request.
- (iii) The Company will deliver to the Investor a certificate of status and/or compliance (or the equivalent), where issuable under applicable law, for the Company, dated within one day of Closing.
- (d) Budget Approval.
- (i) Prior to the Time of Closing, the Company shall develop a budget detailing the hard and soft costs associated with the development of the Project and all related improvements through to December 31, 2018, which budget shall have been approved by the Company and the Investor.

(e) Appointment of Chief Executive Officer.

- (i) Prior to the Time of Closing, the Board of Directors of the Company shall have appointed Mr. Robert (Don) MacDonald to the position of President and Chief Executive Officer of the Company.

(f) Amended and Restated Investor Agreement.

- (i) The Company shall deliver to the Investor a copy of the Amended and Restated Investor Agreement duly executed by the Company.

(g) Technical and ESG Committees.

- (i) Prior to the Time of Closing, the Company shall have established and held meetings of the technical committee and the environmental and social governance (“ESG”) committee contemplated in the Amended and Restated Investor Agreement.

(h) Approvals.

- (i) The TSX shall have conditionally approved the transactions contemplated herein, subject only to the delivery of customary post-closing documentation.
- (ii) The shareholders of the Company shall have approved the issuance of the Securities.

(i) ESG and Permitting Review.

- (i) The Company shall have hired consultant(s) acceptable to Investor to perform an ESG and permitting review and analysis of the Project.

5.3 Investor Closing Deliveries

The Investor acknowledges and agrees that the obligations of the Company shall be subject to the following conditions:

(a) Approvals.

- (i) The TSX shall have conditionally approved the transactions contemplated herein, subject only to the delivery of customary post-closing documentation.
- (ii) The shareholders of the Company shall have approved the issuance of the Securities.

(b) Representations; Covenants.

- (i) Each of the representations and warranties made by the Investor herein (including representations and warranties made in any schedule attached hereto, as applicable) shall be accurate in all material respects as of the Time of Closing with the same force and effect as if made at and as of the Time of Closing.
- (ii) All covenants, agreements and conditions of the Investor contained in this Agreement to be completed prior to the Time of Closing shall have been performed or completed in all material respects by the Investor.

- (c) Deliveries. The Investor shall deliver or cause to be delivered to the Company, payment of the Cash Component.
- (d) Discharge of Obligations. Concurrently with the set-off against the outstanding balance due to the Investor under the Bridge Loan Agreement on Closing as described in Section 2.1(a):
 - (i) discharge in full by RCF of all of the obligations owing by the Company to it under and in connection with the Bridge Loan Agreement; and
 - (ii) termination by RCF of the Mortgage, Charge and Security Agreement between the Investor and the Company dated December 20, 2017, and initiation of proceedings by RCF to release and discharge all charges on property charged pursuant to such agreement.

5.4 Termination

In the event that the Closing does not occur on or before the Termination Date as a result of any of the conditions set forth in Section 5.2 not being satisfied by such date, the Investor shall have the right to terminate this Agreement. In the event that the Closing does not occur on or before the Termination Date as a result of any of the conditions set forth in Section 5.3 not being satisfied by such date, the Company shall have the right to terminate this Agreement.

ARTICLE 6 INVESTOR EXPENSES

6.1 Expense Reimbursement

- (a) The Investor shall deliver at the Closing Time an invoice to the Company setting out the Estimated Investor Expenses, and such amount shall be deducted from the Purchase Price.
- (b) The Investor shall, within sixty days of the Closing Date, deliver an itemized invoice to the Company setting out the Investor Expenses actually incurred by the Investor.
- (c) If the Investor Expenses set out in the invoice delivered pursuant to Section 6.1(b) exceed the Estimated Investor Expenses the difference shall be payable by the Company to the Investor in accordance with Section 6.1(e) below.
- (d) If the Estimated Investor Expenses exceed the Investor Expenses set out in the invoice delivered pursuant to Section 6.1(b), the difference shall be payable by the Investor to the Company in accordance with Section 6.1(e) below.
- (e) Any amount payable by the Company or the Investor, as applicable, under this Section 6.1 shall be paid by way of certified cheque or wire transfer in favour of the relevant party within five Business Days after the invoice referred to in Section 6.1(a) has been delivered to the Company.
- (f) In the event that the Closing does not occur on or before the Termination Date as a result of the failure of any of the conditions set forth in Section 5.2 not being satisfied by such date, the Company shall pay to Investor on demand all of the Investor Expenses and such obligation shall survive the termination of this Agreement.

**ARTICLE 7
ADDITIONAL COVENANTS**

7.1 General

The Company hereby covenants and agrees with the Investor as follows:

- (a) the Company will forthwith undertake a broad environmental and permitting review and analysis of the Project with a scope and engagement to be agreed with the Investor, by consultants to be appointed prior to Closing, with a target to be completed by September 30, 2018, and the Company will expand the engagement of necessary consultants to assist in the management of the current and future risks identified by the environmental and permitting review and analysis; and
- (b) the Company will complete a compensation and benefits review in 2018 with a scope and engagement to be agreed with the Investor.

7.2 Survival

The covenants of the Company in this Article 7 shall survive the Closing.

**ARTICLE 8
GENERAL PROVISIONS**

8.1 Notices

- (a) Any notice or other communication that is required or permitted to be given hereunder shall be in writing and shall be validly given if delivered in person (including by courier service) or transmitted by fax as follows:

- (i) in the case of the Investor:

RCF VI CAD LLC
Suite 200, 1400 Sixteenth Street
Denver, Colorado
80202 USA

Attention: Catherine Boggs
Fax Number: (720) 946-1444

- (ii) in the case of the Company:

Canadian Zinc Corporation
650 West Georgia Street, Suite 1710
Vancouver, British Columbia V6B 4N9

Attention: John Kearney
Fax Number: (604) 688-2043

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or if delivery or transmission is made on a Business Day after 5:00 p.m. (Toronto time) at the place of receipt, then on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

- (c) Any party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 8.1.

8.2 Investor Acknowledgement

The Investor acknowledges that this Agreement and the schedules hereto require the Investor to provide certain personal information to the Company. Such information is being collected by the Company for the purposes of completing the Offering, which includes, without limitation, determining the Investor's eligibility to purchase the Units under Applicable Securities Legislation, preparing and registering certificates representing the Units to be issued to the Investor and completing filings required by any stock exchange or securities regulatory authority. The Investor's personal information will be included in closing books prepared in connection with the Offering and may be disclosed by the Company to: (i) stock exchanges and/or securities regulatory authorities (including the OSC and BCSC, as defined below); (ii) the Company's registrar and transfer agent; (iii) Canadian tax authorities; (iv) any of the other parties involved in the Offering, including legal counsel; and (v) other parties subsequent to the Offering, including legal counsel, reviewing closing books prepared in connection with the Offering. By executing this Agreement, the Investor:

- (a) consents to the foregoing collection, use and disclosure of the Investor's personal information;
- (b) consents to the filing of copies or originals of any of the Investor's documents delivered in connection with this Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the Investor's personal information by the Toronto Stock Exchange for the purposes identified by such exchange, from time to time; and

- (c) acknowledges that it has been notified by the Company that the personal information of the Investor required under Form 45-106F1 (i) will be delivered by the Company to the securities regulatory authority or regulator in the local jurisdiction(s), (ii) is being collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of such securities legislation, (iii) will not be placed on the public file of any securities regulatory authority or regulator and (iv) may be made available if freedom of information legislation so requires the securities regulatory authority or regulator to make this information available if requested. The Investor further acknowledge that it has been informed by the Company that, if the Investor has any questions about the collection and use of this information, it may contact the securities regulatory authority or regulator in the local jurisdiction(s) where the report is filed, at the address(es) listed at the end of Form 45-106F1. The address for the BC Securities commission is:

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
1-604-899-6854
1-800-373-6393

8.3 **Further Assurances**

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things as may be required or necessary for the purposes of giving effect to this Agreement.

8.4 **Amendments**

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.5 **Assignment**

No party may assign any of its rights or benefits under this Agreement, or delegate any of its duties or obligations, except with the prior written consent of the other parties; provided that Investor may assign this Agreement to an affiliate for tax purposes.

8.6 **Successors and Assigns**

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective successors or heirs, executors, administrators and other legal personal representatives, and permitted assigns.

8.7 **No Partnership**

Nothing in this Agreement or in the relationship of the parties hereto shall be construed as in any sense creating a partnership among the parties or as giving to any party any of the rights or subjecting any party to any of the creditors of the other parties.

8.8 **Counterparts**

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

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF this Agreement has been executed by the parties.

CANADIAN ZINC CORPORATION

By: /s/ John Kenney
Name: John Kenney
Title: Chairman and Chief Executive

RCF VI CAD LLC

By: /s/ Sherri Croasdale
Name: Sherri Croasdale
Title: President

SCHEDULE A

REPRESENTATION LETTER

TO: CANADIAN ZINC CORPORATION (the “Company”)

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the execution by the undersigned Investor of the Subscription Agreement of which this Representation Letter forms a part, the undersigned Investor hereby represents, warrants, covenants and certifies to the Company that:

1. It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and it is able to bear the economic risk of loss of its entire investment.
2. The Company has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities.
3. It is acquiring the Securities as principal for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Securities.
4. It understands the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States and that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements and that the Securities cannot be resold, pledged or otherwise transferred, directly or indirectly, unless they are registered under the U.S. Securities Act or unless an exemption or exclusion from registration thereunder is available.
5. It satisfies one or more of the categories indicated below **(please place an “X” on the appropriate lines)**:

_____ a bank as defined in section 3(a)(2) of the U.S. Securities Act, or a savings and loan association or other institution as defined in section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the United States Securities Exchange Act of 1934; an insurance company as defined in section 2(13) of the U.S. Securities Act; an investment company registered under the United States Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the United States Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of US\$5,000,000; an employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974 where the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or an employee benefit plan with total assets in excess of US\$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

_____ a private business development company as defined in section 202(a)(22) of the United States Investment Advisers Act of 1940;

/s/SAC _____ an organization described in section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust, a limited liability company or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;

_____ a trust, with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act; or

_____ an entity in which all of the equity owners meet the requirements of at least one of the above categories;

6. It has not purchased the Securities as a result of any form of general solicitation or general advertising (as such terms are used in Regulation D under the U.S. Securities Act), including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, internet, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

7. If it decides to offer, sell, pledge or otherwise transfer any of the Securities, it will not offer, sell, pledge or otherwise transfer any of such Securities, directly or indirectly, unless:

- (a) the transfer is made pursuant to registration of the Securities under the U.S. Securities Act;
- (b) the transfer is to the Company;
- (c) the transfer is made outside the United States in a transaction meeting the requirements of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
- (d) the transfer is made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144 or Rule 144A thereunder, if available, and, in either case, in accordance with any applicable state securities or "blue sky" laws; or
- (e) the Securities are transferred in any other transaction that does not require registration under the U.S. Securities Act or any applicable state securities or "blue sky" laws; and

it has prior to any transfer pursuant to subsection (d) or (e) (and if required by the Company or the registrar and transfer agent for the Securities, subsection (b)) furnished to the Company an opinion of counsel or other evidence reasonably satisfactory to the Company to such effect.

8. Upon the original issuance of the Securities, until such time as it is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, the certificates representing the Securities (and any certificates issued in exchange or substitution for the Securities) will bear a legend, in addition to the legends set out in the Subscription Agreement, in substantially the form as follows:

“THE SECURITIES REPRESENTED HEREBY [*for Warrants, include:* AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CANADIAN ZINC CORPORATION (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, AFTER THE HOLDER HAS, IN THE CASE OF (C)(I) OR (D) ABOVE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

If Investor is eligible to transfer the Securities outside the United States in accordance with Rule 904 of Regulation S, a new certificate, which will constitute “good delivery” in settlement of transactions on Canadian stock exchanges, will be made available to the Investor upon provision by the Investor of a declaration in the form attached as Appendix A or in such other form that is acceptable to the Company, together with any other evidence, which may include a legal opinion reasonably satisfactory in form and substance to the Company, required by the Company or the registrar and transfer agent for the Securities.

If any of the Securities are being sold pursuant to Rule 144 under the U.S. Securities Act, the legend may be removed by delivery to the registrar and transfer agent of an opinion of counsel of recognized standing in form and substance satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

The Company agrees to take such actions and execute such documents as may be reasonably requested by the Investor or the Company’s transfer agent to promptly remove any legends in accordance with applicable law restricting transferability of the Common Shares placed on share certificates issued in relation to the Offering (if any), subject to and in compliance with applicable securities laws (including U.S. and Canadian securities laws). If a legal opinion is required by the Company’s transfer agent for legend removal, the Investor may request that the Company provide such opinion or the Investor may elect to obtain the opinion from counsel of its choosing, reasonably acceptable to the Company, and, in either event, the Company shall pay the reasonable cost of issuing such opinion on the Investor’s behalf, the Investor shall provide such supporting documentation for such legal opinion as may be reasonably requested by counsel.

9. It understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the U.S. Securities and Exchange Commission (the “SEC”) or with any state securities administrator any registration statement in respect of resales of the Securities in the United States.

10. It understands and agrees that there may be material tax consequences to the Investor of an acquisition, holding or disposition of the Securities. The Company gives no opinion and makes no representation with respect to the tax consequences to the Investor under United States, state, local or foreign tax law of the undersigned’s acquisition, holding or disposition of such Securities and the Investor acknowledges that it is solely responsible for determining the tax consequences of its investment. In particular, no determination has been made whether the Company is, or will be, a “passive foreign investment company” within the meaning of Section 1297 of the *United States Internal Revenue Code of 1986*, as amended.

11. It understands and agrees that the financial statements of the Company have been prepared in accordance with Canadian IFRS, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.

12. It consents to the Company making a notation on its records or giving instructions to any transfer agent for the Securities in order to implement the restrictions on transfer set forth and described in this Schedule A.

13. It understands that the Securities are “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and that the U.S. Securities Act and the rules of the SEC provide that the Investor may dispose of the Securities only pursuant to an effective registration statement under the U.S. Securities Act or an exemption or exclusion from registration under the U.S. Securities Act, and the Investor understands that the Company has no obligation to register any of the Securities or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder) or state securities laws. Accordingly, the Investor understands that absent registration, under the rules of the SEC, or a valid exemption therefrom, the Investor may be required to hold the Securities indefinitely. As a consequence, the Investor understands that it must be able to bear the economic risks of the investment in the Securities for an indefinite period of time.

14. It understands and acknowledges that the Company (i) is not obligated to remain a “foreign issuer” (as defined in Regulation S under the U.S. Securities Act; (ii) may not, at the time the Securities are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions that could cause the Company not to be a foreign issuer.

15. It understands that (i) the Company may be deemed to be an issuer that has been at any time previously, or may in the future be deemed to be, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents (a “**Shell Company**”), (ii) if the Company is at any time deemed to be, or to have been at any time previously, a Shell Company, Rule 144 under the 1933 Act may not be available for resales of the Securities, and (iii) the Company is not obligated to make Rule 144 under the 1933 Act available for resales of the Securities;

16. It understands and agrees that the certificates representing the Warrants, and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

“THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE 1933 ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATIONS UNDER THE 1933 ACT.”;

17. it understands and agrees that the Warrants may not be exercised by or on behalf of a “U.S. person” (as that term is defined under Rule 902(k) of Regulation S under the U.S. Securities Act) or a person in the United States unless an exemption is available from the registration requirements of the 1933 Act and the securities laws of all applicable states, and the holder has furnished an opinion of counsel satisfactory to the Company to such effect; provided, however, that the Investor will not be required to furnish an opinion of counsel in connection with its exercise of the Warrants solely for its own account, at a time when it remains an institutional “accredited investor” that meets the requirements set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act;
18. Upon execution of this Schedule A by the undersigned Investor, this Schedule A and Appendix A hereto shall be incorporated into and form a part of the Subscription Agreement to which this Schedule is attached.

Dated: May 14, 2018

RCF VI CAD LLC

Print name of Investor

By: /s/ Sherri Croasdale

Signature

Sherri Croasdale

Print name of Signatory (if different from the Investor)

President

Title

APPENDIX A
TO SCHEDULE "A"

Declaration for removal of legend

To: Computershare Investor Services Inc., as Registrar and Transfer Agent for the Shares of Canadian Zinc Corporation (the "Company").

And To: The Company

The undersigned (a) acknowledges that the sale of the securities of the Company to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "1933 Act") and (b) certifies that (1) the undersigned is not an "affiliate" (as that term is defined in Rule 405 under the 1933 Act) of the Company or acting on behalf of an affiliate of the Company, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was or will be executed in, on or through the facilities of the Toronto Stock Exchange and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" (within the meaning of Rule 902(c) of Regulation S under the 1933 Act) in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities of the Company, (6) the undersigned is not a "distributor" (as that term is defined in Rule 902(d) of Regulation S under the 1933 Act) or an affiliate of a distributor or acting on behalf of any of the foregoing, and (7) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. The undersigned in making such sale has complied with (a) Rule 904(b) of Regulation S and (b) all applicable state securities laws. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Date

X _____
Authorized signatory (if Holder is **not** an individual)

X _____
Signature of individual (if Holder **is** an individual)

Name of authorized signatory (**please print**)

Name of Holder (**please print**)

Official capacity of authorized signatory
(**please print**)

Affirmation by Seller's Broker-Dealer

We have read the foregoing representations of our customer, _____ (the "Seller"), dated _____, with regard to our sale, for such Seller's account, of the _____ shares of common shares, represented by certificate number _____ (the "Shares"), of the Company described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) at the time the buy order was or will be originated, the buyer was outside the United States, or the Seller and any person acting on its behalf reasonably believed that the buyer was outside of the United States or the transaction was or will be executed on or through the facilities of The Toronto Stock Exchange, (C) neither we, nor any person acting on our behalf, engaged in any "directed selling efforts" (within the meaning of Rule 902(c) of Regulation S under the 1933 Act) in connection with the offer and sale of such securities and (D) we have complied with the provisions of Rule 904(b) of Regulation S, if applicable, in connection with the sale of the Shares by the Seller. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Name of Firm

Date

By: _____
Authorized officer

SCHEDULE B

REGISTRATION AND DELIVERY INSTRUCTIONS

Delivery: Please deliver the certificates representing the Units to:

Name

Account reference, if applicable

Contact name

Address, including postal code

Telephone number

2. Registration: The certificates representing the Units which are to be delivered at Closing should be registered as follows:

Name

Account reference, if applicable

Address, including postal code

Words and terms herein with the initial letter or letters thereof capitalized and defined in the Subscription Agreement shall have the meanings given to such capitalized words and terms in the Subscription Agreement.

SCHEDULE C

INVESTOR INFORMATION

Investor's Present Holdings:

The Investor represents that securities of the Company presently owned (beneficially, directly or indirectly) by the Investor or over which the Investor exercises control or direction, are as follows (*please indicate "nil" if you do not currently own or control any securities of the Company*):

Type of Securities Presently Owned	Number or Amount
Common Stock	51,630,000

The Investor represents that the Investor is or is not (check one) an insider of the Company (as defined below).

The Investor represents that the Investor is or is not (check one) a promoter of the Company (as defined below).

The Investor represents that the Investor is or is not (check one) a registrant (as defined below).

"insider" means: (a) a director or an officer of an issuer; (b) a director or an officer of a person that is itself an insider or a subsidiary of an issuer; (c) a person that has (i) beneficial ownership of, or control or direction over, directly or indirectly, or (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution; (d) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; (e) a person designated as an insider in an order made under the *Securities Act* (British Columbia); or (f) a person that is in a prescribed class of persons;

"promoter" means a person who (a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue, but does not include a person who (c) receives securities or proceeds referred to in paragraph (b) solely (i) as underwriting commissions, or (ii) in consideration for property, and (d) does not otherwise take part in founding, organizing or substantially reorganizing the business; and

"registrant" means a person registered or required to be registered under the *Securities Act* (British Columbia).

SCHEDULE D
FORM OF WARRANT CERTIFICATE

SCHEDULE E
FORM OF AMENDED AND RESTATED INVESTOR AGREEMENT

SCHEDULE F

FORM OF LEGAL OPINION

- A. As to the valid existence of each of the Company under the laws of its jurisdiction of incorporation;
- B. as to the authorized and issued capital of the Company;
- C. that the Company has all requisite corporate power and capacity under the laws of its respective jurisdiction of incorporation to (i) carry on its business as presently carried on; (ii) own its property; (iii) issue the Securities; and (iv) carry out the transaction contemplated hereby;
- D. that all necessary corporate action has been taken by the Company to authorize the execution and delivery of the Placement Documents and the performance of its obligations hereunder;
- E. that the Shares have been duly authorized and are validly issued and outstanding as fully paid and non-assessable shares;
- F. that the Warrants have been duly authorized and issued;
- G. that the Warrant Shares have been duly authorized and will, upon exercise of the Warrants in accordance with their terms, be validly issued and outstanding as fully paid and non-assessable shares;
- H. that the execution and delivery of the subscription agreement, the Amended and Restated Investor Agreement and the warrant certificate by the Company, the fulfilment of the terms of the Placement Documents, the issue and sale of the Securities and the consummation of the transactions contemplated by the Placement Documents, do not and will not result in a breach (whether after notice or lapse of time or both) of any statute or regulation of the province of British Columbia, or of the terms, conditions or provisions of the constating documents of the Company;
- I. that the subscription agreement, the Amended and Restated Investor Agreement and warrant certificate have been duly authorized and executed by the Company and constitute a legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with their terms, subject to reasonable opinion qualifications;
- J. that the form and terms of the certificates representing the Shares have been duly approved by the Company and meet all legal requirements under the constating documents of the Company and the Act;
- K. the issue and sale of the Securities by the Company to the Investor is exempt from the prospectus requirements of Securities Laws of British Columbia and no prospectus will be required, no other document will be required to be filed, no proceeding will be required to be taken and no approval, permit, consent, order or authorization of a regulatory authority will be required to be obtained by the Company under Securities Laws of British Columbia in connection with the issue and sale of the Securities to the Investor of such Securities other than the requirement that the Company files within 10 days from the date of issue and sale, a report of the sale prepared and executed in accordance with Securities Laws in British Columbia, together with the payment of prescribed fees in connection therewith; and
- L. the first trade in the Securities, other than a trade which is otherwise exempt under applicable Securities Laws, will be a deemed distribution subject to the prospectus requirements of applicable Securities Laws, unless certain conditions are met.

JOINT FILING AGREEMENT

The undersigned acknowledge and agree that the foregoing Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to such statement shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. This agreement may be included as an exhibit to such joint filing.

Dated: June 25, 2018.

RCA VI GP LTD.

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel

RESOURCE CAPITAL ASSOCIATES VI L.P.

By: RCA VI GP LTD., General Partner

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel

RESOURCE CAPITAL FUND VI L.P.

By: Resource Capital Associates VI L.P., General Partner

By: RCA VI GP Ltd., General Partner

By: /s/ Catherine J. Boggs

Name: Catherine J. Boggs

Title: Vice President and General Counsel
