Execution Version

INVESTOR RIGHTS AGREEMENT

NEW GOLD INC.

- and -

TALISKER RESOURCES LTD.

March 24, 2021

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INVESTOR RIGHTS AGREEMENT

THIS AGREEMENT made the 24th day of March, 2021,

B E T W E E N:

NEW GOLD INC.,
a corporation existing under the *Business Corporations Act* (British Columbia),

(hereinafter referred to as the "**Investor**"),

- and -

TALISKER RESOURCES LTD.,
a corporation existing under the *Business Corporations Act* (Ontario),

(hereinafter referred to as the "**Company**").

WHEREAS the Investor intends to acquire 37,366,932 common shares in the capital of the Company (the "**Purchased Shares**"), representing approximately 14.9% of the issued and outstanding common shares of the Company on a non-diluted basis;

AND WHEREAS the Company and the Investor desire to enter into this Agreement to provide the Investor with certain rights in respect of its security holdings in the Company following the Investor's acquisition of the Purchased Shares, on the terms and subject to the conditions set out herein;

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

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

For the purposes of this Agreement, 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:

"**1% Dilution Trigger**" shall have the meaning set out in Section 3.3(a)(ii);

"**5% Dilution Trigger**" shall have the meaning set out in Section 3.3(a)(ii);

"**Act**" means the *Business Corporations Act* (Ontario);

"**Affiliate**" has the meaning ascribed to such term in the Act, as in effect on the date of this Agreement, provided that, for greater certainty, neither the Company nor any of its subsidiaries is an Affiliate of the Investor or any of its subsidiaries for the purposes of this Agreement;

"**Agreement**" means this investor rights agreement, including all instruments supplementing, amending or confirming this Agreement;

"**Annual Financial Statements**" shall have the meaning set out in Paragraph (i) of Schedule "B";

"**Applicable Laws**" means with respect to any person, any domestic, foreign, federal, provincial, state, county or municipal or local law, rule or regulation, including any statute, regulation, rule or subordinate legislation or treaty or common law and any rule, decree, policy or enactment of any Governmental Authority that is binding or applicable to such Person;

"**Board**" means the board of directors of the Company;

"**Bought Deal**" means an underwritten offering on a bought deal basis pursuant to which one or more underwriters has committed to purchase securities of the Company for resale pursuant to a bid letter, engagement letter or other form of "bought deal" letter prior to the filing of a preliminary prospectus or prospectus supplement or a distribution pursuant to an overnight marketed offering;

"**Business Day**" means any day, other than: (a) a Saturday, Sunday or statutory holiday in the Province of Ontario or (b) a day on which banks are generally closed in the Province of Ontario;

"**Canadian Securities Laws**" means the applicable securities legislation of each of the provinces and territories of Canada and all published regulations, policy statements, orders, rules, instruments, rulings and interpretation notes issued thereunder or in relation thereto, as the same may hereafter be amended from time to time or replaced;

"**Common Shares**" means the common shares in the capital of the Company issued and outstanding from time to time and includes any common shares that may be issued hereafter;

"**Company**" shall have the meaning set out in the preamble hereto;

"**Company Disclosure Letter**" means the disclosure letter of the Company dated as of the date of this Agreement;

"**Company's Financial Statements**" shall have the meaning set out in Paragraph (j) of Schedule "B";

"**Confidentiality Agreement**" means the confidentiality agreement dated as of November 30, 2020 between the Company and the Investor, as further amended varied or supplemented from time to time;

"**Confidential Information**" shall have the meaning set out in Section 8.3;

"**Consents**" means all consents, approvals, permits, licences, waivers of rights of first refusal or waivers of due on sale clauses or other waivers, as applicable, from any party to any contract or any Governmental Authority, in each case, necessary in connection with the execution of this Agreement or the performance of any terms hereof or any document delivered pursuant hereto or the completion of any of the transactions contemplated by this Agreement;

"**Constating Documents**" means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation or continuance, memorandum and articles of association, letters patent, supplementary letters patent, by-laws, partnership agreement, limited liability corporation or social agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trusts, pooling and/or syndicated agreements and similar contracts, arrangements and understandings applicable to the Person's securities, all as amended, supplemented, restated and replaced from time to time;

"**Control Transaction**" means (A) any agreement, arrangement or understanding in respect of a merger, amalgamation, arrangement, asset purchase or other business combination transaction involving the Company or any of its Affiliates, which would, if completed, result in a Person (other than the Investor and its Affilaites) acquiring a majority of the voting securities of the Company or a majority of the assets of the Company; or (B) a Credible Bid;

"**Convertible Securities**" means any security convertible, exchangeable or exercisable for or into, with or without consideration, Common Shares or other equity or voting securities of the Company, including any warrants, options or other rights issued by the Company and, for greater certainty, including any securities issued under any equity incentive compensation arrangements;

"**Credible Bid**" means any take-over bid (including an amended take-over bid) other than a take-over bid that the Board has determined in good faith, after consultation with its financial and legal advisors, that such bid (and each material amendment thereto) is not reasonably capable of being completed in accordance with its terms;

"**Debt Instrument**" means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability;

"**Dilutive Issuance**" shall have the meaning set out in Section 3.3(a)(i);

"**Effective Date**" shall have the meaning set out in Section 1.9;

"**environmental laws**" shall have the meaning set out in Paragraph (x) of Schedule "B";

"**Exchange**" means the TSX or such other stock exchange where the Common Shares are listed from time to time;

"**Excluded Event**" shall have the meaning set out in Section 3.7;

"**Exercise Notice**" shall have the meaning set out in Section 3.4(a);

"**Governmental Authority**" means any: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board, or authority of any of the foregoing; or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including any stock exchange or self-regulatory authority and, for greater certainty, the Securities Regulatory Authorities and the Exchange;

"**IFRS**" shall have the meaning set out in Paragraph (i) of Schedule "B";

"**Investor**" shall have the meaning set out in the preamble hereto;

"**Investor Nominee**" shall have the meaning set out in Section 3.1;

"**Issuance**" shall have the meaning set out in Section 2.1(a);

"**Market Price**" means the "market price" of the Common Shares calculated in accordance with the rules of the TSX, or if the Common Shares are not traded on the TSX at the relevant time, the closing price of the Common Shares on the trading day immediately prior to the date of public announcement of the offering on such other exchange or marketplace as such shares are then traded (or at the "market price" otherwise determined pursuant to the rules of such other exchange or marketplace, if different).

"**Material Adverse Effect**" means the effect resulting from any event or change which is materially adverse to the business, affairs, capital, operations, prospects, Property rights or assets, liabilities (contingent or otherwise) of the Company and the Subsidiary, taken as a whole, or which event or change would reasonably be expected to have a significant negative effect on the market price, value or marketability of the Common Shares;

"**Material Agreement**" means any joint-venture or earn-in agreement, Debt Instrument, mortgage, indenture, contract, commitment, agreement (written or oral), instrument, lease or other document, to which the Company or the Subsidiary is a party and which is material to the Company;

"**Money Laundering Laws**" shall have the meaning set out in Paragraph (ccc) of Schedule "B";

"**NI 43-101**" shall have the meaning set out in Paragraph (vv) of Schedule "B";

"**Notice Period**" shall have the meaning set out in Section 3.4(a);

"**Offered Securities**" means any equity or voting securities, or securities convertible into, exercisable or exchangeable for equity or voting securities, of the Company;

"**Offering**" shall have the meaning set out in Section 3.1;

"**Offering Notice**" shall have the meaning set out in Section 3.1;

"**Ownership Percentage**" means, at any time, the percentage of Common Shares which are owned or over which the Investor and its Affiliates exercise control or direction on a non-diluted basis, which shall be calculated by dividing (y) the number of Common Shares the Investor and its Affiliates own or exercise control or direction over, by (z) the total number of Common Shares issued and outstanding at such time; provided that (A) any Common Shares issued as a result of a Dilutive Issuance shall be disregarded and the Investor shall be deemed to own or exercise control or direction over the percentage of Common Shares it would have held at such time if such Dilutive Issuance had not occurred, unless and until the Company has delivered to the Investor a Top-up Notice in respect of such Dilutive Issuance or Offering Notice in accordance with Section 3.2 and the Investor fails to exercise the Top-up Right or Participation Right within the applicable Notice Period, in which case, the Common Shares issued in connection with such Dilutive Issuance shall be counted; and (B) any Common Shares issued pursuant to the exercise or conversion of Convertible Securities following an Offering of Offered Securities (other than an Offering comprised of only Common Shares) for which the Investor was granted its Participation Right and to which the Investor elected to participate or declined to participate in such Offering pursuant to this Article 3 shall be disregarded for the purposes of this calculation.

"**Participation Right**" shall have the meaning set out in Section 3.2;

"**Permits**" shall have the meaning set out in Paragraph (bb) of Schedule "B";

"**Person**" means any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, company, corporation or other body corporate, union, Governmental Authority and a natural person in his capacity as trustee, executor, administrator, or other legal representative;

"**Prior Percentage**" shall have the meaning set out in Section 3.3(a)(ii);

"**Properties**" means the Bluejay Property, the Big Sheep Property, the Blustry Mountain Property, the Lola Property, the Remington Property, the Tulox Project, the Spences Bridge Regional Project, the SC Property, and the Bralorne Gold Complex (including the Bralorne Crown Grant claims, the Congress Property including the Levon Crown Grant claims and the Royalle Crown Grant claims);

"**Proposal**" shall have the meaning set out in Section 7.3;

"**Public Record**" means, collectively, all of the documents which have been filed by or on behalf of the Company under its profile on SEDAR;

"**Purchased Shares**" shall have the meaning set out in the recitals;

"**Reporting Jurisdictions**" means British Columbia, Alberta and Ontario;

"**Securities Regulatory Authorities**" means the securities regulatory authority of each of the Reporting Jurisdictions and any Exchange;

"**Subsidiary**" means Bralorne Gold Mines Ltd.;

"**Taxes**" shall have the meaning set out in Paragraph (n) of Schedule "B";

"**Third Party**" means, in relation to any party, a person with whom such party deals at "arm's length", as such term is understood for the purposes of the *Income Tax Act* (Canada);

"**Third Party Rights**" shall have the meaning set out in Section 5.3;

"**Top-up Notice**" shall have the meaning set out in Section 3.3(b);

"**Top-up Offering**" shall have the meaning set out in Section 3.3(c);

"**Top-up Right**" shall have the meaning set out in Section 3.3(a)(i);

"**Top-up Shares**" shall have the meaning set out in Section 3.3(a)(i);

"**Transfer Agent**" means TSX Trust Company, in its capacity as transfer agent and registrar of the Company at its head offices in the cities of Toronto, Ontario.

"**TSX**" means the Toronto Stock Exchange;

"**Upsize Notice**" shall have the meaning set out in Section 3.4(b); and

"**Upsize Option**" shall have the meaning set out in Section 3.4(b).

1.2 Rules of Construction

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

(a) the terms "Agreement", "this 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" or "Section" followed by a number or letter refer to the specified Article or Section 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) 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 Entire Agreement

This Agreement, the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral, between the parties. 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 in the aforesaid agreements. In the event of any conflict between this Agreement and the Confidentiality Agreement, the terms of this Agreement shall govern.

1.4 Time of Essence

Time shall be of the essence of this Agreement.

1.5 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 Ontario and the federal laws of Canada applicable in that province.

(b) Each of the parties irrevocably and unconditionally: (i) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario 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.

1.6 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 is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

1.7 Statutory References

Any reference to a statute shall mean the statute in force as at the date of this Agreement, together with all rules and regulations promulgated thereunder (including any instrument of the Securities Regulatory Authorities), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.8 Knowledge

For the purposes of this Agreement, with respect to any matter, the phrase “knowledge of the Company” shall mean (i) the actual knowledge of Terry Harbort and Andres Tinajero, and (ii) all information which ought to have been known by any such individual after making reasonable inquiry of the directors, officers and employees of and consultants to the Company concerning the matters in question, whether or not any such inquiry was actually made, without the requirement to make any inquiries of third parties or any Governmental Authorities or to perform any search of any public registry office or system.

1.9 Effective Date of Investor’s Rights

The rights provided to the Investor in this Agreement shall become effective upon the date that the Investor provides satisfactory evidence to the Company that it has acquired the Purchased Shares (the “**Effective Date**”).

ARTICLE 2
BOARD OF DIRECTORS

2.1 Nomination Right

(a) During the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%, the Investor shall be entitled to designate one nominee to serve as a director (an "**Investor Nominee**") for election or, in the certain circumstances as provided for in Sections 2.1(c) and (f), appointment to the Board, and, if the size of the Board is increased to eight or more directors, in accordance with Section 2.1(d), the Investor shall be entitled to designate an additional Investor Nominee for election or appointment to the Board.

(b) Each Investor Nominee must consent in writing to serve as a director of the Company and meet all statutory and stock exchange requirements for membership on the Board.

(c) Following the Effective Date, upon ten (10) Business Days' written notice by the Investor to the Company of its initial Investor Nominee, the Company covenants and agrees to appoint such Investor Nominee to the Board pursuant to the power of the Board to appoint additional directors between meetings of shareholders of the Company or to fill a vacancy on the Board.

(d) If at any time the Investor becomes entitled to nominate an additional Investor Nominee pursuant to Section 2.1(a), the Company shall take all steps necessary to appoint an additional Investor Nominee designated by the Investor to the Board as promptly as practicable, including pursuant to the power of the Board to appoint additional directors between meetings of shareholders or to fill a vacancy on the Board; provided that if the Board does not have the power to appoint additional directors at any time prior to the next meeting shareholders and the next Shareholders meeting is not scheduled to occur less than six (6) months from the date the Investor becomes entitled to appoint such additional Investor Nominee, the Company shall convene a special meeting of Shareholders to obtain the approval of Shareholders to elect or appoint such Investor Nominee to the Board.

(e) The Company shall notify the Investor in writing promptly upon determining the date of any meeting of the Shareholders at which directors of the Company are to be elected and the Investor shall advise the Company of the name of each Investor Nominee that the Investor is entitled to nominate pursuant to Section 2.1(a) (as of the record date for the Shareholders meeting) within ten (10) Business Days after receiving such notice. If the Investor does not advise the Company of the identity of any Investor Nominee prior to any such deadline, then the Investor will be deemed to have nominated its incumbent nominee.

(f) In the event that any Investor Nominee shall cease to serve as a director of the Company, whether due to such Investor Nominee's death, disability, resignation or removal, the Company shall cause the Board to promptly appoint a replacement Investor Nominee designated by the Investor to fill the vacancy created by such death, disability, resignation or removal, provided that the Investor remains eligible to designate an Investor Nominee pursuant to Section 2.1(a).

(g) Any Investor Nominee shall be entitled to disclose to the Investor any information or documentation received by such Investor Nominee in his or her capacity as a member of the Board provided that the Investor preserves the confidentiality of such information or documentation, unless the Board determines, in its good faith judgment, that such information or documentation relates to a matter in respect of which an actual or perceived conflict of interest exists between the Company and the Investor and the Investor Nominee is specifically instructed by the Board that he or she is not permitted to make such disclosure to the Investor. The Investor acknowledges and agrees that upon receiving such information or documentation, the Investor and its Affiliates (and their respective representatives) may be considered to be in a "special relationship" with the Company pursuant to the *Securities Act* (Ontario).

(h) Following the Effective Date, the Investor shall notify the Company immediately upon becoming aware that the Investor's Ownership Percentage is less than 10% and, if so requested by the Company in writing, immediately cause the Investor Nominee(s) to resign from the Board.

2.2 Management to Endorse and Vote

(a) The Company shall use commercially reasonable efforts to ensure that the Investor Nominee(s) (as applicable) are elected to the Board, including soliciting proxies in support of his, her or their election and taking the same actions taken by the Company to ensure the election of the other nominees selected by the Board for election to the Board.

(b) The Company agrees that management of the Company shall, in respect of every meeting of the shareholders at which directors of the Company are to be elected, and at every reconvened meeting following an adjournment thereof or postponement thereof, endorse and recommend the Investor Nominee(s) (as applicable) identified in the proxy materials for election to the Board and shall vote the Common Shares and any other shares of the Company entitled to vote in the election of directors in respect of which management is granted a discretionary proxy in favour of the election of such Investor Nominee(s) (as applicable) to the Board at every such meeting, and the Company shall use its commercially reasonable efforts to cause management to vote their Common Shares and any other shares of the Company entitled to vote in the election of directors in favour of the election of such Investor Nominee(s) (as applicable) to the Board at every such meeting.

(c) Forthwith following any meeting of shareholders at which an Investor Nominee was nominated to serve as a director but was not validly elected by the shareholders in accordance with the Act or majority voting policy approved by the

Board (in which case the Investor will use its commercially reasonable efforts to cause the Investor Nominee(s) to resign), the Company shall take all commercially reasonable steps necessary to appoint an Investor Nominee to the Board who is not the same individual who was not elected at the meeting of shareholders including pursuant to the power of the Board to appoint additional directors between shareholders' meetings or to fill a vacancy on the Board.

2.3 Investor Support

For a period of twenty-four (24) months from the Effective Date, the Investor covenants and agrees to:

(a) be present in person or represented by proxy (in respect of all Common Shares beneficially owned, or over which control or direction is exercised, by the Investor and its Affiliates) at all meetings of Company's shareholders for the purpose of determining the presence of a quorum at such meetings;

(b) not withhold from voting any Common Shares beneficially owned, or over which control or direction is exercised, by the Investor and its Affiliates in respect of any resolution seeking the election of the Company's director nominees at all meetings of the Company's shareholders; and

(c) not vote against any matters that have been unanimously recommended by the Board at each meeting of the Company's shareholders, except with respect to: (A) any transaction whereby over 50% of the Company's outstanding voting securities or its assets are to be acquired by any third party or parties as a result of such transaction; (B) any transaction with any person holding 20% or more of the outstanding Common Shares or who is otherwise considered a "control person" (within the meaning of Canadian Securities Laws; (C) the implementation of a shareholders right plan; or (D) a strategic acquisition that requires the approval of the shareholders of the Company.

Notwithstanding the foregoing, the obligations of the Investor set forth in this Section 2.3 shall cease to apply if the Company is not in compliance with this Agreement in all material respects or if the Company, or the Board, has received a notice from a Governmental Entity that it is not in compliance with any Applicable Laws (including Canadian Securities Laws and the rules of the TSX), and such non compliance is not remedied within thirty (30) days of such notice or withdrawn.

2.4 Directors' Liability Insurance

An Investor Nominee shall be entitled to the benefit of any directors' liability insurance and indemnity, if any, of the same kind and type provided for the Company's other directors.

2.5 Director Compensation

In the event that an Investor Nominee is not a related party to the Investor and is independent of the Company as such terms are defined or understood under applicable Canadian Securities

Laws and rules and policies of the Exchange, such Investor Nominee shall be entitled to receive the same compensation, options, or other equity awards, as such awards may be granted to any other non-related or independent director from time-to-time by the Company as compensation for services rendered in such Person's sole capacity as a member of the Board.

2.6 Technical Committee

In the event that the Company forms a technical committee of the Board, any one Investor Nominee shall be appointed to such committee, if so requested by the Investor in writing and it is determined by the Board, acting reasonably, that such Investor Nominee possesses the necessary qualifications and experience to be a member of the technical committee, within ten (10) Business Days' of such request.

ARTICLE 3
PARTICIPATION AND TOP-UP RIGHTS

3.1 Notice of Issuances

During the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%, if the Company proposes to issue (the "**Issuance**") any Offered Securities pursuant to a public offering or a private placement for cash (each, an "**Offering**") at any time after the date hereof, the Company shall, as soon as practicably possible (and if a public announcement of the Offering is required, immediately after such announcement), but in any event not later than: (i) the date on which the Company files a preliminary prospectus, registration statement or other offering document in connection with an Issuance that constitutes a public offering of Offered Securities; and (ii) five (5) Business Days prior to the expected completion date of the Issuance, give written notice of the Issuance (the "**Offering Notice**") to the Investor including, to the extent known by the Company at the time, full particulars of the Offering, including the number of Offered Securities, the rights, privileges, restrictions, terms and conditions of the Offered Securities, the price per Offered Security to be issued under the Offering, the expected use of proceeds of the Offering and the expected closing date of the Offering. The Offering Notice shall also include, to the extent available, copies of any investor presentation, prospectus or offering memorandum or similar disclosure document, subscription agreement and other materials delivered by or proposed to be delivered by the Company (or by any agent or investment dealer acting on behalf of the Company) to potential subscribers under the Offering.

3.2 Grant of Participation Right

During the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%, the Company agrees that the Investor (directly or through an Affiliate) has the right (the "**Participation Right**") to subscribe for and to be issued at the subscription price per Offered Security pursuant to the Offering and otherwise on substantially the terms and conditions of the Offering (provided that, if the Investor is prohibited by Canadian Securities Laws or other Applicable Laws or the rules of any stock exchange from participating on substantially the terms and conditions of the Offering, the Company shall use commercially reasonable efforts to enable the Investor to participate on terms and conditions that are as substantially similar as circumstances permit):

(a) in the case of an Offering of Common Shares, up to such number of Common Shares that will allow the Investor to maintain or acquire, as applicable, up to the Ownership Percentage that is the same as the Ownership Percentage that the Investor had immediately prior to completion of such Offering,; and

(b) in the case of an Offering of Offered Securities (other than an Offering comprised of only Common Shares), up to such number of Offered Securities that will (after giving effect to the Offering and assuming, for all purposes of this Section 3.2(b), the conversion, exercise or exchange of all of the convertible, exercisable or exchangeable Convertible Securities issued in connection with the Offering and issuable pursuant to this Section 3.2) allow the Investor to maintain or acquire, as applicable, up to the Ownership Percentage that is the same as the Ownership Percentage that the Investor had immediately prior to completion of such Offering,

provided that the Participation Right shall be increased in the event a 1% Dilution Trigger has occurred at the time the Offering Notice is provided to the Investor to allow for the Investor (directly or through an Affiliate) to acquire such number of Common Shares to account for the amount of the Top-Up Right; and

For the avoidance of doubt, the Participation Right shall be subject to the Investor being issued or having the right to be issued not greater than 19.9% of the issued and outstanding Common Shares of the Company on a partially-diluted basis.

3.3 Top-up Offering

(a) Without limiting Section 3.2 and subject to Section 3.6, during the period commencing on the date of Effective Date and ending on the date on which the Investor’s Ownership Percentage is less than 10%, the Company agrees that, subject to the terms of this Section 3.3:

(i) the Investor (directly or through an Affiliate) has the right (the “**Top-up Right**”) to subscribe for and to be issued in connection with the issuance of Common Shares (including in connection with the conversion, exercise or exchange of Convertible Securities or other dilutive instruments issued prior to or after the date of this Agreement) (a “**Dilutive Issuance**”) up to such number of Common Shares that will allow the Investor to maintain or acquire up to the Ownership Percentage that is the same as Ownership Percentage that the Investor would have had but for the Dilutive Issuance referenced in the Top-Up Notice (the “**Top-up Shares**”); and

(ii) the Top-up Right shall be exercisable, subject to the provisions of this Agreement, following (A) Dilutive Issuances that result in the reduction of the Investor’s Ownership Percentage by an aggregate of 1.0% or more (the “**1% Dilution Trigger**”) from the ownership percentage (the “**Prior Percentage**”) that the Investor held following the last Offering in respect of which the Investor was offered the Participation Right (or initially, the date of this Agreement), or (B) Dilutive Issuances as a result of one or more acquisitions that have been completed and as a result of which the

Investor's Ownership Percentage decreases by 5.0% or more (the "**5% Dilution Trigger**") from the Prior Percentage.

(b) The Company shall provide written notice to Investor of any Dilutive Issuances, (A) in the case of the 1% Dilution Trigger and provided the 1% Dilution Trigger applies on such date, on the one year anniversary of the closing date of the last Offering; and (B) in the case of the 5% Dilution Trigger, as soon as reasonably practicable following the date that the 5% Dilution Trigger occurs (the "**Top-up Notice**"). The Top-up Notice shall contain the number of Common Shares issued in connection with any Dilutive Issuance, the number of issued and outstanding Common Shares following such Dilutive Issuances and any Common Shares removed from the such number of Common Shares in accordance with the provisions of this Agreement, in each case, as applicable, from the later of (A) the date of this Agreement, (B) the date of the last Top-up Notice, and (C) the date of completion of the last Top-up Offering.

(c) If the Investor delivers an Exercise Notice in accordance with Section 3.4, the Company shall in accordance with the provisions of this Article 3, promptly, and in any event, subject to Section 3.6, within 30 days of the date on which the relevant Top-up Notice was delivered, complete an offering to the Investor of the number of Top-up Shares the Investor wishes to subscribe for pursuant to the Top-up Right, as specified in the Exercise Notice, at an offering price per Top-up Share equal to the Market Price of the Common Shares on or after the date the Top-up Notice was delivered to the Investor (each, a "**Top-up Offering**"). For greater certainty, each Top-up Offering will be an offering of Common Shares.

3.4 Exercise Notice

(a) If the Investor wishes to exercise the Participation Right or the Top-up Right, the Investor shall give written notice to the Company (the "**Exercise Notice**") of its intention to exercise such right and of the number of Offered Securities or Top-up Shares the Investor wishes to subscribe for and purchase pursuant to the Participation Right or the Top-up Right, as applicable. The Investor shall deliver an Exercise Notice to subscribe to the Offering or issuance of Top-up Shares, within five (5) Business Days after the date of receipt of an Offering Notice, Top-up Notice or Upsize Notice, as applicable, or in the case of a public offering that is a Bought Deal, within the greater of two (2) Business Days and three (3) days of receipt of an Offering Notice or Upsize Notice (the "**Notice Period**"), failing which the Investor will not be entitled to exercise the Participation Right or the Top-up Right in respect of such Offering, Issuance or issuance of Top-up Shares.

(b) If the Company at any time proposes to increase the number of any Offered Securities to be issued in an Offering it shall, by notice in writing delivered to the Investor (the "**Upsize Notice**"), give the Investor the option to subscribe for its pro rata share of the additional Offered Securities (the "**Upsize Option**"). The Investor shall be entitled to exercise the Upsize Option by delivering a new Exercise Notice to the Company. If no new Exercise Notice is delivered by the Investor to the

Company within one (1) Business Day of receipt by the Investor of the Upsize Notice, the Exercise Notice of the Investor delivered in respect of the original Offering Notice shall continue in full force and effect.

3.5 Issuance of Offered Securities and Top-up Shares

(a) If the Company receives an Exercise Notice from the Investor within the Notice Period, then the Company shall, subject to:

(i) the receipt and continued effectiveness of all required approvals (including the approval(s) of the Exchange and any required approvals under Canadian Securities Laws and any shareholder approval required under Applicable Laws), which approvals the Company shall use all commercially reasonable efforts to promptly obtain (including by applying for any necessary price protection confirmations, seeking shareholder approval (if required) in the manner described in Section 3.5(b) below, and using its commercially reasonable efforts to cause management and each member of the Board to vote their Common Shares and any shares of the Company entitled to vote in the matter and all votes received by proxy in favour of the issuance of the Offered Securities or the Top-up Shares, as applicable, to the Investor); and

(ii) the completion of the relevant Offering, if applicable,

issue to the Investor or its nominee, against payment of the subscription price payable in respect thereof, that number of Offered Securities or Top-Up Shares, as applicable, set out in the Exercise Notice.

(b) If the Company is required by the Exchange or otherwise under Applicable Laws to seek shareholder approval for the issuance of the Offered Securities or the Top-up Shares, as applicable, to the Investor or its nominee, then the Company shall: (i) call and hold a meeting of its shareholders to consider the issuance of the Offered Securities or the Top-up Shares, as applicable, to the Investor as soon as reasonably practicable, and in any event such meeting shall be held within 75 days after the date that the Company is first advised by the Exchange or other applicable Governmental Authority that it will require shareholder approval; and (ii) recommend approval of the issuance of the Offered Securities or the Top-up Shares, as applicable, to the Investor and solicit proxies in support thereof; provided, however, that the Company shall have no obligation to hire any third party solicitation agent.

3.6 Blackout Periods

In relation to any exercise periods for the Investor to elect to exercise the Top-Up Right to acquire the Top-up Shares, to the extent that the Investor is restricted from trading in securities of the Company under Canadian Securities Laws or other Applicable Laws or Company black-out or trading policies, the relevant exercise period shall be extended until the second (2^{nd}) Business Day following the termination of such restriction.

3.7 Issuances Not Subject to Top-up Right

Notwithstanding anything to the contrary contained herein, Sections 3.3 to 3.5 will not apply to any Issuances in the following circumstances (each such Issuance pursuant to paragraphs (a) through (c) hereof being referred to as an "**Excluded Event**"):

(a) a rights offering that is open to all shareholders of the Company including the Investor;

(b) any share split, consolidation or share dividend of the Company, provided that the beneficial shareholders of the Company and the percentage ownership interest of each beneficial shareholder of the Company do not change as a result thereof;

(c) an Offering of Offered Securities in respect of which the Investor has been offered the Participation Right (or the exercise of Convertible Securities issued in connection therewith).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Investor

The Investor hereby represents and warrants to the Company, as of the date of this Agreement as set forth on Schedule "A".

4.2 Representations and Warranties of the Company

The Company hereby represents and warrants to the Investor, as of the date of this Agreement as set forth on Schedule "B".

4.3 Survival of Representations and Warranties

The representations and warranties of the Investor and the Company contained in this Agreement shall survive for two (2) years from the date hereof, except that there is no limitation as to time for claims involving fraud or fraudulent misrepresentation, subject only to applicable limitation periods imposed by Applicable Law.

ARTICLE 5
COVENANTS OF THE COMPANY

5.1 Reporting Issuer Status and Listing of Common Shares

The Company shall during the term of this Agreement use commercially reasonable efforts to:

(a) maintain the Company's status as a "reporting issuer" not in default under the Canadian Securities Laws in each of the Reporting Jurisdictions; and

(b) maintain the listing of the Common Shares on the TSX, the TSX Venture Exchange or another stock exchange acceptable to the Investor, acting reasonably, provided that these covenants shall not restrict or prevent the Company from engaging in or completing any transaction which would result in the Company ceasing to be a "reporting issuer" or the Common Shares ceasing to be listed on any of the foregoing stock exchanges so long as the holders of Common Shares receive cash or securities of an entity which is listed on any stock exchange in Canada or internationally recognized stock exchange or market place or the holders of the Common Shares have approved the transaction.

5.2 No Conflict With Shareholders' Rights Plan

The Company covenants and agrees that any shareholder rights plan or similar instrument that has been or may be adopted by the Company shall not restrict, limit, prohibit or conflict with the exercise by the Investor of its Participation Right or Top-up Right.

5.3 Grant of Additional Third Party Rights

During the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%, if the Company, grants to any Person any participation rights or any top-up rights ("**Third Party Rights**"), the Company shall: (A) promptly, but no later than ten (10) Business Days after granting such Third Party Rights, notify the Investor in writing of such Third Party Rights and deliver a copy of the relevant portion of the contract or agreement pursuant to which the Person has been granted or may exercise such Third Party Rights; and (B) if the Investor elects in writing within ten (10) Business Days of receipt of the notice from the Company as provided for in Section 5.3(A) above, amend the terms of this Agreement to replace Article 3 of this Agreement in its entirety (except as provided below) with rights that are substantially equivalent to the Third Party Rights in all material respects, provided however that no amendment shall be made that would have the effect of changing (i) the period of time in which the participation rights may be exercised by the Investor (i.e. during the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%); and (ii) the restriction in Section 3.2 with respect to the Participation Right being subject to the Investor being issued or having the right to be issued not greater than 19.9% of the issued and outstanding Common Shares of the Company on a partially-diluted basis.

ARTICLE 6
RESTRICTIONS ON DISPOSITIONS

6.1 Restrictions on Dispositions

Subject to Section 6.2, during the period commencing on the Effective Date and ending on the date on which the Investor's Ownership Percentage is less than 10%, if the Investor or any of its Affiliates wishes to sell in the aggregate, in one transaction or a series of related transactions, 2.5% or more of the then issued and outstanding Common Shares (other than a proposed sale to a person that is an Affiliate of the Investor), the Investor shall notify the Company in writing of its desire to sell some or all of its Common Shares and, if reasonably requested by the Company, the Company will have thirty (30) days from receipt of such notice to assist the Investor in identifying one or more purchasers for such Common Shares. If the Company identifies in writing one or more purchasers who are in the view of the Investor, acting reasonably, capable of closing, and willing to close within two (2) Business Days of the Company providing notice to the Investor of such purchaser(s), the Investor shall use commercially reasonable efforts to co-operate with the Company to consummate a sale to such purchaser(s). If the sale is not consummated within such 30-day period (with the addition of the two (2) Business Days, if applicable), the Investor shall have no further obligations under this Section 6.1 with respect to that applicable sale.

6.2 Take-over Bids and other Change of Control Transactions

Section 6.1 shall not apply to a tender by the Investor of Common Shares in connection with a Control Transaction.

ARTICLE 7
STANDSTILL

7.1 Standstill

Subject to Section 7.2, for a period beginning on the Effective Date and ending on the earlier of (i) the date that is 24 months from the Effective Date, and (ii) the date that the Investor's Ownership Percentage is less than 10%, the Investor shall not, nor shall it permit any of its Affiliates to, nor shall it authorize, permit, assist or encourage any of its representatives to, directly or indirectly or jointly or in concert with any other Person, without the prior written consent of the Company:

(a) make, submit or declare a Control Transaction;

(b) as part of a Control Transaction, enter into any agreement, arrangement or understanding, or form, join or in any way participate in any group, with any person for the purpose of acquiring, holding, voting or disposing of the Company's equity securities or to otherwise act in concert with respect to the Company's equity securities;

(c) make, or in any way participate in, directly or indirectly, any solicitation of proxies or shareholder written consents to vote, or seek to advise or influence any person or entity with respect to the voting of any voting securities of the Company in connection with or related in any way to any Control Transaction;

(d) make any director nomination or shareholder proposal with respect to the Company;

(e) make, or in any way participate in, directly or indirectly, any solicitations of proxies to vote in favour of the election of any candidate for election to the Board nominated by any party other than the Company;

(f) take any of the foregoing actions in a manner that is hostile to and unsupported by the Company;

(g) acquire, offer to acquire or agree to acquire, directly or indirectly, by purchase or otherwise, an amount of the Company's Common Shares that would exceed 20%;

(h) advise, assist, encourage or provide financing to any other person or group undertaking or seeking to undertake any of the foregoing actions;

(i) advise the Company in writing of any intention to take any of the foregoing actions;

(j) take any action that would require the Company to make any public disclosure regarding any of the foregoing actions; or

(k) request in writing that the Company amend any of the foregoing provisions.

7.2 Termination of Standstill

Following the public announcement of a Control Transaction triggered by a party or parties unrelated to the Investor or its Affiliates, the Company shall immediately (and in any event in no more than 48 hours following such announcement) inform the Investor of the same in writing, and all the provisions in Section 7.1 shall no longer apply. For greater certainty, the Investor shall not be restricted by any of the provisions set out in Section 7.1 due to the Investor's possession of Confidential Information.

7.3 Ability to Make a Proposal

Notwithstanding Section 7.1, the Investor shall be permitted to make a confidential proposal (a "**Proposal**") to the Board regarding any of the transactions or activities contemplated in Section 7.1 to enter into discussions or negotiations with the Board (or with one or more individuals designated by the board of directors for such purpose) with respect to the terms of any such Proposal and to enter into any agreement with the Company providing for the consummation of such Proposal; provided that the Investor shall not under any circumstances make any public disclosure of the making of or terms of such Proposal or agreement except with the prior written consent of the Company, which consent may be withheld by the Company in its sole discretion, or as required pursuant to Applicable Law. The Investor acknowledges that it is subject to restrictions imposed by Canadian Securities Laws on the purchase or sale of securities of an issuer while in the possession of material non-public information concerning that issuer, and on the communication of that information to any other Person.

ARTICLE 8
MISCELLANEOUS

8.1 Termination

This Agreement shall terminate and the rights and obligations of the parties hereunder shall cease immediately if the Investor has not acquired the Purchased Shares within forty-five (45) days of the date of this Agreement or such later date as the parties may agree in writing. Provided that the Investor has acquired the Purchased Shares within the specified period, this Agreement shall terminate and the rights and obligations of the parties hereunder shall cease immediately at such time as the Investor's Ownership Percentage is less than 10%, other than (i) the Investor's obligations pursuant to Section 2.1(h) and Section 8.3 which shall continue until the Investor Nominee(s) has resigned from the Board; and (ii) the Investor's obligations pursuant to Section

8.3(b) which shall continue until the later of (A) the Investor Nominee(s) has resigned from the Board; and (B) thirty (30) days from the termination of this Agreement.

8.2 Right to Information

(a) The Company agrees that, following the Effective Date, during the term of this Agreement, subject to the Company's obligations and restrictions under Applicable Laws, the Company shall provide the Investor with:

(i) written reports on the status of the Company's work programs on its properties and results of operations, as and when such reports are prepared by the Company for internal use;

(ii) the right to have monthly discussions with the Company regarding the status of the Company's work programs and results of operations;

(iii) reasonable access to the Company's scientific and technical data including work plans and programs, permitting information, environmental studies and feasibility studies; and

(iv) twice per calendar year, reasonable access to the Company's team and its properties for the purpose of conducting site visits at mutually convenient dates and times to be agreed upon by the parties.

8.3 Confidentially

(a) The Investor agrees, and agrees to cause its Investor Nominee(s), to treat all information and documentation provided or acquired pursuant to this Agreement (whether disclosed in writing, orally, visually, electronically or by any other means) ("**Confidential Information**") confidential and the Investor agrees, and agrees to cause its Investor Nominee(s), unless provided otherwise in this Agreement, not to disclose the content of such Confidential Information to any Person without the prior written consent of the Company, unless such confidential information:

(i) is known or becomes known to the public in general (other than as a result of a breach of this Section 8.3 by the Investor or its Investor Nominee(s));

(ii) is or has been independently developed by the Investor without use of the Company's confidential information; or

(iii) is or has been lawfully made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company;

<u>provided</u>, however, that the Investor may disclose confidential information (A) to its legal counsel, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in

the Company, provided that the Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (B) as may otherwise be required by Applicable Law, provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

(b) Following the termination of this Agreement in accordance with its terms, upon the Company's written request, the Investor shall return to the Company all tangible Confidential Information received by it or the Investor Nominee(s) from the Company and shall also at its election either return or destroy all copies thereof. Furthermore, the Investor shall be permitted to: (a) retain one (1) copy of the Confidential Information with its legal counsel to the extent necessary to document compliance with any applicable law, for litigation purposes and for archival purposes copies of any materials presented to the Investor's board of directors or committees; and (b) copies of Confidential Information on electronic back-up systems to which access is limited to purposes of backup and contingency planning only.

8.4 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by e-mail or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(i) in the case of the Investor:

New Gold Inc.
181 Bay Street, Suite 3320
Toronto, ON M5H 2T3

Attention: Renaud Adams
Title: President and Chief Executive Officer
Email: [Redacted]

and a copy to:

Attention: General Counsel, New Gold Inc.
Email: [Redacted]

(ii) in the case of the Company:

Talisker Resources Ltd.
350 Bay Street, Suite 400
Toronto, Ontario
M5H 2S6

Attention: Terence Harbort
Title: President & CEO
E-mail: [Redacted]

(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) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 8.4.

8.5 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either 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.

8.6 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 party. Notwithstanding the foregoing, the Investor may assign and transfer all of its rights, benefits, duties and obligations under this Agreement in their entirety, without the consent of the Company, to an Affiliate of the Investor, provided that any such assignee shall, prior to any such transfer, agree to be bound by all of the covenants of the Investor contained herein and comply with the provisions of this Agreement, and shall deliver to the Company a duly executed undertaking to such effect in form and substance satisfactory to the Company, acting reasonably.

8.7 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.

8.8 Expenses

Except as otherwise expressly provided in this Agreement, each party will pay for its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated herein, including the fees and expenses of legal counsel, financial advisors, accountants, consultants and other professional advisors.

8.9 Public Disclosure

Each party shall not issue any press release or publicly filed or disseminated document referencing, in any way, the other party, unless: (i) the party has obtained the other party's written consent to such disclosure prior to the first time such information is publicly disclosed, which consent shall not be unreasonably delayed or withheld; or (ii) the party determines that such disclosure is required by Applicable Law. In addition, each party shall provide the other party with a reasonable opportunity to review and comment on each press release or publicly filed or disseminated document of the party relating or referencing for the first time, in any way, the Investor, this Agreement or the transactions contemplated herein prior to the issuance thereof and incorporate any comments provided by the party, to the extent commercially reasonable. The parties acknowledge and agree that the Company will file a conformed copy of this Agreement on the Company's profile on www.sedar.com and disclose a summary of the Agreement in its appropriate public disclosure documents. Once any disclosure is approved by the parties, a party does not need reobtain the other party's consent for a subsequent public disclosure of the same information.

8.10 Further Assurances

Each of the parties 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.

8.11 Right to Injunctive Relief

The parties agree that any breach of the terms of this Agreement by either party may result in immediate and irreparable injury and damage to the other party which could not be adequately compensated by damages. It is accordingly agreed that each party shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to specifically enforce compliance with, or performance of, the terms of this Agreement against the other party without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a party may be entitled at Law or in equity.

8.12 Counterparts

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts, with the same effect as if each party 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.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF this Agreement has been executed by the parties on the date first written above.

NEW GOLD INC.

By: "Renaud Adams"

Name: Renaud Adams

Title: President and CEO

By: "Ankit Shah"

Name: Ankit Shah

Title: VP, Strategy and Business Development

TALISKER RESOURCES LTD.

By: "Terence Harbort"

Name: Terence Harbort

Title: President and CEO

Schedule "A"- Representations and Warranties of the Investor

The Investor represents and warrants to the Company as follows and acknowledges and agrees that the Company is relying on such representations and warranties to enter into this Agreement:

(a) the Investor is duly incorporated and organized, and is validly subsisting, under the laws of British Columbia and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction;

(b) the Investor has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(c) all necessary corporate action has been taken by the Investor to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(d) this Agreement has been duly executed and delivered by the Investor and (assuming due execution and delivery by the Company) constitutes a legal, valid and binding obligation of the Investor, enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction; and

(e) the execution and delivery of this Agreement by the Investor and the performance by the Investor of its obligations hereunder will not (whether after the passage of time or notice or both) conflict with, result in a violation or breach of, constitute a default or require any Consent (other than such as has already been obtained) to be obtained under, or give rise to any termination rights or payment obligation under, any provision of:

    (i) to the knowledge of the Investor, (A) any judgment, decree, order or award of any Governmental Authority having jurisdiction over it, or (B) any Applicable Law;

    (ii) any provision of its Constating Documents or resolutions of its board of directors (or any committee thereof) or shareholders; or

    (iii) any license or registration or any agreement, contract, commitment, written or oral which the Investor is a party or subject to or bound by.

Schedule "B" - Representations and Warranties of the Company

The Company represents and warrants in favour of the Investor as follows and acknowledges and agrees that the Investor is relying on such representations and warranties to enter into this Agreement:

(a) the Company has been duly organized and is validly existing under the laws of its jurisdiction of existence, is in good standing, has the corporate power and authority and is duly qualified and possesses all material certificates, authority, permits and licences issued by the appropriate provincial, municipal, federal regulatory agencies or bodies necessary (and has not received or is not aware of any modification or revocation to such certificates, authority, permits or licences, except such modifications or amendments as are necessary for the conduct of its business) to carry on its business as now conducted and to own its properties and assets, except for those certificates, authority, permits and licences which the failure to obtain would not, individually or in the aggregate, have a Material Adverse Effect;

(b) the Company has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(c) all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(d) this Agreement has been duly executed and delivered by the Company and (assuming due execution and delivery by the Investor) constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

(e) the execution and delivery of this Agreement by the Company and the performance by the Company of its obligations hereunder will not (whether after the passage of time or notice or both) conflict with, result in a violation or breach of, constitute a default or require any Consent (other than such as has already been obtained) to be obtained under, or give rise to any termination rights or payment obligation under, any provision of:

    (i) to the knowledge of the Company, (A) any judgment, decree, order or award of any Governmental Authority having jurisdiction over it, or (B) any Applicable Law;

    (ii) any provision of its Constating Documents or resolutions of its board of directors (or any committee thereof) or shareholders; or

(iii) any license or registration or any agreement, contract, commitment, written or oral which the Company is a party or subject to or bound by;

(f) other than the Subsidiary, the Company has no investment in any person which could be material to the business and affairs of the Company. The Company is the direct or indirect registered and beneficial owner of all of the issued and outstanding shares of or other voting securities in its Subsidiary free and clear of all encumbrances, liens, mortgages, hypothecations, security interests, charges, and no person, firm, corporation or entity has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Company or the Subsidiary of any of the shares or other securities of the Subsidiary;

(g) the Subsidiary is existing as a corporation in good standing under the laws of its jurisdiction of incorporation and, as described in the Public Record, has the corporate power, capacity and authority to own, lease and operate its property and assets, to conduct its business as now conducted and as currently proposed to be conducted and to carry out the provisions hereof; (ii) the Subsidiary, where required, has been duly qualified as an extra-provincial or foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business and is not precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document; and (iii) no proceedings have been instituted or, to the knowledge of the Company, are pending for the dissolution or liquidation or winding-up of the Subsidiary;

(h) the authorized capital of the Company consists of an unlimited number of Common Shares, of which, as of the close of business on March 23, 2021, 214,417,849 Common Shares were issued and outstanding as fully paid and non-assessable and no person other than Avino Silver & Gold Mines Ltd. has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of the Company or any other security convertible into or exchangeable for any such shares, or to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital other than options to purchase up to 15,325,000 Common Shares, 780,000 restricted share units, and warrants to purchase up to 33,117,144 Common Shares;

(i) the audited annual financial statements of the Company for its fiscal year ended December 31, 2019, and notes thereto (the "**Annual Financial Statements**"), are true and correct in all material respects and present fairly, in all material respects, the financial position and results of the operations of the Company for the period then ended and such financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applied on a consistent basis;

(j) the unaudited financial statements of the Company for the interim period ended September 30, 2020 and notes thereto (together with the Annual Financial Statements, the "**Company's Financial Statements**"), are true and correct in all material respects and present fairly, in all material respects, the financial position and results of the operations of the Company for the period then ended and such financial statements will have been prepared in accordance with IFRS applied on a consistent basis;

(k) other than as disclosed in the Company's Financial Statements, there has been no change in accounting policies or practices of the Company since January 1, 2020;

(l) other than as disclosed in the Public Record, since December 31, 2019 and excluding expenditures in the ordinary course of business consistent with past practice, there has not been any adverse material change in the financial position or condition of the Company or the Subsidiary, nor any change in circumstances materially affecting its business, affairs, prospects, capital or assets, or the right or capacity of the Company to carry on its business, such business having been carried on in the ordinary course;

(m) there are no material liabilities of the Company, whether direct, indirect, contingent or otherwise which are not disclosed or reflected in the Company's Financial Statements except those incurred in the ordinary course of its business since December 31, 2019 and restoration obligations relating to the Subsidiary;

(n) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, customs duties and land transfer 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 (collectively, "**Taxes**") due and payable or required to be collected or withheld and remitted, by the Company and the Subsidiary have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Company and the Subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate in all material respects and no material fact has been omitted therefrom which would make any of them misleading or result in a Material Adverse Effect. To the knowledge of the Company, no examination of any tax return of the Company or the Subsidiary is currently in progress and 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 or the Subsidiary. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to the Company and the Subsidiary;

(o) the auditors of the Company who audited the Annual Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Canadian Securities Laws;

(p) since December 31, 2019, there has not been a "reportable event" (within the meaning of National Instrument 51-102) with the present or former auditors of the Company;

(q) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with the Company's management's general or specific authorizations, (ii) transactions are recorded as necessary to permit the preparation of financial statements for the Company in conformity with generally accepted accounting principles in Canada and to maintain asset accountability, (iii) access to the assets of the Company is permitted only in accordance with the Company's management's general or specific authorization, (iv) the recorded accountability for assets of the Company is compared with the existing assets of the Company at reasonable intervals and appropriate action is taken with respect to any differences;

(r) there is not, in the constating documents nor in any Material Agreement, any restriction upon or impediment to, the declaration or payment of cash dividends by the directors of the Company or the payment of cash dividends by the Company to the holders of the Common Shares;

(s) the Company and the Subsidiary are not a party to nor bound by or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Company or the Subsidiary to compete in any line of business, transfer or move any of its assets or operations or which has a Material Adverse Effect on the Company or the Subsidiary;

(t) except as disclosed in the Company Disclosure Letter, each of the Company and the Subsidiary has conducted, and is conducting, its business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on business (including all applicable federal, provincial, municipal and local environmental, anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including relevant exploration permits and concessions), and has not received a notice of non-compliance, and does not know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of material non-compliance with any such laws or regulations;

(u) the Company is in compliance in all material respects with corporate laws and its continuous disclosure obligations under Canadian Securities Laws and the information and statements in the Public Record were true and correct as of the respective dates of such information and statements and at the time such documents were filed on SEDAR, do not contain any misrepresentations and no material facts have been omitted therefrom which would make such information materially misleading, and the Company has not filed any confidential material change reports which remain confidential as of the date hereof. The Company is not aware of any circumstances presently existing under which liability is or would reasonably be expected to be incurred under Part XXIII.1 – Civil Liability for Secondary Market Disclosure of the *Securities Act* (Ontario);

(v) the Company has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities laws or otherwise, with the Exchange (or one of its predecessors) or the applicable securities regulatory authorities. As of the time the documents comprising the Public Record were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) the Public Record complied in all material respects with the requirements of the Canadian Securities Laws; and (ii) the Public Record did not contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(w) there is no "material fact" or "material change" (as those terms are defined in the applicable securities laws) in the affairs of the Company that has not been generally disclosed to the public;

(x) the Company and the Subsidiary are not and except as disclosed in the Company Disclosure Letter have not been in material violation of, in connection with the ownership, use, maintenance or operation of its Properties and assets, any applicable federal, provincial, state, municipal or local laws, by-laws, regulations, orders, policies, permits, licences, certificates or approvals having the force of law, domestic or foreign, relating to environmental, health or safety matters or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "**environmental laws**"). Without limiting the generality of the foregoing:

(i) except as disclosed in the Company Disclosure Letter, the Company or the Subsidiary, as applicable, has occupied the Properties and has received, handled, used, stored, treated, shipped and disposed of all pollutants, contaminants, hazardous or toxic materials, controlled or dangerous substances or wastes in compliance in all material respects with all applicable environmental laws and has received all permits, licences or other approvals required of it under applicable environmental laws to conduct its business; and

(ii) there are no orders, rulings or directives and to the Company's knowledge there have been no past unresolved claims, complaints, notices or requests for information issued against the Company or the Properties or, to the knowledge of the Company, there are no orders, rulings or directives pending or threatened against the Company or the Subsidiary under or pursuant to any environmental laws requiring any material work, repairs, construction or capital expenditures with respect to any Properties or assets of the Company;

(y) no notice with respect to any of the matters referred to in the immediately preceding paragraph, including any alleged violations by the Company or the

Subsidiary with respect thereto has been received by the Company or the Subsidiary and no writ, injunction, order or judgement is outstanding, and no legal proceeding under or pursuant to any environmental laws or relating to the ownership, use, maintenance or operation of the Properties and assets of the Company or the Subsidiary is in progress, threatened or, to the Company's knowledge, pending, which would reasonably be expected to have a Material Adverse Effect on the Company, and, to the Company's knowledge, there are no grounds or conditions which exist, on or under any property now owned, operated or leased by the Company or the Subsidiary, on which any such legal proceeding would reasonably be expected to commence or with the passage of time, or the giving of notice or both, would reasonably be expected to give rise;

(z) all significant acquisitions completed by the Company of any securities, business or assets of any other entity have been fully and properly disclosed in the Public Record, were completed in material compliance with all applicable corporate and Securities Laws and all required corporate and regulatory approvals, consents, authorizations, registrations, and filings required in connection therewith were obtained and complied with;

(aa) to the Company's knowledge, all operations on the Properties of the Company and the Subsidiary have been conducted and are currently conducted in all material respects in accordance with engineering practices consistent with industry standards and any applicable material workers' compensation, and health, safety and workplace laws, regulations and policies;

(bb) the Company and the Subsidiary have all material licences, permits, approvals, consents, certificates, registrations and other authorizations (collectively the "**Permits**") under all applicable laws and regulations necessary for the operation of the businesses carried on by the Company and the Subsidiary and each Permit is valid, subsisting and in good standing and the Company nor the Subsidiary are in default or breach of any Permit, and to the Company's knowledge, no proceeding is pending or threatened to revoke or limit any Permit;

(cc) there are no open fractional undersurface rights areas in respect of the Bralorne Gold Complex between the boundaries of the Crown grants owned by the Subsidiary that are not otherwise subject to a mineral claim tenure registered in the name of the Subsidiary as to an undivided 100% interest;

(dd) to the best of the Company's knowledge, the Company and the Subsidiary have registered mineral claims over all geographic areas that are required for the exploration plans disclosed in the Public Record to be conducted;

(ee) the Company is a reporting issuer in the Reporting Jurisdictions. The Company is not included on a list of reporting issuers in default maintained by any of the securities regulators of the Reporting Jurisdictions;

(ff) the Company and the Subsidiary do not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, or any person not dealing at "arm's length" (as such term is defined in the Tax Act) with the Company or the Subsidiary;

(gg) the Company and the Subsidiary have not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any person, firm or corporation whatsoever;

(hh) the Company and the Subsidiary maintain insurance against loss of, or damage to, its material assets including property and casualty insurance for all of their operations on a basis consistent with insurance obtained by reasonably prudent participants in a comparable business in comparable circumstances and all of the policies in respect of such insurance are in amounts and on terms that in the view of the Company's management are reasonable for operations such as these and are in good standing in all respects;

(ii) the Transfer Agent, at its principal offices in the city of Toronto, Ontario has been duly appointed as transfer agent and registrar in respect of the Common Shares;

(jj) other than pursuant to this Agreement, the Company and the Subsidiary are not a party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company;

(kk) the Company and the Subsidiary are not a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument other than in the ordinary course of business;

(ll) neither the Company, the Subsidiary, nor, to the knowledge of the Company, any other person is in default in the observance or performance of any material term or obligation to be performed by it under any Material Agreement, and no event has occurred which with notice or lapse of time or both would reasonably be expected to constitute such a default;

(mm) there are no material actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the Company's knowledge, pending, threatened against or affecting the Company or the Subsidiary, or to the Company's knowledge, threatened or pending, against the Company or the Subsidiary at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever;

(nn) there are no judgments against the Company or the Subsidiary which are unsatisfied, nor are there any consent decrees or injunctions to which the Company or the Subsidiary are subject;

(oo) except as disclosed in the Company Disclosure Letter, the Company and the Subsidiary, as applicable, are the absolute legal and beneficial owner of, and has good and marketable title to all of the material property or assets thereof as described in the Public Record, including the Properties, as described in the Public

Record, free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those described in the Public Record, and no other rights are necessary for the conduct of the business of the Company or the Subsidiary as currently conducted or contemplated to be conducted other than those described in the Public Record, the Company knows of no claim or basis for any claim that would reasonably be expected to materially adversely affect the right of the Company to use, transfer or otherwise exploit such property rights, other than those described in the Public Record, and the Company and the Subsidiary have no responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property rights thereof, except as described in the Public Record;

(pp) the Company and the Subsidiary, hold either freehold title, mining leases, mining concessions, mining claims or other conventional property, proprietary or contractual interests or rights, including access and surface rights, recognized in the jurisdiction in which the Properties are located in respect of the ore bodies and specified minerals located in the Properties in which the Company or the Subsidiary have an interest as described in the Public Record under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company or the Subsidiary to access the Properties and explore and exploit the minerals relating thereto as are appropriate in view of their respective rights and interests therein; all such properties, leases, concessions or claims in which the Company and the Subsidiary have any interests or rights have been validly located and recorded in accordance with all applicable laws and are valid, subsisting and in good standing.

(qq) any and all of the agreements and other documents and instruments pursuant to which the Company and the Subsidiary holds their property and assets (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 the terms thereof, the Company and the Subsidiary are not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. None of the Properties (or any interest in, or right to earn an interest in, any Property) of the Company and the Subsidiary are subject to any right of first refusal or purchase or acquisition rights other than as set forth in the Public Record;

(rr) the Company and the Subsidiary have disclosed all material information relating to the Properties and any other material mineral properties of the Company and the Subsidiary in the Public Record in compliance with Canadian Securities Laws and such disclosure remains true, complete and accurate in all material respects as of the date hereof;

(ss) to the Company's knowledge there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Subsidiary, except for ongoing assessments conducted by or on behalf of the Company in the ordinary course;

(tt) no part of the Properties or the mining rights or permits of the Company or the Subsidiary have been taken, revoked, condemned, or expropriated by any Governmental Authority nor has any written notice or proceedings in respect thereof been given, or to the knowledge of the Company, been commenced, threatened, or is pending, nor does the Company or the Subsidiary have any knowledge of the intent or proposal to give such notice or commence any such proceedings;

(uu) there are no claims or actions with respect to indigenous rights currently outstanding, or to the best knowledge of the Company, threatened or pending, with respect to the Properties. No land entitlement claims have been asserted and no legal actions relating to indigenous issues have been instituted with respect to the Properties, and no material dispute in respect of the Properties or any of the material mineral projects of the Company or the Subsidiary with any local or indigenous group or other interest group exists or, to the knowledge of the Company, is threatened or imminent;

(vv) the Company is in compliance in all material respects with National Instrument 43-101 ("**NI 43-101**") and has duly filed all reports required to be filed by the Company pursuant to NI 43-101, and all such reports were prepared in all material respects in accordance with the requirements of NI 43-101 at the time of the filing of such reports;

(ww) the currently issued and outstanding Common Shares are listed and posted for trading on the TSX and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale or trading of the Company's issued securities has been issued and no proceedings for such purpose are pending or, to the Company's knowledge, threatened;

(xx) the Company has not taken any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the TSX and the Company is currently in compliance with the rules and policies of the TSX in all material respects;

(yy) to the knowledge of the Company, (i) there are no regulatory investigations commenced, pending or threatened against any of the Company's officers or directors and (ii) none of the officers or directors of the Company are now or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;

(zz) the Company and the Subsidiary have established on their books and records reserves which are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of the Company or the Subsidiary except for Taxes not yet due, and, to the Company's knowledge, there are no audits of any of the tax returns of the Company or the Subsidiary pending, and there are no claims which have been or would reasonably be expected to be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a Material Adverse Effect;

(aaa) no proceedings have been taken, instituted or, to the Company's knowledge, are pending for the dissolution or liquidation of the Company or the Subsidiary;

(bbb) to the knowledge of the Company, neither the Company nor any director, officer, employee, consultant, representative or agent of the Company or the Subsidiary, have (i) violated any anti-bribery or anti-corruption laws applicable to the Company or the Subsidiary, including but not limited to the Foreign Corrupt Practices Act of 1977 (United States) and the Corruption of Foreign Public Officials Act (Canada), or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any government official, whether directly or through any other person, for the purpose of influencing any act or decision of a government official in his or her official capacity; inducing a government official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a government official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of the Company or the Subsidiary in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. The Company and the Subsidiary have not and, to the knowledge of the Company no director, officer, employee, consultant, representative or agent of foregoing, have (i) conducted or initiated any review, audit, or internal investigation that concluded the Company, the Subsidiary, or any director, officer, employee, consultant, representative or agent of the Company or the Subsidiary violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such laws, or received any notice, request, or citation from any person alleging noncompliance with any such laws;

(ccc) the operations of the Company and the Subsidiary are and have been conducted at all times in all material respects in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable Governmental Authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court of Governmental Authority or any arbitrator or non-Governmental Authority involving the Company or the Subsidiary with respect to the Money Laundering Laws is to the knowledge of the Company pending or threatened; and (ddd) the Company or the Subsidiary have not committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it.