ALTIUS PRAIRIE ROYALTIES CORP.

as Borrower

and

CERTAIN AFFILIATES OF THE BORROWER

as Guarantors

and

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT

as Lenders

and

SPROTT RESOURCE LENDING PARTNERSHIP

as Agent

UP TO $140,000,000 PRINCIPAL AMOUNT CREDIT FACILITY

CREDIT AGREEMENT

DATED AS OF APRIL 28, 2014

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CREDIT AGREEMENT dated as of April 28, 2014

BETWEEN:

ALTIUS PRAIRIE ROYALTIES CORP.

as Borrower

\- and -

CERTAIN AFFILIATES OF THE BORROWER

as Guarantors

\- and -

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT

as Lenders

\- and -

SPROTT RESOURCE LENDING PARTNERSHIP

as Agent

RECITALS:

A. By a commitment for credit facility dated April 8, 2014, Sprott Resource Lending Partnership, Earlston Investments Corp. and John Tognetti (collectively, the "**Lenders**") agreed to establish in favour of the Borrower a non-revolving term credit facility in the aggregate maximum principal amount of up to $140,000,000 (the "**Credit Facility**"), subject to certain conditions.

B. The Parties are entering into this Agreement to provide for the terms of the Credit Facility.

THEREFORE, for value received, and intending to be legally bound by this Agreement, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms have the respective meanings specified or referred to. The following terms have the same meanings if used in another Loan Document unless they are otherwise defined in that Loan Document or the context otherwise requires.

(1) "**Additional Principal Prepayment**" is defined in Section 2.4(3).

(2) "**Advance**" means the availment of the Credit Facility by the Borrower. Any reference to the amount of the Advance is a reference to the sum, without duplication, of the then outstanding principal amount of the Advance.

(3) "**Advance Date**" means the date, which shall be a Banking Day, of the Advance.

(4) "**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

(5) "**Agent**" means Sprott in its capacity as initial administrative agent for the Lenders under this Agreement, or any successor administrative agent appointed in accordance with this Agreement.

(6) "**Agreement**" means this Credit Agreement, including all Schedules to this Credit Agreement. In any other Loan Document, "**Agreement**" means the Loan Document in which the term is used.

(7) "**AIL**" means Altius Investments Limited.

(8) "**Alderon**" means Alderon Iron Ore Corp., a corporation existing under the laws of British Columbia.

(9) "**Annualized EBITDA**" means:

(a) in respect of the first reporting fiscal quarter ended July 31, 2014 ("**Q1**"), EBITDA for Q1 ("**Q1 EBITDA**"), divided by three and multiplied by 12;

(b) in respect of the second reporting fiscal quarter ended October 31, 2014 ("**Q2**"), the sum of Q1 EBITDA and EBITDA for Q2 ("**Q2 EBITDA**"), divided by six and multiplied by 12;

(c) in respect of the third reporting fiscal quarter ended January 31. 2015 ("**Q3**"), the sum of Q1 EBITDA, Q2 EBITDA and EBITDA for Q3, divided by nine and multiplied by 12; and

(d) in respect of each reporting fiscal quarter subsequent to the third reporting fiscal quarter, the trailing 12 month EBITDA for the 12 months ended on the last day of each such reporting fiscal quarter.

(10) "**Applicable Law**" means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award;

(c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Property of that Person.

(11) "**Applicable Percentage**" means, with respect to any Lender, the percentage of the total Commitments represented by the Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be the percentage of the total outstanding Advance represented by that Lender's outstanding Advance. Each Lender's Applicable Percentage as of the date of this Agreement is specified on Schedule A.

(12) "**Arrangement Agreement**" means the arrangement agreement dated as of December 24, 2013 between Westmoreland Coal Company, the Parent, the Borrower, Sherritt International Corporation, Prairie Mines & Royalty Ltd. and others as it may be amended on or prior to the Closing Date.

(13) "**Assignment and Assumption**" means an assignment and assumption agreement entered into by a Lender and an Eligible Assignee and accepted by the Agent, in substantially the form of Schedule J or any other form approved by the Agent.

(14) "**Associate**" has the meaning defined in the *Canada Business Corporations Act* as of the date of this Agreement.

(15) "**Banking Day**" means a day of the year, except a Saturday or a Sunday, on which the Agent is open for normal banking business at its principal offices in Toronto, Canada.

(16) "**Borrower**" means Altius Prairie Royalties Corp.

(17) "**Bridge Loan**" means an unsecured loan facility in the principal amount of $7,200,000.00 established by John Tognetti in favour of the Borrower;

(18) "**Callinan**" means Callinan Royalties Corporation, a corporation existing under the *Canada Business Corporations Act*.

(19) "**Canadian Dollar**" and "**$**" each mean the lawful currency of Canada.

(20) "**Capital Expenditure**" means any expenditure for fixed or capital assets (including by way of capital lease) that is required to be classified as a capital expenditure in accordance with IFRS or is of a type that has previously been classified as a capital expenditure by the relevant Person.

(21) "**Cash Flow Ratio**" means, for any particular fiscal quarter, the quotient of (i) the lesser of (A) $100,000,000, and (B) the outstanding principal amount of the Credit Facility on the last day of the fiscal quarter, and (ii) Annualized EBITDA calculated in respect of such fiscal quarter.

(22) "**CDC**" means Carbon Development Corporation.

(23) "**CDP**" means the partnership referred to as Carbon Development Partnership, in which CDP Holdco holds a 50% interest as a partner and, upon completion of the transactions contemplated in the CDP Purchase Agreement, the Borrower will hold the remaining 50% as a partner.

(24) "**CDP Entities**" means CDP Holdco, CDP and CDC.

(25) "**CDP Holdco**" means 1815953 Alberta Ltd., a corporation existing under the laws of Alberta.

(26) "**CDP Purchase Agreement**" means the agreement between, *inter alia*, the Borrower, the Parent and the Ontario Teachers Pension Plan Board pursuant to which the Borrower will acquire the remaining 50% interest in CDP.

(27) "**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the phase-in, adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in its administration, interpretation, implementation or application by any Governmental Authority or (c) the making or issuance of any Applicable Law by any Governmental Authority.

(28) "**Change of Control**" means either (a) any Person or group of Persons acting jointly or otherwise in concert owns or acquires Equity Interests of the Parent to which are attached more than 20% of the voting rights or economic interests attached to all Equity Interests of the Parent or otherwise has or acquires Control of the Parent or (b) a majority of the seats (except vacant seats) on the board of directors of the Parent is occupied by Persons (i) who were neither nominated by the board of directors of the Parent nor appointed by directors so nominated, or (ii) whose initial nomination occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any Person or group of Persons acting jointly or otherwise in concert, except a solicitation for the election of one or more directors by or on behalf of the board of directors of the Parent.

(29) "**Closing Date**" means the date when all conditions precedent to the Advance have been satisfied and the Advance is made.

(30) "**Coal Partnership**" means the limited partnership referred to as the Coal Royalty Limited Partnership, in which Coal Royalty GP Inc. is the sole general partner and Coal APR Holdings Corp. holds more than a 50% interest as limited partner, and the sole purpose of which is to acquire and hold the royalties relating to coal assets (other than the royalty referred to as Genesee) and related real property interests and distribute payments received from those royalties, all as described in the RITA.

(31) "**Commitment**" means, for each Lender from time to time, the agreement to make the Advance to the Borrower in the Lender's Applicable Percentage of the maximum amount of the Credit Facility and, where the context requires, the maximum amount of the Advance that the Lender has agreed to make. Each Lender's Commitment may change from time to time or be cancelled in accordance with this Agreement.

(32) “**Commitment Fee**” is defined in Section 2.8.

(33) “**Compliance Certificate**” means a certificate in the form of Schedule G.

(34) “**Constating Documents**” means, with respect to any Person, as applicable:

(a) its certificate and/or articles of incorporation, association, amalgamation or continuance, memorandum of association, charter, declaration of trust, trust deed, partnership agreement, limited liability company agreement or other similar document;

(b) its by-laws; and

(c) all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person's Equity Interests;

all as in effect from time to time.

(35) “**Contract**” means any agreement, contract, indenture, lease, deed of trust, licence, option, undertaking, promise or other commitment or obligation, whether oral or written, expressed or implied, other than a Permit.

(36) “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by Contract or otherwise. “**Controlling**” and “**Controlled**” have corresponding meanings.

(37) “**Credit Facility**” means the credit facility in the aggregate principal amount of up to $140,000,000 in favour of the Borrower that is established pursuant to Section 2.1(1).

(38) “**Debt**” means, with respect to any Person, the following amounts, each calculated in accordance with IFRS unless the context otherwise requires and without regard to any interest component (whether actual or imputed) that is not due and payable, except as provided in item (c) below:

(a) any obligation (including by way of overdraft or draft or order accepted representing an extension of credit) that would be considered to be indebtedness for borrowed money;

(b) any obligation (whether or not with respect to the borrowing of money) that is evidenced by a bond, debenture, note or other similar instrument;

(c) the face amount of any bankers' acceptance or similar instrument;

(d) any obligation on which interest is customarily paid by that Person;

(e) any Equity Interest of that Person (or of any Subsidiary of that Person) that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or on the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder of the Equity Interest, in whole or in part, on or before, or within one year after, the maturity date of the Credit Facility, for cash or securities constituting Debt;

(f) the market value of any Derivative for which the market value is negative from that Person's perspective (that is, the Person is "out of the money"), where the market value is the aggregate amount that would have to be paid by that Person to its counterparty under the Derivative so as to preserve the economic equivalent of all payments or deliveries (whether the underlying obligation was absolute or contingent) to be made by both parties in respect of the obligations under the Derivative; that amount may be reduced to the extent that the market value of another Derivative entered into by that Person with the same counterparty is positive from that Person's perspective and a netting arrangement between that Person and its counterparty is in place;

(g) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;

(h) all indebtedness of any other Person secured by a Lien on any Property of the specified Person, whether or not the indebtedness is assumed by the specified Person, except that the amount of the resulting Debt shall be the lesser of (i) the fair market value of the Property at the date of determination, and (ii) the amount of the indebtedness of the other Person;

(i) the face amount of any outstanding letter of credit or letter of guarantee for which the Person has reimbursement obligations;

(j) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the Ordinary Course) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (i) above; and

(k) any contingent liability in respect of a performance bond or surety bond, and any other guarantee or other contingent liability of any part or all of an obligation of another Person, in each case only to the extent that the guarantee or other contingent liability is required by IFRS to be treated as a liability on a balance sheet of the guarantor or Person contingently liable;

except that current trade payables, share-based payment reserves and obligations and deferred taxes, in each case incurred in the Ordinary Course, do not constitute Debt.

(39) "**Debt Service Coverage Ratio**" means, for any particular fiscal quarter, the quotient of (i) the product of (A) EBITDA for the three month period ending on the last day of the fiscal quarter, and (B) 4.00, and (ii) Total Interest Expense for such fiscal quarter based on the lesser of (A) a notional outstanding principal balance of the Credit Facility of

$100,000,000, and (B) the actual outstanding principal balance of the Credit Facility on the last day of the fiscal quarter.

(40) "**Default**" means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both. Without limiting the preceding sentence, it shall be a Default (but not an Event of Default) if the Required Lenders conclude there are reasonable grounds to believe that the Borrower will not be in compliance with any financial covenants contained in Section 6.1 at the end of the current fiscal quarter, and it shall be an Event of Default if the Required Lenders conclude there are reasonable grounds to believe that the Borrower was not in compliance with those covenants at the end of the immediately preceding fiscal quarter if it has not delivered its Compliance Certificate for that fiscal quarter.

(41) "**Defaulting Lender**" means, subject to Section 8.10(4), any Lender that:

(a) has failed to (i) fully fund its share of the Advance within two Banking Days of the date it is required to do so under this Agreement, unless the Lender notifies the Agent and the Borrower in writing that its failure is the result of its determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in its notice) has not been satisfied, or (ii) pay to the Agent or any Lender any other amount required to be paid by it under this Agreement within two Banking Days of the date when due;

(b) has notified the Borrower, the Agent or any other Lender in writing that it does not intend to comply with its funding obligations under this Agreement, or has made a public statement to that effect (unless its notice or public statement relates to its obligation to fund the Advance and states that the Lender's position is based on its determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in its notice or public statement) cannot be satisfied);

(c) has failed, within three Banking Days after written request by the Agent or Borrower, to confirm in writing to the Agent and Borrower that it will comply with its prospective funding obligations under this Agreement (but the Lender will cease to be a Defaulting Lender pursuant to this Section 1.1(41)(c) upon receipt of that written confirmation by the Agent and the Borrower);

(d) has itself or is Controlled by a Person that has (i) become the subject of a bankruptcy or insolvency proceeding, or (ii) had a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business appointed for it (except that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interests in that Lender or any Person that Controls it by a Governmental Authority as long as that does not result in or provide the Lender with immunity from the jurisdiction of courts within the Province of Ontario or from the enforcement of judgments or writs of attachment on its Property, or permit the Lender or Governmental Authority to reject, repudiate, disavow or disaffirm any Contract made with the Lender.

Any determination by the Agent that a Lender is a Defaulting Lender under any one or more of Sections 1.1(41)(a) to 1.1(41)(d) shall be conclusive and binding absent manifest error, and that Lender shall be deemed to be a Defaulting Lender (subject to Section 8.10(4)) upon delivery of written notice of the Agent's determination to the Borrower and each Lender.

(42) "**Derivative**" means any transaction or combination of transactions, including any related agreement, of a type commonly considered to be a derivative or hedging transaction, whether relating to one or more of interest rates, currencies, commodities, securities or any other matters, including (a) any cap, collar, floor or option, (b) any forward contract, and (c) any rate swap, basis swap, commodity swap, cross-currency swap or other swap or contract for differences.

(43) "**Dispute**" means any suit, action, dispute, investigation, claim, arbitration, legal, insolvency or other proceeding, appeal or application for review, whether at law, in equity or before any Governmental Authority, or any industrial or labour dispute, and includes any claim by any Governmental Authority regarding payment, collection, withholding or remittance of Taxes.

(44) "**EBITDA**" means, for any relevant period, an amount equal to the Borrower's net income or net loss for the period, calculated on a consolidated basis in accordance with IFRS unless otherwise expressly described below, and including all attributable income from the Partnerships, plus amounts deducted, or minus amounts added, in calculating net income or net loss in respect of:

(a) Total Interest Expense;

(b) upfront fees paid to the Agent or Lenders in connection with this Agreement and upfront, underwriting, agency, investment banking, legal and accounting fees incurred by the Borrower on a consolidated basis in connection with the Transaction;

(c) income taxes, whether or not deferred;

(d) depreciation and amortization;

(e) any gain or loss attributable to the sale, conversion or other disposition of Property out of the Ordinary Course;

(f) interest or dividend income;

(g) gains resulting from the write-up of Property and losses resulting from the write-down of Property (except allowances for doubtful accounts receivable);

(h) any gain or loss on the repurchase or redemption of any securities (including in connection with the early retirement or defeasance of any Debt);

(i) non-cash expense attributable to compensating directors, officers and employees of Obligors through the issuance of share-based compensation interests, except where amounts are cash-settled during the period;

(j) any other item arising from an event or transaction that (i) possesses a high degree of abnormality and is of a type clearly unrelated to, or only incidentally related to, Ordinary Course activities of the Obligors, (ii) is not reasonably expected to recur in the foreseeable future, and (iii) does not depend primarily on decisions or determinations by management or owners of the Obligors, in each case taking into account the environment in which the Obligors operate; and

(k) amounts that are attributable to Persons other than Obligors or to minority interests in Obligors.

Notwithstanding any other provision of this Agreement, EBITDA for the Borrower's first fiscal quarter during the term of this Agreement shall be multiplied by four in calculating financial covenants for the Borrower's first fiscal quarter during the term of this Agreement, EBITDA for the Borrower's first two fiscal quarters during the term of this Agreement shall be multiplied by two in calculating financial covenants for the Borrower's second fiscal quarter and EBITDA for the Borrower's first three fiscal quarters during the term of this Agreement shall be multiplied by 4/3 in calculating financial covenants for the Borrower's third fiscal quarter, in each case instead of calculating EBITDA for the Borrower's four most recently completed fiscal quarters.

(45) "**Eligible Assignee**" means any Person (other than a natural person, any Obligor or Affiliate of an Obligor, any Defaulting Lender or Affiliate of a Defaulting Lender, or any Person who would be a Defaulting Lender upon becoming a Lender), in respect of which any consent that is required by Section 10.2(1) has been obtained.

(46) "**Employee Plan**" means a Pension Plan, a Welfare Plan or both.

(47) "**Equity Interests**" means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing and Debt or other rights convertible into or exchangeable for any of the foregoing.

(48) "**Equivalent Amount**" means, with respect to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency determined by reference to the Exchange Rate at the time of determination.

(49) "**Event of Default**" means any event listed in Section 7.1.

(50) "**Exchange Rate**" means the amount of one currency into which another currency may be converted using the Agent's mid rate (i.e., the average of the Agent's spot buying and

selling rates) for converting the first currency to the other currency at the relevant time. For the purpose of calculating any standby fee, or if the Exchange Rate is being determined at any time in respect of a previous day, the noon spot rate of the Bank of Canada on that day shall be used instead of the Agent's mid rate.

(51) "**Excluded Assets**" means (i) distributions received from, or the proceeds of disposition of the Property of, Excluded Subsidiaries, if the distributions or proceeds remain identifiable and have not been commingled with other funds or Property of the Obligors, (ii) proceeds of disposition of any interest in the Excluded Subsidiaries, if the proceeds remain identifiable and have not been commingled with other funds or Property of the Obligors, and (iii) any Property acquired solely with distributions received from, or the proceeds of disposition of the Property of, Excluded Subsidiaries, or with the proceeds of disposition of any interest in the Excluded Subsidiaries.

(52) "**Excluded Subsidiaries**" means the direct or indirect interest of the Obligors in (i) each of 2260761 Ontario Inc., Consultora Altius Chile Limitada and Minera Altius Chile Limitada and their respective direct and indirect Subsidiaries; and (ii) Subsidiaries acquired with Excluded Assets.

(53) "**Excluded Taxes**" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient:

(a) Taxes imposed on or measured by its net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of that Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in the jurisdiction imposing the Tax (or any political subdivision of the jurisdiction) or (ii) that are Other Connection Taxes;

(b) any FATCA Withholding Tax;

(c) in the case of a Foreign Lender, any withholding Tax (which includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the Income Tax Act (Canada)) that is required by Applicable Law to be withheld or paid in respect of any amount payable under any Loan Document to that Foreign Lender at the time it becomes a Party (or designates a new lending office) or is attributable to the Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 9.8(6), except:

(i) withholding Tax applicable to an assignee pursuant to a request by the Borrower under Section 9.9(2);

(ii) withholding Tax applicable to an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and is continuing;

(iii) withholding Tax applicable to any other assignee to the extent that the Borrower has expressly agreed that any withholding Taxes shall be an Indemnified Tax;

(iv) withholding Tax imposed or assessed in respect of the Advance that was made on the premise that an exemption from that withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available; and

(v) to the extent that the Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from an Obligor with respect to that withholding Tax pursuant to Section 9.8(1);

(d) Taxes payable by a Lender that does not deal at arm's length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment; and

(e) Taxes payable by a Lender that is a “specified non-resident shareholder” of the Borrower, or is a Person not dealing at arm's length with a “specified shareholder” of the Borrower for the purposes of the *Income Tax Act* (Canada).

(54) “**FATCA Withholding Tax**” means any United States federal withholding tax imposed or collected pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (in this Section 1.1(54), the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of those sections of the Code.

(55) “**Foreign Lender**” means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any amount payable to it under any Loan Document executed by an Obligor to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each of its Provinces and Territories shall be deemed to constitute a single jurisdiction.

(56) “**General Partners**” means Coal Royalty GP Inc., Potash Royalty GP Inc. and Genesee Royalty GP Inc.

(57) “**Genesee Partnership**” means the limited partnership referred to as the Genesee Royalty Limited Partnership, in which Genesee Royalty GP Inc. is the sole general partner and Genesee APR Holdings Corp. holds more than a 50% interest as limited partner, and the sole purpose of which is to acquire and hold the royalty referred to as Genesee and related real property interests, all as described in the RITA, and distribute payments received from that royalty.

(58) "**Governmental Authority**" means the government of Canada or any other nation, or of any of its political subdivisions, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

(59) "**Hazardous Materials**" means any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material, as defined in any Applicable Law or regulated by any Governmental Authority from time to time.

(60) "**IFRS**" means International Financial Reporting Standards as in effect from time to time in Canada.

(61) "**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of an Obligor under any Loan Document, and (b) to the extent not otherwise described in (a), Other Taxes.

(62) "**Initial Security**" means the documents described in Schedule K under the heading "Initial Security" and the other documents and instruments referred to therein or required to be delivered thereunder.

(63) "**Intellectual Property**" means patents, trademarks, service marks, trade names, copyrights, trade secrets, industrial designs and other similar rights.

(64) "**Intercreditor Agreement**" means (a) any intercreditor, priority, subordination or similar agreement, including any declaration of subordination by the Lenders for the benefit of a third party or by a third party for the benefit of the Lenders, that may be entered into from time to time and that provides for the terms of subordination, ranking or priority of any other Debt or Lien in relation to any of the Obligations or the Security; and (b) the agreements required to be entered into for the benefit of the partners of the Partnerships and LNRLP, other than the Obligors, as a condition of Equity Interests in the Partnerships and LNRLP being pledged as part of the Security.

(65) "**Interlender Agreement**" means any agreement between the Lenders entered into on or about the date hereof, confirming their respective interests and relative priorities in the Credit Facility and the Loan Documents, as such agreement may be amended, modified, replaced or supplemented from time to time.

(66) "**Intragroup Debts**" means all present and future debts, liabilities and obligations owing or remaining unpaid by any Obligor to another Obligor in respect of loans or advances made to the first Obligor by the other Obligor.

(67) "**Intragroup Obligations**" means all present and future debts, liabilities and obligations of any kind owing or remaining unpaid by any Obligor to another Obligor, including Intragroup Debts.

(68) "**Lenders**" means each of the Persons listed on Schedule A and other lenders that from time to time become Lenders in accordance with Article 10.

(69) "**Lien**" means:

(a) with respect to any Property, any mortgage, debenture, deed of trust, lien, pledge, hypothec, hypothecation, encumbrance, charge, assignment by way of security, consignment, security interest, royalty interest, adverse claim, defect of title or right to set off in, on or of the Property;

(b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease (or financial lease) or title retention agreement having substantially the same economic effect as any of the foregoing, relating to any Property;

(c) with respect to securities, any purchase option, call or similar right of a third party, in respect of the securities;

(d) any netting or set-off arrangement (except one arising by operation of law in the Ordinary Course), defeasance arrangement or reciprocal fee arrangement; and

(e) any other arrangement having the effect of providing security.

(70) "**LNRLP**" means the Labrador Nickel Royalty Limited Partnership.

(71) "**Loan Documents**" means this Agreement, the Security, each Intercreditor Agreement and all other documents relating to the Credit Facility.

(72) "**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, Property, liabilities, business prospects, financial position or operating results of the Obligors, taken as a whole, (b) the ability of the Obligors, taken as a whole, to comply with the Loan Documents, or (c) the validity or enforceability of a material provision of any Loan Document.

(73) "**Material Royalties**" means the various rights to receive payments under royalty and other agreements that will be acquired by the Partnerships pursuant to the RITA in respect of the properties referred to in the RITA as Genesee, Sheerness, Paintearth, Highvale, Cheviot, Esterhazy, Rocanville, Cory, Allan, Patience Lake and Vanscoy.

(74) "**Net Cash Proceeds**" means:

(a) the proceeds of any sale, transfer or other disposition of Property in the form of cash and readily marketable cash equivalents (whenever actually received) net of (i) amounts required to be applied to the repayment of Debt secured by a Permitted Lien ranking in priority to the Security on the Property that is the subject of the sale, transfer or other disposition, (ii) arm's length legal fees, accountant's fees, investment banking fees, real estate agents' fees, brokers' fees, and other arm's length fees and expenses actually incurred in connection with the sale, transfer or other disposition, (iii) the amount of any reserve required to be established in accordance with IFRS against any liabilities (except Taxes deducted pursuant to clause (iv) below) (x) associated with the Property that is the subject of the sale, transfer or other disposition, and (y) retained by the Borrower, provided that the amount of any subsequent reduction of the reserve (except in connection with a payment in respect of any liability) shall be deemed to be Net Cash Proceeds of the sale, transfer or other disposition, received on the date of the reduction, and (iv) Taxes paid or reasonably estimated to be payable as a result of the disposition; and

(b) the cash proceeds of any issuance of Debt or Equity Interests (whenever actually received) net of arm's length legal fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other arm's length fees and expenses actually incurred in connection with the issuance.

(75) "**Non-Consenting Lender**" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders in accordance with Section 8.6(5) and (b) has been approved by the Required Lenders.

(76) "**Obligations**" means all debts, liabilities and obligations of the Borrower to the Lenders under or in connection with this Agreement, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Borrower to the Lenders in any currency under or in connection with this Agreement, whether arising from dealings between the Lenders and the Borrower or from other dealings or proceedings by which the Lenders may be or become in any manner whatever creditors of the Borrower under or in connection with this Agreement, and wherever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by the Borrower to the Lenders in any currency under or in connection with this Agreement. In this definition, "Lenders" means the Lenders, or any of them.

(77) "**Obligors**" means, collectively, the Borrower and each of the guarantors of the Obligations that are signatories to this Agreement or become Obligors in accordance with Section 3.1(2). References to "the Obligors" shall be interpreted to mean "the Obligors or any of them". At the time of delivery of this Agreement, the Obligors are the Borrower, the Parent, AIL and Altius Resources Inc. The Royalty Cos, the General Partners and CDP Holdco will become Obligors immediately upon the completion of the Transaction, which will be funded in part with the proceeds of the Advance. CDP and CDC will become Obligors immediately upon the completion of the transactions contemplated in the CDP Purchase Agreement.

(78) "**Ordinary Course**" means, with respect to an action taken by a Person, that the action is consistent with the past practices of the Person and is taken in the usual course of the normal day-to-day operations of the Person, but dealing with new customers or suppliers or adopting new business methods does not, in itself, constitute a departure from past practice.

(79) "**Other Connection Taxes**" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between that Recipient and the jurisdiction imposing the Tax (other than connections arising from the Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Advance or any Loan Document).

(80) "**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 9.9).

(81) "**Parent**" means Altius Minerals Corporation.

(82) "**Participant**" is defined in Section 10.4(1).

(83) "**Parties**" means collectively the Borrower, the other Obligors, the Lenders and the Agent.

(84) "**Partnerships**" means, collectively, Genesee Partnership, Coal Partnership and Potash Partnership and, following the completion of the transactions contemplated in the CDP Purchase Agreement, CDP.

(85) "**Pension Plan**" means a "pension plan" or "plan" within the meaning of the applicable pension benefits legislation in any jurisdiction of Canada, which is organized and administered to provide pensions, pension benefits or retirement benefits for employees and former employees of any Obligor. For certainty, neither a Welfare Plan nor a Statutory Plan is a Pension Plan.

(86) "**Permits**" means franchises, licences, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, permits and other approvals, obtained from or required by a Governmental Authority.

(87) "**Permitted Debt**" means:

(a) the Obligations;

(b) Debt secured by Permitted Liens;

(c) Intragroup Debts, to the extent permitted under this Agreement;

(d) obligations under Derivatives that comply with Section 6.4(8);

(e) with respect to the Potash Partnership only, royalties payable pursuant to a purchase and sale agreement between Mike Petryk and Fording Coal Limited dated September 6, 1988, as amended from time to time before the date of this Agreement;

(f) with respect to the Potash Partnership only, royalties payable pursuant to a prairie operations sale and purchase agreement between 4123212 Canada Ltd. and Sherritt Coal Acquisition Inc. dated February 28, 2003, as amended from time to time before the date of this Agreement;

(g) with respect to CDP only, a reclamation bond in favour of Her Majesty The Queen in Right of the Province of Alberta issued on June 1, 2006 and maturing on June 30, 2014 in the amount of $25,000;

(h) with respect to CDP only, a reclamation bond in favour of Ministry of Energy, Mines and Petroleum Resources issued on June 1, 2006 and maturing on July 31, 2014 in the amount of $190,000;

(i) Debts owed to The Bank of Nova Scotia under or in connection with credit card agreements, in an amount not to exceed $500,000.00;

(j) Debt acquired pursuant to the Transaction that is not otherwise Permitted Debt, provided that such Debt is discharged within five (5) Banking Days of closing of the Transaction;

(k) Debt incurred in connection with the Transaction and the transactions contemplated pursuant to the CDP Purchase Agreement, including fees and expenses of advisers and fees and expenses payable to The Bank of Nova Scotia and its advisors;

(l) the Bridge Loan; and

(m) other Debt expressly consented to by the Required Lenders in writing.

(88) "**Permitted Liens**" means, with respect to any Person:

(a) Liens for Taxes not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which that Person has made adequate provision for payment of the contested amount and provided evidence of the provision requested by the Agent;

(b) undetermined, inchoate or statutory Liens, rights of distress and charges incidental to current operations that have not been filed or exercised and of which none of the Lenders has been given notice, or that relate to obligations not due or payable or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which that Person has made adequate provision for payment of the contested amount and provided evidence of the provision requested by the Agent;

(c) reservations, limitations, provisos and conditions expressed in any original grants from the Crown or other grants of real or immovable property, or interests in real or immovable property, that do not materially affect the use of the affected land for the purpose for which it is used by that Person;

(d) licences, easements, rights-of-way and rights in the nature of easements (including licences, easements, rights-of-way and rights in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) and zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, municipal and other Governmental Authorities that do not materially impair the use of the affected land for the purpose for which it is used by that Person;

(e) minor title defects, encroachments or irregularities that in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person;

(f) the right reserved to or vested in any municipality or Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by that person or by any statutory provision to terminate the lease, license, franchise, grant or permit, or to require annual or other payments as a condition to its continuance;

(g) Liens resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers' compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the Ordinary Course, up to a maximum aggregate amount deposited at any time of $1,000,000;

(h) security given to a public utility or any Governmental Authority when required by the utility or authority in connection with the operations of that Person in the Ordinary Course;

(i) any Lien created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings or is being satisfied by that Person and has not caused an Event of Default and that Person has made adequate provision for payment of the contested amount and provided evidence of the provision requested by the Agent;

(j) the Security;

(k) Liens on equipment and its proceeds created or assumed to finance or re-finance the acquisition or improvement or secure the unpaid purchase price of the equipment (including the principal amount of any capital lease) provided that the aggregate principal amount (or fair market value of the Property that is subject to a Lien if no principal amount is designated) secured by all such Liens outstanding at any time does not exceed $3,000,000;

(l) with respect to CDP and CDC, Liens existing at the time of completion of the transactions contemplated in the CDP Purchase Agreement;

(m) Liens listed on Schedule L; and

(n) other Liens expressly agreed to in writing by the Required Lenders.

(89) “**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and “person” has the same meaning.

(90) “**Pledged Securities**” means the Equity Interests of the Obligors and other Persons (including the Partnerships and LNRLP) that are specifically pledged as part of the Security from time to time.

(91) “**Post-Closing Security**” means the documents described in Schedule K under the heading “Post-Closing Security” and the other documents and instruments referred to therein or required to be delivered thereunder.

(92) “**Potash Partnership**” means the limited partnership referred to as the Potash Royalty Limited Partnership, in which Potash Royalty GP Inc. is the sole general partner and Potash APR Holdings Corp. holds more than a 50% interest as limited partner, and the sole purpose of which is to acquire and hold the royalties relating to potash assets and related real property interests, all as described in the RITA, and distribute payments received from those royalties.

(93) “**Property**” means, with respect to any Person, any or all of its present and future undertaking, property and assets, whether tangible or intangible, real or personal, and includes rights under Contracts and Permits.

(94) “**Recipient**” means the Agent and any Lender, as applicable.

(95) “**Register**” is defined in Section 10.3.

(96) “**Related Parties**” means, with respect to any Person, its Affiliates and the directors, officers, employees and agents of the Person and of its Affiliates.

(97) “**Representatives**” means, with respect to any Party, its Affiliates and, if applicable, its and their respective directors, officers, employees, agents and other representatives and advisors.

(98) “**Required Lenders**” means all of the Lenders if there are two or fewer Lenders and otherwise means two or more Lenders holding, in the aggregate, a minimum of 66 2/3%

of the outstanding amount of the Commitments. For the purpose of determining the number of Lenders, two or more Lenders that are Affiliates of each other shall be counted as one Lender. If any Lender is a Defaulting Lender at any time of determination, then that Lender and its Commitment shall be excluded in determining the Required Lenders.

(99) "**RITA**" means the royalty interest transfer agreement in the form attached as Schedule 2.11 to the Arrangement Agreement, pursuant to which the Partnerships acquired certain Property.

(100) "**Royalty Cos**" means Coal APR Holdings Corp., Potash APR Holdings Corp. and Genesee APR Holdings Corp.

(101) "**Security**" means all security documents and guarantees and indemnities made by the Obligors or other Persons in favour of or for the benefit of the Agent and the Lenders, securing or intended to secure or support the repayment of the Obligations including the Initial Security and the Post-Closing Security.

(102) "**Sprott**" means Sprott Resource Lending Partnership, a general partnership formed under the laws of the Province of Ontario.

(103) "**Statutory Plan**" means any benefit plan that an Obligor is required by statute to participate in or contribute to in respect of any current or former employee, director, officer, shareholder, consultant or independent contractor of that Obligor, or any dependent of any of them, including the Canada Pension Plan, the Quebec Pension Plan and plans administered pursuant to applicable legislation regarding health, tax, workers' compensation insurance and employment insurance.

(104) "**Subsidiary**" of a Person means any Person Controlled by the first Person or by any Subsidiary of the first Person.

(105) "**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable to them.

(106) "**Total Interest Expense**" means, for any particular period, the aggregate expense incurred during such period by the Parent on a consolidated basis for interest and other costs of obtaining credit, including:

(a) the interest portion of any capital lease; and

(b) all fees and other compensation paid to any Person that has extended credit to the Obligors except upfront fees paid to the Agent or Lenders;

in each case whether or not actually paid (unless paid by the issuance of securities constituting Debt) and calculated in accordance with IFRS.

(107) “**Transaction**” means the acquisition of the Material Royalties, other royalties and related real property interests by the Partnerships pursuant to and in accordance with the Arrangement Agreement, the RITA and related documents.

(108) “**Virginia**” means Virginia Mines Inc., a corporation existing under the *Canada Business Corporations Act*.

(109) “**Welfare Plan**” means any deferred compensation, bonus, share option or purchase, savings, retirement savings, retirement benefit, profit sharing, medical, health, hospitalization, insurance or any other benefit, program, agreement or arrangement, funded or unfunded, formal or informal, written or unwritten, that is applicable to any current or former employee, director, officer, shareholder, consultant or independent contractor of any Obligor, or any dependent of any of them, except a Pension Plan or a Statutory Plan.

1.2 Construction

The Loan Documents have been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of the Loan Documents.

1.3 Certain Rules of Interpretation

(1) In any Loan Document:

(a) the division into articles and sections and the insertion of headings and the Table of Contents are for convenience of reference only and shall not affect the construction or interpretation of the Loan Document;

(b) unless otherwise specified or the context otherwise requires:

(i) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”;

(ii) all amounts expressed in this Agreement in terms of money shall refer to Canadian Dollars, but any determination concerning any representation, covenant, Event of Default or other limit that refers to a minimum or maximum amount in Canadian Dollars will be made by taking into account the Equivalent Amounts in other currencies at the time of calculation;

(iii) any reference to a Person “directly or indirectly” owning, doing or having anything includes a Subsidiary of that Person owning, doing or having that thing; and

(iv) all references to specific times are references to Toronto time.

(2) The interpretation rules in this Section 1.3(2) apply to every Loan Document unless a particular Loan Document specifies otherwise or the context otherwise requires. The definitions of terms in any Loan Document shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document (including any definition of or reference to this Agreement) shall be construed as referring to that agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on amendments, supplements, restatements or modifications in any Loan Document), (b) any reference to any Person shall be construed to include the Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to the Loan Document in which they appear in its entirety and not to any particular provision of the Loan Document, (d) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which the references appear, and (e) any reference to any law or regulation shall, unless otherwise specified, refer to that law or regulation as amended, modified or supplemented from time to time.

(3) If Section 7.1 specifies a grace period before an event or circumstance becomes an Event of Default (that is, the occurrence of the event or circumstance initially constitutes a Default but not an Event of Default), and if before the expiration of the grace period the Borrower provides evidence of having remedied the event or circumstance that is satisfactory to the Agent (after consulting the Lenders if the Agent considers it appropriate to do so), then any Default arising from the occurrence of that event or circumstance will be deemed not to be "continuing." In any other case, any Default or Event of Default will be deemed to be "continuing" if it has not been waived by the Lenders in accordance with Section 11.2.

1.4 Knowledge

In any Loan Document, any reference to the knowledge of any Party means to the best of the knowledge, information and belief of the Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant Representatives of the Party. The determination of which records and Representatives are relevant in any particular instance may be made by the particular Party, acting reasonably.

1.5 Performance on Banking Days

If any action is required to be taken pursuant to any Loan Document on or by a specified date that is not a Banking Day, the action is valid if taken on or by the next Banking Day except that, in the case of a payment, if the next Banking Day is in a different calendar month then the payment shall be made on the preceding Banking Day.

1.6 Accounting Terms

In any Loan Document, unless specified otherwise, each accounting term has the meaning assigned to it under IFRS.

1.7 Permitted Liens

The designation of a Lien to be a Permitted Lien is not, and shall not be deemed to be, an acknowledgment by the Agent or any Lender that the Lien shall have priority over the Security.

ARTICLE 2
THE CREDIT

2.1 Amount and Availment

(1) Subject to the terms and conditions of this Agreement, the Lenders shall provide, severally (not jointly and not jointly and severally), a credit facility to the Borrower in the aggregate amount of up to $140,000,000 (the "**Credit Facility**"). Each Lender's obligation shall be limited to its respective Applicable Percentage of the Credit Facility.

(2) The Credit Facility may be drawn only in a single advance on the Closing Date. Any amount under the Credit Facility that is not drawn on the Closing Date shall be permanently cancelled.

2.2 Non-Revolving

The Credit Facility is a non-revolving credit and any principal amount of the Advance that is repaid may not be re-borrowed.

2.3 Use of the Credit Facility

The Credit Facility may only be used to assist in financing (i) up to 50% of the cost of the Borrower's purchase of 100% of the issued and outstanding shares of the Royalty Cos and the General Partners; and (ii) 50% of CDP from 1683740 Alberta Ltd., a wholly-owned Subsidiary of Sherritt International Corporation, all in accordance with the Arrangement Agreement.

2.4 Term and Repayment

(1) The term of the Credit Facility is five years and shall be fully repaid on or before the fifth anniversary of the Closing Date.

(2) In addition, the Credit Facility shall be repaid and permanently reduced by the Borrower in quarterly instalments on the last Banking Day of each of January, April, July and October of each year, beginning in October 2014, each such instalment being in the amount of $2,000,000.

(3) In addition, there shall be required a further $60,000,000 repayment of the Credit Facility (the "Additional Principal Prepayment") by the Borrower on or before the date which is the second anniversary of the Closing Date, which principal repayment shall be reduced dollar for dollar to the extent that the Advance is less than $140,000,000.

2.5 Mandatory Repayment

(1) In addition to the scheduled repayments and reductions specified in Section 2.4, the Borrower shall repay the Advance and the Credit Facility shall be permanently reduced by 100% of the Net Cash Proceeds of any:

(a) issuance, creation or assumption of Debt (other than (i) Intragroup Debts, to the extent permitted under this Agreement and (ii) other Debt expressly consented to by the Required Lenders in writing after the date of this Agreement) or any offering of Equity Interests of any Obligor (other than any intragroup financings between any Obligors and any equity financing by the Parent for aggregate gross proceeds of up to $75,000,000 completed within 30 days after the Closing Date); and

(b) disposition of Property for cash proceeds or readily marketable cash equivalents by any Obligor out of the Ordinary Course, with payment to be made promptly upon receipt of the Net Cash Proceeds by the applicable Obligor,

in each case, only to the extent such Net Cash Proceeds are in excess of $1,000,000.

2.6 Voluntary Prepayment

(1) The Borrower may prepay the Credit Facility in whole or in part provided that not less than the equivalent of 3 months' interest on the Advance has been paid to the Agent for the benefit of the Lenders and such prepayment is made on the last Banking Day of a calendar month, on 10 days' prior written notice by the Borrower to the Agent of the Borrower's intention to repay.

2.7 Interest

(1) Interest on the outstanding principal amount of the Credit Facility shall accrue and be payable at the per annum rate of interest corresponding to the then outstanding principal amount of the Credit Facility, as specified in the table below, calculated daily and compounded monthly, before and after each of maturity, default and judgment.

Principal Amount of Credit Facility Outstanding	Interest Rate (per annum)
$120,000,000 to $140,000,000	8.85%
$110,000,000 to	7.80%

$119,999,999.99	
$100,000,000 to $109,999,999.99	7.35%
$80,000,000 to $99,999,999.99	6.95%
$0 to $79,999,999.99	6.50%

(2) Interest shall be payable monthly on the last Banking Day of each calendar month by way of preauthorized electronic debit. Interest not paid when due shall be added to the principal amount of the Credit Facility and shall bear interest after such due date at the rates set out above.

(3) Notwithstanding any provision of this Agreement, the Agent shall distribute interest and fees for the Credit Facility to the Lenders in accordance with the terms of the Interlender Agreement.

2.8 Commitment Fee

(1) The Parent shall pay to the Agent for the benefit of the Agent and the Lenders a commitment fee in the amount of $2,800,000 (the "**Commitment Fee**"), payable on the earlier of the closing of any equity financing by the Parent and May 15, 2014.

(2) If, after the execution and delivery of this Agreement by the Parties, the Borrower does not draw down the Advance in circumstances where the Lenders are prepared to complete the Advance in accordance with the terms and conditions set out in this Agreement, the Commitment Fee shall be payable within seven days of the earlier of (i) the date on which the Borrower has made a determination not to proceed to draw down the Advance, and (ii) June 30, 2014. If all conditions precedent to the Advance provided under Article 4 below are satisfied and the Lenders fail to make the Advance, the Parent shall not be obliged to pay the Commitment Fee to the Agent.

2.9 Anniversary Fee

(1) The Borrower shall pay to the Agent for the benefit of the Agent and the Lenders a cash fee on the first anniversary of the Closing Date equal to 2% of amount by which the principal amount of the Credit Facility outstanding on the first anniversary of the Closing Date exceeds $80,000,000.

ARTICLE 3
SECURITY

3.1 Security

(1) The Security shall include the documents and instruments described in Schedule K hereto, granted in favour of the Agent for the benefit of the Lenders, all in form and substance satisfactory to the Lenders and registered and/or recorded in all jurisdictions required by the Agent to grant to the Agent a Lien in the collateral subject thereto, subject only to Permitted Liens.

(2) If at any time the Parent establishes or acquires a Subsidiary that is wholly owned by the Parent directly or indirectly, except an Excluded Subsidiary, the Parent shall within 30 days cause that Subsidiary to become an Obligor, adopt this Agreement by delivering an agreement in the form of Schedule H so as to be bound by all of the terms applicable to Obligors as if it had executed this Agreement as an Obligor, and deliver a guarantee and indemnity and other security documents required to comply with Section 3.1(1) and 3.1(4), which shall become part of the Security. For the purposes of this Agreement, "wholly-owned" shall include any Subsidiary that is wholly-owned except for Equity Interests required by Applicable Law to be held by directors of the Subsidiary. The Parent shall also deliver or cause the delivery of a pledge of all of the Equity Interests of the new Subsidiary as part of the Security, deliver any certificates representing the Equity Interests with endorsements executed in blank and take other steps that the Agent reasonably requires to perfect the Security relating to the Equity Interests.

(3) Each Obligor shall, immediately on receipt, deliver to the Agent for the benefit of the Lenders, certificates representing all additional Equity Interests of an Obligor or other Person in which it owns Equity Interests that it acquires after the date that it first delivers Equity Interests of that Obligor or other Person as part of the Security, together with any certificates representing those Equity Interests and endorsements executed in blank, and take other steps that the Agent reasonably requires to obtain or perfect the Security relating to those Equity Interests (including control agreements where required to obtain or perfect a security interest in such Equity Interests). If Equity Interests of an Obligor that have been pledged as part of the Security are subsequently transferred to another Obligor, the transferee shall immediately deliver a pledge of all of the transferred Equity Interests as part of the Security, deliver any certificates representing the Equity Interests with endorsements executed in blank and take other steps (including control agreements where required to obtain or perfect a security interest in such Equity Interests) that the Agent reasonably requires to obtain or perfect the Security relating to the Equity Interests.

(4) Each Obligor shall, immediately on the acquisition of any freehold or leasehold real property or any Intellectual Property in which its interest is registered in a public office, grant to the Agent for the benefit of the Lenders, a fixed charge over that real property or a security interest in that Intellectual Property as part of the Security and cause the delivery of legal opinions and other supporting documents reasonably required by the Agent.

(5) Nothing in this Section 3.1 that contemplates the Obligors owning, establishing, acquiring or transferring Property, Equity Interests or Subsidiaries shall in any way modify any restriction on doing so elsewhere in this Agreement.

ARTICLE 4
CONDITIONS

4.1 Conditions Precedent to Advance

The conditions precedent specified in this Section 4.1 must be satisfied at or before the time of the Advance under this Agreement, unless waived by all Lenders. The Agent and the Lenders acknowledge that, while all conditions precedent must be satisfied as part of a single closing of which the Advance would be part, the proceeds of the Advance are required in order to fund completion of the Transaction and the Borrower will not acquire Equity Interests of the General Partners or the Royalty Cos until completion, with the result that documents executed by the General Partners and the Royalty Cos and documents that depend on the Borrower's ownership of the General Partners and the Royalty Cos will not be delivered to the Agent until a step in the closing following the delivery of the Advance, provided always that the proceeds of the Advance and the delivery of all documents delivered on the Closing Date, including the Initial Security, shall be subject to and released concurrently from the same closing escrow. Where delivery of documents is referred to, the documents must be delivered to the Agent, for and on behalf of the Lenders, the documents must be in form and substance satisfactory to the Lenders, duly executed by all parties and in full force and effect, and all matters disclosed by the documents must be satisfactory to the Lenders.

(1) Initial Security and Other Principal Documents

(a) The Agent must have received duly executed copies of this Agreement and agreements in the form of Schedule H executed by the General Partners, the Royalty Cos and CDP Holdco.

(b) The Agent must have received duly executed copies of the Initial Security.

(c) The Initial Security must have been duly registered and otherwise perfected as required by the Agent, it being acknowledged in the case of real property security granted by the Obligors that registration of such security as against such properties as may be designated by the Agent need not be completed before the 60th day following the Closing Date.

(d) The Agent must have received certificates, if any, representing the Pledged Securities, and endorsements executed in blank relating to those certificates or evidence of other arrangements (including control agreements with the applicable intermediaries) being made as required by the Agent to perfect the Initial Security relating to the Pledged Securities.

(2) Corporate and Other Information

(a) The Agent must have received a certificate of each Obligor attaching (i) copies of its Constating Documents, (ii) a list of its officers and directors and specimens of the signatures of those officers or directors who are executing Loan Documents on its behalf, and (iii) copies of the corporate proceedings taken to authorize it to execute, deliver and perform its obligations under the Loan Documents and, if it is an issuer of Pledged Securities, consents that are required from its directors, shareholders, partners or members, either in connection with the pledges of Pledged Securities or in connection with any disposition of the Pledged Securities upon enforcement of the Initial Security.

(b) The Agent must have received a certificate of the Borrower attaching copies of executed partnership agreements for the Partnerships in a form approved by the Lenders that contains agreements from the Partnerships and/or their partners in respect of the pledges of the interests of the Royalty Cos and General Partners in the respective Partnerships and the pledges of the Equity Interests issued by the General Partners and the Royalty Cos as part of the Initial Security, and any enforcement of the Initial Security.

(c) The Agent must have received a certificate of status, compliance, good standing or equivalent for each Obligor and Partnership for its jurisdiction of incorporation and for each jurisdiction where an Obligor carries on business or where registrations or filings in relation to the Security given by that Obligor have been effected, except for any jurisdiction where certificates of that kind are not customarily issued by a Governmental Authority.

(d) Each Obligor must have complied with Section 6.2(12).

(3) Financial Information

(a) The Agent must have received the Parent's audited consolidated financial statements for its fiscal period ended April 30, 2013 and its unaudited consolidated financial statements for its fiscal period ended January 31, 2014.

(b) The Agent must have received a *pro forma* Compliance Certificate as of the date of the Advance, giving effect to the Transaction and the Advance, with calculations based on assumptions acceptable to the Lenders.

(4) Transaction

(a) The Lenders must be satisfied with all material aspects of the Transaction and with the final legal and tax structure of each Partnership, the Obligors and their respective Property following completion of the Transaction and must have been provided with, or with access to, all material information relating to the Transaction, including maps depicting all mining claims relating to the mines to which the Material Royalties relate, the boundaries of the property to which the

Material Royalties relate and the area covered by the current mine plans for those mines.

(b) The Lenders must be provided with a certificate confirming that the Transaction has been completed on the terms set forth in the Arrangement Agreement, with no waivers of conditions thereunder for the benefit of any Obligor or Partnership being made without the Lenders' consent.

(c) The Lenders must be provided with a certificate confirming that all material Permits and all other material third party consents and approvals that are necessary in relation to the Transaction have been obtained.

(d) There is no pending or threatened Dispute that seeks to adjourn, delay, enjoin, prohibit or impose material limitations on any aspect of the Transaction or that has had, or could reasonably be expected to have, a Material Adverse Effect.

(e) The Lenders must be satisfied that the Genesee Partnership has been granted a security interest in the royalty payment owing to PMRL pursuant to the dedication and unitization agreement dated August 7, 1980 between the City of Edmonton and Fording Coal Limited (predecessor to PMRL), as amended, as security for payment of the royalty referred to as Genesee by PMRL to the Genesee Partnership.

(5) Other Debt and Liens / Third Party Documents

(a) The Agent must have received evidence that all Debt of the Obligors and the Partnerships not forming part of Permitted Debt has been paid in full or will be paid in full concurrently with the Advance.

(b) The Agent must have received releases and discharges (in registrable form where appropriate) covering all Liens affecting any Property of any Obligor or Partnership, other than Permitted Liens, or undertakings of the holders of those Liens to deliver releases and discharges promptly after the Advance.

(c) The Agent must have received all statements, postponements and acknowledgements that are required in respect of other Liens affecting the Property of the Obligors or the Partnerships to confirm that those Liens are Permitted Liens.

(d) The Agent must have received certificates of insurance or other evidence that the covenants and conditions of the Loan Documents concerning insurance coverage are being complied with.

(e) The Agent must have received a certificate of AIL attaching a copy of the partnership agreement for LNRLP, and must have received all consents that are required from LNRLP and/or its partners in respect of the pledge of the interest of AIL in LNRLP as part of the Security, and any enforcement of that Security.

(6) Opinions The Agent must have received:

(a) the opinion of Stikeman Elliott LLP as principal counsel to the Obligors, addressed to the Agent and the Lenders with respect to the laws of Ontario and Alberta; and

(b) the opinion of McInnes Cooper LLP, as Newfoundland and Labrador counsel to the Obligors, addressed to the Agent and the Lenders with respect to the laws of Newfoundland and Labrador.

(7) Other Matters The following other conditions must be satisfied on or prior to the Advance being made on the Closing Date:

(a) The Agent must have received payment of all fees that are payable under or in connection with this Agreement to the Agent, the Lenders or any of them on or before the Advance, and reimbursement of all expenses incurred by any of them, including legal fees, as required by any Loan Document.

(b) The Advance must be made no later than June 30, 2014.

(c) The Obligors have contributed not less than $115,000,000 in cash, or such other amount as may be required, to complete the Transaction.

(d) The Agent must have received such other documents as the Lenders may reasonably require and of which the Borrower has been given reasonable notice.

(8) In addition to the other conditions precedent specified in this Agreement, the obligation of the Lenders to make the Advance is subject to the following further conditions precedent:

(a) The representations and warranties made in Section 5.1 of this Agreement must be true and correct on and as of the Closing Date.

(b) No Default, including one relating to Material Adverse Effect, shall have occurred since December 24, 2013 and be continuing on the Closing Date, or result from making the Advance.

(c) The Agent must have received timely notice as required under Section 9.4.

(d) The Borrower must have no reasonable grounds to believe that it will not be in compliance with any financial covenants contained in Section 6.1 at the end of the current fiscal quarter or that it was not in compliance with those covenants at the end of the immediately preceding fiscal quarter.

(e) The Borrower shall have provided an officer’s certificate and such other evidence as the Agent may reasonably require, confirming that there are no reclamation requirements, workfare orders or bonds outstanding on the Obligors’ properties other than, in respect of CDP only, reclamation bonds included in Permitted Debt.

(f) Neither the Agent nor any Lender may have received notice under subsection 224(1.1) of the *Income Tax Act* (Canada) or any successor provision or any comparable provision of any other taxing statute in respect of any Obligor.

(g) All other terms and conditions of this Agreement on which the Advance may be obtained must be fulfilled.

4.2 Conditions Subsequent to Advance

The conditions precedent specified in this Section 4.2 must be satisfied upon the completion of the transactions contemplated in the CDP Purchase Agreement, on or before May 15, 2014, unless waived by all Lenders.

(1) <u>Post-Closing Security and Other Principal Documents</u>

(a) The Agent must have received duly executed copies of agreements in the form of Schedule H executed by CDP and CDC.

(b) The Agent must have received duly executed copies of the Post-Closing Security.

(c) The Post-Closing Security must have been duly registered and otherwise perfected as required by the Agent, it being acknowledged in the case of real property security granted by the Obligors that registration of such security as against such properties as may be designated by the Agent need not be completed before the 60^{th} day following the closing of the transactions contemplated in the CDP Purchase Agreement.

(d) The Agent must have received certificates, if any, representing the Pledged Securities, and endorsements executed in blank relating to those certificates or evidence of other arrangements (including control agreements with the applicable intermediaries) being made as required by the Agent to perfect the Post-Closing Security relating to the Pledged Securities.

(2) <u>Corporate and Other Information</u>

(a) The Agent must have received a certificate of each of CDP and CDC attaching (i) copies of its Constating Documents, (ii) a list of its officers and directors and specimens of the signatures of those officers or directors who are executing Loan Documents on its behalf, and (iii) copies of the corporate proceedings taken to authorize it to execute, deliver and perform its obligations under the Loan Documents and, if it is an issuer of Pledged Securities, consents that are required from its directors, shareholders, partners or members, either in connection with the pledges of Pledged Securities or in connection with any disposition of the Pledged Securities upon enforcement of the Post-Closing Security.

(b) The Agent must have received a certificate of status, compliance, good standing or equivalent for each of CDP and CDC for its jurisdiction of incorporation and for each jurisdiction where each of CDP and CDC carries on business or where registrations or filings in relation to the Security given by that Obligor have been effected, except for any jurisdiction where certificates of that kind are not customarily issued by a Governmental Authority.

(c) Each of CDP and CDC must have complied with Section 6.2(12).

(3) Other Debt and Liens

(a) The Agent must have received evidence that all Debt of each of CDP and CDC not forming part of Permitted Debt has been paid in full.

(b) The Agent must have received releases and discharges (in registrable form where appropriate) covering all Liens affecting any Property of each of CDP and CDC, other than Permitted Liens, or undertakings of the holders of those Liens to promptly deliver releases and discharges.

(4) Transaction

(a) The Lenders must be provided with a certificate confirming that the transactions contemplated in the CDP Purchase Agreement have been completed on the terms set forth in the CDP Purchase Agreement, with no waivers of conditions thereunder for the benefit of any Obligor or Partnership being made without the Lenders' consent.

(b) The Lenders must be provided with an executed amended and restated CDP partnership agreement, which includes a provision confirming that interests in the CDP partnership constitute a security for the purposes of the *Securities Transfer Act, 2006* (Ontario).

(5) Opinions The Agent must have received the opinion of Stikeman Elliott LLP as principal counsel to the Obligors, addressed to the Agent and the Lenders with respect to the laws of Ontario and Alberta.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

Each Obligor represents and warrants to the Lenders as specified in this Section 5.1. In addition, the Parent represents and warrants to the Lenders with respect to each of the Partnerships as specifically stated below.

(1) Organization It is duly incorporated or otherwise established and duly organized, validly existing and in good standing under the laws of its jurisdiction of formation. It is qualified to do business and in good standing in each jurisdiction where that is necessary. In addition, the Parent represents and warrants to the Lenders that the foregoing is correct with respect to each of the Partnerships.

(2) Powers It has the corporate or analogous power and capacity to:

(a) enter into and perform its obligations under any Loan Document to which it is or will be a party;

(b) incur Obligations; and

(c) own its Property and carry on the business in which it is engaged.

In addition, the Parent represents and warrants to the Lenders that Section 5.1(2)(c) is correct with respect to each of the Partnerships.

(3) Authorization All necessary corporate or analogous action has been taken by it or on its part to authorize its execution and delivery of the Loan Documents to which it is or will be a party, the performance of its obligations under those Loan Documents and the incurrence of Obligations.

(4) Absence of Conflict The execution, delivery and performance by it of the Loan Documents to which it is or will be a party and the incurrence of Obligations will not:

(a) result in a material breach of any of the provisions of, constitute a default under, conflict with, or cause the acceleration of any of its obligations under:

(i) any material Contract to which it is a party or by which any of its Property is bound or affected;

(ii) any material Permit by which its business or any of its Property is bound or affected;

(iii) its Constating Documents or any resolution of its directors (or similar governing body) or holders of its Equity Interests; or

(iv) any Applicable Law;

(b) result in or require the creation or imposition of any Lien on any of its Property, except Permitted Liens; or

(c) result in the forfeiture of any of its Property.

(5) No Consents Required Except for filings required to perfect the Security, no material Permit is required, nor is any material authorization, consent, approval or notice required under any Applicable Law or material Contract to which it is a party, in connection with its execution, delivery and performance of the Loan Documents or the incurrence of Obligations other than those which have been obtained and are valid and subsisting and it is not aware of any fact or circumstance which may cause any of such authorizations, consents, approvals or notices to be suspended, forfeited, cancelled or rendered void.

(6) No Restrictions on Borrowing Etc. Neither its power to borrow money, to give financial assistance by way of loan, guarantee or otherwise, or to create any Lien on any or all of its present and future Property to secure the Obligations, nor the power of its directors to authorize those actions, is restricted by its Constating Documents or Applicable Law.

(7) No Burdensome Restrictions It is not a party to any Contract, the holder of any Permit or subject to any Applicable Law, compliance with which has had or could reasonably be expected to have a Material Adverse Effect.

(8) Enforceability The Loan Documents to which it is or will be a party have been or will be duly executed and delivered by it, and when executed and delivered will constitute its legal, valid and binding obligations, enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and to general principles of equity.

(9) No Default No Default has occurred and is continuing.

(10) Compliance With Law It is in compliance in all material respects with all material requirements of Applicable Law affecting it or its Property or the business it carries on.

(11) Debt It has no Debt other than Permitted Debt.

(12) Title Except as disclosed to the Agent in writing, it has good and marketable title to all real property that it purports to own, it has valid leasehold interests pursuant to valid and enforceable leases in all real and personal property that it purports to hold as lessee, and it has valid and indefeasible title to all personal property that it purports to own, in each case free and clear of all Liens except Permitted Liens.

(13) Disputes Except as disclosed on Schedule D or as reported pursuant to Section 6.3(2)(c), there are no material Disputes pending, outstanding or, to its knowledge, threatened against it. To its knowledge there is no factual or legal basis on which any material Dispute might be commenced with any reasonable likelihood of success.

(14) Financial Statements Except to the extent that subsequent financial statements furnished to the Agent have identified restatements, other adjustments or changes in accounting policies, all of its financial statements furnished to the Agent in connection with this Agreement:

(a) are in all material respects complete and fairly present its assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial position as of the respective dates referred to in those financial statements and its revenues, expenses and results of operation for the respective periods covered, in each case on a consolidated basis where specified; and

(b) have been prepared in accordance with IFRS, consistently applied, except, in the case of quarterly financial statements, notes to the statements and normal year-end audit adjustments required by IFRS are not included.

(15) Projections Its most recent projections provided to the Agent, including forecasts, budgets, *pro formas* and business plans, were prepared in good faith based on assumptions that were believed to be reasonable and (except to the extent it has notified the Agent in writing) are believed to be reasonable estimates of the prospects of the businesses referred to in those projections.

(16) Accuracy of Information Taken as a whole, all information (including information in financial statements, but excluding projections) pertaining to it that it has provided to the Agent, the Lenders, or any of them, is complete and accurate in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained in the information not materially misleading in light of the circumstances in which the statements are made. There is no fact that it has not disclosed to the Agent and the Lenders in writing that has had or could reasonably be expected to have a Material Adverse Effect.

(17) No Material Adverse Effect Since December 24, 2013, there has been no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

(18) Permitted Liens It is not in material default under any Permitted Lien.

(19) Intragroup Debts As of the Closing Date and the most recently delivered Compliance Certificate, it has no Intragroup Debts except as disclosed in Schedule E, as updated from time to time by each Compliance Certificate.

(20) Property, Equity Interests, Etc. As of the date of this Agreement (taking into account completion of the Transaction) or the most recently delivered Compliance Certificate, Schedule B, as updated from time to time by each Compliance Certificate, contains a complete and accurate organizational chart for the Obligors and is a complete and accurate description of its name (including any French or combined French and English form of its name), its jurisdiction of incorporation, its history of mergers, amalgamations and changes of name, the ownership of all of its issued and outstanding Equity Interests (or in the case of the Parent, the identity of all Persons or groups of Persons that are known to the Parent to directly or indirectly own or control 10% or more of its outstanding Equity Interests), the nature of the business that it carries on, the locations of its registered office (and chief executive office, if different), the Equity Interests in Obligors and other Persons that it owns, the location of its freehold and leasehold real property, the jurisdictions in which its other tangible Property is located and its bank accounts and securities accounts.

(21) Pledged Securities The Pledged Securities are validly issued as limited partnership units, in the case of the Partnerships, or fully paid and non-assessable shares of the respective issuers. The consents of the directors, shareholders, partners and/or members, of the respective issuers of Pledged Securities that will be delivered at or before the time that the Pledged Securities become part of the Security are the only consents that are necessary or desirable in connection with the pledges of the Pledged Securities as part of

the Security (including the enforcement of the pledges), and will be kept in full force and effect as long as they remain necessary or desirable.

(22) Intellectual Property It owns or is licensed or otherwise has the right to use all material Intellectual Property that is necessary for the operation of its business, to its knowledge without material conflict with the rights of any other Person, except as specified on Schedule C. As at the date of this Agreement or the most recently delivered Compliance Certificate, all Intellectual Property in which its interest is registered in any public office is listed on Schedule C, as updated from time to time by each Compliance Certificate. If it is not the owner of any Intellectual Property used in its business, its right of use is not subject to termination unless the consequences of termination would not be material.

(23) Permits All material Permits required to carry on its business as currently conducted are in full force and effect, except for omissions that individually and in the aggregate are not material.

(24) Environmental Matters – Property owned prior to the Transaction

(a) Its business and Property (including underlying groundwater) have been and are being owned, occupied and operated in material compliance with Applicable Law relating to pollution, protection or enhancement of the environment, preservation or reclamation of natural resources, Hazardous Materials, or health and safety matters. To its knowledge there are no material breaches of that Applicable Law, no enforcement actions are outstanding, threatened or pending in respect of that Applicable Law and it has not received any communication alleging that it is in breach of that Applicable Law or claiming that it has any liability in respect of Hazardous Materials.

(b) To its knowledge, (i) there are no active or abandoned underground storage tanks located on any land that it occupies or controls, except those that comply with Applicable Law, (ii) there are no Hazardous Materials located on, above or below the surface of any land that it occupies or controls or contained in the soil or water constituting that land, except those being stored, used and otherwise handled and existing in compliance with Applicable Law, (iii) no release, spill, leak, emission, discharge, leaching, dumping or disposal of Hazardous Materials has occurred on or from the land, except those that are not material and do not violate Applicable Law, (iv) no land that it occupies or controls has been used as a landfill or waste disposal site, (v) Hazardous Materials generated on any land that it occupies or controls have been transported, treated and disposed of in accordance with Applicable Law, and (vi) no other circumstance exists that would give rise to liability on its part under the Applicable Law referred to in Section 5.1(24)(a) except to the extent not material.

(c) It has made available to the Lenders all environmental studies (including any environmental audit) that it has regarding any land that it occupies or controls.

(d) Its representations in this Section 5.1(24) regarding land that it presently occupies or controls would have been accurate with respect to land that it previously occupied or controlled if made immediately before the time when it ceased to occupy or control that land.

(25) Environmental Matters – Property acquired pursuant to the Transaction It makes the representations set out in Section 18 "Absence of Environmental Liabilities" of the Arrangement Agreement *mutatis mutandis*.

(26) Taxes and Withholdings

(a) It has correctly and completely filed on a timely basis all material returns, elections and reports required to be filed by it regarding its Taxes. It has paid all material Taxes due and payable by it, unless they are being contested diligently, in good faith and by appropriate proceedings, it has made adequate provision for payment of the contested amount and it has provided evidence of the provision for the contested amount that the Agent requires. It has made adequate provision for material Taxes payable by it for the current period and any previous period for which tax returns are not yet required to be filed. It is not subject to any audit by any Governmental Authority relating to Taxes.

(b) It has withheld from each payment made to any of its past or present employees, officers or directors, to any non-resident of the country in which it is resident and to any other Person, the amount of all material Taxes and other deductions required to be withheld from those payments, has remitted the amounts withheld to the proper tax or other receiving officers within the time required under any Applicable Law and has correctly and completely filed on a timely basis all material returns and reports required to be filed by it regarding amounts withheld.

(c) It has collected and remitted to the appropriate tax authority when required by Applicable Law to do so all material amounts required to be collected and remitted in respect of sales tax, goods and services tax and similar Taxes, and has correctly and completely filed on a timely basis all material returns and material reports required to be filed by it regarding amounts collected.

(27) Pension and Other Plans

(a) No Employee Plan under which it has any liability or contingent liability is a Pension Plan and no Partnership has any liability or contingent liability under a Pension Plan.

(b) It does not maintain or contribute to, is not required to maintain or contribute to, is not a party to or bound by, and has no liability or contingent liability under, any program, agreement or arrangement outside Canada that is similar to an Employee Plan.

(c) It has no liability or contingent liability under a Welfare Plan to provide for benefits after termination of employment or retirement that could reasonably be expected to have a Material Adverse Effect.

(d) Except for matters that, individually or in the aggregate, could not reasonably be expected to be material, (i) each Employee Plan is established, registered, administered and invested in compliance in all respects with its terms and all Applicable Law, including the *Income Tax Act* (Canada), (ii) all employer and employee payments, contributions and premiums required to be remitted or paid to or in respect of any Employee Plan or Statutory Plan have been remitted or paid in a timely fashion to or in respect of the Employee Plan or the Statutory Plan in accordance with their respective terms and all Applicable Law, (iii) there is no claim by any Governmental Authority or by any Person pending or, to its knowledge, threatened in respect of any Employee Plan (except routine claims for payment of benefits), (iv) no event has occurred that has given rise to or could reasonably be expected to give rise to any liability on its part under any Employee Plan except those disclosed in the financial statements required to be provided pursuant to this Agreement, and (v) with respect to any Employee Plan that is registered under any Applicable Law, no event has occurred and no condition exists that has resulted or could reasonably be expected to result in that Employee Plan having its registration revoked, or entitle any other Person to terminate or wind up that Employee Plan (in whole or in part).

(28) Solvency

(a) The aggregate of its Property is, at a fair valuation, sufficient, and, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all of its obligations and liabilities (excluding contingent liabilities), due and accruing due.

(b) It is able to meet its obligations as they generally become due and it has not ceased paying its current obligations in the Ordinary Course as they generally become due.

(29) Charitable Status It is not a charity registered with the Canada Revenue Agency and does not solicit charitable financial donations from the public.

(30) Use of Proceeds Except as expressly specified in this Agreement, no part of the Advance will be used by, on behalf of or for the benefit of, any Person except the Obligors.

(31) Best Interests The entry into and the performance of its obligations under this Agreement and the other Loan Documents is in its best interests and for a proper purpose.

(32) No Trust It is not the trustee of any trust.

(33) No Immunity It does not enjoy immunity from suit or execution in relation to its covenants and obligations under this Agreement and the other Loan Documents.

5.2 Survival of Representations and Warranties

The representations and warranties made in this Agreement or any other Loan Document shall survive the execution of this Agreement and all other Loan Documents. No investigation by or on behalf of the Agent or Lenders at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation or warranty made in any Loan Document. Unless expressly stated to be made as of a specific date, they shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate. The Lenders shall be deemed to have relied upon all representations and warranties at the time they make the Advance as a condition of making the Advance and continuing to extend the Credit Facility.

ARTICLE 6
COVENANTS

6.1 Financial Covenants

(1) The Borrower, on a consolidated basis with the Obligors, shall at all times, commencing with the fiscal quarter ending July 31, 2014, maintain a Debt Service Coverage Ratio of at least 1.30:1.00: such Debt Service Coverage Ratio to be tested on a quarterly basis for each of the fiscal periods ending January 31, April 30, July 31 and October 31.

(2) The Borrower, on a consolidated basis with the Obligors, shall at all times, commencing with the fiscal quarter ending July 31, 2014, maintain a Cash Flow Ratio of not greater than 5.00:1.00 until the second anniversary of the Closing Date and thereafter, 4.00:1.00, such Cash Flow Ratio to be tested on a quarterly basis for each of the fiscal periods ending January 31, April 30, July 31 and October 31.

6.2 Positive Covenants

Each Obligor shall perform the covenants specified in this Section 6.2. In addition, the Parent shall cause each of the Partnerships to perform the covenants specifically identified below.

(1) <u>Payment of Obligations</u> It shall duly and punctually pay the Obligations, either as Borrower or in accordance with any guarantee or indemnity made by it, at the times and places and in the manner required by the terms of this Agreement or the guarantee and indemnity, as applicable.

(2) <u>Use of Proceeds of Credit Facility</u> In the case of the Borrower, it shall use proceeds of the Advance solely for the purposes set out in Section 2.3.

(3) <u>Maintenance of Existence and Status</u> Subject to Section 6.4(12), it shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business. In addition, the Parent shall cause each of the Partnerships to do so.

(4) Operation of Business

(a) It shall keep proper books of accounts and records.

(b) It shall operate its business in accordance with sound business practices and in material compliance with all material Applicable Laws (including those regarding ownership of Persons carrying on the type of business that it carries on), Material Royalties, and the terms of Permitted Liens.

(c) It shall maintain in good standing and shall obtain, as and when required, all Permits and Contracts that it requires to permit it to acquire, own, operate and maintain its business and Property and perform its obligations under the Loan Documents to which it is or will be a party.

In addition, the Parent shall cause each of the Partnerships to perform the covenants in this Section 6.2(4).

(5) Inspection It shall at all reasonable times and from time to time on reasonable notice, permit Representatives of the Agent to inspect any of its Property and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of those of its Representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Borrower, provided always that all information and documentation received by the Agent shall constitute Information and shall be subject to the confidentiality obligations set out in Section 11.13. In addition, the Parent shall cause each of the Partnerships to do so, and shall cause CDP to do so following the closing of the transactions contemplated in the CDP Purchase Agreement.

(6) Insurance It shall maintain or cause to be maintained, and shall provide the Agent annually or more often if reasonably requested with evidence of, insurance in respect of its Property and business underwritten with financially sound and reputable insurance companies, with terms and conditions that would be obtained by a prudent Person owning similar Property and carrying on a similar business in a similar location. In addition, the Parent shall cause each of the Partnerships to do so.

(7) Taxes and Withholdings

(a) It shall pay all material Taxes as they become due and payable unless they are being contested in good faith by appropriate proceedings and it has made adequate provision for payment of the contested amount and it shall provide evidence of the provision for the contested amount that the Agent requires.

(b) It shall withhold from each payment made to any of its past or present employees, officers or directors, and to any non-resident of the country in which it is resident, the amount of all material Taxes and other deductions required to be withheld and pay the amount withheld to the proper tax or other receiving officers within the time required under any Applicable Law.

(c) It shall collect from all Persons the amount of all material Taxes required to be collected from them and remit the amount collected to the proper tax or other receiving officers within the time required under any Applicable Law.

(d) It shall indemnify the Agent and the Lenders against any liability incurred or suffered by them, or any one of them, as a result of the delay or failure by such Obligor to pay any amount required in accordance with this Section 6.2(7).

In addition, the Parent shall cause each of the Partnerships to perform the covenants in this Section 6.2(7).

(8) Employee and Statutory Plans It shall perform all of its material obligations under and in respect of each Employee Plan and Statutory Plan and shall remit or pay all payments, contributions and premiums that it is required to remit or pay to or in respect of each Employee Plan and Statutory Plan, all in a timely way in accordance with the terms of the applicable plan and all Applicable Law. In addition, the Parent shall cause each of the Partnerships to do so.

(9) Hazardous Materials It shall observe and comply at all times and in all material respects with the provisions of all Applicable Laws relating to Hazardous Materials and shall provide evidence of ongoing compliance with those Applicable Laws that the Required Lenders reasonably require from time to time including, if so requested by the Required Lenders acting reasonably upon reasonable cause, having one or more environmental site assessment and/or compliance audits (each consisting of a non-intrusive phase one site assessment and recommendations with respect to the findings of the compliance audit, and other audits or investigations recommended in each phase one site assessment, including an intrusive phase two assessment) conducted and reported upon by an independent consultant engaged by the Obligors and acceptable to the Required Lenders, acting reasonably. Site assessments shall be conducted in accordance with Applicable Laws. It shall also remove, clean up or otherwise remedy the matters referred to in Section 6.3(2)(d).

(10) Control Agreements Except with respect to Excluded Assets, it shall notify the Agent of any securities account or bank account that it holds from time to time and shall obtain a control agreement satisfactory to the Agent from the relevant securities intermediary or holder of bank account.

(11) Accounts It shall maintain all of its bank accounts with Schedule I Canadian chartered banks acceptable to the Agent and shall provide the Agent with full particulars thereof. In addition, the Parent shall cause each of the Partnerships to do so.

(12) Know Your Client Matters It shall promptly provide all information, including information concerning its direct and indirect holders of Equity Interests and other Persons exercising Control over it (or in the case of the Parent, the identity of all Persons or groups of Persons that are known to the Parent to directly or indirectly own or control 10% or more of its outstanding Equity Interests), and its and their respective directors and officers, and including supporting documentation and other evidence, as may reasonably

be requested by the Agent, any Lender, or any prospective assignee or participant of a Lender, in order to comply with the requesting person's policies and procedures relating to Applicable Law regarding anti-money laundering, anti-terrorist financing, government sanction and “know your client” matters, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

(13) Collateral It shall, in all material respects, duly observe and conform to all valid requirements of any Governmental Authority relative to any of the collateral subject to the Security, and covenants, terms and conditions upon or under which the collateral is held.

6.3 Financial Reporting and Notice Requirements

(1) Periodic Financial Reports The Borrower shall deliver or cause the delivery of the following reports to the Agent. Any report shall be considered to have been delivered if the Parent has posted it on the www.sedar.com website or other website generally used in Canada for public filings by reporting issuers, and notifies the Agent that it has done so. All financial statements shall be prepared in accordance with IFRS and other reports shall be in a form satisfactory to the Agent:

(a) as soon as practicable and in any event not less than 10 Banking Days after the end of each month, starting with the first full calendar month after the Closing Date, the Borrower shall deliver monthly financial reports for each of the Obligors, internally prepared by the Parent, which shall consist of balance sheets and income statements, statements of aged trade payables and any other report that the Agent may reasonably require;

(b) as soon as practicable and in any event within 45 days of the end of each fiscal quarter (including the fourth quarter), starting with the first full calendar quarter after the Closing Date, the Borrower shall deliver interim unaudited consolidated financial statements as at the end of the quarter for the Parent, the Borrower and each Partnership, including balance sheet, statement of income and retained earnings, statement of changes in financial position and management reports;

(c) as soon as practicable and in any event within 90 days after the end of each fiscal year, the Borrower shall deliver consolidated annual financial statements for the Parent, the Borrower and each Partnership (and the annual financial statements of other Obligors where prepared separately), including balance sheet, statement of income and retained earnings, statement of changes in financial position and management reports. The financial statements shall, in the case of the Parent and each Partnership, be audited by an internationally recognized accounting firm and shall include a copy of the auditor's letter to the Parent or Partnership, and shall otherwise be prepared by an internationally recognized accounting firm based on a review engagement;

(d) the Borrower shall deliver a Compliance Certificate concurrently with the delivery of each of its quarterly financial statements;

(e) the Borrower shall deliver mine plans for each of the mines to which the royalties owned by each Partnership relate, promptly after receipt from the owners; and

(f) the Borrower shall promptly provide all other material information reasonably requested by the Agent from time to time concerning the business, financial condition and Property of the Obligors and the Partnerships, provided always that all information and documentation received by the Agent shall constitute Information and shall be subject to the confidentiality obligations set out in Section 11.13 and, subject to any other applicable obligations of confidentiality, LNRLP.

If there is any change in a subsequent period from the accounting policies, practices and calculation methods used by the Parent in preparing any part of its financial statements for its fiscal year ended April 30, 2014, the Borrower shall provide the Agent with all information that the Agent reasonably requires to ensure that reports provided to the Agent after any such change are comparable to reports prepared for periods before the change. In addition, all calculations made for the purposes of this Agreement shall continue to be made based on the accounting policies, practices and calculation methods that were used in preparing the Parent's financial statements for its fiscal year ended April 30, 2013 if the changed policies, practices and methods would have a material effect on the results of those calculations, unless and until the Borrower and the Agent agree, acting reasonably, on amendments to this Agreement to reflect those changes.

(2) Requirements for Notice

(a) The Borrower shall promptly notify the Agent if it has knowledge of any Default and shall from time to time provide the Agent with all information reasonably requested by the Agent concerning the status of the Default.

(b) The Borrower shall promptly notify the Agent if it has knowledge of any material default under any Material Royalty (either by a Partnership or by any other party), or of any event that, with the giving of notice or lapse of time, would be a material default or would otherwise allow the termination of any Material Royalty or the imposition of any material sanction on any party to a Material Royalty, and shall from time to time provide the Agent with all information reasonably requested by the Agent concerning the status of the default.

(c) The Borrower shall promptly notify the Agent if it has knowledge of any material Dispute affecting any Obligor, any Partnership or LNRLP and of any other circumstance affecting any of those Persons, the result of which has had or could reasonably be expected to have a Material Adverse Effect, and shall from time to time provide the Agent with all information requested by the Agent concerning the status of the Dispute or circumstance.

(d) The Borrower shall promptly notify the Agent on (i) learning of Hazardous Materials located on, above or below the surface of any land that any Obligor or Partnership occupies or controls (except those being stored, used and otherwise handled and existing in material compliance with Applicable Laws), or contained in the soil or water constituting that land (that would constitute an actual or potential material breach of or non-compliance with any Applicable Law), and (ii) the occurrence of any reportable release, spill, leak, emission, discharge, leaching, dumping or disposal of Hazardous Materials that has occurred on or from that land. The Borrower shall provide the Agent with details, including cost, of the work required to remove, clean up or otherwise remedy the matters referred to in the notice.

(e) The Borrower shall promptly notify the Agent and provide copies of all relevant documentation if it has knowledge of (i) the taking of any steps by an Obligor or any Governmental Authority to terminate any Employee Plan (wholly or in part) that could result in any Obligor being required to make a material additional contribution to the Employee Plan, or (ii) the taking of any action by any Person or the occurrence of any event with respect to any Employee Plan or Statutory Plan that could reasonably be expected to (w) give rise to a Lien under any Applicable Law, (x) result in a material increase in the liability of an Obligor over, or the incurrence by an Obligor of any material liability in addition to, the liability of the Obligor before the action was taken or the event occurred, or (y) have a Material Adverse Effect.

(f) The Borrower shall notify the Agent at least 20 days before (i) the date of any meeting at which an "Extraordinary Resolution" as defined in the agreement between the partners of each Partnership is to be considered, (ii) an Extraordinary Resolution is consented to in writing and (iii) a meeting to consider removing any General Partner from its role as general partner of a Partnership.

6.4 Negative Covenants

No Obligor shall do any of the things specified in this Section 6.4. In addition, the Parent shall ensure that none of the Partnerships does any of the things specifically identified below.

(1) <u>Liens</u>

(a) It shall not create, incur, assume, cause or permit any Lien upon or in respect of any of its Property, except for Permitted Liens.

(b) It shall not do or permit anything to adversely affect the ranking or validity of the Security except by incurring a Permitted Lien.

In addition, the Parent shall ensure that none of the Partnerships does any of those things.

(2) <u>Debt and Payments of Debt</u>

(a) It shall not create, incur, assume or permit the existence of any Debt for which it is liable except Permitted Debt.

(b) It shall not create, incur, assume or permit the existence of any debt, liability or obligation under or in connection with an operating lease except for operating leases for office space and vehicles that are entered into when no Default has occurred and is continuing, or would occur as a result, and in respect of which the aggregate payment obligations of the Obligors do not exceed $600,000 in any fiscal year of the Parent.

(c) It shall not prepay, redeem, defease, repurchase or otherwise acquire any of its Debt, or make other payments in respect of any of its Debt, except for:

(i) the Obligations;

(ii) the purchase money and other obligations contemplated in Section 1.1(88)(k);

(iii) the Permitted Debt contemplated in Section 1.1(87)(d) to Section 1.1(87)(m); and

(iv) Intragroup Debts, if no Default has occurred and is continuing or would result from payment being made.

In addition, the Parent shall ensure that none of the Partnerships does any of those things, except that the Potash Partnership may make scheduled payments in respect of the Debt identified in Sections 1.1(87)(e) and 1.1(87)(f).

(3) Payments of Dividends and Fees In the case of the Parent, without the prior written consent of the Lenders:

(a) it shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other Property) of, on or in respect of, any of its Equity Interests;

(b) it shall not retire, redeem, retract, purchase, or otherwise acquire its Equity Interests, reduce its stated capital or make any payment of any kind whatsoever to effect any of the foregoing; and

(c) it shall not pay any management or similar fees;

unless, in the case of item (c) immediately above, those fees reflect the fair market value of services actually performed by the payees and provided that, in all cases,

(a) no Default has occurred and is continuing, or would occur as a result of the payment or other action by the Parent;

(b) the amount outstanding under the Credit Facility is less than $80,000,000;

(c) the amount of any dividend paid does not exceed 50% of net income before distributions where the ratio of the outstanding amount of the Credit Facility to net income before distributions is between 3.5:1 and 5.0:1; and

(d) the amount of any dividend paid does not exceed 100% of net income before distributions where the ratio of the outstanding amount of the Credit Facility to net income before distributions is less than 3.5:1.

(4) Financial Assistance It shall not make loans to or acquire Debt of any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debts, liabilities or obligations of any other Person, or give other financial assistance of any kind to any other Person, except for:

(a) guarantees and indemnities given as part of the Security; and

(b) loans and advances resulting in Intragroup Debts.

In addition, the Parent shall ensure that none of the Partnerships does any of those things.

(5) Capital Expenditures It shall not incur Capital Expenditures, except Capital Expenditures up to an aggregate of $3,000,000 in any fiscal year of the Parent. In addition, the Parent shall ensure that none of the Partnerships does so.

(6) Acquisition of Property Except in the Ordinary Course, the Parent shall ensure that none of the Borrower, the General Partners, the Royalty Cos, the Partnerships, CDP Holdco or CDC, shall acquire any Property of any Person (including any Equity Interests), or agree to do so, except for Property, or rights to acquire Property, acquired in connection with the Transaction or the transactions contemplated by the CDP Purchase Agreement.

(7) Subsidiaries and Equity Interests In the case of each Obligor other than the Parent and AIL, it shall not have any Subsidiaries or hold or acquire Equity Interests of any other Person except as specified on Schedule B as at the date of this Agreement; provided that the foregoing restrictions do not apply in connection with (i) the transfer of Equity Interests between Obligors or in connection with the Transaction or the transactions contemplated by the CDP Purchase Agreement, and (ii) transactions in the Ordinary Course of ARI and CDP. In addition, the Parent shall ensure that none of the Partnerships does so.

(8) Derivative Transactions

(a) It shall not enter into any Derivative except for the purposes of prudent management of its interest rate, foreign currency and commodity price exposure and not for speculative purposes.

(b) It shall not enter into any Derivative that requires margin payments in any circumstance.

In addition, the Parent shall ensure that none of the Partnerships enters into any Derivative.

(9) Dispositions of Property Except in the Ordinary Course, it shall not sell, lease, sell and lease-back or otherwise dispose of any of its Property or any rights or interests in its Property or agree to do so except with respect to (i) Alderon, Virginia and Callinan, provided that (A) any such sale of shares of Alderon, Virginia or Callinan is made at a sale price of not less than the lesser of (1) the current market value at which such shares trade at through the facilities of the Canadian stock exchanges they trade on, less a 5% discount, and (2) the immediately preceding 20 day volume weighted average trading price on such stock exchanges, and (B) the Net Cash Proceeds thereof are applied in reduction of the Credit Facility, (ii) Excluded Subsidiaries, and (iii) Excluded Assets. In addition, the Parent shall ensure that none of the Partnerships does so. However, the restrictions in this Section 6.4(9) shall not prevent dispositions between Obligors provided the Borrower gives the Agent reasonable advance notice of the disposition and such Obligors promptly take whatever steps and deliver whatever documents (including opinions of counsel satisfactory to the Agent) as are reasonably required to ensure that the Lenders' position is not adversely affected as a result.

(10) Business It shall not carry on any business except the business it carries on as described in Schedule B. In addition, the Parent shall ensure that none of the Partnerships carries on any business except the acquisition and holding of the royalties that each acquires through the Transaction and the distribution of payments received from those royalties.

(11) Arm's Length Transactions It shall not enter into any transaction of any kind with an Affiliate, Associate, or Person of which it is an Associate, except on a commercially reasonable basis as if it were dealing with the Person on an arm's length basis. In addition, the Parent shall ensure that none of the Partnerships does so.

(12) Mergers and Dissolutions It shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing Constating Documents, liquidate, wind-up or dissolve itself, or permit any liquidation, winding-up or dissolution, except for (a) in each case a transaction involving only one or more Obligors if the Borrower gives the Agent reasonable advance notice of the transaction and immediately takes whatever steps and delivers whatever documents (including opinions of counsel satisfactory to the Agent) are reasonably required to ensure that the Lenders' position is not adversely affected as a result and (b) as long as no Change of Control would occur as a result, a share-for-share transaction involving the Parent. In addition, the Parent shall ensure that none of the Partnerships does so. Notwithstanding the foregoing, neither the Borrower nor the Parent may be liquidated, wound-up or dissolved.

(13) Changes of Name / Constating Documents It shall not change its name or any of its constating documents without the Agent’s consent, which consent shall not be unreasonably withheld or delayed.

(14) Changes of Location It shall not permit its chief executive office or any of its tangible Property to be located out of the respective jurisdictions specified on Schedule B as of the date of this Agreement without providing the Agent with reasonable advance notice of the change and promptly taking other steps, if any, as the Agent reasonably requests to maintain the Security and the other Loan Documents so that the Lenders' position is not adversely affected.

(15) Change of Year End It shall not change its fiscal year end (being April 30 for the Parent), except, if it has a different fiscal year end, it may change its fiscal year end to April 30. In addition, the Parent shall ensure that none of the Partnerships does so.

(16) Change of Auditors It shall not change its auditors, unless an internationally recognized accounting firm is appointed. In addition, the Parent shall ensure that none of the Partnerships does so.

(17) Change of Control It shall not enter into, or agree to enter into, any transaction that would result in, nor shall it otherwise cause or permit, a Change of Control, any change in the ownership or Control of the Obligors other than the Parent (provided that the foregoing restriction does not apply in connection with the transfer of Equity Interests between Obligors, provided always that the Borrower provides written notice of such transfer of Equity Interests between Obligors not less than five Banking Days prior to giving effect to such transfer and delivers to the Agent all such pledge and other security documents, certificates representing such pledged Equity Interests, endorsements, legal opinions and such other documents as the Agent may require to ensure the continued perfection of its security interest therein), or any decrease in the Obligors' percentage ownership of the Partnerships from that described on Schedule B. In addition, the Parent shall ensure that none of the Partnerships does so.

(18) Material Royalties

(a) It shall not assign or terminate any Material Royalty or accept the surrender of any Material Royalty, or permit any such action.

(b) It shall not cause or permit any material amendment or material modification to, grant or permit any material waiver of any material term of, or grant or permit any material consent or material concession under, any Material Royalty or any other material contract, nor shall it cause or permit any amendment or modification whatsoever to any Material Royalty or any other material contract, without notifying the Agent of the amendment or modification.

In addition, the Parent shall ensure that none of the Partnerships does any of those things.

(19) Restrictive Agreements It shall not enter into any Contract restricting in any material respect its ability to (a) comply with the Loan Documents, including its ability to create or cause the creation of Liens to secure payment of the Obligations, (b) amend, supplement, restate or replace any Loan Document, or (c) make payments of any kind to any Obligor.

(20) Partners and Partnerships No General Partner, Royalty Co or CDP Holdco shall cause or permit any material amendment or material modification to, grant or permit any material waiver of any material term of, or grant or permit any material consent or material concession under, the partnership agreement for the Partnership of which it is part, nor shall it cause or permit any amendment or modification whatsoever to that partnership agreement without notifying the Agent of the amendment or modification. No General Partner, Royalty Co or CDP Holdco shall have any material Property or incur any material debt, liability or obligation of any kind, except pursuant to the partnership agreement for the Partnership of which it is part or as necessarily resulting from its role as a partner.

6.5 Intragroup Obligations

(1) If and for as long as a Default has occurred and is continuing, or would result from payment of Intragroup Obligations by one Obligor to another, payment of Intragroup Obligations is hereby postponed to the indefeasible payment in full in cash of the Obligations and:

(a) any Obligor that is indebted to another Obligor shall neither make nor be entitled to make and any Obligor to whom the Intragroup Obligations are owed shall not receive or be entitled to receive any payment, prepayment or other compensation in respect of the Intragroup Obligations, and if an Obligor to whom the Intragroup Obligations are owed receives any payment, prepayment or other compensation in respect of the Intragroup Obligations contrary to this Section 6.5, the payment, prepayment or compensation shall be held by the recipient Obligor in trust for the Lenders, separate and apart from its own property, and shall be immediately paid over to the Agent for application to the Obligations; and

(b) no Obligor to whom Intragroup Obligations are owed shall be entitled to accelerate the time for payment of the Intragroup Obligations, petition the indebted Obligor into bankruptcy or participate in any bankruptcy proceeding of the indebted Obligor, initiate or participate in any similar proceeding (including a proceeding in respect of the indebted Obligor under the *Companies' Creditors Arrangement Act* (Canada)), or initiate or participate in any proceeding claiming judgment for payment or performance of any of those Intragroup Obligations.

(2) Each Obligor acknowledges that, under the terms of the Security it has given, all Intragroup Obligations owing to it are assigned as security to the Agent. Upon any Obligations becoming due and payable under Section 7.2, the Agent may with the consent of the Required Lenders terminate the postponement in Section 6.5(1) as to any or all Intragroup Obligations, in which case those Intragroup Obligations shall be paid to the Agent or as it directs free of any set off, counterclaim, defence or other right that the Obligors, or any of them, owing Intragroup Obligations may assert against the Obligors, or any of them, to whom Intragroup Obligations are owed.

ARTICLE 7
DEFAULT

7.1 Default

Each of the following events shall constitute an Event of Default under this Agreement:

(a) the Borrower fails to pay or provide for any amount of principal when due under this Agreement;

(b) the Borrower fails to pay any other Obligation within three Banking Days of the date on which it is due;

(c) an Obligor makes any representation, warranty or certification under any of the Loan Documents that is incorrect, incomplete or misleading when made or deemed to be made; and, if the circumstances giving rise to the incorrect, incomplete or misleading representation or warranty are capable of modification or rectification (such that, thereafter the representation or warranty would be correct, complete and not misleading), the representation or warranty remains uncorrected for a period of 10 days after the Agent gives written notice thereof;

(d) there occurs a Change of Control;

(e) there is a breach of Section 6.2, Section 6.3(2) or Section 6.4 that is not corrected or otherwise satisfied within 10 days;

(f) there is a breach by any Obligor of Section 11.10;

(g) there is a breach of Section 6.1 for any two fiscal quarters during the term of the Credit Facility, which for greater certainty, need not be consecutive;

(h) there is a breach of Section 6.1 for any fiscal quarter during the term of the Credit Facility and in the opinion of the Lenders, a breach of Section 6.1 for the next following fiscal quarter is expected;

(i) there is a breach of Section 6.3(1) that is not corrected or otherwise satisfied within seven days after the Agent gives written notice of the breach;

(j) a default or other event or circumstance occurs in connection with Debt of any Obligor other than the Obligations in an aggregate amount of $2,000,000 or more, if the effect is to cause or permit the acceleration of the due date of that Debt (whether or not acceleration actually occurs) or to require the prepayment, repurchase, redemption or defeasance of that Debt before its scheduled maturity, or an Obligor fails to pay any such Debt when due;

(k) an Obligor or any other party to a Loan Document denies its obligations under any Loan Document or claims any Loan Document to be invalid, unenforceable or withdrawn in whole or in part, including by purporting to terminate any guarantee or indemnity forming part of the Security;

(l) the performance of any Loan Document becomes unlawful, any Loan Document is invalidated or made unenforceable by any Applicable Law, or any Loan Document is determined to be invalid or unenforceable by any Governmental Authority, in each case in whole or in any material part;

(m) any Lien purported to be created by the Security ceases to be, or is claimed by any Obligor or issuer of Pledged Securities not to be, a valid, perfected Lien in the collateral described in the relevant document, subject only to Permitted Liens, except as a result of being released by the Agent in accordance with this Agreement;

(n) an Obligor or a Partnership does not, is unable to, or admits its inability to meet or pay its obligations as they generally become due, ceases or threatens to cease to carry on its business (except as expressly permitted in this Agreement), declares any moratorium on its obligations, proposes a compromise or arrangement between it and any creditor, or otherwise becomes insolvent;

(o) an Obligor or a Partnership makes an assignment in bankruptcy, makes a proposal to its creditors or files notice of its intention to do so, institutes any other proceeding under Applicable Law seeking to adjudicate it a bankrupt or an insolvent, or otherwise seeks liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors, composition of it or its debts or any other similar relief;

(p) an Obligor or a Partnership applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for it or a substantial part of its Property;

(q) any petition is filed, application made or other proceeding instituted against or in respect of any Obligor or Partnership in any jurisdiction seeking any of the results described in Sections 7.1(o) and 7.1(p), and the Obligor or Partnership files an answer admitting the material allegations made against it or fails to defend the proceeding diligently and in good faith by appropriate proceedings, or the relief sought in the proceeding is granted (whether or not subject to appeal), or the proceeding is not dismissed or stayed within 30 days of being instituted;

(r) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of $5,000,000 or more for all Obligors and Partnerships at any time are issued or levied against any of their Property and are not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within ten days after their entry, commencement or levy;

(s) possession of Property of an Obligor or Partnership having an aggregate value of \$5,000,000 or more is taken by or at the instance of the holder of a Lien, whether by seizure, appointment of a receiver or receiver and manager, or otherwise;

(t) an event or circumstance occurs that has a Material Adverse Effect, as determined by the Required Lenders in good faith and on commercially reasonable grounds;

(u) a default by an Obligor or any other party to any Material Royalty occurs, or any other event occurs under any Material Royalty, and continues without being waived after any applicable grace period specified in the Material Royalty, if the effect of the default or other event (if not waived) is to terminate, or permit the termination of, the Material Royalty or if the default or other event results in a declaration of non-performance being issued or similar step being taken with respect to a Partnership and, where the default is not by a Partnership, the termination or similar step would have a Material Adverse Effect; provided that any such default which is being contested in good faith by an Obligor shall not constitute an Event of Default;

(v) the audited annual financial statements of the Parent or a Partnership are qualified by its auditors with a "going concern" or similar qualification or exception or contain a material qualification or exception as to the scope of the audit; or

(w) there is a breach of any other provision of any Loan Document that is not corrected or otherwise satisfied within 30 days after the Borrower has knowledge of the breach or the Agent gives written notice of the breach, whichever is earlier.

7.2 Acceleration and Termination of Rights

(1) If any Event of Default occurs, the Lenders shall be under no further obligation to make the Advance and the Required Lenders may instruct the Agent to give notice to the Borrower (a) declaring the Lenders' obligations to make the Advance to be terminated, in which case they shall terminate immediately, and/or (b) declaring the Obligations or any of them to be due and payable, in which case they shall be immediately due and payable without presentment, protest or further notice of any kind, all of which are expressly waived by the Borrower.

(2) Notwithstanding Section 7.2(1), upon the occurrence of an Event of Default in Sections 7.1(o), 7.1(p) or 7.1(q), then without prejudice to the other rights of the Lenders, without any notice or action of any kind by the Agent or the Lenders, and without presentment, demand or protest, the Lenders' obligation to make the Advance shall immediately terminate and the Obligations shall immediately become due and payable.

7.3 Remedies

On the occurrence of any event by which any of the Obligations become due and payable under Section 7.2, the Required Lenders may instruct the Agent to take any action or proceedings on behalf of the Lenders and in compliance with Applicable Law that the Required Lenders in their sole discretion deem expedient to enforce the Security, all without any additional notice, presentment, demand, protest or other formality, all of which are expressly waived by the Obligors.

7.4 Interest After Stay of Proceedings

If a stay of proceedings is obtained or ordered in respect of the Borrower under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), then without prejudice to the Lenders' rights to contest the stay, the Borrower agrees to continue to pay interest and fees on all amounts due to the Lenders in accordance with this Agreement. The Borrower acknowledges that permitting the Borrower to continue to use the proceeds of the Advance after a stay is obtained or ordered constitutes valuable consideration in the same way that permitting the Borrower to use leased premises constitutes valuable consideration.

7.5 Saving

Except as required pursuant to Applicable Law, (a) neither the Agent nor any Lender shall be under any obligation to the Obligors or any other Person to realize any collateral that is subject to the Security or enforce all or any part of the Security or to allow any of the collateral to be sold, dealt with or otherwise disposed of, and (b) neither the Agent nor any Lender shall be responsible or liable to the Obligors or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the Security or any part of it, the failure to allow any of the collateral to be sold, dealt with or otherwise disposed of or any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that the Agent or a Lender may be responsible or liable for any loss or damage arising from its wilful misconduct or gross negligence.

7.6 Perform Obligations

If an Event of Default has occurred and is continuing and if any Obligor has failed to perform any of its covenants or agreements in the Loan Documents, the Required Lenders may, but shall be under no obligation to, instruct the Agent on behalf of the Lenders to perform any of those covenants or agreements in any manner deemed fit by the Required Lenders without waiving any rights to enforce the Loan Documents as a result. The reasonable expenses (including any legal costs) paid by the Agent and/or the Lenders in respect of the foregoing shall be secured by the Security.

7.7 Third Parties

No Person dealing with any Lender, the Agent or any other Representative of the Lenders is required to determine (a) whether the Security has become enforceable, the powers that the Lenders, the Agent or the other Representative are purporting to exercise have become exercisable, or any Obligations remain outstanding, (b) as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, (c) otherwise as to the propriety or regularity of any sale or other disposition or any other dealing with the collateral charged by the Security or any part of it, or (d) how any payment to the Lenders, the Agent or any other Representative has been or will be applied. Any Person who acquires collateral charged by the Security from the Lenders, the Agent or any other Representative in good faith will acquire it free from any interest of the Obligors.

7.8 Power of Attorney

Effective upon occurrence of an Event of Default, each Obligor irrevocably constitutes and appoints the Agent and any senior officer of the Agent its due and lawful attorney with full power of substitution in its name and on its behalf, during the continuance of an Event of Default, to enforce any right, title or interest of the Lenders in, to or under all or any part of the Security or any obligation to that Obligor or remedy available to that Obligor. This appointment is coupled with an interest and is irrevocable to the maximum extent permitted by Applicable Law.

7.9 Remedies Cumulative

The rights and remedies of the Lenders under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by Applicable Law. Any single or partial exercise by the Lenders of any right or remedy for a default or breach of any agreement, term, covenant or condition in this Agreement shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which the Lenders may be lawfully entitled for the same default or breach. Any waiver by the Lenders of the strict observance, performance or compliance with any agreement, term, covenant or condition in this Agreement and any indulgence granted by the Lenders shall be deemed not to be a waiver of any subsequent default.

ARTICLE 8
THE AGENT AND THE LENDERS

8.1 Authorization of Agent

(1) Each of the Lenders hereby irrevocably appoints Sprott as the Agent to act on its behalf as the Agent under the Loan Documents and authorizes the Agent to take the actions on its behalf and to exercise the powers that are delegated to the Agent by the terms of the Loan Documents, together with actions and powers that are reasonably incidental to them. The use of the term "agent" in any Loan Document with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligation arising under agency doctrine of any Applicable Law. Instead the term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

(2) Without limiting Section 8.1(1), each Lender grants to the Agent:

(a) a power of attorney for the purposes of Applicable Laws in respect of the Security, to sign documents comprising the Security from time to time as the party accepting the grant of the Security; and

(b) the right to delegate its authority as attorney to any other Person, whether or not an officer or employee of the Agent.

8.2 Rights as a Lender

The Person serving as the Agent shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent in its individual capacity. That Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate of an Obligor as if the Person were not the Agent and without any duty to account to the Lenders.

8.3 Exculpatory Provisions

(1) The Agent shall not have any duties or obligations except those expressly specified in the Loan Documents. Without limiting the generality of the foregoing, the Agent:

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

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or another number or percentage of the Lenders that is expressly provided for in the Loan Documents), but the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law; and

(c) shall not, except as expressly specified in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as the Agent or any of its Affiliates in any capacity.

(2) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or another number or percentage of the Lenders that is necessary, or that the Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or wilful misconduct. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing the Default is given to the Agent by the Borrower or a Lender.

(3) Except as otherwise expressly specified in this Agreement, the Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered under or in connection with any Loan

Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions in any Loan Document or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Agent

8.4 Reliance by Agent

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying on it. In determining compliance with any condition to the making of the Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that the condition is satisfactory to the Lender unless the Agent has received notice to the contrary from the Lender before the making of the Advance. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with their advice.

8.5 Delegation of Duties

The Agent may perform any and all of its duties and exercise its rights and powers under any Loan Document by or through any one or more sub-agents appointed by the Agent from among the Lenders (including the Person serving as Agent) and their respective Affiliates. The Agent and any sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. Notwithstanding any such delegation, the Agent shall remain liable under this Agreement for the performance of all of its duties and for the exercise of its rights and powers under any Loan Document by or through any one or more sub-agents appointed by it. The provisions of this Article and other provisions of this Agreement for the benefit of the Agent shall apply to any sub-agent and to the Related Parties of the Agent and any sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facility as well as activities as Agent.

8.6 Administration of the Credit Facility

(1) Any reference in this Agreement to the Agent means, where the Agent is also a Lender, the agency department of that Lender specifically responsible for acting as Agent under and in connection with this Agreement. In acting as Agent, the agency department will be treated as a separate entity from any other department or division of the Lender in question. Without limiting the foregoing, the Agent shall not be deemed to have notice of a document or information received by any other department or division of that

Lender, nor will that Lender be deemed to have notice of a document or information received by the Agent.

(2) Unless otherwise specified in this Agreement, the Agent shall perform the following duties:

(a) The Agent shall take delivery of each Lender's share of the Advance and disburse the Advance in accordance with Article 9 and the Interlender Agreement.

(b) The Agent shall use reasonable efforts to promptly collect all sums due and payable by the Borrower pursuant to this Agreement and shall remit all payments to the Lenders in accordance with this Agreement.

(c) The Agent shall hold the Security and all other Loan Documents on behalf of the Lenders, maintain records showing the Advance made by the Lenders, all payments made by the Borrower to the Agent, all remittances made by the Agent to the Lenders and all fees and other sums received by the Agent and allow each Lender and its advisors to examine those records and documents at its own expense. The Agent shall provide each Lender with copies of this Agreement, the Security and other Loan Documents in customary record books and/or CD's, which shall be provided at the expense of the Borrower. Otherwise, the Agent shall provide any Lender, upon reasonable notice and at the Lender's expense, with copies of records and documents held by the Agent in connection with this Agreement that the Lender may reasonably require from time to time.

(d) The Agent shall, promptly following receipt of any written notice or other written communication from an Obligor pursuant to this Agreement, deliver that notice or other communication to each Lender.

(e) The Agent shall promptly forward to each Lender, on request, an up-to-date loan status report.

(f) The Agent shall promptly notify each Lender if it has knowledge of the occurrence of a Default. The Agent shall have no other duty or obligation whatsoever to provide any notice to the Lenders concerning the creditworthiness of any Obligor. Each Lender shall notify the Agent of any Default of which it becomes aware.

(3) The Agent shall make commercially reasonable efforts to comply with registration requirements so that the Security remains perfected under Applicable Laws, but each Lender shall notify the Agent of any circumstance that might affect the perfection of the Security of which the Lender becomes aware.

(4) The Agent may take the following actions only with the prior consent of the Required Lenders, subject to Sections 8.6(5), 8.6(6) and 8.6(7) or unless otherwise expressly specified in this Agreement:

(a) amend, modify or waive any term of this Agreement or any other Loan Document, including waiver of a Default if the subject matter of the waiver does not fall within the matters covered by Section 8.6(5), or exercise any right of approval conferred on the Lenders by this Agreement;

(b) notify any Obligor of any matter of which notice may be required or desirable under or in connection with the Loan Documents, except that the Agent shall, without direction from the Lenders, immediately give the Borrower notice of any payment that is due or overdue under the terms of this Agreement unless the Agent considers that it should request the direction of the Required Lenders, in which case the Agent shall promptly request that direction;

(c) declare an Event of Default, declare the Obligations to be immediately due and payable, take action to enforce performance of the Obligations or to realize on the Security including by appointment of a receiver, the exercise of powers of sale given by the Security or by Applicable Law or foreclosure proceedings, and/or pursue any other legal remedy;

(d) pay insurance premiums, Taxes and any other sum reasonably required to protect the interests of the Lenders; and

(e) enter into or amend, modify or waive any term of any Intercreditor Agreement.

(5) The Agent may take the following actions only with the unanimous consent of the Lenders, unless otherwise specified in this Agreement:

(a) reduce the rate or amount of any interest or fee payable under this Agreement, or postpone payment of any interest or fee, except to the extent that waiver of a Default may in effect result in waiver of any post-Default increase in interest or fees or that an amendment relating to a financial covenant that determines which of various specified interest or fee rates applies may in effect cause a reduction, postponement or waiver of interest or fees;

(b) increase the amount of the Credit Facility or change the several liability of the Lenders;

(c) waive payment of any part of the Obligations, or postpone the date for or reduce the amount of any scheduled repayment or mandatory prepayment or reduction of the Credit Facility;

(d) change the currency in which the Advance is made by the Lenders or payments are made by the Borrower;

(e) subject to Section 8.6(7), discharge any Property from the Lien of any Security, release any obligation to provide or perfect Security or release any Obligor generally from its obligations as an Obligor;

(f) amend the definition of “Required Lenders,” this Section 8.6(5)(f) or any other provision of this Agreement that specifies the number or percentage of Lenders required to make any decision under or in connection with this Agreement;

(g) amend any aspect of this Agreement that would affect the sharing of payments specified in this Agreement;

(h) waive an Event of Default under Sections 7.1(o), 7.1(p) or 7.1(q);

(i) enter into any Intercreditor Agreement or amend, modify or waive any term of any Intercreditor Agreement if doing so would adversely affect the priority of any Lien arising under the Security or the priority of any payment obligation of the Obligors under the Loan Documents.

(6) Except as expressly contemplated in this Agreement, no Lender's Commitment or Applicable Percentage may be amended without the consent of that Lender. In addition, no amendment, modification or waiver affecting the rights or obligations of the Agent may be made without its consent and no amendment, modification or waiver affecting rights or obligations under the Loan Documents may be made without the consent of the Lenders. No amendment to the definition of “Defaulting Lender” or Section 8.10 may be made without the consent of the Agent.

(7) Notwithstanding Sections 8.6(4), 8.6(5) and 8.6(6), the Agent may, without the consent of any Lender, make amendments to the Loan Documents that are for the sole purpose of curing any ambiguity, defect or inconsistency that is clerical or not material, but shall promptly notify the Lenders if it does so. The Agent may also, without the consent of any Lender, discharge any Security and/or release any Obligor other than the Borrower to the extent necessary to allow completion of any sale or other disposition of Property (including Equity Interests of an Obligor) or any corporate reorganization permitted by this Agreement or in respect of which the Lenders or Required Lenders have, as applicable, consented or waived the requirements of this Agreement.

(8) As between the Obligors, on the one hand, and the Agent and the Lenders, on the other hand:

(a) all statements, certificates, consents and other documents that the Agent purports to deliver on behalf of the Lenders or the Required Lenders shall be binding on each Lender, and the Obligors shall not be required to ascertain or confirm the authority of the Agent in delivering the documents;

(b) all certificates, statements, notices and other documents that are delivered by the Obligors to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each Lender;

(c) all payments that are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been received by each Lender entitled to payment; and

(d) even if not expressly stated, requests by and decisions of the Agent referred to in this Agreement may reflect the Agent's consultation with the Lenders.

(9) Except in its own right as a Lender, the Agent shall not be required to advance its own funds for any purpose, and in particular, shall not be required to pay with its own funds insurance premiums, taxes or public utility charges or the cost of repairs or maintenance with respect to the Property that is the subject matter of the Security, nor shall it be required to pay with its own funds the fees of solicitors, counsel, auditors, experts or agents engaged by it as permitted by the Loan Documents.

8.7 Acknowledgments, Representations and Covenants of Lenders

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

(2) Each Lender represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, to consummate the transactions contemplated by this Agreement and to be a Lender.

(3) Each Lender agrees to indemnify the Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or the transactions contemplated in them. However, no Lender shall be liable for any portion of those losses, claims, damages, liabilities and related expenses that results from the Agent's gross negligence or wilful misconduct. The Agent shall not be required to take or continue any action unless the Agent has received sufficient funds or arrangements satisfactory to it for indemnification to cover the cost of the proposed action.

(4) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Sections 11.5(1) and 11.5(2) to be paid by it to the Agent (or any sub-agent or Related Party of the Agent), each Lender severally agrees to pay to the Agent (or any sub-agent or Related Party) that Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of the unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any sub-agent) in connection with that

capacity. The obligations of the Lenders under this Section are subject to the other provisions of this Agreement concerning several liability of the Lenders.

(5) Each Lender acknowledges and confirms that if the Agent does not receive payment in accordance with this Agreement, it shall not be the Agent's obligation to maintain the Credit Facility in good standing, nor shall any Lender have recourse to the Agent in respect of any amounts owing to the Lender under this Agreement.

(6) Each Lender acknowledges and agrees that its obligation to advance its Applicable Percentage of the Advance in accordance with the terms of this Agreement is independent and in no way related to the obligation of any other Lender.

(7) Each Lender acknowledges receipt of a copy of this Agreement, the Security (to the extent that the Security has been delivered) and each Intercreditor Agreement that exists at the date of this Agreement, and acknowledges that it is satisfied with the form and content of those documents.

8.8 Collective Action of the Lenders

Each Lender acknowledges that to the extent permitted by Applicable Law, the Security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally, and also acknowledges that its rights under the Loan Documents are to be exercised not severally, but by the Agent upon the decision of the Required Lenders (or another number or percentage of the Lenders as is expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained in any Loan Document, each Lender agrees that it shall not be entitled to take any action, including any declaration of Default, but that any such action shall be taken only by the Agent with the prior written agreement of the Required Lenders (or another number or percentage of the Lenders that is expressly provided for in the Loan Documents). Each Lender also agrees that, upon any such written agreement being given, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders take any action on behalf of the Lenders that it deems appropriate or desirable in the interest of the Lenders.

8.9 Authorization of Intercreditor Agreements

Each Lender hereby authorizes and directs the Agent to execute and deliver on its behalf each Intercreditor Agreement to which the Agent is a party and that is approved in accordance with this Agreement, including the specific agreements referred to in Section 1.1(64), and agrees that each such Intercreditor Agreement shall be binding on each Lender as if it was a signatory.

8.10 Defaulting Lenders

(1) Notwithstanding any other provision of this Agreement, if any Lender becomes a Defaulting Lender, then the provisions of Sections 8.10(2) to 8.10(3) shall apply to the extent permitted by Applicable Law until the Lender is no longer a Defaulting Lender.

(2) The Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as specified in the definition of "Required Lenders."

(3) Any payment of principal, interest, fees or other amounts received by the Agent for the account of the Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 7 or otherwise) shall be applied at such time or times as may be determined by the Agent as follows: *first*, to the payment of any amounts owing by the Defaulting Lender to the Agent under this Agreement; *second*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against the Defaulting Lender as a result of the Defaulting Lender's breach of its obligations under this Agreement; *third*, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against the Defaulting Lender as a result of the Defaulting Lender's breach of its obligations under this Agreement; and *fourth*, to the Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender (including any amount paid by the Borrower to the Agent for the account of the Defaulting Lender) that are applied to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by the Defaulting Lender, and each Lender irrevocably consents to that.

(4) If the Borrower and the Agent agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the Parties, whereupon as of the effective date specified in that notice and subject to any conditions specified in it the Lender will cease to be a Defaulting Lender. Except to the extent otherwise expressly agreed by the affected Parties, no change from Defaulting Lender to Lender will constitute a waiver or release of any claim of any Party arising from that Lender having been a Defaulting Lender.

8.11 Successor Agent

(1) Pursuant to the terms of the Interlender Agreement, Sprott shall resign as Agent and the Lenders shall be deemed to have appointed Earlston as successor Agent to Sprott in accordance with this Section 8.11, without any further acts or formalities. If for any reason Earlston is unable or unwilling to act as Agent hereunder, the Required Lenders shall have the right to appoint a successor Agent in accordance with Section 8.11(2) below.

(2) The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a

Lender having an office in Toronto, Ontario or Vancouver, British Columbia, or an Affiliate of any such Lender with an office in Toronto or Vancouver. The Agent may also be removed at any time by the Required Lenders upon 30 days' notice to the Agent and the Borrower as long as the Required Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within those 30 days, which shall be a Lender having an office in Toronto or Vancouver or an Affiliate of any such Lender with an office in Toronto or Vancouver.

(3) If no successor has been appointed by the Required Lenders and has accepted the appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and in consultation with the Borrower, appoint a successor Agent meeting the qualifications specified in Section 8.11(2), provided that if the Agent notifies the Borrower and the Lenders that no qualifying Person has accepted that appointment, then the resignation shall nonetheless become effective in accordance with the retiring Agent's notice and (a) the retiring Agent shall be discharged from its duties and obligations under the Loan Documents (except that the retiring Agent shall continue to hold the Security on behalf of the Lenders until such time as a successor Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for in Section 8.11(2).

(4) Upon a successor's appointment as Agent, the successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations under the Loan Documents (if not already discharged from them as provided in Section 8.11(3)). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and the successor. After the termination of the service of the former Agent, the provisions of this Article 8 and of Section 11.5 shall continue in effect for the benefit of the former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as Agent.

8.12 Provisions Operative Between Lenders and Agent Only

Except for Sections 8.6(8), 8.7(2), 8.7(6), 8.9 to 8.11 inclusive and this Section 8.12, the provisions of this Article relating to the rights and obligations of the Lenders and the Agent *inter se* shall be operative as between the Lenders and the Agent only, and the Obligors shall not have any rights under or be entitled to rely for any purpose on those provisions.

ARTICLE 9
DETAILS REGARDING THE ADVANCE, PAYMENTS, INTEREST AND FEES

9.1 Evidence of Indebtedness

The Agent shall maintain records concerning the Obligations and each Lender shall maintain records concerning the Advance. The records maintained by the Agent shall constitute *prima facie* evidence of the Obligations and all related details. The failure of the Agent or any Lender to correctly record any detail relating to the Advance shall not, however, adversely affect the obligation of the Borrower to pay any of the Obligations in accordance with this Agreement.

9.2 Calculation and Other Matters Regarding Interest and Fees

(1) All interest on the Advance shall accrue from day to day and shall be payable in arrears, calculated on the actual number of days elapsed from and including the date of Advance or the previous date on which interest was due in accordance with Section 2.7(2), as the case may be, to but excluding the date on which interest is due. If interest is not paid on the date it is due, the principal amount shall continue to bear interest at the rate that is applicable to the Advance from time to time in accordance with Section 2.7(1), both before and after maturity, default and judgment, and overdue interest shall bear interest at the same rate, compounded monthly, and be payable on demand.

(2) Interest and fees shall be calculated on the basis of a calendar year unless otherwise specified. Any rate that is calculated with reference to a period (the "**deemed interest period**") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. All calculations of interest and fees under the Loan Documents shall be made on the basis of the nominal rates described in this Agreement and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Parties acknowledge that there is a material difference between the stated nominal rates and effective yearly rates taking into account reinvestment, and that they are capable of making the calculations required to determine effective yearly rates.

(3) In this Section 9.2, any reference to a "calendar year" means the calendar year in which the period for which the calculation in question falls. If the period falls in two calendar years, one of which is a leap year, the calculation shall be done separately for the parts of the period that fall in each calendar year and the calculated amounts for each period shall be added.

(4) If an Obligor fails to pay when due any amount payable under any Loan Document for which interest is not otherwise provided in this Agreement or another relevant Loan Document, that Obligor shall, on demand, pay interest on the overdue amount to the Agent from and including the due date up to but excluding the date of actual payment,

both before and after demand, default or judgment, at the rate of interest determined from time to time in accordance with Section 2.7(1), compounded monthly.

(5) The Parties intend to comply with Applicable Law relating to usury. Notwithstanding any other provision of this Agreement or any other Loan Document, in no event shall any Loan Document require the payment or permit the collection of interest or other amounts in an amount or at a rate in excess of the amount or rate that is permitted by Applicable Law or in an amount or at a rate that would result in the receipt by the Lenders or the Agent of interest at a criminal rate, as the terms "interest" and "criminal rate" are defined under the *Criminal Code* (Canada). Where more than one Applicable Law applies to any Obligor, that Obligor shall not be obliged to make payment in an amount or at a rate higher than the lowest permitted amount or rate. If from any circumstance whatever, fulfilment of any provision of any Loan Document would result in exceeding the highest rate or amount permitted by Applicable Law for the collection or charging of interest, the obligation to be fulfilled shall be reduced to reflect the highest permitted rate or amount. If from any circumstance the Agent or the Lenders shall ever receive anything of value as interest or deemed interest under any Loan Document that would result in exceeding the highest lawful rate or amount of interest permitted by Applicable Law, the amount that would be excessive interest shall be applied to the reduction of the principal amount of the relevant Credit Facility, and not to the payment of interest, or if the excessive interest exceeds the unpaid principal balance of the relevant Credit Facility, the amount exceeding the unpaid balance shall be refunded to the Borrower. In determining whether or not the interest paid or payable under any specified contingency exceeds the highest lawful rate, the Obligors, the Agent and the Lenders shall, to the maximum extent permitted by Applicable Law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and their effects, (iii) amortize, prorate, allocate and spread the total amount of interest throughout the term of the Credit Facility so that interest does not exceed the maximum amount permitted by Applicable Law, and/or (iv) allocate interest between portions of the Obligations to the end that no portion shall bear interest at a rate greater than that permitted by Applicable Law. For the purposes of the *Criminal Code* (Canada), the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles and if there is any dispute, the determination of a Fellow of the Canadian Institute of Actuaries appointed by the Agent shall be conclusive.

9.3 Notice of Advance and Payments

(1) The Borrower shall give the Agent irrevocable notice, in the form attached as Schedule F, of the request for the Advance. The Borrower shall also give the Agent irrevocable notice in the same form of any repayment or prepayment by it of the Advance.

(2) Notice shall be given not later than the third Banking Day before the Advance Date or the date of payment.

(3) Notices shall be given not later than 11:00 a.m. (Toronto time) on the date for notice. Payments must be made before 1:00 p.m. (Toronto time) on the date for payment at the

office of the Agent specified in Schedule I or such other address specified by the Agent from time to time. If a notice or payment is not given or made by those times, it shall be deemed to have been given or made on the next Banking Day, unless all Lenders affected by the late notice or payment agree, in their sole discretion, to accept a notice or payment at a later time as being effective on the date it is given or made.

(4) Without limiting Section 11.5, the Borrower shall indemnify the Agent and the Lenders for all costs that they incur if the Borrower gives notice requesting the Advance or notice of a payment and subsequently fails to complete the Advance or payment or the conditions of the Advance are not satisfied before the time specified in Section 9.4(4) on the proposed Advance Date.

9.4 Co-ordination of Advance

(1) The Agent shall advise each Lender of its receipt of a notice pursuant to Section 9.3 requesting the Advance on the day that notice is received from the Borrower and shall, as soon as possible, advise each Lender of that Lender's share of the Advance. Each Lender's share shall be based on its Applicable Percentage, but if the Agent determines that a Lender's Applicable Percentage would result in its share of the Advance not being a whole multiple of $1,000, the Agent may increase or reduce the amount to be advanced by that Lender in the Agent's sole discretion to the extent necessary to make the amount a whole multiple.

(2) In advising a Lender of the amount it is to deliver to the Agent in respect of the Advance, the Agent may net amounts payable in the same currency by the Borrower to the Agent for the account of that Lender on the Advance Date.

(3) Each Lender shall deliver its share of the Advance to the Agent not later than 11:00 a.m. on the Advance Date, for value on that date.

(4) If the Agent determines that all the conditions precedent to the Advance specified in this Agreement have been met, it shall advance to the Borrower before 2:00 p.m. on the Advance Date the amount delivered by each Lender, by initiating a wire transfer in accordance with instructions received from the Borrower. If the conditions precedent to the Advance are not met by 2:00 p.m. on the Advance Date, the Agent shall return the funds to the Lenders or invest them in an overnight investment as orally instructed by each Lender until the Advance is made. The Agent is not required to advance any amount to the Borrower that the Agent has not actually received from a Lender.

9.5 Payments by the Borrower

(1) Except as otherwise specified in this Agreement, all payments made by or on behalf of the Borrower shall be made to and received by the Agent and shall be distributed by the Agent to the Lenders promptly upon receipt by the Agent. Except as otherwise provided in this Agreement (including Section 9.6), the Agent shall distribute:

(a) payments of interest in accordance with the Interlender Agreement;

(b) repayments of principal in accordance with the Interlender Agreement; and

(c) all other payments received by the Agent, including amounts received on the realization of Security, in accordance with the Interlender Agreement, except that no Lender shall receive proceeds of realization in excess of the Obligations owing to it.

(2) The Agent may debit accounts, credits and other balances maintained by the Borrower from time to time with the Agent or its Affiliates to facilitate or otherwise obtain payment of interest, fees and other Obligations owing by the Borrower.

9.6 Payments by Agent

(1) For greater certainty, the following provisions shall apply to payments made by the Agent to the Lenders:

(a) The Agent shall be under no obligation to make any payment to any Lender (whether in respect of principal, interest, fees or otherwise) until an amount in respect of that payment has been received by the Agent from the Borrower.

(b) If the Agent receives less than the full amount of any payment of principal, interest, fees or other amount owing by the Borrower under this Agreement, the Agent shall have no obligation to remit to each Lender any amount except that Lender's entitlement under the Interlender Agreement to the amount actually received by the Agent.

(c) Except as specified in any applicable Assignment and Assumption, if a Lender's share of the Advance has been advanced, or a Lender's Commitment has been outstanding, for less than the full period to which any payment (except a payment of principal) by the Borrower relates, that Lender's entitlement to that payment shall be reduced in proportion to the length of time the Lender's share of the relevant Advance or the Lender's Commitment, as the case may be, has actually been outstanding.

(d) The Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and that determination shall, in the absence of manifest error, be binding and conclusive.

On request, the Agent shall deliver a statement detailing any of the payments to the Lenders.

(2) Unless the Agent has received notice from the Borrower before the date on which any payment is due to the Agent for the account of any Lender that the Borrower will not make that payment, the Agent may assume that the Borrower has made the payment on that date in accordance with this Agreement and may, in reliance upon that assumption, distribute the amount due to the Lenders. In that event, if the Borrower has not in fact made the payment, then each Lender severally agrees to repay to the Agent immediately

on demand the amount distributed to that Lender, with interest for each day from and including the date the amount is distributed to it to but excluding the date of payment to the Agent, at a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

9.7 Increased Costs, Etc.

(1) If any Change in Law from time to time shall:

(a) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or the Advance made by it, or change the basis of taxation of payments to the Lender in respect of this Agreement or the Advance, except for Indemnified Taxes or Other Taxes covered by Section 9.8 and the imposition, or any change in the rate, of any Excluded Tax payable by that Lender; or

(b) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or the Advance made by that Lender;

and the result of any of the foregoing shall be to increase the cost to the Lender of making or maintaining the Advance (or of maintaining its obligation to make the Advance), or to reduce the amount of any sum received or receivable by the Lender under this Agreement (whether of principal, interest or any other amount), then upon request of the Lender from time to time the Borrower will pay to that Lender an additional amount or amounts that will compensate the Lender for the additional costs incurred or reduction suffered.

(2) If any Lender determines in its sole and absolute discretion that any Change in Law affecting the Lender or any lending office of the Lender or its holding company (or other Controlling Person), if any, regarding capital requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of its holding company (or other Controlling Person), if any, as a consequence of this Agreement, the Commitments of the Lender or the Advance made by the Lender, to a level below that which the Lender or its holding company (or other Controlling Person) could have achieved but for that Change in Law (taking into consideration the Lender's policies and the policies of its holding company (or other Controlling Person) with respect to capital adequacy, each from time to time), then from time to time the Borrower will pay to that Lender an additional amount or amounts that will compensate Lender or its holding company (or other Controlling Person) for the reduction suffered.

(3) A certificate of a Lender specifying the amount or amounts necessary to compensate the Lender or its holding company (or other Controlling Person), as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts determined based on methods of averaging and attribution in its sole and absolute discretion, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt of the certificate.

(4) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand compensation,

except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months before the date that the Lender notifies the Borrower of the Change in Law giving rise to the increased costs or reductions and of the Lender's intention to claim compensation, unless the Change in Law giving rise to the increased costs or reductions is retroactive, in which case the nine month period referred to above shall be extended to include the period of retroactive effect.

9.8 Taxes

(1) Any and all payments by or on account of any obligation of an Obligor under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law requires the deduction or withholding of any Tax from any such payment by an Obligor or the Agent (as determined in the good faith discretion of the Obligor or Agent, respectively), then the applicable Obligor or the Agent shall be entitled to make the deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Obligor shall be increased as necessary so that after the deduction or withholding has been made (including deductions and withholdings applicable to additional sums payable under this Section) the Agent or applicable Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(2) The Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law or, at the option of the Agent, promptly reimburse the Agent for the payment of any Other Taxes.

(3) The Obligors shall jointly and severally indemnify the Agent and each Lender, within 10 days after demand, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by the Agent or that Lender or required to be withheld or deducted from a payment to the Agent or that Lender and any reasonable expenses arising from or with respect to the Indemnified Taxes, whether or not they were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of the payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(4) Each Lender shall severally indemnify the Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Obligors have not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Obligors to do so), (ii) any Taxes attributable to such Lender's failure to comply with the maintenance of the Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or

asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this Section 9.8(4).

(5) As soon as practicable after any payment of Taxes by an Obligor to a Governmental Authority pursuant to this Section 9.8, the Obligor shall deliver to the Agent the original or a certified copy of a receipt issued by the Governmental Authority evidencing payment, a copy of the return reporting the payment or other evidence of the payment reasonably satisfactory to the Agent.

(6) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which that jurisdiction is a party, with respect to payments under any Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, all properly completed and executed documentation prescribed by Applicable Law that will permit the payments to be made without withholding or at a reduced rate of withholding. In addition, (a) any Lender, if requested by the Borrower or the Agent, shall deliver other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent that will enable the Borrower or the Agent to determine whether or not that Lender is subject to withholding or information reporting requirements, and (b) any Lender shall notify the Borrower and the Agent in writing within five Banking Days of ceasing to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision.

(7) If any Party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 9.8 (including by the payment of additional amounts pursuant to this Section), or that, because of the indemnification, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the indemnifying Party an amount equal to the refund or reduction (but only to the extent of indemnification), net of all out-of-pocket expenses of the Agent or Lender, as the case may be, and without interest (other than any net after Tax interest paid by the relevant Governmental Authority with respect to any such refund). The indemnifying Party, upon the request of the indemnified Party, shall repay to the indemnified Party the amount paid over pursuant to this Section 9.8(7) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) if the indemnified Party is required to repay the refund or reduction to the Governmental Authority. Notwithstanding anything to the contrary in this Section 9.8(7), in no event will the indemnified Party be required to pay any amount to an indemnifying Party pursuant to this Section 9.8(7) the payment of which would place the indemnified Party in a less favorable net after-Tax position than the indemnified Party would have been in if the Tax subject to indemnification and giving rise to such refund or reduction had not been deducted, withheld or otherwise imposed and the indemnification payments or

additional amounts with respect to such Tax had never been paid. This Section shall not be construed to require any indemnified Party to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying Party or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

9.9 Mitigation Obligations; Replacement of Lenders

(1) If any Lender requests compensation under Section 9.7, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 9.8, then the Lender shall use reasonable efforts to designate a different lending office for funding or booking the Advance or to assign its rights and obligations under this Agreement to another of its offices, branches or Affiliates, if, in the judgment of the Lender, doing so (i) would eliminate or reduce amounts payable pursuant to Section 9.7 or 9.8, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(2) If any Lender requests compensation under Section 9.7 or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 9.8 and in each case the Lender has declined or is unable to comply with Section 9.9(1), if any FATCA Withholding Tax is imposed on any payment to a Lender under or in connection with this Agreement (whether the payment is made directly or through another financial institution), if any Lender's obligations are suspended pursuant to Section 9.10 or if any Lender becomes a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon 10 days' notice to that Lender and the Agent, require the Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.2), all of its interests, rights (other than its existing rights under Sections 9.7, 9.8 and 11.5) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that will assume those obligations (which assignee may be another Lender, if a Lender accepts the assignment), provided that:

(a) the Borrower pays the Agent the assignment fee specified in Section 10.2(1)(d);

(b) the Lender receives payment of an amount equal to the outstanding principal of its Advance, accrued interest, accrued fees and all other amounts payable to it under the Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from any assignee and/or the Borrower;

(c) in the case of any assignment resulting from a claim for compensation under Section 9.7 or payments required to be made pursuant to Section 9.8, the assignment will result in a reduction in future compensation or payments;

(d) any assignment does not conflict with Applicable Law; and

(e) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the assignee consents to the applicable waiver, amendment or consent.

(3) A Lender shall not be required to make any such assignment or delegation or accept repayment if, before completion, as a result of a waiver by the Lender or otherwise, the circumstances entitling the Borrower to require the assignment and delegation or repayment cease to apply.

9.10 Illegality

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make or maintain the Advance (or to maintain its obligation to make the Advance), or to determine or charge interest rates based upon any particular rate, then, on notice by that Lender to the Borrower through the Agent, any obligation of the Lender with respect to the activity that is unlawful shall be suspended until the Lender notifies the Agent and the Borrower that the circumstances giving rise to that determination no longer exist. Upon receipt of that notice, the Borrower shall, upon demand from that Lender (with a copy to the Agent), prepay the Advance. Upon any such prepayment, the Borrower shall also pay accrued interest on the amount so prepaid. Each Lender agrees to designate a different lending office if doing so will avoid the need for that notice and will not, in the good faith judgment of the Lender, otherwise be materially disadvantageous to the Lender.

ARTICLE 10
ADDITIONAL LENDERS, SUCCESSORS AND ASSIGNS

10.1 Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns permitted by this Agreement, except that no Obligor may assign or otherwise transfer any of its rights or obligations under any Loan Document without the prior written consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations under this Agreement except (i) to an Eligible Assignee in accordance with the provisions of Section 10.2, (ii) by way of participation in accordance with the provisions of Section 10.4, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.5 (and any other attempted assignment or transfer by any Party shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the Parties, their respective successors and permitted assigns, sub-agents contemplated by this Agreement, Participants to the extent provided in Section 10.4 and, to the extent expressly contemplated by this Agreement, the Related Parties of each of the Agent, any sub-agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

10.2 Assignments by Lenders

(1) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advance at the time owing to it) and the Interlender Agreement, provided that:

(a) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advance at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Advance outstanding under the Commitment) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advance of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to the assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $1,000,000, unless each of the Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each consent not to be unreasonably withheld or delayed);

(b) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement and the Interlender Agreement;

(c) any assignment must be approved by the Agent (which is not to be unreasonably withheld or delayed);

(d) any assignment must be approved by the Borrower (which is not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender or an affiliate of a Lender or a Default has occurred and is continuing; and

(e) the parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it is not a Lender, shall deliver any administrative questionnaire required by the Agent.

(2) In addition to the other conditions specified in this Agreement, no assignment of rights and obligations of a Defaulting Lender shall be effective until the parties to the assignment have made additional payments to the Agent in an amount sufficient, upon distribution of the payments as appropriate to (a) pay and satisfy in full all payment liabilities then owed by the Defaulting Lender to the Agent and each Lender, with accrued interest, and (b) acquire (and fund as appropriate) its full pro rata share of the Advance in accordance with its Applicable Percentage. Distribution of payments may be by outright payment, purchases by the assignee of participations or sub-participations, or other compensating actions, including funding, with the consent of the Borrower and the Agent, the applicable pro rata share of the Advance previously requested but not funded

by the Defaulting Lender, to each of which the applicable assignor and assignee hereby irrevocably consent. If, notwithstanding the foregoing, any assignment of the rights and obligations of a Defaulting Lender becomes effective under Applicable Law without compliance with this Section 10.2(2), then the assignee shall be deemed to be a Defaulting Lender for all purposes of this Agreement until compliance occurs.

(3) Subject to acceptance and recording by the Agent pursuant to Section 10.3, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee shall be a Party and, to the extent of the interest assigned by the Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, the Interlender Agreement and the other Loan Documents, including the Security, and the assigning Lender shall, to the extent of the interest assigned by the Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, it shall cease to be a Party) and the Interlender Agreement but shall continue to be entitled to the benefits of Sections 9.7, 9.8 and 11.5, and shall continue to be liable for any breach by it of this Agreement or the Interlender Agreement and any other liability by reason of having been a Defaulting Lender, with respect to facts and circumstances occurring before the effective date of the assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.2 shall be treated for purposes of this Agreement as a sale by that Lender of a participation in those rights and obligations in accordance with Section 10.4. Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower.

10.3 Register

The Agent shall maintain at one of its offices in Toronto, Ontario or Vancouver, British Columbia a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Advance owing to, each Lender from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

10.4 Participations

(1) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than an Obligor or any Affiliate of an Obligor) (each, a "**Participant**") in all or a portion of that Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advance owing to it). However, (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other Parties for the performance of its obligations and (iii) the Borrower, the Agent and the other Lenders

shall continue to deal solely and directly with that Lender in connection with its rights and obligations under this Agreement. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower. Each Lender shall be responsible for any repayment to the Agent required under Section 9.6(2) with respect to any payment made by the Lender to its Participant(s).

(2) Subject to Section 10.4(3), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 9.7 and 9.8 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.2.

(3) A Participant shall not be entitled to receive any greater payment under Sections 9.7 and 9.8 than the applicable Lender would have been entitled to receive with respect to the participation sold to that Participant, unless the sale of the participation to the Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 9.8 unless the Borrower is notified of the participation sold to that Participant and the Participant agrees, for the benefit of the Borrower, to comply with that Section as though it were a Lender.

10.5 Certain Pledges

Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of that Lender, but no pledge or assignment shall release the Lender from any of its obligations under any Loan Document or substitute any pledgee or assignee for the Lender as a Party.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.1 Severability, Etc.

If, in any jurisdiction, any provision of any Loan Document or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of the affected Loan Document, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

11.2 Amendment, Supplement or Waiver

No amendment, supplement or waiver of any provision of any Loan Document, nor any consent to any departure by an Obligor from any provision, shall in any event be effective unless it is in writing, makes express reference to the affected provision and is signed by the Agent and the applicable Lenders, or by the Agent with any approval of any applicable Lenders, all as required by Sections 8.6(4), 8.6(5), 8.6(6) and 8.6(7), as applicable. It shall be effective only in the specific instance and for the specific purpose for which it is given. No waiver or act or omission of the Agent or any Lender shall extend to or be taken in any way to affect any subsequent Default or other matter or their resulting rights.

11.3 Governing Law and Agent for Service

(1) Each of the Loan Documents, except for those that expressly provide otherwise, and any Dispute (whether in contract, tort or otherwise) based upon, arising out of or relating to any Loan Document, except for those that expressly provide otherwise, shall for all purposes be governed by and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in Ontario. Each Obligor irrevocably and unconditionally (a) agrees that it will not commence any litigation or other proceeding against the Agent, any Lender or their respective Related Parties relating to any Dispute (whether in contract, tort or otherwise) based upon, arising out of or relating to any Loan Document in any forum other than the courts of the Province of Ontario and (b) submits, for itself and its Property, to the exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any of those courts, in any litigation or other proceeding based upon, arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each Party irrevocably and unconditionally agrees that all claims in respect of any such litigation or other proceeding may be heard and determined in those courts. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any litigation or other proceeding relating to this Agreement or any other Loan Document against any Obligor or its Property in the courts of any jurisdiction. Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or in the future have to the laying of venue of any litigation or other proceeding arising out of or relating to this Agreement or any other Loan Document in any court of the Province of Ontario. Each Party hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of litigation or other proceedings in any such court. For certainty, notwithstanding anything to the contrary in any Loan Document, nothing in this Agreement or in any other Loan Document shall affect any right or obligation that any Obligor may otherwise have to bring any litigation or other proceeding relating to the Arrangement Agreement, the RITA or any other Transaction document against a Person who is not a Party in the courts of any other jurisdiction.

(2) Each Obligor hereby nominates, constitutes and appoints Stikeman Elliott LLP as its agent for service, to act as such and as such to sue and be sued, plead and be impleaded in any court in Ontario. This appointment shall be irrevocable without the written appointment of a substitute agent in Ontario acceptable to the Required Lenders. Service on Stikeman Elliott LLP (or a substitute agent) of process or of papers and notices relating to proceedings in any court in Ontario shall be sufficient service on all Obligors.

11.4 Waiver of Jury Trial, Consequential Damages, Etc.

(1) Each Party hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to any Loan Document or the transactions contemplated by it (whether based on contract, tort or any other theory).

(2) To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated by it (or any breach of it), the transactions contemplated by the Loan Documents, the Advance or the use of its proceeds. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with the Loan Documents or the transactions contemplated by them.

(3) Each Obligor agrees that none of the Agent or the Lenders shall have any liability to it in relation to any due diligence investigations conducted by any of them in connection with the transactions contemplated by the Loan Documents or be under any obligation whatsoever to disclose to it any information received or facts disclosed by any investigations. Each Obligor also agrees that it is not relying, will not rely, and will not be deemed, in any respect whatsoever, to have relied upon the facts received by and information disclosed to any of the Agent or the Lenders under or in connection with due diligence investigations.

(4) Each Party (a) certifies that no Representative of any other person has represented, expressly or otherwise, that the other person would not, in the event of litigation, seek to enforce the foregoing waivers and (b) acknowledges that it and the other Parties have been induced to enter into the Loan Documents by, among other things, the waivers and certifications in this Section.

11.5 Expenses and Indemnity

(1) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agent, the Lenders and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Agent and the Lenders, in connection with the syndication of the Credit Facility, the preparation, negotiation, execution, delivery and administration of the Loan Documents or any amendments, modifications or waivers of their provisions (whether or not the transactions contemplated by them are consummated), and (ii) all reasonable out-of-pocket expenses incurred by the Agent or any Lender, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Advance, including those incurred during any workout, restructuring or negotiations in respect of the Obligations. No Lender shall, however, be entitled to be reimbursed for fees, charges and disbursements of counsel to

advise it separately from counsel advising the Agent and the Lenders collectively. Without limiting the foregoing, the Borrower shall promptly pay all invoices issued by legal counsel to the Agent, to the extent otherwise in compliance with this Section 11.5, and the Agent may debit any account maintained by the Borrower with it to pay invoices.

(2) The Borrower shall indemnify the Agent (and its sub-agents), each Lender and each Related Party of any of the foregoing Persons (each of whom is called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Obligor or other Person (except an Indemnitee) arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated by it, the performance or non-performance by the Parties of their respective obligations under any Loan Document or the consummation or non-consummation of the transactions contemplated by the Loan Documents, (ii) the Advance or the use or proposed use of its proceeds, (iii) any actual or alleged presence or release, spill, leakage, emission, deposit, discharge, leaching, migration or disposition of any Hazardous Material on or from any Property owned or operated by any Obligor, or any related remedial action taken by the Agent or Lender or any breach of Applicable Law with respect to any such Hazardous Material that is related in any way to any Obligor (including the assertion of any Lien under Applicable Law), or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligor and regardless of whether any Indemnitee is a party to it, provided that the indemnity shall not, as to any Indemnitee, be available to the extent that its losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from its gross negligence or wilful misconduct or (y) result from a claim brought by the Borrower or any other Obligor against an Indemnitee for breach in bad faith of that Indemnitee's obligations under any Loan Document, if the Obligor has obtained a final and non-appealable judgment in its favour on that claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Sections 9.7, 9.8 and 11.5(1).

(3) All amounts due under this Section 11.5 shall be payable promptly after demand, except to the extent that any Obligor has commenced and is diligently pursuing an action in respect of the matters referred to in items (x) and (y) of Section 11.5(2). A certificate of the Agent or a Lender specifying the amount or amounts owing to the Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

11.6 Currency

All payments made under this Agreement shall be made in the currency in which the obligation requiring payment arose. Unless the context otherwise requires, all amounts expressed in this Agreement in terms of money shall refer to Canadian Dollars.

11.7 Liability of Lenders

The liability of the Lenders in respect of all matters relating to this Agreement and the other Loan Documents is several and not joint or joint and several. Without limiting that statement, the obligations of the Lenders to make the Advance are limited to their respective Applicable Percentages of the Advance that is requested, and, in the aggregate, to their respective Applicable Percentages of the total amount of the Credit Facility.

11.8 Notices

(1) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 11.8(3)), all notices and other communications provided for in this Agreement shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified on Schedule I or, if to a Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Parent, in care of the Parent. Those addresses shall apply to notices under all Loan Documents, unless otherwise expressly provided.

(2) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a Banking Day before 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next Banking Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 11.8(3), shall be effective as provided in that Section.

(3) Notices and other communications to the Lenders may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Agent, except that the foregoing shall not apply to notices to any Lender of the Advance to be made if the Lender has notified the Agent that it is incapable of receiving notices relating to the Advance by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it by electronic communications pursuant to procedures approved by it, but approval of those procedures may be limited to particular notices or communications.

(4) (i) Notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement), except that if a notice or other communication is not sent before 5:00 p.m. on a Banking Day in the city where the recipient is located, the notice or communication shall be deemed to have been sent at the opening of business on the next Banking Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that the notice or communication is available and identifying the website address.

(5) Any Party may change its address or telecopier number for notices and other communications by notice to the other Parties.

11.9 Time of the Essence

Time is of the essence of this Agreement.

11.10 Further Assurances

From time to time and at any time, the Obligors shall, at the request of the Agent, promptly (and, in any event, not later than the 10^{th} Banking Day after the making of such request) do, execute, deliver or cause to be done, executed or delivered all further acts, documents, legal opinions and other matters that may, in the reasonable opinion of the Agent (or the Required Lenders or Lenders, as applicable), be necessary or desirable in order to fully perform and carry out the purpose and intent of the Loan Documents and perfect the Liens of the Agent and the Lenders intended to be created by the Security over the collateral of the Obligors subject thereto, including, without limitation, the registration and/or recording of any item of Security given by any Obligor, including such Obligor's Debenture, in any jurisdiction that the Agent deems necessary, together with such legal opinions from counsel acceptable to the Agent confirming the registration and priority of the Liens constituted thereby.

11.11 Term of Agreement

Except as otherwise provided in this Agreement, it shall remain in full force and effect until the indefeasible payment and performance in full in cash of all of the Obligations and the termination of all Commitments. The obligations of the Obligors in Sections 9.7, 9.8 and 11.5 and the obligations of the Lenders in Sections 8.7(3) and 11.13 shall continue for the benefit of those to whom the obligations are owed notwithstanding the termination of this Agreement, the Commitments or any particular person's role as Obligor, Agent or Lender.

11.12 Counterparts, Facsimiles and Records

(1) Any Loan Document may be executed in counterparts (and by different Parties in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article 4, this Agreement shall become effective when it has been executed by the Agent and when the Agent has received counterparts of this Agreement that, when taken together, bear the signatures of each of the other Parties. Delivery of an executed counterpart of a signature page of any Loan Document by telecopy or by sending a scanned or other copy by electronic mail or similar means shall be effective as delivery of a manually executed counterpart of that Loan Document.

(2) The words "execution," "signed," "signature," and words of similar meaning in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based

recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

(3) The Agent and Lenders may create and store copies of Loan Documents in any form as part of their business records, including by microfilm, photocopy and electronic image. Copies may be held in place of original documents and substituted for original documents for any purpose.

11.13 Treatment of Certain Information: Confidentiality

(1) Each of the Agent and the Lenders agrees to maintain the confidentiality of Information, except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom disclosure is made will be informed of the confidential nature of the Information and instructed to keep the Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other Party, (e) in connection with the exercise of any remedies under any Loan Document or any action or proceeding relating to any Loan Document or the enforcement of rights under the Loan Documents, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Derivative, credit-linked note or similar transaction relating to the Borrower and the Obligations, (g) with the consent of the Borrower or (h) to the extent Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Agent or any Lender on a non-confidential basis from a source other than an Obligor.

(2) For purposes of this Section, "**Information**" means all information received in connection with any Loan Document from any Obligor relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that was available to the Agent or any Lender on a non-confidential basis before such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if the Person has exercised the same degree of care to maintain the confidentiality of the Information as the Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the Credit Facility as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom disclosure is made will be informed of the confidential nature of the Information and instructed to make available to the public only

such Information as the Person normally makes available in the course of its business of assigning identification numbers.

(3) In addition, and notwithstanding anything in this Agreement to the contrary, the Agent may provide customary information including details of the Obligors, the amount, term, purpose, pricing and repayment requirements of the Credit Facility and the principal covenants contained in this Agreement to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

(4) With respect to any disclosure to be made in relation to the Credit Facility by any Obligor to comply with stock exchange or other securities regulatory requirements, the relevant Obligor shall provide a copy of such disclosure to the Agent and provide the Agent with an opportunity to comment thereon.

11.14 Entire Agreement

This Agreement and the other Loan Documents constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior correspondence, agreements, negotiations, discussions and understandings, whether written or oral. Except as expressly specified in this Agreement and the other Loan Documents, there are no representations, warranties, conditions or other agreements or acknowledgments, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect the Loan Documents or the agreements referred to in them, that induced any Party to enter into the Loan Documents or the agreements referred to in them, or on which reliance is placed by any Party. Without limiting the foregoing, the commitment letter from the Agent to the Borrower and the Parent dated April 8, 2014 are cancelled and superseded.

11.15 This Agreement to Govern

If there is any conflict or inconsistency between the terms of this Agreement and the terms of any other Loan Document (except any Intercreditor Agreement, which shall prevail as against this Agreement), the provisions of this Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

11.16 Limitation Periods

To the extent that any limitation period applies to any claim for payment of obligations or remedy for enforcement of obligations under any Loan Document, the Obligors agree that:

(a) any limitation period is expressly excluded and waived entirely if permitted by Applicable Law;

(b) if a complete exclusion and waiver of any limitation period is not permitted by Applicable Law, any limitation period is extended to the maximum length permitted by Applicable Law;

(c) any limitation period applying to a Loan Document expressed to be payable on demand shall not begin before an express demand for payment of the relevant obligations is made in writing by the Agent to the relevant Obligor;

(d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment by any Obligor of its relevant obligations; and

(e) each Loan Document is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies to it.

11.17 Services Provided and Conflicts of Interest

(1) The Lenders and Agent shall not be responsible for providing or arranging services to the Obligors except providing and administering the Credit Facility, respectively. The services of the Agent and Lenders do not include the provision of general corporate finance advisory services. The responsibility of the Agent and Lenders is solely contractual in nature and they do not owe the Obligors any fiduciary duty as a result of the Loan Documents.

(2) The Obligors acknowledge that the Agent, the Lenders and/or one or more of their respective Affiliates may now and in the future provide debt financing, equity capital or other services (including financial advisory services) to other Persons with whom the Obligors may have conflicting interests. Subject to the provisions of this Agreement, the Agent, the Lenders and their respective Affiliates will not disclose confidential information obtained from the Obligors in connection with the performance of services for others. Similarly, the Agent, the Lenders and their respective Affiliates have no obligation to disclose the existence of or use for the Obligors' benefit confidential information that they have obtained or may obtain from any other Person.

(3) The Obligors also acknowledge that the Agent, the Lenders and their respective Affiliates engage in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, the Agent, the Lenders and their respective Affiliates may provide investment banking and other financial services to other Persons with which the Obligors may have commercial or other relationships, and/or acquire, hold or sell, for their own accounts and the accounts of customers, the Obligors' equity, debt and other securities and financial instruments (including bank loans and other obligations) and those of other Persons with which the Obligors may have commercial or other relationships. All rights in respect of securities and financial instruments held by the Agent, the Lenders and their respective Affiliates or their respective customers, including any voting rights, will be exercised by the holder of the rights in its sole discretion.

(4) The Agent, the Lenders and their respective Affiliates are not responsible to provide the Obligors with advice relating to legal, regulatory, accounting or tax matters. The Obligors acknowledge that (a) they have relied and will continue to rely on the advice of their own legal, regulatory, accounting and tax advisors for all matters relating to the Credit Facility and otherwise and (b) they have not received or relied upon advice from

the Agent, the Lenders and their respective Affiliates or advisors regarding legal, regulatory, accounting or tax matters.

(5) The Obligors acknowledge that no client or near-client relationship has been or will be established between the Obligors and any legal counsel to the Agent or Lenders as a result of their representation of the Agent or Lenders, including by reason of any confidential information regarding any Obligor being provided to legal counsel to the Agent or Lenders or by reason of any Obligor paying or reimbursing the Agent or Lenders for fees, charges or disbursements of legal counsel to the Agent or Lenders. The Obligors also acknowledge that legal counsel to the Agent or Lenders shall not be prevented from (a) continuing to act for the Agent and Lenders in connection with the Credit Facility and the Loan Documents, including any enforcement of the Security, for any reason including any client or near-client relationship that may exist now or in the future between legal counsel to the Agent or Lenders and any Obligor, or (b) acting for any other Person whose interests conflict with the interests of any Obligor unless the Obligors establish, without the benefit of any presumption, that counsel has provided the other Person, to the detriment of the Obligors, with confidential information regarding the Obligors that they have received as a result of acting as legal counsel to the Agent or Lenders.

11.18 Date of Agreement

This Agreement may be referred to as being dated April 28, 2014, notwithstanding the actual date of execution.

[SIGNATURE PAGES FOLLOW]

IN WITNESS OF WHICH, the Parties have duly executed this Agreement.

ALTIUS PRAIRIE ROYALTIES CORP.

By: *(signed) Brian Dalton*
Name: Brian Dalton
Title: Vice President

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

ALTIUS MINERALS CORPORATION

By: *(signed) Brian Dalton*
Name: Brian Dalton
Title: President and Chief Executive Officer

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

ALTIUS INVESTMENTS LIMITED

By: *(signed) Ben Lewis*
Name: Ben Lewis
Title: Corporate Secretary

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

ALTIUS RESOURCES INC.

By: *(signed) Brian Dalton*
Name: Brian Dalton
Title: President

SPROTT RESOURCE LENDING PARTNERSHIP, by its managing partner, Sprott Lending Consulting LP, by its general partner, Sprott Lending Consulting GP Inc., as Lender

By: *(signed) Peter Grosskopf*
Name: Peter Grosskopf
Title: Chief Executive Officer

By: *(signed) Jim Grosdanis*
Name: Jim Grosdanis
Title: Chief Financial Officer

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

EARLSTON INVESTMENTS CORP., as Lender

By: *(signed) Michael Atkinson*
Name: Michael Atkinson
Title: President & CEO

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

SIGNED AND DELIVERED on April 25, 2014 in the presence of:	)	
(Signed) Cindy Schoenhaar (Signature)	)	
Cindy Schoenhaar (Print Name)	)	*(signed) John Tognetti* **JOHN TOGNETTI**
276 E. 44th Ave., Vancouver (Address)	)	
Licensed Sales Assistant (Occupation)	)	

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

SPROTT RESOURCE LENDING PARTNERSHIP, by its managing partner, Sprott Lending Consulting LP, by its general partner, Sprott Lending Consulting GP Inc., as Agent

By: *(signed) Peter Grosskopf*
Name: Peter Grosskopf
Title: Chief Executive Officer

By: *(signed) Jim Grosdanis*
Name: Jim Grosdanis
Title: Chief Financial Officer

[signature page for Credit Agreement relating to Altius Prairie Royalties Corp. et al.]

SCHEDULE A
LENDERS AND THEIR APPLICABLE PERCENTAGES

[see reference in Section 1.1(68)]

SPROTT RESOURCE LENDING PARTNERSHIP
(original Commitment – up to $35,000,000)

Credit Facility – 25%

EARLSTON INVESTMENTS CORP.
(original Commitment – up to $80,000,000)

Credit Facility – 57.1429%

JOHN TOGNETTI
(original Commitment – up to $25,000,000)

Credit Facility – 17.8571%

SCHEDULE B
DETAILS OF EQUITY INTERESTS, PROPERTY, ETC.

[see references in Sections 5.1(20), 6.4(7), 6.4(14) and 6.4(17)]

[REDACTED – Description of equity interests, property, and bank account information]

SCHEDULE C
INTELLECTUAL PROPERTY

[see reference in Section 5.1(22)]

Nil.

SCHEDULE D
MATERIAL DISPUTES

[see reference in Section 5.1(13)]

[REDACTED – Description of Material Disputes]

SCHEDULE E
INTRAGROUP DEBTS

[see reference in Section 5.1(19)]

[REDACTED – Description of Intragroup Debts]

SCHEDULE F
NOTICE OF ADVANCE OR PAYMENT

[see reference in Section 9.3(1)]

TO: Sprott Resource Lending Partnership, as Agent
Suite 2750, 200 Bay Street
Toronto, Ontario, M5J 2J2

Attention: Chief Financial Officer
Fax No.: (416) 977-9555

We refer to Section 9.3(1) of the credit agreement dated as of * 2014 between Altius Prairie Royalties Corp. and others as Obligors, Sprott Resource Lending Partnership, as Agent and the Lenders party to it from time to time, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All capitalized terms used in this certificate and defined in the Credit Agreement have the meanings defined in the Credit Agreement.

1. <u>Request for Advance</u>

The undersigned hereby irrevocably requests as follows:

(a) that the Advance be made under the Credit Facility;

(b) the Advance Date shall be _________________;

(c) the proceeds of the Advance shall be [*specify that funds are to be deposited in a designated account maintained by the Borrower or are to be transferred by wire in accordance with instructions attached*].

2. The undersigned hereby confirms as follows:

(a) the representations and warranties made in Section 5.1 of the Credit Agreement, except those expressly stated to be made as of a specific date, are true on and as of the date of this notice with the same effect as if they had been made on and as of the date of this notice;

(b) no Default has occurred and is continuing on the date of this notice or will result from the Advance(s) requested in this notice;

(c) after reasonable inquiry, the undersigned has no reason to believe that (i) it will not be in compliance with all covenants contained in Section 6.1 of the Credit Agreement at the end of its current fiscal quarter, or (ii) it was not in compliance with all covenants contained in Section 6.1 of the Credit Agreement at the end of its immediately preceding fiscal quarter if it has not yet delivered its Compliance Certificate for that quarter;

(d) the undersigned will immediately notify you if it has knowledge of the occurrence of any event that would mean that the statements in the immediately preceding items (a), (b) and (c) would not be true if made on the Advance Date; and

(e) all other conditions precedents in Sections 4.1 of the Credit Agreement have been fulfilled.

3. Notice of Payment

The undersigned hereby irrevocably notifies you of the following:

(a) that a payment will be made under the Credit Facility; and

(b) the payment date shall be ___________________.

DATED ____________________________________.

ALTIUS PRAIRIE ROYALTIES CORP.

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

SCHEDULE G
COMPLIANCE CERTIFICATE

[see reference in Section 1.1(33)]

TO: THE LENDERS (as defined in the Credit Agreement referred to below)

AND TO: Sprott Resource Lending Partnership, as Agent
Suite 2750, 200 Bay Street
Toronto, Ontario, M5J 2J2

Attention: Chief Financial Officer
Fax No. : (416) 977-9555

We refer to Section 6.3(1)(d) of the credit agreement dated as of * 2014 between Altius Prairie Royalties Corp. and others, as Obligors, Sprott Resource Lending Partnership as Agent and the Lenders party to it from time to time, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All capitalized terms used in this certificate and defined in the Credit Agreement have the meanings defined in the Credit Agreement. This Compliance Certificate relates to the Borrower's fiscal period ended _____________ (the "**Period End**").

1. The Borrower hereby certifies that:

   (a) the representations and warranties made in Section 5.1 of the Credit Agreement, except those expressly stated to be made as of a specific date but including those made with respect to the financial statements for the Period End, are true on and as of the date of this Compliance Certificate with the same effect as if those representations and warranties had been made on and as of that date; and

   (b) no Default has occurred and is continuing on the date of this Compliance Certificate. *[Note: Amend and provide details if there is a Default.]*

2. The Borrower hereby certifies that, as of the Period End:

   (a) the Cash Flow Ratio was ____ to 1.00.

   (b) the Debt Service Coverage Ratio was ____ to 1.00.

   (c) Capital Expenditures made by the Obligors during the fiscal quarter ending on the Period End, and for the Parent's fiscal year to the end of the Period End, were $______________ and $______________, respectively;

   (d) the aggregate principal amount (or fair market value of Property encumbered if no principal amount is designated) of all Liens that were outstanding for all Obligors at the Period End under Section 1.1(88)(k) of the Credit Agreement was $_______________;

(e) the aggregate amount of Net Cash Proceeds of:

(i) all issuances of Equity Interests by the Parent during the fiscal quarter ending on the Period End is $_______________;

(ii) each sale, transfer or other disposition of Property for cash proceeds by any Obligor out of the Ordinary Course during the fiscal quarter ending on the Period End is $_______________.

3. Appendix A attached sets out:

(a) the calculations of the ratios referred to above;

(b) the calculation of EBITDA;

(c) the calculations and particulars of all Net Cash Proceeds referred to above and a reconciliation to gross proceeds of the applicable transactions giving rise to Net Cash Proceeds during the fiscal quarter.

4. Appendix B attached is an update of Schedule B to the Credit Agreement as of the Period End. / There has been no change to the information contained in the version of Schedule B [appended to the Credit Agreement *OR* delivered in the Compliance Certificate dated [date]].]

5. Appendix C attached is an update of Schedule C to the Credit Agreement as of the Period End. / There has been no change to the information contained in the version of Schedule C [appended to the Credit Agreement *OR* delivered in the Compliance Certificate dated [date]].]

6. Appendix D attached is an update of Schedule E to the Credit Agreement as of the Period End. / There has been no change to the information contained in the version of Schedule E [appended to the Credit Agreement *OR* delivered in the Compliance Certificate dated [date]].]

DATED ______________________________.

ALTIUS PRAIRIE ROYALTIES CORP.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

SCHEDULE H
AGREEMENT OF NEW OBLIGOR SUPPLEMENT TO CREDIT AGREEMENT

[see reference in Section 3.1(2)]

THIS AGREEMENT supplements the credit agreement dated as of * 2014 between Altius Prairie Royalties Corp. and others, as Obligors, Sprott Resource Lending Partnership, as Agent and the Lenders party to it from time to time, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**").

RECITALS:

A. Capitalized terms used and not defined in this Agreement have the respective meanings defined in the Credit Agreement.

B. The Credit Agreement contemplates that certain further Subsidiaries of the Borrower shall become Obligors in certain circumstances.

C. ● (the "**New Subsidiary**") is required by the Credit Agreement to become an Obligor.

D. Security and other documents required by Section 3.1(2) of the Credit Agreement have been delivered by or in respect of the New Subsidiary.

THEREFORE, for value received, and intending to be legally bound by this Agreement, the parties agree as follows:

1. The New Subsidiary hereby acknowledges and agrees to the terms of the Credit Agreement and agrees to be bound by all obligations of an Obligor under the Credit Agreement as if it had been an original signatory to it.

2. The Agent, on behalf of the Lenders, acknowledges that the New Subsidiary shall be an Obligor as of the date of this Agreement.

IN WITNESS OF WHICH, the undersigned have executed this Agreement as of the ● day of ●, 20●.

SPROTT RESOURCE LENDING PARTNERSHIP, by its managing partner, Sprott Lending Consulting LP, by its general partner, Sprott Lending Consulting GP Inc., as Agent

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

[NEW SUBSIDIARY]

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

SCHEDULE I
ADDRESSES FOR NOTICE

[see reference in Section 11.8]

Altius Minerals Corporation
Suite 202, Kenmount Business Centre
66 Kenmount Road
St. John's, NL, A1B 3V7

Attention: Brian Dalton
Fax No.: (709) 576-3441
Email: brian@altiusminerals.com

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Toronto, ON, M5J 2J2

Attention: Chief Financial Officer
Fax No.: (416) 977-9555
Email: jgrosdanis@sprottlending.com

Earlston Investments Corp.
Suite 1703, 595 Burrard Street
Vancouver, BC V7X 1J1

Attention: President
Fax No.: (604) 681-4692
Email: atkinson@earlston.com

John Tognetti
c/o Haywood Securities Inc.
Suite 700, 200 Burrard Street
Vancouver, BC V6C 3L6

Fax No.: (604) 697-7499
Email: tognetti@haywood.com

Sprott Resource Lending Partnership, as Agent
Suite 2750, 200 Bay Street
Toronto, ON, M5J 2J2

Attention: Chief Financial Officer
Fax No.: (416) 977-9555
Email: jgrosdanis@sprottlending.com

(Notices in the form of Schedule F shall be sent to the Agent at the address specified on that Schedule.)

SCHEDULE J
FORM OF ASSIGNMENT AND ASSUMPTION

[see reference in Section 1.1(13)]

This Assignment and Assumption (the "**Assignment and Assumption**") is dated as of the Effective Date specified below and is entered into by and between [*Insert name of Assignor*] (the "**Assignor**") and [*Insert name of Assignee*] (the "**Assignee**"). Capitalized terms used but not defined in this Assignment and Assumption shall have the meanings given to them in the Credit Agreement identified below (as amended, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions in the attached Annex 1 are agreed to and incorporated in and made a part of this Assignment and Assumption as if specified here in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant to it to the extent related to the amount and percentage interest identified below of all of the outstanding rights and obligations of the Assignor under the Credit Facility(ies) identified below and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant to it or the loan transactions governed by it or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to collectively as, the "**Assigned Interest**"). The sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

(1) Assignor:________________

Assignor [*is / is not*] a Defaulting Lender.

(2) Assignee:________________

(3) Borrower:________________

(4) Agent: __________________, as the agent under the Credit Agreement

(5) Credit Agreement: The $140,000,000 Credit Agreement dated as of * 2014 among Altius Prairie Royalties Corp., the Lenders parties to it, and Sprott Resource Lending Partnership as Agent

(6) Assigned Interest:

Credit Facility Assigned	Aggregate Amount of Commitments / Advance for all Lenders[1]	Amount of Commitment / Advance Assigned[1]	Percentage Assigned of Commitment / Advance [2]	CUSIP Number
Term Credit Facility	$	$	%	
	$	$	%	

(7) [Trade Date: ____________________][3]

[1] Amount to be adjusted by the counterparties to take into account any reductions made between the Trade Date and the Effective Date.

[2] Set forth, to at least 9 decimals, as a percentage of the Commitments / Advances of all Lenders thereunder.

[3] To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: ___________, 20___ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms of this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ______________________________
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: ______________________________
Title:

[Consented to and][4] Accepted:

SPROTT RESOURCE LENDING PARTNERSHIP, by its managing Partner, Sprott Lending Consulting LP, by its general partner, Sprott Lending Consulting GP Inc., as Lender, as Agent

By ______________________________
Title:

[Consented to:][5]

[NAME OF RELEVANT PARTY]

By ______________________________
Title:

---

4 To be added only if the consent of the Agent is required by Section 10.2(1)(c) of the Credit Agreement.

5 To be added for each relevant party only if the consent of the Borrower and/or other Parties is required by Section 10.2 of the Credit Agreement.

ANNEX 1 to Assignment and Assumption

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any Lien, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated by it, and (iv) it *[is / is not]* a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral under them, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated by it and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender and, to the extent of the Assigned Interest, shall have the obligations of a Lender, (iii) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.3(1) of the Credit Agreement, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made its analysis and decision independently and without reliance on the Agent or any other Lender, and (iv) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to Section 9.8(6) of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

1.3 Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether those amounts have accrued before, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods before the Effective Date or with respect to the making of this assignment directly between themselves.

1.4 General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties to it and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

SCHEDULE K
SECURITY

[see reference in Section 3.1]

The Security shall include the following documents and instruments granted in favour of the Agent for the benefit of the Lenders, all in form and substance satisfactory to the Lenders, and registered and/or recorded in all jurisdictions required by the Agent to grant to the Agent a Lien in the collateral subject thereto, subject only to Permitted Liens, provided that in the case of any registrations over any freehold or leasehold real property owned or leased by any Obligor designated by the Agent, such registrations to be completed within 60 days of the date the applicable Obligor becomes an Obligor:

Initial Security

1. Debentures and Pledges of Debentures of:

a) the Borrower;

b) AMC;

c) AIL;

d) ARI;

e) the Coal General Partner;

f) the Potash General Partner;

g) the Genesee General Partner;

h) the Coal Royalty Co;

i) the Potash Royalty Co;

j) the Genesee Royalty Co; and

k) CDP Holdco.

2. Pledges of Equity Interests by:

a) AMC of Equity Interests in the Borrower, AIL and ARI;

b) AIL of Equity Interests in LNRLP, Alderon, Virginia and Callinan;

c) ARI of Equity Interests in AIL;

d) the Borrower of Equity Interests in Coal General Partner, Potash General Partner, Genesee General Partner, Coal Royalty Co, Potash Royalty Co, Genesee Royalty Co and CDP Holdco;

e) Coal General Partner of Equity Interests in Coal Partnership;

f) Potash General Partner of Equity Interests in Potash Partnership;

g) Genesee General Partner of Equity Interests in Genesee Partnership;

h) Coal Royalty Co of Equity Interests in Coal Partnership;

i) Potash Royalty Co of Equity Interests in Potash Partnership; and

j) Genesee Royalty Co of Equity Interests in Genesee Partnership.

3. Guarantees and Indemnities by:

a) AMC of the Borrower;

b) AIL of the Borrower;

c) ARI of the Borrower;

d) the Borrower of AMC, AIL, ARI, the General Partners, the Royalty Cos, CDP Holdco, CDP and CDC;

e) the Coal General Partner of the Borrower;

f) the Potash General Partner of the Borrower;

g) the Genesee General Partner of the Borrower;

h) the Coal Royalty Co of the Borrower;

i) the Potash Royalty Co of the Borrower;

j) the Genesee Royalty Co of the Borrower; and

k) CDP Holdco of the Borrower.

Post-Closing Security

1. Debentures and Pledges of Debentures of:

a) CDP; and

b) CDC.

2. Pledges of Equity Interests by:

a) the Borrower of 50% Equity Interests in CDP;

b) CDP Holdco of 50% Equity Interests in CDP; and

c) CDP of Equity Interests in CDC.

3. Guarantees and Indemnities by:

a) CDP of the Borrower; and

b) CDC of the Borrower.

SCHEDULE L
ADDITIONAL PERMITTED LIENS

Defined terms used, but not otherwise defined, herein shall have the meanings given to them in the Arrangement Agreement.

With respect to the Partnerships, "Permitted Liens" also include:

(a) the terms and conditions of the Royalty Contracts, the Royalty Leases, Assigned Petryk Royalty Payable, Assigned Fording Royalty Payable and any other title and operating documents relating to the Coal Business, including any preferential purchase rights;

(b) Liens for Taxes and other obligations owing to Governmental Authorities and assessments not yet due or delinquent or that are being contested in good faith by appropriate proceedings;

(c) Liens granted or arising in the ordinary course for the Coal Business and the Royalty Business to any public utility;

(d) Liens imposed in the ordinary course of business by Law or Governmental Authorities (whether inchoate, undetermined or otherwise);

(e) all encumbrances, liens, charges and interests of record, the implied conditions, reservations, limitations and exceptions pursuant to the *Land Titles Act* (Alberta), *The Land Title Act, 2002* (Saskatchewan), the *Personal Property Security Act* (Alberta) and the *Personal Property Security Act* (Saskatchewan) and all reservations, exceptions and conditions included in any grants or transfers from the Crown;

(f) the provisions of governing Laws, ordinances and regulations given in the ordinary course of business that do not materially detract from the value of or materially impair the use of the Royalty Assets affected;

(g) Liens and prior claims in the ordinary course of business reserved in or exercisable under any Royalty Lease;

(h) Liens securing indebtedness reflected in the Coal Financial Statements that will be discharged pursuant to the Payoff Letter;

(i) easements, rights of way, servitudes or other similar rights or interests in land that will not materially detract from the value of or materially impair the use of the property affected;

(j) any defects or deficiencies in title to the assets of the Coal Business or the Royalty Assets that will not materially impair the use of the assets affected;

(k) a claim of right, title, use or jurisdiction which may be made or established by any First Nations, Métis, tribal or native authorities or communities by virtue of their status as aboriginal peoples to or over any lands, waters, plants, animals or products harvested or mined from any of the Royalty Assets and any and all lands relating to the Royalty Assets;

(l) all Liens and transfers in favour of Saskatchewan Power Corporation that are granted or contemplated by, arising from, or in relation to (i) the Costello Coal Supply Agreement between Saskatchewan Power Corporation and Prairie Mines & Royalty Ltd. dated January 30, 2002, as amended, (ii) the Estevan Area Coal Supply Agreement between Saskatchewan Power Corporation and Prairie Mines & Royalty Ltd. dated October 12, 1988, as amended, (iii) the Poplar River Coal Power Station Coal Supply Agreement between Poplar River Coal Mining Partnership and Saskatchewan Power Corporation dated December 1, 1984, as amended, and (iv) any ancillary agreements contemplated by, forming part of, or a schedule to any of the contracts referred to in the foregoing (i) to (iii);

(m) other Liens or imperfections on the property which are not material in amount and do not materially detract from the value of or materially impair the existing use of the property affected by such Lien or imperfections; and

(n) any other Liens in existence prior to the Transaction, provided that such Liens are discharged within 30 days of closing of the Transaction.

With respect to the CDP Entities, "Permitted Liens" also include:

(a) title and operating documents relating to the CDP Business, including any preferential purchase rights;

(b) Liens for Taxes and other obligations owing to Governmental Authorities and assessments not yet due or delinquent or that are being contested in good faith by appropriate proceedings;

(c) Liens granted or arising in the ordinary course for the CDP Business to any public utility;

(d) Liens imposed in the ordinary course of business by Law or Governmental Authorities (whether inchoate, undetermined or otherwise) not yet due or delinquent;

(e) Liens in respect of pledges or deposits under workers' compensation, social security or similar Laws, so long as such Liens are not yet due or are being contested in good faith by appropriate proceedings;

(f) all encumbrances, liens, charges and interests of record, the implied conditions, reservations, limitations and exceptions pursuant to the Land Titles Act (Alberta), The Land Title Act, 2002 (Saskatchewan), the Personal Property Security Act (Alberta) and the Personal Property Security Act (Saskatchewan) and all reservations, exceptions and conditions included in any grants or transfers from the Crown;

(g) the provisions of governing building and zoning by-laws, Laws, ordinances and regulations given in the ordinary course of business that do not materially detract from the value of or materially impair the use of the property affected;

(h) Liens and prior claims in the ordinary course of business reserved in or exercisable under any lease securing the payment of rent and for compliance with the terms of such lease not yet due or delinquent;

(i) obligations relating to current operations or obligations under any lease entered into in the ordinary course of business or any guarantee of such obligation given in the ordinary course of business;

(j) easements, zoning restrictions, rights of way, servitudes or other similar rights or interests in land that will not materially detract from the value of or materially impair the use of the property affected;

(k) any defects or deficiencies in title to the assets of the CDP Business that will not materially impair the use of the assets affected, and that are waived or deemed to be waived on Closing;

(l) a claim of right, title, use or jurisdiction which may be made or established by any First Nations, Metis, tribal or native authorities or communities by virtue of their status as aboriginal peoples to or over any lands, waters, plants, animals or products harvested or mined from any of the assets of the CDP Business;

(m) any purchase-money security interests incurred or assumed in connection with the assets of the CDP Business in the ordinary course of business;

(n) other Liens or imperfections on the property which are not material in amount and do not materially detract from the value of or materially impair the existing use of the property affected by such Lien or imperfections;

(o) [**REDACTED – Description of Dispute**]; and

(p) any other Liens in existence prior to the Transaction, provided that such Liens are discharged within 30 days of closing of the Transaction.