CREDIT AGREEMENT

DATED AS OF SEPTEMBER 25, 2013

Between:

ELGIN MINING INC.
as Borrower

- and -

LUPIN MINES INCORPORATED, BONITO CAPITAL CORP., GOLD-ORE RESOURCES LTD., BJÖRKDALSGRUVAN AKTIEBOLAG and BJÖRKDAL EXPLORATION AB,
as Guarantors

- and -

SPROTT RESOURCE LENDING PARTNERSHIP,
as Lender

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION ..... - 2 -

Definitions ..... - 2 -
Subdivisions, Table of Contents and Headings ..... - 14 -
Statute References ..... - 14 -
Currency ..... - 14 -
Use of the Words "Best Knowledge" ..... - 14 -
Governing Law ..... - 14 -
Paramountcy ..... - 14 -
Interpretation ..... - 14 -
Time of Essence ..... - 15 -

ARTICLE 2 THE FACILITY ..... - 15 -

The Facility ..... - 15 -
Non-Revolvement ..... - 15 -
Term ..... - 15 -
Use of Proceeds of the Facility ..... - 15 -
Interest ..... - 15 -
Computations ..... - 16 -
No Set-off ..... - 16 -
Structuring Fee ..... - 16 -
Bonus ..... - 16 -
Administrative Matters Re: Payments ..... - 17 -

ARTICLE 3 PREPAYMENT ..... - 17 -

Voluntary Prepayment ..... - 17 -

ARTICLE 4 SECURITY ..... - 18 -

Security Documents ..... - 18 -
Registration of Security ..... - 18 -
Filing and Registration of Business Mortgages ..... - 18 -
After Acquired Property and Further Assurances ..... - 18 -

ARTICLE 5 CONDITIONS PRECEDENT ..... - 19 -

Conditions Precedent to the Advance ..... - 19 -
Waiver ..... - 21 -

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES ..... - 21 -

Representations and Warranties of the Credit Parties ..... - 21 -
Acknowledgement ..... - 29 -
Survival and Inclusion ..... - 29 -

ARTICLE 7 COVENANTS OF THE CREDIT PARTIES ..... - 29 -

Positive Covenants ..... - 29 -
Negative Covenants ..... - 32 -
Lender's Fees and Expenses ..... - 35 -
Lender May Perform Covenants ..... - 35 -

ARTICLE 8 DEFAULT AND ENFORCEMENT ..... - 35 -

Events of Default ..... - 35 -
Acceleration on Default ..... - 37 -
Waiver of Default ..... - 38 -
Application of Moneys ..... - 38 -
Enforcement by the Lender ..... - 39 -
Lender Appointed Attorney ..... - 39 -

Remedies Cumulative ..... - 39 -
ARTICLE 9 NOTICES ..... - 39 -
Notice to the Credit Parties ..... - 39 -
Notice to the Lender ..... - 40 -
Waiver of Notice ..... - 40 -
ARTICLE 10 INDEMNITIES ..... - 40 -
General Indemnity ..... - 40 -
Environmental Indemnity ..... - 41 -
Action by Lender to Protect Interests ..... - 42 -
Currency Indemnity ..... - 42 -
ARTICLE 11 MISCELLANEOUS ..... - 42 -
Amendments and Waivers ..... - 42 -
No Waiver; Remedies Cumulative ..... - 42 -
Survival ..... - 43 -
Joint and Several ..... - 43 -
Benefits of Agreement ..... - 43 -
Binding Effect; Assignment ..... - 43 -
Entire Agreement ..... - 43 -
Severability ..... - 44 -
Counterparts and Facsimile ..... - 44 -

CREDIT AGREEMENT

THIS AGREEMENT made as of the 25th day of September, 2013

BETWEEN:

ELGIN MINING INC., a company organized and existing under the laws of the Province of Ontario

(the "**Borrower**")

AND:

LUPIN MINES INCORPORATED, a corporation organized and existing under the laws of the Province of Ontario

("**Lupin**")

AND:

BONITO CAPITAL CORP., a corporation organized and existing under the laws of the Province of Ontario

("**Bonito**")

AND:

GOLD-ORE RESOURCES LTD., a corporation organized and existing under the laws of the Province of Ontario

("**Gold-Ore**")

AND:

BJÖRKDALSGRUVAN AKTIEBOLAG, a corporation organized and existing under the laws of Sweden

("**Björkdalsgruvan**")

AND:

BJÖRKDAL EXPLORATION AB, a corporation organized and existing under the laws of Sweden

("**Björkdal**", and together with Lupin, Bonito, Gold-Ore and Björkdalsgruvan, collectively, the "**Guarantors**")

AND:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership organized and existing under the laws of the Province of Ontario

(together with its successors and permitted assigns, the "**Lender**")

WHEREAS the Borrower has requested, and the Lender has agreed to establish, a $5,000,000 senior secured credit facility on and subject to the terms and conditions herein set forth.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the Borrower and the Guarantors, the Borrower, the Guarantors and the Lender agree as follows:

ARTICLE 1
INTERPRETATION

Definitions

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

"**Advance**" means any advance of the Facility contemplated herein;

"**Affiliate**" has the meaning attributed to that term in the Securities Act;

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

"Amount" and **"Amount Payable"** mean any portion of the Principal Amount and any other amount payable in cash hereunder or under any of the Facility Documents;

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

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

"**Authorization**" means any authorization, consent, approval, resolution, licence, exemption, filing, notarization or registration;

"**Björkdal Cablebolter**" means the cablebolter identified by serial number GIA UV211 acquired by Björkdalsgruvan for use in connection with the operations at the Björkdal Gold Mine;

"**Björkdal Gold Mine**" means the Björkdal gold mine located 20 km northwest of Skellefteå, Sweden, consisting of five mining concessions and 15 exploration concessions, as more particularly described on Schedule C: Part B hereto;

"**Bonus**" has the meaning attributed to that term in Section 2.10;

"**Borrower's Auditors**" means, at any time, a firm of chartered accountants duly appointed as auditors of the Borrower;

"**Borrower's Counsel**" means, at any time, such legal counsel retained by the Borrower in the relevant jurisdiction to the matter in question;

"**Business Day**" means any day (other than Saturday, Sunday or a statutory holiday) when banks are open in the city of Vancouver, British Columbia;

"**Business Mortgage Holdback**" has the meaning attributed to such term in Section 4.3 hereof;

"**Business Mortgages**" has the meaning attributed to such term in Schedule B hereof;

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

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

"**Certificate of the Borrower**" means an instrument signed in the name of the Borrower and without personal liability by any Director or any of the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Secretary and any Vice President of the Borrower, if applicable, certifying the matters specified therein;

"**Change of Control**" means the occurrence of any of the following events:

(a) any offeror has acquired beneficial ownership (within the meaning of the Securities Act) of, or the power to exercise control or direction over, or securities convertible into, any Voting Shares of the Borrower, that together with the offeror's securities in relation to the Voting Shares of the Borrower, would constitute Voting Shares of the Borrower representing more than 20% of the total voting power attached to all Voting Shares of the Borrower then outstanding;

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

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

(d) any of the Guarantors shall cease to be direct or indirect wholly-owned Subsidiaries of the Borrower;

"**Closing Date**" means the date of this Agreement;

"**Commitment**" means the commitment of the Lender to advance to the Borrower up to the aggregate principal amount of $5,000,000 pursuant to this Agreement, which the Lender has agreed to make available to the Borrower on and subject to the terms hereof;

"**Common Shares**" means the common shares of the Borrower as such common shares exist at the close of business on the Closing Date;

"**Constating Documents**" means:

(a) with respect to a corporation, its articles of incorporation, amalgamation or continuance or other similar documents and its by-laws; and

(b) with respect to any other Person which is an artificial body, whether with or without legal personality, the organization and governance documents of such Person,

in each case as amended or supplemented from time to time;

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

"**Credit Parties**" means collectively, the Borrower and the Guarantors and "**Credit Party**" means any one of them;

"**Credit Party Assets**" means all of the properties, assets and undertakings now owned, leased or hereafter acquired by the Credit Parties;

"**Credit Party Intercompany Debt**" means collectively:

(a) all unsecured Indebtedness owing by Björkdalsgruvan to Gold-Ore pursuant to a promissory note dated March 1, 2009, as amended on September 9, 2013, in the principal amount of SEK 12,906,350.33, having an outstanding balance as at the date of this Agreement of SEK 12,906,350.33;

(b) all unsecured Indebtedness owing by Björkdalsgruvan to Gold-Ore pursuant to a promissory note dated July 1, 2009 in the principal amount of CAD $9,267,051.18, having an outstanding balance as at the date of this Agreement of CAD $9,267,051.18;

(c) all unsecured Indebtedness owing by Lupin to Gold-Ore pursuant to a promissory note dated September 20, 2012 in the principal amount of up to CAD $100,000,000, having an outstanding balance as at the date of this Agreement of CAD $12,080,000;

(d) all unsecured Indebtedness owing by Bonito to the Borrower pursuant to a promissory note dated January 3, 2013, as amended on July 1, 2013, in the principal amount of up to CAD $40,000,000 having an outstanding balance as at the date of this Agreement of CAD $40,000,000;

(e) all unsecured Indebtedness owing by Bonito to the Borrower pursuant to a promissory note dated July 31, 2013, in the principal amount of up to CAD $10,000,000 having an outstanding balance as at the date of this Agreement of CAD $420,821.91; and

(f) any unsecured future Indebtedness owing by one Credit Party to any other Credit Party.

"**Default**" means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) be an Event of Default;

"**Director**" means a director of the Borrower for the time being and "**Directors**" means the board of directors of the Borrower or, whenever duly empowered, a committee of the board of directors of the Borrower, and reference to action by the Directors means action by the directors as a board or action by such a committee of the board as a committee;

"**Disclosure Record**" means all information circulars, prospectuses (including preliminary prospectuses), annual information forms, offering memoranda, financial statements, technical reports, material change reports and news releases filed with the Exchange and all securities regulatory authorities in each Reporting Jurisdiction on or during the 12 months preceding the date hereof;

"**Distribution**" means:

(a) any declaration or payment of any dividend, royalty or fee directly or indirectly to any holder of Securities of any Person;

(b) any redemption, retraction, repurchase or other acquisition or retirement, in whole or in part, of any Securities of any Person;

(c) any payment by a Person of any principal, interest or other amounts in respect of any Indebtedness which is owed to any Affiliate of such Person, including but not limited to Credit Party Intercompany Debt;

(d) any loan or advance which is made by a Person to or in favour of a holder of Securities in such Person or an Affiliate of such holder; or

(e) the transfer by a Person of any of its property or assets for consideration of less than fair market value thereof, to any of its Affiliates,

whether any of the foregoing is made, paid or satisfied in or for cash, property or both.

"**Drawdown**" means a borrowing or credit of funds by way of an Advance;

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

"**Environmental Matters**" means:

(a) any condition, any activity, or substance, heat, energy, sound, vibration, radiation or odour that may affect any component of the earth and its surrounding atmosphere or affect human health or any plant, animal or other living organism; and

(b) any waste, toxic substance, contaminant or dangerous good or the deposit, release or discharge of any thereof into any component of the earth and its surrounding atmosphere;

"**Equity Offering**" has the meaning attributed to such term in Section 5.1(a);

"**Event of Default**" has the meaning attributed to such term in Section 8.1 hereof;

"**Exchange**" means the Toronto Stock Exchange and each successor thereto;

"**Expiry Date**" has the meaning attributed to such term in Section 5.1 hereof;

"**Facility**" means the $5,000,000 principal amount non-revolving, term loan to be provided by the Lender to the Borrower as contemplated by Article 2 hereof;

"**Facility Documents**" means this Agreement, the Security Documents and all other agreements, certificates, instruments and other documents delivered or to be delivered by the Borrower or any other Credit Party hereunder or thereunder, each as amended, modified, supplemented, restated or replaced from time to time;

"**Facility Indebtedness**" means all present and future debts, liabilities and obligations of the Borrower and each other Credit Party to the Lender under and in connection with this Agreement and the other Facility Documents, including all Amounts Payable and all fees and other money payable or owing from time to time pursuant to the terms of this Agreement and/or any of the other Facility Documents;

"**Financial Instrument Obligations**" means, with respect to any Person, obligations arising under:

(a) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is interest rates or the price, value or amount payable thereunder is dependent or based upon interest rates or fluctuations in interest rates in effect from time to time (but excluding non-speculative conventional floating rate Indebtedness);

(b) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates in effect from time to time; and

(c) any agreement for the making or taking of any commodity (including but not limited to gold, silver, coal, natural gas, oil and electricity), swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreement or arrangement, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is any commodity or the price, value or amount payable thereunder is dependent or based upon the price or fluctuations in the price of any commodity;

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

"**Governmental Authority**" means each national, state, provincial, county, municipal or other such governmental, legislative, regulatory or other public authority, including their authorized administrative bodies, boards, tribunals, courts, commissions and agencies which has legal jurisdiction over a Person or a matter relevant to this Agreement;

"**Guarantors**" means, collectively, Lupin, Bonito, Gold-Ore, Björkdalsgruvan and Björkdal, and their respective successors and permitted assigns;

"**HSBC**" means HSBC Bank Canada;

"**HSBC Cash Collateral**" has the meaning ascribed thereto pursuant to Section 6.1(pp);

"**HSBC Security**" means all security and other documents held by or granted in favour of HSBC securing all obligations of the Borrower, Bonito and Lupin to HSBC;

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

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

(a) all obligations of the Person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers' acceptances and contingent reimbursement obligations relating to letters of credit;

(b) all Financial Instrument Obligations of the Person;

(c) all Capital Lease Obligations and Purchase Money Obligations of the Person;

(d) all obligations to pay the deferred and unpaid purchase price of property or services, which purchase price is due and payable more than six months after the date of placing such property or service or taking delivery at the completion of such services;

(e) all indebtedness of any other Person secured by a Security Interest on any asset owned or leased by the Person;

(f) all obligations to repurchase or redeem any Common Shares or any other shares in the capital of the Borrower prior to the Stated Maturity Date; and

(g) all Contingent Liabilities of the Person with respect to obligations of another Person if such obligations are of the type referred to in paragraphs (a) to (f) above;

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

"**Lender's Counsel**" means Davis LLP and, at any time, any other legal counsel retained by the Lender in the relevant jurisdiction to the matter in question;

"**Liability**" or "**Liabilities**" means any Indebtedness, obligation, or liability of any nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) including, without limitation, any liability for taxes;

"**Lupin Diesel Fuel**" means inventories of diesel fuel owned by Lupin as at the date of this Agreement in excess of amounts required to carry on business at the Lupin Gold Mine in the ordinary course;

"**Lupin Gold Mine**" means the Lupin mine property located approximately 400 km North of Yellowknife on the western side of Contwoyto Lake, consisting of five contiguous surveyed mining leases covering 6,757.84 hectares, as more particularly described on Schedule C; Part A hereto;

"**Lupin Underground Equipment**" means the equipment owned by Lupin set forth in Schedule F, which Lupin intends to sell, transfer or dispose of to a third party or third parties;

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

(a) the business, operations, results of operations, assets, liabilities, condition (financial or otherwise) of the Projects or the Credit Parties, taken as a whole;

(b) the ability of the Credit Parties, taken as a whole, to observe or perform their obligations under this Agreement or any of the other Facility Documents in accordance with the terms hereof and thereof; or

(c) any rights or remedies, as applicable, of the Lender under this Agreement or any other Facility Document;

"**Material Contract**" means any Project Document which (i) is prudent or necessary for the continuing operation and development of the Projects as presently operated or planned to be operated with a value greater than $500,000, (ii) provides revenue greater than $100,000 per annum to the operations of any of the Credit Parties, or (iii) contains terms and conditions which, upon breach, termination, non-renewal or non-performance, would constitute, a Material Adverse Effect;

"**Maturity Date**" means the Stated Maturity Date, subject to such earlier date as a result of any acceleration thereof pursuant to this Agreement;

"**New Björkdalsgruvan Business Mortgage**" has the meaning attributed to such term in Schedule B hereof;

"**NI 43-101**" means National Instrument 43-101 (Standards of Disclosure for Mineral Projects), as adopted by the British Columbia Securities Commission, as it may be amended, replaced or superseded from time to time;

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

"**Permitted Encumbrances**" means:

(a) any Security Interest granted pursuant to the Security Documents;

(b) any Security Interest or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases, contracts or expropriation proceedings or to secure related public or statutory obligations, surety and appeal bonds or costs of litigation where required by law;

(c) any Security Interest imposed pursuant to statute such as builders', mechanics', materialman's, carriers', warehousemen's and landlords' liens and privileges, in each case, which relate to obligations not yet due or delinquent or, if due or delinquent, which the Credit Party is contesting in good faith if such contest will involve no material risk of loss of any material part of the property of any Credit Party;

(d) any Security Interest or privilege arising out of judgments or awards with respect to which, at the time an appeal or proceedings for review is being prosecuted and with respect to which a stay of execution has been secured pending such appeal or proceedings for review;

(e) any Security Interest for taxes, assessments, unpaid wages or governmental charges or levies for the then current year, or not at the time due and delinquent or the validity of which is being contested at the time in good faith;

(f) any undetermined or inchoate Security Interest or privilege incidental to current operations that has not been filed pursuant to law against any Credit Party, or that relates to obligations not due or delinquent; or

(g) the deposit of cash or securities in connection with any Security Interest or privilege referred to in paragraph (c) (d), (e) or (f);

(h) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim, bond or permit held or acquired by any Credit Party, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim, bond or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;

(i) any Security Interest created or assumed by any Credit Party in favour of a public utility or Governmental Authority for Permitted Indebtedness in an aggregate amount not to exceed $27,185,210, provided that such Security Interests do not in the aggregate materially detract from the value of any of the Credit Party Assets or materially impair its use in the operation of the business of any Credit Party;

(j) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;

(k) any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Credit Party, or title defects, encroachments or irregularities, that do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of the business of any Credit Party;

(l) any Security Interest permitted pursuant to an inter-creditor agreement among the Lender, each applicable Credit Party and a third party creditor, in form and substance satisfactory to the Lender, executed and delivered in favour of the Lender;

(m) any Security Interest securing Permitted Indebtedness in the form of the Purchase Money Obligations and Capital Lease Obligations referred to in Subsections (d), (e), (f) and (g) of the definition of Permitted Indebtedness below;

(n) the royalties referred to in Schedule E hereto; and

(o) Security Interests granted pursuant to the HSBC Security, provided that the amount secured thereunder does not exceed the amount permitted under this Agreement;

"**Permitted Indebtedness**" means:

(a) Indebtedness under this Agreement;

(b) Credit Party Intercompany Debt;

(c) Financial Instrument Obligations in effect from time to time in respect of currency swap agreements, cross-currency agreements, forward agreements or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Borrower and Björkdalsgruvan where the subject matter thereof is currency hedging against SEK exposure in respect of the Björkdal Gold Mine;

(d) Indebtedness in an amount of SEK 16,037,420 in respect of Purchase Money Obligations and Capital Lease Obligations incurred by Björkdalsgruvan in favour of Handelsbanken Finans AB in respect of the purchase of certain mining equipment for the Björkdal Gold Mine;

(e) Indebtedness in an amount of up to SEK 28,570,312 in respect of Purchase Money Obligations and Capital Lease Obligations to be incurred by Björkdalsgruvan in favour of Handelsbanken Finans AB in respect of the future purchase of certain mining equipment for the Björkdal Gold Mine;

(f) Indebtedness in an amount of up to SEK 19,148,000 in respect of Purchase Money Obligations and Capital Lease Obligations incurred by Björkdalsgruvan in favour of Atlas Copco Customer Finance AB in respect of the lease of certain mining equipment for the Björkdal Gold Mine;

(g) Indebtedness in an amount of up to $3,000,000 in respect of Purchase Money Obligations and Capital Lease Obligations to be incurred by the Borrower in favour of HSBC Bank Canada in respect of the lease of certain mining equipment for the Projects;

(h) Indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, in each case outstanding less than 90 days;

(i) any Indebtedness permitted pursuant to the terms of an inter-creditor agreement among the Lender, each applicable Credit Party and a third party creditor, in form and substance satisfactory to the Lender, executed and delivered in favour of the Lender;

(j) any Indebtedness of a Credit Party in favour of a public utility or Governmental Authority in an aggregate amount not to exceed $27,185,210 provided that such Indebtedness does not in the aggregate materially detract from the value of any of the Credit Party Assets or materially impair its use in the operation of the business of such Credit Party; and

(k) Indebtedness under the HSBC Security in an amount not exceeding the amount of the HSBC Cash Collateral permitted under this Agreement.

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

"**Previously Issued Björkdalsgruvan Business Mortgage**" has the meaning attributed to such term in Schedule B hereof;

"**Principal Amount**" means the aggregate principal amount of the Facility made available to the Borrower pursuant to this Agreement;

"**Project Document**" means any agreement, contract, license, permit, instrument, lease, easement or other document which:

(a) deals with or is related to the construction, operation or development of either Project; and

(b) is executed from time to time by or on behalf of or is otherwise made or issued in favour of any Credit Party;

"**Projects**" means collectively, the Björkdal Gold Mine and the Lupin Gold Mine;

"**Promissory Note**" has the meaning attributed to such term in Section 5.1(b)(i) hereof;

"**Purchase Money Obligation**" means, with respect to a Person, Indebtedness of the Person issued, incurred or assumed to finance all or part of the purchase price of any asset or property acquired by such Person;

"**Relevant Jurisdiction**" means, from time to time, any jurisdiction in which any of the Credit Parties are incorporated, have material properties or assets, or in which they carry on any material business being, on the date hereof, the Canadian Provinces of British Columbia and Ontario, the Canadian Territory of Nunavut and Sweden;

"**Reporting Jurisdictions**" means all of the jurisdictions in Canada in which the Borrower is a "reporting issuer" (being, as of the date hereof, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador);

"**Securities**" means share capital of any class of any corporation or other ownership interests in a partnership or other Person, including shares or interests which carry a residual right to participate in the earnings of such Corporation, partnership or other Person or, upon the liquidation or winding up of such Corporation, partnership or other Person, to share in its assets and voting rights to elect the board of directors under any circumstances;

"**Securities Act**" means the *Securities Act* (British Columbia);

"**Security Documents**" means, collectively, the security and other agreements and documents listed in Schedule B hereto and delivered pursuant to Article 4 of this Agreement;

"**Security Interest**" means any security interest, assignment by way of security, mortgage, charge (whether fixed or floating), hypothec, deposit arrangement, pledge, lien, encumbrance, or other security interest of any kind or nature whatsoever;

"**Société Générale**" means Société Générale, Australia Branch;

"**Société Générale Security**" means all security and other documents held by or granted in favour of Société Générale providing for the grant of security over the collateral secured by or subject to the financing statement registered in the Nunavut Personal Property Registry under registration number 133199 and all security agreements in respect thereof securing obligations of Lupin to Société Générale;

"**SRLP**" means Sprott Resource Lending Partnership, an Ontario general partnership, and all successors and assigns thereto;

"**Stated Maturity Date**" means March 25, 2015;

"**Structuring Fee**" has the meaning attributed to such term in Section 2.8 hereof;

"**Term Sheet**" means the term sheet for credit facility dated August 26, 2013 between the Borrower and the Lender; and

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

Subdivisions, Table of Contents and Headings

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

Statute References

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

Currency

1.4 Any reference in this Agreement to "**CAD Dollars**", "**CAD**", "**dollars**" or "**$**" shall be deemed to be a reference to lawful money of Canada and any reference to any payments to be made by the Borrower shall be deemed to be a reference to payments made in lawful money of Canada.

1.5 Any reference in this Agreement to "SEK" shall be deemed to be a reference to the Swedish krona, the lawful currency of Sweden.

Use of the Words "Best Knowledge"

1.6 The words "**best knowledge**", "**to the best of the Borrower's knowledge**", "**to the knowledge of**" or "**of which they are aware**" or other similar expressions limiting the scope of any representation, warranty, acknowledgement, covenant or statement by any of the Credit Parties will be understood to be made on the basis of the actual knowledge of any of the executive officers of the relevant Credit Party, in each case, after due inquiry.

Governing Law

1.7 This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. The parties hereby irrevocably attorn to the non-exclusive jurisdiction of the Courts of the Province of British Columbia.

Paramountcy

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

Interpretation

1.9 In this Agreement and each other Facility Document, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. The words "**including**" and "**includes**" mean "including" (or "includes") without limitation.

Time of Essence

1.10 Time shall be of the essence in all respects of this Agreement.

ARTICLE 2
THE FACILITY

The Facility

2.1 Subject to the terms and conditions hereof, the Facility shall be made available by the Lender to the Borrower, or as the Borrower may direct, by way of a single Drawdown in accordance with this Agreement, and such Drawdown shall be in an amount of $5,000,000.

Non-Revolvement

2.2 The Facility is a non-revolving credit facility, and no amounts repaid under the Facility may be re-borrowed.

Term

2.3 The outstanding Principal Amount, together with all accrued but unpaid interest, bonus and other costs, fees or charges payable hereunder from time to time, will be immediately due and payable by the Borrower to the Lender on the Stated Maturity Date.

Use of Proceeds of the Facility

2.4 Except with the prior written consent of the Lender, the Borrower shall only be entitled to use the proceeds of the Facility exclusively (a) to fund the current operations and expansion opportunities of the Björkdal Gold Mine, (b) to pay the Business Mortgage Holdback, (c) to pay the Lender's legal fees and other expenses contemplated under Section 7.4, (d) to pay the Bonus and $50,000 of the Structuring Fee as contemplated in Sections 2.9 and 2.10(a), respectively, and (e) for general working capital purposes of the Credit Parties.

Interest

2.5 Interest shall accrue on the Principal Amount from the date of advance to the Borrower, as well as on all overdue amounts outstanding in respect of interest, costs or other fees or expenses payable hereunder, at a rate of ten percent (10.00%) per annum compounded monthly (effective annual rate of 10.47%), and shall be payable by the Borrower to the Lender monthly on the last Business Day of every month, before as well as after each of maturity, default and judgment. The Borrower covenants and agrees to establish and maintain throughout the term of the Facility a pre-authorized electronic debit arrangement with a financial institution on terms satisfactory to the Lender, pursuant to which all payments coming due to the Lender in respect of interest and other amounts coming due under this Agreement shall be made.

Computations

2.6 The rates of interest under this Agreement are nominal rates, and not effective rates or yields. Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated on the basis of the actual number of days elapsed divided by 365 or 366, as the case may be, for the actual number of days occurring in the period for which any such interest is payable. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest to be paid hereunder or in connection herewith is to be calculated on the basis of a 365 or 366 day year, as applicable, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365 or 366, as the case may be.

No Set-off

2.7 All payments required to be made by the Borrower or any other Credit Party pursuant to the provisions hereof or any other Facility Document shall be made in immediately available funds and without any set-off, deduction, withholding, counter-claim or cross-claim.

Structuring Fee

2.8 In consideration for the structuring and syndication of the Facility, the Borrower agrees to pay to the Lender a structuring fee (the "**Structuring Fee**") comprised of:

(a) a cash payment in the amount of $50,000, paid by the Borrower to the Lender concurrently with the execution and delivery of the Term Sheet; and

(b) a cash payment in the amount of $175,000 if, on the Closing Date, the Borrower fails to draw down the Advance in circumstances where the Lender is prepared to make the Advance in accordance with the terms and conditions contained in this Agreement, such amount to be payable within seven (7) days of the earlier of: (i) the date on which the Borrower has made a determination not to proceed with the draw down of the Advance, and (ii) the Expiry Date.

2.9 If the Borrower satisfies all conditions precedent to the Advance as set forth in Section 5.1 and the Lender fails to complete the Advance, the Lender shall repay the Structuring Fee to the Borrower in full and final settlement of the Lender's obligations to the Borrower in respect of the Credit Facility. In all other circumstances, the Structuring Fee shall be non-refundable.

Bonus

2.10 In consideration for the Lender entering into this Agreement and making the Facility available to the Borrower pursuant to the terms hereof, the Borrower shall pay to the Lender a non-refundable bonus in the amount of $350,000 (the "**Bonus**"). The Bonus shall be paid to the Lender on the Closing Date.

Administrative Matters Re: Payments

2.11 All Amounts Payable hereunder shall be made payable in lawful money of Canada. If the date for payment of any Amount Payable is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place. The Borrower shall pay each Amount Payable to the Lender by transferring to the Lender by pre-authorized electronic debit or other electronic funds transfer acceptable to the Lender, payment for such Amount Payable by 3:00 p.m. (Toronto time) at least one (1) Business Day prior to the applicable payment date. The Lender shall maintain accounts and records evidencing all payments hereunder, which accounts and records shall constitute, in the absence of manifest error, prima facie evidence thereof.

ARTICLE 3
PREPAYMENT

Voluntary Prepayment

3.1 The Borrower may prepay amounts outstanding under the Facility in whole or in part at any time after the Closing Date and before the Stated Maturity Date and/or terminate the Facility and the Lender's Commitment hereunder, without penalty, provided that the Borrower shall have provided the Lender with at least ten (10) Business Days prior written notice of its intention to prepay the Facility or terminate the Facility, as applicable, such prepayment is made on the last Business Day of a calendar month.

3.2 If after the Advance:

(a) the Credit Parties or any of them shall sell or otherwise dispose of any assets outside of the ordinary course of business in one or more transactions having a value exceeding CAD$500,000 in the aggregate (except for the Lupin Diesel Fuel and the Lupin Underground Equipment), the Credit Parties shall pay or cause to be paid all cash proceeds of such sales or other dispositions of assets, net of reasonable selling costs, to the Lender forthwith, to be applied on account of the outstanding principal amount and all accrued but unpaid interest, bonus and other costs, fees or charges payable hereunder from time to time;

(b) the Credit Parties or any of them shall dispose of any assets outside of the ordinary course of business, to the extent that the proceeds of such transactions are not in the form of cash, the relevant Credit Party(ies) shall grant to the Lender a first ranking Security Interest over all such proceeds, subject only to Permitted Encumbrances; or

(c) the Borrower closes one or more equity or debt financings having a value exceeding CAD$500,000 in the aggregate (except for the Equity Offering), the Borrower shall pay 100% of the proceeds of such financing(s), net of reasonable financing costs, to the Lender forthwith on closing such financing(s), to be applied on account of the outstanding principal amount and all accrued but unpaid interest, bonus and other costs, fees or charges payable hereunder from time to time.

3.3 All prepayments of the Facility in whole made under this Article 3 shall be subject to receipt by the Lender of not less than six months of interest on the Principal Amount.

ARTICLE 4
SECURITY

Security Documents

4.1 To secure the due payment of all Indebtedness of the Borrower to the Lender in respect of the Facility and the payment and performance of all other obligations, Indebtedness and liabilities of the Borrower to the Lender under this Agreement and the other Facility Documents, the Borrower shall, and shall cause each of the Guarantors to, execute and deliver the Security Documents to the Lender.

Registration of Security

4.2 The Borrower shall, and shall cause each of the Guarantors to, at the Borrower's expense, register, file, record and give notice of (or cause to be registered, filed, recorded and given notice of) each of the Security Documents except the New Björkdalsgruvan Business Mortgage in all offices where such registration, filing, recording or giving notice is necessary or desirable for the perfection of the Security Interest constituted thereby and to ensure that such Security Interest is first ranking, subject only to Permitted Encumbrances. The Lender shall have no duty or responsibility to cause registrations, filings, recordings or notices to keep in good standing the Security Interests created by the Security Documents.

Filing and Registration of New Björkdalsgruvan Business Mortgages

4.3 The Borrower irrevocably authorizes and directs the Lender to withhold $50,000 from the Advance (the "**Business Mortgage Holdback**") to cover expenses incurred in connection with the filing and registration of the New Björkdalsgruvan Business Mortgage, including but not limited to the payment of all stamp taxes and all legal and other expenses incurred in connection therewith. The Lender may, as set out in the relevant Security Document, in its sole and absolute discretion, proceed with the filing and registration for the purpose of issuance of the New Björkdalsgruvan Business Mortgage at any time during the term of this Agreement if a Default or Event of Default has occurred or if, in the Lender's sole discretion, the ability of the Credit Parties or any of them to pay or perform any of their obligations under the Facility Documents is impaired or any security granted by the Credit Parties to the Lender is or is about to be impaired or in jeopardy.

After Acquired Property and Further Assurances

4.4 The Borrower shall, and shall cause each of the Guarantors to, from time to time, execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as may be necessary or desirable to ensure that any additional interests in the Credit Party Assets acquired after the date hereof, are subject to the Security Interests created pursuant to the Security Documents.

ARTICLE 5
CONDITIONS PRECEDENT

Conditions Precedent to the Advance

5.1 The obligation of the Lender to make the Advance under this Agreement is subject to and conditional upon the following conditions precedent being satisfied, fulfilled or otherwise met to the satisfaction of the Lender on or before September 30, 2013, or such other date as is mutually agreed to in writing between the Borrower and the Lender (the "**Expiry Date**"):

(a) the Borrower shall have raised a minimum of $2,500,000 by way of an equity private placement (the "**Equity Offering**"), closing on or before the date of this Agreement;

(b) receipt by the Lender of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender:

(i) a promissory note (the "**Promissory Note**") in the principal amount of the Advance, duly executed by the Borrower;

(ii) executed copies of the Facility Documents, including, without limitation, this Agreement and the Security Documents;

(iii) certificates of status or other similar type of evidence for each of the Credit Parties from all Relevant Jurisdictions;

(iv) certified copies of the Constating Documents of each of the Credit Parties;

(v) certified copies of all Material Contracts;

(vi) certified copies of the directors' resolutions of each of the Credit Parties with respect to its authorization, execution and delivery of the Facility Documents to which it is a party;

(vii) certificates of officers of each of the Credit Parties as to corporate matters and certifying that (A) all of the representations and warranties of each of the Credit Parties contained herein or in any other Facility Document are true and correct on and as of the Closing Date, and (B) no Default or Event of Default has occurred and is continuing;

(viii) Exchange and all other regulatory approvals, including approvals to the transactions contemplated herein, if required;

(ix) releases, discharges and postponements (in registrable form where appropriate) covering all Security Interests or other encumbrances affecting any Credit Party Assets which are not Permitted Encumbrances, if any, or an undertaking satisfactory to the Lender to provide such releases, discharges and postponements;

(x) a PPSA acknowledgement from HSBC, confirming that the scope of HSBC's security interests held pursuant to the HSBC Security is limited to the HSBC Cash Collateral;

(xi) an irrevocable direction to pay with respect to the Advance;

(xii) legal opinions of the counsel to the Credit Parties relating to, among other things, the subsistence of each of the Credit Parties, and the due authorization, execution, delivery and enforceability of the Facility Documents and the creation and perfection of the Security Interests granted under the Security Documents; and

(xiii) such other documents, certificates, opinions and agreements which the Lender may reasonably require;

(c) the Lender shall have completed and be satisfied with its financial, business, engineering, environmental, tax and other due diligence review of the Credit Parties and their respective properties and assets, including without limitation, its review of all business plans, feasibility studies, mine plans, leases, licences, permits, budgets, projections, pro forma financial statements and all Material Contracts and other documents in respect of the Projects and the net realizable value of the collateral secured by the Security Documents and any other matters relevant to the Borrower's use of the Facility proceeds, which due diligence may include a site visit by representatives of the Lender and its technical consultants;

(d) due perfection and registration of all Security Interests pursuant to the Security Documents in all Relevant Jurisdictions and any other relevant jurisdiction as required by the Lender or the Lender's Counsel;

(e) the Lender shall have received the approval of its credit committee and other required authorizations, including the approval of its partners;

(f) the Lender shall have received payment of all reimbursable expenses in connection with this Agreement, including those fees described in Section 7.4, which are payable by the Credit Parties to the Lender on or prior to the Closing Date;

(g) the Lender shall have received payment of the Bonus and $50,000 of the Structuring Fee in accordance with Section 2.9(a) on or prior to the Closing Date;

(h) as at the Closing Date, the Lender shall be satisfied that no event or circumstance shall have occurred or exist that, in the Lender's sole and absolute discretion, could reasonably be expected to have a Material Adverse Effect;

(i) there shall be no other Security Interest or other liens, claims or encumbrances whatsoever, which rank equal to or in priority to the Lender's Security Interests granted pursuant to the Security Documents, other than Permitted Encumbrances;

(j) the representations and warranties of the Credit Parties contained in Article 6 and any other Facility Document shall be true and correct and the Credit Parties shall have fulfilled all covenants contained in this Agreement and all other Facility Documents which are required to be fulfilled on or before the Closing Date; and

(k) such other conditions precedent as the Lender may reasonably require based on its due diligence review.

Waiver

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

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES

Representations and Warranties of the Credit Parties

6.1 The Credit Parties hereby represent and warrant to the Lender as of the date hereof, and as of the date of each Advance made to the Borrower that:

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

(b) each of the Credit Parties has full power and authority to enter into each of the Facility Documents and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof;

(c) each of the Credit Parties has taken all corporate steps necessary to duly authorize all matters in connection with this Agreement, including, without limitation, the execution, delivery and performance of the Facility Documents and such other agreements and instruments as contemplated herein and, when entered into, the Facility Documents will create valid and legally binding obligations of the Credit Parties enforceable against the Credit Parties in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization and other laws of general application limiting the enforcement of creditors' rights generally, (ii) the fact that the courts may deny the granting or enforcement of equitable remedies and (iii) the fact that, pursuant to the *Currency Act* (Canada), no court in Canada may make an order expressed in any currency other than lawful money of Canada;

(d) except as set forth in Schedule A, none of the Credit Parties own, beneficially or of record, or exercise control or direction over, directly or indirectly, any shares or other ownership interest of any Person;

(e) none of the Credit Parties has committed any act of bankruptcy or is insolvent, or proposed a compromise or arrangement to its creditors generally, had a petition or receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceedings with respect to a compromise or arrangement, taken any proceedings to have a receiver appointed for any of its property or had any execution or distress become enforceable or become levied upon any of its property;

(f) each of the Credit Parties is (i) licensed, registered or qualified in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary, and (ii) carrying on the business thereof in material compliance with all Applicable Law, rules and regulations of each such jurisdiction;

(g) the Borrower is authorized to issue an unlimited number of Common Shares, of which 172,842,718 Common Shares were issued and outstanding as fully paid and non-assessable common shares in the capital of the Borrower on the date hereof;

(h) no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of any of the Guarantors;

(i) none of the Credit Parties has made any loans to or guaranteed the obligations of any Person excepting only (i) the Facility, and (ii) Permitted Indebtedness;

(j) no Credit Party is in default of its obligations in respect of any Credit Party Intercompany Debt and no Security Interest has been granted in respect of any Credit Party Intercompany Debt;

(k) the Borrower is a reporting issuer or the equivalent only in the Reporting Jurisdictions and is in compliance with its obligations under the Applicable Securities Legislation of such jurisdictions and of the Exchange in all material respects and is not included in any list of defaulting reporting issuers maintained by the securities commission of such jurisdictions;

(l) the outstanding Common Shares of the Borrower are listed and posted for trading on the Exchange;

(m) none of the execution and delivery of the Facility Documents, the compliance by the Credit Parties with the provisions of the Facility Documents or the consummation of the transactions contemplated herein, for the consideration and upon the terms and conditions set forth herein, does or will: (i) require the consent, approval, Authorization, order or agreement of, or registration or qualification with, any Governmental Authority, or any other, body or authority, court, stock exchange, securities regulatory authority or other Person, except such as have been obtained; (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which any of the Credit Parties is a party or by which it or any of the properties or assets thereof is bound; or (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the articles or by-laws of any of Credit Parties or any resolution passed by the directors (or any committee thereof) or shareholders of any of the Credit Parties, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, any arbitrator, stock exchange or securities regulatory authority applicable to any of the Credit Parties or an

(n) y of the properties or assets thereof which could reasonably be expected to have a Material Adverse Effect;

(o) no order or ruling suspending the sale or ceasing the trading in any securities (including the Common Shares) of any of the Credit Parties or prohibiting the sale of such securities has been issued by any securities regulatory authority and no such order or ruling is outstanding against any of the Credit Parties or their directors, officers or promoters and no investigations or proceedings for such purposes have been threatened or, to the best of the Credit Parties' knowledge, are pending or contemplated;

(p) each of the Credit Parties is the beneficial owner of the properties, business and assets referred to as being owned by it in the Disclosure Record, except as qualified by the disclosure therein;

(q) all agreements, leases, licences and other instruments by which the Credit Parties hold an interest in property, business or assets are in good standing in all material respects according to their terms;

(r) the security created by the Previously Issued Björkdalsgruvan Business Mortgage has been discharged;

(s) except for the proposed sale of the Lupin Underground Equipment, the Lupin Diesel Fuel and the Björkdal Cablebolter, and the purchase of mining equipment for the Björkdal Gold Mine as contemplated under the Permitted Indebtedness and the purchase of a new crusher for the Björkdal Gold Mine, the Credit Parties have not approved, and are not contemplating, entering into any agreement in respect of, or have any knowledge of: (i) the purchase of any property or interest therein for an amount greater than $500,000, or the sale, transfer or other disposition of any property or assets or interest therein having a value in excess of $500,000 currently owned, directly or indirectly, by the Credit Parties whether by asset sale, transfer of shares or otherwise; or (ii) any Change of Control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Credit Parties) of any of the Credit Parties;

(t) the Borrower has complied with, and will continue to comply with, all continuous disclosure obligations under Applicable Securities Legislation;

(u) the consolidated financial statements of the Borrower contained in the Disclosure Record, filed with any securities commission, have all been prepared in accordance with Canadian generally accepted accounting principles and, subsequent to the last interim period of the Borrower's 2010 fiscal year, IFRS, and present fully, fairly and correctly in all material respects, the financial condition of the Credit Parties as at the dates thereof and the results of the operations and the changes in the financial position of the Credit Parties for the periods then ended, and reflect accurately and adequately the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Credit Parties as at the dates thereof, and no adverse material changes in the financial position of the Credit Parties has taken place since the dates thereof;

(v) the Credit Parties have no material liabilities, fixed or contingent, that are not reflected in the consolidated financial statements of the Borrower contained in the Disclosure Record, in the notes thereto or otherwise disclosed in writing to the Lender, other than liabilities arising in the ordinary course of business since the date of such financial statements;

(w) all taxes, duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all material liabilities with respect thereto including any penalty and interest payable with respect thereto due and payable by the Credit Parties have been paid, except where the failure to pay such taxes would not constitute a Material Adverse Effect. Except as disclosed in the Disclosure Record, all tax returns, declarations, remittances and filings required to be filed by the Credit Parties have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where such failure would not constitute an adverse material fact in respect of the Credit Parties, or have a Material Adverse Effect. Except as disclosed in writing to the Lender, to the knowledge of the Borrower, no examination of any tax return of the Credit Parties is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any taxes that have been paid, or may be payable, by the Credit Parties, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Credit Parties, or have a Material Adverse Effect;

(x) the contracts, agreements and other documents listed in Schedule C represent all Material Contracts of the Credit Parties, and all copies of such Material Contracts provided to the Lender are true and complete copies;

(y) (i) to the best of the Borrower's knowledge, none of the Credit Parties is in material violation of, or has any liability under, any Applicable Law relating to pollution, occupational health and safety or the environment (including ambient air, surface water, ground water, land surface or sub-surface strata), including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum by-products (collectively, "**Hazardous Materials**") or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, or any other Environmental Laws; (ii) the Credit Parties have timely filed renewals for, all permits, licenses, Authorizations and approvals required under any applicable Environmental Laws and to the best of the Borrower's knowledge, the Credit Parties are in material compliance with such permits, Authorizations and approvals; (iii) there are no pending or, to the best of the Borrower's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Credit Parties; and (iv) there are no events or circumstances that would reasonably be expected to form the basis of an order for investigation, clean-up, monitoring, natural resource damages, or remediation, or other mandatory or prohibitory obligation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Credit Parties relating to any applicable Environmental Laws;

(z) except as disclosed in the Disclosure Record, none of the directors, officers or employees of the Credit Parties or, to the best of the Borrower's knowledge, any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction with the Credit Parties which, as the case may be, materially affects, is material to or will materially affect the Credit Parties;

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

(bb) none of the Credit Parties is in violation of any term of its Constating Documents. None of the Credit Parties is in violation of any term or provision of any agreement, indenture or other instrument applicable to it which could reasonably be expected to result in any Material Adverse Effect and none of the Credit Parties is in default in the payment of any material obligation owed by it which is now due and there is no action, suit, proceeding or investigation commenced, pending or, to the best of the Borrower's knowledge after due inquiry, threatened which, either in any single case or in the aggregate, could reasonably be expected to result in any Material Adverse Effect or in any material liability on the part of any of the Credit Parties or which places, or could reasonably be expected to place in question the validity or enforceability of this Agreement, any other Facility Document or any document or instrument delivered, or to be delivered, by any of the Credit Parties pursuant hereto;

(cc) the description of the Projects contained in Schedule C hereto is true and correct in all material respects and, to the best of the Borrower's knowledge, all of the agreements, leases, licences, permits and other documents and instruments pursuant to which the Credit Parties hold any interest in the Projects are valid and subsisting, in full force and effect, enforceable in accordance with their terms and neither the Credit Parties, nor any other party thereto, is in default nor has default been alleged of any of the material provisions of any such agreements, documents or instruments;

(dd) to the best of the Borrower's knowledge, none of the Credit Parties is in default of any material term, covenant or condition under or in respect of any judgment, order, agreement or instrument to which it is a party or to which it or any of the property or assets thereof are or may be subject, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which any of the Credit Parties is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which could have a Material Adverse Effect;

(ee) there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the best of the Borrower's knowledge after due inquiry, threatened against or adversely affecting any Credit Party or to which any of their property or assets is subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign, which could reasonably be expected to have a Material Adverse Effect and no Credit Party is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(ff) no Credit Party, and to the best of the Borrower's knowledge, no director, officer, agent, employee or other Person acting on behalf of any Credit Party has, in the course of its actions for, or on behalf of, any Credit Party (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee;

(gg) applying customary standards in the Canadian mining industry, Lupin is the legal and beneficial owner of the mining claims, concessions, licences, leases and other material instruments conferring mineral rights in respect of the Lupin Gold Mine, free and clear of any title defect or Security Interests other than Permitted Encumbrances, with estimated proven and probable mineral reserves and/or estimated mineral resources set forth in the Disclosure Record. Lupin holds all mineral rights required to continue its business and operations of the Lupin Gold Mine in all material respects and no other property rights are necessary for the operation of the Lupin Gold Mine as currently operated. Except as disclosed in the Disclosure Record: (i) there is no claim or the basis for any claim that might or could adversely affect the right thereof to use, transfer or otherwise exploit such property rights; and (ii) no Credit Party has any responsibility or obligation to pay any commission, licence fee or similar payment to any Person with respect to the property rights thereof, except for annual fees payable to Governmental Authorities in respect of mineral concessions, licenses, leases and permits provided to the Lender;

(hh) applying customary standards in the Swedish mining industry, Björkdalsgruvan is the legal and beneficial owner of the mining claims, concessions, licences, leases and other material instruments conferring mineral rights in respect of the Björkdal Gold Mine, free and clear of any title defect or Security Interests other than Permitted Encumbrances, with estimated proven and probable mineral reserves and/or estimated mineral resources set forth in the Disclosure Record. Björkdalsgruvan holds all mineral rights required to continue its business and operations of the Björkdal Gold Mine in all material respects and no other property rights are necessary for the operation of the Björkdal Gold Mine as currently operated. Except as disclosed in the Disclosure Record: (i) there is no claim or the basis for any claim that might or could adversely affect the right thereof to use, transfer or otherwise exploit such property rights; and (ii) no Credit Party has any responsibility or obligation to pay any commission, licence fee or similar payment to any Person with respect to the property rights thereof, except for annual fees payable to Governmental Authorities in respect of mineral concessions, licenses, leases and permits provided to the Lender;

(ii) each Credit Party holds either fee title, patented mining claims and millsites, unpatented mining claims or valid, subsisting and enforceable leases of the foregoing, other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located, in respect of the ore bodies and minerals located and rights of ingress and egress to and the right to construct and operate concentrators, mills and other processing facilities in properties in which it has an interest as described in the Disclosure Record under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit such Credit Party to explore and extract the minerals relating thereto. All such property, leases or claims and all property, leases or claims in which a Credit Party has an interest or right have been validly located and recorded in accordance with all Applicable Law and are valid and subsisting in all material respects, each Credit Party has all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which it has an interest as described in the Disclosure Record granting it the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of the rights and interest therein of such Credit Party, with only such exceptions as do not materially interfere with the use made by it of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the relevant Credit Party;

(jj) any and all of the agreements and other documents and instruments pursuant to which any Credit Party holds the property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable, in all material respects, in accordance with the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by Applicable Law. No Credit Party is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged, and all leases, licenses and claims pursuant to which any Credit Party derives the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or claim and all taxes required to be paid with respect to such properties and assets to the date hereof have been paid, except where such taxes are being disputed in good faith. No part of either Project is subject to any right of first refusal, or purchase or acquisition right;

(kk) Except as disclosed in Schedule E, no Credit Party is a party to, or has knowledge of, any royalty or similar agreements pursuant to which any Credit Party or any other party is obligated to pay to any Person any amount with respect to either of the Projects. No Credit Party is in default of any of its payment or other obligations in respect of any of the royalty and other documents referred to in Schedule E, and all such royalty and other documents referred to in Schedule E are in full force and effect, unamended;

(ll) the information including the mineral reserve and resource information set forth in the Disclosure Record have been prepared in accordance with NI 43-101, and the method of estimating the mineral reserves and resources has been verified by the authors thereof to current industry standards and the information upon which the estimates of reserves and resources were based, was, at the time of delivery thereof, complete and accurate in all material respects and there have been no material changes to such information since the date of delivery or preparation thereof except as disclosed in the Disclosure Record;

(mm) each Credit Party owns or has the right to use under license, sub-license or otherwise all material intellectual property used by it in its business, including copyrights, industrial designs, trade marks, trade secrets, know how and proprietary rights, free and clear of any and all encumbrances;

(nn) the operations of each Credit Party are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable Governmental Authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or Governmental Authority, agency or body or any arbitrator involving any Credit Party with respect to the Money Laundering Laws is pending, or to the best of the Borrower's knowledge, threatened;

(oo) no Credit Party Assets subject to the Security Interests, including, for greater certainty, the real property Skellefteå Kvarnforsliden 1:7 that is owned by Björkdalsgruvan; is subject to any Security Interest, except for Permitted Encumbrances; and

(pp) the collateral secured by or subject to:

(i) the financing statements registered against Lupin in (A) the British Columbia Personal Property Registry (the "**BC PPR**") under base registration number 223871H and (B) the Ontario Personal Property Registry (the "**Ontario PPR**") under base registration numbers 20111129 1454 1530 2463 and 20130306 1942 1531 8558, and all security agreements in respect thereof securing obligations of Lupin to HSBC Bank Canada, consists only of cash collateral on deposit with HSBC Bank Canada, in the amount of $25,500,000; and

(ii) the financing statements registered against Bonito in (A) the BC PPR under base registration number 223863H and (B) in the Ontario PPR under registration numbers 20111129 1454 1530 2465 and 20130306 1942 1531 8556, and all security agreements in respect thereof securing obligations of Bonito to HSBC Bank Canada, consists only of cash collateral on deposit with HSBC Bank Canada, in the amount of $1,685,210,

(collectively, the "**HSBC Cash Collateral**").

Acknowledgement

6.2 The Credit Parties acknowledge that the Lender is relying upon the representations and warranties in this Article 6 in making the Facility available to the Borrower and that such representations and warranties shall be deemed to be restated in every respect effective on the date the Advance is made.

Survival and Inclusion

6.3 The representations and warranties in this Article 6 will survive until this Agreement has been terminated, except for the environmental representations and warranties in Section (y), which shall survive until one year after the expiration of applicable statutes of limitation.

ARTICLE 7
COVENANTS OF THE CREDIT PARTIES

Positive Covenants

7.1 While any Facility Indebtedness is outstanding or the Facility remains available to the Borrower, the Borrower will:

(a) duly and punctually pay or cause to be paid to the Lender each Amount Payable, on the dates, at the places, in the currency and in the manner provided herein and, upon the occurrence of any Event of Default that is continuing, the outstanding balance of the Facility (the Borrower acknowledges that it is personally obligated and fully liable for the amounts due hereunder and under the promissory notes issued hereunder and that the Lender has the right to sue on this Agreement or such promissory notes and obtain personal judgement against the Borrower for the satisfaction of the amounts due hereunder or thereunder, either before or after a judicial foreclosure of the mortgage or deed of trust or other security granted in favour of the Lender securing the obligations of the Borrower to the Lender hereunder or thereunder);

(b) provide to the Lender monthly financial reports and other summaries as reasonably requested by the Lender from time to time, which reports will include the balance sheet, income statement and statement of aged trade payables, together with any other reports that the Lender may reasonably require from time to time, all in form and substance satisfactory to the Lender, in its reasonable discretion;

(c) timely file all documents that must be publicly filed or sent to its shareholders pursuant to Applicable Securities Legislation within the time prescribed by such Applicable Securities Legislation and will make such documents available on the System for Electronic Document Analysis and Retrieval within such prescribed time period, and in the event that the Borrower is not at any time subject to Applicable Securities Legislation, the Borrower will continue to provide to the Lender: (i) within 90 days after the end of each fiscal year, copies of its annual report and audited annual financial statements, (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information required to be provided in quarterly reports by a "reporting issuer" (as such term is defined in such Applicable Securities Legislation) under the Applicable Securities Legislation, together with all such operational and other reports as the Lender may reasonably require from time to time. Each of such reports will be prepared in accordance with disclosure requirements of Applicable Securities Legislation and IFRS, as applicable;

(d) take all reasonable steps and actions as may be required: (i) to maintain the listing and posting for trading of the Common Shares on the Exchange, provided that the Borrower may move its listing to any other stock exchange or market as is acceptable to the Lender, acting reasonably; and (ii) to maintain its status as a "reporting issuer", or the equivalent thereof not in default of the requirements of the Applicable Securities Legislation;

(e) notify the Lender in writing within two (2) Business Days of the occurrence of any change in the directors, officers or other executive or senior management, including senior mine management, of any of the Credit Parties; and

(f) immediately notify the Lender in writing upon becoming aware of: (i) any Default or Event of Default, (ii) any material suit, proceeding or governmental investigation pending or, to the Borrower's knowledge, threatened or any notification of any challenge to the validity of any Authorization, relating to the Borrower, any Guarantor, the Projects or any of the Credit Party Assets, (iii) any *force majeure* event under any document relating to the Projects or any of the Credit Party Assets, and (iv) any material suit, proceeding, demand, claim or governmental investigation or communication pending or, to the Borrower's knowledge, threatened, relating to the Projects.

7.2 While any Facility Indebtedness is outstanding or the Facility remains available to the Borrower, each Credit Party covenants with the Lender that it will:

(a) at all times maintain its corporate existence, obtain and maintain all material Authorizations required or necessary in connection with its business, the Projects and/or any of the Credit Party Assets and to carry on and conduct its business in a reasonably proper and efficient manner;

(b) keep or cause to be kept proper books of account and make or cause to be made therein true and complete entries of all of its dealings and transactions in relation to its business in accordance with IFRS or such other Canadian accounting standards applicable to the Borrower at the time, and at all reasonable times it will furnish or cause to be furnished to the Lender or its duly authorized agent or attorney such information relating to its or such Credit Party's operations as the Lender may reasonably request and such books of account shall be open for inspection by the Lender or such agent or attorney upon reasonable request;

(c) use the proceeds of the Facility only for the purposes set out in Section 2.4;

(d) ensure that each of the Security Documents to which it is a party will at all times constitute valid and perfected first ranking security on all of the collateral referred to therein, subject only to Permitted Encumbrances, and at all times take all actions necessary or reasonably requested to create, perfect and maintain the Security Interests granted pursuant to the Security Documents as perfected first ranking security over such collateral, subject only to Permitted Encumbrances;

(e) duly and punctually perform and carry out all of the covenants and acts or things to be done by it as provided in this Agreement and each of the other Facility Documents;

(f) obtain and maintain all required governmental Authorizations, approvals, licences and permits and third party approvals and consents for development and operation of the Projects, including but not limited to all Authorizations required under Environmental Laws;

(g) comply in all material respects with all Applicable Law, including Environmental Laws and Applicable Securities Legislation;

(h) operate in such manner so as not to give rise to any material liabilities under any Environmental Laws;

(i) (A) maintain policies of insurance with responsible carriers and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Credit Party operates, and add and maintain the Lender as loss payee and a named insured under all such policies, as applicable; (B) deliver to the Lender evidence of such insurance coverage; and (C) on an annual basis and/or at any other time, promptly at the reasonable request of the Lender, deliver to the Lender all certificates and reports prepared in connection with such insurance;

(j) maintain or cause to be maintained the Credit Party Assets in good condition in accordance with prudent industry standards;

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

(l) promptly pay or make provisions satisfactory to the Lender for the payment of any additional amounts, including taxes and charges which may be imposed on any Credit Party by the laws of Canada or Sweden or any province, territory or other jurisdiction thereof (including all stamp taxes or duties payable in respect of the Business Mortgages, if any) which shall be payable with respect to the Facility or the Security Documents contemplated herein;

(m) cause all necessary and proper steps to be taken diligently to protect and defend the Credit Party Assets and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand;

(n) within 14 days of the date of the Advance, provide written notice to the Lender confirming that all materialised mortgage certificates in written form (Sw. *skriftliga pantbrev*) issued in the real property Skellefteå Kvarnforsliden 1:7 (owned by Björkdalsgruvan) are in the possession of Björkdalsgruvan or, in the event that such mortgage certificates cannot be found or are not in the possession of Björkdalsgruvan within 14 days of the date of the Advance, provide written notice to the Lender confirming that an application for cancellation of any missing mortgage certificates has been duly executed and filed in accordance with the provisions in the Swedish Act on Cancellation of Lost Document (Sw. *Lag (2011:900) om dödande av förkommen handling*, as amended). The Borrower shall provide written notice to the Lender confirming the completion of the cancellation process as soon as reasonably practicable and keep the Lender informed of any material development regarding such process. Upon completion of the cancellation process, the Borrower shall, upon demand by the Lender, procure that new mortgage certificates up to the same value of the missing mortgage certificates are issued and the Borrower shall confirm in writing that the Lender is granted a first ranking Security Interest over such new mortgage certificates;

(o) within 30 days of the date of the Advance, provide the Lender with a PPSA discharge or an acknowledgement or no interest letter from Société Générale confirming that the scope of Société Générale's security interest held pursuant to the Société Générale Security relates only to the Ulu project (mining lease 3563) and not to either of the Projects; and

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

Negative Covenants

7.3 Each Credit Party hereby covenants and agrees with the Lender that, except with the prior written consent of the Lender, it will not:

(a) directly or indirectly issue, incur, assume or otherwise become liable for or in respect of any Indebtedness other than the Permitted Indebtedness;

(b) directly or indirectly create, incur, assume, permit or suffer to exist any Security Interest or other encumbrances whatsoever against the Credit Party Assets, other than Permitted Encumbrances;

(c) convey, sell, lease, assign, transfer or otherwise dispose of any of the Credit Party Assets, except that it may dispose of the following in any bona fide arms length sale at fair market value:

(i) the Lupin Diesel Fuel;

(ii) the Lupin Underground Equipment;

(iii) the Björkdal Cablebolter; and

(iv) any obsolete or surplus equipment, vehicles and other assets provided that the fair market value of such equipment, vehicles and/or other assets, when aggregated with the fair market value of all other Credit Party Assets conveyed sold, leased, assigned, transferred or otherwise disposed of outside of the ordinary course of business since the date of this Agreement (other than the Lupin Underground Equipment), does not exceed an aggregate of $300,000 for the Credit Parties taken as a whole;

(d) move any Credit Party Assets outside of their present jurisdictions;

(e) amend, modify, vary or terminate any Material Contract, license, permit or other Authorization now held by any of the Credit Parties in respect of the Projects in any material respect, other than amendments, modifications, variations or terminations of permits or licences in the normal course of business;

(f) enter into any scheme for the reconstruction or reorganization of it or for the consolidation, amalgamation, merger or similar transaction of it or any of its subsidiaries with or into any other Person;

(g) make any prepayment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment on any Indebtedness other than Permitted Indebtedness;

(h) purchase, redeem, retire or otherwise acquire for cash any securities (equity or other);

(i) other than in the normal course of business, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower;

(j) declare, pay or make any Distribution other than Distributions made directly or indirectly by a Credit Party to another Credit Party, provided that notwithstanding the foregoing, Distributions shall not be declared, paid or made if (i) a Default or Event of Default shall have occurred and be continuing, or (ii) if the Lender shall have made demand for repayment of the Facility;

(k) make any amendment to any of their Constating Documents;

(l) change their name;

(m) transfer or permit the transfer of any shares of other equitable interests of any of its Affiliates;

(n) declare or provide for any dividends or other payments based on share capital, except for Credit Party intercompany dividends to be paid from time to time, provided that notwithstanding the foregoing, Credit Party intercompany dividends shall not be declared, paid or made if (i) a Default or Event of Default shall have occurred and be continuing, or (ii) if the Lender shall have made demand for repayment of the Facility;

(o) pay out any shareholders loans or other Indebtedness to non-arms length parties or enter into any transactions with any non-arm's-length parties;

(p) make any material payments to shareholders, Affiliates or executives, other than commercially reasonable salaries and employment bonuses that are consistent with past company practices and short-term and long-term incentive payments and awards granted to executives in accordance with the Borrower's incentive programs previously approved by the Borrower's board of directors;

(q) guarantee the obligations of any other Person, directly or indirectly, other than obligations permitted by this Agreement;

(r) except for the voluntary dissolution of Recursos Santana, S.A. de C.V., a wholly-owned Honduran subsidiary of Gold-Ore, which subsidiary has no assets or liabilities, enter into or become party or subject to any dissolution, winding-up, reorganization or similar transaction or proceeding;

(s) engage in the conduct of any business other than the business of the Credit Parties as existing on the date of this Agreement or in businesses reasonably related thereto on a basis consistent with the conduct of such business as conducted on the date of this Agreement;

(t) in respect of any Credit Party other than the Borrower, allot or issue any shares or other securities convertible into shares or other equity securities; or

(u) cause or permit the HSBC Cash Collateral to exceed $27,185,210 in the aggregate.

Notwithstanding the foregoing, the Borrower may request that the Lender provide its prior consent to any of the foregoing actions and such consent shall not be withheld if (i) the request was made in a timely manner, not to exceed 10 Business Days prior to the decision deadline set out in the request; and (ii) the Lender determines, in its reasonable discretion, that the requested action shall not adversely affect (A) any Security Interests it holds in the assets or undertaking of any Credit Party or the value or priority thereof; (B) its rights or remedies under this Agreement or any other Facility Document; or (C) the ability of any Credit Party to observe or perform its obligations under this Agreement or any of the other Facility Documents in accordance with the terms hereof and thereof.

Lender's Fees and Expenses

7.4 The Borrower will pay for the Lender's reasonable legal fees (on a solicitor and own client basis) and all other reasonable costs, charges and expenses (including all due diligence expenses) of and incidental to the preparation, execution and completion of this Agreement and all other Facility Documents, all as may be required by the Lender in its sole and absolute reasonable discretion, to complete this transaction, including all renewals or amendments thereto. The Borrower further covenants and agrees to pay all of the Lender's reasonable legal fees (on a solicitor and own client basis) and all other reasonable costs, charges and expenses of and incidental to the recovery of all amounts owing hereunder and under the other Facility Documents, including but not limited to the enforcement of the Security Documents granted hereunder or which otherwise secures repayment of the Facility. All amounts will be payable upon presentment of an invoice. If not paid within 30 days of presentment of an invoice, such amounts will be added to and form part of the Principal Amount of the Facility and shall accrue interest from the date of presentment of the invoice as if it had been advanced by the Lender to the Borrower hereunder on such date.

Lender May Perform Covenants

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

ARTICLE 8
DEFAULT AND ENFORCEMENT

Events of Default

8.1 The occurrence of any one or more of the following events shall constitute an "**Event of Default**" hereunder:

(a) if the Borrower defaults in payment of any Amount Payable and such default continues for a period of three (3) Business Days;

(b) if any Credit Party defaults in observing or performing any other covenant or condition of this Agreement or any other Facility Document on its part to be observed or performed and, with respect to such covenants or conditions which are capable of rectification, if such default continues for a period of ten (10) Business Days after notice in writing has been given to the Borrower by the Lender specifying such default and requiring the Borrower to rectify or cause the rectification of same;

(c) if any one or more of the Facility Documents ceases to be in full force and effect in any material respect or if any Security Document ceases to constitute a valid and perfected first priority Security Interest (subject only to Permitted Encumbrances) upon all the collateral it purports to charge or encumber, in favour of the Lender;

(d) any change in laws, policies, taxes, rights of or obligations to any national or local governments in any Relevant Jurisdictions that could, in the Lender's sole discretion, reasonably be expected to result in a Material Adverse Effect;

(e) any act of expropriation, nationalization or other similar event or circumstance affecting the properties and assets of any Credit Parties that could, in the Lender's sole discretion, reasonably be expected to result in a Material Adverse Effect;

(f) the institution by any Credit Party of proceedings to be adjudicated a bankrupt or insolvent or any similar proceedings or the consent by it to the institution of bankruptcy or insolvency proceedings or any similar proceedings against it or the filing by it of a petition or answer or consent seeking liquidation, reorganization or relief under any applicable federal, provincial or state law relating to bankruptcy, insolvency, reorganization or relief of debtors, or the consent by it to the filing of any such petition or to the appointment under any such law of a receiver, receiver-manager, liquidator, assignee, trustee, sequestrator or other similar official of any Credit Party or of all or substantially all of its property, or the making by it of a general assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due or anything analogous in a Relevant Jurisdiction;

(g) the entry of a decree or order by a court having jurisdiction adjudging any Credit Party a bankrupt or insolvent or approving as properly filed an application or a petition seeking liquidation, reorganization, arrangement or adjustment of or in respect of any Credit Party under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or appointing under any such law a receiver, receiver-manager, liquidator, assignee, trustee, sequestrator or other similar official of any Credit Party or of all or substantially all of its property, or ordering pursuant to any such law the winding-up or liquidation of its affairs, and the continuance of any such decree or order unvacated and unstayed and in effect for a period of 30 consecutive days or anything analogous in a Relevant Jurisdiction;

(h) any proceedings are commenced for the bankruptcy, insolvency, reorganization, winding-up, liquidation or dissolution or any similar proceedings of any Credit Party or any decree, order or approval for such bankruptcy, insolvency, reorganization, winding-up, liquidation or dissolution is issued or entered, unless such Credit Party in good faith actively and diligently contests such proceedings, decree, order or approval, resulting in a dismissal or stay thereof within 30 days of commencement or anything analogous in a Relevant Jurisdiction;

(i) a resolution is passed for the winding-up, dissolution or liquidation of any Credit Party;

(j) this Agreement or any other Facility Document shall for any reason, or is claimed by any Credit Party to, cease in whole or in any part to be a legal, valid, binding and enforceable obligation of such Credit Party;

(k) any Credit Party fails to pay the principal of, premium, if any, interest on, or any other amount owing in respect of any of its Indebtedness or obligation which is outstanding in an aggregate principal amount exceeding $100,000 when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness or obligation; or any other event occurs or condition exists and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such Indebtedness or obligation, if its effect is to accelerate or permit the acceleration of, such Indebtedness or obligation; or any such Indebtedness or obligation shall be, or may be, declared to be due and payable prior to its stated maturity;

(l) any representation or warranty given by any Credit Party in this Agreement or any other Facility Document shall prove to be incorrect or misleading in any material respect as at the date on which it was made and, if the circumstances giving rise to the incorrect or misleading misrepresentation or warranty are capable of modification or rectification (such that, thereafter the representation or warranty would be correct and not misleading), the representation or warranty remains incorrect or misleading at the end of a period of 45 days from the date such Credit Party becomes aware of such incorrect or misleading misrepresentation;

(m) the occurrence of any Material Adverse Effect;

(n) the occurrence of a Change of Control;

(o) any destruction or abandonment of any part of either Project which destruction or abandonment causes any material reduction in the valuation thereof or material delay of its development; or

(p) one or more final judgments or decrees for the payment of money in excess of $100,000 individually or $500,000 on a cumulative basis, rendered against any Credit Parties by a court of competent jurisdiction.

Acceleration on Default

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

Waiver of Default

8.3 If an Event of Default shall have occurred, the Lender, so long as it has not become bound to institute any proceedings hereunder, shall have the power to waive any Event of Default hereunder if, in the Lender's sole and absolute opinion, the same shall have been cured or adequate provision made therefor, upon such terms and conditions as the Lender may consider advisable, provided that no delay or omission of the Lender to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein and provided further that no act or omission of the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default hereunder or the rights resulting therefrom.

Application of Moneys

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

(a) first, in payment or reimbursement to the Lender of the reasonable remuneration, expenses, disbursements, and advances of the Lender earned, properly incurred or made in the administration or enforcement of this Agreement or otherwise in relation to this Agreement and any of the other Facility Documents with interest thereon as herein provided;

(b) second (but subject to Section 7.4 hereof and this Section 8.4), in or towards payment of all Amounts Payable; and

(c) third, the surplus (if any) of such moneys shall be paid to the Borrower or as it may direct.

Enforcement by the Lender

8.5 If an Event of Default shall have occurred and be continuing, but subject to Section 8.3 hereof:

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

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

Lender Appointed Attorney

8.6 To the extent permitted by Applicable Law, and effective upon the occurrence of an Event of Default that is continuing, each Credit Party irrevocably appoints the Lender to be the attorney of such Credit Party in the name and on behalf of such Credit Party to execute any instruments and do any things which such Credit Party ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Agreement and generally to use the name of such Credit Party in the exercise of all or any of the powers hereby conferred on the Lender with full powers of substitution and revocation. Such power of attorney, being coupled with an interest, is irrevocable.

Remedies Cumulative

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

ARTICLE 9
NOTICES

Notice to the Credit Parties

9.1 Any notice to any Credit Party under the provisions of this Agreement or any other Facility Document shall be valid and effective if delivered personally, by courier, by facsimile transmission, by email or other electronic means, to or, if given by registered mail, postage prepaid, addressed to, the Borrower at Suite 201, 750 West Pender Street, Vancouver, British Columbia V6C 2T7, Tel: (604) 682-3366, Fax: (604) 682-3363, Attention: Peter Tam, Chief Financial Officer, Email: ptam@elginmining.com, and shall be deemed to have been given on the date of delivery personally, by courier, by facsimile transmission, by email or other electronic means, if so delivered prior to 5:00 pm (Vancouver time) on a Business Day and otherwise on the next Business Day or on the third Business Day after such letter has been mailed, as the case may be. The Borrower may from time to time notify the Lender of a change in address which thereafter, until changed by further notice, shall be the address of each Credit Party for all purposes of this Agreement and the other Facility Documents.

Notice to the Lender

9.2 Any notice to the Lender under the provisions of this Agreement or any other Facility Document shall be valid and effective if delivered personally, by courier or by facsimile transmission to or, if given by registered mail, postage prepaid, addressed to the Lender at its principal office at Suite 2750, 200 Bay Street, Toronto, Ontario, Canada M5J 2J2, Tel: (416) 977-7222, Fax: (416) 977-9555, Attention: Chief Financial Officer, and shall be deemed to have been given on the date of delivery personally or by facsimile transmission if so delivered prior to 5:00 p.m. (Toronto time) on a Business Day and otherwise on the next Business Day or on the third Business Day after such letter has been mailed, as the case may be. The Lender may from time to time notify the Borrower of a change in address which thereafter, until changed by further notice, shall be the address of the Lender for all purposes of this Agreement and the other Facility Documents.

Waiver of Notice

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

ARTICLE 10
INDEMNITIES

General Indemnity

10.1 The Credit Parties expressly declare and agree as follows:

(a) the Lender, its partners and its and their directors, officers, employees, and agents, and all of their respective representatives, heirs, successors and assigns (collectively the "**Indemnified Parties**") will at all times be indemnified and saved harmless by the Credit Parties from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with this Agreement and the other Facility Documents (except any loss, expense, claim, proceeding, judgment or liability described in Section 10.2), including, without limitation, those arising out of or related to actions taken by the Lender contemplated hereby, reasonable legal fees and disbursements on a solicitor and client basis and reasonable costs and expenses incurred in connection with the enforcement of this indemnity, which the Lender may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Lender and including any act, deed, matter or thing in relation to the registration, perfection, release or discharge of security. The foregoing provisions of this subsection do not apply to the extent that the Lender or its employees or agents were grossly negligent or acted with wilful misconduct in relation to their obligations hereunder. This indemnity shall survive the termination of this Agreement or the resignation or termination of the Lender; and

(b) the Lender may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cable, facsimile or other paper or electronic document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the Credit Parties.

Environmental Indemnity

10.2 The Credit Parties hereby indemnify and hold harmless and will defend the Indemnified Parties against any loss, expenses, claim, proceedings, judgment, liability or asserted liability (including strict liability and including costs and expenses of investigation, abatement and remediation and monitoring of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties to third parties for the third parties' foreseeable and unforeseeable consequential damages) incurred as a result of or in connection with the administration or enforcement of this Agreement or any other Facility Document, including without limitations the exercise by the Lender of any rights hereunder or under the Security Documents, which result from or relate, directly or indirectly, to:

(a) the presence or release of any contaminants, by any means or for any reason, on any Credit Party Assets, whether or not release or presence of the contaminants was under the control, care or management of any Credit Party or of a previous owner, or of a tenant;

(b) any waste, toxic substance, contaminant or dangerous goods present on or released from any contiguous property to any Credit Party Assets; or

(c) the breach or alleged breach of any Environmental Laws by any Credit Party.

For purposes of this Section, "**liability**" shall include, in each case with respect to those matters set out in paragraphs (a) through (c) above, (i) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of contaminants where such abatement and remediation is prudent for the continued operation of either Project or required by Environmental Laws and to the extent required to maintain the value and use of Credit Party Assets, (ii) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party, (iii) liability of the Indemnified Party for damage suffered by the third party, (iv) liability of an Indemnified Party for damage to or impairment of the environment and (v) liability of an Indemnified Party for court costs, expenses of alternative dispute resolution proceedings, and fees and disbursements of expert consultants and legal counsel on a solicitor and own client basis.

Action by Lender to Protect Interests

10.3 The Lender shall have the power to institute and maintain all and any such actions, suits or proceedings and to take any other action as it may consider necessary or expedient, acting reasonably, to preserve, protect or enforce its interests. The Lender may conduct all such due diligence from time to time as it reasonably deems prudent or necessary, including environmental due diligence, and to remedy all breaches or other conditions or circumstances which the Lender may, in its discretion, acting reasonably, determine to either expose the Lender to potential liability or jeopardize in any way the collateral secured by the Security Documents, all at the expense of the Credit Parties.

Currency Indemnity

10.4 If under any Applicable Law and whether pursuant to a judgment being made or registered against any Credit Party or for any other reason, any payment of all or part of the Indebtedness owing by any Credit Party under or in connection with any Facility Document is made or is satisfied in a currency other than Canadian currency (the "**Other Currency**"), then to the extent that the payment (when converted into Canadian currency at the prevailing rate of exchange on the date of payment, or, if it is not practicable for the Lender to purchase Canadian currency with the Other Currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so) actually received by the Lender falls short of the amount of the Indebtedness required to be paid, the Credit Parties shall, as a separate and independent obligation, indemnify and hold harmless the Lender against the amount of such shortfall. For the purpose of this Agreement, "rate of exchange" means the rate at which the Lender is able on a foreign exchange market selected by the Lender, acting reasonably, on the relevant date to purchase Canadian currency with the Other Currency and shall take into account any premium and other reasonable costs of exchange.

ARTICLE 11
MISCELLANEOUS

Amendments and Waivers

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

No Waiver; Remedies Cumulative

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

Survival

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

Joint and Several

11.4 The representations, warranties, acknowledgements, confirmations, covenants and agreements of the Credit Parties under this Agreement shall be the joint and several representations, warranties, acknowledgements, confirmations, covenants and agreements of the Credit Parties and shall be read and construed accordingly.

Benefits of Agreement

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

Binding Effect; Assignment

11.6 This Agreement shall become effective when it shall have been executed by the Credit Parties and the Lender and thereafter shall be binding upon, inure to the benefit of and be enforceable by the Credit Parties, the Lender and their respective successors and assigns. No Credit Party shall have the right to assign its rights and obligations hereunder or under the other Facility Documents or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right to sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder and under the other Facility Documents to any other Person without notice to or the consent of the Credit Parties. In the event of any such assignment, upon notice thereof to the Borrower, the assignee shall be deemed the "Lender" for all purposes of the Facility Documents with respect to the rights and obligations assigned to it, and the obligations of the Lender so assigned shall thereupon terminate. The Credit Parties shall, from time to time upon request of the Lender, enter into such amendments to the Facility Documents and execute and deliver such other documents as shall be necessary to effect any such grant or assignment. The Credit Parties agree that in connection with any such grant or assignment, the Lender may deliver to the prospective participant or assignee financial statements and other relevant information relating to the Credit Parties, provided said prospective participant or assignee executes a confidentiality agreement containing industry standard non-disclosure and standstill provisions satisfactory to the Lender, acting reasonable, and a copy of the same is delivered to the Borrower.

Entire Agreement

11.7 The Facility Documents reflect the entire agreement between the Credit Parties and the Lender with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, including but not limited to the Term Sheet.

Severability

11.8 If any provision of any of the Facility Documents shall be prohibited by or invalid under Applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason cannot be so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Facility Document, or the validity or effectiveness of such provision in any other jurisdiction.

Counterparts and Facsimile

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

[Signature pages follow]

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

ELGIN MINING INC.

Per: [redacted]
Authorized Signatory

LUPIN MINES INCORPORATED

Per: [redacted]
Authorized Signatory

BONITO CAPITAL CORP.

Per: [redacted]
Authorized Signatory

GOLD-ORE RESOURCES LTD.

Per: [redacted]
Authorized Signatory

BJÖRKDALSGRUVAN AKTIEBOLAG

Per: [redacted]
Authorized Signatory

BJÖRKDAL EXPLORATION AB

Per: [redacted]
Authorized Signatory

SPROTT RESOURCE LENDING PARTNERSHIP, by its managing partner Sprott Lending Consulting Limited Partnership, by its general partner, Sprott Lending Consulting GP Inc.

Per: [redacted]
Authorized Signatory

Per: [redacted]
Authorized Signatory

[Signature Page to Credit Agreement]

SCHEDULE A
EQUITY INTERESTS OF CREDIT PARTIES

Record and Beneficial Owner	Issuer	Certificate No.	Number and Class of Shares	% of Shares Owned
Elgin Mining Inc.	Bonito Capital Corp.	[redacted]	[redacted]	100%
Bonito Capital Corp.	Lupin Mines Incorporated	[redacted]	[redacted]	100%
Bonito Capital Corp.	Gold-Ore Resources Ltd.	[redacted]	[redacted]	100%
Gold-Ore Resources Ltd.	Björkdalsgruvan Aktiebolag	[redacted]	[redacted]	100%
Gold-Ore Resources Ltd.	Björkdal Exploration AB	[redacted]	[redacted]	100%
Gold-Ore Resources Ltd.	Norrliden Mining AB	[redacted]	[redacted]	50%
Gold-Ore Resources Ltd.	La Plata Minerals Limited	[redacted]	[redacted]	100%
Elgin Mining Inc.	Auracle Resources Ltd.	[redacted]	[redacted]	29.5%[1]
Elgin Mining Inc.	Angus Mining Inc.	[redacted]	[redacted]	11.5%[1]
Elgin Mining Inc.	TTM Resources Inc.	[redacted]	[redacted]	2.7%[1] Unknown

(1) Pursuant to each company's profile on web.tmxmoney.com on September 5, 2013.

SCHEDULE B

SECURITY DOCUMENTS

The Security Documents are as follows:

A. SECURITY DOCUMENTS

(a) Guarantee of Bonito Capital Corp.

(b) Guarantee of Lupin Mines Incorporated

(c) Guarantee of Gold-Ore Resources Ltd.

(d) Guarantee of Björkdalsgruvan Aktiebolag

(e) Guarantee of Björkdal Exploration AB

(f) General Security Agreement of the Borrower

(g) General Security Agreement of Bonito Capital Corp.

(h) General Security Agreement of Lupin Mines Incorporated

(i) General Security Agreement of Gold-Ore Resources Ltd.

(j) Business Mortgage Pledge Agreement in respect of the SEK 5,000,000 previously issued by Björkdalsgruvan Aktiebolag (the "**Previously Issued Björkdalsgruvan Business Mortgage**") and a new business mortgage to be issued in the amount of SEK 26,585,500 (the "**New Björkdalsgruvan Business Mortgage**")

(k) Share Pledge Agreement of the Borrower, pursuant to which the Borrower pledges and grants to the Lender a security interest over all of the issued and outstanding shares in the capital of Bonito Capital Corp.

(l) Share Pledge Agreement of Bonito Capital Corp., pursuant to which Bonito Capital Corp. pledges and grants to the Lender a security interest over all of the issued and outstanding shares in the capital of Lupin Mines Incorporated

(m) Share Pledge Agreement of Bonito Capital Corp., pursuant to which Bonito Capital Corp. pledges and grants to the Lender a security interest over all of the issued and outstanding shares in the capital of Gold-Ore Resources Ltd.

(n) Share Pledge Agreement of Gold-Ore Resources Ltd., pursuant to which Gold-Ore Resources Ltd. pledges and grants to the Lender a security interest over all of the issued and outstanding shares in the capital of Björkdalsgruvan Aktiebolag and Björkdal Exploration AB.

(o) Subordination and Postponement Agreement between HSBC, the Lender and the Borrower, Bonito and Lupin.

SCHEDULE C: PART A

LUPIN GOLD MINE

AGENCY	PERMIT #	TYPE OF PERMIT	EFFECTIVE	EXPIRES
Aboriginal Affairs and Northern Development Canada	SL_76E/11-2-7	Surface lease - Access Road and Quarry Pit	1997-04-01	2012-03-31 [1]
	SL_76E/11-3-7	Surface lease - Waterlot	1997-04-01	2012-03-31 [1]
	SL_76E/14-10-6	Surface lease - Navigational aid site	1997-04-01	2012-03-31 [1]
	SL_76E/14-1-12	Surface lease - Mine Site	1997-04-01	2012-03-31 [1]
	SL_76E/14-2-13	Surface lease - Airport	1997-04-01	2012-03-31 [1]
	N2011C0026	Land Use Permit	2011-12-12	2013-12-11
Aboriginal Affairs and Northern Development Canada	ML_3275	Mining lease	2009-07-27	2030-07-27
	ML_3276	Mining lease	2009-07-27	2030-07-27
	ML_3277	Mining lease	2009-07-27	2030-07-27
	ML_3278	Mining lease	2009-07-27	2030-07-27
	ML_2428	Mining lease	2012-07-26	2033-07-26
Nunavut Water Branch	2AM-LUP0914	Type A Water Licence	2009-02-25 Amended 2009-05-29	2014-03-31
	2BE-LEP1217	Type B Water Licence	2012-01-27	2017-01-25

(1) Renewal application submitted October 2011. In process.

SCHEDULE C: PART B

BJÖRKDAL GOLD MINE

AGENCY	PERMIT #	TYPE OF PERMIT	EFFECTIVE	EXPIRES
BJÖRKDAL MINE (Björkdalsgruvan Aktiebolag & Björkdal Exploration AB)				
Department of Mines	Häbbersfors K nr 2	Exploitation Permit	2000-02-02	2025-02-02
	Häbbersfors K nr 4	Exploitation Permit	2000-11-21	2025-11-21
	Häbbersfors K nr 3	Exploitation Permit	2002-04-29	2027-04-29
	Häbbersfors K nr 1	Exploitation Permit	2006-01-01	2031-01-01
	Häbbersfors K nr 5	Exploitation Permit	2009-03-06	2034-03-06
	Habberfors K nr 6	Exploitation Permit	2013-04-24	2038-04-24
Department of Mines	Björkdal nr 26	Exploration Permit	2013-02-07	2016-02-07
	Vidmyran nr 100	Exploration Permit	2013-03-10	2014-03-10
	Norrberget nr 200	Exploration Permit	2013-03-25	2015-03-25
	Norrberget nr 400	Exploration Permit	2003-10-01	2013-10-01
	Björkdal nr 29	Exploration Permit	2010-11-30	2013-11-30
	Björkdal nr 30	Exploration Permit	2011-02-23	2014-02-23
	Björkdal nr 27	Exploration Permit	2006-05-05	2014-05-05
	Björkdal nr 25	Exploration Permit	2005-05-09	2014-05-09
	Norrberget nr 300	Exploration Permit	2003-05-23	2014-05-23
	Björkdal nr 28	Exploration Permit	2008-10-14	2014-10-14
	Lillträsket nr 2	Exploration Permit	2002-10-14	2015-10-14
	Björkdal nr 19	Exploration Permit	2002-10-18	2015-10-18
	Björkdal nr 21	Exploration Permit	2002-10-18	2015-10-18
	Björkdal nr 10	Exploration Permit	2002-12-18	2015-12-18
	Olofsberg nr 101	Exploration Permit	2013-02-15	2016-02-15

SCHEDULE D

MATERIAL CONTRACTS

Björkdal Gold Mine

- Arrangement Agreement dated February 1, 2012 between the Borrower and Gold-Ore;
- Exploitation and Exploration Permits set forth in Schedule C, Part B;
- Net smelter return royalty documents as more particularly described in Schedule E;
- Operating Agreements:
  - Grade Control Drilling Contract dated February 5, 2013 between Björkdalsgruvan and Styrud Arctic AB;
  - Hauling and Underground Road Maintenance Contract dated March 21, 2012 between Björkdalsgruvan and Renfor Akeri AB;
  - Electricity Supply Contract dated April 20, 2011 between Björkdalsgruvan and Skelleftea Kraft AB;
  - Drilling Contract dated September 24, 2010 between Björkdalsgruvan and Prospekteringsteknik i Norrland AB;
  - Underground Drill and Blast Contract dated October 10, 2010 between Björkdalsgruvan and Oden Anlaggningsentreprenad AB;
  - Load, Haul, Excavation and Road Maintenance Contract dated November 9, 2012 between Björkdalsgruvan and Bennys Grav AB; and
  - Production Drilling Contract dated December 28, 2009 between Björkdalsgruvan and NCC Roads AB;
- Equipment Loan Agreements between Björkdalsgruvan and Handelsbanken Finans AB:
  - Dated April 30, 2013 in respect of the Sandvik DS411-C Rock Bolter;
  - Dated April 25, 2013 in respect of the Sandvik LH410 Scoop;
  - Dated February 11, 2013 in respect of the Cat 972K Wheel Loader;
  - Dated February 11, 2013 in respect of the Sandvik Hydrolic Core Drill DE 110;
  - Dated February 3, 2011 in respect of the Simba S7D Production Rig;
  - Dated November 17, 2010 in respect of the Cat 980H Wheel Loader;
  - Dated November 8, 2010 in respect of platform for concrete; and
  - Dated October 28, 2010 in respect of the Cat IT62HQ Wheel Loader;
- Equipment Lease Agreement between Björkdalsgruvan and Atlas Copco Customer Finance AB:
  - o Dated August 6, 2013 in respect of the GIA UV211 Cablebolter;
  - o Dated May 3, 2013 in respect of the Scaltec MC Mechanical Scaler; and
  - o Dated May 3, 2013 in respect of two Boomer M2Cs
- Off-take agreements:
  - Gold Concentrates Sales Agreement dated February 17, 2012 between Björkdalsgruvan and Boliden Commercial AB;
  - Floatation Concentrates Contract No. 30403311-20 dated March 21, 2012 between Björkdalsgruvan and Aurubis AG;
  - Middlings Concentrates Contract No. 30402226-50 dated October 31, 2012 between Björkdalsgruvan and Aurubis AG;
  - Gravity Concentrates Contract No. 30402227-40 dated October 31, 2012 between

Björkdalsgruvan and Aurubis AG; and
  - Knelson Concentrates Contract No. 30403340-20 dated October 31, 2012 between Björkdalsgruvan and Aurubis AG.

Lupin Mine

- Purchase Agreement dated May 6, 2011 between Elgin Mining Inc., Bonito Capital Corp. and MMG Resources Inc.;
- Leases and Licences set forth in Schedule C, Part A; and
- Net smelter return royalty documents as more particularly described in Schedule E.

SCHEDULE E
ROYALTIES

Lupin Mine:

- 1% net smelter returns royalty granted by Lupin Mines Incorporated in favour of Kinross Gold Corporation pursuant to a Net Smelter Return Royalty Agreement dated as of the 28th day of February, 2007, between Lupin Mines Incorporated, Kinross Gold Corporation and Wolfden Resources Inc. (royalty obligation assumed by Elgin Mining Inc. pursuant to a Release and Assumption Agreement made as of the 8th day of July, 2011 between MMG Resources Inc., Elgin Mining Inc. and Kinross Gold Corporation).

Björkdal Gold Mine:

- Certain exploration mineral claims (Norrberget nr 200, 300, 400 and Olofsberg nr 101) are subject to a 2% net smelter returns royalty granted by Gold-Ore in favour of North Atlantic Natural Resources AB pursuant to a Purchase Agreement date as of the 28th day of September, 2007 between North Atlantic Natural Resources AB and Gold-Ore.
- A 0.2% statutory royalty payable to the Swedish government on an annual basis, based on the average gold price for the year times the produced gold.

Other:

- A 10% participating interest in Norrliden K nr 1 (mining concession) and Ortrask nr 300 (exploration permit) is held by International Gold Exploration AB ("IGE"), which can be converted to a 1.5% NSR royalty pursuant to an agreement dated March 17, 1998 between IGE and South Atlantic Resources Ltd. The remaining 90% participating interest in Norrliden K nr 1 and Ortrask nr 300 is currently held by Norrliden Mining AB pursuant to an agreement dated November 22, 2010 between Gold-Ore and Norrliden Mining AB. Pursuant to an agreement dated September 2011 between Gold-Ore, Norrliden Mining AB and Kopparberg Mining Exploration AB, each of Gold-Ore and Kopparberg hold a 50% interest in Norrliden Mining AB.

- 5% net production proceeds royalty on the Ulu property (mining lease 3563) granted pursuant to a Purchase and Sale Agreement made and effective as of the 17th day of November, 1995 between BHP Minerals Canada Ltd. and Echo Bay Mines Ltd. (royalty obligation assumed by Bonito Capital Corp. pursuant to a Release and Assumption Agreement made as of the 8th day of July, 2011 between MMG Resources Inc., Bonito Capital Corp. and International Royalty Corporation).

SCHEDULE F

LUPIN UNDERGROUND EQUIPMENT

1 x Wagner ST6C Loader
2 x EJC430 Haul Truck
1 x Walden 5000SX Scissor Lift
1 x Toyota Mine Truck
1 x Cat TL 943 Telehandler