

CORSA COAL CORP.

as Borrower

and

**THE LENDERS LISTED
ON THE SIGNATURE PAGES**

as Original Lenders

and

SPROTT RESOURCE LENDING PARTNERSHIP

as Administrative Agent

CREDIT AGREEMENT

June 22, 2012

**FASKEN
MARTINEAU** 

TABLE OF CONTENTS

		Page
ARTICLE 1	INTERPRETATION	1
Section 1.1	Defined Terms	1
Section 1.2	Other Usages	19
Section 1.3	Gender and Number	20
Section 1.4	Headings, etc	20
Section 1.5	Currency	20
Section 1.6	Certain Phrases, etc	20
Section 1.7	Meaning of certain terms	20
Section 1.8	Accounting Terms	21
Section 1.9	Rateable Portion of Advance	21
Section 1.10	Incorporation of Schedules	21
Section 1.11	Conflict	21
Section 1.12	Certificates	21
Section 1.13	Consents and Approvals	21
ARTICLE 2	FACILITY	22
Section 2.1	Availability	22
Section 2.2	Commitment and Facility Limit	22
Section 2.3	Use of Proceeds	22
Section 2.4	Reductions of Commitments	22
Section 2.5	Mandatory Repayments	22
Section 2.6	Voluntary Prepayments	23
Section 2.7	Payments under this Agreement	23
Section 2.8	Application of Payments and Prepayments	24
Section 2.9	Computations of Interest and Fees	25
Section 2.10	Security	26
Section 2.11	Bonus Shares	26
Section 2.12	Structuring Fee	26
Section 2.13	Anniversary Fee	27
ARTICLE 3	ADVANCE	27
Section 3.1	The Advance	27
Section 3.2	Procedure for Borrowing	27
Section 3.3	Interest on Advance	28
ARTICLE 4	CONDITIONS OF LENDING	28
Section 4.1	Conditions Precedent	28
ARTICLE 5	REPRESENTATIONS AND WARRANTIES	31
Section 5.1	Representations and Warranties	31
Section 5.2	Survival of Representations and Warranties	42
ARTICLE 6	COVENANTS OF THE BORROWER	42
Section 6.1	Affirmative Covenants	42

TABLE OF CONTENTS
(continued)

Page

Schedules to Credit Agreement

Schedule 1.1(a) – Casselman Mine	
Schedule 1.1(b) – Leases	
Schedule 1.1(c) – Owned Properties	
Schedule 1.1(d) – Perfection Certificate	
Schedule 1.1(e) – Permitted Encumbrances	
Schedule 2.11-1 – Canadian Accredited Investor Certificate	
Schedule 5.1(f) – Authorizations and Registrations	
Schedule 5.1(j) – Property	
Schedule 5.1(k) – Leased Properties	
Schedule 5.1(l) – Mining Title	
Schedule 5.1(t) – Environmental Compliance	
Schedule 5.1(u) – Corporate Structure	
Schedule 5.1(dd) – Related Transactions	
Schedule 5.1(gg) – Technical Report	
Schedule 5.1(hh) – Royalty Obligations	

CREDIT AGREEMENT

This CREDIT AGREEMENT is dated June 22, 2012 and entered into by and between CORSA COAL CORP., a corporation incorporated pursuant to the federal laws of Canada (the "Borrower"), SPROTT RESOURCE LENDING PARTNERSHIP, as administrative agent (the "Administrative Agent") and SPROTT RESOURCE LENDING PARTNERSHIP, EXPLORATION CAPITAL PARTNERS 1998-B LIMITED PARTNERSHIP and NYBERA SERVICES INC., as original lenders.

RECITALS

WHEREAS the Borrower desires that the Lenders provide a senior secured loan to the Borrower;

AND WHEREAS the Lenders are prepared to make such loan subject to the terms and conditions set out herein;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower and the Finance Parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Acosta Deep" means an underground property, 20 miles by road from the Wash Plant, comprised of a 940 acre property with proven recoverable reserves of low volatile metallurgical coal of 5.7 million tons in the Middle and Lower Kittanning seams located in Somerset County, Pennsylvania.

"Additional Guarantor" means any Person which becomes a Guarantor after the date hereof pursuant to Section 6.1(p).

"Additional Security" means the Mortgage, the Assignment of Material Contracts, the Bank Account Control Agreements and such other security as the Administrative Agent, in its sole and absolute discretion, deems necessary to obtain a first-priority security interest in respect of all or any portion of the Mine Assets or the Mining Properties, any other mining and exploration properties or assets of any of the Credit Parties, and any and all material contracts and mining leases, rights permits and licences of any of the Credit Parties.

"Administrative Agent" means Sprott Resource Lending Partnership, in its capacity as administrative agent of the Lenders under this Agreement, and any successor appointed pursuant to Section 8.8.

“**Administrative Agent’s Counsel**” means Fasken Martineau DuMoulin LLP.

“**Advance**” means the advance made by the Lenders pursuant to Article 3.

“**Affairs**” means, with respect to a particular Person, the business, affairs, operations, undertaking, property, assets, liabilities, financial condition, prospects, performance and results of operations of such Person.

“**Affiliate**” means an affiliated body corporate and, for the purposes of this Agreement, (i) one body corporate is affiliated with another body corporate if one such body corporate is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is Controlled by the same Person and (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other.

“**Agreement**” means this credit agreement and all schedules and instruments in amendment or confirmation of it; 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.

“**Alumbaugh Property**” means an underground property, 20 miles by road from the Wash Plant and immediately adjacent to Acosta Deep, with an indicated resource of 29.5 million tons of in-place, low volatile coking coal within the Lower, Middle and Upper Kittanning seams located in Somerset County, Pennsylvania.

“**Anniversary Shares**” has the meaning ascribed thereto in Section 2.13.

“**Applicable Law**” means any international treaty, any domestic or foreign constitution or any supranational, regional, federal, provincial, territorial, state, municipal, tribal or local statute, law, ordinance, code, rule, regulation, order (including any consent decree or administrative order), applicable to, or any directive, guideline, policy or Authorization of any Governmental Entity having jurisdiction with respect to any specified Person, property, transaction or event or any of such Person’s Affairs, and any order, judgment, award or decree of any Governmental Entity, or arbitrator in any proceeding or action to which the Person in question is a party or by which such Person or any of its Affairs is bound.

“**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 regulatory instruments of the securities regulatory authorities therein.

“**Assignee/Transferee**” has the meaning specified in Section 9.7.

“**Assignments of Material Contracts**” means the specific assignments of Material Contracts to be executed and delivered by each of Wilson Creek and Maryland Energy in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent.

“Authorization” means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Entity having jurisdiction with respect to any specified Person, property, transaction or event, or any of such Person’s Affairs or from any Person in connection with any easements or contractual rights.

“Bank Account Control Agreements” means any bank account control agreements necessary to perfect a first-priority security interest in any bank account held by any Credit Party in the United States of America.

“Bonus Shares” has the meaning ascribed thereto in Section 2.11.

“Borrower” means, at any time, Corsa Coal Corp., a corporation incorporated and existing under the federal laws of Canada, and its successors and permitted assigns.

“Borrower Security Agreement” means the general security agreement to be executed and delivered by the Borrower in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent.

“Borrower Share Pledge Agreement” means the share pledge agreement to be executed and delivered by the Borrower in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent and pursuant to which the Borrower shall pledge all of the shares of WC Holdings which it owns.

“Borrowing Notice” has the meaning specified in Section 3.2.

“Buildings and Fixtures” means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) situate on any of the Subject Properties.

“Business” means, in relation to any Credit Party, the business of such Credit Party as conducted and described to the Administrative Agent as at the date hereof.

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

“Canadian Dollar Equivalent” means the Exchange Equivalent in Canadian dollars of any amount of United States dollars.

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

“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 GAAP.

“**Casselman Mine**” means all Mining Properties associated with or forming part of the Casselman coal mine, as further and specifically identified on Schedule 1.1(a).

“**Casselman Mine Mortgage**” means the Mortgage to be executed and delivered by Maryland Energy in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent and pursuant to which Maryland Energy grants a first priority Lien on and to the Casselman Mine.

“**Casselman Mine Title Opinion**” means a title opinion (or title opinions) to be issued subsequent to the date of this Agreement by Craig Ingram, Esquire (or another attorney acceptable to the Administrative Agent) in favour of the Administrative Agent (on behalf of the Finance Parties), confirming the legal status, including ownership of and encumbrances on, Maryland Energy’s interests in the mineral and surface parcels comprising the Casselman Mine as of such date.

“**CERCLA**” means the *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (United States), as amended.

“**CERCLIS**” means the Comprehensive Environmental Response, Compensation and Liability Information System established pursuant to CERCLA.

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

- (a) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as the term “offeror” is defined in section 89(1) of the *Securities Act* for the purpose of section 102.1 of the *Securities Act* or any successor provision to either of the foregoing), other than the Borrower, has acquired beneficial ownership (within the meaning of the *Securities Act*) of, or the power to exercise control or direction over, or securities convertible into, any Voting Shares of the Borrower, that together with the offeror’s securities (as the term “offeror’s securities” is defined in section 89(1) of the *Securities Act* or any successor provision thereto in relation to the Voting Shares of the Borrower) would constitute Voting Shares of the Borrower representing more than 35% 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 35% of the Voting Shares of the continuing or surviving corporation immediately after such transaction; or

- (c) any Person or group of Persons shall succeed in having a sufficient number of its nominees elected as Directors such that such nominees, when added to any existing Director 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.

“Closing Certificate” of a particular Credit Party means a certificate of a senior officer of such Credit Party dated as of the date of the Advance and addressed to the Administrative Agent and certifying (a) the truth and correctness of attached copies of the articles of incorporation and by-laws or the certificate of formation and operating agreement of such Credit Party and the resolution of the board of directors of such Credit Party authorizing it to execute, deliver and perform its obligations under the Credit Documents to which it is a party and, in the case of each of the Original Guarantors, authorizing the pledge and subsequent transfer of its shares pursuant to the Security Documents, and, in the case of the Borrower, authorizing the allotment and issue of the Bonus Shares and the Structuring Fee Shares, (b) specimen signatures of the individuals authorized to sign Credit Documents on behalf of such Credit Party and (c) in the case of the Closing Certificate of the Borrower, that no Default has occurred and is continuing or would occur or arise immediately after or as a result of the Advance.

“Closing Date” means the date on which all conditions set forth in Section 4.1(a) have been waived by the Original Lenders or fulfilled or such other date as the Borrower and the Original Lenders agree to in writing.

“Code” means the *Internal Revenue Code of 1986* (United States), as amended, reformed or otherwise modified from time to time, and any successor statute of similar import, and regulations promulgated thereunder.

“Commitment” means:

- (a) in relation to an Original Lender, the amount designated as such opposite its name on the signature pages and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement and a **“Lender’s Commitment”** means, at any time, such Lender’s Commitment.

“Common Shares” means the common shares in the capital of the Borrower.

“Compliance Certificate” means a certificate of the Borrower substantially in the form of Exhibit “B”, signed on its behalf by its chief financial officer or any other officer acceptable to the Administrative Agent.

“Contaminant” means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them that may (i) injure or damage property or plant or animal life, (ii) harm or cause a nuisance to any Person, (iii) adversely affect the health of any individual, (iv)

impair the safety, of any individual, (v) render any property or plant or animal life unfit for use by humans, (vi) cause loss of enjoyment of normal use of property, or (vii) interfere with the normal course of business, and includes any "contaminant" within the meaning assigned to such term in any Environmental Law applicable to any of the Mines or any Credit Party.

"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 otherwise, 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.

"Control" of any Person means:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than 35% of the maximum number of votes that might be cast at a general meeting of such Person; or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of such Person; or
 - (iii) give directions with respect to the operating and financial policies of such Person with which the directors or other equivalent officers of such person are obliged to comply; and/or
- (b) the holding beneficially of more than 35% of the issued share capital of such Person.

"Corsa Penn" means Corsa Coal Pennsylvania, Inc., a corporation incorporated under the laws of the Commonwealth of Pennsylvania.

"Credit Documents" means this Agreement, the Security Documents, each Perfection Certificate, each Compliance Certificate and all other documents to be executed and delivered to any of the Finance Parties by the Credit Parties.

"Credit Parties" means, collectively, the Borrower and each Guarantor, and **"Credit Party"** means any one of them.

"Current Assets" and **"Current Liabilities"** mean, at any particular time, the aggregate amount of the entries which would, in accordance with GAAP, be classified upon the consolidated balance sheet of the Borrower as at the last day of the most recently completed calendar month as current assets and current liabilities, respectively, of the Borrower; provided that, until the first anniversary of the Closing Date, the Facility Debt shall not be treated as a Current Liability.

“Current Ratio” means, at any particular time, the ratio of Current Assets at such time to Current Liabilities at such time.

“Debt Financing Proceeds” means the proceeds received by any Credit Party or any other Subsidiary from the incurrence of indebtedness for borrowed money by such Credit Party or Subsidiary that exceeds the Canadian Dollar Equivalent of \$1,000,000, after deducting any reasonable expenses which are incurred by such Credit Party or Subsidiary with respect thereto. For greater certainty, Debt Financing Proceeds shall not include any proceeds in respect of the Leased Equipment.

“Default” means an event which, with the giving of notice or passage of time, or the making of any determination or any combination of the foregoing, would constitute 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.

“Disposal” means a sale, lease, release, abandonment, licence, exchange, transfer, loan or other disposal by a Person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions) and **“Dispose”** shall have a corresponding meaning.

“Disposal Proceeds” means the cash consideration receivable by any Credit Party or any other Subsidiary (including any amount receivable in repayment of intercompany debt on account of a Disposal) for any Disposal made by such Credit Party or Subsidiary, after deducting any reasonable expenses which are incurred by such Credit Party or Subsidiary with respect to such Disposal, to a Person who is not a Credit Party or any other Subsidiary.

“Distribution” has the meaning ascribed thereto in Section 6.2(i).

“Dollars” and **“\$”** means lawful money of the United States of America.

“Environmental Laws” means any Applicable Law relating to pollution, the environment, ecology, worker safety, public health or safety, reclamation or operation and activity of the Mines.

“Equity Financing Proceeds” means the proceeds received by any Credit Party or any other Subsidiary by the issuance of equity securities by such Credit Party or Subsidiary that exceeds the Canadian Dollar Equivalent of \$1,000,000, after deducting any reasonable expenses which are incurred by such Credit Party or Subsidiary with respect thereto, to a Person who is not a Credit Party or any other Subsidiary.

“ERISA” means the *Employee Retirement Income Security Act of 1974* (United States), as amended, and any successor statute of similar import, together with the regulations promulgated thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

“ERISA Affiliate” means the Borrower and any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Plan; (b) a withdrawal by any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any ERISA Affiliate from a Multiemployer Plan or any ERISA Affiliate receives notification pursuant to Section 4242 of ERISA that a Multiemployer Plan is in reorganisation; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any ERISA Affiliate.

“Event of Default” has the meaning specified in Section 7.1.

“Exchange” means the TSX Venture Exchange or any other stock exchange on which the Borrower’s securities may be listed from time to time.

“Exchange Equivalent” means, as of any particular date, with reference to any amount (the **“original amount”**) expressed in either Canadian or United States dollars (the **“original currency”**), the amount expressed in the other currency which would be required to buy the original amount of the original currency using the noon spot rate of exchange for Canadian interbank transactions applied in converting the other currency into the original currency published by The Bank of Nova Scotia for such date.

“Excluded Insurance Proceeds” means any proceeds of an insurance claim which the Borrower notifies the Administrative Agent in writing are, or are to be, applied in the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made, in each case as soon as possible (but in any event within 120 days) after receipt.

“Excluded Subsidiaries” means Corsa Penn and any other Subsidiary that the Lenders may from time to time, in their sole and absolute discretion, designate as an Excluded Subsidiary by written notice to the Borrower.

“Existing Indebtedness” means the amount due to Zebra Holdings S.A.R.L. and Lorito Holdings and Investments S.A.R.L. under the terms of the debentures dated May 18, 2011 relating to loans in the principal amount of \$25,000,000.

“Existing Royalties” means the royalties payable by the applicable Credit Party as described in Schedule 5.1(hh).

“Exploration Capital” means Exploration Capital Partners 1998-B Limited Partnership and its permitted successors and assigns.

“Facility” means the facility described in Section 2.1(1).

“Facility Debt” means all Indebtedness outstanding under any of the Credit Documents.

“Fees” means all fees payable by the Borrower under this Agreement.

“Finance Parties” means each of the Lenders and the Administrative Agent and **“Finance Party”** means any one of them.

“Financial Assistance” has the meaning specified in Section 6.2(j).

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

- (a) any interest rate swap agreement, forward rate agreement, floor, cap or collar agreement, future or option, insurance or other similar agreement or arrangement, 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) any currency swap agreement, cross-currency agreement, forward agreement, floor, cap or collar agreement, future or option, insurance or other similar agreement or arrangement, 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, 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.

“Financial Quarter” means a period of three consecutive calendar months in each Financial Year ending on February 28 (or February 29 in the case of a leap year), May 31, August 31 and November 30, as the case may be, of such Financial Year.

“Financial Year” means, in relation to the Borrower, its financial year commencing on December 1 of each calendar year and ending on November 30 of the following calendar year.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Future Royalties” means any royalties or similar arrangements entered into by any Credit Party after the Closing Date in respect of the production, processing, transportation, wheelage, handling or disposed of coal or coal refuse under any Lease or coal purchase agreement.

“GAAP” means in respect of the period ending on or prior to November 30, 2011, Canadian generally accepted accounting principles and for subsequent periods, international financial reporting standards, approved by the International Accounting Standards Board or any 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.

“Governmental Entity” means any (i) multinational, federal, provincial, state, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“Guarantees” means each of (i) the Original Guarantees and (ii) any guarantee issued by any other Subsidiary in favour of the Administrative Agent, for the benefit of the Finance Parties, in form and substance reasonably satisfactory to the Administrative Agent and pursuant to which such other Subsidiary shall guarantee the Secured Obligations of the Borrower.

“Guarantors” means each Original Guarantor and each Additional Guarantor and **“Guarantor”** means any one of them.

“Hazardous Materials” means any pollutant or Contaminant, including any hazardous, dangerous, registrable or toxic chemical, material or other substance within the meaning of any Environmental Law.

“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 Lien on any assets of such Person;
- (f) all obligations to repurchase, redeem or repay any shares of such Person prior to the Repayment 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).

"Indemnified Person" has the meaning specified in Section 9.5(1).

"Insurance Proceeds" means any casualty insurance, loss insurance or condemnation proceeds received or receivable by any Credit Party or any other Subsidiary except for Excluded Insurance Proceeds.

"Interest Rate" means 10% per annum, compounded quarterly.

"Keyser Property" means the Lower Kittanning coal seam under approximately 2,300 acres in the Jenner and Conemaugh Townships in Somerset County, Pennsylvania and referred to as the Keyser Property, located 25 miles by road from the Wash Plant.

"Leased Equipment" means the rolling stock and mining equipment subject to Capital Leases (i) in effect at the Closing Date and (ii) to be completed after the Closing Date but not exceeding an aggregate original principal amount of \$6,000,000 for equipment owned or on order as of the date hereof by a Credit Party as at the Closing Date and not exceeding an additional aggregate original principal amount of \$2,000,000 thereafter in respect of equipment not owned by a Credit Party as at the Closing Date.

"Leased Properties" means, collectively, the real properties forming the subject matter of the Leases.

"Leases" means the leases, subleases, rights to occupy and licences of real property or Buildings and Fixtures to which the Borrower or any of its Subsidiaries are a party (i) at the date of this Agreement, as listed and described in Schedule 1.1(b) or (ii) after the date of this Agreement as notified to the Administrative Agent pursuant to a Compliance Certificate.

"Lenders" mean, collectively, the Original Lenders and any Person who may become a Lender under this Agreement and, **"Lender"** means any one of them.

"Lien" means any mortgage, charge, pledge, hypothec, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant, vendor's privilege, supplier's right of reclamation or revendication or other

encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

“Majority Lenders” means, (x) at any time that any Sprott Lender is a Lender under this Agreement, the Sprott Lender or Sprott Lenders who, individually or taken together, is or are beneficially entitled to greater than 51% of the aggregate Outstandings of the Sprott Lenders at that time, or, if there are no Outstandings at that time, the Sprott Lender or Sprott Lenders whose Commitment or Commitments, taken individually or together, is or are greater than 51% of the aggregate amount of the Commitments of the Sprott Lenders and (y) at any other time, the Lender or Lenders who, taken individually or together, is or are beneficially entitled to greater than 51% of the aggregate Outstandings at that time, or, if there are no Outstandings at that time, Lender or Lenders whose Commitment or Commitments, taken individually or together, is or are greater than 51% of the aggregate amount of the Commitments.

“Maryland Energy” means Maryland Energy Resources, LLC, a limited liability company formed under the laws of the State of Delaware.

“Material Adverse Effect” means a material adverse effect (or a series of adverse effects, none of which is material in and of itself but which cumulatively result in a material adverse effect) on (i) the Casselman Mine and any other material Mine, (ii) the business, operations, results of operations, ownership, assets, properties, liabilities, performance or the financial condition of the Credit Parties taken as a whole, (iii) any of the rights or remedies of any of the Lenders or the Administrative Agent (or any one of them) or (iv) the ability of any Credit Party to perform its obligations to the Lenders or the Administrative Agent (or any one of them) under any of the Credit Documents.

“Material Contracts” means any contract described as a “Material Contract” in the Perfection Certificate of any Credit Party, and any agreement to which any Credit Party is a party and which is deemed material by the Administrative Agent (in its reasonable discretion) to the Business or the operation of the Mines.

“Mine Assets” means the material assets relating to the Mines.

“Mines” means the Acosta Mine, the Hemminger Mine, the Plant Mine and the Casselman Mine, as described in the technical reports listed in Schedule 5.1(gg) to this Agreement.

“Mining Properties” means all surface, subsurface and mineral rights and interests, all surface, subsurface and mineral leases, and all concessions, claims, licenses, rights of use, rights, titles or interests owned, leased, held, used or controlled by a Credit Party, with those Mining Properties in existence as of the Closing Date identified on Schedule 5.1(k) and all related, associated or appurtenant rights, in each case howsoever characterized or designated.

“Mining Rights” means the governmental approvals and Authorizations required in connection with the exploration, the exploitation and the production of mineral mining and reclamation that are owned, used or controlled by the Credit Parties, as more particularly described in Schedule 5.1(f).

“Mortgage” means a mortgage (including a leasehold mortgage, deed of trust or deed to secure debt and mortgage, in form and substance satisfactory to the Administrative Agent, to be executed and delivered by Wilson Creek and Maryland Energy in favour of the Administrative Agent, for the benefit of the Finance Parties, and pursuant to which Wilson Creek and Maryland Energy grant a first priority Lien on and over all or any portion of the Mining Properties and the Mine Assets.

“Multiemployer Plan” means a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA, to which any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

“Nybera” means Nybera Services Inc., a company incorporated under the laws of the British Virgin Islands and its permitted successors and assigns.

“Original Currency” has the meaning specified in Section 9.11(1).

“Original Guarantees” means the guarantees to be executed and delivered by the Original Guarantors in favour of the Administrative Agent, on behalf of the Finance Parties, in form and substance satisfactory to the Administrative Agent and pursuant to which the Original Guarantors shall guarantee the Secured Obligations of the Borrower.

“Original Guarantors” means WC Holdings, Wilson Creek and Maryland Energy and **“Original Guarantor”** means any one of them.

“Original Lender” means each lender set forth on the signature pages of this Agreement.

“Other Currency” has the meaning specified in Section 9.11(1).

“Other Taxes” has the meaning specified in Section 9.6(2).

“Outstandings” means, in relation to the Borrower and any Lender at any time under the Facility, an amount equal to the outstanding principal amount of the Advance made by such Lender; and in relation to the Borrower and all Lenders means the sum of the Outstandings to all of the Lenders.

“Owned Properties” means, collectively, (i) the land and premises owned by any Credit Party on the date of this Agreement which are listed on Schedule 1.1(c), and (ii) after the date of this Agreement the lands and premises notified to the Administrative Agent pursuant to each Compliance Certificate, but shall exclude lands and premises sold or otherwise Disposed of as permitted in this Agreement from the date of such Disposition.

“Participant” has the meaning specified in Section 9.7(3).

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

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its principal functions under ERISA.

“Perfection Certificate” of a particular Credit Party means the certificate of a senior officer of such Credit Party, addressed to the Administrative Agent and pursuant to which certain factual matters relating to such Credit Party and the Secured Assets of such Credit Party are certified true and correct, together with all schedules and exhibits attached thereto or referred to therein, substantially in the form of Schedule 1.1(d) of this Agreement.

“Permitted Encumbrances” means, in relation to any Person:

- (a) any Lien in favour of the Administrative Agent or the Lenders pursuant to any of the Credit Documents;
- (b) any Lien 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 Lien or privilege imposed by law, such as builders’, mechanics’, materialman’s, carriers’, warehousemen’s and landlords’ liens and privileges in favour of employees; or any Lien 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 it has secured a stay of execution pending such appeal or proceedings for review for tax or labour proceedings; or any Lien for taxes, assessments in tax or labour proceedings that are directly related to such Person’s mining concessions and lots, unpaid wages related to labour proceedings 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; or any undetermined or inchoate Lien or privilege incidental to current operations that has not been filed pursuant to law or that relates to obligations not due or delinquent; or the deposit of cash or securities in connection with any Lien or privilege referred to in this paragraph (b);
- (d) any right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit held or acquired by such Person, or by any statutory provision, to terminate the lease, licence, franchise, grant 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;
- (e) any Lien created or assumed by such Person in favour of a public utility or Governmental Entity when required by the utility or Governmental Entity in connection with the operations of such Person;
- (f) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Entity;
- (g) customary rights of Lien and set-off with respect to deposits with banks or other depository institutions and with respect to securities and cash held by brokers and dealers;

- (h) 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 such Person, 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 such Person;
- (i) any Lien securing the Indebtedness referred to in paragraph (b) of the definition of Permitted Indebtedness, provided such Lien attaches only to the rolling stock and mining equipment which are the subject matter of the Capital Leases;
- (j) any Lien existing as at the date hereof which secures the Indebtedness referred to in paragraph (c) of the definition of Permitted Indebtedness, provided such Lien attaches only to the Alumbaugh Property, the Keyser Property or the Winner Property, as the case may be;
- (k) any Lien for the purpose of securing any Indebtedness referred to in paragraph (d) of the definition of Permitted Indebtedness but only to the extent such Indebtedness is incurred to acquire tangible personal property and provided such Lien is limited to such tangible personal property;
- (l) any Lien, deposit or pledge to secure statutory obligations or performance of bids, tenders, contracts (other than for the repayment of borrowed money), or leases or for the purposes of like general nature in the ordinary course of business;
- (m) any Lien existing or at the date hereof which secures Indebtedness referred to in paragraph (g) of the definition of Permitted Indebtedness;
- (n) the Liens described in Schedule 1.1(e) to the Credit Agreement;
- (o) any encumbrance on Mining Property relating to royalties, overriding royalties, advance royalties, or similar payments, whether arising by grant, exception and reservation or otherwise, that are payable based on production or payable as advances royalties or minimum royalties (whether or not such advances or minimums recoupable from production) (collectively, all such royalties and similar payments, "Royalties"), whether or not the obligation to pay such Royalties is a covenant that run with the land, so long as such Royalties (i) arise in the ordinary course of business pursuant to an arms' length transaction relating specifically to the encumbered Mining Property, (2) have not been granted in connection with the acquisition of a business, or represent a deferred price purchase price to be paid by, the Borrower, any other Credit Party or any other Subsidiary of the Borrower, and (3) do not constitute obligations would not otherwise be classified as Indebtedness of the Borrower, any other Credit Party or any other Subsidiary of the Borrower; and
- (p) any other Lien consented to in writing from time to time by the Administrative Agent and the Majority Lenders, in their sole and absolute discretion.

“Permitted Indebtedness” means:

- (a) Indebtedness owing under this Agreement and other Credit Documents;
- (b) Capital Lease Obligations in respect of the Leased Equipment;
- (c) Indebtedness of the Credit Parties with respect to the Alumbaugh Property, the Keyser Property and the Winner Property existing at the date hereof in principal amounts not exceeding \$4,000,000, \$1,800,000 and \$157,000, respectively;
- (d) any Indebtedness owed by any Credit Party to another Credit Party provided such Indebtedness is fully postponed and subordinated to the Facility Debt in form and substance satisfactory to the Administrative Agent;
- (e) other Indebtedness of the Credit Parties not exceeding at any time in the aggregate, together with all outstanding Financial Assistance permitted pursuant to Section 6.2(j), \$1,000,000;
- (f) other Indebtedness of the Credit Parties with a term acceptable to the Lenders and that is postponed and subordinated to the Indebtedness created under Credit Documents on terms and conditions acceptable to the Lenders; and
- (g) the Wash Plant Royalties.

“Person” means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

“Plan” means an “employee pension benefit plan” as defined in Section 3(2)(a) of ERISA, in respect of which, (i) any ERISA Affiliate makes, has made or is required to make (at any time during the five (5) calendar years preceding the date of this agreement) contributions in respect of its employees, or (ii) any ERISA Affiliate has incurred or may incur liability, including contingent liability.

“Proceeds of Realization”, in respect of the Security or any portion thereof, means all amounts received by the Administrative Agent and any Lender in connection with: (i) any realization thereof, whether occurring as a result of enforcement or otherwise; (ii) any sale, expropriation, loss or damage or other disposition of the Secured Assets or any portion thereof (other than a disposition of Collateral permitted to be made pursuant to Section 6.2(d)); and (iii) the dissolution, liquidation, bankruptcy or winding-up of any Credit Party or any other distribution of its assets to creditors.

“Purchase Money Obligation” means, in relation to any Person, indebtedness of such Person issued, incurred or assumed to finance all or part of the cost of acquiring any asset for such Person.

“Refuse Area” means a property covering an area of approximately 45 acres used and permitted to store waste from the Wash Plant located in Somerset County, Pennsylvania.

“Repayment Date” means June 22, 2014 (or, if such day is not a Business Day, the immediately preceding Business Day), as such date may be extended by mutual agreement of the Borrower and the Lenders, in writing.

“Reportable Event” means a “reportable event” as described in Section 4043 of ERISA for which the notice has not been waived by the PBGC.

“Reporting Jurisdictions” means the Provinces of British Columbia, Alberta and Ontario.

“Rules” has the meaning specified in Section 9.13(3).

“Securities Act” means the *Securities Act* (Ontario).

“Secured Assets” means all of the assets now owned or hereinafter acquired by the Credit Parties and all proceeds thereof.

“Secured Obligations” of a particular Credit Party means all indebtedness, obligations and liabilities, present or future, absolute or contingent, matured or not, at any time owing by such Credit Party to the Finance Parties or any of them, or remaining unpaid to the Finance Parties or any of them, under or in connection with all Credit Documents to which such Credit Party is a party or by which such Credit Party is bound.

“Security” means the collateral security constituted by the Security Documents.

“Security Documents” shall mean the guarantees and security documents which, in the reasonable opinion of the Administrative Agent, are required to be entered into from time to time by the Credit Parties in favour of the Administrative Agent for the benefit of the Finance Parties in order to grant directly or indirectly to the Administrative Agent a first-priority Lien on the Secured Assets (subject to Permitted Encumbrances which, by their nature, would have priority) as continuing collateral security for the payment and performance of the Secured Obligations of the Credit Parties, such guarantees and security documents to be in form and substance satisfactory to the Administrative Agent and to include, without limitation, the following guarantees and security documents to be executed and delivered on or before the Closing Date:

- (a) the Borrower Security Agreement;
- (b) the Borrower Share Pledge Agreement;
- (c) the Original Guarantees;
- (d) the U.S. Security Agreements;
- (e) the WC Holdings Share Pledge Agreement;
- (f) the Casselman Mine Mortgage; and
- (g) the Wash Plant Mortgage;

and the following security documents if required pursuant to the terms of Section 6.1(w):

(h) the Additional Security.

“**Sprott**” means Sprott Resource Lending Partnership, a general partnership existing under the laws of the Province of Ontario and its permitted successors and assigns.

“**Sprott Lenders**” means Sprott and Exploration Capital.

“**Structuring Fee Shares**” has the meaning ascribed thereto in Section 2.12(2).

“**Subject Properties**” means, collectively, the Owned Properties and the Leased Properties.

“**Subordination Agreement**” of a particular Person means a subordination agreement to be entered into by such Person in favour of the Administrative Agent (for the benefit of the Finance Parties) and pursuant to which such Person fully subordinates its security interests in the Secured Assets to the Security.

“**Subsidiaries**” means each of the (direct or indirect) subsidiaries of the Borrower (other than the Excluded Subsidiaries) including, as at the date hereof, the Original Guarantors and “**Subsidiary**” means any one of them.

“**subsidiary**” means with respect to any Person (the “**parent**”) at any date, (i) any corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all equity interests entitled to vote in the election of the board of directors thereof are, as of such date, held by the parent and/or one or more subsidiaries of the parent, (ii) any partnership, (x) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (y) the only general partners of which are the parent and/or one or more subsidiaries of the parent and (iii) any other Person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent.

“**Taxes**” has the meaning specified in Section 5.1(s).

“**Title Insurance Policy**” means a mortgagee’s loan policy, in form and substance satisfactory to the Administrative Agent, together with all endorsements made from time to time thereto, issued by or on behalf of a title insurance company satisfactory to the Administrative Agent, insuring the Lien created by the Wash Plant Mortgage, in an amount and on terms satisfactory to the Administrative Agent, and delivered to the Administrative Agent.

“**Total Commitments**” means the aggregate of the Commitments, being \$25,000,000 at the date of this Agreement.

“**Unfunded Pension Liability**” means the excess of a Plan’s benefit liabilities over the current value of that Plan’s assets, determined in accordance with the assumptions used for funding the Plan pursuant to Section 412 of the Code or other applicable laws for the applicable plan year.

“**U.S. Dollar Equivalent**” means the Exchange Equivalent in United States of any amount of Canadian dollars.

“U.S. Security Agreements” means the general security agreements to be executed and delivered by the Original Guarantors in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent.

“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.

“Wash Plant” means the coal preparation plant which is owned and operated by Wilson Creek and located in Somerset County, Pennsylvania, as further described in Schedule 1.1(f) to this Agreement.

“Wash Plant Agreement” means that certain royalty agreement dated August 12, 2010 among Wilson Creek, Svonavec, Inc. (**“Svonavec”**) and individual shareholders of Svonavec in effect as of the date hereof.

“Wash Plant Mortgage” means the Mortgage to be executed and delivered by Wilson Creek in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent and pursuant to which Wilson Creek grants a first priority Lien on and to the Wash Plant and the Refuse Area.

“Wash Plant Royalties” means the royalties payable under the Wash Plant Agreement.

“WC Holdings” means Wilson Creek Holdings, Inc., a limited liability company formed under the laws of the State of Delaware.

“WC Holdings Share Pledge Agreement” means the share pledge agreement to be executed and delivered by WC Holdings in favour of the Administrative Agent (on behalf of the Finance Parties) in form and substance satisfactory to the Administrative Agent and pursuant to which WC Holdings shall pledge all of the shares of Wilson Creek and Maryland Energy which it owns.

“Wilson Creek” means Wilson Creek Energy, LLC, a limited liability company formed under the laws of the State of Delaware.

“Winner Property” means a 102 acre property that Wilson Creek owns the mineral and related coal mining rights to which forms part of the larger Casselman Mine located in Garrett County, Maryland located approximately 31 miles by road from the Wash Plant.

Section 1.2 Other Usages.

References to **“this Agreement”**, **“the agreement”**, **“hereof”**, **“herein”**, **“hereto”** and like references refer to this Credit Agreement and not to any particular Article, Section, Subsection, paragraph or other subdivision of this Agreement. Any references herein to any agreements or documents shall mean such agreements or documents as amended, supplemented,

restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

Section 1.3 Gender and Number.

Any reference in the Credit Documents to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 1.4 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Agreement.

Section 1.5 Currency.

All references in the Credit Documents to dollars, unless otherwise specifically indicated, are expressed in United States currency.

Section 1.6 Certain Phrases, etc.

In any Credit Document: (i) (x) the words "including" and "includes" mean "including (or includes) without limitation" and (y) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of", (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding" and (iii) any obligation of a Party to cause, ensure or procure any action or omission from or by any other Person shall be deemed to be an absolute obligation of such first-mentioned Person.

Section 1.7 Meaning of certain terms.

Any reference in this Agreement to:

- (a) "assets" includes present and future properties, revenues and rights of every description;
- (b) a Default being "**continuing**" means that such Default has not been waived or remedied and an Event of Default being "**continuing**" means that such Event of Default has not been waived;
- (c) a "**Credit Document**" or any other agreement or instrument is a reference to that Credit Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (d) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

- (e) “**knowledge**” of any Person shall be deemed to mean such knowledge after commercially reasonable inquiry; and
- (f) “**repay**” (or any derivative form thereof) shall, subject to any contrary indication, be construed to include “prepay” (as, as the case may be, the corresponding derivative form thereof).

Section 1.8 Accounting Terms.

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with GAAP.

Section 1.9 Rateable Portion of Advance.

References in this Agreement to a Lender’s rateable portion of the Advance or rateable share of payments of principal, interest, Fees or any other amount, shall mean and refer to a rateable portion or share as nearly as may be rateable in the circumstances, as determined in good faith by the Administrative Agent. Each such determination by the Administrative Agent shall be *prima facie* evidence of such rateable share.

Section 1.10 Incorporation of Schedules.

The schedules and exhibits attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it.

Section 1.11 Conflict.

The provisions of this Agreement prevail in the event of any conflict or inconsistency between its provisions and the provisions of any of the other Credit Documents.

Section 1.12 Certificates.

Whenever the delivery of a certificate is a condition precedent to the taking of any action by any Credit Party or the occurrence of any event hereunder, the truth and accuracy of the facts and the diligent and good faith determination of the opinions stated in such certificate shall in each case be conditions precedent to the right of any Credit Party to have such action taken, and any certificate executed by any Credit Party shall be deemed to represent and warrant that the facts stated in such certificate are true and accurate in all respects.

Section 1.13 Consents and Approvals.

Whenever the consent or approval of a party hereto is required in a particular circumstance, unless otherwise expressly provided for herein, such consent or approval shall not be unreasonably withheld or delayed by such party.

ARTICLE 2 FACILITY

Section 2.1 Availability.

- (1) Each Lender severally agrees, subject to the terms and conditions of this Agreement, to make available to the Borrower a senior secured term facility in an aggregate amount equal to the Total Commitments (the "Facility").
- (2) Subject to the terms and conditions of this Agreement, each Lender agrees to make the Advance rateably to the Borrower in accordance with its Commitment.
- (3) The Administrative Agent shall give each Lender prompt notice of (i) the Borrowing Notice received from the Borrower and of each Lender's rateable portion of the Advance requested under the Borrowing Notice and (ii) any other notice received by it from the Borrower under the Agreement.

Section 2.2 Commitment and Facility Limit.

Any cancellation of any part of the Facility by the Borrower prior to the Advance shall permanently reduce the amount available under the Facility. No amount cancelled under the Facility may be subsequently reinstated.

Section 2.3 Use of Proceeds.

- (1) The Borrower shall use the proceeds of the Advance to repay in full the Existing Indebtedness and for no other purpose without the prior written consent of the Original Lenders.
- (2) None of the Finance Parties is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

Section 2.4 Reductions of Commitments.

- (1) The Commitments shall reduce to zero at the close of business on June 25, 2012 if the Closing Date has not occurred by then.
- (2) The Borrower shall repay (subject to Section 7.1) all of the Outstandings, together with all accrued interest and Fees and all other amounts payable in connection with the Facility, on the Repayment Date.

Section 2.5 Mandatory Repayments.

- (1) The Borrower shall, and shall ensure that each other Credit Party shall, prepay the Advance in the following amounts and at the following times:
 - (a) the amount of all Disposal Proceeds, within five Business Days of receipt;

- (b) one-third of the amount of all Debt Financing Proceeds, within five Business Days of receipt;
 - (c) one-third of the amount of all Equity Financing Proceeds, within five Business Days of receipt;
 - (d) the amount of all Insurance Proceeds, within five Business Days of receipt and provided that if any Excluded Insurance Proceeds cease, at any time, to constitute Excluded Insurance Proceeds, an amount equal to such Excluded Insurance Proceeds shall immediately be applied in prepayment of the Advance.
- (2) Where Excluded Insurance Proceeds include amounts which are intended to be used for a specific purpose within a specified period (as set out in the definition of Excluded Insurance Proceeds), the Borrower shall ensure that those amounts are not used for any other purpose and, if requested to do so by the Administrative Agent, shall promptly deliver a certificate to the Administrative Agent at the time of application and at the end of such period confirming the amount (if any) which has been so applied within the requisite time periods provided for in the definition of Excluded Insurance Proceeds.
 - (3) In the event that a Change of Control occurs, the Borrower shall immediately prepay the Advance, together with all accrued and unpaid interest, all Fees then due and payable and all other amounts which may then be due and payable under any other provision hereof.
 - (4) The Facility shall be permanently reduced by any and all amounts required to be prepaid pursuant to the provisions hereof.

Section 2.6 Voluntary Prepayments.

- (1) The Borrower may, at any time after interest payable for the first six months after the Advance shall have been paid by the Borrower and before the Repayment Date, if it gives the Administrative Agent not less than 10 Business Days' prior notice, prepay the whole or any part of the Advance, together with all accrued and unpaid interest, all Fees then due and payable and all other amounts which may then be due and payable under any other provision hereof, provided such prepayment is made on the last Business Day of a calendar month. Any such prepayment shall be in a minimum amount of \$5,000,000 and in multiples of \$1,000,000 in excess thereof.
- (2) Any notice of prepayment shall be irrevocable, shall be irrevocable and binding on the Borrower and shall specify the date of prepayment, and the amount of the Advance to be prepaid.

Section 2.7 Payments under this Agreement.

- (1) Unless otherwise expressly provided in this Agreement, the Borrower shall make any payment required to be made by it to the Administrative Agent or the Lenders by depositing the amount of the payment not later than 10:00 a.m. (Toronto time) on the date the payment is due to an account designated by the Administrative Agent at least two Business Days prior to the date such payment is due. The Borrower shall make each such

payment in Dollars. The Administrative Agent shall distribute to each Lender, promptly upon receipt by the Administrative Agent of any payment, an amount equal to the amount then due to such Lender. Any amount received by the Administrative Agent for the account of the Lenders shall be held in trust for their benefit until distributed.

- (2) Unless otherwise expressly provided in this Agreement, the Administrative Agent shall make the Advance and other payments to the Borrower under this Agreement by crediting the Borrower's Account (or causing the Borrower's Account to be credited) with the amount of the payment not later than 3:00 p.m. (Toronto time) on the date the payment is to be made.
- (3) Any prepayment of principal under this Agreement shall be made together with payment of all accrued and unpaid interest and any and all other amounts which may then be due and payable under any other provision hereof.

Section 2.8 Application of Payments and Prepayments.

- (1) Subject to Sections 2.8(2) and 2.8(3), so long as no Event of Default has occurred, all amounts received by the Administrative Agent from or on behalf of the Borrower and shall be applied by the Administrative Agent (for certainty, on a rateable basis in the case of items (i) through (v)) as follows: (i) first, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are then due and owing to the Lenders, (ii) second, in reduction of the Borrower's obligation to pay any amounts to referred to in Section 9.5 to the Lenders, (iii) third, in reduction of the Borrower's obligation to pay any amounts then due and owing on account of any unpaid principal amount of the Advance which is due and owing to the Lenders, (iv) fourth, in reduction of the Borrower's obligation to pay any other unpaid Outstandings which are then due and owing to the Lenders, (v) fifth, in reduction of any other obligation of the Borrower under this Agreement and/or the other Credit Documents to the Lenders, and (vi) sixth, to the Borrower or such other Persons as may lawfully be entitled to or directed to receive the remainder.
- (2) Prior to December 22, 2012, so long as no Event of Default has occurred, the amounts required to be prepaid pursuant to Sections 2.5(1)(b) and (c) shall be applied, at the option of Nybera, by the Administrative Agent as follows: (A) (i) first, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are then due and owing to Nybera, (ii) second, in reduction of the Borrower's obligation to pay any amounts to Nybera referred to in Section 9.5, (iii) third, in reduction of the Borrower's obligation to pay any amounts then due and owing on account of any unpaid principal amount of the Advance which is due and owing to Nybera, (iv) fourth, in reduction of the Borrower's obligation to pay any other unpaid Outstandings which are then due and owing to Nybera, (v) fifth, in reduction of any other obligation of the Borrower under this Agreement and/or the other Credit Documents to Nybera, and (vi) sixth, to any obligations owing under any of the Credit Documents to each of the Lenders other than Nybera on a rateable basis, or (B) in accordance with Section 2.8(1).

- (3) So long as no Event of Default has occurred, the amounts required to be prepaid pursuant to Section 2.5(1)(a) shall be applied by the Administrative Agent (for certainty, on a rateable basis in the case of items (i) through (v)) as follows: (i) first, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are then due and owing to Sprott and Exploration Capital, (ii) second, in reduction of the Borrower's obligation to pay any amounts to Sprott and Exploration Capital referred to in Section 9.5, (iii) third, in reduction of the Borrower's obligation to pay any amounts then due and owing on account of any unpaid principal amount of the Advance which is due and owing to Sprott and Exploration Capital, (iv) fourth, in reduction of the Borrower's obligation to pay any other unpaid Outstandings which are then due and owing to Sprott and Exploration Capital, (v) fifth, in reduction of any other obligation of the Borrower under this Agreement and/or the other Credit Documents to Sprott and Exploration Capital, and (vi) sixth, to any obligations owing under any of the Credit Documents to Nybera.
- (4) Following the occurrence of an Event of Default, all amounts received by the Administrative Agent from or on behalf of the Borrower and any Proceeds of Realization of the Security shall be applied by the Administrative Agent (for certainty, on a rateable basis in the case of items (i) through (v)) as follows: (i) first, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are then due and owing to Sprott and Exploration Capital, (ii) second, in reduction of the Borrower's obligation to pay any amounts to Sprott and Exploration Capital referred to in Section 9.5, (iii) third, in reduction of the Borrower's obligation to pay any amounts then due and owing on account of any unpaid principal amount of the Advance which is then due and owing to Sprott and Exploration Capital, (iv) fourth, in reduction of the Borrower's obligation to pay any other unpaid Outstandings which are then due and owing to Sprott and Exploration Capital, (v) fifth, in reduction of any other obligation of the Borrower to Sprott and Exploration Capital under this Agreement and/or the other Credit Documents; (vi) sixth, in reduction of the Borrower's obligation to pay any unpaid interest and any Fees which are then due and owing to Nybera, (vii) seventh, in reduction of the Borrower's obligation to pay any amounts to Nybera referred to in Section 9.5, (viii) eighth, in reduction of the Borrower's obligation to pay any amounts then due and owing on account of any unpaid principal amount of the Advance which is due and owing to Nybera, (ix) ninth, in reduction of the Borrower's obligation to pay any other unpaid Outstandings which are then due and owing to Nybera, (x) tenth, in reduction of any other obligation of the Borrower under this Agreement and/or the other Credit Documents to Nybera, and (xi) eleventh, to the Borrower or such other Persons as may lawfully be entitled to or directed to receive the remainder.

Section 2.9 Computations of Interest and Fees.

- (1) All computations of any interest or Fee shall be made by the Administrative Agent taking into account the actual number of days occurring in the period in relation to which such interest or Fee (as the case may be) accrues or is payable and on the basis of a year of 360 (as the case may be) days.

- (2) For purposes of the *Interest Act* (Canada), (i) whenever any interest or Fee under this Agreement is calculated using a rate based on a year of 360 days, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 360, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

Section 2.10 Security.

Without prejudice to any other provision hereof, as security for the Secured Obligations of the Credit Parties, the Credit Parties shall execute and deliver to the Administrative Agent (for the benefit of the Finance Parties) the Security Documents.

Section 2.11 Bonus Shares.

As additional consideration for the Original Lenders making the Advance and provided that the portion of the structuring fee referred to in clause (ii) of Section 2.12(1) is not payable, the Borrower shall make a non-refundable bonus payment to the Original Lenders in the amount of \$1,250,000, payable concurrently with the Advance in the form of 4,401,408 Common Shares (the "**Bonus Shares**"), subject to a maximum hold period under Canadian securities laws of four months and one day from the date of issue; provided that each Original Lender shall deliver to the Borrower a certificate in the form attached as Schedule 2.11-1 to the Agreement confirming that such Original Lender is an "accredited investor" within the meaning of National Instrument 45-106 prior to the issue of such Common Shares and in the case of each Lender who is a US person, a certificate in the form set out in Schedule 2.11-2 and confirming that such Lender is an accredited investor (within the meaning of applicable US securities laws).

Section 2.12 Structuring Fee.

- (1) In consideration for the structuring and syndication of the Facility, the Borrower shall pay a structuring fee to the Administrative Agent comprised of (i) a cash payment in the amount of \$250,000 which the Administrative Agent acknowledges having received on May 10, 2012 and (ii) if the Borrower notifies the Administrative Agent that it does not intend to deliver a Borrowing Notice or does not fulfil the conditions set forth in Section 4.1 on or before June 22, 2012 in circumstances where the Original Lenders are prepared to make the Advance substantially in accordance with the terms and conditions contained herein, an amount equal to \$625,000, payable within seven days following the earlier of (x) the date on which the Borrower notifies the Administrative Agent that it does not intend to deliver a Borrowing Notice and (y) June 25, 2012.
- (2) The Borrower may, within 5 Business Days following the date of the Advance and subject to the receipt of Exchange approval, convert that portion of the structuring fee referred to in clause (i) of Section 2.12(1) for 880,282 Common Shares (the "**Structuring Fee Shares**"), subject to a maximum hold period under Canadian securities laws of four

months and one day from the date of issue; provided that each Original Lender shall deliver to the Borrower a certificate in the form attached as Schedule 2.11-1 to the Agreement confirming that such Original Lender is an "accredited investor" within the meaning of National Instrument 45-106 prior to the issue of such Common Shares and in the case of each Lender who is a US person, a certificate in the form set out in Schedule 2.11-2 and confirming that such Lender is an accredited investor (within the meaning of applicable US securities laws).

- (3) Provided the Credit Parties have acted reasonably and in good faith in providing access to the Original Lenders to their books and records, to their officers and to the Mines (including a site visit), if the Original Lenders have not confirmed the fulfilment or waiver of the conditions set forth in clauses (b), (s), (t), (u) and (v) of Section 4.1 prior to the close of business on June 9, 2012 and the Original Lenders fail to make the Advance in accordance with the terms hereof, the Original Lenders shall forthwith refund to the Borrower the portion of the structuring fee referred to in clause (ii) of Section 2.12(1).

Section 2.13 Anniversary Fee.

On the first anniversary of the Closing Date (the "**Anniversary Date**"), the Borrower shall pay to the Lenders a fee in an amount equal to 6% of the Outstandings to all the Lenders as at the Anniversary Date, payable in the form of Common Shares (the "**Anniversary Shares**") at a price equal to a 5% discount to the 10 day volume weighted average closing price of the Common Shares as they trade on the Exchange immediately prior to the Anniversary Date, subject to a maximum hold period under Canadian securities laws of four months and one day from the date of issue; provided that each Original Lender shall deliver to the Borrower a certificate in the form attached as Schedule 2.11-1 to the Agreement confirming that such Original Lender is an "accredited investor" within the meaning of National Instrument 45-106 prior to the issue of such Common Shares and in the case of each Lender who is a US person, a certificate in the form set out in Schedule 2.11-2 and confirming that such Lender is an accredited investor (within the meaning of applicable US securities laws).

ARTICLE 3 ADVANCE

Section 3.1 The Advance.

- (1) The Lenders severally agree, subject to the terms and conditions of this Agreement, to make a single advance to the Borrower under the Facility.
- (2) The amount of the Advance shall not exceed the Total Commitments.

Section 3.2 Procedure for Borrowing.

Subject to the terms and conditions of this Agreement, the Advance shall be made on not less than five Business Days prior notice, given not later than 10:00 a.m. (Toronto time) by the Borrower to the Administrative Agent. The notice of the Advance (the "**Borrowing Notice**") shall be in substantially the form of Exhibit "A", shall be irrevocable and binding on the Borrower and shall specify (i) the proposed date for the Advance and (ii) the aggregate amount

of the Advance; provided that if the Borrowing Notice is delivered concurrently with the execution and delivery of this Agreement, the Advance shall be made on the next Business Day. Upon receipt by the Administrative Agent of funds from the Lenders and fulfilment of the conditions set forth in Section 4.1, the Administrative Agent will make such funds available to the Borrower in accordance with Article 2.

Section 3.3 Interest on Advance.

- (1) The Borrower shall pay interest on the unpaid principal amount of the Advance from the date of the Advance until the principal amount of the Advance is repaid in full, at the Interest Rate (both before and after default, maturity and judgment).
- (2) Interest on each Advance shall be calculated and payable in arrears:
 - (a) on the last Business Day of each of March, June, September and December;
 - (b) on the Repayment Date; and
 - (c) on the date when the Advance is otherwise repaid in full.

**ARTICLE 4
CONDITIONS OF LENDING**

Section 4.1 Conditions Precedent.

The obligation of the Original Lenders to make the Advance under this Agreement is subject to fulfilment of the following conditions precedent at the earlier of (i) the time the Advance is made and (ii) June 25, 2012 (in each case, in form and substance satisfactory to the Administrative Agent, acting reasonably):

- (a) no Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Advance or the Borrowing Notice;
- (b) this Agreement and the Commitments shall have been approved by the Original Lenders' respective Credit Committees;
- (c) the Advance will not violate any Applicable Law;
- (d) no order, judgment or decree of any court, arbitrator or Governmental Agency shall purport to enjoin or restrain the Lenders from making the Advance;
- (e) there is not pending or threatened, any action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration by, against or affecting any Credit Party or any property of any Credit Party that has not been disclosed to the Administrative Agent by the Borrower in writing, and nothing has occurred and there has been no development in any such action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration that,

in the opinion of the Administrative Agent, could reasonably be expected to have a Material Adverse Effect;

- (f) each of the representations and warranties of the Borrower contained in Article 5 and of the Credit Parties contained in any other Credit Document are true and correct on the date of the Borrowing Notice relating to the Advance and on the date of the Advance as if such representations and warranties were made on each such date;
- (g) each of the terms and conditions to the Advance contained in this Agreement shall have been fully complied with (including delivery to the Administrative Agent of the properly completed Borrowing Notice);
- (h) there has not occurred any change of circumstance or event since February 29, 2012, nor has any Administrative Agent become aware of any facts, not previously disclosed or known, which the Administrative Agent determines could reasonably have a Material Adverse Effect;
- (i) delivery of a Closing Certificate of each Credit Party and a Perfection Certificate of the Borrower on behalf of each Credit Party;
- (j) delivery of a certificate of status, compliance, good standing or like certificate with respect to each of the Credit Parties issued by the appropriate Governmental Entity of the jurisdiction of its incorporation and of each jurisdiction in which it owns any material assets or carries on any material business;
- (k) delivery of a solvency certificate from the Chief Financial Officer of the Borrower on behalf of each of the Credit Parties in the form of Exhibit "C";
- (l) each of the Credit Documents specified in the definition thereof to be executed on or before the Closing Date have been duly executed and delivered by each Credit Party thereto and is in full force and effect enforceable against such parties thereto in accordance with its respective terms;
- (m) evidence of registration or other perfection of the Security under the Security Documents in such jurisdictions as the Administrative Agent may require to ensure that such Security creates legal, valid, binding, enforceable and first-priority security interests (subject to Permitted Encumbrances) in the assets to which such Security relates, enforceable against third parties, trustees in bankruptcy and similar officials;
- (n) delivery of all discharges, subordination agreements, waivers and confirmations as may be required to ensure that, subject to Permitted Encumbrances, all obligations under the Credit Documents are secured by first priority Liens on the property and assets of each Credit Party with such exceptions as are permitted pursuant to this Agreement or any of the other Credit Documents;

- (o) all documents and instruments shall have been properly registered, recorded and filed in all places which and registrations shall have been properly effected in all places which and searches shall have been conducted in all jurisdictions which and all discharges, subordination agreements, waivers, estoppel letters, confirmations and consents shall have been entered into or obtained which, in the opinion of the Administrative Agent and the Administrative Agent's Counsel, are necessary to make effective the Security created or intended to be created by the Credit Parties pursuant to the Security Documents and to ensure the perfection and the intended first ranking priority (subject to Permitted Encumbrances which, by their nature, have priority) of such Security;
- (p) delivery of favourable opinions of counsel to each Credit Party, in customary form and addressing customary matters, addressed to the Administrative Agent, the Lenders and the Administrative Agent's Counsel;
- (q) delivery of a Title Insurance Policy with respect to the Wash Plant and the Refuse Area, dated as of the Closing Date;
- (r) evidence showing the Administrative Agent (on behalf of the Finance Parties) as loss payee and additional insured on each Credit Party's applicable insurance policies;
- (s) all Fees and other amounts then payable under the Credit Documents and any and all reasonable costs, expenses and disbursements (including, without limitation, all legal fees and expenses) incurred by the Administrative Agent or any Lender in connection with the negotiation, preparation, execution and delivery of the Credit Documents and any due diligence or other matters relating to any of the transactions contemplated in any of the Credit Documents, which have been invoiced to the Borrower, have been paid in full;
- (t) the Original Lenders and the Administrative Agent's Counsel have completed, to their satisfaction, a due diligence review of the Credit Parties, the Mines, the Business, any other Secured Assets and the Material Contracts;
- (u) the Original Lenders have reviewed and are satisfied, in their sole and absolute discretion, with the value of the Secured Assets and their ability to support the repayment of the Facility Debt;
- (v) the Original Lenders have reviewed and are satisfied, in their sole and absolute discretion, with all mine plans, leases, licenses, permits, budgets and pro-forma financial information;
- (w) the Borrower has satisfied such other conditions as the Original Lenders may require based on the due diligence reviews referred to in clauses (s), (t) and (u) above;
- (x) evidence of repayment in full of all the Existing Indebtedness and evidence that all promissory notes, all guarantees and all Liens (and all other documents,

instruments, registrations, filings and similar evidence) relating thereto have been or will, simultaneously with the Advance, have been indefeasibly, fully and unconditionally terminated, discharged and released and none of the Credit Parties has any obligation or liability in relation thereto;

- (y) receipt of all Authorizations which the Administrative Agent may require, including, all approvals from the Exchange in relation to the transactions contemplated by this Agreement and/or the other Credit Documents;
- (z) the Borrower has issued the Bonus Shares to the Original Lenders as duly paid and non assessable shares and the Borrower has received all applicable Exchange and other regulatory approvals in connection therewith; and
- (aa) delivery of copies of the Material Contracts certified by an officer of the Borrower to be true and complete in all respects.

Each of the giving of the Borrowing Notice by the Borrower and the acceptance by the Borrower of the Advance shall be deemed to constitute a representation and warranty by the Borrower that, on the date of the Borrowing Notice or the Advance, as the case may be, and after giving effect to it and to the application of any proceeds from it, the conditions precedent set forth in this Section 4.1 have been fulfilled (other than sections 4.1(t), (u) and (v)).

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties.

The Borrower represents and warrants to the Administrative Agent and each Lender, acknowledging and confirming that the Administrative Agent and each Lender are relying on such representations and warranties without independent inquiry in entering into this Agreement and providing the Advance that:

- (a) **Incorporation, Qualification and Corporate Power.** The Borrower and each other Credit Party is a corporation or limited liability company, duly incorporated or organized, and is a valid and subsisting corporation or limited liability company (as appropriate) under the laws of its jurisdiction of organization, has all requisite corporate power and authority and is duly qualified and holds all necessary material permits, licences and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its property and assets, no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up.
- (b) **Extra-provincial Registration.** The Borrower and each other Credit Party is licensed, registered or qualified as an extra-provincial or foreign corporation or limited liability company in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in material compliance with all Applicable Laws.

- (c) **Conflict and Consents.** None of the execution and delivery of any Credit Document, the compliance by the Borrower or any other Credit Party with the provisions of any Credit Document to which it is a party or the consummation of the transactions contemplated herein and therein, for the consideration and upon the terms and conditions as set forth herein and therein, do or will (i) require the consent, approval, authorization, order or agreement of, or registration or qualification with, any Governmental Entity or other Person, except such as have been obtained; or (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Borrower or any other Credit Parties is a party or by which any of them or any of their properties or assets thereof is bound, or (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the articles or by-laws of the Borrower or any other Credit Parties or any resolution passed by the directors (or any committee thereof) or shareholders of the Borrower or any other Credit Party, or any statute or any judgment, decree, order, rule, policy or regulation of any court, any Governmental Entity or any arbitrator applicable to the Borrower or any other Credit Parties or any of the properties or assets thereof which could have a Material Adverse Effect.
- (d) **Corporate Action, etc.** The Borrower and each other Credit Party has full corporate or limited liability company power and authority to enter into each Credit Document to which it is a party and to do all acts and things and execute and deliver all documents as are required hereunder and thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereunder and the Borrower and each other Credit Party has taken all necessary corporate or limited liability company action to authorize the creation, execution, delivery and performance of each Credit Document to which it is a party, the creation, allotment and issuance of the Bonus Shares, the Structuring Fee Shares and the Anniversary Shares and to otherwise observe and perform their respective obligations in accordance with the provisions hereof and thereof. Upon issuance thereof, the Bonus Shares, the Structuring Fee Shares and the Anniversary Shares will be validly issued as fully paid and non-assessable Common Shares in the capital of the Borrower, subject to Applicable Securities Legislation hold periods.
- (e) **Execution and Binding Obligation.** Each Credit Document has been duly authorized, executed and delivered by the Borrower and/or each other Credit Party which is a party thereto and constitutes a valid and legally binding obligation enforceable against it in accordance with its terms.
- (f) **Authorizations and Registrations.** Except as set out in Schedule 5.1(f), the Borrower and each other Credit Party have all Authorizations, including all Mining Rights, required for the ownership and operation of their respective businesses, the Mining Properties and the Mines. The Borrower and each of the other Credit Party is in material compliance with the requirements of all Authorizations, Mining Rights and registrations it holds and there are no investigations or proceedings existing, pending or, to the Borrower's knowledge,

after due enquiry, threatened which could result in the revocation, cancellation, suspension or any adverse modification of any of such Authorizations, Mining Rights or registrations.

- (g) **No Defaults.** Neither the Borrower nor any other Credit Party 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 the Borrower or any other Credit Party 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.
- (h) **Material Contracts.** The Material Contracts are the only contracts to which any of the Credit Parties are party that are material to the business and operations of the Credit Parties.
- (i) **Contracts and Actions.** Neither the Borrower nor any of the other Credit Parties is in violation of any term of the articles or by-laws thereof. Neither the Borrower nor any of the other 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 neither the Borrower nor any of the other Credit Parties is in default in the payment of any obligation owed which is now due and there is no action, suit, proceeding or investigation commenced, pending or, to the knowledge of the Borrower after due inquiry, threatened which, either in any case or in the aggregate, might result in any Material Adverse Effect or in any material liability on the part of the Borrower or any of the Subsidiaries or which places, or could place, in question the validity or enforceability of any Credit Document, or any document or instrument delivered, or to be delivered, by the Borrower or another Credit Party pursuant hereto or thereto.
- (j) **Property.** Subject to Permitted Encumbrances and except as qualified in Schedule 5.1(j), the Borrower and other Credit Parties are the beneficial owners of the properties, business and assets or the interests in the properties, business or assets referred to in their books and records, all agreements by which the Borrower or any of the Subsidiaries holds an interest in property, business or assets are in good standing according to their terms. None of the Borrower or any other Credit Parties has approved, is contemplating, has entered into any agreement in respect of, or has any knowledge of: (i) the purchase of any property material to the Borrower or any other Credit Parties or assets or any interest therein or the sale, transfer or other disposition of any property material to the Borrower or any other Credit Parties or assets or any interest therein currently owned, directly or indirectly, by the Borrower or any other Credit Parties whether by asset sale, transfer of shares or otherwise; or (ii) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of

the Borrower or any other Credit Parties or otherwise) of the Borrower or any other Credit Parties.

- (k) **Leased Properties.** With respect to the Leased Properties, each Credit Party occupies the Leased Properties and has the exclusive right to occupy and use the Leased Properties. Each of the Leases is in good standing and in full force and effect, and no Credit Party has delivered or received any notice of default or notice of breach under any such Lease, which remains uncured. Except as disclosed in Schedule 5.1(k), each Lease of material Mining Property has been duly and properly recorded in the appropriate county real estate records for the county in which such Mining Property is located. As of the date hereof, no consent or approval of any landlord, lessor or other third party in connection with any such Lease is necessary for any Credit Party to enter into and deliver on the Closing Date the Credit Documents to which it is a party or to enter into and deliver any Mortgage applicable to the Mining Property covered by any such Lease.

- (l) **Mining Title.** Schedule 5.1(l) accurately and completely sets forth and describes all real property owned, leased, held or controlled by any Credit Party, including all fee interests, leasehold interests, surface interests, mineral interests and other real property interests. Other than as set out in Schedules 5.1(f) and 5.1(l), applying customary standards in the mining industry, each Credit Party has sufficient title, clear of any title defect, encumbrance, or Lien (except for Permitted Encumbrances), to its operating Mining Properties and Mining Properties with estimated proven and probable mineral reserves and/or estimated mineral resources (other than property to which it is lessee, in which case it has a valid leasehold interest) and has good and sufficient title to all real property interests including, without limitation, fee simple estate of and in real property, leases, easements, rights of way, permits or licences from landowners or authorities permitting the use of land by Wilson Creek or Maryland Energy necessary to permit the operation of its business as presently owned and conducted. Such Credit Party holds or leases all mineral rights required to continue its business and operations as currently conducted and as proposed to be conducted as set forth in Schedule 5.1(1). All mineral rights held by the applicable Credit Party are free and clear of all Liens and, in respect of the Mining Properties listed in Schedule 5.1(hh), royalty burdens, except for Permitted Encumbrances and those royalty burdens disclosed in Section 5.1(hh) and none of such mineral rights are subject to reduction by reference to mine payout or otherwise except for those created in the ordinary course of business.

- (m) **Work Orders.** There are no outstanding work orders relating to any of the Subject Properties from or required by any Governmental Entity, nor does the Borrower or any other Credit Party have notice of any possible impending or future work order, that in either case, could reasonably be expected to have a Material Adverse Effect.

- (n) **Expropriation.** No part of any of the Subject Properties or the Buildings and Fixtures located on the Subject Properties has been taken or expropriated by any Governmental Entity, no written notice or proceeding in respect of an expropriation has been given or commenced nor is the Borrower aware of any intent or proposal to give any such notice or commence any proceedings, that in any case, could reasonably be expected to have a Material Adverse Effect.
- (o) **Encroachments.** The Buildings and Fixtures located at each of the Subject Properties are located entirely within such Subject Property and are in material conformity with set-back and coverage requirements of all applicable Governmental Entities. There are no encroachments upon any of the Subject Properties that could reasonably be expected to have a Material Adverse Effect.
- (p) **Compliance with Laws.** The Borrower and each other Credit Party has conducted and is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which it carries on business and possesses all material Authorizations issued by the appropriate Governmental Entity necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such Authorizations and with all Applicable Laws material to the operations, and neither the Borrower nor any of the other Credit Parties has received any notice of the modification, revocation or cancellation of, any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Authorization, which, singly or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, would materially and adversely affect the conduct of the business or operations of, or the assets, liabilities (contingent or otherwise), financial condition or prospects of, the Borrower or any of the other Credit Parties.
- (q) **Securities Legislation Compliance.**
 - (i) The Borrower has complied, and will comply, with all Applicable Securities Legislation in connection with the issuance of the Bonus Shares, the Structuring Fee Shares and the Anniversary Shares including, but not limited to, receiving the conditional approval of the Exchange in respect of the listing thereof.
 - (ii) The issuance of the Bonus Shares, the Structuring Fee Shares and the Anniversary Shares will be exempt from the prospectus requirements of Applicable Securities Legislation and no document will be required to be filed and no proceeding taken or approval, permit, consent, order or Authorization obtained under the Applicable Securities Legislation in connection with the first trade of the Bonus Shares, the Structuring Fee Shares or the Anniversary Shares, as the case may be, provided that:
 - (A) the Borrower is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

- (B) at least four months and one day have elapsed from the date of distribution of the Bonus Shares, the Structuring Fee Shares or the Anniversary Shares, as the case may be;
 - (C) the certificate representing the Bonus Shares, the Structuring Fee Shares or the Anniversary Shares, as the case may be, carries a legend stating: "Unless permitted under securities legislation, the holder of this security must not trade this security before [insert the date that is four (4) months and one (1) day after the date of distribution]";
 - (D) such trade is not a control distribution (as such term is defined in National Instrument 45-102);
 - (E) no unusual effort is made to prepare the market to create a demand for the securities that are the subject of the trade; and
 - (F) no extraordinary commission or consideration is paid to a Person or company in respect of the trade.
- (r) **Employment Matters.** The Borrower and each other Credit Party is in compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where noncompliance with such laws could not reasonably be expected to have a Material Adverse Effect, and has not and is not engaged in any unfair labour practice. The execution of this Agreement and the consummation of the transactions contemplated in this Agreement will not trigger the rights of any employee of the Borrower or any of the other Credit Parties under the terms of any employment agreement, option agreement or option plan or any other compensation arrangement with the Borrower or any of the other Credit Parties, including but not limited to the right to terminate employment or exercise a "change of control" provision.
- (s) **Taxes.** All taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Borrower and the Subsidiaries have been paid, except where the failure to pay such taxes would not constitute an adverse material fact in respect of the Borrower or have a Material Adverse Effect. Except as disclosed in Schedule 5.1(s), all tax returns, declarations, remittances and filings required to be filed by the Borrower and the Subsidiaries 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 Borrower or have a

Material Adverse Effect. To the best of the knowledge of the Borrower, no examination of any tax return of the Borrower or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Entity respecting any Taxes that have been paid, or may be payable, by the Borrower or any Subsidiary, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Borrower or have a Material Adverse Effect.

- (t) **Environmental Compliance.** Except as disclosed in Schedule 5.1(f), (i) neither the Borrower nor any of the Subsidiaries is in material violation of any Environmental Laws or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials; (ii) the Borrower and each of the Subsidiaries have all Authorizations required under any applicable Environmental Laws and the Borrower and each of the Subsidiaries is in material compliance with such permits, authorizations and approvals; (iii) there are no pending or to the knowledge of the Credit Parties, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Borrower or any of the Subsidiaries; (iv) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Borrower or any of the Subsidiaries relating to any Environmental Laws; and (v) no Credit Party has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the "National Priorities List" pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to material claims against any Credit Party for any remedial work, damage to natural resources or personal injury, including claims under CERCLA.
- (u) **Corporate Structure.**

- (i) The only Subsidiaries of the Borrower are (A) WC Holdings, and the Borrower holds all outstanding shares in the capital of such Subsidiary; (B) Wilson Creek, and WC Holdings holds all outstanding shares in the capital of such Subsidiary; (C) Maryland Energy, and WC Holdings holds all outstanding shares in the capital of such Subsidiary; and (D) Corsa Penn, and the Borrower holds all outstanding shares in the capital of such Subsidiary.
- (ii) The limited liability company ownership interests in Wilson Creek and Maryland Energy are represented by certificates and such certificates constitute a "security" for purposes of Article 9 of the Uniform Commercial Code in the State of Delaware.

- (iii) As of the date hereof, no person, firm or company has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Borrower or any Subsidiary except for as otherwise disclosed in Schedule 5.1(u).

- (v) **Financial Statements.** The financial statements of the Borrower furnished to the Administrative Agent or filed with any securities commission, have all been prepared in accordance with GAAP and present fully, fairly and correctly in all material respects, the financial conditions of the Borrower as at the dates thereof and the results of the operations and the changes in the financial position of the Borrower for the periods then ended, and reflect accurately and adequately the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Borrower as of the date thereof, and no adverse material changes in the financial position of the Borrower have taken place since the date thereof.

- (w) **Indebtedness.** Neither the Borrower nor any other Credit Party has any Indebtedness except as permitted under this Agreement. Other than as has been expressly disclosed to the Administrative Agent in writing, there exists no default (howsoever described) under any provision of any instrument evidencing any Indebtedness or of any agreement relating thereto.

- (x) **Loans.** The Borrower has not made any loans to or guaranteed the obligations of any Person.

- (y) **No Litigation.** There are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of the Borrower after due inquiry, threatened against or adversely affecting the Borrower or any of the other Credit Parties or to which any of the property or assets thereof is subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may in any way have a Material Adverse Effect and neither the Borrower nor any of the other Credit Parties 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, may result in a Material Adverse Effect.

- (z) **Insolvency.** Neither the Borrower nor any of the other Credit Parties has committed an act of bankruptcy or is insolvent, proposed a compromise or arrangement to their respective creditors generally, had a petition or a receiving order in bankruptcy filed against any of them, made a voluntary assignment in bankruptcy, taken any proceedings with respect to a compromise or arrangement, taken any proceedings to have any of them declared bankrupt or wound-up, taken any proceedings to have a receiver appointed for any of their respective property or had any execution or distress become enforceable or become levied upon any of their respective property.

- (aa) **No Liabilities.** Except as reflected, described or reserved against in the February 29, 2012 financial statements of the Borrower, neither the Borrower nor any Credit Party has any liability of any nature (whether absolute, accrued, contingent or otherwise) except for current liabilities incurred in the ordinary course since February 29, 2012.
- (bb) **Disclosure.** All information relating to the business, assets, liabilities, properties, capitalization or financial condition of the Borrower or any of the other Credit Parties or any member thereof provided by the Borrower or any of its advisors to the Administrative Agent or the Lenders is true, accurate and complete in all material respects.
- (cc) **Auditors.** The Borrower's auditors are independent public accountants and have participant status with the Canadian Public Accountability Board as required under Applicable Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 — *Continuous Disclosure Obligations*) between the Borrower and the Borrower's auditors.
- (dd) **Related Transactions.** Other than as set out in Schedule 5.1(dd), to the best knowledge of the Borrower, none of the directors, officers or employees of the Borrower or 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 Borrower or any other Credit Party which, as the case may be, materially affects, is material to or will materially affect the Borrower.
- (ee) **Insurance.** The assets of the Borrower and the other Credit Parties and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and the Borrower has not failed to promptly give any notice of any material claim thereunder.
- (ff) **Property Agreements.** Any and all of the agreements and other documents and instruments pursuant to which the Borrower or any of the other Credit Parties holds the property and assets thereof are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms and neither the Borrower nor any of the other Credit Parties is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged.
- (gg) **Technical Report.** The information including the mineral reserve and resource information sets forth in the technical reports set out in Schedule 5.1(gg) attached hereto have been prepared in accordance with the requirements of National Instrument 43-101 of the Canadian Securities Administrators, and the method of estimating the mineral reserves and resources has been verified to current industry standards and the information upon which the estimates of reserves and resources were based, was, at the time of preparation thereof, complete and accurate in all

material respects and, to the best of the Borrower's knowledge, there have been no material changes to such information since the date of such changes resulting from the Credit Parties' mining operations in the ordinary course of business, except for the fact that the Winner, Spory, Cramer and Quarry Mine Projects described as "Project 12", "Project 10", "Project 3" and "Project 2", respectively, in the technical report dated November 16, 2010 are either no longer in operation or the Borrower has decided not to pursue the development thereof and accordingly reserves and resources may no longer be attributed to such property.

- (hh) **Royalty Obligations.** Other than the Existing Royalties, there are no royalty obligations or any other rights to the Mines or any other properties of the Borrower or any of the other Credit Parties.
- (ii) **Intellectual Property.** The Borrower and each of the other Credit Parties owns or has the right to use under license, sub-license or otherwise all material intellectual property used by the Borrower and the other Credit Parties in its business, including copyrights, industrial designs, trade marks, trade secrets, know-how and proprietary rights, free and clear of any and all Liens.
- (jj) **Foreign Corrupt Practices Act.** Neither the Borrower nor, to the best of the Borrower's knowledge, any other Person associated with or acting on behalf of the Borrower including, without limitation, any director, officer, agents or employee of the Borrower or the other Credit Parties, has, directly or indirectly, while acting on behalf of the Borrower or the other Credit Parties (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds; (iii) violated any provision of the *Foreign Corrupt Practices Act of 1977*, as amended or similar legislation; or (iv) made any other unlawful payment.
- (kk) **Money Laundering Laws.** The operations of the Borrower and the other Credit Parties are and have been conducted at all times in compliance 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 governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Borrower or any of the Subsidiaries with respect to the Money Laundering Laws is pending, or to the best of the Borrower's knowledge, threatened.
- (ll) **Regulations U and X.** None of the Credit Parties are engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any extension of credit hereunder will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or X. Terms for which meanings are provided in F.R.S. Board Regulations U or X or any

regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

(mm) **ERISA Compliance.**

- (i) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other applicable federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favourable determination or opinion letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and to the best knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. The Borrower and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and, within the last five years, no application for a funding waiver or an extension of any amortisation period pursuant to Section 412 of the Code has been made with respect to any Plan.
- (ii) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Official Body, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.
- (iii) (i) No ERISA Event has occurred within the last five years or is reasonably expected to occur; (ii) no Plan has any Unfunded Pension Liability; and (iii) neither the U.S. Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(nn) **Consents, Approvals, etc.** No consents, approvals, acknowledgements, undertakings, non-disturbance agreements, directions or other documents or instruments are required to be entered into by any Person to make effective the Security (other than the Additional Security) created or intended to be created by the Credit Parties in favour of the Administrative Agent (for the benefit of the Finance Parties) pursuant to the Security Documents and to ensure the perfection and the intended priority of the Security other than financing statements filed in connection with the Security. None of the Credit Parties is an "investment company" within the meaning of the *Investment Company Act* of 1940, 15 U.S.C. Sections 80a - 80b, as amended.

(oo) **Corsa Penn.** Corsa Penn does not carry on any business and does not have any material assets or material liabilities.

- (pp) **No Material Change.** There is not any material change, as defined in Applicable Securities Legislation, relating to the Borrower, or change in any material fact, as defined in Applicable Securities Legislation, relating to the Bonus Shares, the Structuring Fee Shares or the Anniversary Shares which has not been or will not be fully disclosed in accordance with the requirements of Applicable Securities Legislation and the policies of the Exchange.
- (qq) **Security Interests.** Each Security Document creates in favour of the Administrative Agent, for the benefit of the Finance Parties, a legal, valid and enforceable security interest in and Lien on all real property, personal property, assets and collateral purported to be covered thereby, which Liens are prior to all other Liens, other than Permitted Encumbrances.
- (rr) **Trading Restrictions.** No order, ruling of suspending the sale or ceasing the trading in any securities (including the Bonus Shares) of the Borrower nor prohibiting the sale of such securities has been issued by any securities regulatory authority to and is outstanding against the Borrower or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and no investigations or proceedings for such purposes have been threatened or, to the best of the Borrower's knowledge, are pending or contemplated.
- (ss) **Existing Royalties.** Each of the Existing Royalties constitutes an arms-length transaction, or was completed on terms consistent with relations between persons who deal on an arms-length basis, and with the exception of the Wash Plant Royalties, was entered into and is to be performed on commercially standard terms for entities undertaking business substantially similar to that of the Credit Parties.

Section 5.2 Survival of Representations and Warranties.

The representations and warranties in this Agreement and in any certificates or documents delivered to the Administrative Agent and the Lenders shall not merge in or be prejudiced by and shall survive the Advance and shall continue in full force and effect (as of the date made) so long as any amounts are owing by the Credit Parties to the Finance Parties under the Credit Documents.

ARTICLE 6 COVENANTS OF THE BORROWER

Section 6.1 Affirmative Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender or the Administrative Agent has any obligation under this Agreement, the Borrower shall do the following:

- (a) **Comply with Continuous Disclosure Obligations.** It shall timely file all documents that must be publicly filed or sent to its shareholders pursuant to

Applicable Securities Legislation in the Provinces of Canada in which the Borrower is a "reporting issuer" (as such term is defined in such Applicable Securities Legislation) within the time prescribed by such Applicable Securities Legislation and make such documents available on the System for Electronic Document Analysis and Retrieval (SEDAR) within such prescribed time period. In the event the Borrower is not at any time subject to Applicable Securities Legislation, the Borrower shall continue to provide to the Administrative Agent (with sufficient copies for each of the Lenders), (a) within 120 days after the end of each fiscal year, copies of its annual report and audited annual financial statements, and (b) within 60 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 in each of the Reporting Jurisdictions. Each of such reports will be prepared in accordance with disclosure requirements of Applicable Securities Legislation of such Reporting Jurisdictions and GAAP and shall be accompanied by a Compliance Certificate.

- (b) **Monthly Reporting.** Provide to the Administrative Agent (with sufficient copies for each of the Lenders), within 30 days after the end of each calendar month, a report with respect to such month, which report shall be in form and substance satisfactory to the Administrative Agent and shall include a consolidated balance sheet, a consolidated income statement, a consolidated statement of aged trade payables, if provided by management to the Borrower's board of directors a report on the costs incurred and estimated cost to complete (in a form typically provided by management to such board of directors) with respect to each project and such other financial reports and financial summaries as the Administrative Agent may reasonably require.
- (c) **Notice of Litigation, Default, etc.** Notify the Administrative Agent 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 of the other Credit Parties, the Mines or any of the Secured Assets; (iii) any *force majeure* event under any document relating to the Mines or any of the Secured Assets; (iv) the occurrence of any of the following events affecting any ERISA Affiliate (but in no event more than 30 days after such event), and deliver to the Administrative Agent a copy of any notice with respect to such event that is filed with a Governmental Entity and any notice delivered by a Governmental Entity to any ERISA Affiliate with respect to (A) an ERISA Event; (B) a material increase in the Unfunded Pension Liability of any Plan; (C) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by any ERISA Affiliate; or (D) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability. Each notice under this Section shall be accompanied by a written statement by a senior officer of the Borrower setting forth details of the occurrence referred to

therein, and, in the case of clauses (i), (ii) and (iv) above, stating what action the Borrower proposes to take with respect thereto and at what time. Each notice under clause (i) above shall describe with particularity any and all clauses or provisions of any Credit Document that have been (or foreseeably will be) breached or violated.

- (d) **Change in Perfection Certificate.** If any of the information contained in the Perfection Certificate of any Credit Party shall materially change, at the time of delivery of the next-due Compliance Certificate referenced in Section 6.1(a), deliver to the Administrative Agent an updated Perfection Certificate of such Credit Party incorporating such change.
- (e) **Corporate Existence.** Except as herein otherwise expressly provided, maintain, and cause each of the other Credit Parties to at all times maintain, its corporate existence, obtain and maintain all Authorizations required or necessary in connection with their respective Businesses, the Mines and/or any of the Secured Assets and to carry on and conduct their respective Businesses in a reasonably proper and efficient manner.
- (f) **Compliance with Laws, etc.** Comply, and cause each of the other Credit Parties to comply, in all material respects, with all Applicable Laws.
- (g) **Maintenance of Properties.** Maintain, and cause each other Credit Party to maintain, the Secured Assets in good condition in accordance with prudent industry standards.
- (h) **Payment of Taxes and Claims.** It will, and will ensure that each of the Subsidiaries will, pay and discharge or cause to be paid and discharged, promptly when due, all Taxes imposed upon it or any other Credit Party in respect of any of the Secured 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 Taxes or claims if the amount, applicability or validity thereof shall concurrently be contested in good faith by appropriate proceedings diligently conducted.
- (i) **Keeping of Books.** It will, and will cause each of the other Credit Parties to, keep or cause to be kept proper books of account and make or cause to be made therein true and complete entries of all dealings and transactions in relation to their respective Businesses in accordance with GAAP, and at all reasonable times furnish or cause to be furnished to the Administrative Agent such information relating to their respective operations as the Administrative Agent may reasonably request and such books of account shall be open for inspection by the Administrative Agent upon reasonable request.
- (j) **Rights of Inspection.** Permit any employee, officer, agent or other representative of the Administrative Agent and/or any of the Lenders upon reasonable notice

(provided that such requirement shall not apply after an Event of Default), at the expense of the Borrower, to examine and make copies of any abstracts from the records and books of account of the Borrower or any other Credit Party and to discuss any of the Affairs of the Borrower or any other Credit Party with any of its directors, officers, employees, agents, representatives or auditors. At any time and from time to time, to a maximum of one inspection per 12 month period (provided that such limit shall not apply after an Event of Default), upon reasonable request of the Administrative Agent, permit an independent technical engineer selected by the Administrative Agent (it being understood that, unless an Event of Default has occurred, the cost of hiring such independent technical engineers shall be at the expense of the Administrative Agent), any employee, officer, agent or other representative of the Administrative Agent, at the expense of the Borrower, to inspect the Mines and the Business and discuss any of the Affairs of the Borrower or any other Credit Party with any of the personnel of the Borrower or any other Credit Party and third party contractors.

- (k) **Maintenance of Insurance.** It will, and will cause each of the other Credit Parties, to: (i) 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 the Borrower or such other Credit Party (as the case may be) operate, and add the Administrative Agent as loss payee and a named insured under the policies of the Borrower in connection with the Secured Assets; and (ii) on an annual basis and/or at any other time, promptly at the request of the Administrative Agent deliver to the Administrative Agent all certificates and reports prepared in connection with such insurance.
- (l) **Authorizations.** It will, and will ensure that each of the other Credit Parties will, obtain and maintain all required Authorizations and Mining Rights for development and operation of, and production at, the Mines.
- (m) **Protection of Secured Assets.** It will, and will ensure that each of the other Credit Parties will, cause all necessary and proper steps to be taken diligently to protect and defend the Secured Assets and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand.
- (n) **Security.** It will, and will cause each of the other Credit Parties to, ensure that each of the Security Documents will at all times constitute valid and, upon registration in the appropriate registry, perfected first ranking security interest on all the Secured Assets (subject to Permitted Encumbrances), and will at all times take all actions necessary or reasonably requested to create, perfect and maintain the Security as perfected first ranking security over the Secured Assets.
- (o) **Further Assurances.** It will, and will cause each of the other Credit Parties to, duly and punctually perform and carry out all of the covenants and acts or things

to be done by it as provided in each Credit Document to which it is a party. Additionally, the Borrower shall, and shall ensure that each of the other Credit Parties shall, from time to time, as may be reasonably required by the Administrative Agent, 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.

- (p) **Additional Guarantors.** Upon the direct or indirect formation or acquisition by the Borrower of a wholly-owned Subsidiary (or, in the case of Corsa Penn, upon Corsa Penn beginning to carry on business, acquiring material assets or incurring material liabilities), it shall immediately notify the Administrative Agent of such event (a “**Subsidiary Notice**”) and shall promptly cause such Subsidiary to deliver a Perfection Certificate to the Administrative Agent. At any time after receipt of a Subsidiary Notice and the Perfection Certificate of such Subsidiary, the Administrative Agent may, by notice in writing to the Borrower, designate the Subsidiary named in such Subsidiary Notice to comply with this Section 6.1(p) whereupon such Subsidiary shall be a Designated Subsidiary. The Borrower shall, or shall cause each Designated Subsidiary to, within ten (10) Business Days after such Designated Subsidiary becomes a Designated Subsidiary, deliver to the Administrative Agent the following: (a) a Guarantee of such Designated Subsidiary; (b) all necessary Security Documents of such Designated Subsidiary; (c) a Closing Certificate of such Designated Subsidiary; (d) a certified copy of each Material Contract to which such Designated Subsidiary is a party; (e) all of the documents referred to in clauses (j) and (p) of Section 4.1, as such documents would relate to such Designated Subsidiary as a Guarantor; and (f) a certificate of a senior officer of the Borrower certifying that no Default has occurred and is continuing or would occur or arise immediately after or as a result of such Designated Subsidiary becoming an Additional Guarantor hereunder; whereupon such Designated Subsidiary shall become an Additional Guarantor for all purposes of this agreement.
- (q) **Payment.** It will duly and punctually pay or cause to be paid all amounts payable hereunder to each Finance Party, on the dates, at the places, in the currency and in the manner mentioned herein.
- (r) **Share Ownership.** It will at all times own, beneficially and of record, directly or indirectly, 100% of the shares in each of the Guarantors.
- (s) **Private Issuer.** In the event that the Borrower begins filing with the U.S. Securities and Exchange Commission as a Foreign Private Issuer, the Borrower will promptly deliver to the Administrative Agent a certificate of the Borrower certifying such “reporting issuer” status and other information as the Administrative Agent may require at such given time including the Central Index Key (as such term is defined in the *Securities Exchange Act of 1934*) that has been assigned for filing purposes.

- (t) **Mines.** It will, and will cause each of the Credit Parties to, diligently and continuously proceed with the development, operation, production and reclamation of such of the Mines as are being developed or are in production as of the date hereof, provided that, unless in the Borrower's reasonable opinion, it is not reasonably feasible to do so. Notwithstanding the foregoing, the Borrower shall, and shall cause each applicable Credit Party to, at all times, diligently and continuously proceed with the development, operation and production of the Casselman Mine.
- (u) **Common Shares.** It shall take all reasonable steps and actions as may be required to maintain the listing and posting for trading of the Common Shares on the Exchange and to maintain its status as a "reporting issuer", or the equivalent thereof not in default of the requirements of the Applicable Securities Legislation of each of the Reporting Jurisdictions.
- (v) **Compliance with ERISA.** It shall, and shall cause each of the ERISA Affiliates to: (i) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other applicable federal or state law; (ii) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (iii) make all required contributions to any Plan subject to Section 412 of the Code.
- (w) **Additional Security.** Upon the occurrence of any adverse change in respect of any of the Credit Parties, as determined in the sole discretion of the Administrative Agent (including, without limitation, an adverse change in respect of the operations, plans, permits, directors and or level of current liabilities, in each case with respect to any of the Credit Parties), the Borrower shall, and shall cause each of the other Credit Parties to, as applicable, grant the Additional Security in favour of the Administrative Agent for the benefit of the Credit Parties. In the event that the Administrative Agent requires the Bank Account Control Agreements to be obtained, such agreements shall be obtained within 30 days of the Administrative Agent's request. In the event that any consent, authorization or other form of approval is required to be obtained in connection with the granting of any Additional Security on property that is deemed material by the Majority Lenders, acting reasonably, the Borrower shall, and shall cause each other applicable Credit Party, to use its commercially reasonable efforts to obtain, or cause to be obtained, any such consent, authorization or approval.
- (x) **Current Ratio.** It shall maintain the Current Ratio in an amount of at least 1.0 to 1.0 at all times.
- (y) **Casselman Mine Title Opinion.** It shall deliver, or cause to be delivered, as the case may be, at its expense, the Casselman Mine Title Opinion, in form and substance reasonably satisfactory to the Administrative Agent, not later than August 10, 2012.

- (z) **Ratification of Corporate Acts of Guarantors.** It will, not later than July 5, 2012, cause the board of directors of WC Holdings, the sole member of Maryland Energy and the manager of Wilson Creek, to adopt resolutions to ratify (i) the issuance of capital stock and membership interests, as applicable, of such entities, and (ii) such other corporate or limited liability actions, in each case as the Administrative Agent deems reasonably necessary to clarify prior actions of such entities.
- (aa) **As-Extracted Collateral Filings.** At least ninety (90) calendar days prior to commencing any new mining operations and immediately upon the acquisition of any active mining operations or additional properties associated with its existing operations (whether owned in fee or leased), the Borrower shall, and shall cause each other applicable Credit Party to, promptly and diligently cooperate with and assist, at its own expense, the Administrative Agent in procuring any and all recordings, filings, consents and other information (including UCC filings on any as-extracted collateral as may be necessary) necessary to perfect and protect the Administrative Agent's Lien in all of the Borrower's and each other Credit Party's as-extracted collateral. Each Loan Party hereby appoints any officer or agent of the Administrative Agent, as its true and lawful attorney, for it and in its name, place and stead, to make, execute, deliver, and cause to be recorded or filed any or all such assignments, memorandum of leases, leases, financing statements and additional documents and agreements relating thereto, granting unto said attorney full power to do any and all things said attorney may consider reasonably necessary or appropriate to be done to perfect and protect the Administrative Agent's Lien on the Collateral as fully and effectively as such Loan Party might or could do, and hereby ratifying and confirming all its said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and all transactions hereunder. All costs and expenses incurred by the Administrative Agent in connection with the exercise of the rights under this Section 6.1(aa) shall be paid by the Borrower on demand of the Administrative Agent.
- (bb) **Insurance Endorsements.** It shall deliver, or cause to be delivered, as the case may be, at its expense, insurance policy endorsements in respect of (x) the commercial lines policy with a policy number of CNA 4230168-42 and (y) the energy industries policy with a policy number of 3711-44-98 PIT, in each case in form and substance acceptable to the Administrative Agent, not later than June 29, 2012.

Section 6.2 Negative Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender or the Administrative Agent has any obligation under this Agreement, the Borrower shall not, and shall ensure that none of the other Credit Parties shall:

- (a) **Debt.** Directly or indirectly issue, incur, assume or otherwise become liable for or in respect of any Indebtedness except for Permitted Indebtedness.
- (b) **Liens.** Directly or indirectly create, incur, assume, permit or suffer to exist any Lien against any of their assets, including, without limitation, any of the Secured Assets, other than Permitted Encumbrances.
- (c) **Dissolution, Etc.** Enter into or become party or subject to any amalgamation, merger, dissolution, winding-up, reorganization, arrangement or similar transaction or proceeding.
- (d) **Disposal of Assets Generally.** Dispose of any of the Secured Assets, except that it may Dispose of (i) inventory in the ordinary course of business, (ii) equipment, vehicles and other assets provided that the proceeds of any such Disposal is used to acquire equivalent replacement assets within 60 days of any such Disposal and (iii) any used or surplus or obsolete equipment, vehicles and other assets in the ordinary course of business and on arm's length terms provided that the fair market value of such equipment, vehicles and/or other assets, when aggregated with the fair market value of all other assets disposed of since the date of this Agreement and all outstanding Financial Assistance permitted pursuant to Section 6.2(j), does not exceed \$1,000,000 in aggregate and it may otherwise Dispose of assets for aggregate Disposal Proceeds since the date hereof not exceeding \$1,000,000 if Section 2.5(1)(a) is complied with in connection with the Disposal Proceeds relating to such Disposals. Notwithstanding the foregoing, the Borrower shall not suffer or permit Wilson Creek to Dispose of the Wash Plant and shall not suffer or permit the Disposal of any shares of any of the Subsidiaries.
- (e) **Prepayments of Indebtedness.** 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, any Indebtedness other than the Indebtedness under this Agreement or any other Credit Documents in accordance with the terms hereof and thereof.
- (f) **Payments to Senior Officers.** Make any payments to any senior officers of any of the Credit Parties except for normal course salaries, bonuses, severance payments, reasonable consulting fees and the reimbursement of reasonable expenses.
- (g) **Transactions with Affiliates.** 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 or any Subsidiary (each, an "Affiliate Transaction") other than:
 - (i) an Affiliate Transaction that, based on a certificate of the Borrower to that effect, is on terms that are no less favourable than those that would have been obtained in a comparable arm's length transaction with a person who

is not a “related person”, as such term is defined in the *Bankruptcy and Insolvency Act* (Canada);

- (ii) any transactions between Credit Parties; or
 - (iii) customary indemnities of officers and directors, payments of reasonable fees to directors and the reasonable issuance of directors’ shares.
- (h) **Share Capital.** Other than common shares or non-debt securities convertible into common shares issuable by the Borrower, issue any securities other than to the Borrower or to another Credit Party unless the terms of the applicable Credit Documents are complied with in connection with such issuance.
- (i) **Distributions.** Other than for the purposes of satisfying the Facility Debt and Distributions by a Credit Party to the Borrower, declare or pay any dividends or make any distributions on any of its equity securities (“**Distributions**”).
- (j) **Financial Assistance.** Provide any Financial Assistance to any Person, except that it may provide Financial Assistance to another Credit Party and it may provide Financial Assistance that:
- (i) when aggregated with all other Financial Assistance provided hereunder, does not exceed \$1,000,000;
 - (ii) when aggregated with the aggregate consideration for acquisitions or incorporations permitted pursuant to Section 6.2(l), does not exceed \$1,000,000;
 - (iii) when aggregated with the aggregate of all Permitted Indebtedness incurred or owed by the Borrower or any Subsidiary, does not exceed \$1,000,000; and
 - (iv) when aggregated with the aggregate fair market value of the Secured Assets disposed of pursuant to Section 6.2(d), does not exceed \$1,000,000.

For the purposes of this Section 6.2(j), “**Financial Assistance**” means any advances, loans or other extensions of credit to any Person.

- (k) **Redemption.** Purchase, redeem, retire or otherwise acquire for cash any securities (equity or other) of the Borrower or any other Credit Party.
- (l) **Subsidiaries and Acquisitions.** Directly or indirectly acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company if the consideration for such acquisition or incorporation in any Financial Year of the Borrower, when aggregated with the consideration for all other acquisitions and/or incorporations during such Financial Year of the Borrower and all outstanding Financial Assistance permitted pursuant to Section 6.2(j), exceeds \$1,000,000, unless the consideration for such

acquisition is consideration other than (i) cash or (ii) the incurrence of Indebtedness.

- (m) **Constating Documents.** Amend any of its constating documents if such amendment is or could reasonably be expected to be prejudicial to any of the Finance Parties.
- (n) **Material Contracts.** Amend or waive any provision of any Material Contract or the Wash Plant Agreement in any manner that could, in the reasonable opinion of the Administrative Agent, be materially adverse to the interests of any of the Finance Parties without the prior written consent of the Administrative Agent.
- (o) **Change in Business.** Engage in the conduct of any business other than the Business as existing on the date hereof or in businesses reasonably related thereto on a basis consistent with the conduct of the Business as conducted on the date hereof.
- (p) **Sale-Leaseback.** Other than transactions permitted under this Agreement with respect to the Leased Equipment, enter into any sale leaseback, synthetic lease or similar transaction involving any of its assets.
- (q) **Contracting Out.** Unless the Administrative Agent has otherwise provided written consent in respect thereof, contract out any of the assets of the Wash Plant or any other material assets of the Credit Parties other than contracting for coal preparation with a third party on customary and normal commercial terms.
- (r) **Existing Royalties.** Amend, or permit any other Credit Party to amend, any provision of any of the Existing Royalties which would materially increase the applicable Credit Party's obligations thereunder.
- (s) **Future Royalties.** Shall enter, or permit any other Credit Party to enter, into any Future Royalties other than those which are entered into on an arms-length basis and on commercially standard terms for entities undertaking business substantially similar to that of the Credit Parties.

ARTICLE 7 EVENTS OF DEFAULT

Section 7.1 Events of Default.

If any of the following events (each, an "Event of Default") occurs and is continuing:

- (a) **Non-Payment.** The Borrower fails to pay any amount of the Outstandings, any interest or any Fees within two (2) days from such date when such amount, interest or Fees become due and payable;
- (b) **Misrepresentation.** Any representation or warranty or certification made or deemed to be made by the Borrower or any Subsidiary in any Credit Document

shall prove to have been 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 ten (10) days from the date the Borrower or such Subsidiary becomes aware of such incorrect or misleading representation, warranty or certification;

- (c) **Breach of Negative Covenants.** The Borrower or any Subsidiary fails to perform, observe or comply with any of the covenants or conditions contained in Section 6.2 of this Agreement and, with respect to such covenants or conditions which are capable of rectification, if such failure continues for a period of ten (10) days after notice in writing has been given to the Borrower specifying such failure and requiring the Borrower or the Subsidiary to rectify the same;
- (d) **Breach of Other Covenants.** The Borrower or any Subsidiary fails to perform, observe or comply with any covenants or conditions contained in any Credit Document (other than the covenants and conditions contained in Section 6.2 hereof) and, with respect to such covenants or conditions which are capable of rectification, if such failure continues for a period of ten (10) days after notice in writing has been given to the Borrower specifying such failure and requiring the Borrower or the Subsidiary to rectify the same;
- (e) **Cross-Default.** The Borrower or any Subsidiary 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 \$1,000,000 (or the equivalent amount in any other currency) when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace 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;
- (f) **Judgments.** A final judgment or decree for the payment of money in excess of \$1,000,000, individually or \$1,000,000 on a cumulative basis, is rendered against the Borrower and/or any Subsidiary by a court having jurisdiction and within a period of thirty (30) days thereafter such judgment or decree shall not have been and remain satisfied, vacated or discharged or stayed pending appeal within the applicable appeal period;
- (g) **Insolvency.** The Borrower or any Subsidiary (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to

pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or (z) the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any action to authorize any of the above actions or otherwise indicates its consent to, approval of or acquiescence in, any of the above actions;

- (h) **Guarantee/Security Imperilled.** Any one or more of the Security Documents ceases to be in full force and effect or to constitute a valid and perfected first-priority Lien upon all the Secured Assets it purports to charge or encumber, in favour of any Finance Party;
- (i) **Material Adverse Effect.** Any change of circumstances or the occurrence of any event which could reasonably be expected to have a Material Adverse Effect;
- (j) **Credit Documents.** If this Agreement or any other Credit Document shall for any reason, or is claimed by the Borrower or any Subsidiary to, cease in whole or in any part to be a legal, valid, binding and enforceable obligation of the Borrower or the applicable Subsidiary;
- (k) **ERISA Event.** If an ERISA Event shall occur with respect to a Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in (i) liability of any Credit Party under Title IV of ERISA to the Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$500,000; (ii) the aggregate amount of Unfunded Pension Liability among all Plans at any time exceeds \$500,000; or (iii) any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$500,000;

then the Administrative Agent may, and shall at the request of the Majority Lenders, declare the Outstandings, all accrued interest and Fees and all other amounts payable under this Agreement to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Borrower.

Section 7.2 Remedies Upon Default.

- (1) Upon a declaration that the Outstandings are immediately due and payable pursuant to Section 7.1, the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders, commence such legal or equitable action or proceedings, and exercise such rights and remedies, as the Majority Lenders, in their sole and absolute discretion after consultation with the Lenders, deem expedient, including, the commencement of enforcement proceedings under the Credit Documents all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Borrower. Upon the occurrence of an Event of Default, the Administrative Agent shall have, and may exercise, all of its rights and remedies under this Agreement and the other Credit Documents as well as all other rights and remedies available at law or in equity.
- (2) The rights and remedies of the Administrative Agent and the Lenders under the Credit Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies. Nothing contained in the Credit Documents with respect to the indebtedness or liability of the Borrower to the Administrative Agent and the Lenders, nor any act or omission of the Administrative Agent or the Lenders with respect to the Credit Documents or the Security shall in any way prejudice or affect the rights, remedies and powers of the Administrative Agent and the Lenders under the Credit Documents and the Security.

**ARTICLE 8
THE ADMINISTRATIVE AGENT AND THE LENDERS**

Section 8.1 Authorization and Action.

- (1) Each Finance Party irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to it by the terms of this Agreement, together with all powers reasonably incidental thereto. As to any matters not expressly provided for by this Agreement, the Administrative Agent shall act or refrain from acting (and shall be fully protected in so doing) upon the instructions of the Majority Lenders which instructions shall be binding upon all Lenders. The Administrative Agent shall not be required to take any action which (i) would expose it to personal liability, (ii) is contrary to this Agreement or any Applicable Law, (iii) would require it to become registered to do business in any jurisdiction or (iv) would subject it to taxation.
- (2) The Administrative Agent shall have no duties or obligations other than as set out in this Agreement and there shall not be construed against the Administrative Agent any implied duties (including fiduciary duties), obligations or covenants. The Administrative Agent may execute or perform, and may delegate the execution and performance of, any of its powers, rights, discretions and duties under the Credit Documents through or to any Persons designated by it. References in any Credit Document to the Administrative Agent shall include references to any such Persons.

- (3) The Administrative Agent is not obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Credit Documents, or (ii) incur or subject itself to any cost in connection with the Credit Documents, unless it is first specifically indemnified or furnished with security by the Lenders, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).
- (4) The Administrative Agent shall promptly deliver to each Lender any notices, reports or other communications contemplated in this Agreement which are intended for the benefit of the Lenders.

Section 8.2 No Liability.

Neither the Administrative Agent nor its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them in connection with the Credit Documents except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Administrative Agent (i) may treat each Lender as the payee of amounts attributable to its Commitment, (ii) may consult with legal counsel (including legal counsel for the Borrower), independent accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in accordance with their advice, (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for the form, substance, accuracy or completeness of any Credit Document or any other documents or information made available to the Lenders, (iv) has no duty to inspect the property or assets (including books and records) of the Borrower or any other Person, (v) has no duty to ascertain or inquire as to the existence of a Default or the observance of any of the terms or conditions of the Credit Documents, (vi) is not responsible to any Lender for the execution, enforceability, genuineness, sufficiency or value of any of the Credit Documents, and (vii) shall incur no liability by acting upon any notice, certificate or other instrument believed by it to be genuine and signed or sent by the proper Person.

Section 8.3 Accommodations by Administrative Agent.

The Administrative Agent has the same rights and powers under this Agreement with respect to its Commitment as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent. The term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries or any Person who may do business with or own securities of such Persons, all as if it were not the Administrative Agent and without any duty to account to the Lenders.

Section 8.4 Holding of Security; Sharing of Payments, etc.

- (1) The Security shall be held by the Administrative Agent or any Person designated by the Administrative Agent for the benefit of the Finance Parties in accordance with its terms and any proceeds from any realization of the Security shall be applied to the Outstandings to each Lender in accordance with Section 2.8 of this Agreement.

- (2) Each Lender agrees with the other Lenders that it will not, without the prior consent of the other Lenders, take or obtain any Lien on any properties or assets of any Credit Party to secure the obligations of the Borrower under this Agreement, except for the benefit of all Lenders or as may otherwise be required by Applicable Law.
- (3) Subject to Section 2.8, if a Lender obtains any payment (whether voluntary, involuntary or through the exercise of any right of set off or realization of Security) on account of the Advance made by it (other than amounts paid pursuant to Section 8.6) in excess of its rateable share of payments obtained by all the Lenders, such Lender shall account to and pay over to the other Lenders their rateable share and shall, upon request, immediately purchase from the other Lenders such participations in the Advance made by the other Lenders as shall be necessary to cause the purchasing Lender to share the excess payment rateably with the other Lenders. If all or any portion of the excess payment is recovered from the purchasing Lender, the purchase price shall be rescinded and each Lender shall repay to the purchasing Lender the purchase price to the extent of the recovery together with an amount equal to the Lender's rateable share (according to the proportion that the amount the Lender's required repayment bears to the total amount recovered from the purchasing Lender) of any interest or other amount paid by the purchasing Lender in respect of the total amount recovered. The Lender purchasing a participation from another Lender pursuant to this Section 8.4 may, to the fullest extent permitted by Applicable Law, exercise all its rights of payment (including any right of set off) with respect to such participation as fully as if the Lender were a direct creditor of the Borrower in the amount of the participation and the Borrower expressly acknowledges the creation of such right.

Section 8.5 Lender Credit Decisions.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

Section 8.6 Indemnification.

Each Lender shall indemnify and save the Administrative Agent harmless (to the extent not otherwise reimbursed by the Borrower) rateably from any claim or loss suffered by, imposed upon or asserted against the Administrative Agent as a result of, or arising out of, the Credit Documents or any action taken or omitted by the Administrative Agent under the Credit Documents provided that no Lender shall be liable for any part of such loss resulting from the gross negligence or wilful misconduct of the Administrative Agent in its capacity as agent. Without limiting the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its rateable share of any out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, the Credit Documents (to the extent not otherwise reimbursed by the Borrower).

Section 8.7 Liability of the Lenders inter se.

Each of the Lenders agrees with each of the other Lenders that, except as otherwise expressly provided in this Agreement, none of the Lenders has or shall have any duty or obligation, or shall in any way be liable, to any of the other Lenders in respect of the Credit Documents or any action taken or omitted to be taken in connection with them.

Section 8.8 Successor Agents.

The Administrative Agent may resign at any time by giving written notice to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Administrative Agent. Upon notice of any resignation, the Majority Lenders have the right to appoint a successor Administrative Agent. If no successor Administrative Agent is appointed or has accepted the appointment within thirty days after the retiring Administrative Agent's notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent. Upon the acceptance of the appointment by a successor Administrative Agent, the successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent.

Section 8.9 Release of Security.

- (1) The Administrative Agent, on behalf of each Lender, agrees to release the Security attaching to a Secured Asset at the written request of the Borrower to permit any Credit Party to enter into a capital lease or sale lease back for Leased Equipment that is permitted pursuant to the terms of this Agreement.
- (2) Upon each Credit Party's repayment in full of all obligations owing to the Administrative Agent and each of the Lenders under all of the Credit Documents, the Administrative Agent shall, at the written request and sole expense of the Borrower, promptly execute such documents as are reasonably required to discharge the Security.

**ARTICLE 9
MISCELLANEOUS**

Section 9.1 Amendments, etc.

- (1) Subject to Section 9.1(2), no amendment or waiver of any provision of any of the Credit Documents, nor consent to any departure by any Credit Party or any other Person from any such provision, is effective unless in writing and approved by the Majority Lenders. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.
- (2) Only written amendments, waivers or consents signed by each affected Lender shall (i) increase such Lender's Commitment, (ii) reduce the principal or amount of, or interest on, any Outstanding or any Fees payable to such Lender, or (iii) postpone any date fixed

for any payment to such Lender of principal of, or interest on, any Outstandings or any Fees. The consent of all Lenders will be required to (i) change (y) the percentage of the Commitments, or (z) the number or percentage of Lenders required for the Lenders, or any of them, or the Administrative Agent, to take any action, (ii) permit any termination of any of the Security Documents, (iii) amend Section 2.8, or (iv) amend this Section 9.1(2).

- (3) Only written amendments, waivers or consents signed by the Administrative Agent in addition to the Majority Lenders, shall affect the rights or duties of the Administrative Agent under the Credit Documents.

Section 9.2 Waiver.

- (1) No failure on the part of a Lender or the Administrative Agent to exercise, and no delay in exercising, any right under any of the Credit Documents shall operate as a waiver of such right; nor shall any single or partial exercise of any right under any of the Credit Documents preclude any other or further exercise of such right or the exercise of any other right.
- (2) Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on, and shall survive, the Advance and, notwithstanding the Advance or any investigation made by or on behalf of any Party, shall continue in full force and effect. The closing of this transaction shall not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 9.3 Evidence of Indebtedness and Borrowing Notice.

- (1) The indebtedness of the Borrower resulting from the Advance shall be evidenced by the records of the Lenders (or the Administrative Agent acting on behalf of the Lenders) which shall constitute *prima facie* evidence of such indebtedness absent manifest error, provided however that the Lenders or the Administrative Agent shall covenant to keep accurate books and records of such indebtedness.
- (2) Prior to the receipt of the Borrowing Notice, the Administrative Agent may act on the basis of a notice by telephone (containing the same information as would be contained in the Borrowing Notice) believed by it to be from an authorized person representing the Borrower. In the event of a conflict between the Administrative Agent's record of the Advance and the Borrowing Notice, the Administrative Agent's record shall prevail, absent manifest error.

Section 9.4 Notices, etc.

Any notice, direction or other communication to be given under this Agreement shall, except as otherwise permitted, be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

- (a) to the Borrower at:

Suite 601 - 110 Yonge Street
Toronto, Ontario
M5C 1T4

Attention: Chief Executive Officer
Facsimile: 416 214 1099

(b) to the Administrative Agent at:

Sprott Resource Lending Partnership
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2750
Toronto, Ontario

Attention: Chief Executive Officer
Facsimile: 416 977 7333

and, if to the Lenders, to them at the addresses shown on the signature pages. Any such communication shall be deemed to have been validly and effectively given if (i) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day and (ii) transmitted by facsimile, electronic mail or similar means of recorded communication, on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

Section 9.5 Costs, Expenses and Indemnity.

- (1) The Borrower shall indemnify and hold each of the Lenders and the Administrative Agent and each of their respective officers, directors, employees and agents (each, an "**Indemnified Person**") harmless from, and shall pay to such Indemnified Person promptly (and in any event within five Business Days of demand) any amounts required to compensate the Indemnified Person for, any cost, expense, claim or loss suffered by, imposed on, or asserted against, the Indemnified Person (including, without limitation, legal fees on a solicitor and own client basis and other out-of-pocket expenses) as a result of, connected with or arising out of (i) any of the Credit Documents or any action taken or omitted by any Indemnified Person under or in relation to any of the Credit Documents except to the extent caused by the gross negligence or wilful misconduct of the Indemnified Party; (ii) the due diligence review undertaken by the Original Lenders and the preparation, negotiation, execution and delivery of, preservation of rights under, enforcement of, or refinancing, renegotiation or restructuring of, the Credit Documents and any related amendment, waiver or consent, (iii) the exercise of the rights, powers and/or duties of the Administrative Agent and/or the Lenders with respect to the administration of the Facility, the Credit Documents or any transaction contemplated under the Credit Documents, (iv) a default (whether or not constituting a Default or an Event of Default) by the Borrower, (v) any proceedings brought by or against the Indemnified Person, or in which the Indemnified Person otherwise participates, due to its

entering into or being a party of any of the Credit Documents, or by reason of its exercising or performing, or causing the exercise or performance of, any right, power or duty under any of the Credit Documents or otherwise in connection with its interest in any Security, whether or not such proceedings are directly related to the enforcement of any Credit Document, except to the extent caused by the gross negligence or wilful misconduct of the Indemnified Person; and (vi) the presence of any Contaminants at, on or under, or the discharge or likely discharge of any Contaminants from, any of the Subject Properties or any of the properties now or previously used by the Credit Parties, or the breach by or noncompliance with any Environmental Law by any mortgagor, owner or lessee of such properties. The Administrative Agent acknowledges that the Borrower deposited with it on May 10, 2012 a retainer in the amount of \$100,000 which is non-refundable and is to be applied to the fees and expenses referred to in clause (ii) above. If, at any time, such fees and expenses exceed such amount, the Borrower shall forthwith pay such excess fees and expenses. Any balance of such retainer which remains after the payment of such fees and expenses may be retained by the Administrative Agent for the benefit of the Original Lenders as additional compensation for the due diligence review and the negotiation and preparation of the Term Sheet.

- (2) If, with respect to any Finance Party, (i) any change in any law, rule, regulation, judgment or order of general application, or any change in the interpretation or application of such law, rule, regulation, judgment or order, occurring or becoming effective after this date, or (ii) compliance by such Finance Party with any direction, request or requirement (whether or not having the force of law) of any Governmental Entity made or becoming effective after the date, has the effect of causing any loss to such Finance Party or reducing such Finance Party's rate of return by (w) increasing the cost to such Finance Party of performing its obligations under this Agreement or in respect of any Outstandings (including the costs of maintaining any capital, reserve or special deposit requirements but other than a reduction resulting from a higher rate or from a change in the calculation of income or capital tax relating to such Finance Party's income or capital in general), (x) requiring such Finance Party to maintain or allocate any capital or additional capital or affecting its allocation of capital in respect of its obligations under this Agreement or in respect of any Outstandings, (y) reducing any amount payable to such Finance Party under this Agreement or in respect of any Outstandings, (z) causing such Finance Party to make any payment or to forego any return on, or calculated by reference to, any amount received or receivable by such Finance Party under this Agreement or in respect of any Outstanding, then such Finance Party may give notice to the Borrower specifying the nature of the event giving rise to the loss and the Borrower may either, (i) on demand, pay such amounts as such Finance Party specifies is necessary to compensate it for any such loss or (ii) if such Finance Party is a Lender and provided no loss has yet been suffered by such Finance Party or the Borrower has paid the compensating amount to such Finance Party, repay the Outstandings and terminate such Lender's Commitment. A certificate as to the amount of any such loss submitted in good faith by such Finance Party to the Borrower shall be conclusive and binding for all purposes, absent manifest error.
- (3) The Borrower shall pay to each Finance Party on demand any amounts required to compensate such Finance Party for any loss suffered or incurred by it as a result of the

failure of the Borrower to effect the Advance in the manner and at the time specified in the Borrowing Notice, or the failure of the Borrower to make a payment or a mandatory repayment in the manner and at the time specified in this Agreement. A certificate as to the amount of any loss submitted in good faith by a Finance Party to the Borrower shall be conclusive and binding for all purposes, absent manifest error.

- (4) The provisions of this Section 9.5 shall survive the termination of this Agreement and the repayment of the Facility Debt. The Borrower acknowledges that neither its obligation to indemnify nor any actual indemnification by it of any Finance Party or any other Indemnified Person in respect of such Person's losses for the legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

Section 9.6 Taxes and Other Taxes.

- (1) All payments to the Lenders by any Credit Party under any of the Credit Documents shall be made free and clear of and without deduction or withholding for any and all Taxes imposed by Canada, the United States of America or any other relevant jurisdiction (which for greater certainty does not include a jurisdiction in which Taxes are imposed because of an action of a Finance Party) or any political subdivision or taxing authority of it, unless such Taxes are required by Applicable Law to be deducted or withheld. If any Credit Party shall be required by Applicable Law to deduct or withhold any such Taxes from or in respect of any amount payable under any of the Credit Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 9.6(1)), the Lenders receive an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) such Credit Party shall make such deductions or withholdings, and (iii) such Credit Party shall immediately pay the full amount deducted or withheld to the relevant Governmental Entity in accordance with Applicable Law.
- (2) The Borrower agrees to immediately pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, financial institutions duties, debits taxes or similar levies (all such taxes, charges, duties and levies being referred to as "**Other Taxes**") which arise from any payment made by any Credit Party under any of the Credit Documents or from the execution, delivery or registration of, or otherwise with respect to, any of the Credit Documents.
- (3) The Borrower shall indemnify the Lenders and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Borrower under this Section 9.6) imposed by Canada, the United States of America or any other relevant jurisdiction (which for greater certainty does not include a jurisdiction in which Taxes or Other Taxes are imposed because of an action of a Finance Party) that is paid or incurred by the Lenders or the Administrative Agent and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes or Other Taxes, whether or not

they were correctly or legally asserted; provided that each Finance Party agrees to promptly repay to the Borrower any amount paid by the Borrower to such Finance Party for Taxes or Other Taxes that are ultimately determined (without any right to appeal) to be incorrectly or not legally assessed. The Borrower will not be required to indemnify a Finance Party, and no amounts will be payable under this Section 9.6 for:

- (a) any Taxes or Other Taxes imposed by reason of such Finance Party being connected with Canada, the United States of America or any other relevant jurisdiction otherwise than merely by lending money to the Borrower pursuant to this Agreement;
- (b) any Taxes or Other Taxes to the extent such Taxes or Other Taxes are imposed on or calculated by reference to the net income or capital (excluding any amounts deemed to be included in such Finance Party's income by virtue of a payment under this Agreement that is not actually received by that Finance Party) of such Finance Party;
- (c) any Taxes or Other Taxes arising solely from the failure of the Finance Party to reasonably comply with a timely written request of any Credit Party to provide information concerning such Finance Party's nationality, residence, entitlement to treaty benefits, identity or connection with a jurisdiction or to make any timely or valid declaration or similar claim or satisfy any certification information or other reporting requirement, if and to the extent that due and timely compliance with such request would have reduced or eliminated any amounts payable under this Section 9.6 which would have otherwise been payable to such Finance Party but for this clause; or
- (d) any combination of the above clauses in this proviso.

Payment under this indemnification shall be made within 10 days from the date the Administrative Agent or the relevant Lender, as the case may be, make written demand for it. A certificate as to the amount of such Taxes or Other Taxes submitted to the Borrower by the Administrative Agent or the relevant Lender shall be conclusive evidence, absent manifest error, of the amount due from the Borrower to the Administrative Agent or the relevant Lender, as the case may be.

- (4) The Borrower shall furnish to the Administrative Agent and the Lenders the original or a certified copy of each receipt evidencing payment of Taxes or Other Taxes made by the Borrower within 10 days after the date of any payment of such Taxes or Other Taxes.
- (5) If any Lender is, in its sole opinion, entitled to claim a refund or able to apply for or otherwise take advantage of any tax credit, tax deduction or similar benefit by reason of any withholding or deduction made by the Borrower in respect of a payment made by it under this Agreement, which payment shall have been increased pursuant to Section 9.6(1), then such Lender will use reasonable effort to obtain the refund, credit, deduction or benefit and upon credit or receipt of it will pay to the Borrower, the amount (if any) not exceeding the increased amount paid by the Borrower, as equals the net after-tax

value to such Lender of that part of the refund, credit, deduction or benefit as it considers is allocable to such withholding or deduction having regard to all of its dealings giving rise to similar credits, deductions or benefits in relation to the same tax period and to the cost of obtaining the same. Nothing contained in this Section 9.6(5) shall interfere with the right of any Finance Party to arrange its tax affairs in whatever manner it deems fit (in its sole and absolute discretion) and in particular, no Finance Party shall be under any obligation to claim relief from its corporate profits or similar tax liability in respect of any deduction or withholding in priority to any other relief, claims, credits or deductions available to it and no Finance Party shall be obligated to disclose to the Borrower any information regarding its tax affairs, tax computations or otherwise.

- (6) The provisions of this Section 9.6 shall survive the termination of the Agreement and the repayment of all Outstandings.
- (7) Each Lender who is a non-resident of Canada will, at the request of the Borrower, confirm whether or not the Lender is, to its knowledge, neither a 'specified non-resident shareholder' (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada) of the Borrower nor a non-resident of Canada who does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada) with any 'specified shareholder' (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada) of the Borrower.

Section 9.7 Successors and Assigns.

- (1) This Agreement shall become effective when executed by the Borrower, the Administrative Agent and each Original Lender and after that time shall be binding upon and enure to the benefit of the Borrower, the Lenders and the Administrative Agent and their respective successors and permitted assigns.
- (2) The Borrower shall not have the right to assign and/or transfer any of its rights or obligations under any of the Credit Documents without the prior consent of all the Finance Parties, which consent may be unreasonably withheld.
- (3) Without the prior written consent of the Borrower, each Lender may grant participations in all or any part of its interest in the Facility to one or more Persons (each, a "**Participant**"). At any time, any Lender may assign and/or transfer all or any part of its rights and/or obligations under the Facility and/or any of the Credit Documents to one or more Persons (each, an "**Assignee/Transferee**") without the consent of the Borrower provided that the aggregate amount of the Advance and the Commitments to which such assignment or transfer relates is not less than (i) \$2,000,000 or (ii) if the aggregate amount of the Advance and the Commitments of such Lender is less than \$2,000,000, then such amount. The Administrative Agent's consent shall be required with respect to any assignment or transfer that is in an amount less than \$2,000,000. Any Lender granting a participation shall, unless otherwise expressly provided in this Agreement, act on behalf of all of its Participants in all dealings with the Borrower in respect of the Facility and no Participant shall have any voting or consent rights with respect to any matter requiring such Lender's consent. In the case of an assignment or transfer, the Assignee/Transferee shall have the same rights and benefits and be subject to the same

limitations under the Credit Documents as it would have if it was a Lender. Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, the Borrower's consent shall not be required in respect of any participation or assignment.

- (4) The Borrower shall provide such certificates, acknowledgments and further assurances in respect of this Agreement and the Facility as any Lender may reasonably require in connection with any participation, assignment or transfer pursuant to this Section 9.7.
- (5) In the case of an assignment or transfer, the assigning or transferring Lender and the Borrower shall be released from their respective obligations under this Agreement (to the extent of such assignment or transfer) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment or transfer.
- (6) Any assignment, transfer or grant of participation pursuant to this Section 9.7 will not constitute a repayment by the Borrower to the assigning, transferring or granting Lender of the Advance, nor a new advance to the Borrower by the Lender or by the Assignee/Transferee or Participant, as the case may be, and the parties acknowledge that the Borrower's obligations with respect to the Advance will continue and will not constitute new obligations.
- (7) Unless the Administrative Agent otherwise agrees and excluding an assignment or transfer to an Affiliate of a Lender, an Assignee/Transferee shall, on the date upon which the relevant assignment or transfer takes effect, pay to the Administrative Agent (for its own account) a fee of \$5,000.

Section 9.8 Right of Set-off.

Upon the occurrence and during the continuance of any Event of Default, each Lender is authorized at any time and from time to time, to the fullest extent permitted by law (including general principles of common-law), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by it to or for the credit or the account of any Credit Party against any and all of the obligations of any Credit Party under any of the Credit Documents, irrespective of whether or not such Lender has made demand under any of the Credit Documents. Each Lender shall promptly notify the Borrower after any set off and application is made by it, provided that the failure to give notice shall not affect the validity of the set off and application. The rights of the Lenders under this Section 9.8 are in addition to any other rights and remedies (including all other rights of set-off) which the Lenders may have.

Section 9.9 Advance by Lenders.

The failure of any Lender to make the Advance shall not relieve any other Lender of its obligations in connection with the Advance, but no Lender is responsible for any other Lender's failure in respect of the Advance. Unless the Administrative Agent receives notice from any Lender prior to the date of the Advance that such Lender will not make its rateable portion of the Advance available to the Administrative Agent, the Administrative Agent may assume that such

Lender has made its portion so available on the date of the Advance and may, in reliance upon such assumption, make a corresponding amount available to the Borrower. If any Lender has not made its rateable portion available to the Administrative Agent, such Lender shall pay the corresponding amount to the Administrative Agent immediately upon demand. If any Lender pays the corresponding amount to the Administrative Agent, the amount so paid shall constitute such Lender's part of the Advance for purposes of this Agreement. If such Lender does not pay the amount to the Administrative Agent immediately upon demand and such amount has been made available to the Borrower, the Borrower shall pay the corresponding amount to the Administrative Agent immediately upon demand and any amount received and so reimbursed would not and will not constitute a portion of the Advance. The Administrative Agent shall also be entitled to recover from such Lender interest on the corresponding amount, for each day from the date the amount was made available to the Borrower until the date it is repaid to the Administrative Agent, at a rate per annum equal to the Administrative Agent's reasonable cost of funds.

Section 9.10 Rateable Payments.

Unless the Administrative Agent receives notice from the Borrower prior to the date on which any payment is due to the Lenders that the Borrower will not make the payment in full, the Administrative Agent may assume that the Borrower has made the payment in full on that date and may, in reliance upon that assumption, distribute to each Lender on the due date an amount equal to the amount then due to such Lender. If the Borrower has not made the payment in full, each Lender shall repay to the Administrative Agent immediately upon demand the amount distributed to it together with interest for each day from the date such amount was distributed to such Lender until the date such Lender repays it to the Administrative Agent, at a rate per annum equal to the Administrative Agent's reasonable cost of funds.

Section 9.11 Judgment Currency.

- (1) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to a Credit Party in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the Parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Credit Party could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.
- (2) The obligations of the Borrower in respect of any sum due in the Original Currency from it to any Credit Party under any of the Credit Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Credit Party of any sum adjudged to be so due in the Other Currency, such Credit Party may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to such Credit Party in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify such Credit Party, against any loss, and, if the amount of the

Original Currency so purchased exceeds the sum originally due to such Credit Party in the Original Currency, such Credit Party shall remit such excess to the Borrower.

Section 9.12 Interest on Amounts.

Except as may be expressly provided otherwise in this Agreement, all amounts owed by the Borrower to the Administrative Agent or to any of the Lenders, which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after default and judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of (x) the Interest Rate and (y) 3%.

Section 9.13 Arbitration.

- (1) Any matter in dispute hereunder will be determined by a single arbitrator to be appointed by the Parties.
- (2) Any Party may refer any such matter to arbitration by notice to the other Party and, within 10 Business Days after receipt of such notice, the Parties will agree on the appointment of an arbitrator. No person will be appointed as an arbitrator hereunder unless such person agrees in writing to act.
- (3) If the Parties cannot agree on a single arbitrator as provided in Section 9.13 or if the person appointed is unwilling or unable to act, either Party may submit the matter to arbitration before a single arbitrator in accordance with rules for conciliation and arbitration of the *Arbitration Act* (Ontario) (in this section, the "**Rules**").
- (4) Except as otherwise specifically provided in this Section 9.13, an arbitration hereunder will be conducted in English in accordance with the Rules. The arbitrator will fix a time and place in Toronto for the purpose of hearing the evidence and representations of the Parties and he or she will preside over the arbitration and determine all questions of procedure not provided for under the Rules or this Section 9.13. After hearing any evidence and representations that the Parties may submit, the arbitrator will make an award and reduce the same to writing and deliver one copy thereof to each of the Parties. The decision of the arbitrator will be made within 45 days after his or her appointment, subject to any reasonable delay due to unforeseen circumstances. The expense of the arbitration will be paid as specified in the award. The arbitrator's award will be final and binding upon each of the Parties.

Section 9.14 Governing Law and Waiver of Jury Trial.

- (1) This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) The Borrower irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto, Ontario in any action or proceeding arising out of or relating to this Agreement and the other Credit Documents to which it is a party. The Borrower irrevocably waives objection to the

venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 9.14 limits the right of the Administrative Agent to bring proceedings against the Borrower in the courts of any other jurisdiction.

- (3) The Borrower hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the Borrower at its address set out in Section 9.4(a). Nothing in this Section 9.14 affects the right of any Finance Party to serve process in any manner permitted by Applicable Law.
- (4) Each of the Parties hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the other Credit Documents or the transactions contemplated hereby or thereby. The scope of this waiver is intended to be all-encompassing with respect to any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each of the parties hereto (a) acknowledges that this waiver is a material inducement for the parties to the Credit Documents to enter into a business relationship, that the parties to the Credit Documents have already relied on this waiver in entering into same and the transactions that are the subject thereof, and that they will continue to rely on this waiver in their related future dealings, and (b) further warrants and represents that each has reviewed this waiver with its legal counsel and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, modifications, supplements, extensions, renewals and/or replacements of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 9.15 Acknowledgements; No Fiduciary Duty; Benefit to Credit Parties.

The Borrower hereby represents, warrants, confirms and acknowledges that:

- (1) each Credit Party has consulted and been advised by its own legal counsel in the negotiation, preparation, execution and delivery of this Agreement and the other Credit Documents, and each Credit Party is responsible for making its own independent judgment with respect to such transactions and the process leading thereto;
- (2) this Agreement and the other Credit Documents shall not be construed against any party or more favourably in favour of any party based upon which party drafted the same, it being agreed and acknowledged that all parties contributed substantially to the negotiation and preparation of this Agreement and the other Credit Documents;
- (3) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Credit Party arising out of, as a result of, or in connection with this Agreement or any other Credit Document, and the relationship between the Administrative Agent and each Lender, on one hand, and the Borrower and the other Credit Parties, on the other hand, in connection with this Agreement and the transactions contemplated hereby is solely that of creditor and debtor;

- (4) neither this Agreement nor any other Credit Document to which any Credit Party and the Administrative Agent or any Lender is a party creates a joint venture, partnership, agency relationship or fiduciary duty, and no joint venture, partnership, agency relationship or fiduciary duty shall be deemed to exist;
- (5) no Credit Party will claim that the Administrative Agent or any Lender has rendered advisory services of any nature or respect to, or owes a fiduciary or similar duty to, any Credit Party in connection with this Agreement, the other Credit Documents or the process leading thereto;
- (6) the Borrower and the other Credit Parties are engaged in related businesses and are integrated to such an extent that the financial strength and flexibility of each Credit Party has a direct, tangible and immediate impact on the success of the other Credit Parties; furthermore, each Guarantor will derive substantial direct and indirect benefit from the Advance to the Borrower pursuant to this Agreement.

Section 9.16 USA Patriot Act.

Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended, reformed or otherwise modified from time to time, the “**Patriot Act**”) hereby notifies the Borrower and the other Credit Parties that pursuant to the requirements of the Patriot Act, each such Lender is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of such Credit Party and such other information that will allow each such Lender to identify the Credit Party in accordance with the Patriot Act, and the Borrower and each Credit Party agree to provide such information from time to time to such Lender.

Section 9.17 Counterparts.

This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 9.18 Treatment of Certain Information; Confidentiality.

Each of the Administrative Agent and the Lenders agree to maintain the confidentiality of the Information (as defined below and not disclose Information to any other person), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates’ partners, directors, officers, employees, advisors and representatives (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have authority over it, (c) to the extent required by applicable Law or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) with the consent of the Borrower or (g) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender or any of their

respective Affiliates on a non-confidential basis from a source other than the Borrower or any Credit Party.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Credit Party or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower or any Credit Party. Any person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.

This Section 9.18 shall survive following termination of this Agreement and the other Credit Documents

[This agreement continues on the next page.]

IN WITNESS WHEREOF the parties have executed this Credit Agreement.

CORSA COAL CORP.

By: (signed) "*Donald K. Charter*"

Authorized Signing Officer

COMMITMENT — \$9,500,000

THE ORIGINAL LENDERS

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

By: (signed) "*Jim Grosdanis*"

Authorized Signing Officer

By: (signed) "*Narinder Nagra*"

Authorized Signing Officer

Address: Royal Bank Plaza, South Tower
200 Bay Street, Suite 2750
Toronto, Ontario
M5J 2J2

Attention: Chief Executive Officer
Telefacsimile: 416 977 7333

COMMITMENT — \$2,500,000

**EXPLORATION CAPITAL PARTNERS
1998-B LIMITED PARTNERSHIP by its
general partner, RESOURCE CAPITAL
INVESTMENT CORPORATION**

By: (signed) "*Gretchen Carter*"

Authorized Signing Officer

Address: 1910 Palomar Point Way, #200
Carlsbad, CA 92008

Attention: Gretchen Carter
Telefacsimile: 760 943 3940

COMMITMENT — \$13,000,000

NYBERA SERVICES INC.

(signed) "*Philippe Angst*"
By: Leman Management Ltd.
Authorized Signing Officer

(signed) "*Richard Legrand*"
By: Leman Management Ltd.
Authorized Signing Officer

Address: c/o 1875 Finance SA
22, rue Villereuse
CH-1207 Geneva, Switzerland

Attention: Mr. Aksel Azrac
Telefacsimile: + 41 22 595 18 00

THE ADMINISTRATIVE AGENT

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

By: (signed) "*Jim Grosdanis*"

Authorized Signing Officer

By: (signed) "*Narinder Nagra*"

Authorized Signing Officer

EXHIBIT "A"
FORM OF BORROWING NOTICE

June ___, 2012

SPROTT RESOURCE LENDING PARTNERSHIP,
by its managing partner, Sprott Lending Consulting LP,
by its general partner, Sprott Lending Consulting GP Inc.,
as Administrative Agent (the "Administrative Agent")

Attention: Mr. Jim Grosdanis

Dear Sirs:

The undersigned, Corsa Coal Corp. (the "**Borrower**"), refers to the credit agreement dated June 22, 2012 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among, *inter alia*, the Borrower and the Administrative Agent, and gives you notice pursuant to Section 3.2 of the Credit Agreement that the Borrower requests the Advance under the Credit Agreement, and, in that connection, sets forth below the information relating to the Advance as required by Section 3.2 of the Credit Agreement:

1. The date of the Advance, being a Business Day, is June ___, 2012.
2. The aggregate amount of the Advance is US\$25,000,000.

The undersigned hereby confirms that no Default or Event of Default has occurred or is continuing.

Yours truly,

CORSA COAL CORP.

By:

Authorized Signing Officer

EXHIBIT "B"
FORM OF COMPLIANCE CERTIFICATE

[Date]


TO: SPROTT RESOURCE LENDING PARTNERSHIP, as Administrative Agent (the "Administrative Agent")

AND TO: The Lenders party to the Credit Agreement (as defined below)

The undersigned, Corsa Coal Corp. (the "**Borrower**"), refers to the credit agreement dated June 22, 2012 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among, *inter alia*, the Borrower and the Administrative Agent.

I, the Chief Financial Officer of the Borrower, certify, without personal liability, to the Administrative Agent and the Lenders, that on [date] (the "**Determination Date**"):

1. I have read the provisions of the Credit Agreement which are relevant to this certificate and have made such examinations or investigations as are necessary to enable me to express an informed opinion on the matters contained in this certificate.
2. As at this date:
 - (a) There have been no changes to the corporate structure as set out in Section 5.1(u) of the Credit Agreement;
 - (b) No Default or Event of Default has occurred and is continuing;
 - (c) None of the Credit Parties is in breach of any of the covenants, terms and conditions of any of the Credit Documents;
 - (d) The representations and warranties referred to in Article 5 of the Credit Agreement are true and correct as though made on this date or if stated to have been made as of the Closing Date, such representation and warranty shall be true and correct as of that date;
 - (e) The attached financial information is true and correct in all respects; and
 - (f) The financial statements delivered pursuant to Section 5.1(v) and/or Section 6.1 have been prepared in accordance with GAAP in effect on the date of such financial statements and the information contained therein is true and correct in all respects, subject only to year-end audit adjustments, and present fairly and consistently the results of operations and changes in the financial position of the Credit Parties as of and to this date.

(g) The Current Ratio is , which is at least 1:1, detailed calculations of which are appended hereto.

3. A description of the Leases entered into or Owned Properties acquired by any of the Credit Parties since the delivery of the last Compliance Certificate is appended hereto as Appendix "A".

4. I acknowledge and agree on behalf of the Borrower that this certificate constitutes a "Credit Document" for the purposes of the Credit Agreement.

DATED the ____ day of _____, 20__.

CORSA COAL CORP.

By:
Chief Financial Officer

APPENDIX "A"
[Detail new Owned Properties or Leases, if applicable]

EXHIBIT "C"
SOLVENCY CERTIFICATE

CORSA COAL CORP.
CERTIFICATE
(Solvency Certificate)

[Date]

TO: SPROTT RESOURCE LENDING PARTNERSHIP as Administrative Agent (the "Administrative Agent")

AND TO: The Lenders party to the Credit Agreement (as defined below)

This Certificate is delivered pursuant to the credit agreement dated June 22, 2012 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among, *inter alia*, the Borrower and the Administrative Agent.

I, the Chief Financial Officer of the Borrower, certify, without personal liability, to the Administrative Agent and the Lenders, in relation to each Credit Party, that on [date] (the "**Determination Date**"):

- (a) the aggregate of such Credit Party's property is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations and liabilities, due and accruing due,
- (b) such Credit Party is able to meet its obligations generally as they become due,
- (c) such Credit Party has not ceased paying its current obligations in the ordinary course of business generally as they become due,
- (d) such Credit Party does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature,
- (e) such Credit Party is not engaged, and is not about to engage, in business or a transaction for which it would be undercapitalized, and
- (f) such Credit Party is otherwise solvent under Applicable Law.

DATED the ___ day of _____, 20__.

Chief Financial Officer

Schedule 1.1(a) – Casselman Mine

This schedule is presented in order to satisfy the definition of “Casselman Mine” in Section 1.1.

The Casselman Mine is a long life underground metallurgical coal mine located in Garrett County, Maryland. This mine is approximately 31 miles by road from the Wash Plant. It includes the following executed leases of mineral and surface rights which are beneficially owned by Maryland Energy:

Note - The description of the leases forming the Casselman Mine have been redacted.

Schedule 1.1(b) - Leases

This schedule is presented in order to satisfy the definition of "Leases" in Section 1.1.

Leases and subleases

- Agreement executed between Canadian Property Holdings (Ontario) Inc., Bayfield CT Limited Partnership and the Borrower dated March 10, 2011 for rental of the corporate head office

- Agreement executed between Dennis P. Kotzan and Wilson Creek dated October 29, 2010 for rental of the Johnstown, PA office

- Agreement executed between Svonavec, Inc. and Wilson Creek dated February 28, 2011 for rental of the Somerset, PA office

- Various immaterial leases for the rental of office furniture and fixtures

- All mining leases as described in Schedule 5.1(k) and Schedule 5.1(l)

Rights to occupy

- All leases and options to lease real property described in Schedule 5.1(k) and Schedule 5.1(l)

Licenses

- All mining licenses as described in Schedule 5.1(f)

Schedule 1.1(c) – Owned Properties

This schedule is presented in order to satisfy the definition of “Owned Properties” in Section 1.1.

- The Alumbaugh Property;
- The Winner Property;
- The Wash Plant;
- The parcels of land on which the Wash Plant are situated in Somerset County, Pennsylvania;
- The Keyser Property which entitles the Borrower to the rights to mine the Lower Kittanning coal seam under approximately 2,300 acres in the Jenner and Conemaugh Townships in Somerset County, Pennsylvania referred to as the Keyser Property, located 25 miles by road from the Wash Plant; and

Note - The parties and description of the purchase agreement for a certain piece of land with respect to the Refuse Site have been redacted.

Schedule 1.1(d) – Perfection Certificate

See attached

Note - the Perfection Certificate has been redacted.

Schedule 1.1(e) - Permitted Encumbrances

This schedule is presented in order to satisfy the definition of "Permitted Encumbrances" in Section 1.1. Wilson Creek and Maryland Energy have the following liens outstanding:

Liens on motor vehicles leased by Wilson Creek and Maryland Energy, which are individually, and in aggregate, immaterial.

Schedule 1.1(f) – Wash Plant

This schedule is presented in order to satisfy the definition of “Wash Plant” in Section 1.1.

The Wash Plant is a coal preparation plant, with a name plate capacity of 400 raw tons of coal an hour, at full capacity the plant has the ability to produce up to 1.8 to 2 million clean tons of met coal annually, located in Somerset County, Pennsylvania, on the CSX rail line and 170 miles from the Port of Baltimore.

SCHEDULE 2.11-1

CANADIAN ACCREDITED INVESTOR CERTIFICATE

Please indicate if the Purchaser is an "insider" (I) of Corsa Coal Corp., a "registrant" (R) (both as defined below under "Definitions"), or neither (N/A)

(Please indicate "I", "R", or "N/A" as applicable)

By initialing where indicated below, the Purchaser is confirming its representation and warranty regarding the category or categories under which it qualifies as an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*:

[MARK BELOW THE CATEGORY OR CATEGORIES WHICH DESCRIBES YOU]

- (a) a Canadian financial institution, or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;

- (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements (prepared in accordance with applicable generally accepted accounting principles), and that was not created or used solely to purchase or hold securities as an accredited investor;
- (n) an investment fund that distributes or has distributed its securities only to:
 - (i) a person that is or was an accredited investor at the time of the distribution;
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106;
- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- (q) a person acting on behalf of a fully managed account managed by that person, if that person:
 - (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; and
 - (ii) in Ontario, is purchasing a security that is not a security of an investment fund;

- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106);
- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.

Note: A summary of the meanings of certain of the terms used in this certificate follows the signature block below.

DATED _____, 2011

Signature of Purchaser

Name of Purchaser

Address of Purchaser

For the purposes of this certificate, the following definitions are included for convenience:

- (a) **“Canadian financial institution”** means
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

- (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) **“control person”** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds
 - (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (c) **“director”** means
 - (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (d) **“eligibility adviser”** means
 - (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
 - (ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (e) **“executive officer”** means, for an issuer, an individual who is
 - (i) a chair, vice-chair or president,

- (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
 - (iii) performing a policy-making function in respect of the issuer;
- (f) **“financial assets”** means
- (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (g) **“foreign jurisdiction”** means a country other than Canada or a political subdivision of a country other than Canada;
- (h) **“founder”** means, in respect of an issuer, a person who,
- (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
 - (ii) at the time of the trade is actively involved in the business of the issuer;
- (i) **“fully managed account”** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (j) **“insider”** means
- (i) a director or an officer of Corsa Coal Corp.,
 - (ii) a director or an officer of a person that is itself an insider or a subsidiary of Corsa Coal Corp.,
 - (iii) a person that has
 - (A) beneficial ownership of, or control or direction over, directly or indirectly, or
 - (B) a combination of beneficial ownership of, and control or direction over, directly or indirectly,
 securities of an issuer carrying more than 10% of the voting rights attached to all Corsa Coal Corp.'s outstanding securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution.
- (k) **“investment fund”** means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes and EVVC and a VCC (as such terms are defined in National Instrument 81-106 – *Investment Fund Continuous Disclosure*);

- (l) “**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;
- (m) “**local jurisdiction**” means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (n) “**non-redeemable investment fund**” means an issuer,
 - (i) whose primary purpose is to invest money provided by its securityholders,
 - (ii) that does not invest,
 - (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (o) “**registrant**” means a person registered or required to be registered under applicable securities legislation of Canada.
- (p) “**person**” includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (q) “**regulator**” means, for the local jurisdiction, the Executive Director, Director or Superintendent of the local jurisdiction or Registrar or Autorité des marchés financiers, as the case may be;
- (r) “**related liabilities**” means
 - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (s) “**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

- (t) “**spouse**” means, an individual who,
- (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);
- (u) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references in this Schedule are in Canadian Dollars.

**Schedule 5.1(f)
Authorizations**

Note - the list of authorizations has been redacted.

Schedule 5.1(j) – Property

Note - the list of property where the Borrower is not the beneficial owner has been redacted.

**Schedule 5.1(k) - Lease properties
&
Schedule 5.1(l) - Mining Title**

Note - the list of leases and mining title has been redacted.

Schedule 5.1(t)
Environmental Compliance

Note - the information with respect to environmental compliance has been redacted.

Schedule 5.1(u) – Corporate Structure

Stock options details issued by the Borrower, as at the closing date, are provided below. Each stock option vested is convertible into one common share of the Borrower. General vesting terms are 1/3 of the stock options granted over 3 years and expiring 5 years from the date of the original grant.

Grant price	Outstanding	Exercisable	Average remaining life (years)
\$0.50	2,340,000	0	4.82
\$0.53	1,100,000	750,000	4.35
\$0.55	7,546,667	3,633,328	3.50
\$0.82	215,000	71,665	3.64
\$1.05	685,000	0	4.12
\$1.07	690,000	229,999	3.82
Total	12,576,667	4,684,992	3.88

Share purchase warrant details issued by the Borrower, as at the closing date, are provided below. Each share purchase warrant is convertible into one common share of the Borrower and expires 2 years from the date of the original grant.

Grant price	Outstanding	Exercisable	Average remaining life (years)
\$0.50	2,380,542	2,380,542	0.50
\$1.15	3,000,000	3,000,000	0.94
Total	5,380,542	5,380,542	0.75

Schedule 5.1(dd) - Related Transactions

Note - the list of related party transactions has been redacted.

Schedule 5.1(gg) - Technical Reports

- A technical report (the “Wilson Creek Technical Report”) prepared in accordance with NI 43-101 entitled “Amended and Restated Technical Report on Coal Reserves and Resources; Wilson Creek Energy, LLC; Somerset, Cambria and Washington Counties, Pennsylvania and Garrett County, Maryland, USA, dated November 16, 2010” in respect of Acosta III/Lloyd (Acosta surface), Quarry, Cramer, Hemminger, Plant, Hamer, Hastings (McAndrew, Semelsberger), Acosta Underground, Bando, Spory and Pittsburgh-Kovalchik (now called Westland Run). A copy has been filed on www.sedar.com. An updated report is currently being prepared.
- A technical report (the “Casselman Report”) prepared in accordance with NI 43-101 entitled “Technical Report for Wilson Creek Energy, LLC, Coal Resources for the Casselman Mine Site in Garrett County, Maryland, USA, Dennis A. Noll, P.G., C.P.G., Earthtech, Inc., May 5, 2011”. A copy has been filed on www.sedar.com in respect of the Casselman Mine.
- A technical report (the “Alumbaugh Report”) prepared in accordance with NI 43-101 has been filed on www.sedar.com with respect to the Alumbaugh Extension of the Acosta Deep Property and is entitled the “Technical Report for Wilson Creek Energy, LLC, Coal Resources for the Alumbaugh Property in Somerset County, Pennsylvania, USA, Dennis A. Noll, P.G., C.P.G., Earthtech, Inc., May 5, 2011”. A copy has been filed on www.sedar.com. An updated report is currently being prepared.
- A technical report (the “Winner Report”) prepared in accordance with NI 43-101 has been filed on www.sedar.com with respect to the Winner property and is titled “Technical report for Wilson Creek Energy, LLC, Coal Resources for the Winner Mine Site in Garrett County, Maryland, USA, Dennis Noll, P.G., C.P.G. Earthtech, Inc., July 29, 2011”. A copy has been filed on www.sedar.com. This property is no longer being developed by the Borrower.
- A technical report (the “Casselman Report”) prepared in accordance with NI 43-101 entitled “Technical Report for Wilson Creek Energy, LLC, Coal Reserves for the Casselman Mine Site in Garrett County, Maryland, USA, Dennis A. Noll, P.G., C.P.G., Earthtech, Inc., June 13, 2012”. A copy has been filed on www.sedar.com in respect of the Casselman Mine.

Note - the list of royalty obligations has been redacted.