November 1, 2012

Batero Gold Corp.
3703-1011 W Cordova St.
Vancouver, BC, V6C 0B2
Canada

Dear Sirs:

Re: Subscriptions and Strategic Alliance

This letter agreement (including the schedules hereto, the "**Letter Agreement**") will generally record the terms and conditions of the proposed transaction (the "**Transaction**") whereby Consorcio Minero Horizonte S.A. ("**CMH**"), either directly or through a member of the CMH Group (as defined in Section 11), will make an investment in Batero Gold Corp. ("**Batero**") through the purchase of a minimum 35% equity interest in Batero in two concurrent tranches (each a "**Subscription**" and collectively the "**Subscriptions**") and enter into a strategic alliance (the "**Strategic Alliance**") with Batero in respect of the development of the Batero-Quinchia project located within the Middle Cauca Belt in Colombia as more particularly described in Schedule A (the "**Batero-Quinchia Project**").

Subject to the conditions described in this Letter Agreement, in connection with the Transaction, Batero may request that CMH loan to Batero an amount of up to $2,210,150 (the "**Loan**").

The matters described in this Letter Agreement constitute legally binding and enforceable covenants and agreements of CMH and Batero upon the full execution of this Letter Agreement.

1. *Terms of the Transaction*. The key terms of the Transaction are set forth in the term sheet attached as Schedule B.

2. *The Loan*. The obligation of CMH to make the Loan to Batero is subject to: (i) the Subsequent Subscription having been approved by the shareholders of Batero and closed, (ii) the prior expenditure by Batero of all proceeds from the Subscriptions in accordance with the use of proceeds agreed between CMH and Batero, (iii) security for repayment of the Loan being provided to CMH, in a form and substance and on conditions satisfactory to CMH, provided, however, that such security will not comprise the concession contract and exploration licenses set out on Schedule A, and (iv) such other terms and conditions as may be agreed between Batero and CMH and included in the loan agreement in respect of the Loan (the "**Loan Agreement**"). The form of Loan Agreement shall be negotiated and settled not later than the date the Definitive Agreements are signed by all of the parties thereto.

3. *Definitive Agreements*. Promptly following the acceptance of this Letter Agreement by Batero, CMH and Batero agree to diligently and in good faith negotiate definitive agreements (the "**Definitive Agreements**") to effect the Transaction in compliance with all applicable laws

and regulations. It is currently contemplated that the Definitive Agreements will comprise a subscription agreement (the "**Subscription Agreement**") in respect of the Subscriptions and a strategic alliance agreement (the "**Strategic Alliance Agreement**") in respect of the Strategic Alliance. The Definitive Agreements will be mutually acceptable to the parties, both in form and substance, and will contain provisions customarily covered by such agreements.

4. *Execution of Definitive Agreements and Closing*. The parties agree that the timelines for execution of the Definitive Agreements and closings will be as set out in Schedule E. The dates for entering into the Definitive Agreements and for the closings may be adjusted in order to provide sufficient time to obtain any required shareholder or third party approvals. In addition to any other conditions contemplated by this Letter Agreement, the entry into of the Definitive Agreements is subject to the prior approval of such agreements and the Transaction by the respective boards of directors of CMH and Batero. Batero hereby covenants and agrees with CMH that Batero will use its commercially reasonable efforts to call and hold the meeting of Batero shareholders required in connection with the approval of the Subsequent Subscription, and to obtain the requisite approval of the shareholders thereat.

5. *Exclusive Dealing*. In consideration of the time, effort and expense expended and to be expended by CMH in the course of its due diligence investigation, Batero agrees to negotiate exclusively and in good faith with CMH in respect of the Transaction, for a period commencing on the Effective Date and ending immediately upon the termination of this Letter Agreement pursuant to Section 14 hereof (the "**Exclusivity Period**"). In connection with the foregoing, Batero agrees that during the Exclusivity Period it will not, in any manner or by any means whatsoever, directly or indirectly (including through any of its Representatives), solicit, initiate, encourage, or facilitate, as applicable, offers from, or negotiations or discussions with, any person other than CMH relating to any transaction or series of transactions similar to, or that is proposed to be, or may be, engaged in by the proposed parties thereto in lieu of, the Transaction (an "**Alternative Transaction**"). In addition, Batero will, and will cause its subsidiaries and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion, negotiation or facilitation with any persons conducted before the date of this Letter Agreement by Batero, its subsidiaries or any Representatives with respect to any Alternative Transaction. For purposes of this Section 5, "**Representatives**" means any officer, director, employee, representative (including any financial or other advisor) or agent of Batero or any of its affiliates.

Nothing contained herein will prevent the board of directors of Batero from responding to a proposal for an Alternative Transaction, or from completing an Alternative Transaction, if the board of directors of Batero determines in good faith (after consultation with its outside counsel and its financial advisors, if any) that it has a fiduciary duty to do so on the basis that such a transaction will result in a transaction materially more favourable to Batero or the shareholders of Batero than the Transaction (a "**Superior Alternative Transaction**"). However, if a Superior Alternative Transaction is proposed to the board of directors of Batero, then Batero will provide written notice thereof (the "**Superior Alternative Transaction Notice**") to CMH, which notice will include all terms of such Superior Alternative Transaction (including any qualitative aspects or terms of the Superior Alternative Transaction), and CMH will have the right, following a commercially reasonable period of time during which to review the terms of such Superior

Alternative Transaction, to match the terms of such Superior Alternative Transaction. For clarity, CMH will be deemed to have matched the terms of such Superior Alternative Transaction if CMH agrees to match the terms as set out in the Superior Alternative Transaction Notice.

6. *Due Diligence*. During the Exclusivity Period, each of CMH and Batero will provide to the other and their respective representatives and professional advisors access to the businesses, operations, properties and facilities (including arranging for site visits and tours), books, documents and records (including corporate, real property and mineral titles, interests, leases, licences, permits, copies of budgets and financial statements, and other documents and records) and access to officers, employees and professional advisors of CMH, Batero, their respective subsidiaries, if any, that are proposed to be parties to the Definitive Agreements, and to each subsidiary or affiliate in the ownership or control chain of each such proposed party, that CMH or Batero, as the case may be, may reasonably request for the purposes of completing their legal, financial and business due diligence review of CMH and Batero and such subsidiaries, as the case may be. CMH and Batero will proceed to complete such due diligence review as soon as commercially reasonable so as to satisfy themselves that the Transaction is in their best interests. Without limiting any right or remedy that may otherwise be available to any non-breaching party under this Letter Agreement, the failure by any party to perform its obligation to provide information, materials and access to the other party pursuant to this Section 5 will toll the time periods and deadlines set out in this Letter Agreement by the number of days during which such failure to perform continues.

7. *No Disclosure*. No disclosure or announcement, public or otherwise, in respect of this Letter Agreement will be made by any member of the CMH Group or Batero or any of its associates or affiliates without the prior agreement of the other as to timing, content and method, except that any party may issue a press release or make a filing with a regulatory authority if counsel for such party advises that such press release or filing is necessary (in which case such party will first make a reasonable effort to obtain the approval of the other party).

8. *Confidentiality*. The parties hereby acknowledge that the confidentiality agreement entered into between CMH and Batero effective July 26, 2012 remains in full force and effect, unamended (the "**Confidentiality Agreement**").

9. *Batero Properties and Securities*.

(a) Batero represents and warrants to CMH that Schedule A identifies all of the mining concessions and exploration licences comprising the Batero-Quinchia Project. Batero agrees that the Subscription Agreement will include a representation and warranty of Batero that none of Batero, its affiliates or associates has any direct or indirect legal or equitable interest in or right to acquire or earn any direct or indirect legal or equitable interest in any real properties, mining concessions, claims, leases, licences, rights of way, rights to use, surface rights, easements or other real property interests, permits, or other rights relating to the exploration for or extraction of minerals except as specifically set out on a schedule to the Subscription Agreement, and such schedule must specifically identify all such legal or equitable interest in real properties, mining concessions, claims, leases, licences, rights of way, rights to use, surface rights, easements and other real property interests, permits, and other rights that comprise or relate to the Batero-Quinchia Project.

(b) Batero represents and warrants to CMH that: (a)(i) as of the date hereof there are 63,012,794 common shares of Batero issued and outstanding on a non-diluted basis, and (ii) Schedule D sets out, as of the date hereof, a true, correct and complete list of all (A) issued and outstanding, and authorized but not yet issued, common share purchase warrants, options and other convertible securities of Batero, its affiliates and associates, that may be exercised for common shares or other securities of Batero, (B) the exercise price for such common share purchase warrants, options and other convertible securities, (C) the number of common shares or other securities of Batero issuable upon the exercise of such common share purchase warrants, options and other convertible securities, and (D) the expiration date for the exercise of such common share purchase warrants, options and other convertible securities; and (b) Batero has not issued or authorized any securities of Batero, and there are no convertible securities of Batero or any of its affiliates or associates issued and outstanding that are convertible into or exercisable for any securities of Batero, other than as disclosed on Schedule D. Prior to the closing of the Initial Subscription, Batero will not authorize or issue any common shares or common share purchase warrants, and neither Batero nor any of its any of its affiliates or associates will authorize or issue any options or other securities convertible into or exchangeable or exercisable for common shares of Batero.

10. *Acquisition of Shares by the CMH Group.* In the Strategic Alliance Agreement, Batero will agree not to take any action to prevent, frustrate or otherwise impede the proper exercise by any member of the CMH Group of its right to acquire securities of Batero in any manner permissible pursuant to the terms of the Strategic Alliance Agreement. For clarity, (i) Batero acknowledges and will acknowledge in the Strategic Alliance Agreement that no shareholder rights plan agreement of Batero in effect during the term of the Strategic Alliance Agreement will apply to restrict the proper exercise of the right of any member of the CMH Group to acquire securities of Batero in any manner permissible pursuant to the terms of the Strategic Alliance Agreement, and (ii) CMH acknowledges and will acknowledge in the Strategic Alliance Agreement that this Section 10 does not modify the rights of CMH described in this Letter Agreement or to be included in the Strategic Alliance Agreement and, by way of example, does not increase the aggregate maximum percentage of the outstanding common shares of Batero that the CMH Group may own, directly or indirectly, at any one time or from time to time during the standstill period as described under the heading “Standstill” on Schedule B, provided, however, that this clause (ii) shall not be read in any manner so as to limit Batero’s obligations under clause (i) above, or under the first sentence of this Section 10.

11. *Fees and Expenses*. Each of the parties represents and warrants that it has not incurred any liability for any finder’s fee or broker’s commission in connection with the execution of this Letter Agreement or the consummation of the Transaction, other than a fee (which will be payable and calculated only in respect of the Initial Subscription, and will not exceed the

maximum allowable under the policies of the TSX-V) payable by Batero upon the closing of the Transaction. The parties agree that, whether or not the Transaction is consummated, they will pay their own fees and expenses, including any fee for advice or opinions incurred in connection with the negotiation, preparation, execution and delivery of this Letter Agreement, the Definitive Agreements and any other agreements, documents, opinions or valuations contemplated thereby or prepared in connection with the Transaction.

12. *Assignment.* This Letter Agreement may not be assigned without the written consent of the other party, except that CMH may assign this Letter Agreement to one or more members of the CMH Group. "**CMH Group**" means CMH, its affiliates and the Specified Shareholders (as defined below). For purposes of this Letter Agreement, (a) entities will be deemed to be "**affiliates**" of one another if one of them is the subsidiary of the other or if both are subsidiaries of the same entity or if each of them is controlled by the same person, group of persons, or entity, and (b) an entity will be deemed to be "**controlled**" by another person or entity or by two or more entities if: (i) voting securities of the first mentioned entity carrying more than 50% of the vote for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or entity or by or for the benefit of the other entities, and (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the first mentioned entity. "**Specified Shareholders**" means those shareholders of CMH disclosed to Batero in writing prior to execution of this Letter Agreement. Members of the CMH Group will, if relevant, also be identified in and be parties to the Definitive Agreements.

13. *Amendment.* This Letter Agreement may be amended at any time by agreement in writing by the parties.

14. *Termination*. This Letter Agreement will terminate, and be of no further force and effect, upon the earlier to occur of: (i) the time and date on which all of the Definitive Agreements have been executed by all parties thereto, (ii) 11:59 p.m. (Vancouver time) on November 28, 2012. If this Letter Agreement is terminated under the provisions of this section, the obligations and covenants set out in Sections 7, 8, 11, 14 and 15 will survive such termination and any such termination will be without prejudice to a party's rights and remedies accrued to the date of termination including related to any breach of any binding covenant or obligation in this Letter Agreement.

15. *Time*. Time is of the essence in the performance of each covenant and obligation under this Letter Agreement.

16. *Entire Agreement*. This Letter Agreement and the Confidentiality Agreement constitute the entire agreement among the parties and supersede every previous agreement, communication, expectation, negotiation, representation or understanding, whether oral or written, express or implied, statutory or otherwise, among the parties with respect to the subject matter of this Letter Agreement. No director, officer, employee or agent of either party has any authority to make any representation or commitment not contained in this Letter Agreement, and each party has executed this Letter Agreement without reliance upon any such representation or commitment.

17. *Interpretation*. All amounts expressed herein in terms of money refer to the lawful currency of Canada and all payments made hereunder will be made in such currency. Headings

in this Agreement are for convenience only and will not affect its interpretation. References to “include”, “includes” or “including” and the like will be construed, in each case, as if followed by the words “but without limitation”.

18. *Governing Law*. This Letter Agreement is and will be deemed to be made in British Columbia, for all purposes will be governed exclusively by and construed and enforced in accordance with the laws of British Columbia, including federal laws of Canada applicable therein, and the rights and remedies of the parties will be determined in accordance with such laws. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to any matter arising hereunder.

19. *Further Assurances.* The parties agree to perform or cause to be performed all such acts and things as may be required to give full force and effect to the terms and provisions set out herein and to co-operate with each other and each other’s counsel and other professional advisors in the preparation, execution and delivery of any and all documents or instruments necessary to give full force and effect to the terms and provisions set out herein which are binding and any other documents required to give effect hereto.

20. *Counterparts.* This Letter Agreement may be executed in any number of counterparts and by facsimile or other electronic means with the same effect as if all parties to this Letter Agreement had signed the same document, and all counterparts will be construed together and constitute one and the same instrument.

21. *Preparation of Definitive Agreements.* The first draft of the Strategic Alliance Agreement and the form of Loan Agreement will be prepared by CMH’s Canadian legal counsel, Fasken Martineau DuMoulin LLP. The first draft of the Subscription Agreement will be prepared by Batero’s legal counsel, McMillan LLP.

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If the foregoing correctly sets forth your understanding with respect to the Transaction, please sign the enclosed counterpart original of this Letter Agreement and return it to CMH by 5:00 p.m. (Vancouver time) on November 1, 2012. If Batero has not signed and returned the counterpart original of this letter to CMH by such date and time, this proposal will automatically expire. This Letter Agreement will become effective and bear an effective date as of the date that it is so signed back by Batero (the "**Effective Date**").

Yours very truly,

Consorcio Minero Horizonte S.A.

By: *"Felix Navarro-Grau Hurtado"*
Director

Accepted and agreed:

Batero Gold Corp.

By: "*Brandon Rook"* Date: November 1, 2012.
President and CEO

SCHEDULE A
BATERO-QUINCHIA PROJECT

The Batero-Quinchia Project is comprised of the following concession contract and exploration licenses:

1. Concession Contract No. 22,270;

2. Exploration License No. 18,567; and

3. Exploration License No. 22,159.

SCHEDULE B
TERM SHEET

SUBSCRIPTIONS:

INITIAL SUBSCRIPTION AND SUBSEQUENT SUBSCRIPTION:

CMH will make the Subscriptions as part of, and not independent from, its entry into a strategic alliance with Batero for the purposes described under "Strategic Alliance - Scope and Purposes" below.

CMH will subscribe for that number of common shares of Batero (the "**Shares**") and subscription receipts (each convertible into one Share and a fraction of a common share purchase warrant (each whole common share purchase warrant, a "**Warrant**") as described below) (the "**Subscription Receipts**"), such that after closing (and conversion of the Subscription Receipts) CMH will hold: (i) that number of Shares as is equal to a minimum of 35% of the then outstanding Shares and (ii) 5,000,000 Warrants (together, the "**Subscriptions**"). The Warrants will be non-transferable except to members of the CMH Group.

The Subscriptions will involve a subscription for $17,789,950 of a combination of Shares and Subscription Receipts in two tranches as follows, which will close concurrently in accordance with Schedule C:

1. Subscription for 8,913,000 Shares (the "**Initial Subscription**"), such that immediately after closing, CMH will hold that number of Shares as is equal to a minimum of 19.9% of the then outstanding Shares (assuming exercise of all convertible securities held by CMH).

2. Subscription for 18,456,000 Subscription Receipts (the "**Subsequent Subscription**") such that, after conversion of the Subscription Receipts, CMH will hold: (a) that number of Shares as is equal to a minimum of 35% of the then outstanding Shares and (b) 5,000,000 Warrants, each of which will be exercisable to purchase one common share of Batero for a period of three years following the date of issue at a price per share of $0.90. Each Subscription Receipt will automatically convert into one Share and the relevant fraction of one whole Warrant (such that the 18,456,000 Subscription Receipts will convert for an aggregate 5,000,000 whole Warrants) on satisfaction of certain conditions, which will be specified in the Subscription Agreement, including, among others, TSX Venture Exchange ("**TSX-V**") and shareholder approval being obtained for the Subsequent Subscription. The full subscription price for the Subscription Receipts will be paid by CMH into an escrow account established with a third party escrow agent pursuant to an escrow agreement satisfactory to both Batero and CMH and will be returned to CMH, without deduction, immediately upon the first to occur of: (i) the failure of shareholders to approve the Subsequent Subscription at the meeting of Batero shareholders called for such purpose, (ii) if all conditions to the Subsequent Subscription that are required to be satisfied by Batero pursuant to any conditional approval granted by the TSX-V are not satisfied within 180 days following the date hereof, (iii) January 10, 2013 if the information circular for the shareholder meeting to be called to approve the Subsequent Subscription is not mailed on or before such date, and (iv) the shareholder meeting described

in clause (iii) has not been held on or before February 28, 2013.

[Redacted: Confidential Information.] Prior to giving effect to the Subscription, the CMH Group and all persons acting jointly and in concert with the CMH Group currently own, directly or indirectly, or exercise control or direction over [redacted] common shares and [redacted] common share purchase warrants of Batero (each of which is exercisable to purchase one common share of Batero). If necessary in order to cause any provision of one or more of the Definitive Agreements to be enforceable against any CMH Group member to whom such provision is intended to apply, such CMH Group member shall become a party to such agreement for the purposes of such provision or shall provide to Batero another form of undertaking or document adequate to give effect to the terms of such provision.

SUBSCRIPTION PRICE: $0.65 per Share in the Initial Subscription.

$0.65 per Subscription Receipt in the Subsequent Subscription.

OTHER APPROVALS: The Subscriptions are subject to the prior approval of the Transaction by the boards of directors of Batero and CMH and the approval of TSX-V.

The conversion of Subscription Receipts is subject to approval of the shareholders of Batero.

USE OF PROCEEDS: Net proceeds of the Subscriptions and the Loan for an aggregate amount of up to $20,000,000 will be used exclusively to advance the Batero-Quinchia Project (as such project is identified on Schedule A to the Letter Agreement), through to a fully permitted Colombian mining project and for working capital and administrative purposes relating to the Batero-Quinchia Project (as such project is identified on Schedule A to the Letter Agreement), provided that such working capital, and any proceeds spent to fund administrative purposes, is spent in the ordinary course, consistent with past practice and in accordance with a budget adopted by the board of directors of Batero. For clarity, (i) the net proceeds from the offer are intended to fully fund the completion of the Feasibility Study within two years from the closing of the Initial Subscription and (ii) no part of the net proceeds may be used to fund any expenses unrelated to the Batero-Quinchia Project. If the board of directors of Batero authorizes or permits the funding of any project or activities that are unrelated to the Batero-Quinchia Project, all funding for such unrelated project and activities must be obtained from sources other than the proceeds of the Subscriptions and the Loan.

RIGHT OF FIRST REFUSAL ON BATERO SHARES: For a period of two years, any member of the CMH Group proposes to sell any shares of Batero currently owned, or acquired pursuant to the Initial Subscription and the Subsequent Subscription (the "**CMH Shares**") to an arm's length party, where such CMH Shares represent at least 5% of the outstanding common shares of Batero, and not sold over the facilities of a stock exchange, Batero will be entitled to nominate (within 15 days of receipt by Batero of a notice of such proposed sale from the CMH Group) a buyer for such CMH Shares. If this right is not exercised by Batero, CMH (the relevant member of the CMH Group, as the case may be) will have 60 days to complete a sale. For clarity, any sales made or proposed within six months of each other will be aggregated for purposes of calculating whether the 5% threshold has been met.

VOTING AGREEMENT IN RESPECT OF BOARD REPRESENTATION:	At each of the three annual general meetings of the shareholders of Batero called and held after the date of this Letter Agreement or, if less than three annual general meetings of Batero are called and held on or before December 31, 2014, then at each such ordinary meeting held on or before December 31, 2014, the CMH Group will vote the CMH Shares for the election of those director nominees recommended to Batero's shareholders by management of Batero (provided that Batero will in each such case not have breached its obligation to nominate and recommend for election as directors at such shareholder meeting all persons CMH is then entitled to and does nominate to the board of directors of Batero being elected at such meeting).
STANDSTILL:	The CMH Group will be subject to standstill provisions limiting its shareholdings in Batero to no more than 45% (on an undiluted basis) until the earlier of (i) the commencement of commercial production on the Batero-Quinchia Project and (ii) three years from the date of closing of the Initial Subscription. The standstill will not apply if, during the standstill period, any third party (i) makes a formal bid for or acquires in one or more public or private transactions, (ii) offers to acquire or announces an intention to acquire or offer to acquire, directly or indirectly common shares of Batero which equal or exceed 19.9% of the then issued common shares of Batero.
TERMINATION OF VOTING AGREEMENT AND STANDSTILL:	In addition to the termination in accordance with their terms as described above, the voting agreement in respect of board representation and standstill provisions will terminate immediately and automatically if any of the following occurs: (i) any change of control of Batero (other than a transaction in which the CMH Group obtains control of Batero), (ii) any of the director nominees of the CMH Group is removed as a director of Batero without the prior written consent of CMH, unless such removal is required by the TSX-V, (iii) if (A) a feasibility study (the "**Feasibility Study**") on the Batero-Quinchia Project is not completed prior to the second anniversary of the closing of the Initial Subscription, or (B) the costs and expenses of completing the Feasibility Study exceed the $20,000,000 net proceeds of the Subscriptions and the Loan, or (iv) Batero breaches any specified fundamental term(s) of the Strategic Alliance Agreement. Notwithstanding clause (iii)(A) above, if the board of directors of Batero determines that the Feasibility Study cannot be completed prior to the second anniversary of the closing of the Initial Subscription, the board may provide a written notice to CMH requesting an additional 12 months during which to complete the Feasibility Study without terminating the voting agreement in respect of board representation and standstill provisions. CMH agrees to grant such request if CMH is satisfied that reasonable grounds exist for the delay in completing the Feasibility Study and for the requested 12 month extension. For clarity, any such extension under clause (iii)(A) is not a waiver of such clause, but merely extends the date as of which the voting agreement in respect of board representation and standstill provisions will terminate under clause (iii)(A).

STRATEGIC ALLIANCE:

SCOPE AND PURPOSE: The Strategic Alliance Agreement will define the scope of the Strategic Alliance and the goals of the parties in respect of the Batero-Quinchia Project. The parties agree that the scope of the Strategic Alliance and the purpose for which CMH and Batero are entering into the Transaction and the Loan is to focus on achieving production on the Batero-Quinchia Project and, within two years from the closing of the Initial Subscription and funded solely from the $20,000,000 net proceeds of the Subscriptions and the Loan, to complete the Feasibility Study in respect of the Batero-Quinchia Project based on a two-year budget to be adopted by the board of directors of Batero after the appointment of the CMH Group nominees. For clarity, the proceeds of the Subscriptions and the Loan are intended to fully fund the foregoing, including the preparation and completion of the Feasibility Study.

TECHNICAL EXPERTISE AND SECONDMENT: Batero and CMH acknowledge that they each bring substantial and complementary expertise and experience in the areas of finance, exploration and operations to the project. As such the parties agree that they will seek to establish mechanisms that provide for the exchange of technical and managerial personnel, as well as the exchange of technical information and know-how including the secondment of certain technical personnel of CMH to the management committee.

MAINTENANCE RIGHTS: For so long as the CMH Group collectively holds beneficial ownership of 10% or more of the outstanding Shares (on a non-diluted basis), the CMH Group will have the right to maintain its equity interest (up to the maximum interest permitted pursuant to the standstill provisions as in effect at the relevant time) in Batero, which will include the right to acquire Shares in connection with future equity financings on a pro-rata basis. For clarity, this right will include a periodic top-up right to acquire Shares in connection with dilutive transactions that would not otherwise trigger the maintenance right described above, including: (i) concurrently with the exercise of maintenance rights in connection with any financing, (ii) at any time that the CMH Group's interest has been diluted by 1% or more, (iii) at any time that CMH's interest is diluted to a percentage that would cause CMH to lose any rights under the Definitive Agreements, a right in each such case to subscribe for that number of additional securities as are necessary to restore the CMH Group's interest to the interest it had prior to the dilution caused by any issuance of securities that did not trigger concurrently with such issuance a right by the CMH Group to purchase its pro rata share of such securities (including, dilution caused by the exercise of outstanding employee options, warrants and other convertible securities). For clarity, and by way of example, if following the Subscription the CMH Group acquires an additional 10% undiluted interest in Batero (ie, for an aggregate 45% undiluted interest, the maximum permitted under the standstill) and Batero subsequently approves an issuance of securities that triggers the CMH Group's maintenance right, the interest that the CMH Group is permitted to maintain is 45%.

The board of directors of Batero will, following the appointment of the CMH Group nominees as directors, adopt a policy for the issuance of convertible securities (including a maximum number of Shares issuable upon the conversion of such convertible securities) for the two-year period expiring on the second anniversary of the closing of the Initial Subscription. For clarity, such policy will not restrict the issuance of stock options pursuant to Batero's stock option plan in a manner consistent with past practice or as approved by the board of directors.

BOARD REPRESENTATION: (a) For so long as the CMH Group collectively holds beneficial ownership of 19.9% or more of the Shares (on a non-diluted basis) the following will apply:

(i) from the date of conversion of the Subscription Receipts until the first anniversary thereof, (A) the number of directors comprising the board of directors of Batero will be five, and (B) CMH will have the right to nominate two of such directors, and (C) Batero will have the right to nominate three of such directors (one of which will be Brandon Rook). The director nominees proposed by each of CMH and Batero are the individuals identified on Schedule E. All nominees will be satisfactory to the Batero nominating committee acting reasonably; and

(ii) from the first anniversary of the conversion of the Subscription Receipts (or at such earlier time as may be approved by the board of directors of Batero), (A) the number of directors comprising the board of directors of Batero may, in the board's discretion, be increased to seven. The rights of CMH and Batero will continue as described in clause (i) above, and the two new directors will be chosen by the five directors of the board serving during the first year following the closing of the Initial Subscription. The two new directors should be independent and possess high qualifications relevant to the development of the Batero-Quinchia Project. All nominees will be satisfactory to the Batero nominating committee acting reasonably.

(b) Subject to clause (c) below, if at any time the number of directors comprising the Batero board of directors is increased to more than seven, or in the event that the Subscription Receipts do not convert, then CMH will have the right to nominate a number of directors in proportion to the collective shareholdings of the CMH Group at such time.

(c) For so long as the CMH Group collectively holds beneficial ownership of 10% or more (but less than 19.9%) of the Shares (on a non-diluted basis), CMH will have the right to nominate one director to the Batero board of directors, subject to approval of the Batero nominating committee acting reasonably.

(d) In determining the number of directors CMH is entitled to nominate pursuant to clause (b) above, such number of directors will be rounded down to the nearest whole number if such number is a number ending in a decimal of less than fifty five hundredths (.55) and rounded up to the nearest whole number if such number is a number ending in a decimal of fifty five hundredths (.55) or more.

(e) For clarity, the nominating committee will not object to a nominee of the CMH Group if the nominee satisfies the relevant criteria established by applicable law and TSX-V policies.

TERMINATION OF BOARD REPRESENTATION PROVISIONS: The board representation provisions will terminate immediately and automatically if any of the following occurs: (i) any change of control of Batero (other than a transaction in which the CMH Group obtains control of Batero), (ii) any of the director nominees of the CMH Group is removed as a director of Batero without the prior written consent of CMH, unless such removal is required by the TSX-V, (iii) if (A) the Feasibility Study is not completed prior to the second anniversary of the closing of the Initial Subscription, or (B) the costs and expenses of completing the Feasibility Study exceed the $20,000,000 net proceeds of the Subscriptions and the Loan, or (iv) Batero breaches any specified fundamental term(s) of the Strategic Alliance Agreement.

Notwithstanding clause (iii)(A) above, if the board of directors of Batero determines that the Feasibility Study cannot be completed prior to the second anniversary of the closing of the Initial Subscription, the board may provide a written notice to CMH requesting an additional 12 months during which to complete the Feasibility Study without terminating the board representation provisions. CMH agrees to grant such request if CMH is satisfied that reasonable grounds exist for the delay in completing the Feasibility Study and for the requested 12 month extension. For clarity, any such extension under clause (iii)(A) is not a waiver of such clause, but merely extends the date as of which the board representation provisions will terminate under clause (iii)(A).

PREFERRED JV PARTNER: CMH will have a right of first refusal on future joint ventures entered into by Batero in respect of the Batero-Quinchia Project or any project located in whole or in part inside of the AOI, for so long as the CMH Group collectively holds beneficial ownership of 19.9% or more of the outstanding Shares (on a non-diluted basis).

PRE-EMPTIVE RIGHTS: CMH will have a right of first refusal in respect of the sale, directly or indirectly, by Batero of all or any part of the Batero-Quinchia Project, and/or any mineral or other rights related thereto (including any rights acquired by Batero within the AOI) for so long as the CMH Group collectively holds beneficial ownership of 19.9% or more of the outstanding Shares (on a non-diluted basis).

AREA OF INTEREST: For a period of three years:

(a) The CMH Group may not acquire directly or indirectly within a 10 km radius of the Batero-Quinchia Project (the "**AOI**") any property, mineral, surface or other rights. If any member of the CMH Group receives an offer to acquire any mineral or real property within the AOI from a third party, CMH must notify Batero in writing, after which Batero will have a right of first refusal regarding the purchase of the properties, and if Batero chooses not to exercise its right of first refusal then any member of the CMH Group will be permitted to acquire such properties; and

(b) CMH agrees not to enter into a partnership, strategic alliance, joint venture, option agreement or other similar type of business arrangement where it is entitled to earn an interest in the properties of a company that owns, or has the right to earn, at least a 50% interest in mineral properties located wholly or partially within the AOI, and it also agrees not to provide technical or other assistance or advice to, or to acquire a controlling interest in, such company or companies, except as consented to by Batero. For purposes of this clause, a "controlling interest" will not include any equity interest equal to 50% or less of the voting rights in such a company or companies. For clarity, the AOI clause will not limit the ability of any member of the CMH Group to acquire a passive investment interest in any company that owns, or has the right to earn, any interest in mineral properties, or any mineral, surface or other rights located wholly or in part within the AOI (such a company, an "**AOI Company**"), and provided that the CMH Group is in compliance with the first sentence of this clause (b), such investment interest will not be deemed to not be passive solely by reference to the size of such interest. Provided that CMH is otherwise in compliance with the foregoing provisions of this clause (b), the acquisition, directly or indirectly, by any AOI Company in which the CMH Group has an interest, of any property, mineral, surface or other rights within the AOI will not be deemed to be a violation by the CMH Group of the provisions described in clause (a).

SCHEDULE C
TIMELINES

Event	Timing
Execution of the Strategic Alliance Agreement	November 28, 2012 (subject to CMH and Batero being satisfied with their respective due diligence investigations)
Execution of the Subscription Agreement	Concurrently with execution of the Strategic Alliance Agreement
Closing of the Subscriptions	Within three days of receipt of TSX-V approval of the Subscriptions
Conversion of the Subscription Receipts	Upon the satisfaction of certain conditions, which will be specified in the Subscription Agreement, including, among others, TSX-V and shareholder approval being obtained for the Subsequent Subscription

SCHEDULE D
BATERO SECURITIES

Common Shares – issued and outstanding	63,012,794
Options **(see Note 1)**	3,843,000
Warrants **(see Note 2)**	7,260,086
Fully Diluted	74,115,880

Note 1

Options (each option is exercisable to acquire one common share):

#	*Exercise Price*	*Expiry Date*
150,000	$2.87	January 12, 2014
400,000	$2.40	January 21, 2014
60,000	$3.00	May 29, 2014
58,000	$2.85	June 17, 2014
75,000	$2.97	July 27, 2014
75,000	$2.92	August 9, 2014
7,000	$3.25	August 30, 2014
150,000	$0.50	July 22, 2015
118,500	$0.64	July 28, 2015
979,000	$2.39	November 23, 2015
1,400,000	$4.20	February 21, 2016
25,000	$4.78	March 17, 2016
50,000	$4.88	March 21, 2016
70,000	$4.55	April 25, 2016
225,500	$1.85	October 4, 2016
3,843,000		

Note 2

Warrants (each warrant is exercisable to acquire one common share):

#	*Exercise Price*	*Expiry Date*
1,932,000	$2.45	November 24, 2013
4,857,350	$0.90	April 26, 2014
470,736	$0.65	April 26, 2014
7,260,086		

SCHEDULE E
PROPOSED DIRECTOR NOMINEES OF BATERO AND CMH

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[Redacted: Personal Information.]