

## LOAN AGREEMENT

**THIS AGREEMENT** made effective August 8, 2014.

BETWEEN:

**Caza Gold Corp.**, a British Columbia company, having an office at 301-700 West Pender, Vancouver, BC V6C 1G8

(the “**Borrower**” or the “**Corporation**”)

AND:

**Polygon Mining Opportunity Master Fund**, a company incorporated under the laws of the Cayman Islands

(hereinafter the “**Lender**”)

**Principal amount:** US\$600,000 (the “**Loan**”)

**Interest rate:** 12% per annum, compounded and payable quarterly on March 31, June 30, September 30 and December 31.

**Term & Demand Repayment:** Repayable, with interest upon the earlier of:

- February 8, 2016 (being 18 months from the date of this Agreement);
- Forthwith upon receipt of written demand provided that a minimum of one (1) year has have elapsed from the date of this Agreement prior to the receipt of such written demand for repayment; or
- As otherwise provided by this Agreement.

**THIS AGREEMENT WITNESSES** that in consideration of the premises, the mutual covenants set out herein and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by each party hereto, the parties agree as follows:

## 1. DEFINED TERMS AND SCHEDULES

In this Agreement, in addition to the terms defined elsewhere herein, unless the context otherwise requires, capitalized terms shall have the meaning set forth in Schedule A. The following are the Schedules to this Agreement, each of which is incorporated in this Agreement by reference and deemed to be part thereof:

<u>Schedule</u>	<u>Description</u>
A	Defined Terms
B	Representations and Warranties of the Corporation
C	Budget
D	Press Release

## 2. ACKNOWLEDGEMENT OF LOAN

- (a) **Loan** - Relying on the representations, warranties and covenants set forth herein and subject to the other provisions of this Agreement, the Lender agrees to advance to the Borrower, by way of the Loan, the principal sum of **Six Hundred Thousand United States Dollars (US\$600,000)**.

## 3. TERMS OF LOAN

- (a) **Interest** - The Loan shall bear interest at **12% per annum**, compounded and paid quarterly. The first interest payment shall be due **September 30, 2014**.
- (b) **Bonus Shares** – In accordance with the policies of the Exchange, and subject to Exchange approval, the Borrower shall issue Common Shares to the Lender (the “**Bonus Shares**”) as a bonus for providing the Loan. The number of Bonus Shares will be equal to 18% of the principal amount of the Loan divided by the market price of the Common Shares on the date of the notice of the Borrower’s next shareholders’ meeting, subject to a minimum price of \$0.08 per Bonus Share to the extent required by the Exchange. The Bonus Shares shall be subject to a hold period of four months plus one day from their issuance.
- (c) **18 Month Term and Demand Repayment after One Year** - The Borrower shall pay the entire unpaid balance of the principal sum and all accrued but unpaid interest upon the earlier of:
- (i) **February 8, 2016** (being **18 months** from the date of this Agreement); or
  - (ii) Forthwith upon receipt by the Borrower of written demand provided that a minimum of **one (1) year** has elapsed from the date of this Agreement prior to the receipt of such written demand for repayment.
- (d) **Early Repayment** –The Borrower may, at its option, repay the Loan and any interest due from time to time in whole or in part without penalty, notice or bonus prior to **February 8, 2016** provided that the total interest due and payable would be as follows:

- (i) If full repayment of the Loan is made on or before **August 8, 2015**, a minimum of **12 months interest** (compounded and calculated quarterly) must be paid; and
  - (ii) If full repayment of the Loan is made after **August 8, 2015** and prior to **February 8, 2016**, a minimum of **18 months interest** (compounded and calculated quarterly) must be paid.
- (e) **Deliverables** - The following documents, duly executed, shall have been delivered to the Lender at the time of the signing of this Agreement or as otherwise specified:
- (i) the **Promissory Note** issued by the Borrower in favour of the Lender substantially in the form of the promissory note attached hereto as **Exhibit A**;
  - (ii) as security for the payment of the Borrower's obligations and for the fulfilment and satisfaction of all covenants and agreements set out herein, the Borrower shall execute and deliver or cause to be executed and delivered to the Lender the **General Security Agreement** attached as **Exhibit B**;
  - (iii) a consent by Inecosa of the assignment, in favour of the Lender, by way of security of the Corporation's right, title and interest in the Option Agreement pursuant to the General Security Agreement, such acknowledgement to be in form and substance satisfactory to the Lender;
  - (iv) as soon as possible but no later than 30 days following the date hereof, agreements between the Borrower and one or more current or former executives ("**Executives**"), providing for the conversion of the aggregate amount of up to US \$160,000 owing to the Executives into Common Shares, subject to Exchange approval ("**Salary Equitization**"), such agreements to be in form and substance satisfactory to the Lender; and
  - (v) such other documents or other instruments as the Lender may reasonably require in connection with the foregoing.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby makes to the Lender the representations and warranties set forth in **Schedule B** hereto and acknowledges that the Lender is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the Loan. The representations and warranties set forth in this Agreement (including **Schedule B**) and in any certificate or other document delivered hereunder shall, notwithstanding any investigation made by the Lender or its counsel or any other representative of the Lender, be true as at the date hereof, and shall continue in full force and effect until repayment in full of all indebtedness owing hereunder.

#### 5. COVENANTS AND ACKNOWLEDGEMENTS OF THE BORROWER

The Corporation covenants and agrees that:

- (a) the Corporation will make all necessary filings and applications under applicable Laws required to be made on the part of the Corporation in connection with the Transaction and shall take all reasonable action necessary to be in compliance with such applicable Laws,

including doing all things and making all such filings as are necessary to ensure that the Bonus Shares may be issued to the Lender on a private placement basis in accordance with applicable Securities Laws and that the Transaction is compliant with the disclosure requirements of MI 61-101 and exempt from the valuation and minority approval requirements thereof;

- (b) the Corporation shall apply to the Exchange to approve the Transaction and to list the Bonus Shares issuable pursuant to the Transaction on the Exchange, and shall use its reasonable commercial efforts to obtain approval from the Exchange, subject to the Exchange Conditions, for the Transaction and the listing of such Bonus Shares on the Exchange and the Corporation shall provide the Lender and its Representatives with a reasonable opportunity to review and comment on any applications or materials to be provided to the Exchange by the Corporation prior to filing such applications and materials with the Exchange and shall accept the reasonable comments of the Lender and its Representatives on such applications and materials and shall involve the Lender and its Representatives in any communications or meetings with the Exchange;
- (c) the Lender's governance rights under the Investment Agreement as set forth in sections 5.4, 5.5 and 5.6 therein remain in full force and effect.

## **6. REPRESENTATIONS AND WARRANTIES OF THE LENDER**

The Lender represents and warrants to the Borrower as follows:

- (a) The Lender, as a Control Person of the Borrower, will make all required disclosures, if any, related to the Loan and the Bonus Shares to comply with applicable securities legislation, including such early warning news releases and reports as may be required under NI 62-103;

## **7. USE OF PROCEEDS**

The Borrower shall only use the proceeds from the Loan in accordance with the budget attached as **Schedule C**, as determined on a reasonable business basis by the Board of Directors and subject to the terms hereof. All Loan proceeds will be deposited in a separate bank account (the "**Separate Account**") and all disbursements, withdrawals and payments from such account shall be subject to the prior approval of the Lender. The Borrower will promptly provide to the Lender upon request copies of all invoices, work orders, bank statements and other documentation related to any use of proceeds of the Loan by the Borrower. No Loan proceeds will be used to discharge liabilities in relation to Mexico operations or for payment of salaries of or other amounts owing to the Executives, other than as may be specifically set out in the Budget, attached as Schedule C.

## **8. EVENTS OF DEFAULT**

Each and every of the events set forth in this paragraph shall be an event of default ("**Event of Default**"):

- (a) the non-payment when due of any amount payable by the Corporation to the Lender under this Agreement, unless the failure to pay is caused by technical or administrative error and payment is made within five (5) business days thereafter;

- (b) if the Corporation commits an act of fraud upon the Borrower or in respect of this Agreement or any representations made in connection herewith;
- (c) the commencement of proceedings for the dissolution, liquidation or winding-up of the Corporation or any of its Subsidiaries or for the suspension of the operations of the Corporation or any of its Subsidiaries unless such proceedings are being contested in good faith by proper and timely legal proceedings;
- (d) if the Corporation or any of its Subsidiaries ceases or threatens to cease to carry on its business (except in relation to the orderly closure and cessation of the Mexico operations) or is adjudged or declared bankrupt or insolvent or makes an assignment for the general benefit of creditors, petitions or applies to any tribunal for the appointment of a receiver or trustee for it or for any part of its property which is material to its operations, or commences any proceedings relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of, or acquiescence in, any such proceeding for it or for any part of its property which is material to its operations, or suffers the appointment of any receiver or trustee, unless, if such proceedings are commenced by another person, such proceedings are being contested in good faith in a timely manner and have been discharged, vacated or stayed within fifteen (15) days after commencement;
- (e) if any representation or warranty made by the Corporation in or incorporated in this Agreement or in any other document, agreement or instrument delivered pursuant hereto proves to have been incorrect in any material respect when made or furnished, unless the circumstances giving rise to the incorrect statement are capable of remedy and are remedied within fifteen (15) days after the date of the Loan gives notice thereof to the Corporation;
- (f) if a writ, execution, attachment or similar process is issued or levied against all or any portion of the property of the Corporation or any of its Subsidiaries in connection with any judgment against the Corporation or any of its Subsidiaries in any amount which materially affects the Corporation's or any Subsidiary's ability to satisfy its obligations to the Lender, and such writ, execution, attachment or similar process is not released, bonded, satisfied, discharged, vacated or stayed within ten (10) days after its entry, commencement or levy;
- (g) other than in circumstances which constitute an Even of Default under paragraph (a) or (m), the breach or failure of due observance or performance by the Corporation of any covenant or provision of this Agreement or of any other document, agreement, or instrument delivered pursuant hereto or of the Investment Agreement, which breach or failure or non-performance is not remedied within fifteen (15) days after written notice to do so has been given by the Lender to the Corporation;
- (h) if one or more encumbrances, lienors or landlords take possession of all or a material portion of the assets of the Corporation or any of its Subsidiaries or attempts to enforce their security or other remedies against such assets, unless possession of such assets or such enforcement has been vacated, stayed or otherwise ruled improper within five (5) days thereof;

- (i) if any other present or future indebtedness for borrowed money of the Corporation or of any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of an event of default (however described) or any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period;
- (j) the Corporation or any of its Subsidiaries fails to pay when due or within any originally applicable grace period, as the case may be, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money;
- (k) an event of default (after expiry of all applicable grace periods) under any agreement of the Corporation or any of its Subsidiaries which has or could reasonably be expected by the Lender to have a Material Adverse Effect;
- (l) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or, in the reasonable opinion of the Lender, any substantial part of the assets of the Corporation or any of its Subsidiaries; or
- (m) the Corporation fails to materially comply with the process for releasing or using the Loan proceeds in accordance with section 7.

## **9. EFFECT OF EVENT OF DEFAULT**

If any one or more of the Events of Default occurs or occur and is or are continuing, the Lender may without limitation in respect of any other rights they may have in law or hereunder, demand immediate payment of all monies owing hereunder. The Lender may also take any steps necessary to realize on its security. Upon the occurrence of an Event of Default, the Corporation acknowledges and agrees that all further disbursements of the Loan proceeds from the Separate Account shall be suspended and, at the request of the Lender, all remaining Loan proceeds, together with all interest, income and other amounts earned thereon, shall be returned to the Lender, provided that the Lender shall thereupon return the Note for surrender and the Corporation shall cancel same and thereupon issue a new Note in form and substance identical to this Note except that the outstanding principal amount under the Loan will be reduced by the amount of the funds so returned to the Lender.

## **10. PRESS RELEASES**

Neither the Lender nor the Borrower, nor any of their affiliates or associates, shall make any press release or other public disclosure about the terms of this Agreement or the transactions contemplated herein or therein without the prior written approval of the other unless otherwise required by Securities Laws or other Laws (including, in the case of the Borrower, the rules of the Exchange). Each party shall provide the other party with two Business Days to review and comment on all such press releases or public statements prior to release thereof, whether such press releases or prior public statement is with the prior written approval of the other party, or is required by Securities Laws or other Laws. The parties agree that the Borrower shall issue a press release in respect of the transaction contemplated hereby in substantially the form attached hereto as **Schedule D**.

## **11. ASSIGNMENT, SUCCESSORS AND ASSIGNS**

The Corporation may not assign this Agreement or the Promissory Note or any of the obligations associated therewith. This Agreement and the Promissory Note may be assigned by the Lender,

in whole or in part, at any time, in compliance with applicable Laws, however, the Lender may not assign this Agreement or the Promissory Note to Inecosa or any of its directors, officers or assigns, or to any related party of Inecosa. Upon an assignment pursuant to this section 11, the Corporation shall, at the request of the assignee, issue a replacement Promissory Note registered in the name of the assignee (and, in the case of a partial assignment, shall also issue a replacement Note to the Lender in respect of the principal balance held by it), upon surrender and cancellation of the existing Promissory Note. The Corporation shall also execute and deliver such other agreements, documents and instruments as the Lender or the assignee may request in connection with such assignment.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**12. WAIVERS**

No failure or delay on the Lender's part in exercising any power or right hereunder shall operate as a waiver thereof. The Lender's rights and remedies hereunder are cumulative and not exclusive of any rights or remedies provided by law. Time is of the essence.

**13. INVALIDITY**

If at any time any one or more of the provisions hereof is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

**14. GOVERNING LAWS**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**15. AMENDMENT**

This Agreement may be changed only by or pursuant to an agreement in writing signed by all parties.

*[Signature page follows]*

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement on the date first above written.

**Polygon Mining Opportunity Master Fund**

**Caza Gold Corp.**

Per: signed "*Michael J. Humphries*"  
Authorized Signatory

Per: signed "*Jim Defer*"  
Authorized Signatory



**Exhibit A**

**Form of Promissory Note**

**PROMISSORY NOTE**

**US\$600,000**

**Dated: August 8, 2014**

**FOR VALUE RECEIVED**, the undersigned promises to pay to the order of **Polygon Mining Opportunity Master Fund or its designated assigns** (the “**Lender**”) the sum of **SIX HUNDRED THOUSAND UNITED STATES DOLLARS (US\$600,000)** (the “**Loan**”) together with interest thereon calculated at the rate of **12%** per annum, such interest to be compounded and calculated and paid quarterly and such principal sum, together with such interest thereon still owing shall be due and payable on or before that date first set out above.

Full repayment of the Loan and all interest owing and accrued will be made by Caza Gold Corp. on or before **February 8, 2016**. The Borrower may, at its option, repay the Loan and any interest due from time to time in whole or in part without penalty, notice or bonus prior to **February 8, 2016** provided that the total interest due and payable would be as follows:

(a) If full repayment of the Loan is made on or before **August 8, 2015**, a minimum of **12 months interest** (compounded and calculated quarterly) must be paid; and

(b) If full repayment of the Loan is made after **August 8, 2015** and prior to **February 8, 2016**, a minimum of **18 months interest** (compounded and calculated quarterly) must be paid. .

Extension of time of payment of all or any part of the amount owing hereunder at any time or times or failure of the holder hereof to enforce any of its rights or remedies hereunder or under any instrument securing this note or any releases or surrender of property shall not release any party hereof and shall not constitute a waiver of the rights of the holder hereof to enforce such rights and remedies thereafter.

The Lender or its assigns, upon the full repayment of the Loan and all outstanding interest, shall return this Promissory Note to Caza Gold Corp.

The undersigned and each endorser hereof waives demand and presentment for payment, notice of dishonour, notice of non-payment, protest and notice of protest of this promissory note.

**IN WITNESS WHEREOF** the undersigned hereunder affixed its common seal in the presence of its proper officers duly authorized in that behalf.

**Caza Gold Corp.**

**c/s**

**Per:**

signed “*Jim Defer*”  
Authorized Signatory

**SCHEDULE B**  
**GENERAL SECURITY AGREEMENT**

THIS AGREEMENT dated as of the August 8, 2014.

BY:

**Caza Gold Corp.**, a British Columbia  
company, having an office at 301-700 West Pender,  
Vancouver, BC V6C 1G8  
hereinafter called the "Debtor"

IN FAVOUR OF:

**Polygon Mining Opportunity Master Fund,**  
a company incorporated under the laws of the  
Cayman Islands  
hereinafter called the "Secured Party"

WHEREAS the Debtor has issued a promissory note in the principal amount of **US\$600,000**, plus accrued interest (the "Promissory Note") to the Secured Party;

WHEREAS the Promissory Note evidences the loan made pursuant to the Loan Agreement;

AND WHEREAS IN CONSIDERATION of the Secured Party extending credit to the Debtor and for other good and valuable consideration, the Debtor covenants with the Secured Party as follows:

**ARTICLE I – DEFINITIONS**

1.01 **Definitions:** Capitalized terms used in this Agreement that are not defined in this section have the respective meanings ascribed thereto in the Act and all other capitalized terms used in this Agreement have the respective meanings ascribed thereto in this section:

- (a) "Act" means the Personal Property Security Act (British Columbia), as amended or re-enacted from time to time;
- (b) "Buildings" means all structures, buildings and other improvements constructed, being constructed or to be constructed on any property now or hereafter owned or occupied by or on behalf of the Debtor;
- (c) "Collateral" means all Personal Property (including, without limitation, each Account, Chattel Paper, equipment, Instrument, Intangible, Inventory, Money, Patent, Patent Application, Security and Goods) that is now or hereafter owned or acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any rights including, without limitation, all increases, additions, substitutions, repairs, renewals, replacements, accessions, accretions and improvements to any such Personal Property and all Proceeds and other amounts

derived directly or indirectly from any dealings with any such Personal Property, and including the Option Agreement;

- (d) “Expenses” means all costs, fees and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by or on behalf of the Secured Party in connection with or arising out of or from any one or more of the following:
  - (i) any act done or taken by the Secured Party or any Receiver, or any proceeding instituted by the Secured Party, the Debtor or any other person, firm or corporation, in connection with or in any way relating to one or more of the Act, this Agreement or any part hereof, the preservation, protection, enforcement or realization of the Collateral or the Security Interest or both, the recovery of the Indebtedness and responding to enquiries regarding the scope of the Security Interest perfected by the registration of a Financing Statement under the Act; and
  - (ii) the remuneration of the Receiver and its agents, if any.
- (e) “Indebtedness” means all present and future debts and liabilities due or to become due, absolute or contingent, direct or indirect, now existing or hereafter arising, owing by the Debtor to the Secured Party, and includes any extensions, renewals or replacements thereof and includes the Expenses;
- (f) “Inecosa” means Inversiones Ecologicas S.A.;
- (g) “Loan Agreement” means the loan agreement dated August 8, 2014 between the Debtor and the Secured Party, as amended;
- (h) “Option Agreement” means the property option agreement dated January 31, 2011 between the Debtor, Inecosa and the shareholders of Inecosa, as amended;
- (i) “Promissory Note” means the promissory note made by the Debtor in favour of the Secured Party in the principal amount of US\$600,000; and
- (j) “Security Interest” means the assignment, transfer, mortgage, charge and security interest provided for in Section 2.01 hereof and “security interest” has the meaning ascribed thereto in the Act.

## **ARTICLE II – GRANT OF SECURITY INTEREST AND ATTACHEMENT**

2.01 **Security Interest**: As continuing security for the payment of the Indebtedness and the performance, fulfillment and satisfaction of all covenants, obligations and conditions on the part of the Debtor set out herein and in the Promissory Note, the Debtor:

- (a) assigns, transfers, mortgages and charges to and in favour of the Secured Party all of the Debtor’s rights, title and interest in and to the Collateral; and
- (b) grants to and in favour of the Secured Party a security interest in the Collateral;

as and by way of a fixed and floating charge.

2.02 **Exclusion of Last Day of Leasehold Interest from Security Interest:** The Security Interest referred to in Section 2.01 hereof shall not extend to or apply to the last day of the term of any lease or agreement therefor that is now or may hereafter be held by the Debtor; provided, however, if the Security Interest becomes enforceable, the Debtor shall thereafter stand possessed of the last day of each such lease or agreement therefor and shall hold the same in trust for, and shall, upon receipt of a written request to that effect from the Secured Party assign the same to, any person who acquires the term of any such lease or any agreement therefor in the course of any enforcement of the Security Interest or in the course of any realization upon the Collateral or any part thereof.

For greater certainty, the Security Interest referred to in Section 2.01 hereof shall not extend to or apply to the Debtor's real property, mineral properties, property leases or similar leases or interests that are not Personal Property, or are not part of the Collateral, but shall extend to the Option Agreement.

2.03 **Attachment:** The Debtor and the Secured Party confirm that they have not postponed or agreed to postpone the time for attachment of the Security Interest and that the Debtor has received value.

### **ARTICLE III – REPRESENTATIONS, WARRANTIES AND COVENANTS**

3.01 **Representations and Warranties:** The Debtor represents and warrants that:

- (a) the Collateral is owned by the Debtor with good and marketable title thereto, free and clear of any assignments, executions, mortgages, charges, hypothecations, pledges, security interests, liens, demands, adverse claims and any other encumbrances whatsoever;
- (b) the Debtor is a corporation duly incorporated, organized and validly subsisting and in good standing under the laws of the Province of B.C. and has all necessary corporate power and authority to own or lease its property and assets and to carry on its business as now being conducted by it and is duly qualified, licensed or registered to carry on the business as now being conducted and is in good standing in all jurisdictions in which the nature of the business conducted by it or the property owned or leased by it makes such qualification, licensing or registration necessary;
- (c) to the best of its information and belief, it is not currently party to any assignment, execution, mortgage, charge, hypothec, pledge, lien, security interest or other encumbrance upon the Collateral or any part thereof or the Debtor's interest therein that ranks or is capable of being enforced in priority to or pari passu with the Security Interest;
- (d) while the Debtor is involved in ongoing discussions with third parties for the purposes of financings and granting rights or entitlements relating to its mineral properties located in Nicaragua it has not entered into any binding agreements for the purposes of granting any rights or entitlements relating to its mineral properties located in Nicaragua; and
- (e) the President of the Debtor is duly authorized to bind the Debtor.

3.02 **Covenants:** The Debtor covenants and agrees with the Secured Party that so long as any of the Indebtedness remains outstanding:

- (a) the Debtor will at all times maintain its corporate existence; and
- (b) the Debtor shall diligently maintain and operate the Collateral and shall conduct its operations in a reasonable and prudent manner so as to maintain, preserve and protect the Collateral;
- (c) the Debtor will at all times repair and keep in good order and condition any part or parts of the Collateral that constitutes tangible personal property, and renew and replace all and any of the same which may be come unrepairable or destroyed;
- (d) the Debtor shall not create, grant, assume or otherwise permit to exist any assignment, execution, mortgage, charge, debt, hypothec, pledge, lien, security interest or other encumbrance upon the Collateral or any part thereof or the Debtor's interest therein that ranks or is capable of being enforced in priority to or pari passu with the Security Interest;
- (e) the Debtor shall not create, grant, assume or otherwise permit to exist any assignment, execution, mortgage, charge, debt, hypothec, pledge, lien, security interest or other encumbrance that ranks or is capable of being enforced in priority to or pari passu with the Security Interest, except with the consent of the Secured Party;
- (f) the Debtor shall not be a party to any assignment, execution, mortgage, charge, hypothec, pledge, lien, security interest or other encumbrance, and will not transfer, convey, sell, sublease, assign or otherwise deal with or part with possession of the Debtor's real property, mineral properties, property leases or similar leases or interests (including, for greater certainty, all mineral rights, leases, properties or similar assets or interests owned or held, directly or indirectly, by the Company in Nicaragua) that are not Personal Property, or are not part of the Collateral, except with the consent of the Secured Party;
- (g) the Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements and other writings and assurances as may be necessary or desirable or recommended by counsel to the Secured Party with respect to this Agreement or the Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;
- (h) the Debtor shall not transfer, convey, sell, sublease, assign or otherwise deal with or part with possession of the Collateral or any part thereof, except with the consent of the Secured Party which consent shall not be unreasonably withheld; and
- (i) the Debtor will from time to time at the request of the Secured Party and at the expense of the Debtor, make and do all such acts and things and execute and deliver all such instruments, security agreements, regulatory filings and other writings and assurances as may be necessary or desirable or recommended by

counsel to the Secured Party with respect to this Agreement or the Collateral or in order to perfect, keep perfected, maintain and preserve the Security Interest;

**ARTICLE IV – EVENTS OF DEFAULT AND REMEDIES**

4.01 **Events of Default:** The Debtor shall be in default hereunder upon the occurrence of any one or more of the following events (which shall collectively be called “Events of Default”):

- (a) the Debtor does not pay any of the Indebtedness when due;
- (b) the Debtor does not observe or perform any of the Debtor’s obligations under this Agreement or the Loan Agreement;
- (c) there occurs an Event of Default (as defined in the Loan Agreement) under the Loan Agreement;
- (d) any representation, warranty or statement made by or on behalf of the Debtor to the Secured Party, in this Agreement or the Loan Agreement or otherwise, is untrue in any material respect when made;
- (e) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the Bankruptcy and Insolvency Act (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor;
- (f) a receiver, trustee, custodian or other similar official is appointed in respect of the Debtor or any of the Collateral;
- (g) any person holding a Security Interest in respect of any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
- (h) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement;
- (i) the Secured Party, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Indebtedness is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy.

4.02 **Remedies Upon Default:** Upon the occurrence of an Event of Default, the full amount of the Indebtedness shall, at the option of the Secured Party, become due and payable whereupon the Security Interest shall immediately be enforceable by the Secured Party, and the Secured Party shall have, in addition to all other rights, powers and remedies available at law and in equity, the following rights, powers and remedies:

- (a) the Secured Party may appoint and reappoint by instrument in writing, or institute proceedings in any court of competent jurisdiction for the appointment or reappointment of, any person (including the Secured Party) or persons to be a

receiver or receiver and manager (collectively called a “Receiver”) of all or any part of the Collateral. The Secured Party may remove or replace the Receiver from time to time, and appoint another person or persons in his stead or make application to a court of competent jurisdiction to do so. Subject to the provisions of the instrument or court order appointing the Receiver, the Receiver so appointed or replaced shall have, possess and may exercise all or any part of the rights, powers and remedies of the Secured Party (whether conferred upon the Secured Party) by this Agreement or otherwise). For greater certainty, where the Secured Party is referred to in this Agreement, the term shall, where the context permits, include the Receiver so appointed or replaced and the officers, employees, servants or agents of the Secured Party and the Receiver;

- (b) the Secured Party may, without notice, take such steps as it considers necessary or desirable to obtain possession of all or any part of the Collateral by any method permitted by law, and to that end the Debtor agrees:
  - (i) to deliver possession of the Collateral to the Secured Party forthwith upon its receipt of a written or verbal demand therefor, at such place or places specified by the demand; and
  - (ii) that the Secured Party may, at any time during the day or night, by any lawful means, enter upon any premises where any of the Collateral may be found for the purpose of rendering unusable any part of the Collateral which constitutes equipment or for the purpose of taking possession of and removing the Collateral or any part thereof or both;
- (c) subject to the Act, the Secured Party may without notice, advertisement, demand for payment or any other formality (all of which are hereby waived) do any act or thing to preserve the Collateral or its value, or seize, collect, realize upon, lease, dispose of, release to third parties, sell by public or private sale or any other mode of disposition as the Secured Party may consider advisable or otherwise deal with the Collateral or any part thereof in such manner, for such consideration, upon such terms and conditions and at such time or times as may, in the absolute discretion of the Secured Party, seem to it necessary or advisable;
- (d) subject to the Act, the Secured Party may without notice, retain the Collateral or any part thereof and postpone the sale or any other disposition or dealing with the Collateral or any part thereof for such period as may, in the absolute discretion of the Secured Party, seem to it necessary or advisable;
- (e) subject to the Act, the Secured Party may without notice, elect to retain all or any part of the Collateral in satisfaction of the Indebtedness or any part thereof;
- (f) subject to the Act, the Secured Party may purchase all or any part of the Collateral at any public or private sale, auction, tender or by way of any other mode of disposition;
- (g) the Secured Party may borrow money on the security of the Collateral and create security interests in the Collateral; and

- (h) the Secured Party may pay any indebtedness of the Debtor, post any security or otherwise deal with any other creditors of the Debtor in order to obtain the discharge of any mortgage, charge, hypothecation, pledge, security interest, line, claim or other encumbrance that may exist against the Collateral or any part thereof.

4.03 **Receiver as Agent:** The Receiver shall be the agent of the Debtor for all purposes except possession of the Collateral only, which possession shall be on behalf of and as agent of the Secured Party and not the Debtor.

4.04 **Risk of Loss:** Where all or any part of the Collateral is in the possession of the Secured Party or the Receiver, the risk of loss or damage, whether caused by the negligence of the Secured Party, the Receiver or otherwise, shall be the sole responsibility and obligation of the Debtor.

4.05 **Rights of Secured Party; Limitations on Secured Party's Obligations.** The Secured Party will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Secured Party nor any agent of the Secured Party is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Secured Party nor any agent of the Secured Party will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Secured Party or any agent of the Secured Party) caused for any reason other than the gross negligence or willful misconduct of the Secured Party or such agent of the Secured Party.

#### **ARTICLE V – GENERAL CONTRACT PROVISIONS**

5.01 **Secured Party not Liable:** Neither the Secured Party nor the Receiver shall be bound to do any one or more of the following:

- (a) give any notice;
- (b) make or do any repair, processing, or preparation for disposition of the Collateral (whether commercially reasonable or not);
- (c) use reasonable care in the custody or preservation of any of the Collateral in its possession;
- (d) keep the Collateral identifiable;
- (e) proceed in a commercially reasonable manner in the collection from debtors of the Debtor;
- (f) exercise any rights, powers and remedies whatsoever including, without limitation, seize, collect, realize upon, lease, sell or otherwise dispose of, borrow money on the security of, release to third parties; obtain possession of, obtain payment for, maintain or preserve or protect, the Collateral or any part thereof or its value; and



- (g) institute proceedings for the purpose of seizing, collecting, realizing upon, disposing of or obtaining possession of or payment for, the Collateral or any part thereof or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, firm or corporation in respect of same;

nor shall the Secured Party or the Receiver be liable or accountable for doing or for failing to do any one or more of the foregoing. The Debtor shall be liable for all actions, causes of action, proceedings, debts, demands, claims, losses, damages and other liabilities incurred or suffered by the Debtor, the Secured Party or the Receiver by reason of or on account of any act or failure to act of the Receiver.

5.02 **Application of Funds:** All amounts realized from the Collateral upon the enforcement of the Security Interest shall be applied by the Secured Party or the Receiver firstly, to the payment of Expenses, secondly, to the payment of such part of the Indebtedness as constitutes interest, and thirdly, to the payment of the balance of the Indebtedness; and any deficiency shall be and remain payable by the Debtor to the Secured Party. If any surplus remains after the payments itemized herein, such surplus shall be applied in the manner provided for in the Act.

5.03 **Performance by Secured Part:** If the Debtor fails to perform, fulfill or satisfy any covenant, obligation or condition herein set out including, without limitation, the payment of money, the Secured Party may, in its absolute discretion, but without being bound to do so, perform any such covenant, obligation or condition capable of being performed by the Secured Party. No such performance or payment shall relieve the Debtor from any default under this Agreement or any consequence of such default.

5.04 **Rights, Powers and Remedies:** Each right, power and remedy of the Secured Party provided for in this Agreement or available at law or in equity may be exercised separately from or in combination with, and is in addition to and not in substitution for, any other right, power and remedy of the Secured Party however created.

5.05 **Waiver:** No consent or waiver, expressed or implied, by the Secured Party to or of any breach or default by the Debtor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default in the performance of the Debtor's obligations hereunder. Failure on the part of the Secured Party to complain of any act or failure to act of the Debtor or to declare the Debtor in default, irrespective of how long such failure continues, shall not constitute a waiver by the Secured Party of its rights hereunder.

5.06 **Dealings with Persons:** The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Collateral, the Debtor, debtors of the Debtor, and others as the Secured Party may see fit, without prejudice to the Secured Party's rights, powers and remedies whatsoever.

5.07 **Notices:** Any notice or demand which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if served personally or by telefax upon the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail addressed to it at any address for service provided herein. The date of receipt of such notice or demand, if served personally or by telefax, shall be deemed to be the date of the delivery thereof, or if mailed as aforesaid, the fourth

business day following the date of mailing. For the purposes hereof, personal service on the Debtor shall be effectively given by delivery to any officer, director or employee of the Debtor. The Secured Party or the Debtor may, from time to time, change its address or stipulate another address from the address described in this Agreement by giving notice in the manner provided in this section.

5.08           **Successors and Assigns:** This Agreement and each of the covenants, warranties and representations herein set out shall enure to the benefit of the successors and assigns of the Secured Party and be binding upon the successors and permitted assigns of the Debtor.

5.09           **Survival:** All covenants, undertakings, agreements, representations and warranties made by the Debtor in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the Indebtedness is paid in full. All representations and warranties made by the Debtor shall be deemed to have been relied upon by the Secured Party.

5.10           **Entire Agreement:** This Agreement shall constitute the entire agreement between the Debtor and the Secured Party relating to the Security Interest and may not be amended in any manner except by written instrument signed by both of them.

5.11           **Applicable Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

5.12           **Time of the Essence:** Time is and shall continue to be of the essence of this Agreement.

*[Signature page follows]*

**Caza Gold Corp.**

Per:

signed "*Jim Defer*"

Authorized Signatory

I have the authority to bind the Corporation.

## Schedule A

### Defined Terms

“**affiliate**” has the meaning set forth in the *Securities Act* (British Columbia);

“**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this Loan Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

“**associate**” has the meaning set forth in the *Securities Act* (British Columbia);

“**Board of Directors**” means the board of directors of the Corporation as it may be comprised from time to time, including any duly constituted committee thereof, unless the context requires otherwise;

“**business day**” means any day, other than a Saturday, a Sunday or a statutory holiday, in the cities of New York or Vancouver;

“**Canadian GAAP**” means Canadian generally accepted accounting principles as contemplated by the Handbook of the Canadian Institute of Chartered Accountants, applied on a consistent basis, and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board for periods beginning on and after January 1, 2011;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Concessions**” means any mining freehold title, conventional property interest, concession (granted or pending as of the date hereof), claim, lease, licence, permit or other right to explore for, exploit, develop, remove, mine, produce, process or refine minerals or any interest therein in Nicaragua which the Corporation or any of its Subsidiaries owns or has a right or option to acquire or use and which, for greater certainty,

- (a) includes the following granted mining concessions published in the Nicaraguan La Gaceta: *[redacted detailed property descriptions]*;
- (b) includes the following pending mining concessions in Nicaragua: *[redacted pending property descriptions]*; and
- (c) excludes any of the Corporation’s mineral interests in Mexico;

“**Control Person**” has the meaning set forth in the policies of the Exchange;

“**Cultural Heritage Laws**” means all applicable Laws relating to the protection, reconnaissance and preservation of archaeological, historical or cultural evidences, remains, sites, features or artefacts;

“**disclosed in writing**” shall include, not only printed documentation, but all disclosure provided to the receiving party in electronic format and for greater certainty shall not include information or documentation in the Public Record;

“**Exchange**” means the TSX Venture Exchange;

“**Exchange Conditions**” means the conditions imposed by the Exchange in the letter of the Exchange granting conditional approval of the Transaction or other correspondence with Exchange relating to the

Transaction and conditional approval of the listing and posting for trading on the Exchange of the Bonus Shares subject only to satisfaction by the Corporation of the conditions imposed by the Exchange in such letter or other correspondence;

“**Governmental Entity**” means any: (a) multinational, federal, provincial, territory, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**including**” means including without limitation;

“**Inecosa**” means Inversiones Ecologicas S.A.;

“**Investment Agreement**” means the investment agreement dated October 28, 2013 between the Lender and the Borrower;

“**Laws**” means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the Exchange) or self-regulatory authority and the term “applicable” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and “Laws” includes Environmental Laws and Securities Laws;

“**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to any Person, any fact or state of facts, circumstance, change, effect, occurrence or event which:

- (a) either individually is or in the aggregate are, or individually or in the aggregate would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of such Person and its Subsidiaries, taken as a whole, other than any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (i) any change in Canadian GAAP or changes in regulatory accounting requirements applicable to the mineral exploration, development and production industry (the “**Relevant Industry**”) as a whole; (ii) conditions affecting the Relevant Industry as a whole, including changes in Laws (including Tax Laws); (iii) any natural disaster; (iv) any actions taken (or omitted to be taken) at the written request of other Party hereto; or (v) any action taken by the Person or any of its Subsidiaries that is required pursuant to this Agreement to obtain any required regulatory approvals), *provided*, however, that with respect to paragraphs (i), (ii) and (iii) such matter does not have a materially disproportionate effect on the Person and its Subsidiaries, taken as a whole, relative to comparable entities operating in the Relevant Industry, and references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a “Material Adverse Change” or a “Material Adverse Effect” has occurred; or

- (b) either individually or in the aggregate prevents, or individually or in the aggregate would reasonably be expected to prevent, the Person from performing its obligations under this Agreement in any material respect;

“**MI-61-101**” means Multilateral Instrument – *Protection of Minority Security Holders in Special Transactions*;

“**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* of the Securities Regulators;

“**NI 62-103**” means National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*;

“**Option Agreement**” means the property option agreement dated January 31, 2011 between the Corporation, Inecosa and the shareholders of Inecosa;

“**Options**” means options to purchase Common Shares granted pursuant to the stock option plan of the Corporation;

“**Parties**” means the Corporation and the Lender, and “**Party**” means either one of them;

“**Person**” includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);

“**Public Record**” means all information and documents filed by or on behalf of the Corporation with the applicable Securities Regulators in compliance or purported compliance with Securities Laws and publicly available on SEDAR;

“**Reporting Issuer Jurisdictions**” means the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia;

“**Securities Laws**” means, collectively, the applicable securities laws of each of the Reporting Issuer Jurisdictions and the respective regulations and rules made thereunder together with all applicable published policy statements, blanket orders and rulings of the Securities Regulators and all discretionary orders or rulings, if any, of the Securities Regulators made in connection with the transactions contemplated by this Agreement;

“**Securities Regulators**” means the securities commission or other securities regulatory authority of each of the Reporting Issuer Jurisdictions;

“**Shareholder Rights Plan**” means the shareholder rights plan established pursuant to the shareholder rights plan agreement dated for reference June 12, 2012 between the Corporation and Computershare Investor Services Inc. as rights agent;

“**Subsidiary**” has the meaning set forth in the *Securities Act* (British Columbia);

“**Swaps**” means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction, currency option, forward

sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

“**Tax**” or “**Taxes**” means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal, provincial and state income taxes), capital taxes, payroll and employee withholding taxes, gasoline and fuel taxes, employment insurance, social insurance taxes (including Canada Pension Plan payments), sales and use taxes (including goods and services, harmonized sales and provincial or territorial sales tax), ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation premiums or charges, pension assessment and other governmental charges, any import or export duties and other obligations of the same or of a similar nature to any of the foregoing, which one of the Parties or any of its Subsidiaries is required to pay, withhold or collect;

“**Tax Act**” means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time;

“**Tax Returns**” means all reports, estimates, elections, notices, filings, statements, designations, forms, declarations of estimated Tax, information returns or statements and returns relating to, or required to be filed in connection with any Taxes, including all schedules, attachments or supplements therefore and whether in tangible or electronic form;

“**Transaction**” means, collectively, the making of the Loan, the issuance of the Bonus Shares and the Salary Equitization;

“**U.S. Exchange Act**” means the *Securities Exchange Act of 1934* of the United States of America, as amended.

## Schedule B

### Representations and Warranties of the Corporation

- (a) Organization and Qualification of the Corporation. The Corporation is a corporation duly formed and organized and validly existing under the Laws of British Columbia and has the requisite power and authority to own its properties and conduct its business as now owned and conducted. The Corporation is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary.
- (b) Organization and Qualification of Subsidiaries. Each of the Subsidiaries of the Corporation is a corporation duly formed and organized and validly existing under the Laws of its jurisdiction of formation and has the requisite power and authority to own its properties and conduct its business as now owned and conducted. Each of the Subsidiaries of the Corporation is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary.
- (c) Authority Relative to this Agreement. The Corporation has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors, and except as provided in this Agreement, no other proceedings on the part of the Corporation are or will be necessary.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Corporation and constitutes the legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.
- (e) Subsidiaries.
  - (i) The Corporation has no Subsidiaries other than Nicaza SA, Minera Caza SA de CV and Minera Canarc de Mexico SA de CV (collectively with the Corporation, the “**Caza Group**”) and the Corporation directly owns 100% of the outstanding securities of each of such Subsidiaries. Each of Nicaza SA and Minera Canarc de Mexico SA de CV are inactive and have no assets or liabilities. All of the outstanding shares and all other ownership interests in the Subsidiaries of the Corporation are duly authorized, validly issued, fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by the Corporation, are owned by the Corporation free and clear of all Liens, except pursuant to restrictions on transfer contained in the articles of such Subsidiary. There are no outstanding contractual or other obligations of any member of the Caza Group to repurchase, redeem or otherwise acquire any of their respective securities or with respect to the voting or disposition of any outstanding securities of any of them.
  - (ii) There are no outstanding bonds, debentures or other evidences of indebtedness of any member of the Caza Group having the right to vote (or that are convertible for or exercisable into securities having the right to vote) with the holders of outstanding securities on any matter. No member of the Caza Group has any obligation to repurchase, redeem (except on the exercise of retraction rights in the discretion of the holder in



accordance with the terms of outstanding securities) or otherwise acquire any of its outstanding securities or with respect to the voting or disposition of any outstanding securities of any member of the Caza Group. No holder of securities issued by any member of the Caza Group has any right to compel the Corporation to register or otherwise qualify securities for public sale in Canada or the United States or elsewhere.

(f) No Violations.

- (i) None of the execution and delivery of this Agreement by the Corporation, the consummation of the transactions contemplated hereby or the compliance by the Corporation with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any Lien upon any of the properties or assets of the Caza Group under, any of the terms, conditions or provisions of: (A) constating documents of the Corporation; or (B) any interest, note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, contract or other material instrument or obligation to which a member of the Caza Group is a party, or to which the Caza Group or its properties or assets may be subject or by which a member of the Caza Group is bound; (ii) subject to compliance with the statutes and regulations referred to in Section (f)(ii), violate any judgement, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Caza Group; or (iii) cause the suspension or revocation of any authorization, consent, approval or license currently in effect;
- (ii) other than in connection or compliance with Securities Laws and the rules of the Exchange: (i) there is no legal impediment to the Corporation's consummation of the transactions contemplated by this Agreement; and (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Entity is necessary by the Corporation in connection with the making or the consummation of the Transaction;
- (iii) there is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which any member of the Caza Group, or, to the knowledge of the Corporation, any director, officer, employee or consultant or any affiliate of such Persons is a party or is otherwise bound that would now or hereafter: (i) limit in any material respect either the type of business in which the Caza Group may engage or the manner or locations in which any of them may so engage in any business; (ii) could require the disposition of any material assets or line of business of the Caza Group; or (iii) prohibits or limits the right of the Caza Group to make, sell or distribute any products or services or use, transfer, license, distribute or enforce any of their respective intellectual property rights; and
- (iv) the execution, delivery and performance of this Agreement does not and will not result in the restriction of any member of the Caza Group from engaging in its business or from competing with any Person or in any geographical area.

- (g) Capitalization of the Corporation. As of the date hereof, the authorized share capital of the Corporation consists of an unlimited number of "Common Shares". As of the date hereof, 41,649,105 Common Shares are issued and outstanding. As of the date hereof, apart from 3,419,303 Options granted under the Corporation's stock option plan and 22,014,167 warrants, there are no options, puts, calls, conversion privileges, warrants or other rights, agreements or

commitments of any character whatsoever requiring the issuance, sale or transfer by a member of the Caza Group of any shares of a member of the Caza Group or any securities or rights of any kind convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of a member of the Caza Group, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the share price, book value, income or other attribute of any member of the Caza Group. All outstanding Common Shares and all outstanding shares of each member of the Caza Group have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any preemptive rights.

- (h) Shareholder Rights Plan. With respect to the Shareholder Rights Plan:
- (i) to the knowledge of the Corporation, neither a “Flip-in Event” nor a “Separation Time” which could lead to the implementation of the dilutive features of the Shareholder Rights Plan has occurred;
  - (ii) upon the Lender becoming an “Acquiring Person”, the issuance of the Bonus Shares will be an “Exempt Acquisition” for purposes of the Shareholder Rights Plan and for such purposes the Board of Directors has determined to extend the Separation Time of the Rights to the date which occurs 10 business days following the shareholders’ meeting called to approve the Board of Directors’ waiver of the Shareholder Rights Plan in relation to the issuance of the Bonus Shares, subject to such extension being automatically revoked upon the earlier termination of this Agreement in accordance with its terms.

For purpose of this Paragraph (h), the terms “Acquiring Person”, “Flip-in Event”, “Separation Time” and “Exempt Acquisition” shall have the meanings ascribed to such terms in the Shareholder Rights Plan.

- (i) No Material Adverse Change. Since December 31, 2013, no Material Adverse Change has occurred that has not been publicly disclosed.
- (j) Information. All data, information and statements in the Public Record were complete and true and correct in all material respects and did not contain any misrepresentations as of the respective dates of such information and statements. The Corporation has not filed any confidential material change report (which at the date hereof remains confidential) or any other confidential filings (including redacted filings) with, as applicable, any Securities Authorities. There are no outstanding or unresolved comments in comment letters from any Securities Regulators with respect to any of the Public Record and neither the Corporation nor any of the Public Record is subject of an ongoing audit, review, comment or investigation by any Securities Regulators or the Exchange. There has been no breach of any confidentiality agreements or obligations by virtue of the disclosure to the Lender and its Representatives of such data and information. The Lender is not in possession of any material non-public information with respect to the Corporation.
- (k) No Undisclosed Material Liabilities. Except: (a) as disclosed or reflected in the audited annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2013 and the interim unaudited consolidated financial statements of the Corporation as at and for the three months ended March 31, 2014 (collectively, the “**Financial Statements**”); and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice since March 31, 2014; (ii) pursuant to the terms of

this Agreement; or (iii) publicly disclosed on SEDAR prior to the date hereof, the Corporation has not incurred any material liabilities of any nature, whether accrued, contingent or otherwise, whether or not such liabilities would be required by Canadian GAAP to be reflected on a consolidated balance sheet of the Corporation as of the date hereof. All liabilities in relation to the closure and cessation of the Caza Group's Mexico operations (including on account of contract termination costs, salaries, severance, taxes and the wind-up and dissolution of Minerva Caza SA de CV and Minerva Canarc de Mexico SA de CV) have been fully provided for through cash on hand of the Corporation reserved and earmarked for such purposes. All steps necessary to cease operations in Mexico (other than the making of any payments, all of which have been provided for as aforesaid) have been duly taken.

- (l) Debt. As of the date hereof, no member of the Caza Group has long-term debt or bank debt or, except as disclosed in the Financial Statements, working capital deficiency determined in accordance with Canadian GAAP.
- (m) Long-Term and Derivative Transactions. Neither the Corporation nor any of its Subsidiaries have any material obligations or liabilities, direct or indirect, vested or contingent in respect of any Swaps having terms greater than ninety (90) days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.
- (n) Employment Matters.
  - (i) The Corporation has provided the Lender with a correct and complete list (the "**Employment Information**") of:
    - (A) each employee of the Caza Group (collectively, the "**Employees**") as well as each director, independent contractor, consultant and agent of the Caza Group who currently provides executive services to the administration, operation, maintenance and management of the Caza Group, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, ages, status as full-time or part-time employees, location of employment and length of service;
    - (B) advice regarding office space and shared Employee services at its Vancouver office costing approximately \$15,000 per month;
    - (C) all arrangements for severance (whether or not above statutory payments) in relation to Mexico operations;
    - (D) each written employment practice or policy operated in relation to any of the Employees or any group of them, whether contractual, customary or discretionary;and the Corporation confirms that there are no:
    - (E) Employees currently on leave;
    - (F) arrangements or practices of the Caza Group regarding redundancy or severance payments, whether contractual, customary or discretionary, above the statutory payment, except as disclosed in the Employment Information; and

- (G) collective bargaining agreements, labour contracts, letters of understanding, letters of intent, voluntary recognition agreements or legally binding commitments or written communications to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting employees or independent contractors.
- (ii) On the Closing Date, no member of the Caza Group will employ or have any obligation to employ, re-employ or have seconded to it any person other than the persons the particulars of whom are referred to in Section (n)(i) above.
- (iii) Except as set out in the Employment Information, there are no obligations towards Employees, and no Employee or former Employee has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by applicable Law from the employment of an employee without an agreement as to notice or severance.
- (iv) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of Employees who have been paid and are accurately reflected in the books and records of the Caza Group.
- (v) The Caza Group is in compliance with all material terms and conditions of employment and in all material respects with all applicable Laws respecting employment, including employment standards, human rights, labour relations works compensation, pay equity, and occupational health and safety, and there are no outstanding claims, complaints, investigations or orders under any such applicable Laws.
- (vi) The Caza Group has not engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Corporation, threatened against the Caza Group.
- (vii) There is no strike, labour dispute, work slowdown or stoppage pending or threatened against the Caza Group nor has there been any such strike, labour dispute, work slowdown or stoppage within the last three (3) years, other than has been disclosed to the Lender in writing.
- (viii) The Caza Group has not paid nor will it be required to pay any bonus, fee, distribution, remuneration or other compensation to any Person (other than salaries, wages or bonuses paid or payable to Employees in the ordinary course of business in accordance with current compensation levels and practices as set out in the Employment Information) as a result of the transactions contemplated by this Agreement or otherwise. Furthermore, other than as specifically has been disclosed in writing to the Lender, there is no term of employment for any Employee of any member of the Caza Group which provides that a change of control, direct or indirect, of any member of the Caza Group entitles the Employee to treat the change of control as amounting to a breach of the relevant contract or entitling him or her to any payment, additional period of notice or other benefit whatsoever or entitling him to treat himself as redundant or otherwise dismissed or released from any obligation.
- (ix) Other than has been disclosed to the Lender in writing, there are no outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and the Caza Group has not been

reassessed in any material respect under such legislation and, to the knowledge of the Corporation, no audit of any member of the Caza Group is currently being performed pursuant to any applicable worker's compensation legislation. There are no disputes or potential disputes which may materially adversely affect the accident cost experience of the Caza Group.

- (x) There are no outstanding, current, or, to the knowledge of the Corporation, pending or threatened charges, investigations or orders under any applicable Laws that relate to the Employees (including, without limitation, Laws regarding occupational health and safety). The Caza Group has complied with all such Applicable Laws and there have been no such charges, investigations or orders during the past three (3) years.
  - (xi) The Caza Group is not a party to any actual, pending or threatened disputes under any applicable Law relating to Employees or former Employees nor is the Corporation aware of, nor is there, any factual or legal basis on which any such dispute might be commenced. There are no outstanding decisions or settlements or pending settlements which place or may place any obligation upon the Caza Group to do or to refrain from any actions in relation to any of the Employees.
  - (xii) To the knowledge of the Corporation, none of the Employees are in violation of any non-competition, non-solicitation, non-disclosure or any similar agreement with any third party.
- (o) Brokerage Fees. No member of the Caza Group has retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.
- (p) Conduct of Business. Since December 31, 2013 and except as disclosed in the Public Record or contemplated herein, the Caza Group has conducted and is conducting its business in the ordinary course of business consistent with past practice, in accordance with good mining and engineering practice, and in compliance in all material respects with all applicable Laws in each jurisdiction in which it carries on business. The Caza Group has not conducted any business except in relation to mineral exploration and development.
- (q) Restrictions on Business Activity. There is no order, and, except for the Option Agreement, there is no agreement, commitment or understanding, written or oral, binding upon the Caza Group or upon any director, officer or employee of such Person, that would now or hereafter, in any way, limit the business or operations of any member of the Caza Group in any material respect, including any order, agreement, commitment or understanding that includes a non-competition restriction, area of mutual interest, right of first refusal, right of first offer, exclusivity or other similar provision that has or would reasonably be expected to have the effect of prohibiting, restricting or impairing any business practices of any member of the Caza Group in any material respect.
- (r) Reports.
- (i) The Corporation will during the term of this Agreement deliver to the Lender as soon as they become available true and complete copies of any report or statement filed by it with Securities Regulators subsequent to the date hereof. As of their respective dates, such reports and statements (excluding any information therein provided by the Lender, as to

which the Corporation makes no representation): (i) will not contain any misrepresentation; and (ii) will comply in all material respects with all Applicable Laws. The financial statements of the Corporation issued by the Corporation or to be included in such reports and statements (excluding any information therein provided by the Lender, as to which the Corporation makes no representation) will be prepared in accordance with Canadian GAAP (except: (A) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Corporation's auditors; or (B) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the financial position, results of operations and changes in financial position of the Caza Group as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

(ii) The financial books, records and accounts of the Corporation and its Subsidiaries: (A) have been maintained, in all material respects, in accordance with Canadian GAAP; (B) are stated in reasonable detail; (C) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Corporation and its Subsidiaries; and (D) accurately and fairly reflect the basis of the Corporation's financial statements.

(s) U.S. Securities Laws. The Common Shares are not registered and are not required to be registered under Section 12 of the U.S. Exchange Act and the Corporation does not have a reporting obligation under Section 13 or 15 (d) of the U.S. Exchange Act.

(t) Books and Records. The corporate records and minute books of the Caza Group have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects. All such corporate records and minute books of the Caza Group have been provided to the Lender.

(u) Auditors. The auditors of the Corporation are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) with the present or any former auditors of the Corporation.

(v) Intellectual Property

The Corporation owns or possesses adequate rights to use all material patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and other intellectual property necessary for the business of the Corporation now conducted and proposed to be conducted, without any conflict with or infringement of the rights of others. The Corporation has received no communication alleging that it has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity.

(w) Litigation, etc. There is no dispute pending or, to the knowledge of the Corporation, threatened against or relating to any member of the Caza Group or affecting any of its properties or assets, nor is any member of the Caza Group subject to any outstanding order, writ, injunction or decree. All disputes in relation to the Caza Group, or which the Caza Group has exposure to, have been specifically disclosed in writing to the Lender and to the knowledge of the Corporation, there are no other potential disputes.

- (x) Environmental. Other than has been disclosed to the Lender in writing, to the knowledge of any member of the Caza Group:
- (i) no member of the Caza Group is in violation of any Laws, with respect to environmental, health or safety matters (collectively, “**Environmental Laws**”);
  - (ii) each member of the Caza Group has operated its business at all times and has generated, received, handled, used, stored, treated, shipped, recycled and disposed of all waste and contaminants in compliance with Environmental Laws;
  - (iii) except as permitted by Environmental Laws, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes within the Caza Group's ownership, possession or control at any time, on or from or under or in any of the real property owned or leased by the Caza Group at any time;
  - (iv) there have been no releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes, within the Caza Group's ownership, possession or control, into the earth, air or into any body of water or any municipal or other sewer or drain water systems;
  - (v) no orders, directions, demands or notices have been threatened or have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Caza Group;
  - (vi) each member of the Caza Group, as of the date hereof, holds all licenses, permits, consents, approvals, agreements, certificates and regulatory approvals required under any Environmental Laws in connection with the operation of its business as presently conducted and the ownership and use of its assets and all such licenses, permits, consents, approvals, agreements, certificates and regulatory approvals are in full force and effect and no member of the Caza Group has notice of any circumstances that may lead to the revocation, cancellation or curtailment of any of the same; and
  - (vii) full and accurate particulars of or, in the case of a document, a copy of all environmental or health and safety assessments, audits, reviews or investigations, whether in draft or final form, which concern in whole or in part (directly or indirectly) the current or previous operations of any member of the Caza Group and which are in the possession or control of any member of the Caza Group as of the date hereof have been disclosed in writing to the Lender.
- (y) Notice of Environmental Policies or Laws. No member of the Caza Group has received notice of any proposed environmental or royalty policies or Laws which the Corporation reasonably believes would have a Material Adverse Effect;
- (z) Insurance. The Caza Group maintains director and officer liability insurance as disclosed in writing to the Lender in force as of the date hereof. Such policy of insurance shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated hereby.

(aa) Tax Matters.

- (i) *Returns Filed and Taxes Paid.* All Tax Returns required to be filed by or on behalf of the Caza Group, or any member thereof, have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or have been accrued for on the Corporation's financial statements, and no other Taxes are payable by the Caza Group with respect to items or periods covered by such Tax Returns.
- (ii) *Tax Reserves and Refunds.* For the period from inception to December 31, 2013, each member of the Caza Group has paid all applicable Taxes or the Corporation has provided adequate accruals in the annual consolidated financial statements as at December 31, 2013 (including income Taxes and related future Taxes) for all such unpaid Taxes in accordance with applicable accounting rules. The Caza Group has made adequate provision in accordance with generally accepted accounting principles in their books and records for any amount of Taxes accruing in respect of any accounting period of the Caza Group ending subsequent to December 31, 2013. Each member of the Caza Group has duly and timely paid all Taxes, including instalments in respect of Taxes that are due and payable whether or not assessed by any appropriate Governmental Entity. However, as disclosed in writing to the Lender, there are Mexican income tax withholding liabilities which do not exceed \$82,000 (based on current information).

To the knowledge of the Corporation, and to the best of their information and belief of the Caza Group, the Corporation is entitled to a refund in taxes of approximately \$[redacted specific dollar amount] as a credit against IVA payments, which Caza Group is diligently pursuing.

- (iii) *Liens.* There are no Liens for Taxes upon any property or assets of the Caza Group, other than Liens for Taxes not yet due and payable and for which the Corporation has provided adequate accruals in its consolidated financial returns in accordance with Canadian GAAP. However, as disclosed in writing to the Lender, there are Mexican surface taxes due on certain Mexican mineral assets of the Corporation which do not exceed \$100,000.
- (iv) *Deficiencies.* (A) To the knowledge of the Caza Group, no deficiencies have been asserted against the Caza Group or any member thereof with respect to Taxes, including relating to transfer pricing; (B) no member of the Caza Group is a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of the Caza Group, has any such event been asserted or threatened against the Caza Group or any member thereof or any of their respective assets; (C) no waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of the Caza Group or any member thereof; (D) as at the date hereof, the Tax Returns of the Caza Group and each member thereof, except as has been specifically disclosed in writing to the Lender, are not the subject of any audit by a Governmental Entity, and the Caza Group has no knowledge that any such audit is pending or threatened and the Corporation is not aware of any contingent liabilities for Taxes or any grounds for an assessment or reassessment of the Caza Group or any member thereof with respect to Taxes.
- (v) *Non Arm's Length Transactions.* No member of the Caza Group has entered into any transactions (including any acquisition or disposition of assets or the receipt or provision of any services) with a Person with whom it did not deal at arm's length for purposes of



applicable Laws with respect to Taxes where such transactions were not for fair market value consideration and on arm's length terms and conditions.

- (vi) *Withholdings.* All Taxes required to be deducted, withheld or remitted by any member of the Caza Group under applicable Laws for amounts paid or credited to or for the account or benefit of any Person, including, Taxes on payments to any present or former employees, officers or directors or non-residents of Canada, have been duly and timely deducted and withheld and have been duly and timely remitted to the appropriate Governmental Entity. The Caza Group and each member thereof has charged, collected and remitted on a timely basis all Taxes as required under applicable legislation on any supply, sale or delivery whatsoever made by the Caza Group or any member thereof, as the case may be. However, as disclosed in writing to the Lender, there are Mexican income tax withholding liabilities which do not exceed, to the best of the Caza Group's information and belief, \$82,000.
  - (vii) *Agreements with Government Entity.* No member of the Caza Group has entered into any agreements in respect of Taxes with any Governmental Entity, or any other entity acting on behalf of a Governmental Entity.
  - (viii) *Other Taxes.* All ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of hydrocarbon substances owned by the Caza Group, or the receipt of proceeds therefrom, payable prior to the date hereof have been properly and fully paid and discharged in all material respects.
- (bb) Market Value. No options of the Corporation have or have had an exercise price that is less than the market value of a Common Share at the date of the grant of such options.
  - (cc) Reporting Issuer Status. The Corporation is a "reporting issuer" and is not in default of any Securities Laws or any rules or policies of the Exchange and the Common Shares are only listed on the Exchange.
  - (dd) MI 61-101. The transactions contemplated by this Agreement (including the making of the Loan, the issuance of the Bonus Shares and the Salary Equitization) are exempt from the valuation and minority approval requirements of MI 61-101 on the basis of the "financial hardship" exemption contained therein.
  - (ee) Property and Mining.
    - (i) Each Concession is valid, subsisting and enforceable, is in good standing, has been published in the Nicaraguan La Gaceta (unless otherwise noted in this Agreement) and is held by Inecosa, free and clear of all Liens. The Corporation is the lawful and exclusive holder of an option to acquire the Concessions pursuant to the Option Agreement.
    - (ii) Except for the Corporation's mineral interests in Mexico, the Concessions are the only mining concessions, claims, leases, licenses, permits or other rights to explore for, exploit, develop, remove, mine, produce, process or refine minerals that the Corporation has any legal or equitable interest in. The Concessions are sufficient to permit the Corporation (upon the acquisition thereof in accordance with the Option Agreement) to explore for, develop, mine, extract, exploit, remove, process and refine the minerals relating to such Concessions.

- (iii) The Corporation has provided the Lender with up to date, complete, true and accurate information in all material respects of the Concessions and the interests of the Corporation therein.
- (iv) Each Concession has been obtained and maintained in compliance with applicable Laws.
- (v) Any and all Taxes and other payments due and payable in respect of the Concessions have been paid.
- (vi) Any and all material filings required to be made in respect of the Concessions have been made.
- (vii) Subject to the Option Agreement, the Corporation has the exclusive right to deal with the Concessions.
- (viii) Except as provided in the Option Agreement
  - (A) no person other than the Corporation has any material interest in the Concessions or any right to acquire any such interest;
  - (B) the Concessions are not subject to any joint venture arrangements;
  - (C) no royalty, commission or similar payment is payable by the Corporation or any of its Subsidiaries in respect of any of the Concessions; and
  - (D) none of the Concessions (or any interest in, or right to earn an interest in, any such property) or any other material assets of the Corporation or any of its Subsidiaries is subject to any back-in rights, earn-in rights, rights of first refusal, rights of first offer, option rights, or similar provisions which would materially affect the Corporation's interests therein.
- (ix) None of the Corporation, its Subsidiaries or, to the knowledge of the Corporation, Inecosa has received written or, to the knowledge of the Corporation, oral notice of the termination, cancellation, or declaration of invalidity or unenforceability by any person of any Concession, or has become aware of any intention on the part of, nor has there been any announcement by, any person to terminate, cancel, declare invalid or unenforceable or revoke any Concession.
- (x) There are no adverse claims, actions, suits or proceedings that have been commenced or, to the knowledge of the Corporation, that are pending or threatened, affecting or which could affect the title to or right to explore for, develop, mine, extract, exploit, remove, process or refine the minerals relating to the Concessions, including the title to or ownership by the Corporation or Inecosa of any of the foregoing, which might involve the possibility of any judgement or liability affecting the Concessions.
- (xi) No Concession is, to the best of the Corporation's information and belief, subject to illegal occupation.
- (xii) None of the Corporation, its Subsidiaries or Inecosa has received any written notice or, to the knowledge of the Corporation, any oral notice from any Governmental Entity or any person with jurisdiction or applicable authority of any expropriation or revocation, or any

intention or proposal to expropriate or revoke, the Corporation's or Inecosa's interests in the Concessions.

- (xiii) All activities on the properties of the Corporation and each of its Subsidiaries (including the Concessions) has been conducted in material compliance with applicable Laws and contractual obligations to third parties (where applicable) and in accordance with good mining and engineering practices and all applicable workers' compensation and health and safety and workplace Laws have been duly complied with in all material respects, except as would not in the aggregate have a Material Adverse Effect.
- (ff) Mineral Resources. The Corporation is not required to prepare or file a technical report under NI 43-101 with respect to the Concessions. The only NI 43-101 report that the Corporation has filed on SEDAR is in relation to a Mexican mineral property that has since been written off.
- (gg) Mining Safety and Health. The Corporation, its Subsidiaries and its and their respective assets, and the ownership, operation, development, maintenance and use thereof, are in compliance in all material respects with all mining safety and health Laws applicable to their operations. In addition:
  - (i) neither the Corporation nor any of its Subsidiaries has received (or is otherwise aware of) any demand or notice with respect to a material breach of any applicable mining safety and health Laws;
  - (ii) there are no claims, investigations or inquiries pending or, to the knowledge of the Corporation, threatened against the Corporation or any of its Subsidiaries (or naming the Corporation or any of its Subsidiaries as a potentially responsible party) based on non-compliance with any applicable mining safety and health Laws at any of the operations or facilities currently or formerly owned, leased, licensed or operated by, or under option to, the Corporation or any of its Subsidiaries;
  - (iii) since January 1, 2010, no major or fatal accident involving the Corporation or any of its Subsidiaries has occurred in their operations or facilities currently or formerly owned, leased, licensed or operated by the Corporation or any of its Subsidiaries, regarding their own employees or third parties employees;
  - (iv) since January 1, 2010, neither the Corporation nor any of its Subsidiaries has been a party to any pending sanctioning proceeding, and it has not been fined by any governmental authority due to any breach of any applicable mining safety and health Laws; and
  - (v) neither the Corporation nor any of its Subsidiaries expects to be subject to any sanctioning proceeding due to infractions to any applicable mining safety and health Laws.
- (hh) Cultural Heritage. No archaeological permits, licences, approvals, consents, surveys, removals, certificates, monitoring reports or other authorizations of any kind or nature have been obtained in connection with any property of the Corporation or its Subsidiaries (including the Concessions) during the activities performed to date on such properties, neither have archaeological remains been discovered nor damages to any archaeological remains been caused as a direct or indirect result of activities undertaken on such properties. In addition:

- (i) neither the Corporation nor any of its Subsidiaries has received (or is otherwise aware of) any demand or notice with respect to the material breach of any applicable Cultural Heritage Laws or any order or directive relating to archaeological matters which requires any material work, repairs, construction, or capital expenditures, applicable to the Concessions, the Corporation or any of its Subsidiaries or any of their business undertakings;
  - (ii) there are no claims, investigations or inquiries pending or, to the knowledge of the Corporation, threatened against the Corporation or any of its Subsidiaries (or naming the Corporation or any of its Subsidiaries as a potentially responsible party) based on non-compliance with any applicable Cultural Heritage Laws at any of the properties or facilities currently or formerly owned, leased, licensed or operated by, or under option to, the Corporation or any of its Subsidiaries, including the Concessions; and
  - (iii) the Corporation and each of its Subsidiaries has provided the Lender with all archaeological surveys, assessments, removals, monitoring and audits that have been performed by them or by others who have furnished a copy to the Corporation or any of its Subsidiaries with respect to any property or facility currently owned, leased, licensed or operated by, or under option to, the Corporation or any of its Subsidiaries.
- (ii) Government Incentives. All filings made by the Corporation and its Subsidiaries under which such entity has received or is entitled to government incentives have been made in material compliance with all Laws and contain no misrepresentations which could cause any material amount previously paid to the Corporation or its Subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed.
- (jj) Confidentiality Agreements. The Corporation has not waived or released the applicability of any “standstill” or other provisions of any confidentiality or other similar agreements entered into by the Caza Group.
- (kk) Accurate Information. The Corporation has not withheld any material information or documents concerning the Corporation or the Caza Group or their respective assets or liabilities during the course of the Lender's review of the Corporation and its assets. No representation or warranty contained herein or other data or information provided to the Lender contains any misrepresentation.
- (ll) Material Agreements.
- (i) All agreements, contracts, royalties, ancillary documents, permits, licences, approvals, plans, certificates and other rights and authorizations that are material to the business, the assets, the equity value or the operations of a member of the Caza Group (the “**Material Agreements**”) have been disclosed in writing to the Lender and are valid and subsisting.
  - (ii) All Material Agreements to which a member of the Caza Group is a party are in full force and effect, and that member of the Caza Group is entitled to all rights and benefits thereunder in accordance with the terms thereof. Each member of the Caza Group has complied in all material respects with all terms of such Material Agreements, has paid all amounts due thereunder, has not waived any material rights thereunder and no material default or breach exists in respect thereof on the part of any member of the Caza Group.

- (iii) The Corporation is not aware of a breach by any Person who is party to or bound by any Material Agreement.
- (iv) None of the Material Agreements are subject to any termination fees, cancellation costs or penalties which would become payable upon termination of such contract or agreement following a change of control of the Corporation or upon completion of the transactions contemplated by this Agreement,
- (v) No third party consents are required under any of the Material Agreements for the completion of the transactions contemplated by this Agreement.
- (mm) Investigation. Any investigation by the Lender and its affiliates and their advisors shall not mitigate, diminish or affect the representations and warranties of the Corporation pursuant to this Agreement.
- (nn) Board Approval. As of the date hereof, the Board of Directors, after consultation with its legal advisors, has unanimously: (i) determined that the Transaction is in the best interests of the Corporation and the Shareholders; (ii) authorized the entering into of this Agreement and the performance by the Corporation of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.
- (oo) Money Laundering. The operations of the Corporation and of each of its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and money laundering Laws and the rules and regulations thereunder and any related or similar Laws, rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity relating to money laundering (collectively, the “**Money Laundering Laws**”) and no dispute involving the Corporation or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened.
- (pp) Anti-Corruption. Neither the Corporation nor any of its Subsidiaries, nor to the knowledge of the Corporation, any of its or their respective directors, executives, officers, representatives, agents or employees has: (i) made or authorized any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the *United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* or any applicable Law of similar effect; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

**Schedule C**

**Budget**

*[redacted budget details]*

## Schedule D

### Press Release

#### Caza Gold Announces US\$600,000 Secured Loan with Bonus Shares and Shares for Debt

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Vancouver, Canada – August 8, 2014 – Caza Gold Corp. (the “**Company**”) (CZY: TSX-V and CZ6: FSE) is pleased to announce that it has entered into a loan agreement (the “**Loan Agreement**”) with Polygon Mining Opportunity Master Fund (“**Polygon**”) providing for the terms and conditions pursuant to which Polygon will loan the principal amount of US\$600,000 to the Company (the “**Loan**”), as evidenced by a promissory note. The Loan is for a term of 18 months and is payable on demand after one year. The Loan bears interest at the rate of 12% per annum payable quarterly beginning on September 30, 2014. Polygon will also receive common shares of the Company (the “**Bonus Shares**”) as partial compensation for entering into the Loan Agreement. The number of Bonus Shares will be equal to 18% of the principal amount of the Loan divided by the market price of the common shares on the date of the notice of the Company’s next shareholders’ meeting, subject to a minimum price of \$0.08 per Bonus Share to the extent required by the TSX Venture Exchange, issuable following approval at such shareholders’ meeting. As security for the payment of the Company’s obligations and for the fulfilment and satisfaction of all covenants and agreements made under the Loan Agreement, the Company has, concurrently with the Loan Agreement, entered into a general security agreement with Polygon pursuant to which the Company granted Polygon a security interest in all personal property of the Company, including the property option agreement dated January 31, 2011 between the Company, Inversiones Ecologicas S.A. (“**Inecosa**”) and the shareholders of Inecosa, under which the Company holds rights to acquire certain mining properties located in Nicaragua, including the Los Andes project.

Polygon is a ‘Control Person’ and ‘related party’ of the Company (as defined by securities legislation) and currently owns 21,342,499 common shares of the Company (51.2% of its issued and outstanding share capital). As required by the shareholder rights plan agreement dated June 12, 2012 between the Company and Computershare Investor Services Inc. as rights agent, the Company will seek, at its next Annual General Meeting, or any earlier shareholder meeting, shareholder approval to the issuance of the Bonus Shares to Polygon.

The proceeds of the Loan will be used to complete current work, and fund further exploration and development work on the Company’s Los Andes High-Sulfidation Gold Project in Nicaragua and for working capital.

The Company is also pleased to announce that it has entered into shares for debt settlement agreements with one or more current or former executives of the Company to settle a total of up to Cdn\$160,000 by the issuance of up to 2,000,000 common shares of the Company (the “**Shares for Debt**”) at a price of \$0.08 per share, the market price as of the date of the settlement.

Related Party Transactions: The Loan, the Bonus Shares and the Shares for Debt are all subject to the prior approval of the TSX Venture Exchange and are ‘related party’ transactions under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Based on written recommendations prepared by a special committee of the independent directors of the Company, the Board, with the non-independent directors refraining

from voting, agreed to the terms of the transactions. There were no materially contrary views, or abstention by any directors other than as set out above and there were no material disagreements between the Board and the special committee. The Formal Valuation exemptions available to the Company include: s. 5.5(a) due to the fair market value of both the subject matter of the transaction as well as the consideration given by the Company to the related party not exceeding 25% of the market capitalization of the Company and s. 5.5(g), on the basis that: (i) the Company is in serious financial difficulty, (ii) the Shares for Debt, the Loan and the Bonus Shares are designed to improve the financial position of the Company, (iii) the Board is comprised of three independent directors and (iv) at least two-thirds of the Company's independent directors, acting in good faith, have determined that items (i) and (ii) above apply, and that the terms of Shares for Debt, the Loan and the Bonus Shares are reasonable in the circumstances for the Company. The Minority Approval Requirement exemptions available to the Company include s. 5.7(1)(a) and s. 5.7(1)(g) based on, respectively, the same underlying reasons. Apart from the proposed issuance of the Bonus Shares, the above transactions are expected to be completed less than 21 days after the date of this news release, as several material matters were uncertain and not ascertainable until at, or close to, the date of this release. These matters include the Loan amount, the terms of the Loan Agreement, the use of proceeds, additional matters tied to the execution of the Loan documents, the consent of the debt holders in respect of the Shares for Debt transaction, as well as internal approvals of Polygon. Due to, in part, the foregoing, the Company was unable to issue this release prior to today's date with any certainty, and in the Company's opinion this shorter period was unavoidable and reasonable and necessary in the circumstances.

In connection with the Company's press release yesterday announcing the departure of Mr. Greg Myers as President and Chief Executive Officer of the Company effective as of August 1, 2014, the Company also wishes to announce that Mr. Myers has resigned as a director of the Company effective the same date.

**Caza Gold Corp.** is a gold and copper exploration company focused on discovering new deposits in Nicaragua. The Company controls the highly prospective but under-explored claims in the high sulfidation gold trend of Nicaragua and a copper-gold-iron porphyry system to the north of the El Limon mine. Caza Gold Corp is dedicated to discovering gold, defining deposits, and developing value.

For more information, please contact Philip Yee at Toll Free: 1-877-684-9700, tel: (604) 685-9750, fax: (604) 685-9744, email: [philip@cazagold.com](mailto:philip@cazagold.com) or visit our website, [www.cazagold.com](http://www.cazagold.com)

"Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."

#### CAUTIONARY DISCLAIMER – FORWARD LOOKING STATEMENTS

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