

PHOENIX GOLD FUND LIMITED

as the Holder

- and -

TALISKER RESOURCES LTD.

as the Company

UNSECURED CONVERTIBLE DEBENTURE

October 9, 2024

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Exhibit A Notice of Conversion

UNSECURED CONVERTIBLE DEBENTURE
(the “**Debenture**”)

THIS DEBENTURE dated as of October 9, 2024 among Talisker Resources Ltd. (the “**Company**”) and Phoenix Gold Fund Limited (the “**Holder**” and, together with the Company, the “**Parties**”).

WHEREAS the Holder has agreed to purchase the Debenture on the terms and conditions set forth herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

As used herein the following expressions will have the following meanings and grammatical variations thereof shall have corresponding meanings:

“**Affiliate**” means, with respect to a specified Person, any other Person that such specified Person directly or indirectly Controls, is Controlled by, or is under common Control with; provided that, for greater certainty, neither the Company nor any of its Subsidiaries is an Affiliate of the Holder or any of its Subsidiaries for the purposes of this Debenture.

“**Applicable Laws**” means, with respect to any Person or matter, any statute, law, rule, treaty, convention, regulation, order, decree, request, determination or other requirement of any Governmental Agency (having the force of law) relating and applicable to such Person or matter and, where applicable, any interpretation thereof by any Governmental Agency having jurisdiction with respect thereto or charged with the administration or interpretation thereof.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day which is not a Saturday, a Sunday or a day observed as a holiday under Applicable Laws in Toronto, Ontario, or a day in which banking institutions located in Toronto, Ontario are permitted to be closed.

“**Capital Reorganization**” has the meaning assigned to such term in Section 3.3(d).

“**Change of Control**” means (a) a transaction that would result in the acquisition or purchase by any Person (other than the Holder or any Person that is acting jointly or in concert with the Holder) of (i) assets of the Company and its Subsidiaries, the fair market value of which assets, in the aggregate, constitute 50% or more of the fair market value of the consolidated assets of the Company, or (ii) voting or equity securities of the Company where those securities, together with the offeror’s securities, constitute, in the aggregate, 50% or more of the outstanding voting or equity securities of the Company; or (b) an amalgamation, arrangement, consolidation, merger or combination as a result of which the person(s) who were holders of voting securities of the Company immediately prior to such transaction cease to hold a majority of the voting securities of the Company immediately following such transaction.

“**Change of Control Effective Date**” means, in respect of a Change of Control, the date upon which such Change of Control is completed or becomes effective.

“**Change of Control Payment Date**” has the meaning assigned to such term in Section 2.4.

“Closing Date” means the date of issue of this Debenture, which for clarity is October 9, 2024.

“Common Share Reorganization” has the meaning assigned to such term in Section 3.3(a).

“Company” means Talisker Resources Ltd., and its legal successors and permitted assigns.

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

“Control” means that a Person has the power to direct or cause the direction of the management and policies of another Person, whether through holding beneficial ownership interest in such other Person, through contract or otherwise;

“Conversion Period” has the meaning assigned to such term in Section 3.1(a).

“Conversion Price” means the Initial Conversion Price, subject to adjustment in accordance with the terms of this Debenture.

“Convertible Securities” means any agreement, option, warrant, note, instrument, right, unit or other security or conversion privilege issued or granted by the Company or any of its Affiliates that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire Common Shares, including pursuant to one or more multiple exercises, conversions and/or exchanges.

“Credit Obligations” means all present and future indebtedness, liabilities and obligations of the Company to the Holder under this Debenture, all debts, claims and indebtedness (whether incurred before or after the applicable Maturity Date), accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable including, without limitation, all interest, fees, costs and expenses accrued or incurred after the filing of any petition under any bankruptcy or insolvency law.

“Current Market Price” at any date means the volume weighted average price of the Common Shares on the Principal Stock Exchange during the five consecutive Trading Days ending on the Trading Day immediately preceding such date, where the volume weighted average price is determined by dividing the aggregate sale price of all Common Shares sold during that period by the total number of Common Shares sold during that period and, if no such prices are available, “Current Market Price” will be the Fair Market Value per Common Share.

“Date of Conversion” has the meaning assigned to such term in Section 3.2(b).

“Default” means any event which, with the passage of time, the giving of notice or both, would constitute an Event of Default.

“Event of Default” means any of the events described in Section 6.1.

“Fair Market Value” means the fair market value as determined by the Board, acting reasonably; provided that if a dispute arises with respect to Fair Market Value, such dispute will be conclusively determined by such firm of independent chartered professional accountants as may be selected by the Board and acceptable to the Holder, acting reasonably, and any such determination will be binding upon the Holder and the Company.

“Financing Document” means this Debenture and the Subscription Agreement.

“Financial Statements” means the audited consolidated financial statements of the Company for the financial year ended December 31, 2023 and the unaudited consolidated financial statements of the Company for the six months ending on June 30, 2024.

“Governmental Agency” means any supranational, national, federal, provincial, regional or local government or governmental department, agency, authority, board, central bank, monetary authority, commission, or other entity charged with the administration, interpretation or enforcement of any Applicable Law.

“Holder” means Phoenix Gold Fund Limited, and its legal successors and permitted assigns.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

“Initial Conversion Price” means \$0.50 (being the price that is equal to 120% of the Current Market Price as of the Business Day prior to the date of this Debenture).

“Interest Payment Date” means (a) the last day of each calendar quarter, provided that the first Interest Payment Date shall be March 31, 2025, (b) the Date of Conversion (in relation to the accrued and unpaid interest on the principal amount of the Debenture converted in accordance with the terms hereof), (c) the date of redemption of the Debenture (in relation to the accrued and unpaid interest on the principal amount of the Debenture being redeemed in accordance with the terms hereof), or (d) the date the principal amount of the Debenture and all accrued and unpaid interest under the Debenture is repaid in full (whether on the Maturity Date or prior thereto in accordance with the terms hereof).

“Lien” means with respect to any asset, any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance of whatever kind or nature, regardless of form and whether consensual or arising by law (statutory or otherwise), in, on or of such asset that secures the payment of any indebtedness or liability or the observance or performance of any obligation.

“Material Adverse Effect” means an event or circumstances taken alone or in conjunction with other events or circumstances (or a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse effect) that has or could be reasonably expected to have a material adverse effect upon: the condition (financial or otherwise), business, performance, operations or properties of the Company and its Subsidiaries.

“Maturity Date” has the meaning assigned to such term in Section 2.3.

“NI 45-102” means National Instrument 45-102 – *Resale of Securities* together with the companion policy thereto.

“Notice of Conversion” means a notice of conversion in the form attached as Exhibit A hereto.

“Offered Securities” has the meaning assigned to such term in Section 3.3(b).

“Order” means any judgment, decision, decree, injunction, ruling, writ, assessment or order of any Governmental Agency that is binding on any Person or its property under Applicable Law.

“Parties” means the parties to this unsecured convertible Debenture.

“Permitted Indebtedness” means (without duplication):

- (a) the Credit Obligations;
- (b) indebtedness comprising indemnification or other surety or contingent obligations in respect of performance bonds, letters of credit or guarantee or other security provided by the Company and its Subsidiaries in respect of reclamation obligations associated with the Properties in accordance with Applicable Law;
- (c) indebtedness issued or incurred in the ordinary course of business in connection with workers’ compensation, employment insurance and other similar legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements to the extent required by law;
- (d) indebtedness secured by a Permitted Lien;
- (e) other unsecured indebtedness in an aggregate amount not exceeding \$2,000,000 at any time outstanding;
- (f) intercompany loans between the Company and its Subsidiaries;
- (g) any other indebtedness approved by the Holder as constituting Permitted Indebtedness;
- (h) Purchase Money Obligations in the case of the Company not to exceed \$2,000,000 at any time outstanding;
- (i) guarantees of any indebtedness that is otherwise Permitted Indebtedness; and
- (j) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by the Company by appropriate proceedings diligently conducted, and provided always that the failure to pay such indebtedness would not reasonably be expected to result in a Material Adverse Effect.

“Permitted Liens” means any one or more of the following:

- (a) inchoate or statutory Liens for Taxes, assessments and other governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or the validity of which are currently being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a reserve (segregated to the extent required by IFRS) in an amount which is adequate therefor;
- (b) Liens and charges incidental to construction or current operations (including, without limitation, landlord’s, builder’s, carrier’s, warehousemen’s, mechanics’, materialmen’s, supplier’s, contractor’s, subcontractor’s, worker’s and repairmen’s Liens) which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent (taking into account any applicable grace or cure periods) or the validity of which are being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a reserve (segregated to the extent required by IFRS);

- (c) restrictions, easements, rights of way, servitudes or other similar rights in land (including rights of way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables and encumbrances consisting of zoning or building restrictions, easements, licenses and restrictions on use of property) granted to or reserved by other Persons which in the aggregate do not materially impair the use of the affected property for the purpose for which it is used in the operation of the business carried on by the Company and its Subsidiaries;
- (d) title defects, encroachments or irregularities which are of a minor nature and which do not in the aggregate materially impair the use of the affected property for the purpose of which it is held in respect of the Properties;
- (e) Liens securing appeal bonds and other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instruments serving a similar purpose;
- (f) attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that the same would not constitute an Event of Default;
- (g) the right reserved to or vested in any Governmental Agency by the terms of any lease, licence, franchise, grant, claim or permit acquired by the Company or any of its Subsidiaries, or by any statutory provision, to terminate any such lease, licence, franchise, grant, claim or permit, or to require annual or other payments as a condition to the continuance thereof;
- (h) the restrictions, exceptions, reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants from the Crown or other Governmental Agency, and any statutory and common law limitations, exceptions, reservations and qualifications;
- (i) Liens or any rights of distress that are required by Applicable Law;
- (j) applicable zoning, land use, building restrictions and other municipal, governmental and other Governmental Agency restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with in all material respects and such restrictions and regulations do not materially impair the use of the applicable property for the purpose for which it is held;
- (k) Liens in favour of customs and revenue authorities arising as a matter of Applicable Law to secure payment of custom duties in connection with the importation of goods;
- (l) undetermined or inchoate Liens, rights of distress and charges incidental to current operations arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given to the Company or any of its Subsidiaries in accordance with Applicable Law or which although filed or registered, relate to obligations not due and delinquent;

- (m) customary rights of set-off or bankers' Liens upon deposits of cash or broker's Liens upon securities in favour of financial institutions, banks or other depositary institutions;
- (n) Liens, charges or other security interests given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the construction or operation of the Properties, provided that such Liens do not materially interfere with the use thereof in the operation of the Properties;
- (o) servicing agreements, development agreements, site plan agreements, and other agreements with governmental or public authorities pertaining to the use or development of the Properties, provided same are complied with including any obligations to deliver letters of credit and other security as required;
- (p) Liens securing Permitted Indebtedness referred to in paragraph (b), (f) or (g) of the definition thereof;
- (q) any rights of expropriation, access or use or any other rights conferred or vested by or under statutes of Canada or applicable provinces;
- (r) the extension, renewal or refinancing of any Permitted Lien;
- (s) rights of set-off pursuant to any refinery agreement;
- (t) such other Liens as may be consented to by the Holder in writing prior to their creation, assumption or registration;
- (u) Liens securing corporate credit card obligations of the Company; and
- (v) Liens on cash as collateral security for letters of credit, bonds or bank guarantees in connection with the operations of the Company or in respect of the Properties, all in the ordinary course of business.

“Person” means any natural Person, corporation, firm, partnership, joint venture, joint stock company, incorporated or unincorporated association, government, governmental agency or any other entity, whether acting in individual, fiduciary or other capacity.

“PIF Clearance” means the clearance by the Principal Stock Exchange of personal information form(s) or equivalent of the Holder and/or its Affiliates in accordance with the rules and policies of the Principal Stock Exchange.

“principal amount” initially means the sum of \$4,000,000.

“Principal Stock Exchange” means the TSX, and if the Common Shares are not listed on the TSX but are listed on another stock exchange or stock exchanges in Canada, references to the Principal Stock Exchange will be deemed to be references to such other stock exchange or, if more than one, to the one on which the greatest volume of Common Shares regularly trades.

“Properties” means the Company's mineral properties as described in the Public Disclosure Documents.

“Public Disclosure Documents” means, collectively, all of the documents which have been filed by or on behalf of the Company prior to the date hereof since January 1, 2023 with the

relevant securities regulatory authority pursuant to the requirements of Securities Legislation, including all documents filed on SEDAR+.

“Purchase Money Obligations” means indebtedness arising in the ordinary course of business which is assumed as part of, or issued or incurred to pay or provide funds to pay, all or a part of the purchase price of any personal or moveable property.

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

“Representatives” means, in respect of any Person, the directors, officers, employees, consultants and professional advisors of such Person.

“Rights Offering” has the meaning assigned to such term in Section 3.3(b).

“Securities Legislation” means all applicable securities legislation in each Reporting Jurisdiction, and the rules and regulations made thereunder, and the orders and published policy statements of the securities commissions or other securities regulatory authorities in such jurisdictions, and the rules, regulations and policies of the Principal Stock Exchange.

“SEDAR+” means the System for Electronic Document Analysis and Retrieval+.

“Special Distribution” has the meaning assigned to such term in Section 3.3(c).

“Subscription Agreement” means the subscription agreement, dated as of October 1, 2024, by and among the Company and the Holder providing, among other things, for the issue of this Debenture to the Holder on the Closing Date.

“Subsidiary” means, with respect to a specified Person, another Person that is controlled, directly or indirectly, by such specified Person, and includes a Subsidiary of that Person; provided that, for greater certainty, neither the Company nor any of its Subsidiaries is a Subsidiary of the Holder or any of its Subsidiaries for the purposes of this Debenture.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any applicable Governmental Agency, and including any interest and penalties thereon or with respect to the foregoing.

“Trading Day” means a day on which the Principal Stock Exchange is open for the transaction of business and Common Shares have traded.

“Trading Price” means the closing price of the Common Shares as quoted on the TSX.

“Transfer Notice” has the meaning assigned to such term in Section 3.11(a).

“TSX” means the Toronto Stock Exchange.

“Waiting Period” has the meaning assigned to such term in Section 3.11(a).

1.2 Time of the Essence

Time shall be of the essence of each provision of this Debenture. Any extension, waiver or variation of any provision of this Debenture shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

1.3 Calculation of Time

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

1.4 Currency

Unless otherwise specified, all references in this Debenture to dollar amounts, “dollars” or “\$” are references to Canadian dollars.

1.5 Business Days

Whenever any action to be taken pursuant to this Debenture would otherwise be required to be taken on a day that is not a Business Day, such action shall be taken on the next Business Day following the day on which such action was to be taken.

1.6 Headings

The descriptive headings preceding Articles and Sections of this Debenture are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Debenture into Articles and Sections shall not affect the interpretation of this Debenture.

1.7 Schedules

The Schedules annexed hereto will, for all purposes, form an integral part of this Debenture.

1.8 Plurals and Gender

Words in the singular include the plural and *vice versa* and words in one gender include all genders.

1.9 Statutory References

Any reference to a statute shall mean the statute in force as at the date of this Debenture, together with all rules and regulations promulgated thereunder (including any instrument of the Canadian Securities Administrators), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.10 Knowledge

For the purposes of this Debenture, with respect to any matter, the phrases “knowledge of the Company” shall mean the actual knowledge of Terry Harbort, Andres Tinajero and Charlotte May, after making reasonable inquiry concerning the matters in question.

ARTICLE 2 TERMS

2.1 Principal Sum

For value received, the Company promises to pay on the Maturity Date or prior thereto pursuant to Section 2.4 to the order of the Holder the principal amount of this Debenture outstanding from time to time plus all accrued and unpaid interest as hereinafter set forth, in lawful money of Canada at the office of the Holder set forth in Section 7.5(a), or in such other manner as the Holder may designate.

2.2 Interest

- (a) The principal amount of this Debenture outstanding will bear interest from and after the date hereof, calculated and payable in cash quarterly in arrears on each Interest Payment Date and the earlier of the Date of Conversion (as applicable), the date of redemption in accordance with Article 2 and the Maturity Date, at the rate of 12% per annum until the earliest of: (i) the Date of Conversion of the principal amount of this Debenture, in full; (ii) the date of redemption of this Debenture and payment of all accrued and unpaid interest under this Debenture, in full, pursuant to this Article 2; and (iii) the date the principal amount of this Debenture and all accrued and unpaid interest under this Debenture is repaid in full, whether on the Maturity Date or prior thereto pursuant to Section 2.4.
- (b) For purposes of the *Interest Act* (Canada), whenever any interest or fee under this Debenture is calculated using a rate based on a number of days less than a full year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by the number of days based on which such rate is calculated.

2.3 Maturity

The principal amount of this Debenture will be repayable on the earlier of (a) October 9, 2027 (the “**Maturity Date**”), and (b) the occurrence of an Event of Default in accordance with Article 6, but only to the extent that this Debenture, or any part of it, has not been converted by the Holder, or redeemed by the Company, in each case in accordance with the terms hereof.

2.4 Change of Control

If there is a Change of Control at any time during the term of this Debenture, the Holder will have the right to require the Company to redeem this Debenture at a price equal to 100% of the principal amount of this Debenture then outstanding, plus all accrued and unpaid interest pursuant to this Article 2. The Holder will exercise the right under this Section 2.4 by delivering a written redemption notice to the Company on or before the 15th Business Day following the Change of Control Effective Date. Upon such redemption notice being given, subject to any prior conversion under the terms of this Debenture, the portion of this Debenture that is being redeemed plus all accrued and unpaid interest thereon will become due and payable on the redemption date specified in such notice (the “**Change of Control Payment Date**”), which date shall not be earlier than 15 Business Days following receipt by the Company of the redemption notice.

2.5 Voluntary Redemption

All, but not less than all, of the Debenture may be redeemed at the option of the Company, at any time and from time to time upon not less than 30 days prior written notice to the Holder at a redemption price equal to 100% of the principal amount of the Debenture to be redeemed, plus all accrued and unpaid interest thereon up to and including the date of redemption.

2.6 Withholding Taxes

- (a) If the Company is required to withhold or deduct any amount for or on account of any present or future Tax or other governmental charge from any payment made under or with respect to the Debenture (including for greater certainty and without limitation, the delivery of Common Shares or other property in connection with the exercise of a conversion right or otherwise), the Company will make such withholding or deduction

and will remit the full amount withheld or deducted to the relevant Governmental Agency as and when required by Applicable Law. Notwithstanding any other provision of this Debenture, any and all payments made by or on behalf of the Company under or in respect of this Debenture shall not be increased to take into account any additional amount on account of deduction or withholding of Taxes to the extent such deduction or withholding is required under Applicable Laws.

- (b) If the Holder is entitled to an exemption from or reduction of Canadian taxes with respect to payments made under the Debenture, the Holder shall deliver to the Company, at the time or times reasonably requested by the Company, such properly completed and executed documentation reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate of withholding.
- (c) Notwithstanding anything herein to the contrary, this Section 2.6 and the obligations thereunder will survive the repayment of this Debenture and the termination of this Debenture.

ARTICLE 3 CONVERSION OF DEBENTURE

3.1 Conversion of Debenture into Common Shares

Upon and subject to the provisions and conditions of this Article 3:

- (a) the Holder may, at its option, at any time and from time to time until 4:00 p.m. (Toronto time) on the Business Day immediately preceding the Maturity Date, both before and after a redemption notice is given pursuant to Section 2.5 (the “**Conversion Period**”), convert all or any portion of the outstanding principal amount of this Debenture into a number of Common Shares equal to the quotient obtained by dividing the principal amount of this Debenture being converted by the Conversion Price; and
- (b) the Company may convert all or any portion of the outstanding principal amount of this Debenture into a number of Common Shares equal to the quotient obtained by dividing the principal amount of this Debenture being converted by the Conversion Price, provided the Trading Price is at least 130% of the Conversion Price for 20 successive Trading Days.

3.2 Manner of Exercise of Holder’s Right to Convert to Common Shares

- (a) The Holder may exercise its rights to convert in accordance with the provisions of Section 3.1(a), by (i) delivering a Notice of Conversion to the Company in the manner provided in Section 7.5, and (ii) surrendering this Debenture to the Company at its address set out in Section 7.5.
- (b) The Company may exercise its right to convert in accordance with the provisions of Section 3.1(b), by delivering a written conversion notice to the Holder in the manner provided in Section 7.5.
- (c) The date of conversion for the purposes of Article 3 (the “**Date of Conversion**”) shall be:
 - (i) the date that the Company has received (A) the Notice of Conversion, and (B) the surrendered Debenture at the address of the Company set out in Section 7.5, when the conversion is pursuant to Section 3.1(a); and

- (ii) the date that is 10 Business Days after the Company has delivered the written conversion notice to the Holder, when the conversion is pursuant to Section 3.1(b).
- (d) Upon conversion of all or a portion of this Debenture in accordance with this Article 3, the Holder will be entitled:
 - (i) to all accrued and unpaid interest on the principal amount of this Debenture that was converted up to and including the Date of Conversion, in accordance with Section 2.2(a); and
 - (ii) to be entered in the books of the Company as at the applicable Date of Conversion as the holder of the number of Common Shares into which the principal amount of this Debenture was converted and, as soon as practicable, the Company will deliver or cause to be delivered to the Holder a certificate or a DRS advice evidencing a non-certificated registered position for the appropriate number of the Common Shares.
- (e) The Company and the Holder agree that the conversion of all or any portion of the principal amount of this Debenture into Common Shares in accordance with the provisions of this Article 3 will constitute a full settlement of the debt obligation to the extent of the principal amount of this Debenture so converted in consideration for the issuance by the Company of such Common Shares.

3.3 Adjustment of Conversion Price

The Conversion Price will be subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If during the Conversion Period, the Company:
 - (i) issues any of its securities to all or substantially all holders of the Common Shares by way of a stock dividend or interest or distributions;
 - (ii) subdivides its outstanding Common Shares into a greater number of Common Shares; or
 - (iii) combines or consolidates its outstanding Common Shares into a smaller number of Common Shares,

(any of such events being herein called a “**Common Share Reorganization**”), then the Conversion Price will continue to be determined in accordance with the Initial Conversion Price as of and following the effective time of the Common Share Reorganization referred to in (ii) or (iii) above (provided the Current Market Price has been adjusted to reflect such Common Share Reorganization), or will be adjusted effective after the record date at which holders of Common Shares are determined for the purposes of the Common Share Reorganization referred to in (i) above to a price which is the product of (1) the Conversion Price and (2) a fraction:

- (A) the numerator of which is the number of Common Shares outstanding immediately prior to giving effect to such Common Share Reorganization; and
- (B) the denominator of which is the number of Common Shares outstanding after giving effect to the Common Share Reorganization.

- (b) If during the Conversion Period the Company sets a record date for the issuance of Convertible Securities to all or substantially all holders of Common Shares, entitling them, for a period expiring not more than 45 days after the record date (the “**Offered Securities**”) at a price per Offered Security (or having a conversion price per such security) less than the Conversion Price applicable as of such record date (the issuance of any such rights, options or warrants being a “**Rights Offering**”), then the Conversion Price will be adjusted downward effective immediately after the record date so that it will equal the price determined by multiplying the Conversion Price in effect on the record date by a fraction:
- (i) the numerator of which will be the number of Common Shares outstanding on the record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the Convertible Securities so offered) by the Current Market Price; and
 - (ii) the denominator of which will be the number of Common Shares outstanding on the record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the Convertible Securities so offered are convertible).

Such adjustment shall be made successively whenever such an issuance is made or a record date is fixed. To the extent that any such rights, options or warrants are not so issued or are not exercised prior to the expiration thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect if the record date had not been fixed or the Conversion Price which would then be in effect based upon the number of Common Shares actually issued upon the exercise of such rights, options and warrants, as the case may be.

- (c) If during the Conversion Period, the Company issues or distributes to all or substantially all holders of Common Shares, (i) securities of any kind (including Convertible Securities), (ii) evidences of indebtedness, or (iii) any other assets and, in any of those cases, the issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such events being herein called a “**Special Distribution**”), then the Conversion Price will automatically be adjusted as of the record date for such issuance or distribution so that it will equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction:
- (i) the numerator of which will be the number of Common Shares outstanding on the record date multiplied by the Current Market Price on the record date, less the Fair Market Value of the Special Distribution; and
 - (ii) the denominator of which will be the number of Common Shares outstanding on the record date multiplied by such Current Market Price.

Such adjustment shall be made successively whenever such a record date is fixed.

- (d) If during the Conversion Period there is a reclassification or change of Common Shares into other shares or there is a reorganization of the Company or a consolidation or merger or amalgamation of the Company with or into another Person that results in any reclassification of Common Shares or a change of Common Shares into other shares or there is a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another person (any such event being herein called a “**Capital Reorganization**”), then the Holder will be entitled to receive and will accept,

upon the exercise of such right of conversion at any time after the effective date thereof, in lieu of the number of Common Shares to which the Holder was theretofore entitled on conversion, the kind and amount of shares or other securities or money or other property that the Holder would have been entitled to receive as a result of such Capital Reorganization, if, on the effective date thereof, the Holder had been the registered holder of the number of such Common Shares to which the Holder was theretofore entitled upon conversion, subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this Section 3.3 and Section 3.4.

3.4 Conversion Rights Adjustment Rules

The following rules and procedures are applicable to adjustments made pursuant to Section 3.3:

- (a) any Common Shares owned by or held for the account of the Company, if any, will be deemed not to be outstanding for the purpose of any computation pursuant to Section 3.3;
- (b) the adjustments provided for in Section 3.3 are cumulative and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 3.4;
- (c) no adjustment in the Conversion Price will be required unless such adjustment would result in a change of at least 1% in the Conversion Price then in effect, provided however, that any adjustments which, except for the provisions of this Section 3.4(c) would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment;
- (d) no adjustment in the Conversion Price will be made in respect of any event described in Section 3.3 if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Holder had converted the entire principal amount of this Debenture immediately prior to the effective date or record date of such event, as applicable;
- (e) no adjustment in the Conversion Price will be made pursuant to Section 3.3 in respect of the issue of Common Shares pursuant to:
 - (i) this Debenture or Convertible Securities outstanding as of the issue date of this Debenture; or
 - (ii) any stock option, purchase plan or other share compensation arrangement for officers, employees or directors of the Company outstanding or in existence as at the date hereof;
- (f) if a dispute arises with respect to any adjustment or proposed adjustment in the Conversion Price, such dispute will be conclusively determined by the auditors of the Company, or if they are unable or unwilling to act, a firm of independent chartered professional accountants as may be selected by the Company and acceptable to the Holder, and any such determination will be binding upon the Holder, the Company and all transfer agents and all security holders of the Company; and
- (g) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and will thereafter legally abandon its plans to pay or deliver such

dividend, distribution or subscription or purchase rights, then no adjustment in the Conversion Price will be required by reason of the setting of such record date.

3.5 Postponement of Issuance of Common Shares

In any case where the application of Section 3.3 results in a decrease of the Conversion Price taking effect immediately after the record date for a specific event, if any portion of this Debenture is converted after that record date and prior to completion of the event, the Company may postpone the issuance to the Holder of the Common Shares to which the Holder is entitled by reason of the decrease of the Conversion Price, but such Common Shares will be so issued and delivered to the Holder upon completion of that event with the number of such Common Shares calculated on the basis of the Conversion Price on the exercise date adjusted for completion of that event. The Company will deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such Common Shares.

3.6 No Requirement to Issue Fractional Common Shares

The Company will not be required to issue fractional Common Shares upon the conversion of the principal amount of this Debenture. Any fractional Common Shares will be rounded down to the nearest whole number without payment or compensation in lieu thereof. For greater certainty, such rounding shall only occur after aggregating all Common Shares to be issued upon the conversion of the principal amount of this Debenture.

3.7 Notice of Certain Matters

The Company will give notice to the Holder, in the manner provided in Section 7.5, of its intention to undertake any event and/or fix a record date (if applicable) for any event described in Section 3.3 that may give rise to an adjustment in the Conversion Price not less than 10 days prior to the earlier of the record date (if applicable) or the effective date of such event, which notice shall include the material terms of such event.

3.8 Company to Reserve Securities

The Company covenants with the Holder that it will at all times allot and reserve out of its authorized Common Shares and solely for the purpose of conversion of this Debenture into Common Shares as provided in this Article 3, a sufficient number of Common Shares to satisfy the conversion of the remaining principal amount of this Debenture. The Company covenants with the Holder that all Common Shares which will be so issuable will upon issuance be duly and validly issued as fully paid and non-assessable.

3.9 Replacement of Debenture

If this Debenture becomes mutilated or lost, stolen or destroyed, the Company will issue to the Holder a new Debenture upon surrender and cancellation of the mutilated Debenture, or, in the case of a lost, stolen or destroyed Debenture, upon the Holder furnishing to the Company such evidence of such loss, theft or destruction as will be satisfactory to the Company, acting reasonably, together with an indemnity in an amount and form satisfactory to the Company, acting reasonably. The Holder will pay all reasonable expenses incidental to the issuance of any such replacement Debenture.

3.10 Regulatory Approval

Notwithstanding anything herein, the Holder shall not be permitted to convert all or any of the outstanding principal amount of this Debenture pursuant to the terms and conditions of this Debenture, to the extent that such conversion shall cause the Holder, either alone or together with its Affiliates and other persons acting jointly or concert with the Holder, to become an insider (as defined under the applicable rules and policies of the Principal Stock Exchange) of the Company unless and until the

approval of the Principal Stock Exchange has been obtained, including but not limited to, the PIF Clearance (if required).

3.11 Placement Right

- (a) If Common Shares are issued to the Holder pursuant to Section 3.1(b), the Holder will provide reasonable advance notice to the Company prior to transferring any Common Shares, including notice of the number of shares and minimum share price for the proposed transfer (the “**Transfer Notice**”). The Company will have five Business Days following receipt of the Transfer Notice (the “**Waiting Period**”) to identify a purchaser for the Common Shares. If the Company presents one or more purchasers to the Holder that agree to purchase the Common Shares at the greater of (a) the price identified by the Holder in the Transfer Notice, or (b) the highest trading price of the Common Shares during the Waiting Period as reported by the Principal Stock Exchange, and such purchaser(s) possess readily available funds to complete the transaction, and the Holder does not reasonably object to one or more proposed purchaser(s), the Holder will complete the transfer with such purchaser(s).
- (b) Notwithstanding anything herein to the contrary, this Section 3.11 and the obligations thereunder will survive the conversion of this Debenture and the termination of this Debenture.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Company

To induce the Holder to enter into this Debenture, the Company hereby represents and warrants to the Holder, and acknowledges and confirms that the Holder is relying upon such representations and warranties in subscribing for this Debenture:

- (a) **Status and Power.** Each of the Company and its Subsidiaries is an entity duly organized, validly existing and, where applicable, in good standing under the laws of the jurisdiction of its incorporation or formation and is qualified to do business in all jurisdictions where such qualification is required for the conduct of its business except where failure to be so qualified could not be reasonably expected to have a Material Adverse Effect. Each of the Company and its Subsidiaries has all requisite power and authority to own and operate properties, to carry on business and to enter into each Financing Document to which it is a party and to consummate the transactions contemplated by each such Financing Document and otherwise to carry out its obligations hereunder and thereunder.
- (b) **Authorization and Enforcement of Financing Documents.** All necessary action, corporate or otherwise, has been taken to authorize the execution, delivery and performance by the Company of the Financing Documents. The Company has duly executed and delivered each Financing Document. The Financing Documents are legal, valid and binding obligations of the Company, enforceable against the Company by the other parties thereto in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other similar laws of general application limiting the enforcement of creditors’ rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.
- (c) **Capitalization.** The authorized capital of the Company consists of an unlimited number of Common Shares, of which 97,801,681 Common Shares are issued and

outstanding as of the date hereof. All of the Company's issued and outstanding Common Shares have been duly authorized, are validly issued and outstanding, and are fully paid and non-assessable. No securities issued by the Company since the date of its incorporation were issued in violation of any pre-emptive rights or similar privileges. There are no dividends which have accrued or been declared but are unpaid on the Common Shares. All securities of the Company have been issued in accordance with the provisions of all applicable Securities Legislation and other Applicable Laws. Other than the Holder and New Gold Inc., no Person possesses any pre-emptive rights in respect of any issued and outstanding securities or equity interests of the Company. The Company does not have a shareholders' rights plan or similar plan in effect.

- (d) **Issuance of Shares.** The Company has the full corporate power and capacity to issue the Debenture and the Common Shares to be issued upon the due exercise of the Debenture. All of the Common Shares to be issued by the Company upon the due exercise of the Debenture have been duly authorized and upon issuance will be fully paid and non-assessable shares in the capital of the Company, and will have been issued in compliance with all Applicable Laws and not in violation of or subject to any pre-emptive or similar right that entitles any person to acquire from the Company any Common Shares or other security of the Company, or any security convertible into, or exercisable for, Common Shares or any other such security.
- (e) **Convertible Securities.** The Company has outstanding options to purchase 1,330,000 Common Shares, 43,335 restricted share units and Common Share purchase warrants to purchase 14,700,313 Common Shares. Except for the foregoing Convertible Securities and this Debenture there are no outstanding (a) Convertible Securities or securities, notes or instruments convertible into or exercisable for any equity interests of the Company; (b) options, warrants, subscriptions or other rights to acquire capital stock or other equity interests of the Company, and (c) commitments, agreements or understandings of any kind, including employee benefit arrangements, relating to the issuance or repurchase by the Company of any Common Shares or other equity interests of the Company any such securities or instruments convertible or exercisable for securities or any such options, warrants or rights.
- (f) **Securities Law Compliance.** The issue and sale of the Debenture by the Company to the Holder is exempt from the prospectus and registration requirements of the securities laws of the Province of Ontario, and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and, other than the approval of the TSX, no approval, permit, consent or authorization is required to be obtained by the Company under such securities laws in connection with such issuance and sale except for the filing by the Company, within the prescribed time period, of a report of such sale with the applicable securities commissions, together with the applicable fees, if required.
- (g) **Underlying Securities.** The issue by the Company of the Common Shares which may be issuable on conversion of this Debenture, when issued in accordance with the terms of this Debenture will be exempt from the prospectus and registration requirements of the securities laws of the Province of Ontario and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or other authorization is required to be obtained by the Company under Securities Legislation in connection with such issue, provided that:
 - (i) the Company is and has been a "reporting issuer" (within the meaning of the Securities Legislation of such jurisdiction) in a jurisdiction of Canada for the four months immediately preceding the trade;

- (ii) at the time of the trade, at least four months have elapsed from the date of issue of the Debenture;
 - (iii) if required, the certificates representing the Debenture or the Common Shares, as applicable, carry the legend required by, or otherwise comply with the requirement set out in, Section 2.5(2)3.(i) of NI 45-102;
 - (iv) the trade is not a “control distribution” as defined in NI 45-102;
 - (v) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;
 - (vi) no extraordinary commission or other consideration is paid to a person or company in respect of such trade; and
 - (vii) if the Holder is an insider of the Company, the Holder has no reasonable grounds to believe that the Company is in default of Securities Legislation.
- (h) **Public Filings.** The Company has filed all documents and information required to be filed by it under applicable Securities Legislation. All of the Public Disclosure Documents, as of their respective dates (and as of the dates of any amendments thereto), complied as to both form and content in all material respects with the requirements of Securities Legislation. The Company has not filed any confidential material change report with any securities regulatory authority that remains confidential.
- (i) **Reporting Issuer Status.** The Company is a reporting issuer (within the meaning of Securities Legislation) in good standing in the each of the Reporting Jurisdictions, is not on the list of defaulting issuers as maintained by the applicable securities regulatory authority for a default of any requirement of any Securities Legislation, and neither the TSX nor any other regulatory authority having jurisdiction over the Company has issued any Order preventing or suspending trading of any securities of the Company. The Common Shares are listed and posted for trading only on the TSX (under the symbol “TSK”) and the OTCQX (under the symbol “TSKFF”) and no other securities of the Company or the Subsidiaries are listed for trading or are quoted on any other stock exchange or quotation system. Neither the Company nor the Subsidiaries have taken any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the TSX and the Company is in compliance with the rules and regulations of the TSX.
- (j) **Compliance with Other Instruments.** The execution, delivery and performance by the Company of the Financing Documents, and the consummation of the transactions contemplated herein and therein (i) do not conflict with, result in any breach or violation of, or constitute a default (with or without the giving of notice or lapse of time, or both) under the terms, conditions or provisions of (A) articles or bylaws of the Company or (B) except where such conflict, breach, violation or default could not reasonably be expected to have a Material Adverse Effect, any Applicable Law applicable to the Company.
- (k) **Financial Statements.** The Financial Statements were prepared in accordance with IFRS consistently applied in accordance with past practice and no Material Adverse Effect has occurred since June 30, 2024. The Financial Statements fairly present the consolidated financial condition of the Company as at the respective dates thereof and the Financial Statements fairly present the consolidated results of operations, cash flow and income of the Company during the respective fiscal periods covered thereby. Other than as disclosed in the Financial Statements (including any notes thereto), there are no

material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company with unconsolidated entities or other Persons that has or could reasonably be expected to have a Material Adverse Effect.

- (l) **Litigation, etc.** Except as there has not been or would not reasonably be expected to have a Material Adverse Effect, there are no actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the Company's knowledge, pending, threatened against or affecting the Company or any of the Subsidiaries, at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever.
- (m) **Title to Properties; Security Interests.** The Company and its Subsidiaries have valid title to (or, in the case of any leased premises, valid leasehold or license interests in) all of the material Properties, free of Liens other than Permitted Liens and those described in the Public Disclosure Documents, and the Company knows of no claim or basis for any claim that would reasonably be expected to materially adversely affect the right of the Company to use, transfer or otherwise exploit such property rights, other than those described in the Public Disclosure Documents, and the Company and the Subsidiaries have no responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property rights thereof, except as described in the Public Disclosure Documents.
- (n) **No Default.** No Default or Event of Default has occurred and is continuing or would result from the incurring of any Credit Obligations by the Company. The Company is not in default under or with respect to any provision of any Financing Document, to which they are party and such Parties are not in default under or with respect to any other contractual obligation in any respect which in each case, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the initial drawdown hereunder, create an Event of Default.
- (o) **Copies of Documents.** The copies of each Financing Document and of any amendments thereto provided or to be provided by the Company to the Holder are, or when delivered will be, true and complete copies of such agreements and documents.
- (p) **Compliance with Laws.** The Company and its Subsidiaries are in compliance with all Applicable Laws, except (i) for those laws, rules, regulations and orders that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with applicable IFRS, or (ii) where failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.
- (q) **Foreign Corrupt Practices.** Neither the Company nor any of its Affiliates has made or authorized any payment (or offer or promise to pay), directly or indirectly, on behalf of or to the benefit of the Company or any of its Affiliates (i) in violation of any Applicable Laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribes or incentive payments or other arrangements of a similar nature, including the *Corruption of Foreign Public Officials Act* (Canada), or (ii) to any Representative of any Person with the intent to influence or reward such Representative's or such Person's actions with respect to the such Person's business, or to gain a commercial benefit to the detriment of such Person, or to induce or reward the improper performance of such Representative's duties. Neither the Company nor

any of its Affiliates has accepted or received any unlawful contribution, payments, gifts or expenditures.

- (r) **Absence of Changes.** Except as disclosed in this Debenture or the Public Disclosure Documents, since June 30, 2024:
 - (i) there has not been any damage, destruction, loss, or other event, development or condition of any character (whether or not covered by insurance) that could have a Material Adverse Effect;
 - (ii) neither the Company nor any Subsidiary of the Company has transferred, assigned, sold or otherwise disposed of any material assets shown or reflected in its Financial Statements or cancelled any material debts or entitlements;
 - (iii) neither the Company nor any Subsidiary of the Company has, directly or indirectly, (i) declared or paid any dividends or declared or made any other payments or distribution on or in respect of any of its shares; and
 - (iv) neither the Company nor any Subsidiary of the Company has authorized, agreed or otherwise become committed to do any of the foregoing.
- (s) **Loans.** Except for the Permitted Indebtedness, there is no other indebtedness of the Company or any Subsidiary of the Company.

4.2 Representations and Warranties of the Holder

To induce the Company to enter into this Debenture, the Holder hereby represents and warrants to the Company, and acknowledges and confirms that the Company is relying upon such representations and warranties in subscribing for this Debenture:

- (a) **Residency.** The Holder is: (A) governed by the laws of the British Virgin Islands; (B) regulated by the Securities Commission of Malaysia; and (C) jointly managed by: (1) AIMS Asset Management in Kuala Lumpur, which is regulated by the Securities Commission of Malaysia; and (2) Seraya Investment Pte Ltd in Singapore, which is regulated by the Monetary Authority of Singapore.
- (b) **Securities Law Compliance.** The Holder is recognized by the securities regulatory authority in the jurisdiction in which it is resident or otherwise subject to the securities laws of such jurisdiction, as an exempt purchaser and is purchasing the Debenture as principal for its own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution, or is purchasing the Debenture pursuant to an exemption from any prospectus or securities registration requirements available to the Holder under applicable securities laws of its jurisdiction of residence or to which the Holder is otherwise subject to. The purchase of the Debenture by the Holder does not contravene any of the applicable securities laws in such jurisdiction and does not trigger: (i) any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise; or (ii) any registration or other obligation on the part of the Company.
- (c) **No Violation.** The Holder
 - (i) is purchasing the Debenture for investment purposes only and not with a view to any resale or distribution of all or any of the Debenture in violation of applicable Securities Legislation, and not in a transaction or series of

transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution; and

- (ii) has not been created and is not being used primarily to permit the purchase of securities without a prospectus in reliance on an exemption from the prospectus requirements of applicable Securities Legislation.
- (d) **Advertisements.** The subscription for the Debenture has not been made through or as a result of, and the distribution of the Debenture is not being accompanied by any advertisement, including without limitation in printed public media, radio, television or telecommunications, including electronic display, or as part of a general solicitation.
- (e) **Restrictions on Sale.** The Holder understands that it may not sell, hypothecate, transfer, assign or otherwise dispose of the Debenture, any part thereof, or any interest therein, unless and until the Holder has determined that the intended disposition does not violate the Securities Legislation of any jurisdiction.
- (f) **Risks.** The Holder is aware that (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Debenture, (ii) there is no government or other insurance covering the Debenture, (iii) there are risks associated with the purchase of the Debenture and the Holder is aware of the risks and other characteristics of the Debenture and (iv) the Company is relying on an exemption from the requirements to provide the Holders with a prospectus and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Securities Legislation, including statutory rights of rescission or damages, will not be available to the Holder.
- (g) **Evaluation of Investment.** The Holder has done its own due diligence, and obtained such independent business, legal and tax advice as it considers necessary with respect to the purchase of the Debenture. The Holder is capable by reason of knowledge and experience in financial and business matters in general, and investments in particular, of assessing and evaluating the merits and risks of an investment in the Debenture, and is and will be able to bear the economic loss of its entire investment in the Debenture and can otherwise be reasonably assumed to have the capacity to protect its own interest in connection with the investment.
- (h) **No representations.** No Person has made to the Holder any written or oral representations: (i) that any Person will resell or repurchase any of the Debenture or the underlying Common Shares issuable pursuant to this Debenture; (ii) as to the future price or value of any of the Common Shares issuable; or (iii) that any of the Common Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post any of the Common Shares for trading on a stock exchange, other than the listing of the Common Shares on the Principal Stock Exchange.
- (i) **Authorization and Enforcement of Financing Documents.** All necessary action, corporate or otherwise, has been taken to authorize the execution, delivery and performance by the Holder of the Financing Documents. The Holder has duly executed and delivered each Financing Document. The Financing Documents are legal, valid and binding obligations of the Holder, enforceable against the Holder by the other parties thereto in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other similar laws of general application limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (j) **Copies of Documents.** The copies of each Financing Document and of any amendments thereto provided or to be provided by the Holder to the Company are, or when delivered will be, true and complete copies of such agreements and documents.

4.3 Covenant of the Holder

The Holder hereby covenants and agrees with the Company that, until all Credit Obligations have been repaid in full and this Debenture has either been terminated or the entire principal amount of this Debenture has been fully (and not partially) converted into Common Shares, the Holder shall not, directly or indirectly enter into any hedging transactions involving securities of the Company that they beneficially own, directly or indirectly, or exercise control or direction over, including but not limited to puts, calls or other derivative instruments related to the Company's securities.

ARTICLE 5 OTHER COVENANTS OF THE COMPANY

5.1 Reporting Requirements

The Company hereby covenants and agrees with the Holder that, until all Credit Obligations have been repaid in full and this Debenture has either been terminated or the entire principal amount of this Debenture has been fully (and not partially) converted into Common Shares at the option of the Holder in accordance with its terms, the Company shall promptly notify the Holder of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that has had a Material Adverse Effect.

5.2 Affirmative Covenants

The Company hereby covenants and agrees with the Holder that, until all Credit Obligations have been repaid in full and this Debenture has either been terminated or the entire principal amount of this Debenture has been fully (and not partially) converted into Common Shares at the option of the Holder in accordance with its terms:

- (a) **Reservation of Sufficient Shares.** The Company shall at all times when any part of this Debenture remains outstanding reserve and keep available out of its authorized but unissued Common Shares, for the purpose of effecting the conversion of this Debenture, such number of Common Shares as shall from time to time be sufficient to effect the conversion hereof. As a condition precedent to the taking of any action which would require an adjustment to the Conversion Price, the Company shall take any corporate action which may be necessary in order that the Company shall have unissued and reserved in its authorized capital, and may validly and legally issue, the shares to which the Holder is entitled on the full exercise of its conversion rights in accordance with the provisions hereof.
- (b) **Prompt Payment.** The Company shall duly and punctually pay or cause to be duly and punctually paid all amounts payable by the Company under the Financing Documents in accordance with provisions thereof governing the payment of such amounts and at the times and places and in the currency and provided therein. The Company shall promptly comply with all obligations to issue Common Shares upon a conversion under Section 3.1 and in compliance with Section 3.2 and take all related steps in furtherance of the foregoing.
- (c) **Legal Existence.** The Company shall, and shall cause its Subsidiaries to, preserve and maintain its legal existence in good standing and shall qualify and remain duly qualified to carry on business and own property in each jurisdiction in which failure to maintain such qualification would have a Material Adverse Effect.

- (d) **Conduct of Business.** The Company shall, and shall cause its Subsidiaries to, conduct its business in such a manner so as to comply in all material respects with all Applicable Law, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (e) **Reporting Issuer.** The Company shall use its commercially reasonable efforts to maintain its status as a “reporting issuer” in each of the Reporting Jurisdictions, provided that the covenant to remain a “reporting issuer” shall not apply to any merger, amalgamation, arrangement, take-over bid, going private transaction or other similar transaction involving the purchase or sale of all of the outstanding Common Shares.
- (f) **TSX Listing.** The Company shall use its commercially reasonable efforts to not take any action which would reasonably be expected to result in the delisting or suspension of the Common Shares on or from any securities exchange, market or trading or quotation facility on which the Common Shares are now or are then listed or quoted, including without limitation the TSX, and the Company shall comply with the rules and regulations thereof; provided that this covenant shall not apply to any merger, amalgamation, arrangement, take-over bid, going private transaction or other similar transaction involving the purchase or sale of all of the outstanding Common Shares for cash or securities of an entity listed on an internationally recognized stock exchange.

5.3 Restrictive Covenants.

The Company hereby covenants and agrees with the Holder that, until all Credit Obligations have been repaid in full and this Debenture has either been terminated or the entire principal amount of this Debenture has been fully (and not partially) converted into Common Shares at the option of the Holder in accordance with its terms:

- (a) **Change in Business.** The Company shall not discontinue its business or any material part thereof or change the general nature of its business.
- (b) **No Modification of Constating Documents.** Other than in connection with a Change of Control of the Company, the Company shall not take any action to amend or modify its articles or by-laws in any material respect.
- (c) **Disposition of Assets.** Neither the Company nor any Subsidiary of the Company shall, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) all or a substantial portion of its property or assets (including any portion thereof) or enter into any agreement to do any of the foregoing except:
 - (i) dispositions of inventory in the ordinary course of business;
 - (ii) disposition of obsolete or worn-out property not required for the conduct by the Company or such Subsidiary of its business;
 - (iii) between the Company and its Affiliates; or
 - (iv) otherwise, with the prior written consent of the Holder.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default

The occurrence of any of the following events will constitute an Event of Default under this Debenture:

- (a) a breach by the Company of any payment obligation under this Debenture and such breach continues unremedied for ten (10) Business Days;
- (b) the commencement of proceedings for the dissolution, liquidation or winding up of the Company or for the suspension of the operations of the Company (provided that, if such proceedings are commenced by another Person, such proceedings shall only constitute an Event of Default if either (i) such proceedings are not being diligently defended, or (ii) such proceedings have not been discharged, vacated or stayed within thirty (30) days after commencement);
- (c) the Company ceases to carry on its business or is adjudged or declared bankrupt or insolvent or admits in writing its inability to pay its debts generally as they become due 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 (or such a receiver or trustee is appointed for it or any part of its property), or files a notice of intention to file a proposal, or commences (or any other Person commences) any proceedings relating to it under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect (provided that, if such proceedings are commenced by another Person, such proceedings shall only constitute an Event of Default if either (i) such proceedings are not being actively and diligently contested in good faith, or (ii) such proceedings have not been discharged, vacated or stayed within sixty (60) days after commencement), or expressly consents to or approves of any such proceeding for it or for any part of its property, or acquiesces to the appointment of any receiver or trustee, sequestrator or other custodian for it or any such part of its property;
- (d) any material representation or warranty made or deemed made by the Company in any Financing Document or in any other document, agreement or instrument delivered pursuant hereto or thereto or referred to herein or therein proves to have been incorrect in any material respect when made or furnished which has not been remedied within twenty (20) Business Days after written notice to do so has been given by the Holder to the Company;
- (e) the breach or failure of due observance or performance by the Company of any provision of Section 5.2 or Section 5.3 in any material respect, provided that, with respect to Section 5.2, if such breach or default is capable of being cured, such default continues unremedied for a period for twenty (20) Business Days after the earlier of knowledge by the Company thereof or notice thereof from the Holder;
- (f) any one or more of the Financing Documents is determined by a court of competent jurisdiction not to be valid and enforceable by the Holder against the Company, and any such document has not been replaced by a valid and enforceable document and equivalent in effect to such document, assuming such document had originally been valid and enforceable, in form and substance acceptable to the Holder, within thirty (30) days of such determination, provided, however, that such grace period shall only be provided if the Company actively cooperates with the Holder to so replace such document;

- (g) the Company ceases to be a reporting issuer in each of the Reporting Jurisdictions;
- (h) if all or substantially all of the assets of the Company used to carry on its business are lost or destroyed; and
- (i) any event occurs or series of events occur (including a change to any Applicable Law) which individually or together has a Material Adverse Effect and which has not been remedied within thirty (30) Business Days following the date of the initial event.

6.2 Consequences of an Event of Default

If an Event of Default occurs, the entire unpaid principal amount of this Debenture outstanding at that time plus all accrued and unpaid interest and any other monetary amounts outstanding under this Debenture will be accelerated, and will become immediately due and payable at the option of the Holder (upon written notice by the Holder to the Company). Alternatively, if an Event of Default occurs, the Holder may, by giving written notice thereof to the Company, convert the entire principal amount of this Debenture then outstanding, in accordance with Section 3.1.

ARTICLE 7 GENERAL

7.1 Waiver

No act or omission by the Holder in any manner whatever will extend to or be taken to affect any provision hereof or any subsequent breach or default or the rights resulting therefrom save and except for an express waiver in writing and any consent or waiver granted in accordance with Section 7.2. A waiver of default will not extend to, or be taken in any manner whatsoever to affect the rights of the Holder with respect to, any subsequent default, whether similar or not. The Company waives every defence based upon any or all indulgences that may be granted by the Holder.

7.2 Consent

Where a provision of this Debenture requires an approval or consent by a Party to this Debenture and written notification of such approval or consent is not delivered within the applicable time in accordance with this Debenture, then the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

7.3 No Merger or Novation

Neither the taking of any judgment nor the exercise of any power of seizure or sale will operate to extinguish the liability of the Company to pay the monies owed hereunder nor will the same operate as a merger of any covenant herein contained or of any other obligation, nor will the acceptance of any payment or other security constitute or create any novation.

7.4 Holder May Remedy Default

If the Company fails to do anything hereby required to be done by it, the Holder may, but will not be obliged to, do such thing and all reasonable sums thereby expended by the Holder will be payable forthwith by the Company, but no such performance by the Holder will be deemed to relieve the Company from any default hereunder.

7.5 Notices

Any notice or other communication that is required or permitted to be given hereunder shall be in writing and shall be validly given if delivered in person (including by courier service) or transmitted by electronic transmission (including email) to such party, as follows:

(a) to the Holder at:

Phoenix Gold Fund Limited
[address redacted]

Attention: David Crichton Watt / Phoenix team / Anis
Email: [email address redacted] / [email address redacted]

(b) to the Company at:

Talisker Resources Ltd.
130 Adelaide Street West, Suite 3002
Toronto, Ontario
M5H 3P5

Attention: Terry Harbort, Chief Executive Officer
Email: [email address redacted]

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 Temperance Street, Suite 3200
Toronto, Ontario
M5H 0B4

Attention: Lindsay Clements
Email: lclements@cassels.com

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or if delivery or transmission is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day). Any Party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 7.5.

7.6 Severability

If any provision of this Debenture is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Debenture shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any Party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Debenture so as to effect the original intent of the Parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

7.7 Adjustment of Interest

Notwithstanding any provision to the contrary contained in this Debenture, in no event will the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada)) payable under this

Debenture exceed the effective annual rate of interest on the “credit advanced” (as defined in that section) under this Debenture lawfully permitted under that section and, if any payment, collection or demand pursuant to this Debenture in respect of “interest” (as defined in that section) is determined to be contrary to the provision of that section, such payment, collection or demand will be deemed to have been made by mutual mistake of the Company and the Holder and the amount of such payment or collection will be refunded to the Company; for purposes of this Debenture the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Debenture on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Holder will be conclusive for the purposes of such determination, in the absence of evidence to the contrary.

7.8 Remedies

The Parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Debenture and any such breach could cause the non-breaching Party irreparable harm. Accordingly, the Parties hereto agree that, in the event of any breach or threatened breach of this Debenture by one of the Parties, the non-breaching Party will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Debenture but will be in addition to all other remedies available at law or equity to each of the Parties.

7.9 Expenses

Except as otherwise expressly provided, each Party to this Debenture shall pay its respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation or execution of this Debenture and all documents and instruments executed or delivered pursuant to this Debenture.

7.10 Public Notices

All public notices to third parties and all other publicity concerning the matters contemplated by this Debenture shall be jointly planned and coordinated by the Company and the Holder and neither the Company nor the Holder shall act unilaterally in this regard without the prior written approval of the other Party, except to the extent that the Party making such notice is required to do so by Applicable Law in circumstances where prior consultation with the other Party is not practicable, provided concurrent notice to the other Party is provided.

7.11 Assignment

Neither Party may assign any rights and benefits or obligations under this Debenture without the prior written consent of the Party, except that the Holder may assign any of its rights and benefits or obligations under this Debenture to any of its Affiliates, in respect of which such assignment is exempt from the prospectus requirements under, and is otherwise in compliance with, applicable Securities Legislation.

7.12 Enurement

This Debenture and all its provisions enures to the benefit of the Holder, its successors and permitted assigns and will be binding upon the Company, its successors and permitted assigns. Presentment, notice of dishonour, protest and notice of protest hereof are hereby waived.

7.13 Amendments

This Debenture may only be amended by a written agreement of the Company, on the one hand, and the Holder, on the other hand.

7.14 Further Assurances

Each Party shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Debenture, and each Party shall provide such further documents or instruments as reasonably required by any other Party as necessary or desirable to effect the purpose of this Debenture and carry out its provisions.

7.15 Governing Law and Jurisdiction for Disputes

This Debenture shall be governed by and construed in accordance with the Applicable Laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract. Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario over any action or proceeding arising out of or relating to this Debenture.

7.16 Counterparts and Delivery

This Debenture and all documents contemplated by or delivered under or in connection with this Debenture may be executed and delivered in any number of counterparts (whether by facsimile, email, or other electronic means), with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

[Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Debenture.

TALISKER RESOURCES LTD.,
as the Company

By: “Terry Harbort”
Name: Terry Harbort
Title: Chief Executive Officer

PHOENIX GOLD FUND LIMITED,
as the Holder

By: “David Crichton Watt”
Name: David Crichton Watt
Title: Director

EXHIBIT A
NOTICE OF CONVERSION

TO: TALISKER RESOURCES LTD. (the “Company”)

The undersigned holder (the “**Holder**”) of the attached Unsecured Convertible Debenture (the “**Debenture**”) hereby irrevocably elects to convert \$_____ of the outstanding principal amount thereof into _____ Common Shares of the Company pursuant to the terms of the Debenture at the Conversion Price (which is \$_____) and on the other terms specified in the Debenture. The capitalized terms used but not otherwise defined herein have the meanings given in the Debenture.

The Holder irrevocably directs that such Common Shares and all the securities comprising such Common Shares be issued in the name of the Holder and be delivered to the Holder at the address set out below:

Street

City

Province / State

Postal Code

Attention

Phone Number / Fax Number

E-mail

DATED the ____ day of _____, 202__.

● [Name of Holder]

By: _____

Name: ●

Title: ●