



## ***Gold-Linked Notes – Frequently Asked Questions***

*November 20, 2020*

This document provides a summary of *Frequently Asked Questions* in respect of the **Senior Secured Gold-Linked Notes due 2027** (the “Notes”) to be issued under a Trust Indenture dated November 5, 2020 (the “Trust Indenture”) between Caldas Gold Corp. (the “Company”) (as issuer) and TSX Trust Company (as “Trustee” and Collateral Agent) relating to the issuance of the Notes. The information contained in this document is of a summary nature, and as such, is qualified in its entirety by the more detailed information contained in the Trust Indenture, a copy of which will be available on SEDAR and on the Company’s website at [www.caldasgold.ca](http://www.caldasgold.ca).

### **1. What currency are the Notes denominated in?**

The Notes are denominated in U.S. dollars.

### **2. What denominations are the Notes available in?**

The Notes are issuable only in denominations of US\$1.00 and integral multiples thereof.

### **3. How many Notes are Outstanding?**

There are 83,066,000 Notes issued and outstanding.

### **4. Where do the Notes trade?**

The Notes commenced trading on the NEO Exchange under the symbol CGC.NT.U on November 20, 2020.

### **5. Are the Notes secured?**

Yes, the Notes represent senior secured obligations of the Company, ranking pari passu with all present and future senior indebtedness, including the Wheaton stream financing pursuant to an Intercreditor Agreement, and senior to all present and future subordinated indebtedness of the Company.

### **6. What is the interest rate on the Notes and when is interest paid?**

Interest is paid in cash at a rate of 7.5% per annum.

The first monthly interest payment will take place on November 30, 2020. This payment will be a partial month and calculated on a pro rata basis from November 18, 2020 up to and excluding the date of payment. The interest payment will be US\$2.47 per US\$1,000 of Notes.

The first normal monthly interest payment will take place on December 31, 2020.

Interest is paid monthly in arrears on the last day of each month (each, an “Interest Payment Date”). Interest is payable on each Interest Payment Date to holders of record at the close of business on the fifth business day immediately preceding each Interest Payment Date. If the date for payment of any amount of interest is not a Business Day, then payment will be made on the next Business Day and the holders of the Notes will not be entitled to any further interest or other payment in respect of the delay.

Approximately US\$10.9 million of the net proceeds of the Subscription Receipt Financing completed on August 26, 2020 is being held in trust by the Trustee to fund the monthly interest payments to be made on November 30, 2020 and through to (and including) August 31, 2022. Thereafter, the Company will fund the monthly interest payments from its operating cash flow.

#### **7. How are the interest payments calculated?**

Interest on the Notes will be paid in equal monthly amounts; provided that for any Interest Period that is shorter than a full monthly interest period, interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed in that period.

#### **8. When do the Notes mature?**

The Notes have a seven-year term and will mature on August 26, 2027 (“Maturity Date”).

#### **9. How will the Notes be repaid?**

The first year of the Notes will be interest only. No principal repayments (“Amortizing Payments”) will be made in the first year.

##### *Gold deposited to Gold Trust Account to fund quarterly Amortizing Payments*

Commencing September 1, 2021 (the beginning of the second year), on a monthly basis, as per the terms of the Trust Indenture, the Company will deposit a prescribed amount of gold, as per Appendix C to the Trust Indenture, into a trust account (the “Gold Trust Account”) to be used to fund the quarterly Amortizing Payments, as also set out in Appendix C to the Trust Indenture and summarized below.

##### *Company to make quarterly Amortizing Payments starting Year Two*

The Company will make Amortizing Payments at the end of each quarter ending February 28 (or 29, as applicable), May 31, August 31 and November 30. To achieve this, the Company will sell the physical gold that has been accumulated in the Gold Trust Account during the preceding three months.

The schedule below sets out the number of ounces of gold to be sold by the Company from the Gold Trust Account and the amortization of the aggregate principal amount of the Notes outstanding through the Amortizing Payments by calendar year:

	2021 <sup>(1)</sup>	2022	2023	2024	2025	2026	2027 <sup>(2)</sup>	Total
Gold ounces to be sold	1,083	4,650	6,000	12,000	13,100	13,200	9,300	59,333
Principal repayments (000’s) <sup>(3)</sup>	\$1,516	\$6,510	\$8,400	\$16,800	\$18,340	\$18,480	\$13,020	\$83,066

(1) Represents the first quarterly Amortizing Payment on November 30, 2021.

- (2) Represents the three quarterly Amortizing Payments in 2027, the last one being at Maturity.
- (3) Based on the US\$1,400 per ounce Floor Price multiplied by the gold ounces for that period. This amount will reduce the aggregate principal amount of the Notes outstanding and does not include Gold Premium, if applicable.

### *Determination of Gold Premiums on quarterly Amortizing Payments*

Investors may receive an additional return on their investment in Notes through exposure to rising gold prices as follows:

- The Floor Price for gold is set in the Trust Indenture at US\$1,400 per ounce.
- The gold accumulated in the Gold Trust Account will be sold at the London PM Fix each quarter on the 15<sup>th</sup> of the month (the “Measurement Date”) prior to the date of the Amortizing Payment.
- For each quarterly Amortizing Payment:
  - If the London PM Fix on the Measurement Date is above US\$1,400 per ounce, the Company will make an aggregate cash payment to the holders of the Notes equal to that number of gold ounces sold multiplied by the London PM Fix, representing the sum of the Amortizing Payment for the applicable quarter and a Gold Premium. The Gold Premium is the portion of the gold sales proceeds attributed to the excess of the London PM Fix over US\$1,400 per ounce and will not reduce the principal amount of the Notes outstanding. For example, if the London PM Fix on a quarterly Measurement Date is US\$1,890 per ounce (35% over the US\$1,400 Floor Price), then for each US\$1.00 of principal amount of Note paid, the Holder will receive a total payment of US\$1.35, of which US\$1.00 is the Amortizing Payment (reduces principal) and US\$0.35 is the Gold Premium (does not reduce principal). There is no cap on the Gold Premium.
  - If the London PM Fix is at or below US\$1,400 per ounce of gold, the Company will make a cash payment to the Holders of the Notes equal to the applicable Amortizing Payment (i.e. principal only). Any shortfall in the proceeds from the sale of the gold ounces below US\$1,400 per ounce will be paid by the Company.

The Company will issue a press release each quarter, prior to the record date for the quarterly Amortizing Payment, announcing the details of the payment.

Each Amortizing Payment will reduce the aggregate number of Notes outstanding in whole \$1 increments, with any necessary rounding as reasonably determined by the Issuer. For certainty, the quarterly Amortizing Payments will not result in a decrease in the principal amount of each \$1 Note, but will instead result in the decrease of the total number of \$1 Notes outstanding.

### **10. Will the Company hedge the Floor Price?**

Yes, the Company will hedge the Floor Price of the quarterly Amortizing Payments on a commercially reasonable “rolling four quarters” basis.

### **11. Have the Notes been rated?**

No, the Notes have not been rated.

**12. What happens if there is a Change of Control of the Company?**

Upon the occurrence of a Change of Control, the Company will be required to make an offer to each Holder to purchase such Holder's Notes at a purchase price in cash of at least 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to but excluding the date of purchase.

**13. Is there a possibility of a Mandatory Redemption of the Notes prior to Maturity?**

The Zona Baja mining contract was awarded to the Company's wholly-owned subsidiary, Caldas Gold Marmato S.A.S. (formerly Mineros Nacionales S.A.S.) in October 1991 and is valid for 30 years until October 2021. In October 2017, the Company commenced the process to renew the contract (the "License Renewal") for another 30-year term, which is progressing well and is expected to be completed toward the end of 2020.

The Trustee is holding approximately US\$65 million of the net proceeds of the Subscription Receipt Financing in trust pending completion of the License Renewal. Provided the License Renewal is obtained on or before August 26, 2021, upon receipt of the License Renewal the US\$65 million of cash being held in trust by the Trustee will be paid to the Company.

If the License Renewal is not completed, or if the Company makes a public announcement that the License Renewal condition will not be satisfied for any reason (provided the Company has used all commercially reasonable efforts to satisfy the condition prior to issuing such announcement), on or before August 26, 2021, the Company will cause to be redeemed, in whole and not in part, all Notes then outstanding, on the Mandatory Redemption Date at a redemption price equal to 100% of the aggregate principal amount of the Notes plus accrued and unpaid interest to, but not including, the Mandatory Redemption Date, which will be satisfied in part using the cash being held by the Trustee, including the unused cash from the interest trust account. Any shortfall in cash required to meet this mandatory redemption will be funded by the Company.

**14. Can the Company redeem the Notes?**

The Notes will not be redeemable at the Company's option prior to the Maturity Date.

**15. What happens if taxes are withheld from any payments to Holders of Notes?**

Subject to certain exceptions, if the Company is required to withhold or deduct any amount for or on account of taxes from any payment made under or with respect to the Notes, the Company will pay such additional amounts as may be necessary such that the net amount received in respect of such payment by each Holder after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been required to be so withheld or deducted. This is often referred to as a "gross up" of the required payment amounts.

**16. Is the Company subject to any covenants during the term of the Notes?**

Yes, the Note Indenture contains covenants that, among other things, limit the ability of the Company and its Restricted Subsidiaries to:

- make Restricted Payments;
- incur additional Indebtedness or issue Disqualified Stock;
- create or permit to exist Liens;
- create or permit to exist restrictions on the ability of its Restricted Subsidiaries to make certain payments and distributions;
- amalgamate, merge or consolidate with another company or transfer all or substantially all of the assets of the Company and its Restricted Subsidiaries;
- engage in transactions with affiliates;
- designate restricted and unrestricted subsidiaries;
- transfer and sell assets; and
- alter the business activities conducted.

Each of these covenants is subject to a number of important limitations, exceptions and qualifications as more fully set out in the Note Indenture.

### **17. What if I have other questions?**

If you have any questions regarding the Notes, please contact:

TSX Trust Company  
1-866-393-4891 (North American toll free)  
416-342-1091 (outside North America)

Or

You can send an e-mail to the Company at [investorrelations@caldasgold.ca](mailto:investorrelations@caldasgold.ca).