

<b>UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE</b>		<b>PROOF OF CLAIM</b>
Indicate Debtor against which you assert a claim by checking the appropriate box below ( <b>Check only one Debtor per claim form</b> ):		
<input checked="checked" type="checkbox"/> Santa Fe Gold Corporation (Case No. 15-11761) <input type="checkbox"/> Azco Mica, Inc. (Case No. 15-11762)	<input type="checkbox"/> The Lordsburg Mining Company (Case No. 15-11763) <input type="checkbox"/> Santa Fe Gold (Barbados) Corporation (Case No. 15-11764)	
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file requests for payment of an administrative expense according to 11 U.S.C. § 503.		<b>COURT USE ONLY</b>  <b>DEC 17 2015</b> American Legal Claims
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>Waterton Global Value, L.P.</b>		
Name and address where notices should be sent: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <b>Richard J. Wells</b>  <b>Waterton Global Value, L.P.</b>  <b>c/o Waterton Global Resource Management, Inc.</b>  <b>Commerce Court West</b>  <b>199 Bay Street, Suite 5050</b>  <b>Toronto, Ontario, Canada M5L 1E2</b> </div> <div style="width: 45%;"> <b>Matthew E. Linder</b>  <b>Sidley Austin LLP</b>  <b>One South Dearborn</b>  <b>Chicago, Illinois 60603</b>  <b>In re: SANTA FE GOLD CORP</b>  <b>Case No: 15-11761</b>  <b>CLAIM 610022</b> </div> </div> Telephone number: (416) 504-3507      email: <a href="mailto:r wells@watertonglobal.com">r wells@watertonglobal.com</a>		
Name and address where payment should be sent (if different from above): <b>Richard J. Wells</b> <b>Waterton Global Value, L.P. c/o Waterton Global Resource Management, Inc.</b> <b>Commerce Court West, 199 Bay Street, Suite 5050</b> <b>Toronto, Ontario, Canada M5L 1E2</b> Telephone number: (416) 504-3507      email: <a href="mailto:r wells@watertonglobal.com">r wells@watertonglobal.com</a>		
<b>1. Amount of Claim as of Date Case Filed:</b> \$ <u>17,823,174.00</u>		
If all or part of the claim is <b>secured</b> , complete <b>item 4</b> . If all or part of the claim is entitled to <b>priority</b> , complete <b>item 5</b> . <input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
<b>2. Basis for Claim:</b> <u>See attached addendum.</u> (See instruction #2)		
<b>3. Last four digits of any number by which creditor identifies debtor:</b> _____	<b>3a. Debtor may have scheduled account as:</b> _____ (See instruction #3a)	<b>3b. Uniform Claim Identifier (optional):</b> _____ (See instruction #3b)
<b>4. Secured Claim</b> (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		
<b>Nature of property or right of setoff:</b> <input checked="checked" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other <b>Describe:</b>		<b>Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:</b> \$ _____
<b>Value of Property:</b> \$ <u>See addendum.</u>		<b>Basis for perfection:</b> <u>See attached addendum.</u>
<b>Annual Interest Rate</b> _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		<b>Amount of Secured Claim:</b> \$ <u>17,823,174.00</u> <b>Amount Unsecured:</b> \$ <u>0.00</u>
<b>5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.</b>		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,475*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).
<input type="checkbox"/> Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).	<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(____).
<b>Amount entitled to priority:</b> \$ _____		
*Amounts are subject to adjustment on 4/1/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.		

**6. Claim Pursuant to 11 U.S.C. § 503(b)(9):** Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

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(See instruction #6)

**7. Credits.** The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

**8. Documents:** Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, or security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. (See instruction #8, and the definition of "redacted".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

**9. Signature:** (See instruction #9)

Check the appropriate box.

☐ I am the creditor. ☒ I am the creditor's authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent.  
(See Bankruptcy Rule 3004.)

☐ I am a guarantor, surety, indorser, or other codebtor.  
(See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Richard J. Wells

Title: Partner and Chief Financial Officer

Company: Waterton Global Value, L.P.

Address and telephone number (if different from notice address above):  
\_\_\_\_\_  
\_\_\_\_\_

  
(Signature)

DECEMBER 14, 2015  
(Date)

Telephone number: \_\_\_\_\_ email: \_\_\_\_\_

*Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.*

## **ADDENDUM TO PROOF OF CLAIM OF WATERTON GLOBAL VALUE, L.P.**

1. This Addendum to Proof of Claim of Waterton Global Value, L.P. (this "Addendum") shall be deemed a part of and incorporated by reference in the attached proof of claim (together with this Addendum, the "Proof of Claim") filed by Waterton Global Value, L.P. ("Waterton") against each of Santa Fe Gold Corporation ("Santa Fe"), Azco Mica, Inc. ("Azco"), The Lordsburg Mining Company ("Lordsburg"), and Santa Fe Gold (Barbados) Corporation ("Santa Fe Barbados," and, collectively with Santa Fe, Azco and Lordsburg, the "Debtors") on account of Waterton's claims arising under the Prepetition Credit Agreement Documents and the Prepetition Gold and Silver Supply Agreement Documents (each as defined below).

2. On August 26, 2015 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

### **Prepetition Credit Agreement**

3. Prior to the Petition Date, pursuant to that certain Senior Secured Gold Stream Credit Agreement dated December 23, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Prepetition Credit Agreement") by and among Santa Fe Barbados as borrower, Santa Fe, Azco and Lordsburg as guarantors, and Waterton as lender, Waterton agreed to establish in favor of Santa Fe Barbados (i) a \$20,000,000.00 senior secured, non-revolving credit facility and (ii) a \$5,000,000.00 senior secured revolving credit facility. The Prepetition Credit Agreement, along with any other agreements, instruments, notes, guarantees and other documents executed in connection therewith, including, without limitation, the Guarantees, the Security Agreements, the Mortgages, the Pledge Agreement and the Deeds of Trust (each as defined below), each as amended, restated, supplemented or otherwise modified from time to time, are collectively referred to herein as the "Prepetition Credit Agreement Documents."<sup>1</sup> All obligations of the Debtors arising under the Prepetition Credit Agreement or any other Prepetition Credit Agreement Document, including, without limitation, all loans, advances, debts, guarantees, liabilities, principal, interest, fees, swap exposure, charges, expenses, indemnities, and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to Waterton, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the "Prepetition Credit Agreement Obligations."

### **Amendments to Prepetition Credit Agreement**

1. On October 9, 2012, the Debtors and Waterton entered into the First Amendment to the Prepetition Credit Agreement (the "First Credit Agreement Amendment"). The First Credit Agreement Amendment, among other things, modified the due dates of certain principal payments under the Prepetition Credit Agreement.

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<sup>1</sup> This Addendum is intended, in part, to summarize certain terms of the Prepetition Credit Agreement Documents. In the event of a conflict between this Addendum and the terms of any Prepetition Credit Agreement Document, then the terms of the applicable Prepetition Credit Agreement Document shall control.

2. On August 14, 2015, the Debtors and Waterton entered into the Second Amendment to the Prepetition Credit Agreement (the “Second Credit Agreement Amendment”). The Second Credit Agreement Amendment, among other things, provided that Waterton would advance \$200,000.00 to the Debtors to make the payments specified on Schedule 3.12 of the Second Credit Agreement Amendment.

### **Gold and Silver Supply Agreement**

3. Prior to the Petition Date, pursuant to that certain Gold and Silver Supply Agreement dated December 23, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the “Gold and Silver Supply Agreement”) by and among Santa Fe, Santa Fe Barbados and Lordsburg, the Debtors agreed to sell refined gold and silver to Waterton for the life of the Debtors’ Summit Mine. The Gold and Silver Supply Agreement, along with any other agreements, instruments, notes, guarantees and other documents executed in connection therewith, including, without limitation, the Guarantees, the Security Agreements, the Mortgages, the Pledge Agreement and the Deeds of Trust (each as defined below), each as amended, restated, supplemented or otherwise modified from time to time, are collectively referred to herein as the “Gold and Silver Supply Agreement Documents.”<sup>2</sup> All obligations of the Debtors arising under the Gold and Silver Supply Agreement or any other Gold and Silver Supply Agreement Document, including, without limitation, all loans, advances, debts, guarantees, liabilities, principal, interest, fees, swap exposure, charges, expenses, indemnities, and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to Waterton, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the “Gold and Silver Supply Agreement Obligations.”

### **The Guarantees**

4. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Guarantee dated as of December 23, 2011 by and between Santa Fe as guarantor and Waterton as beneficiary (as amended, restated, supplemented or otherwise modified from time to time, the “Santa Fe Guarantee”), Santa Fe unconditionally guaranteed the full, prompt and complete payment and performance when due, whether by acceleration or otherwise, and at all times thereafter, of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. Santa Fe further agreed to pay any and all expenses, including reasonable attorneys’ fees and disbursements, paid or incurred by Waterton in enforcing any rights with respect to, or collecting, any or all of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. To secure the obligations of Santa Fe under the Santa Fe Guarantee, Santa Fe granted to Waterton a lien on and continuing security interest in, assignment and pledge of and charge over, substantially all of Santa Fe’s personal property, whether then owned or existing or thereafter acquired or arising, wheresoever located, and all proceeds, products, income and profits thereof.

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<sup>2</sup> This Addendum is intended, in part, to summarize certain terms of the Gold and Silver Supply Agreement Documents. In the event of a conflict between this Addendum and the terms of any Gold and Silver Supply Agreement Document, then the terms of the applicable Gold and Silver Supply Agreement Document shall control.

5. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Guarantee dated as of December 23, 2011 by and between Azco as guarantor and Waterton as beneficiary (as amended, restated, supplemented or otherwise modified from time to time, the "Azco Guarantee"), Azco unconditionally guaranteed the full, prompt and complete payment and performance when due, whether by acceleration or otherwise, and at all times thereafter, of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. Azco further agreed to pay any and all expenses, including reasonable attorneys' fees and disbursements, paid or incurred by Waterton in enforcing any rights with respect to, or collecting, any or all of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. To secure the obligations of Azco under the Azco Guarantee, Azco granted to Waterton a lien on and continuing security interest in, assignment and pledge of and charge over, substantially all of Azco's personal property, whether then owned or existing or thereafter acquired or arising, wheresoever located, and all proceeds, products, income and profits thereof.

6. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Guarantee dated as of December 23, 2011 by and between Lordsburg as guarantor and Waterton as beneficiary (as amended, restated, supplemented or otherwise modified from time to time, the "Lordsburg Guarantee," and, together with the Santa Fe Guarantee and the Azco Guarantee, each as amended, restated, supplemented or otherwise modified from time to time, the "Guarantees"), Lordsburg unconditionally guaranteed the full, prompt and complete payment and performance when due, whether by acceleration or otherwise, and at all times thereafter, of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. Lordsburg further agreed to pay any and all expenses, including reasonable attorneys' fees and disbursements, paid or incurred by Waterton in enforcing any rights with respect to, or collecting, any or all of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations. To secure the obligations of Lordsburg under the Lordsburg Guarantee, Lordsburg granted to Waterton a lien on and continuing security interest in, assignment and pledge of and charge over, substantially all of Lordsburg's personal property, whether then owned or existing or thereafter acquired or arising, wheresoever located, and all proceeds, products, income and profits thereof.

### **The Security Agreements**

7. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Security Agreement dated as of December 23, 2011 by and between Santa Fe as debtor and Waterton as the secured party (as amended, restated, supplemented or otherwise modified from time to time, the "Santa Fe Security Agreement"), Santa Fe granted to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, a lien on and continuing security interest in, assignment and pledge of and charge over, all of the following personal property of Santa Fe, whether then owned or existing or thereafter acquired or arising, and wheresoever located: accounts; as-extracted collateral; chattel paper; commodity accounts; commodity contracts; specified deposit accounts; documents; equipment; fixtures; general intangibles; goods and accessions thereto, and goods with which the goods are commingled; instruments; intellectual property; inventory; investment property; letter-

of-credit rights; promissory notes; software; commercial tort claims; other personal property; books and records pertaining to the foregoing; and all proceeds, products, income and profits of the foregoing, and all accessories thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, excluding the Excluded Assets (as defined in the Santa Fe Security Agreement).

8. On October 9, 2012, Santa Fe and Waterton entered into Amendment No. 1 to the Santa Fe Security Agreement (the "Santa Fe Security Agreement Amendment"). The Santa Fe Security Agreement Amendment modified the definition of "Excluded Assets."

9. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Security Agreement dated as of December 23, 2011 by and between Azco as debtor and Waterton as the secured party (as amended, restated, supplemented or otherwise modified from time to time, the "Azco Security Agreement"), Azco granted to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, a lien on and continuing security interest in, assignment and pledge of and charge over, all of the following personal property of Azco, whether then owned or existing or thereafter acquired or arising, and wheresoever located: accounts; as-extracted collateral; chattel paper; commodity accounts; commodity contracts; specified deposit accounts; documents; equipment; fixtures; general intangibles; goods and accessions thereto, and goods with which the goods are commingled; instruments; intellectual property; inventory; investment property; letter-of-credit rights; promissory notes; software; commercial tort claims; other personal property; books and records pertaining to the foregoing; and all proceeds, products, income and profits of the foregoing, and all accessories thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, excluding the Excluded Assets (as defined in the Azco Security Agreement).

10. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Security Agreement dated as of December 23, 2011 by and between Lordsburg as debtor and Waterton as the secured party (as amended, restated, supplemented or otherwise modified from time to time, the "Lordsburg Security Agreement"), Lordsburg granted to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, a lien on and continuing security interest in, assignment and pledge of and charge over, all of the following personal property of Lordsburg, whether then owned or existing or thereafter acquired or arising, and wheresoever located: accounts; as-extracted collateral; chattel paper; commodity accounts; commodity contracts; specified deposit accounts; documents; equipment; fixtures; general intangibles; goods and accessions thereto, and goods with which the goods are commingled; instruments; intellectual property; inventory; investment property; letter-of-credit rights; promissory notes; software; commercial tort claims; other personal property; books and records pertaining to the foregoing; and all proceeds, products, income and profits of the foregoing, and all accessories thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, excluding the Excluded Assets (as defined in the Lordsburg Security Agreement).

11. In connection with the execution of the Prepetition Credit Agreement and the



Gold and Silver Supply Agreement, pursuant to that certain Security Agreement dated as of December 23, 2011 by and between Santa Fe (Barbados) as debtor and Waterton as the secured party (as amended, restated, supplemented or otherwise modified from time to time, the “Santa Fe Barbados Security Agreement,” and, together with the Santa Fe Security Agreement, the Azco Security Agreement, and the Lordsburg Security Agreement, each as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreements”), Santa Fe Barbados granted to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, a lien on and continuing security interest in, assignment and pledge of and charge over, all of the following personal property of Santa Fe Barbados, whether then owned or existing or thereafter acquired or arising, and wheresoever located: accounts; as-extracted collateral; chattel paper; commodity accounts; commodity contracts; specified deposit accounts; documents; equipment; fixtures; general intangibles; goods and accessions thereto, and goods with which the goods are commingled; instruments; intellectual property; inventory; investment property; letter-of-credit rights; promissory notes; software; commercial tort claims; other personal property; books and records pertaining to the foregoing; and all proceeds, products, income and profits of the foregoing, and all accessories thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, excluding the Excluded Assets (as defined in the Santa Fe Barbados Security Agreement).

#### **The Pledge Agreement**

12. In connection with the execution of the Prepetition Credit Agreement and the Gold and Silver Supply Agreement, pursuant to that certain Pledge Agreement dated as of December 23, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the “Pledge Agreement”) by and between Santa Fe as pledgor and Waterton as the secured party, Santa Fe pledged, assigned and granted to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, a lien on and continuing security interest in, all of the following property of Santa Fe, wherever located, whether then existing or thereafter arising or acquired from time to time: (i) all of the issued and outstanding equity interests from time to time owned or controlled by Santa Fe, including all equity interests of Azco, Lordsburg, and Santa Fe Barbados; (ii) all books and records relating to such equity interests; and (iii) all proceeds of any of the foregoing equity interests and all substitutions and replacements for, profits and products of, and distributions with respect to, each of the foregoing, and any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Santa Fe from time to time with respect to the foregoing equity interests.

#### **The Mortgages**

13. In connection with the execution of the Prepetition Credit Agreement, pursuant to that certain Mortgage, Security Agreement, Assignment of Production, Rents and Leasehold Interests and Financing Statement dated as of December 23, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the “Lordsburg Mortgage”) by and between Lordsburg as grantor and Waterton as lender, Lordsburg granted, bargained, sold, warranted, assigned, pledged, transferred, conveyed and mortgaged to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and

Silver Supply Agreement Obligations, all right, title and interest in and to the following real and personal property, rights, title and interests: certain specified lands and real property, including all fee, leasehold, option rights, mineral, patented mining claims, unpatented mining claims (lode and placer), unpatented millsites, tunnel sites and rights, royalties and other real property interests (whether surface, underground, mineral, or other) (collectively, the "Lands"); all gold, silver and other ores and minerals on, in and under the Lands; all fixtures and improvements located or constructed on the Lands; all water and water rights appertaining or belonging to or used in connection with the Lands; all access rights or rights of use appertaining or belonging to or used in connection with the Lands; all records, data, reports and information relating to or associated with any portion of the Lands; all governmental permits and approvals associated with or necessary for the use or development of all or any portion of the Lands; all accounts, contract rights and general intangibles arising from the use or enjoyment of all or any portion of the Lands; all personal property, whether or not attached or affixed in any manner to any building, structure or improvement on the Lands; and all proceeds and products of the foregoing.

14. In connection with the execution of the Second Credit Agreement Amendment, pursuant to that certain Mortgage, Security Agreement, Assignment of Production, Rents and Leasehold Interests and Financing Statement dated as of August 14, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the "Grant County Mortgage") by and between Santa Fe as grantor and Waterton as lender, Santa Fe granted, bargained, sold, warranted, assigned, pledged, transferred, conveyed and mortgaged to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, all right, title and interest in and to the following real and personal property, rights, title and interests: certain specified lands and real property, including all fee, leasehold, option rights, mineral, patented mining claims, unpatented mining claims (lode and placer), unpatented millsites, tunnel sites and rights, royalties and other real property interests (whether surface, underground, mineral, or other) (collectively, the "Lands"); all gold, silver and other ores and minerals on, in and under the Lands; all fixtures and improvements located or constructed on the Lands; all water and water rights appertaining or belonging to or used in connection with the Lands; all access rights or rights of use appertaining or belonging to or used in connection with the Lands; all records, data, reports and information relating to or associated with any portion of the Lands; all governmental permits and approvals associated with or necessary for the use or development of all or any portion of the Lands; all accounts, contract rights and general intangibles arising from the use or enjoyment of all or any portion of the Lands; all personal property, whether or not attached or affixed in any manner to any building, structure or improvement on the Lands; and all proceeds and products of the foregoing.

15. In connection with the execution of the Second Credit Agreement Amendment, pursuant to that certain Mortgage, Security Agreement, Assignment of Production, Rents and Leasehold Interests and Financing Statement dated as of August 14, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the "Hidalgo County Mortgage," and, together with the Lordsburg Mortgage and the Grant County Mortgage, each as amended, restated, supplemented or otherwise modified from time to time, the "Mortgages") by and between Santa Fe as grantor and Waterton as lender, Santa Fe granted, bargained, sold, warranted, assigned, pledged, transferred, conveyed and mortgaged to Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations and the Gold and Silver Supply Agreement Obligations, all right, title and interest in and to the following real and



personal property, rights, title and interests: certain specified lands and real property, including all fee, leasehold, option rights, mineral, patented mining claims, unpatented mining claims (lode and placer), unpatented millsites, tunnel sites and rights, royalties and other real property interests (whether surface, underground, mineral, or other) (collectively, the "Lands"); all gold, silver and other ores and minerals on, in and under the Lands; all fixtures and improvements located or constructed on the Lands; all water and water rights appertaining or belonging to or used in connection with the Lands; all access rights or rights of use appertaining or belonging to or used in connection with the Lands; all records, data, reports and information relating to or associated with any portion of the Lands; all governmental permits and approvals associated with or necessary for the use or development of all or any portion of the Lands; all accounts, contract rights and general intangibles arising from the use or enjoyment of all or any portion of the Lands; all personal property, whether or not attached or affixed in any manner to any building, structure or improvement on the Lands; and all proceeds and products of the foregoing.

### **The Deeds of Trust**

16. In connection with the execution of the Prepetition Credit Agreement, pursuant to that certain Deed of Trust, Security Agreement, Assignment of Production, Rents and Leasehold Interests, Fixture Filing, and Financing Statement dated as of December 23, 2011 by and between Azco as trustor, First American Title Insurance Company as trustee (the "Azco Trustee"), and Waterton as beneficiary (as amended, restated, supplemented or otherwise modified from time to time, the "Azco Deed of Trust"), Azco granted, bargained, sold, warranted, assigned, pledged, transferred and conveyed to the Azco Trustee, in trust, with power of sale and right of entry and possession subject to the terms of the Azco Deed of Trust, for the benefit of Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations, all right, title and interest in and to the following real and personal property, rights, title and interests: certain specified lands and real property, including all fee, leasehold, option rights, mineral, patented mining claims, unpatented mining claims (lode and placer), unpatented millsites, tunnel sites and rights, royalties and other real property interests (whether surface, underground, mineral, or other) (collectively, the "Lands"); all gold, silver and other ores and minerals on, in and under the Lands; all fixtures and improvements located or constructed on the Lands; all water and water rights appertaining or belonging to or used in connection with the Lands; all access rights or rights of use appertaining or belonging to or used in connection with the Lands; all records, data, reports and information relating to or associated with any portion of the Lands; all governmental permits and approvals associated with or necessary for the use or development of all or any portion of the Lands; all accounts, contract rights and general intangibles arising from the use or enjoyment of all or any portion of the Lands; all personal property, whether or not attached or affixed in any manner to any building, structure or improvement on the Lands; and all proceeds and products of the foregoing.

17. In connection with the execution of the Prepetition Credit Agreement, pursuant to that certain Deed of Trust, Security Agreement, Assignment of Production, Rents and Leasehold Interests, Fixture Filing, and Financing Statement dated as of December 23, 2011 by and between Santa Fe as trustor, First American Title Insurance Company as trustee (the "Santa Fe Trustee"), and Waterton as beneficiary (as amended, restated, supplemented or otherwise modified from time to time, the "Santa Fe Deed of Trust," and, together with the Azco Deed of Trust, each as amended, restated, supplemented or otherwise modified from time to time, the

“Deeds of Trust”), Santa Fe granted, bargained, sold, warranted, assigned, pledged, transferred and conveyed to the Santa Fe Trustee, in trust, with power of sale and right of entry and possession subject to the terms of the Santa Fe Deed of Trust, for the benefit of Waterton, to secure the payment and performance of the Prepetition Credit Agreement Obligations, all right, title and interest in and to the following real and personal property, rights, title and interests: all right title and interest in and to the following real and personal property, rights, title and interests: certain specified lands and real property, including all fee, leasehold, option rights, mineral, patented mining claims, unpatented mining claims (lode and placer), unpatented millsites, tunnel sites and rights, royalties and other real property interests (whether surface, underground, mineral, or other) (collectively, the “Lands”); all gold, silver and other ores and minerals on, in and under the Lands; all fixtures and improvements located or constructed on the Lands; all water and water rights appertaining or belonging to or used in connection with the Lands; all access rights or rights of use appertaining or belonging to or used in connection with the Lands; all records, data, reports and information relating to or associated with any portion of the Lands; all governmental permits and approvals associated with or necessary for the use or development of all or any portion of the Lands; all accounts, contract rights and general intangibles arising from the use or enjoyment of all or any portion of the Lands; all personal property, whether or not attached or affixed in any manner to any building, structure or improvement on the Lands; and all proceeds and products of the foregoing.

#### **Prepetition Collateral and First Priority Liens**

18. All collateral granted or pledged to Waterton pursuant to the Prepetition Credit Agreement Documents and the Gold and Silver Supply Agreement Documents shall collectively be referred to herein as the “Prepetition Collateral.” All security interests and liens granted by the Debtors to Waterton pursuant to the Prepetition Credit Agreement Documents and the Gold and Silver Supply Agreement Documents shall collectively be referred to herein as the “First Priority Liens.”

19. Waterton duly perfected the First Priority Liens in the Prepetition Collateral prior to the Petition Date by, among other things, filing financing statements, mortgages and fixture filings and, where necessary, by possession of relevant instruments, stock certificates, or other property. All of such financing statements, mortgages, fixture filings and other actions taken to perfect the First Priority Liens were validly executed or performed by authorized representatives of Waterton. Accordingly, Waterton holds properly perfected First Priority Liens on all of the Prepetition Collateral. The First Priority Liens constitute valid, binding, enforceable and perfected first priority liens and security interests in the Prepetition Collateral and are not subject to avoidance, disallowance or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

#### **Intercreditor Agreement**

20. In connection with the execution of the Prepetition Credit Agreement, pursuant to that certain Intercreditor Agreement dated as of December 23, 2011 by and among Sandstorm Gold (Barbados) Ltd. (“Sandstorm”), Waterton, Lordsburg and Santa Fe (the “Intercreditor Agreement”), Sandstorm agreed, among other things, that Sandstorm’s liens and interests in all of Lordsburg’s assets to secure all guarantee obligations of Lordsburg under that certain

Purchase Agreement dated as of September 11, 2009 by and between Sandstorm and Santa Fe, Santa Fe Barbados and Lordsburg, shall for all purposes be, and shall at all times remain, inferior, junior and subordinate to the interests of Waterton under all then-existing or future items of security executed by Lordsburg in favor of Waterton as security for some or all of the Prepetition Credit Agreement Obligations and/or Gold and Silver Supply Agreement Obligations.

### **Waivers of Default**

21. On May 10, 2013, Waterton notified the Debtors (the “May 2013 Waiver of Default Letter”) that their failure to deliver to Waterton the Monthly Repayment Ounces and related Interest Payment Amounts for February, March and April 2013 constituted an Event of Default under section 10.1(a) of the Prepetition Credit Agreement. Waterton agreed to waive, until May 15, 2013, the Event of Default that then existed or may have thereafter arisen as a direct result of or in connection with the Debtors’ non-payment.

22. On June 30, 2013, Waterton notified the Debtors (the “June 2013 Waiver of Default Letter”) that their failure to deliver to Waterton the Monthly Repayment Ounces for February, March, April, May and June 2013 constituted an Event of Default under section 10.1(a) of the Prepetition Credit Agreement. Waterton agreed to waive the Event of Default that then existed or may have thereafter arisen as a direct result of the non-payment, subject to the Debtors’ agreement to sell, convey, assign and transfer to Waterton certain of the Debtors’ accounts receivable. The accounts receivable sold to Waterton were applied as payments toward outstanding interest payables first, with any remaining receivables transferred being treated as payment toward other indebtedness under the Prepetition Credit Agreement, including principal. As of December 31, 2013, the valuation of the receivables sold to Waterton under the June 2013 Waiver of Default Letter was finalized at \$1,018,056.00.

23. On September 30, 2013, Waterton notified the Debtors (the “September 2013 Waiver of Default Letter”) that their failure to deliver to Waterton the Monthly Repayment Ounces for February, March, April, May, June and July 2013 constituted an Event of Default under section 10.1(a) of the Prepetition Credit Agreement. Waterton agreed to waive the Event of Default that then existed or may have thereafter arisen as a direct result of the non-payment. Waterton reserved the right to revoke and terminate the waiver at any time and to note the Debtors in default of the Prepetition Credit Agreement Obligations. In the event of such later termination and notice of default, Waterton further reserved the right to immediately exercise any of the rights, remedies, claims and actions available to it under the Prepetition Credit Agreement Documents, applicable law and in equity.

### **The Waterton Claims**

24. As of the Petition Date, the aggregate amount owing by each of the Debtors to Waterton under the Prepetition Credit Agreement Documents was not less than \$12,792,450.00, consisting of principal obligations and accrued and unpaid interest; plus (a) all thereafter accruing and unpaid interest, fees and expenses that are chargeable or reimbursable under the Prepetition Credit Agreement Documents, (b) all accrued and unpaid professional fees and expenses that are chargeable or reimbursable under the Prepetition Credit Agreement

Documents, and (c) any other obligations of the Debtors which were contingent or unmatured as of the Petition Date (collectively, the "Waterton Prepetition Credit Agreement Claim"). Interest, charges, fees and expenses (including, without limitation, professional fees) continue to accrue after the Petition Date. Each of the Debtors is jointly and severally liable for the entire amount of the Waterton Prepetition Credit Agreement Claim. The consideration for Waterton Prepetition Credit Agreement Claim is comprised of monies loaned or otherwise made available and other financial accommodations extended to or for the Debtors' benefit under the Prepetition Credit Agreement Documents.

25. On September 4, 2015, the Debtors filed a motion to reject the Gold and Silver Supply Agreement under section 365 of the Bankruptcy Code and to liquidate the amounts due and owing to Waterton thereunder [Docket No. 44] (the "Rejection Motion"). The Debtors supplemented the Rejection Motion on September 10, 2015 [Docket No. 52] (the "Supplement"). The Rejection Motion, together with the Supplement, reflects a settled Gold and Silver Supply Agreement rejection damages amount of \$5,030,724.00 (the "Waterton Gold and Silver Supply Agreement Claim," and, together with the Waterton Prepetition Credit Agreement Claim, the "Waterton Claims"). Each of the Debtors is jointly and severally liable for the entire amount of the Waterton Gold and Silver Supply Agreement Claim. If the Bankruptcy Court does not approve the Rejection Motion and the Debtors otherwise reject the Waterton Gold and Silver Supply Agreement, then the amount of the Waterton Gold and Silver Supply Agreement Claim will far exceed \$5,030,724.00. Waterton accordingly reserves the right to amend this Proof of Claim, or to file a separate proof of claim, to assert a revised claim for damages arising from the Debtors' rejection of the Waterton Gold and Silver Supply Agreement.

26. The Waterton Claims are not subject to any setoff or counterclaim by the Debtors. Waterton reserves any and all setoff rights to which it is entitled under section 553 of the Bankruptcy Code or otherwise.

27. The Waterton Claims are filed as secured claims; provided, however, that to the extent the First Priority Liens granted for Waterton's benefit and any of Waterton's setoff rights under section 553 of the Bankruptcy Code and applicable law are insufficient to satisfy the Waterton Claims in full, the remaining amount of the Waterton Claims are filed as unsecured claims.

28. Waterton reserves the right to (i) amend, update and/or supplement this Proof of Claim at any time and in any respect, (ii) file additional proofs of claim for additional claims which may be based on the same or additional documents, or (iii) file a request for payment of administrative expenses in accordance with sections 503 and 507 of the Bankruptcy Code or the allowance of post-petition interest and fees in accordance with section 506(b) of the Bankruptcy Code.

29. Nothing contained in this Proof of Claim shall be construed as limiting Waterton's rights, remedies, and interests under the Prepetition Credit Agreement Documents or the Gold and Silver Supply Agreement Documents. To the extent of any conflict between the terms of this Proof of Claim and the terms of the Prepetition Credit Agreement Documents or the Gold and Silver Supply Agreement Documents, the terms and conditions of the Prepetition Credit Agreement Documents and the Gold and Silver Supply Agreement Documents, as

applicable, shall govern.

30. The filing of this Proof of Claim shall not constitute: (i) a waiver or release of Waterton's rights against any person, entity or property; (ii) a consent by Waterton to the jurisdiction of the Bankruptcy Court with respect to the subject matter of this Proof of Claim, any objection or other proceeding commenced with respect thereto, or any other proceeding commenced in these cases against or otherwise involving Waterton; (iii) a waiver of the right to move to withdraw the reference, or to assert that the reference has already been withdrawn, or otherwise to challenge the jurisdiction of the Bankruptcy Court, with respect to the subject matter of this Proof of Claim, any objection or other proceeding commenced with respect thereto, or any other proceeding commenced in these cases against or otherwise involving Waterton; (iv) an election of remedies; or (v) a waiver of any past, present or future Event of Default under (and as defined in) the Prepetition Credit Agreement Documents. Waterton expressly reserves all of its procedural and substantive defenses and rights with respect to any claim that may be asserted against Waterton by the Debtors or by any trustee in bankruptcy.

#### **Supporting Documents**

31. The following Prepetition Credit Agreement Documents and Gold and Silver Supply Agreement Documents are incorporated herein by reference:

- A. Prepetition Credit Agreement;
- B. First Credit Agreement Amendment;
- C. Second Credit Agreement Amendment;
- D. Gold and Silver Supply Agreement;
- E. Santa Fe Guarantee;
- F. Azco Guarantee;
- G. Lordsburg Guarantee;
- H. Santa Fe Security Agreement;
- I. Santa Fe Security Agreement Amendment;
- J. Azco Security Agreement;
- K. Lordsburg Security Agreement;
- L. Santa Fe Barbados Security Agreement;
- M. Pledge Agreement;
- N. Lordsburg Mortgage;

- O. Grant County Mortgage;
- P. Hidalgo County Mortgage;
- Q. Azco Deed of Trust;
- R. Santa Fe Deed of Trust;
- S. Intercreditor Agreement;
- T. May 2013 Waiver of Default Letter;
- U. June 2013 Waiver of Default Letter; and
- V. September 2013 Waiver of Default Letter.

32. Upon information and belief, copies of the foregoing documents are available to the Debtors and their advisors. Each of the Prepetition Credit Agreement Documents and Gold and Silver Supply Agreement Documents have also been provided to counsel for the Official Committee of Unsecured Creditors. For this reason, and in light of the voluminous nature of the foregoing documents, Waterton has not attached copies of such documents to this Proof of Claim. Waterton will make additional copies of the Prepetition Credit Agreement Documents and Gold and Silver Supply Agreement Documents available to counsel for the Debtors and counsel for the Official Committee of Unsecured Creditors upon receipt of a written request.





SIDLEY AUSTIN LLP  
ONE SOUTH DEARBORN STREET  
CHICAGO, IL 60603  
+1 312 853 7000  
+1 312 853 7036 FAX

matthew.martinez@sidley.com

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GENEVA	SAN FRANCISCO	

FOUNDED 1866

December 16, 2015

**By Overnight Federal Express**

Santa Fe Gold Claims Processing  
c/o American Legal Claims Services, LLC  
5985 Richard Street, Suite 3  
Jacksonville, Florida 32216

Re: In re Santa Fe Gold Corporation, et al., Case No. 15-11761 (MFW) in the United States Bankruptcy Court for the District of Delaware

Dear Sir or Madam:

Enclosed for filing in the above-referenced matter please find four originals and four copies of proofs of claim (with addendum attached to each) (the "Proofs of Claim") on behalf of Waterton Global Value, L.P. against each of Santa Fe Gold Corporation (Case No. 15-11761), Azco Mica, Inc. (Case No. 15-11762), The Lordsburg Mining Company (Case No. 15-11763), and Santa Fe Gold (Barbados) Corporation (Case No. 15-11764).

Please process each of the original Proofs of Claim and please date stamp each of the enclosed copies of the Proofs of Claim and return the copies to me in the enclosed self-addressed, postage-paid FedEx envelope. Thank you for your attention to this matter.

Kind regards,

Matthew G. Martinez

Enclosures (4 Original Proofs of Claim and 4 Copies)

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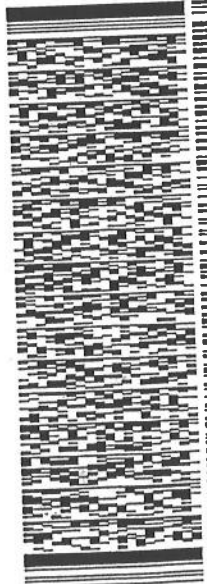
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**C/O AMERICAN LEGAL CLAIMS SERV. LLC**  
**5985 RICHARD STREET, SUITE 3**

**JACKSONVILLE FL 32216**

REF: 630583004033434



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