

OPTION AGREEMENT

THIS AGREEMENT is dated effective August 16, 2012.

AMONG:

CANADIAN IMPERIAL VENTURE CORP., a company incorporated under the *Business Corporations Act* (Canada) and having a business office at P.O. Box 6232, St. John's, Newfoundland, Canada, A1C 6J9

("CIVC")

AND:

CARINA ENERGY INC., company incorporated under the *Business Corporations Act* (Ontario) and having a business office at 365 Bay Street, Suite 500, Toronto, Ontario M5H 2V1

("Carina")

AND:

OZIAS THERIAULT, a businessman of P.O. Box 280, Geraldton, Ontario P0T 1M0

("Theriault")

WHEREAS:

A. On November 12, 2008, Theriault and Carina entered into an option to purchase and royalty agreement (the "**Original Option Agreement**") with Carina under which Carina was granted an option to acquire from Theriault his 100% registered and beneficial interest of certain mining claims located in the Lac du Bonnet Mining Division, in the Province of Manitoba,

B. On November 12, 2010, Theriault and Carina entered into an agreement to amend and restate the Original Option Agreement (the "**Amended Option Agreement**") with Carina under which Carina was granted an option ("**Theriault Option**") to acquire from Theriault his 100% registered and beneficial interest of certain mining claims located in the Lac du Bonnet Mining Division of the Province of Manitoba, as more particularly described in Schedule "A" hereto, and known as the "**Little Bear Property**", subject only to the 2.5% net smelter royalty in favour of Theriault and advanced royalty, as more particularly detailed in the Amended Option Agreement;

C. On November 12, 2011, Theriault and Carina entered into a further amendment to the Amended Option Agreement with Carina (the "**2011 Amendment**") with respect to the share and cash consideration payable thereunder; and

D. Carina wishes to grant to CIVC, with the consent of Theriault, the right to acquire a 55% interest in the Property (the "**Option**") such that, upon CIVC exercising the Option, the respective

interests in the Property will be 55% for CIVC and 45% for Carina, subject to the Royalty (and Advance Royalty) in favour of Theriault and subject to the terms and conditions hereinafter set out.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

**PART 1
INTERPRETATION**

1.1 In this Agreement the following words and phrases have the following meanings:

- (a) **“2011 Amendment”** has the meaning ascribed to it in the Recitals;
- (b) **“Additional Rights”** has the meaning ascribed to it in section 5.2;
- (c) **“Advanced Royalty”** has the meaning ascribed to it in section 20.4;
- (d) **“Amended Option Agreement”** has the meaning ascribed to it in the Recitals;
- (e) **“Affiliate”** means any person that controls, is controlled by, or is under common control with, a party hereto;
- (f) **“Area of Interest”** has the meaning ascribed to it in section 5.1;
- (g) **“Business Day”** means a day other than Saturday, Sunday or a statutory holiday in British Columbia;
- (h) **“Claims”** means the mining and mineral claims described in Schedule “A” hereto;
- (i) **“Closing”** has the meaning ascribed to it in section 10.1;
- (j) **“Closing Date”** means the date on which the Closing takes place which shall be on or before September 28, 2012, or such other date as agreed to between Carina and CIVC;
- (k) **“Commencement of Commercial Production”** means:
 - (i) if a mill is located on the Property, the last calendar day of a period of 40 consecutive calendar days in which, for not less than 30 calendar days, the mill processed ore from the Property at 60% of its rated concentrating capacity, or
 - (ii) if a mill is not located on the Property, the last day of a period of 30 consecutive calendar days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,but any period of time during which ore or concentrate is shipped from the Property for testing purposes, a bulk sample or during which milling operations are undertaken as initial tune-up, will not be taken into account in determining the date of Commencement of Commercial Production;
- (l) **“Confidential Information”** has the meaning ascribed to it in section 17.1;

- (m) “**control**” means the right to exercise, directly or indirectly, more than fifty percent of the voting rights attributable to the controlled person;
- (n) “**Environmental Claims**” means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:
 - (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages under any applicable Environmental Law;
 - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief; and
 - (iii) any and all claims resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (o) “**Environmental Laws**” means all requirements of the common law, civil code or of environmental, health or safety statutes of any agency, board or governmental authority, including, but not limited to, those relating to:
 - (i) noise;
 - (ii) pollution or protection of the air, surface water, ground water or land;
 - (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal or transportation;
 - (iv) exposure to hazardous or toxic substances; or
 - (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines or workings and the reclamation or restoration of lands;
- (p) “**Exchange**” means the TSX Venture Exchange Inc.;
- (q) “**Initial Operator**” has the meaning ascribed to it in section 3.12;
- (r) “**Joint Venture**” has the meaning ascribed to it in section 3.11;
- (s) “**Joint Venture Agreement**” has the meaning ascribed to it in section 3.11;
- (t) “**Mineral Products**” means the commercial end products derived from operating the Property or any part thereof as a mine;
- (u) “**Net Smelter Returns**” means the proceeds received from any mint or smelter from the sale of any ores, concentrates or minerals produced from the Property but excluding any proceeds from ores, concentrates or minerals produced from the Strategic Claim;
- (v) “**Operator**” has the meaning ascribed to it in section 3.13;

- (w) “**Option**” has the meaning ascribed to it in section 3.1;
- (x) “**Option Period**” means the period from the date of this Agreement to and including the date of exercise or termination of the Option;
- (y) “**Original Option Agreement**” has the meaning ascribed to it in the Recitals;
- (z) “**person**” means an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or a trustee, executor, administrator or other legal representative;
- (aa) “**Property**” or “**Little Bear Property**” means the mining and mineral claims described in Schedule “A” hereto and shall include any additional claims that become part of the Property pursuant to Part 5, including any mineral claims staked within the Property and all mining leases and other mining interests derived from any such mineral claims;
- (bb) “**Proportionate Share**” means, with respect to CIVC and Carina, that percentage of the Working Interest in the Property held by such party upon the exercise of the Option;
- (cc) “**Royalty**” has the meaning ascribed to it in section 20.1;
- (dd) “**Shares**” means common shares in the capital of CIVC;
- (ee) “**Strategic Claim**” means Mineral Tenure #MB2112-Bear 1, located in the Lac du Bonnet Area, Manitoba which is to be acquired by Carina on or before Closing;
- (ff) “**Technical Data**” means all geological, geophysical, geochemical, assay, drilling and other reports and data in written or digital form, dealing in any way with the exploration or evaluation of the Property, including estimates of development, mining and process costs of a potential operation;
- (gg) “**Therault Option**” means the option granted by Therault to Carina to acquire from Therault his 100% registered and beneficial interest in the Property pursuant to the Amended Option Agreement;
- (hh) “**Transaction**” means the grant of the Option by Carina to CIVC in accordance with the terms hereof; and
- (ii) “**Working Interest**” means, upon the exercise of the Option, the undivided beneficial percentage interest of the parties in the Property, which will be 55% to CIVC and 45% to Carina.

1.2 The following are the Schedules to this Agreement:

Schedule “A” – Description of the Claims

Schedule “B” – Form of Joint Venture Agreement

1.3 For the purposes of this Agreement, except as otherwise provided herein:

- (a) “**this Agreement**” means this Agreement, including the Schedules, as it may from time to time be supplemented or amended and in effect;

- (b) the words “**herein**”, “**hereof**” and “**hereunder**” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph, subparagraph, clause or sub clause of this Agreement so designated;
- (c) a reference to a Part is to a Part of this Agreement, and the symbol section followed by a number or some combination of numbers and letters refers to the section, paragraph, subparagraph, clause or sub clause of this Agreement so designated;
- (d) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa;
- (e) the headings to the sections and subsections of this Agreement are inserted for convenience only and do not form part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (f) the word “**or**” is not exclusive and the word “**including**”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “**without limitation**” or “**but not limited to**” or other words of similar import) but, rather, as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;
- (g) a reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or such regulations; and
- (h) all dollar amounts expressed herein refer to lawful currency of Canada.

PART 2

REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Theriault hereby represents, warrants to and covenants with CIVC and Carina that:

- (a) Theriault is the sole recorded and beneficial owner of the Property and has the exclusive right to enter into this Agreement and all necessary authority to transfer up to an undivided 100% interest in the Property to Carina upon the exercise of the Theriault Option in accordance with the terms of this Agreement, subject to the Royalty and Advanced Royalty;
- (b) to the knowledge of Theriault, all taxes, assessment, rentals, levies, or other payments relating to the Property required to be made to any federal, state, or municipal government instrumentality have been made;
- (c) he is legally entitled to hold its interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by it and necessary for the exploration of the Property, and will remain so entitled for so long as it holds any interest in the Property;

- (d) no filing or registration with, no notice to and no permit, authorization, consent, or approval of any public or governmental body or authority or other person or entity is necessary for the exercise of the Theriault Option contemplated by this Agreement or to enable Theriault to enter into this Agreement and grant the Theriault Option to Carina to acquire a one hundred percent (100%) interest in the Property on the exercise of the Theriault Option;
- (e) he has, and will continue to have during the Option Period, full power and authority to enter into this Agreement and any instrument referred to or contemplated by this Agreement, and to carry out the transactions contemplated herein;
- (f) this Agreement, subject to receiving the requisite approval of the Exchange, constitutes a legal, valid and binding obligation of Theriault except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- (g) the Theriault Option is in good standing;
- (h) with the exception of the Royalty and Advanced Royalty and the rights of Theriault under the Theriault Option, no person, firm or corporation has any proprietary or possessory interest in the Property other than Carina, and no person, firm or corporation is entitled to any royalty or other payment in the nature of rent or royalty on any Mineral Products removed from the Property;
- (i) the Claims comprising the Property are accurately described in Schedule "A", have been duly and validly located and recorded, are free and clear of all claims, liens, security interests, charges and encumbrances, and are, and upon the exercise of the Option will be, in good standing under the laws of the jurisdiction in which they are located;
- (j) he has paid all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property;
- (k) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which, directly or indirectly, relate to or affect the Property or the interest of Theriault therein, nor is Theriault aware of any acts that would lead it to suspect that the same might be initiated or threatened;
- (l) other than the Theriault Option, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;
- (m) he is legally entitled to hold his interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by it and necessary for the exploration of the Property, and will remain so entitled for so long as he holds any interest in the Property;
- (n) the Property does not contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable Environmental Laws, regulations, rule or by-law, and Theriault has not

received, nor is he aware of any pending or threatened, notice of non-compliance with any Environmental Law, regulation, rule or by-law;

- (o) the Property has been operated substantially in accordance with all applicable and Environmental Laws and, to the knowledge of Theriault there are no environmental conditions existing in the Property to which any material remedial action is required or any material liability has or may be imposed under applicable Environmental Laws;
- (p) he has not received from any government agency or authority any notice of, or communication relating to, any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
- (q) he has duly filed all reports and returns required to be filed with governmental authorities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement, and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending, or to the knowledge of Theriault, threatened and none of them will be adversely affected by the entry into this Agreement or the Transaction;
- (r) he has held the Property in material compliance with all laws, rules, statutes, ordinances, orders and regulations and Theriault has not received any notice of any violation thereof, nor is Theriault aware of any valid basis therefore;
- (s) there is no adverse claim or challenge against or to the ownership of, or title to, any part of the Claims or the Property and, to the knowledge of Theriault, there is no basis for such adverse claim or challenge which may affect the Claims or the Property;
- (t) the Claims are not subject to any mining royalties imposed by the Province of Manitoba, or any federal, municipal or local authority;
- (u) until the earlier of the exercise of the Option or the termination of this Agreement, Theriault will not, without the prior written consent of CIVC and Carina, allow the Property to become subject to any claims, liens, security interests, charges and encumbrances of any nature or kind whatsoever or enter into any agreement (whether written or verbal) that may result in the creation of any such claims, liens, security interests, charges and encumbrances or otherwise restrict in any manner whatsoever the exercise of the Option by CIVC and Carina as contemplated by this Agreement, except for any encumbrances arising from the activities of CIVC and Carina; and
- (v) it is not aware of any facts relating to the Property that, if known to CIVC or Carina, could reasonably be expected to cause CIVC or Carina to decide not to enter into this Agreement or not proceed to exercise the Option and Theriault has advised CIVC and Carina of all of the material information relating to the mineral potential of the Claims of which it has knowledge.

2.2 The representations, warranties and covenants contained in section 2.1, are provided for the exclusive benefit of CIVC and Carina and any misrepresentation or breach of warranty or covenant may be waived by CIVC and Carina, acting jointly, in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or

any other representation, warranty or covenant; and the representations, warranties and covenants contained in section 2.1 will survive the execution hereof and continue through the Option Period and for two years thereafter.

2.3 Carina hereby represents and warrants to and covenants with CIVC that:

- (a) it has, and will continue to have during the Option Period, full power and authority to enter into this Agreement and any instrument referred to or contemplated by this Agreement, and to carry out the transactions contemplated herein;
- (b) it has duly obtained all necessary corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders, or any indenture, agreement or other instrument to which it is party or by which it or its assets may be bound;
- (c) it is duly organized, validly existing and in good standing under its applicable laws of incorporation and has all requisite corporate power and authority to own its properties and carry on its business as now being conducted;
- (d) the execution, delivery and performance of this Agreement and the matters contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceedings are necessary to authorize this Agreement and the matters contemplated herein;
- (e) this Agreement, subject to receiving the requisite approval of the Exchange, constitutes a legal, valid and binding obligation of Carina except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- (f) the Theriault Option is in good standing;
- (g) upon the exercise of the Theriault Option, Carina will be the sole recorded and beneficial owner of the Property and has the exclusive right to enter into this Agreement and all necessary authority to transfer up to an undivided 55% interest in the Property to CIVC, subject to the Royalty and Advanced Royalty;
- (h) During the period of the Theriault Option, Carina will:
 - (i) maintain in good standing the Claims and any Additional Rights included in the Property by the payment of fees, taxes and rentals and the performance of all other required actions in order to keep the Claims free and clear of all liens and other charges arising from Carina's activities thereon except those at the time contested in good faith by Carina; and

- (ii) perform all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority;
- (i) no filing or registration with, no notice to and no permit, authorization, consent, or approval of any public or governmental body or authority or other person or entity is necessary for the exercise of the Option contemplated by this Agreement or to enable Carina to enter into this Agreement and grant the Option to CIVC to acquire a fifty-five percent (55%) interest in the Property on the exercise of the Option;
- (j) with the exception of the Royalty and Advanced Royalty and the rights of Theriault under the Theriault Option, no person, firm or corporation has any proprietary or possessory interest in the Property other than Carina, and no person, firm or corporation is entitled to any royalty or other payment in the nature of rent or royalty on any Mineral Products removed from the Property;
- (k) the Claims comprising the Property are accurately described in Schedule "A", have been duly and validly located and recorded, are free and clear of all claims, liens, security interests, charges and encumbrances, and are, and upon the exercise of the Option will be, in good standing under the laws of the jurisdiction in which they are located;
- (l) it has paid all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property;
- (m) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which, directly or indirectly, relate to or affect the Property or the interest of Carina therein, nor is Carina aware of any acts that would lead it to suspect that the same might be initiated or threatened;
- (n) other than the Theriault Option, Royalty and Advanced Royalty, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;
- (o) no proceedings are pending for, and it is not aware of any basis for the institution of any proceedings leading to, its dissolution or winding up, or the placing of it into bankruptcy or subjection to any other laws governing the affairs of insolvent persons;
- (p) it is legally entitled to hold its interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by it and necessary for the exploration of the Property, and will remain so entitled for so long as it holds any interest in the Property;
- (q) the Property does not contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable Environmental Laws, regulations, rule or by-law, and Carina has not received, nor is it aware of any pending or threatened, notice of non-compliance with any Environmental Law, regulation, rule or by-law;
- (r) during the period of the Theriault Option the Property has been operated substantially in accordance with all applicable and Environmental Laws and, to the knowledge of Carina

there are no environmental conditions existing in the Property to which any material remedial action is required or any material liability has or may be imposed under applicable Environmental Laws;

- (s) it has not received from any government agency or authority any notice of, or communication relating to, any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
- (t) it has duly filed all reports and returns required to be filed with governmental authorities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement, and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending, or to the knowledge of Carina, threatened and none of them will be adversely affected by the entry into this Agreement or the Transaction;
- (u) it has held the Property in material compliance with all laws, rules, statutes, ordinances, orders and regulations and Carina has not received any notice of any violation thereof, nor is Carina aware of any valid basis therefore;
- (v) there is no adverse claim or challenge against or to the ownership of, or title to, any part of the Claims or the Property and, to the knowledge of Carina, there is no basis for such adverse claim or challenge which may affect the Claims or the Property;
- (w) the Claims are not subject to any mining royalties imposed by the Province of Manitoba, or any federal, municipal or local authority;
- (x) until the earlier of the exercise of the Option or the termination of this Agreement, Carina will not, without the prior written consent of CIVC, allow the Property to become subject to any claims, liens, security interests, charges and encumbrances of any nature or kind whatsoever or enter into any agreement (whether written or verbal) that may result in the creation of any such claims, liens, security interests, charges and encumbrances or otherwise restrict in any manner whatsoever the exercise of the Option by CIVC as contemplated by this Agreement, except for any encumbrances arising from the activities of CIVC; and
- (y) it is not aware of any facts relating to the Property that, if known to CIVC, could reasonably be expected to cause CIVC to decide not to enter into this Agreement or not proceed to exercise the Option and Carina has advised CIVC of all of the material information relating to the mineral potential of the Claims of which it has knowledge.

2.4 The representations, warranties and covenants contained in section 2.3 are provided for the exclusive benefit of CIVC and any misrepresentation or breach of warranty or covenant may be waived by CIVC in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation, warranty or covenant; and the representations, warranties and covenants contained in section 2.3 will survive the execution hereof and continue through the Option Period and for two years thereafter.

2.5 CIVC hereby represents and warrants to Carina that:

- (a) it has, and will continue to have during the Option Period, full power and authority to carry on its business and to enter into this Agreement and any instrument referred to or contemplated by this Agreement and to carry out the transactions contemplated herein;
 - (b) it is duly organized, validly existing and in good standing under its applicable laws of incorporation and has all requisite corporate power and authority to own its properties and carry on its business as now being conducted;
 - (c) it is a “reporting issuer” under the securities legislation of the provinces of British Columbia, Alberta and Ontario, is in compliance with all continuous disclosure obligations thereunder, and is not in default of such legislation or any regulation thereunder;
 - (d) the Shares are listed on the Exchange;
 - (e) it has duly obtained all necessary governmental, corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders, or any indenture, agreement or other instrument to which it is party or by which it or its assets may be bound;
 - (f) the execution, delivery and performance of this Agreement and the matters contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceedings are necessary to authorize this Agreement and the matters contemplated herein; and
 - (g) this Agreement, subject to receiving the requisite approval of the Exchange, constitutes a legal, valid and binding obligation of CIVC except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws of general application affecting enforcement of creditors’ rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.
- 2.6 The representations and warranties contained in section 2.5 are provided for the exclusive benefit of Carina and any misrepresentation or breach of warranty may be waived by Carina in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in section 2.5 will survive the execution hereof and continue through the Option Period and for two years thereafter.

PART 3 OPTION

- 3.1 Subject to the terms and conditions set out in this Agreement, Theriault and Carina hereby grant to CIVC, the sole and exclusive right and option (the “**Option**”) to acquire an undivided 55% right, title and interest in the Property by CIVC making the following payments and share issuances:

- (a) on the date of the execution of this Agreement, pay to Theriault \$20,000;
 - (b) on the first day of each month, commencing on October 1, 2012, pay to Theriault \$10,000 per month until June 1, 2014 for additional aggregate payments totalling \$200,000;
 - (c) on the Closing Date, issue to Carina 6,000,000 common shares in the capital of CIVC to Carina;
 - (d) on the first anniversary of the Closing Date, issue to Carina 5,000,000 common shares in the capital of CIVC to Carina;
 - (e) prior to the second anniversary of the Closing Date, make expenditures of \$600,000 conducting exploration of the Property; and
 - (f) on or before November 12, 2013, pay to Theriault \$50,000 and on or before November 12, 2014, pay to Theriault \$50,000, in payment of the first two advance royalty payments to Theriault under the Amended Option Agreement.
- 3.2 Theriault agrees with Carina and CIVC that the cash payments made by CIVC pursuant to section 3.1(a) and 3.1(b) above will satisfy all the obligations of Carina found in section 3.1 of the Amended Option Agreement. Upon the cash payments being made in paragraphs 3.1(a) and 3.1(b) above, Theriault hereby agrees that Carina will have exercised the Theriault Option and will own a 100% undivided interest in the Property.
- 3.3 When Carina has earned a 100% interest in and to the Property in accordance with section 3.1, above, Theriault will provide Carina a duly executed transfer in registrable form confirming that Carina has earned a 100% interest in the Property.
- 3.4 Theriault agrees with Carina and CIVC that the cash payments made by CIVC pursuant to section 3.1(f) above will satisfy the first two Advance Royalty payments under section 3.2 of the Amended Option Agreement.
- 3.5 For the purposes of 3.1(e), expenditures for exploration on the Property includes all costs and expenses actually and directly incurred by a CIVC on or for the benefit of the Property including without limiting the generality of the foregoing, monies expended in doing geophysical, geochemical and geological surveys, drilling, drifting and other surface and underground work, assaying and metallurgical testing, engineering and geological consulting, and building and operating any exploration facilities on the Property; land fees associated with the management of the Property, including community payments and expenses directly related to community relations and the acquisition of exploration permits; payment of fees, wages, salaries, travelling expenses, and fringe benefits (whether or not required by law) of all persons engaged in work with respect to and for the benefit of the Property, in paying for the food, lodging and other reasonable needs of such persons and including all costs at prevailing charge out rates for any personnel who from time to time are engaged directly in work on the Property, such rates to be in accordance with industry standards.
- 3.6 When CIVC has earned a 55% interest in and to the Property in accordance with section 3.1 above, Carina will provide CIVC a duly executed transfer in registrable form confirming that CIVC has earned a 55% interest and Carina holds the remaining 45% interest.

- 3.7 If and when the Option has been exercised, an undivided 55% right, title and interest in and to the Property will thereupon vest in CIVC free and clear of all claims, liens, security interests, charges and encumbrances and an undivided 45% right, title and interest in and to the Property will thereupon vest in Carina free and clear of all claims, liens, security interests, charges and encumbrances.
- 3.8 Nothing in section 3.1 will obligate CIVC to pay any money to Carina or Theriault, issue any of the Shares to Carina or Theriault, and CIVC may at any time terminate the Option in accordance with section 14, in which event it will have no further obligations hereunder.
- 3.9 CIVC may at any time during the Option Period elect to abandon any one or more of the Claims by giving notice to Carina and Theriault of such intention. Any Claims so abandoned shall be in good standing under the laws of the jurisdiction in which they are situate for at least one year from the date of abandonment. Upon any such abandonment, the Claims so abandoned shall for all purposes of this Agreement cease to form part of the Property and, if title to such Claims has been transferred to CIVC, CIVC shall retransfer such title to Carina at CIVC's expense.
- 3.10 Between the date of this Agreement and the exercise of the Option, each of the parties to this Agreement will promptly notify the other party in writing if it becomes aware of any fact or condition that causes or constitutes a material breach of any of its representations and warranties as of the date of this Agreement, or if it becomes aware of the occurrence after the date of this Agreement of any fact or condition that would cause or constitute a material breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each party will promptly notify the other parties of the occurrence of any material breach of any of its covenants in this Agreement or of the occurrence of any event that may make the satisfaction of such conditions impossible or unlikely.
- 3.11 Upon CIVC being deemed to have earned a 55% undivided interest in the Property pursuant to section 3.1, CIVC and Carina shall enter into a formal joint venture (the "**Joint Venture**") by entering into a joint venture agreement for the purpose of further exploration and development work on the Property and, if warranted, the operation of one or more mines on the Property. The formal joint venture agreement will be negotiated and executed between the parties within 60 days of the final payment by CIVC to exercise the Option. If an agreement is not executed on or before 60 days of the final payment by CIVC, the parties agree that the joint venture will operate under the terms set forth in the joint venture agreement attached as Schedule "B" hereto.
- 3.12 CIVC shall serve as the initial operator ("**Initial Operator**") under the Joint Venture Agreement.
- 3.13 The operator ("**Operator**") of the Joint Venture (including but not limited to the Initial Operator), will pay all costs incurred in connection with the Property, as that term is defined in the Joint Venture Agreement and will make the proper charges to both Carina and CIVC for their Proportionate Share thereof.
- 3.14 Before or concurrent with the Closing, Carina will acquire a 100% undivided interest in the Strategic Claim on terms acceptable to CIVC and Carina agrees, except as set forth in section 3.15, that the Strategic Claim will form part of the Property.
- 3.15 Notwithstanding anything in this Agreement, Theriault agrees that Theriault is not entitled to any interest in or any payments in relation to the Strategic Claim. For greater certainty, Theriault

agrees that the Royalty and Advanced Royalty does not apply to any minerals mined and removed from the Strategic Claim.

**PART 4
ENVIRONMENTAL INDEMNIFICATION**

- 4.1 Carina agrees to indemnify and save CIVC harmless from and against any Environmental Claim suffered or incurred by CIVC arising directly or indirectly from any operations or activities conducted in or on the Property, whether by Carina or others, prior to the date of execution of this Agreement.
- 4.2 The provisions of this Part 4 shall survive any termination of this Agreement.

**PART 5
AREA OF INTEREST**

- 5.1 The “**Area of Interest**” is defined as the area located within ten (10) kilometres from any portion of the exterior boundaries of the Property, as such exterior boundaries exist on the date of this Agreement.
- 5.2 If Carina or CIVC, or an Affiliate or permitted assign of Carina or CIVC, directly or indirectly stakes or otherwise acquires any rights to minerals located wholly or partially within or contiguous to the Area of Interest (the “**Additional Rights**”), it must provide written notice to the other party of such acquisition, the costs of such acquisition and all details in its possession of the potential regarding such rights, and the non-acquiring party will have the election, to be exercised within 30 days of the receipt of the notice of such Additional Rights, whether to include the Additional Rights in the Property (whether such rights are contained wholly within the Area of Interest or only partially within the Area of Interest).
- 5.3 If the non-acquiring party elects to have the Additional Rights included in the Property then:
- (a) if the Additional Rights were acquired by CIVC, or an Affiliate or permitted assign of CIVC, such rights will be transferred Carina on termination of this Agreement in accordance with section 14, subject to section 5.4;
 - (b) if the Additional Rights were acquired by Carina, such rights will be optioned to CIVC as part of the Property without additional consideration being demanded from CIVC, subject to section 5.4; and
 - (c) the non-acquiring party shall reimburse the other party for that portion of the costs of such acquisition which is equivalent to its respective interest.
- 5.4 If any of the Additional Rights in the Area of Interest are included in the Property, CIVC will leave such rights in good standing for a period of one (1) year from the date of termination of this Agreement.
- 5.5 Theriault agrees not to stake additional claims within the Area of Interest and will advise the parties about other claims that should be staked contiguous to the existing claims.

PART 6
MUTUAL CONDITIONS PRECEDENT

- 6.1 The obligations of CIVC, Carina and Theriault herein on the Closing Date shall be subject to the prior completion of the following mutual conditions:
- (a) the Exchange will have accepted the Transaction;
 - (b) the acceptance by the Exchange of a technical report prepared in compliance with National Instrument 43-101 with respect to the Property;
 - (c) the Shares to be issued in connection with the Transaction will have been conditionally accepted for listing by the Exchange, subject to CIVC fulfilling the listing requirements of the Exchange;
 - (d) there will not be in force any order or decree restraining or enjoining the grant of the Option; and
 - (e) all consents, orders and approvals required, necessary or desirable for the completion of the transactions provided for in this Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably.

PART 7
CARINA'S CONDITIONS PRECEDENT

- 7.1 The obligation of Carina to consummate the Transaction on the Closing Date shall be subject to the prior completion of the following conditions:
- (a) the representations and warranties of CIVC and Theriault contained in this Agreement will have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a material adverse effect on Carina;
 - (b) CIVC will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by CIVC at or prior to the Closing Date;
 - (c) Theriault will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by Theriault at or prior to the Closing Date;
 - (d) CIVC will deliver or cause to be delivered to Carina the closing documents as set forth in section 12.1 in a form satisfactory to Carina acting reasonably;
 - (e) Theriault will deliver or cause to be delivered to Carina the closing documents as set forth in section 13.1 in a form satisfactory to Carina acting reasonably;
 - (f) all proceedings to be taken in connection with the transactions contemplated in this Agreement will be satisfactory in form and substance to Carina, acting reasonably, and

Carina will have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith; and

- (g) this Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to Carina, will have been executed and delivered to Carina.

7.2 The conditions set forth in this section 7.1 are for the exclusive benefit of Carina and may be waived by Carina in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of Carina in respect of the warranties and representations of Theriault and CIVC in this Agreement.

PART 8 CIVC'S CONDITIONS PRECEDENT

8.1 The obligation of CIVC to consummate the Transaction on the Closing Date shall be subject to the prior completion of the following conditions:

- (a) the representations and warranties of Carina and Theriault contained in this Agreement will have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a material adverse effect on CIVC;
- (b) Carina will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by Carina at or prior to the Closing Date;
- (c) Theriault will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by Theriault at or prior to the Closing Date;
- (d) Carina will deliver or cause to be delivered to CIVC the closing documents as set forth in section 11.1 in a form satisfactory to CIVC acting reasonably;
- (e) Theriault will deliver or cause to be delivered to CIVC the closing documents as set forth in section 13.1 in a form satisfactory to CIVC acting reasonably;
- (f) Carina acquiring the Strategic Claim on terms acceptable to CIVC;
- (g) all proceedings to be taken in connection with the transactions contemplated in this Agreement will be satisfactory in form and substance to CIVC, acting reasonably, and CIVC will have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith;
- (h) this Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to CIVC, will have been executed and delivered to CIVC; and

- (i) CIVC completing, and being reasonably satisfied with, its due diligence on Carina.
- 8.2 The conditions set forth in this section 8.1 are for the exclusive benefit of CIVC and may be waived by CIVC in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of CIVC in respect of the warranties and representations of Carina and Theriault in this Agreement.

PART 9
THERIAULT'S CONDITIONS PRECEDENT

- 9.1 The obligation of Theriault to consummate the Transaction on the Closing Date shall be subject to the prior completion of the following conditions:
- (a) the initial payment of \$20,000 to Theriault pursuant to section 3.1(a) having been made by CIVC to Theriault;
 - (b) the representations and warranties of CIVC and Carina contained in this Agreement will have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a material adverse effect on Theriault;
 - (c) CIVC will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by CIVC at or prior to the Closing Date;
 - (d) Carina will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by Carina at or prior to the Closing Date;
 - (e) CIVC will deliver or cause to be delivered to Theriault the closing documents as set forth in section 12.1 in a form satisfactory to Theriault acting reasonably;
 - (f) Carina will deliver or cause to be delivered to Theriault the closing documents as set forth in section 11.1 in a form satisfactory to Carina acting reasonably;
 - (g) all proceedings to be taken in connection with the transactions contemplated in this Agreement will be satisfactory in form and substance to Theriault, acting reasonably, and Theriault will have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith; and
 - (h) this Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to Theriault, will have been executed and delivered to Theriault.
- 9.2 The conditions set forth in this section 9.1 are for the exclusive benefit of Theriault and may be waived by Theriault in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the

rights of Theriault in respect of the warranties and representations of Carina and CIVC in this Agreement.

**PART 10
CLOSING**

- 10.1 The closing of the Transaction (the “Closing”) will take place on the Closing Date at the offices of Miller Thomson LLP at 1000-840 Howe Street, Vancouver, British Columbia, V6Z 2M1 or at such other location as agreed to by the parties. Notwithstanding the location of the Closing, each party agrees that the Closing may be completed by the exchange of undertakings between the respective legal counsel for the parties, provided such undertakings are satisfactory to each party’s respective legal counsel.

**PART 11
CLOSING DELIVERIES OF CARINA**

- 11.1 At Closing, Carina will deliver or cause to be delivered the following, duly executed and in form and substance reasonably satisfactory to CIVC:
- (a) all information in the possession or control of Carina with respect to the Claims and the Property which has not been previously delivered to CIVC;
 - (b) this Agreement duly executed by Carina;
 - (c) a certified copy of the resolutions of the directors of Carina approving and authorizing the entry into this Agreement and the transactions contemplated herein;
 - (d) a certificate of a senior officer of Carina attesting that:
 - (i) the representations and warranties of Carina contained in this Agreement are true and correct at the Closing Date as if made at that time;
 - (ii) all agreements, covenants and conditions required by this Agreement to be complied with or performed by Carina on or before the Closing Date have been complied with or performed; and
 - (iii) all conditions precedent to the obligations of Carina contained in this Agreement have been satisfied or waived; and
 - (e) such other closing documents as may be required by CIVC, acting reasonably.

**PART 12
CLOSING DELIVERIES OF CIVC**

- 12.1 At Closing, CIVC will deliver or cause to be delivered the following, duly executed and in form and substance reasonably satisfactory to Carina:
- (a) reasonable evidence that the Exchange has conditionally approved the Transaction;
 - (b) this Agreement duly executed by CIVC;

- (c) a certified copy of the resolutions of the directors of CIVC approving and authorizing the entry into this Agreement and the transactions contemplated herein;
- (d) a share certificate in the amount of 6,000,000 common shares in the capital of CIVC registered as directed by Carina pursuant to section 3.1(c) of this Agreement;
- (e) a certificate of a senior officer of CIVC attesting that:
 - (i) the representations and warranties of CIVC contained in this Agreement are true and correct at the Closing Date as if made at that time;
 - (ii) all agreements, covenants and conditions required by this Agreement to be complied with or performed by CIVC on or before the Closing Date have been complied with or performed; and
 - (iii) all conditions precedent to the obligations of CIVC contained in this Agreement have been satisfied or waived; and
- (f) such other closing documents as may be required by Carina, acting reasonably.

**PART 13
CLOSING DELIVERIES OF THERIAULT**

- 13.1 At Closing, Theriault will deliver or cause to be delivered the following, duly executed and in form and substance reasonably satisfactory to CIVC:
- (a) all information in the possession or control of Theriault with respect to the Claims and the Property which has not been previously delivered to CIVC;
 - (b) this Agreement duly executed by Theriault; and
 - (c) such other closing documents as may be required by CIVC, acting reasonably.

**PART 14
TERMINATION**

- 14.1 This Agreement may be terminated by mutual written agreement of the parties. Unless otherwise agreed in writing by the parties, this Agreement shall terminate without further notice or agreement in the event that:
- (a) the Transaction is rejected by the Exchange and all recourse or rights of appeal have been exhausted;
 - (b) any conditions precedent set out herein are not satisfied, released or waived on or before the Closing Date or such earlier date as is indicated in this Agreement; or
 - (c) the Closing Date has not occurred prior to or on September 28, 2012, or such earlier or later date as may be approved in writing by the parties.
- 14.2 The Option shall terminate:
- (a) by mutual written agreement of the parties;

- (b) subject to section 14.4 hereof, upon CIVC failing to make any of the cash payments or issue any of the Shares to exercise the Option as required by section 3.1 of this Agreement;
- (c) at any other time, by CIVC giving notice of such termination to Carina and Theriault; or
- (d) subject to section 14.4 hereof, upon CIVC failing to remedy a default as provided herein.

14.3 If the Option is terminated, CIVC shall:

- (a) leave in good standing for a period of at least one (1) year from the termination of this Agreement those Claims comprising the Property, to the extent allowable by the laws of the jurisdiction in which the Property is situated;
- (b) deliver or make available at no cost to Carina, within ninety (90) calendar days of such termination, all drill core and copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of, CIVC with respect to the Property and not theretofore furnished to Carina;
- (c) reclaim the Property in accordance with the requirements of all applicable Environmental Laws and regulations, but only to the extent that such requirements result from CIVC's activities on the Property hereunder; and
- (d) have the right, within a period of one hundred eighty (180) calendar days following the end of the Option Period, to remove from the Property the equipment, and all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of CIVC, and any such property not removed within such one hundred eighty (180) day period shall thereafter become the property of Carina.

14.4 If, at any time during the Option Period, CIVC is in default of any material provision in this Agreement, Carina may terminate this Agreement, but only if:

- (a) it shall have first given to CIVC a written notice of such default containing particulars of the obligation which CIVC has not performed, or the warranty breached; and
- (b) CIVC has not, within thirty (30) calendar days following delivery of such notice of default, cured such default or commenced proceedings to cure such default by appropriate payment or performance, CIVC hereby agreeing that should it so commence to cure any default it will undertake same to completion without undue delay.

14.5 Should CIVC fail to comply with the provision of section 14.4(b), Carina may thereafter terminate this Agreement by giving written notice thereof to CIVC.

PART 15 RIGHTS AND OBLIGATIONS DURING THE OPTION PERIOD

15.1 CIVC shall have the exclusive right to manage and operate all work programs carried out in the Property for so long as the Option remains outstanding, and all work programs shall be in the sole discretion of CIVC.

- 15.2 For so long as the Option is outstanding, CIVC and its employees, representatives, agents and independent contractors shall have the right:
- (a) to access all information in the possession or control of Carina relating to prior operations on the Property, including all geological, geophysical and geochemical data and drill results;
 - (b) to enter upon the Property and carry out such exploration and development work thereon and thereunder as CIVC considers advisable, including removing material from the Property for the purpose of testing; and
 - (c) to bring upon and erect upon the Property such structures, machinery, equipment, facilities and supplies as CIVC considers advisable.
- 15.3 Carina shall have access to the Property, concurrently with CIVC, at all reasonable times, at Carina's own risk and expense, for the purpose of inspecting the work being done by CIVC, provided such inspection does not unduly interfere with any work being carried out by or on behalf of CIVC.
- 15.4 During the Option Period, unless otherwise agreed between the parties, CIVC will:
- (a) maintain in good standing the Claims and any Additional Rights included in the Property by the payment of fees, taxes and rentals and the performance of all other required actions in order to keep the Claims free and clear of all liens and other charges arising from CIVC's activities thereon except those at the time contested in good faith by CIVC; and
 - (b) perform all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority.
- 15.5 Carina shall have access, upon request, to all data, reports or results generated in respect to the exploration and development of the Property.

PART 16
SECURITIES LAWS

- 16.1 The parties hereto acknowledge that the issuance of the Shares by CIVC to Carina as contemplated herein will be made pursuant to an exemption from the registration and prospectus requirements of applicable securities laws.
- 16.2 Carina confirms to and covenants with CIVC that it will comply with all requirements of applicable securities laws in connection with the issuance to it of the Shares and the resale of any of the Shares.

- 16.3 Upon the issuance of the Shares to Carina, and until such time as is no longer required under applicable securities laws, the certificates representing the Shares will bear the legend required under National Instrument 45-102, in substantially the following form:

“Unless permitted under securities legislation, the holder of this security must not trade the security before [insert the date that is 4 months and a day after the distribution date].”

- 16.4 If any of the Shares are required to be escrowed pursuant to the policies of the Exchange, Carina agree to sign any such escrow agreement and abide by any such restrictions as may be so imposed by the Exchange.

PART 17 CONFIDENTIALITY

- 17.1 The parties hereto agree that this Agreement, any instruments referred to or contemplated by this Agreement, the Transaction, any information with respect to the Property or any Additional Rights, any information exchanged between the parties under this Agreement, and all information concerning or relating to the Transaction, the Property and any Additional Rights of which a party becomes aware (collectively, the “**Confidential Information**”) is confidential, and must be kept confidential and must not be disclosed to any person at any time or in any manner except:

- (a) to any party hereto;
- (b) with the prior written consent of the other party hereto, such consent not to be unreasonably withheld;
- (c) by a party to legal, financial and other professional advisors, auditors and other consultants, officers and employees of a party;
- (d) to the extent that the Confidential Information was publicly available as of the date of this Agreement or becomes publicly available subsequent to the date of this Agreement without breach of this Agreement; and
- (e) to the extent required by law (including but not limited to continuous disclosure requirements under applicable securities laws) or by a lawful requirement of any governmental authority or stock exchange having jurisdiction over a party hereto.

- 17.2 Section 17.1 will survive the exercise of the Option if the Option is exercised in accordance with Part 3

PART 18 INDEMNITY

- 18.1 Carina covenants and agrees with CIVC (which covenant and agreement will survive the execution, delivery and termination of this Agreement) to indemnify and save harmless CIVC against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by CIVC, directly or indirectly, by reason of or arising out of any material warranties or representations on the part of Carina herein being untrue.

- 18.2 CIVC covenants and agrees with Carina (which covenant and agreement will survive the execution, delivery and termination of this Agreement) to indemnify and save harmless Carina against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by reason of or arising out of any material warranties or representations on the part of CIVC herein being untrue.

PART 19 ASSIGNMENT

- 19.1 Subject to section 19.2 and section 19.3, during the term of this Agreement, any party hereto may sell, transfer, assign or otherwise dispose of its interest in this Agreement or its right or interest in the Property, provided that it has first obtained the consent in writing of the other parties. It will be a condition of any assignment under this Agreement that such purchaser or assignee will agree in writing to be bound by the terms of this Agreement, to perform all the obligations of the selling or assigning party to be performed under this Agreement, and to subject any further sale, transfer or other disposition of such interest in the Property and this Agreement, or any portion thereof, to the restrictions contained in this section 19.1
- 19.2 The provisions of section 19.1 will not prevent any party hereto from entering into an amalgamation or corporate reorganization that will have the effect in law of the amalgamated or surviving company possessing all the property, rights and interests, and being subject to all the debts, liabilities and obligations, of each amalgamating and predecessor company.
- 19.3 Notwithstanding section 19.1, CIVC may assign its rights under this Agreement (including its rights in respect of the Option) to another Affiliate. Where CIVC assigns its rights under this Agreement to another Affiliate, it will notify Carina and Theriault of such assignment within ten days of the assignment.

PART 20 ROYALTY AND ADVANCED ROYALTY

- 20.1 Following exercise of the Option, and upon the Commencement of Commercial Production, the Operator, on behalf of the Joint Venture will pay to Theriault the royalty (the “**Royalty**”) equal to two and one half percent (2.5%) of Net Smelter Returns. After due exercise of the Option, payment of the Royalty will be made quarterly within 30 days after the end of each yearly quarter based upon a year commencing on the 1st day of January and expiring on the 31st day of December in any year in which production occurs. Within 60 days after the end of each year in which the Royalty is payable, the records relating to calculation of Net Smelter Returns for such year will be audited by the Operator, on behalf of the Joint Venture, and any adjustments in the payment of the Royalty will be made forthwith after completion of the audit. All payments of the Royalty for a year will be deemed final and in full satisfaction of all obligations of the Joint Venture in respect thereof in such payments or calculations thereof are not disputed by Theriault within 60 days after receipt by Theriault of the said audit statement. The Operator, on behalf of the Joint Venture, will maintain accurate records relevant to the determination of Net Smelter Returns and Theriault, or his authorized agent, shall be permitted the right to examine such records at all reasonable times.
- 20.2 The determination of Net Smelter Returns royalty hereunder is based on the premise that the production will be developed solely on the Property except that the Operator will not have the right to commingle ore mined from the Property with ore mined and produced from other properties. Therefore, the Operator, on behalf of the Joint Venture will adopt and employ

reasonable practices and procedures for weighing, sampling, and assaying, in order to determine the amounts of products derived from or attributable to ore mined and produced from other properties. The Operator, on behalf of the Joint Venture, will maintain accurate records of the results of such sampling, weighing and analysis with respect to any ore mined and produced from the Property. Theriault or its authorized agents will be permitted the right to examine at all reasonable times such records pertaining to the ore mined or to the calculation of Net Smelter Returns.

- 20.3 The Royalty is subject to the Operator's right, on behalf of the Joint Venture, to repurchase all and not less than all of the Royalty for a payment of \$3,000,000, which payment may be paid in two instalments of \$1,500,000 for each 1.25% Royalty instalment, where the second payment is due two years after the first payment. Upon payment of the first payment of \$1,500,000 the Royalty is reduced to 1.25% until the second payment is made, upon which the Royalty will be extinguished. If the second payment is not made within two years, the Royalty reverts back to 2.5%.
- 20.4 One (1) year following the exercise of the Option, the Operator, on behalf of the Joint Venture, will pay to Theriault an annual advanced royalty (the "**Advanced Royalty**") payment of \$50,000 up to and including the anniversary date immediately preceding Commencement of Commercial Production, however, as set out in section 3.4, the Theriault agrees with Carina and CIVC that the cash payments made by CIVC pursuant to section 3.1(f) above will satisfy the first two Advance Royalty payments.
- 20.5 The Joint Venture will be entitled to credit against the Royalty granted to Theriault pursuant to section 20.1, the aggregate amount of all Advanced Royalty payments made in accordance with this Agreement.
- 20.6 If the Operator ceases commercial production on or before the first anniversary of the Commencement of Commercial Production, payment of the Advanced Royalty will resume.
- 20.7 If the Operator, on behalf of the Joint Venture, fails to make an Advanced Royalty payment, the Claims will be returned to Theriault 60 days after such payment was due.

PART 21 SUPERSEDES PREVIOUS AGREEMENTS

21.1 This Agreement supersedes and replaces all previous oral or written agreements, memoranda, correspondence or other communications between the parties hereto relating to the subject matter hereof, including and not limited to the Original Option Agreement, the Amended Option Agreement and the 2011 Amendment. For greater certainty, Carina and Theriault agree this Agreement replaces and supercedes all prior agreements and understandings between Carina and Theriault with respect to the Property and Carina and Theriault agree that any and all such prior agreements have no further effect.

PART 22 FORCE MAJEURE

22.1 No party shall be liable to the other parties hereto and no party shall be deemed in default hereunder for any failure to perform, or delay in performing, any of its obligations under this Agreement caused by or arising out of any event (a "**force majeure event**") beyond the reasonable control of such party, excluding lack of funds but including lack of rights or

permission by government authorities or indigenous peoples' groups to enter upon the Property to conduct exploration, development and mining operations thereon, war conditions, actual or potential, earthquake, fire, storm, flood, explosion, strike, labour trouble, accident, riot, unavoidable casualty, act of restraint, present or future, of any lawful authority, act of God, protest or demonstration by environmental lobbyists or indigenous peoples' groups, act of the public enemy, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market or unavailability of equipment. No right of a party shall be affected for failure or delay of a party to perform any of its obligations under this Agreement if the failure or delay is caused by a force majeure event. All times provided for in this Agreement shall be extended for the period equal to the period of delay. The affected party shall take all reasonable steps to remedy the cause of the delay attributable to the events referred to above, provided that nothing contained in this section shall require any party to settle any labour dispute, protest or demonstration, or to question or test the validity of any governmental order, regulation, law or claim of right by indigenous peoples' groups. The affected party shall promptly give notice to the other party of the commencement and termination of each period of force majeure.

PART 23 NOTICES

- 23.1 Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party will be in writing and will be delivered by hand (courier) to the party to which the notice is to be given at the following address, sent by email to the email address indicated, or sent by facsimile to the following numbers, or to such other address, email address or facsimile number as will be specified by a party by like notice. Any notice, consent, waiver, direction or other communication aforesaid will, if delivered by hand, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day), if sent by email be deemed to have been given and received only if the receiving party confirms receipt and if sent by facsimile be deemed to have been given and received at the time of receipt as set forth in a confirmation of facsimile transmission (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Vancouver time) at the point of delivery in which case it will be deemed to have been given and received on the next Business Day.
- 23.2 The address for service of each of the parties will be as follows:

- (a) to Carina:

Carina Energy Inc.
365 Bay Street, Suite 500
Toronto, Ontario M5H 2V1

Attention: Mr. Bill Love
Email address: wlove@sagegoldinc.com

Fax Number: 416-260-2243

(b) to Theriault:

Ozias Theriault
P.O. Box 905
Geraldton, ON P0T 1M0

Email Address: oztheriault@gmail.com
Fax Number: 807-854-0734

(c) to CIVC:

PO Box P.O. Box 6232,
St. John's, Newfoundland,
Canada, A1C 6J9

Attention: Gerald Edwards
Email Address: gedwards@canadianimperial.com
Fax Number: 709-739-6605

with a copy to (which will not constitute notice hereunder):

Miller Thomson LLP
1000-840 Howe Street
Vancouver, BC V6Z 2M1

Attention: Dwight Dee
Email address: ddee@millerthomson.com
Fax Number: (604) 643-1200

Any party may at any time and from time to time notify the other parties in writing of a change of address and the new address to which notice will be given to it thereafter until further change.

PART 24 MISCELLANEOUS

- 24.1 CIVC is entitled to record a notice of the existence of this Agreement in the applicable mining recorder's office.
- 24.2 Each party to this Agreement represents and warrants to each other party that such party has read and fully understands the terms and provisions hereof, has had an opportunity to review this Agreement with independent legal counsel, and has executed this Agreement based upon such party's own judgment and advice of independent legal counsel (if sought). Each party acknowledges that Miller Thomson LLP acts for CIVC only.
- 24.3 Each party waives the benefit of all provisions of law as now in effect or as enacted in future relating to actions of partition of real and personal property and agrees that, for so long as the Agreement is in effect, it will not resort to any action in law or in equity to partition the Property or any other real property subject to this Agreement.

- 24.4 This Agreement will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, will be referred to and finally resolved by a sole arbitrator by arbitration under the rules of the *Commercial Arbitration Act* (British Columbia).
- 24.5 Nothing herein will constitute or be taken to constitute the parties as partners or create any fiduciary relationship between them. It is not the intention of the parties to create, nor will this Agreement be construed to create, any mining, commercial or other partnership. None of the parties will have any authority to act for or to assume any obligation or responsibility on behalf of any other party, except as expressly provided herein.
- 24.6 Each of the parties will, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party will provide such further documents, deeds, conveyances and other instruments that may be reasonably necessary or advisable to carry out fully the intent of this Agreement.
- 24.7 Time is of the essence of this Agreement and every part of this Agreement and no extension or variation of this Agreement will operate as a waiver of this provision.
- 24.8 Unless otherwise specified herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such expense.
- 24.9 All funds set out herein are stated in Canadian currency.
- 24.10 This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, personal representatives, successors (including any successors by amalgamation or operation of law) and assigns of the parties.
- 24.11 This Agreement, together with all agreements, instruments and other documents between the parties after the date hereof, constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set out in this Agreement and in the agreements, instruments and other documents between the parties after the date hereof.
- 24.12 No waiver or modification of, or amendment to, this Agreement will be valid or binding unless set out in writing and duly executed by all of the parties.
- 24.13 If any provision of this Agreement is unenforceable or invalid for any reason, it will be severable from the remainder of this Agreement and, in its application at that time, this Agreement will be construed as though such provision was not contained herein and the remainder will continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

24.14 This Agreement may be executed in as many counterparts as may be necessary or by facsimile or email in .pdf and each such agreement or facsimile or .pdf so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first set forth above.

CANADIAN IMPERIAL VENTURE CORP.

Per: “Gerard Edwards”
Name: Gerard Edwards
Title: President and Chief Executive Officer

CARINA ENERGY INC.

Per: “Bill Love”
Name: Bill Love
Title: President and Chief Executive Officer

WITNESSED)
in the presence of)

“Mary Jane Dunn”)
Witness)
Mary Jane Dunn)
Name)
300 Main Street)
Address)
Geraldton, Ontario)
)
Bank Manager)
Occupation)

“Ozias Theriault”)
OZIAS THERIAULT)

SCHEDULE "A"
TO THE OPTION AGREEMENT BETWEEN CANADIAN IMPERIAL VENTURE CORP.,
CARINA ENERGY INC. AND OZIAS THERIAULT DATED AUGUST 16, 2012.

DESCRIPTION OF THE CLAIMS
NTS 52L, LAC DU BONNET AREA

Tenure Number	Claim Name	Good To Date	Area (Ha)
MB-2822	Meagan 1	2015-Nov-20	32
MB-2823	Meagan 2	2015-Nov-20	32
MB-2824	Viola 1	2015-Nov-20	32
MB-6674	Viola 2	2016-May-19	32
MB-6676	Maskwa 1	2016-Dec-15	114
MB-6677	Maskwa 2	2016-Dec-15	224
MB-6800	Maskwa 3	2016-Dec-15	144
MB-6801	Maskwa 4	2016-Dec-15	96
MB-6678	Maskwa 5	2016-Dec-15	256
MB-6802	Maskwa 6	2015-July-21	78
MB-6803	Maskwa 7	2015-July-21	193
MB-9236	Maskwa 16	2015-May-15	135
MB-9237	Maskwa 17	2015-May-15	96
MB-9238	Maskwa 18	2015-May-15	32
MB-9239	Maskwa 19	2016-May-15	141
MB-10122	Bear 1	2016-March-27	256
MB-10123	Bear 2	2016-March-27	256
MB-10138	Mas 1	2016-April-25	256
MB-10139	Mas 2	2016-April-25	240
MB-10140	Mas 3	2016-April-25	256
MB-10141	Mas 4	2016-April-25	240
MB-9251	Maskwa 20	2013-Sept-23	32

SCHEDULE "B"
**TO THE OPTION AGREEMENT BETWEEN CANADIAN IMPERIAL VENTURE CORP.,
CARINA ENERGY INC. AND OZIAS THERIAULT DATED August 16, 2012**

FORM OF JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT dated for reference the _____ day of _____,
_____.

BETWEEN:

CANADIAN IMPERIAL VENTURE CORP., a company incorporated under the *Business Corporations Act* (Canada) and having a business office at P.O. Box 6232, St. John's, Newfoundland, Canada, A1C 6J9

("CIVC")

AND:

CARINA ENERGY INC., company incorporated under the *Business Corporations Act* (Ontario) and having a business office at 365 Bay Street, Suite 500, Toronto, Ontario M5H 2V1

("CARINA")

WHEREAS:

- A. Carina is the sole registered and beneficial owner of certain mining claims located in the Lac du Bonnet Mining Division of the Province of Manitoba, as more particularly described in Schedule "A" hereto, and known as the "**Little Bear Property**" (the "**Property**");
- B. By an Option Agreement dated August 16, 2012 (the "**Option Agreement**") among CIVC, Carina and Ozias Theriault ("**Theriault**"), CIVC was granted a right to earn a 55% interest in the Property; and
- C. The parties now wish to enter into this agreement as the joint venture agreement pertaining to the exploration, operations and development of all or a portion of the lands comprising the Property.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained the parties agree as follows:

1. INTERPRETATION

1.1 **Definitions.** In this Agreement, the following words, phrases and expressions shall have the following meanings:

- (a) "**Affiliate**" means any person, partnership, joint venture, corporation, or other form of enterprise which directly or indirectly controls, is controlled by or is under common control with, a party, and for the purposes hereof;

- (i) “control” means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise, and
 - (ii) in the absence of evidence to the contrary, ownership of 20% or more of the voting securities of a corporation will constitute “control”;
- (b) “**Agreement**”, “**this Agreement**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereunder**” and similar expressions mean or refer to this Agreement, together with the schedules hereto and any amendments hereto;
- (c) “**Area of Interest**” has the meaning assigned to that term in Section 13;
- (d) “**Assets**” means all tangible and intangible goods, chattels, improvements or other items including, without limiting the generality of the foregoing, land, buildings and equipment, but excluding the Property, acquired for or made to the Property under this Agreement in connection with the Mining Operations;
- (e) “**Business Day**” means a day which is not a Saturday, Sunday or legal holiday in the place where any action is to be taken or any act performed hereunder;
- (f) “**Commercial Production**” means the commercial exploitation of Ore subsequent to the Participation Date, but does not include milling for the purpose of testing or milling or leaching by a pilot plant or during the initial tune-up period of a plant. Commercial Production will be deemed to have commenced:
 - (i) if a plant is located on the Property, on the first day of the month following the first period of 30 consecutive days during which Ore has been processed through such plant for not less than 15 days at an average rate of not less than 70% of the initial rated capacity of such plant, or
 - (ii) if no plant is located on the Property, on the first day of the month following the first period of 30 consecutive days during which Ore has been shipped from the Property on a regular basis for the purpose of processing and earning revenue;
- (g) “**Cost Share**” means the respective shares of all Costs and other liabilities under this Agreement to be borne by each Participant after the Participation Date and shall be equal to the respective Interests of each Participant as determined from time to time;
- (h) “**Costs**” means all items of outlay and expense whatsoever, direct or indirect, with respect to Mining Operations, recorded by the Operator in accordance with this Agreement incurred after the Participation Date;
- (i) “**Interest**” means the undivided beneficial percentage interest of a party in the Assets equal to its interest in the Property;
- (j) “**Joint Venture**” shall have the meaning attributed to it in Section 2.1;
- (k) “**Management Committee**” means the committee established pursuant to Section 4;

- (l) “**Mine**” means the workings established and Assets acquired, including development headings, plant and concentrator installations, infrastructure, housing, airport and other facilities in order to bring the Property into Commercial Production;
- (m) “**Mineral Products**” means the end products derived from operating any portion of the Property as a Mine;
- (n) “**Mining Operations**” means every kind of work done on or in respect of the Property by or under the direction of the Management Committee including, without limiting the generality of the foregoing, the work of assessment; geophysical, geochemical and geological surveys, studies and mapping; investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, cross-cutting and drifting; searching for, digging, trucking, sampling, working and procuring minerals, ores and metals; surveying and bringing any mining claims to lease or patent; reclaiming and all other work usually considered to be prospecting, exploration, development, mining and reclamation work; paying wages and salaries of workers engaged in the work and supplying food, lodging, transportation and other reasonable needs of those workers; paying assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to those workers; paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Property in good standing; purchasing, leasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and installing, erecting, detaching and removing them; mining, milling, concentrating, rehabilitation, reclamation, and environmental protections; and the management of any work which may be done on the Property or in any other respect necessary for the due carrying out of the prospecting, exploration and development work;
- (o) “**Net Smelter Returns Royalty**” means a net smelter returns royalty from the Property which may be payable to a Participant pursuant to Section 3.3, calculated and payable in accordance with the procedure set out in Schedule B;
- (p) “**Operator**” means the party designated in accordance with Section 5 to manage and carry out the Mining Operations;
- (q) “**Option Agreement**” has the meaning assigned to that term in Recital B;
- (r) “**Ore**” means all materials from the Property, the nature and composition of which, in the sole judgement of the Operator, justifies either:
 - (i) mining or removing from place and shipping and selling such material, or delivering such material to a processing plant for physical or chemical treatment, or
 - (ii) physical or chemical treatment of such material in place;
- (s) “**Participation Date**” means the date that CIVC earns its 55% undivided ownership interest in and to the Property, in accordance with the terms of the Option Agreement;
- (t) “**Participants**” means, initially, CIVC and Carina, and includes any party having an Interest, including an interest under Section 22, and their successors and permitted assigns;

- (u) **“Prime Rate”** means the rate of interest quoted or published by the Bank of Canada from time to time as being its rate of interest per annum charged from time to time at Vancouver, British Columbia for loans made in lawful money of Canada to prime commercial borrowers; provided that, if at any time during the term of this Agreement, the Bank of Canada fails to quote or publish a rate of interest as being its prime rate, or the rate is otherwise not determinable, then during that period, the rate of interest last quoted or published by the Bank of Canada shall be the Prime Rate of interest; and whenever the rate so quoted or published by the Bank of Canada is varied by the Bank of Canada, the Prime Rate shall also be varied effective as of the opening of business on the day that the variation comes into effect;
 - (v) **“Program”** means any program to carry out work and incur Costs on the Property and includes as the context requires:
 - (i) a document or documents wherein there is specified in reasonable detail an outline of any and all research, prospecting and exploration and development work proposed to be carried out during the Program, the estimated Costs to be incurred in carrying out the work and the area of the Property on which the work is to be undertaken, and
 - (ii) the preparation of any feasibility report,and shall include any amendments to a Program as may be agreed on by the Management Committee; and
 - (w) **“Property”** means the mineral rights to which this joint venture relates and includes all mineral, surface, water and ancillary or appurtenant rights attached or accruing thereto, and any mining licenses, mining leases, permits, concessions or other form of substitute or successor mineral title or interest granted, obtained or issued in connection with or in place of or in substitution for any such tenures or interests;
- 1.2 **Headings.** The headings in this Agreement are solely for convenience or reference and do not affect the interpretation of it or define, limit or construe the contents of any provision of this Agreement.
- 1.3 **Number and Gender.** Words importing the singular number shall include the plural and vice versa, words importing the neuter, masculine or feminine gender shall include the other genders, and words importing persons shall include natural individuals, firms and corporations, trusts, partnerships, joint ventures, governmental bodies and agencies and unincorporated associations.
- 1.4 **Currency.** All references to currency in this Agreement are references to currency of Canada.
- 1.5 **Further Assurances.** Each party agrees from time to time, subsequent to the date hereof, to execute and deliver or cause to be executed and delivered to the others of them such instruments or further assurances as may, in the reasonable opinion of any of them, be necessary or desirable to give effect to the provisions of this Agreement or as may be reasonably required for registering or recording changes in ownership interests in the Property.
- 1.6 **Schedules.** The following are schedules attached and incorporated in this Agreement by reference and are deemed to be a part hereof:

<u>Schedules</u>	<u>Description</u>
A	Property Description
B	Calculation and Payment of Net Smelter Returns Royalty

1.7 **References.** Unless otherwise stated, a reference to a numbered or lettered Section refers to the Section bearing that number or letter in this Agreement.

2. **JOINT VENTURE**

2.1 **Formation of the Joint Venture.** CIVC and Carina hereby form a joint venture (the “**Joint Venture**”) for the purpose of carrying out Mining Operations and all acts that are necessary or appropriate, directly or indirectly, to:

- (a) explore and, if deemed warranted as provided in this Agreement, develop all or a portion of the Property and equip it for Commercial Production;
- (b) operate the Property as a Mine; and
- (c) engage in such other activity as may be considered by the Participants to be necessary or desirable in connection with the foregoing.

2.2 **Authority.** All transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or act undertaken on behalf of the Participants in connection with the Property and the Assets shall be done, transacted, undertaken or performed in the name of the Operator only, and no party shall do, transact, perform or undertake anything in the name of the other party or in the joint names of the Participants.

2.3 **Relationship of Parties.**

- (a) After the Participation Date, the rights and obligations of the Participants shall be, in each case, several and shall not be or be construed to be either joint or joint and several. Nothing contained in this Agreement shall, except to the extent specifically authorized under this Agreement, be deemed to constitute a Participant a partner, an agent or legal representative of any other party. It is intended that this Agreement shall not create the relationship of a partnership between the Participants and that no act done by any Participant pursuant to the provisions of this Agreement shall operate to create such a relationship.
- (b) Claims by third parties arising out of the activities of the Joint Venture shall be borne by the Participants in proportion to their Interest, and the other party or parties to this Agreement shall have a right of contribution therefor against one another.
- (c) The right of each Participant to mine and market production from other sources in competition with the other parties and of each Participant to market its share of any Mineral Products outside of the Area of Interest in competition with any other Participant is confirmed. This Agreement shall not be construed so as to preclude or restrict that right.

2.4 **Responsibility for Costs.** Except as otherwise provided in this Agreement, the parties shall bear all Costs and all liabilities arising under this Agreement, and shall own the Property, in proportion to their respective Interests.

2.5 **Continuing Interests.** Each Participant shall have an Interest as is determined in accordance with the provisions of this Agreement, and any legal title to any of the Assets or Property held by any Participant shall be subject to this Agreement.

2.6 **Term.** Unless earlier terminated by Agreement of all parties having an Interest or as a result of one party acquiring a 100% Interest or subject to Section 3.3 of this Agreement, this Agreement shall remain in full force and effect for so long as any party has any right, title or interest in the Property. Termination of this Agreement shall not, however, relieve any party from any obligations accrued but unsatisfied.

3. **INTERESTS OF PARTICIPANTS**

3.1 **Initial Interests.** On the Participation Date, CIVC shall have a 55% Interest and Carina shall have a 45% Interest as determined in accordance with the Option Agreement. Thereafter, each of CIVC and Carina shall have an Interest as is determined from time to time in accordance with the provisions of Section 3.2 or Section 3.3, as applicable.

3.2 **Adjustment of Interests.** Subsequent to the Participation Date, the respective Interests of each Participant shall be determined from time to time as being equal to the product obtained by multiplying 100% by a fraction of which the numerator is the amount of that Participant's deemed and actual contributions to Costs and the denominator is the amount of all deemed and actual contributions to Costs made by all Participants. As of the Participation Date, Carina shall have deemed or actual contributions to costs of \$● and CIVC shall have deemed or actual contributions to costs of \$●.

3.3 **Net Smelter Return Royalty.** The respective Interests of the Participants shall not change so long as they each contribute their respective Cost Share of every program as set out in Section 7. At any time after a Participant loses its right to contribute to a Program, its respective Interest shall be reduced in accordance with the formula set out in Section 3.2. If, as a result of that calculation, the Interest of a Participant is reduced to or below 10%, the Interest of that party shall be converted to a 2.0% Net Smelter Return Royalty, as set out in Section 8, and thereafter the party whose Interest has been reduced shall be deemed not to be a party to this Agreement and shall have no further rights under this Agreement or in respect of the Property, other than the Net Smelter Return Royalty.

4. **MANAGEMENT COMMITTEE**

4.1 **Formation of Management Committee.** A management committee (the "Management Committee") shall be established on or immediately after the Participation Date. Except as otherwise provided, the Management Committee shall make all decisions in respect of Mining Operations.

4.2 **Appointment of representatives.** Each Participant shall immediately appoint one principal representative and one alternate representative to the Management Committee, and give the other Participants notice of the appointments. The alternate representative may attend all meetings and may act for a Participant's principal representative in his absence. A Participant may from time to time revoke in writing the appointment of its principal representative or alternate representative, and appoint in writing a substitute therefor. It is hereby agreed that the Operator shall appoint one of its members as Chairman of the Management Committee.

- 4.3 **Meetings.** The Operator shall call a Management Committee meeting at least once every three months and, in any event, within five days of being requested to do so by any representative of a Participant.
- 4.4 **Notice of Meetings.** The Operator shall give notice, specifying the time and place and, if by telephone, details of the teleconference, and the agenda for, the meeting, to all Participants, principal representatives and alternate representatives at least seven days before the time appointed for the meeting.
- 4.5 **Waiver of Notice.** Notice of a meeting of the Management Committee shall not be required if one representative of each party is present at a meeting and all of them unanimously waive notice of the meeting.
- 4.6 **Quorum.** A quorum for any Management Committee meeting shall be present if one representative from each Participant of the Property is present. If a quorum is present at the meeting, the Management Committee shall be competent to exercise all of the authorities, powers and discretions bestowed on it under this Agreement. No business other than the election of a chairperson, if any, and the adjournment or termination of the meeting shall be transacted at any meeting unless a quorum is present at the commencement of the meeting but the quorum need not be present throughout the meeting. If within half an hour from the time appointed for a meeting, a quorum is not present, the meeting shall, at the election of those representatives who are present:
- (a) be dissolved; or
 - (b) be adjourned to the same place but on a date and at a time to be fixed by the chairperson of the meeting before the adjournment, which date and time shall be not less than two days following the date for which the initial meeting was called.
- Notice of the adjourned meeting shall be given to the representatives of all Participants immediately after the adjournment of the meeting. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed, the representative or representatives present and entitled to attend and vote at the meeting shall be a quorum even if only one person is present provided that such representative of a Participant holding at least 50% of the Property is present.
- 4.7 **Votes.** The Management Committee shall decide every question submitted to it by a vote with each representative of a Participant being entitled to cast that number of votes which is equal to its Participant's Interest percentage, so that the maximum aggregate number of votes at any meeting is 100, and in the event of any tied vote, which cannot be resolved by discussions between the parties within 24 hours of the tied vote, the Operator shall have the casting vote at any such meeting. The Management Committee shall make decisions by a majority of votes entitled to be cast at a meeting on all matters other than the matters in Sections 12.2, 12.3(c) and 13.4 which shall be decided by a special majority decision which requires approval by 75% of the votes cast. The secretary of the Management Committee meeting shall take minutes of that meeting and circulate copies to each representative.
- 4.8 **Consents in Writing.** The Management Committee may make decisions by obtaining the consent to a resolution in writing of the representatives of all Participants. Any decision so made shall be as valid as a decision made at a duly called and held meeting of the Management Committee.

- 4.9 **Decisions Binding.** Management Committee decisions made in accordance with this Agreement shall be binding on all of the parties.
- 4.10 **Expense.** Each Participant shall bear the expenses incurred by its representatives and alternate representatives in attending meetings of the Management Committee.
- 4.11 **Rules.** The Management Committee may, by Agreement of the representatives of all the Participants, establish other rules of procedure, not inconsistent with this Agreement, as the Management Committee deems fit.

5. **APPOINTMENT OF OPERATOR**

- 5.1 **Initial Operator.** As of the Participation Date, CIVC will act as the initial Operator and to continue to act as Operator until it resigns or its Interest is reduced so that it ceases to hold the single largest Interest. Thereafter the party who holds the single largest Interest, provided it has consented to so act, shall act as Operator until that time it resigns or its Interest is reduced so that it ceases to hold the single largest Interest, or until the parties otherwise mutually agree in writing.
- 5.2 **Transfers.** The Operator shall be entitled to be the 100% recorded owner of the Property while it is the Operator and the Participants shall cooperate to transfer recorded title in the name of the Operator or a wholly owned subsidiary of the Operator. In the event that there is a change of Operator to another Participant, during the currency of this Agreement, the new Operator shall be entitled to be the 100% recorded owner of the Property and the outgoing Operator shall take all necessary steps to cooperate to transfer recorded title of the Property in the name of the new Operator or a wholly owned subsidiary of the Operator.
- 5.3 **Resignation.** The party acting as Operator may resign as Operator on at least 90 days' notice to all the parties. The Management Committee shall thereupon select any party to be Operator in accordance with Section 5.1 on the 90th day after receipt of the Operator's notice of resignation.
- 5.4 **New Operator.** The new Operator shall assume all of the rights, duties, liabilities and status of the previous Operator as provided in this Agreement. The new Operator shall have no obligation to hire or continue the employment of any of the employees of the former Operator resulting from a change of Operator.
- 5.5 **Delivery of records.** On ceasing to be Operator, the former Operator shall immediately deliver to the person nominated for that purpose by the Management Committee, the custody of all the books, records and other property, both real and personal, relating to this Agreement.
- 5.6 **No Replacement for Operator.** If the Operator resigns and no other party consents to act as Operator, the Joint Venture shall terminate and the provisions of Section 15 shall apply *mutatis mutandis*.
- 5.7 **Compensation of Operator.** The Operator shall be entitled to reimbursement from the Participants for all of its Costs reasonably incurred in its duties as Operator and its compensation will be part of the budget of each Program. For further clarity, the Operator shall charge all field and salary costs, capital purchases, land payments and a reasonable allocation of administrative costs from the local office, not exceeding 10% of the total direct exploration costs, to a Program. During the exploration phase, neither the Operator nor the non-Operator(s) will charge overhead

costs to a Program. During construction and mining, the Operator will be entitled to charge an administrative fee of 5% of direct Costs to a Program.

6. RIGHTS, DUTIES AND STATUS OF OPERATOR

- 6.1 **Status.** The Operator in its performance of its duties under this Agreement shall be deemed to be an independent contractor. The Operator shall not act or hold itself out as agent for any of the parties nor make any commitments on their individual behalf unless specifically permitted by this Agreement or directed in writing by a party.
- 6.2 **Performance of Duties.** Subject to any specific provision of this Agreement and subject to it having the right to reject any direction on reasonable grounds by virtue of its status as an independent contractor, the Operator shall perform its duties in accordance with the directions of the Management Committee and in accordance with this Agreement.
- 6.3 **Management Committee Direction.** The Operator shall manage and carry out the Mining Operations as the Management Committee may direct and in connection therewith it shall, in advance, if reasonably practicable, notify the Management Committee of any change in Mining Operations which the Operator considers material and, if it is not reasonably practicable, the Operator shall notify the Management Committee as soon as is reasonably practicable.
- 6.4 **Responsibilities.** The Operator shall have the sole and exclusive right and authority to manage and carry out all Mining Operations and to incur the Costs required for that purpose. In so doing, the Operator shall:
- (a) comply with the provisions of all agreements, including this Agreement, or instruments of title under which the Property or Assets are held;
 - (b) pay all Costs properly incurred promptly as and when due;
 - (c) keep the Property and Assets free of all liens and encumbrances (other than those, if any, in effect on the Participation Date or the creation of which is permitted pursuant to this Agreement) arising out of the Mining Operations and, in the event of any lien being filed as mentioned, proceed with diligence to contest or discharge them;
 - (d) prosecute claims or, where a defence is available, defend litigation arising out of the Mining Operations, provided that any Participant may join in the prosecution or defence at its own expense;
 - (e) subject to Section 7, perform assessment work or make payment in lieu of it and pay the rentals, taxes or other payments and do all other things as may be necessary to maintain the Property in good standing, including staking and restaking mining claims, and applying for licences, leases, grants, concessions, permits, patents and other rights to and interests in the Mineral Product;
 - (f) account to the Participants for all contributions to Costs;
 - (g) maintain accounts in accordance with international accounting standards;

- (h) perform its duties and obligations in a sound and professional manner, in accordance with sound mining and engineering practices, and in compliance with all applicable national, federal, provincial, territorial, municipal and other laws, by-laws, ordinances, rules and regulations and this Agreement;
- (i) regulate access to the Property subject only to the right of designates of the Participants, duly authorized in writing, to have access to the Property at all reasonable times for the purpose of inspecting work being done on the Property but at their own risk and expense;
- (j) maintain up-to-date and complete records of all exploration and development work carried out on the Property;
- (k) employ and engage employees, agents and independent contractors as it may consider necessary or advisable to carry out its duties and obligations and in this connection to delegate any of its powers and rights to perform its duties and obligations under this Agreement, but the Operator shall not enter into contractual relationships with a Participant or any Affiliate of a Participant except on terms which are commercially competitive;
- (l) permit the Participants, at their own expense, to inspect, take abstracts from or audit any or all of the records, reports, data and accounts referred to in Sections 6.4(f) and 6.4(j) during normal business hours;
- (m) obtain and maintain, or cause any contractor engaged under this Agreement to obtain and maintain, during any period in which active work is carried out under this Agreement, adequate insurance;
- (n) arrange for and maintain workers' compensation or equivalent coverage for all eligible employees engaged by the Operator in accordance with local statutory requirements; and
- (o) transact, undertake and perform all transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or thing undertaken on behalf of the parties in the Operator's name.

7. PROGRAMS

- 7.1 **Costs.** After the Participation Date, Costs shall only be incurred under and pursuant to Programs prepared by the Operator and delivered to the Management Committee as provided in this Section 7.
- 7.2 **Preparation of Programs.** Immediately after the Participation Date and, thereafter, on or before December 31 in each year or within ninety days of completion of the last Program, the Operator shall prepare and submit to the Management Committee a draft Program for the next calendar year. The draft Program shall contain a statement in reasonable detail of the proposed Mining Operations and estimates of all Costs to be incurred.
- 7.3 **Review of Program.** The Management Committee shall review the Program prepared and, if it deems fit, adopt the Program with those modifications, if any, as the Management Committee deems necessary. The Operator shall be entitled to an allowance for a cost overrun of 10% in addition to any budgeted Costs and any Costs so incurred shall be deemed to be included in the Program, as adopted.

- 7.4 **Submission of Program.** The Operator shall immediately submit the adopted Program to the parties. Each party may, within 30 days of receipt of the Program, give written notice to the Operator committing to contribute its proportionate share of the Costs of that Program. A party who fails to give that notice within the 30 day period shall be deemed to have elected not to contribute. If any party elects or is deemed to have elected not to contribute to a Program, the other Participant may give notice in writing to the Operator stating that it will contribute all expenditures under or pursuant to the Program and the Operator will proceed with that Program and thereafter the Interests of the parties shall be adjusted in accordance with Section 3.2. The Operator will not proceed with any Program which is not fully subscribed.
- 7.5 **Commencement of Program.** If some combination of the parties elect to contribute the total Costs of a Program, or if a Participant gives notice that it will contribute all Costs of a Program, the Operator will proceed with the Program.
- 7.6 **Mandatory Costs.** Notwithstanding Section 7.1, if, in any year in which there is no Program adopted pursuant to this Agreement, circumstances are such that the Operator must incur Costs in order to maintain tenure to the Property, to satisfy contractual obligations or obligations imposed by law, to prevent waste or to protect life, the Assets or the Property (in this Section 7.5 called “**non-discretionary costs**”), the Operator shall immediately propose a program (in this Section 7.5 called the “**mandatory program**”) to incur those non-discretionary costs and provide each party with one copy of the mandatory program. The mandatory program shall be deemed to be approved and each of the parties shall be obligated to contribute to the non-discretionary costs incurred in proportion to their respective Interest within 30 days of receipt of the Operator’s invoice. Paragraph 7.9 shall apply to any party failing to make its contribution under a mandatory program.
- 7.7 **Liability for Payment.** An election by a Participant to contribute to a Program shall make that Participant liable to pay its Cost Share, or all of the Costs if it has so elected, actually incurred under or pursuant to the Program including Program Overruns, as defined below, of up to but not exceeding 10%.
- 7.8 **Invoicing of Costs.** The Operator shall be entitled to invoice each Participant:
- (a) no more frequently than monthly, for its proportionate share of Costs incurred and paid by the Operator; or
 - (b) reasonably in advance of requirements, but in any event not to exceed the requirements for the next three months, for an advance of that Participant’s proportionate share of Costs.

Each invoice shall be signed by an authorized officer or other authorized representative of the Operator. Each Participant shall pay to the Operator the amount invoiced, within 30 days of receipt of the invoice. If a Participant protests the correctness of an invoice it shall nevertheless be required to make the payment.

- 7.9 **Failure to Pay.** If any Participant fails to pay its Cost Share, or all of the Costs if it has so elected, within the 30 day period referred to in Section 7.8, the Operator may, by notice, demand payment. If no payment is made within the period of 30 days next succeeding the receipt of the demand notice the other Participants may elect to increase their contributions to satisfy the shortfall, or the Operator shall curtail or abandon the Program, and the defaulting Participant shall be deemed to have forfeited its right to contribute to any further Costs under this Agreement and it shall not receive notice of, and shall be deemed to have elected not to contribute to, each Program

subsequently conducted and to a Production Notice and accordingly shall have its Interest reduced in the manner contemplated in Section 7.12.

- 7.10 **Program Overruns.** If it appears that Costs will be exceeded by greater than 10% of the Costs estimated under a Program, the Operator shall immediately give written notice to the Participants contributing to that Program outlining the nature and extent of the additional costs and expenses (the “**Program Overruns**”). If Program Overruns are approved by the Participants contributing to that Program through the Management Committee and Section 4.7 of this Agreement, then within 30 days after the receipt of a written request from the Operator, the Participants contributing to that Program shall provide the Operator with their respective proportionate shares of the Program Overruns. If Program Overruns are not approved by the Participants contributing to that Program through the Management Committee and Section 4.7 of this Agreement, the Operator shall have the right to curtail or abandon the Program.
- 7.11 **Suspension of Program.** If any Program is altered, suspended or terminated prematurely so that the Costs incurred on that Program as altered, suspended or terminated are less than 80% of the Costs originally proposed, any Participant who elected not to contribute to that Program shall be given notice of the alteration, suspension or termination by the Operator and shall, subject to Section 7.9, be entitled to contribute its proportionate share of the Costs incurred on that Program by payment thereof to the Operator within 30 days after receipt of the notice. If payment is not made by that Participant within 30 days, it shall forfeit its right to contribute to that Program without a demand for payment being required to be made thereafter by the Management Committee.
- 7.12 **Adjustment of Interests.** If a Participant elects not to contribute to the Costs of any Program, the Interest of that Participant shall be decreased and the Interest of each Participant contributing in excess of its proportionate share of the Costs shall be increased so that, subject to Section 8.1, the Interest of each Participant will be that percentage calculated as set out in Section 3.2. Except in the events described in Section 7.9 or if that Participant’s Interest is assigned or conveyed as contemplated in Section 8.1, the Participant whose Interest has been reduced shall be entitled to receive details of and contribute to future Programs to the extent of its then Interest.
- 7.13 **Funds Spent Rateably.** The Operator shall expend all moneys advanced by a Participant rateably with the advances of the other Participants. If the Operator suspends or prematurely terminates a Program, any funds advanced by a Participant in excess of that Participant’s Cost Share incurred prior to the suspension or premature termination shall be refunded immediately.
- 7.14 **Election Not to Contribute.** Notwithstanding that a Participant has not contributed, or is deemed to have elected not to contribute, to a Program under Section 7.4, it shall nevertheless, subject to Sections 7.4 and 8.1, be entitled to elect to participate in and contribute to future Programs under this Agreement.

8. NON-PARTICIPATION

- 8.1 **Effect of Non-Participation.** If a Participant (in this Section called the “**Assigning Participant**”) has its Interest reduced, at any time, to less than 10% as a result of the operation of Section 7.12, the Assigning Participant shall be deemed to have assigned and conveyed its Interest to the other Participant, or, if more than one Participant, to the other Participants in proportion to their respective Interests, and, in consideration of that assignment and conveyance, shall be entitled to receive as its sole remuneration and benefit, as and when available, the Net Smelter Returns

Royalty. On such assignment, the Assigning Participant shall cease to have any further right or Interest under this Agreement. Each other Participant shall severally calculate and cause to be paid to the Assigning Participant that portion of any of the Net Smelter Returns Royalty derived from the Property to which the Assigning Participant is entitled in the manner provided in Schedule B to this Agreement.

9. FINANCING

9.1 **Responsibility of Participants.** The contributions of the Participants toward the Costs shall be individually and separately provided by them.

9.2 **Encumbrances.** Solely in order to secure loans to meet their respective contributions toward the Costs, the Participants shall each be entitled to pledge, mortgage, charge or otherwise encumber, as security for financing their respective contributions, the Property and Assets to the extent of their respective Interests; provided, however, that security shall not be given by any Participant unless the proposed pledgee, mortgagee, holder of the charge or encumbrance (the “**Chargee**”) first undertakes in writing to all the other Participants, in form reasonably satisfactory to counsel for the Operator and binding on the Chargee, that:

- (a) the Chargee will not enter into possession or institute any proceedings for foreclosure or partition of an encumbering Participant’s Interest or interest in the Property and that the security shall be subject to the provisions of this Agreement;
- (b) the Chargee’s remedies under the encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant’s Interest and interest in the Property held under that security to the other Participant or, if more than one Participant, to the other Participants in proportion to their respective Interests at that time, or, with the unanimous consent of the other Participants, to any one of them, or failing any sale to one or more other Participant(s), by a sale at a public auction to be held after ninety days’ prior notice to the other Participant(s); provided, however, that as a condition of the purchase, the purchaser shall agree with the parties that it:
 - (i) assumes all the obligation of the encumbering Participant in connection with this Agreement, and
 - (ii) will be bound by this Agreement, and, prior to completing the purchase, delivers to the parties notice to that effect in writing, in form reasonably satisfactory to counsel for the Operator.

10. DISPOSITION OF PRODUCTION

10.1 **Sale of Production.** The Operator shall be responsible for the selling and disposing of all Mineral Products but where a Participant has forward sales contracts or other hedging arrangements, the Operator must sell or deliver that Participant’s Interest percentage share of Mineral Products into such forward sales contracts or hedging arrangements if so directed by such Participant.

10.2 **Operator’s Authority.** The Operator shall be entitled to deduct from the sale proceeds all costs of or related to marketing the Mineral Products as is consistent with generally accepted industry marketing practices including, without limitation, transportation, storage, commissions and discounts, but all contracts of sale executed by the Operator for Mineral Products shall be only for

reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances and in no event shall any contract be for a period in excess of one year.

- 10.3 **Payment of Proceeds.** Proceeds from the sale by the Operator of Mineral Products pursuant to Section 10.1 shall be calculated by the Operator separately for each Participant at the end of each calendar month and shall be paid monthly within twenty days after the end of each calendar month following payment to the Operator by each Participant of its Cost Share outstanding as at the end of that calendar month.
- 10.4 **Non-Arm's Length Transaction.** If the Operator, any Affiliate of the Operator, or any person with whom the Operator is not dealing at arm's length is a purchaser of Mineral Products from the Operator, and if the value of the Mineral Products is used to determine any matter arising under this Section, the Operator shall be required to receive competitive prices for all Mineral Products so sold.
- 10.5 **Records.** The records relating to Mineral Products taken in kind or to the calculation of proceeds from the sale thereof shall be audited annually at the end of each fiscal year of the Operator and:
- (a) any adjustments required by the audit shall be made immediately; and
 - (b) a copy of the audited statements shall be delivered to the Participants within 120 days after the end of each fiscal year.

Any of the Participants shall, at reasonable times and on notice in writing to the Operator, have the right to inspect, audit and copy the Operator's accounts and records relating to the accounting for Mineral Products for the determination of proceeds from the sale thereof for any calendar year within twelve months following the end of the calendar year. All costs associated will be borne by the Participant conducting the inspection or audit. All accounts and records shall be deemed to be correct and accurate unless questioned by a Participant within 12 months following the end of the calendar year to which the accounts relate. The Participants shall make all reasonable efforts to conduct audits in a manner which will result in a minimum of inconvenience to the Operator.

11. **SURRENDER OF INTEREST**

- 11.1 **Surrender of Interest.** Any Participant may, at any time, surrender its entire Interest to the other Participant(s) by giving such other Participant(s) notice of surrender, which notice shall:
- (a) indicate a date for surrender not less than three months after the date on which the notice is given; and
 - (b) contain an undertaking that the surrendering Participant will:
 - (i) satisfy its Cost Share, based on its then Interest, which arose at any time prior to the date of surrender;
 - (ii) pay its proportionate share, based on its then Interest, of the Costs of rehabilitating the Mine site and of reclamation as at the date of surrender; and
 - (iii) hold in confidence, for a period of two years from the date of surrender, all information and data which it acquired pursuant to this Agreement.

- 11.2 **Relief from Liabilities.** On the surrender of its entire Interest as contemplated in Section 11.1 and on delivery of a release in writing, in form acceptable to counsel for the Operator, releasing the other parties from all claims and demands under this Agreement, the surrendering Participant shall be relieved of all obligations or liabilities except for those which arose or accrued or were accruing or were due on or before the date of the surrender.
- 11.3 **Acceptance of Surrender.** A Participant to whom a notice of surrender has been given as contemplated in Section 11.1 may elect, by notice, within ninety days, to the Participant who first gave the notice, to accept the surrender, in which case Sections 11.1 and 11.2 shall apply, or to join in the surrender.
- 11.4 **Execution of Instruments.** The withdrawing Participant shall remain obligated to execute and deliver those instruments as may be necessary to formally effect the transfer of its Interest to the other Participant(s).

12. **SUSPENSION AND TERMINATION OF MINING OPERATIONS**

- 12.1 **Suspension of Operations.** The Operator may, at any time subsequent to the Participation Date, on at least 30 days notice to all Participants, recommend that the Management Committee approve that Mining Operations be suspended. The Operator's recommendation shall include a plan and budget (in this Section called the "**Mine Maintenance Plan**"), in reasonable detail, of the activities to be performed to maintain the Assets and the Property during the period of suspension and the Costs to be incurred. The Management Committee may adopt the Mine Maintenance Plan under the provisions of Section 4, and cause the Operator to suspend Mining Operations in accordance with the Operator's recommendation, with such changes to the Mine Maintenance Plan as the Management Committee deems appropriate. The Participants shall be committed to contribute their proportionate share of the Costs incurred in connection with the Mine Maintenance Plan. The Management Committee may cause Mining Operations to be resumed at any time.
- 12.2 **Termination of Operations.** The Operator may, at any time following a period of at least ninety days during which Mining Operations have been suspended, on at least 30 days' notice to all Participants, or in the events described in Section 12.1, recommend that the Management Committee approve the permanent termination of Mining Operations. The Operator's recommendation shall include a plan and budget (in this Section called the "**Mine Closure Plan**"), in reasonable detail, of the activities to be performed to close the Mine and reclaim the Property. If a Mine Closure Plan receives unanimous approval of the representatives of all Participants, the Management Committee may approve the Operator's recommendation, with such changes to the Mine Closure Plan as the Management Committee deems appropriate.
- 12.3 **Disposal of Assets.** If the Management Committee approves the Operator's recommendation as described in Section 12.1, it shall cause the Operator to:
- (a) implement the Mine Closure Plan, whereupon the Participants shall be committed to pay their respective Cost Shares as may be required to implement that Mine Closure Plan;
 - (b) remove, sell and dispose of the Assets as may reasonably be removed and disposed of profitably and any other Assets as the Operator may be required to remove pursuant to applicable environmental and mining laws; and
 - (c) sell, abandon or otherwise dispose of the Property.

The disposal price for the Assets and the Property shall be the best price obtainable and the net revenues, if any, from the removal and sale shall be credited to the Participants in proportion to their respective Interests.

- 12.4 **Lack of Approval.** If the Management Committee does not approve the Operator's recommendation contemplated in Section 12.1, the Operator shall maintain Mining Operations in accordance with the Mine Maintenance Plan as approved pursuant to Section 12.1.

13. AREA OF INTEREST

- 13.1 **Area of Interest.** The area of interest (the "Area of Interest") shall be deemed to comprise that area which is located within ten (10) kilometres from any portion of the exterior boundaries of the Property, as such exterior boundaries exist on the Participation Date.

- 13.2 **Additional Acquisition.** If, at any time during the subsistence of this Agreement, any Participant (in this Section only called the "Acquiring Participant") stakes directly or indirectly, any mining claim, licence, lease, grant, concession, permit, patent or other mineral claim (in this Section called a "Mineral Claim") located wholly or partly within the Area of Interest referred to in Section 13.1, the Acquiring Participant shall immediately give notice to the other Participants of that staking, the cost of it and all details in possession of that Participant with respect to the nature of the Mineral Claim and the known mineralization.

- 13.3 **Election to Acquire.** Each other Participant may, within 30 days of receipt of the Acquiring Participant's notice, elect, by notice to the Acquiring Participant, to require that the Mineral Claim which was staked be included in and thereafter form part of the Property for all purposes of this Agreement. If the election is made, all the other Participants shall reimburse the Acquiring Participant for that portion of the cost of staking which is equivalent to their respective Interests. If no other Participant makes the election within that period of 30 days, the Mineral Claim which was staked shall not form part of the Property and the Acquiring Participant shall be solely entitled to it.

- 13.4 **Abandonment of Property.** Notwithstanding Section 6.4(d), the Operator shall be entitled, at any time, to surrender all or any part of the Property or to permit it to lapse, but only on first either obtaining the approval of the Management Committee pursuant to Section 4.7, or giving 60 days prior notice of its intention to do so to the other Participants. In this latter event, the Participants, other than the Operator, shall be entitled to receive from the Operator, on request prior to the date of the surrender or lapse, a conveyance of that portion of the Property intended for surrender or lapse, together with copies of any plan, assay maps, diamond drill records and factual engineering data in the Operator's possession and relevant thereto. Any part of the Property so acquired shall cease to be subject to this Agreement and shall not be subject to Section 13.1. Any part of the Property which has not been so acquired by any of the Participants shall remain subject to Section 13.1.

14. INFORMATION AND DATA

- 14.1 **Access.** At all times during the subsistence of this Agreement, the duly authorized representatives of each Participant shall, at their sole risk and expense and at reasonable intervals and times, have access to the Property and to all technical records and other factual engineering data and information relating to the Property which are in the possession of the Operator.

- 14.2 **Progress Reports.** During the exploration period while Programs are being carried out, the Operator shall furnish the Participants with semi-annual progress reports and with a final report on

conclusion of each Program. The final report shall show the Mining Operations performed and the results obtained and shall be accompanied by a statement of Costs and copies of pertinent plans, assay maps, diamond drill records and other factual engineering data. During the construction period, the Operator shall provide monthly progress reports to the Participants, which reports shall include information on any changes or developments affecting the Mine that the Operator considers are material. The Operator will promptly provide to each Participant adequate information to enable such Participant to fulfil its obligations to any stock exchange on which such Participant's shares may from time to time be traded.

14.3 **Confidentiality.** All information and data concerning or derived from the Mining Operations shall be kept confidential and, except to the extent required by law, regulation or policy of any securities regulator or stock exchange, or in connection with the filing of an annual information form, prospectus or statement of material facts by any party or any of its Affiliates, shall not be disclosed to any person other than an Affiliate without the prior consent of all the Participants, which consent shall not unreasonably be withheld.

14.4 **Public Disclosures.** The text of any news releases or other public statements which a party desires to make with respect to the Property shall be made available to the other parties prior to publication and the other parties shall have the right to make suggestions for changes therein.

15. **LIABILITY OF THE OPERATOR**

15.1 **Indemnity.** Subject to Section 11.2, each Participant shall indemnify and save the Operator and its directors, officers, shareholders, employees, agents and other authorized representatives harmless from and against any loss, liability, claim, demand, damage, expense, injury and death (including legal fees) resulting from any acts or omissions of the Operator or its directors, officers, shareholders, employees, agents or other authorized representatives.

15.2 **Negligence and Wilful Misconduct.** Notwithstanding Section 11.2, a person designated under Section 15.1 shall not be indemnified nor held harmless by any of the parties for any loss, liability, claim, demand, damage, expense, injury or death (including legal fees) resulting from the negligence or wilful misconduct of that designated person.

15.3 **Good Faith Acts.** An act or omission of the Operator or any of its directors, officers, employees, agents or authorized representatives done or omitted to be done:

- (a) at the direction, or within the scope of the direction, of the Management Committee;
- (b) with the concurrence of the Management Committee; or
- (c) unilaterally and in good faith by the Operator to protect life, the Property or material Assets,

shall be deemed not to be negligence or wilful misconduct.

15.4 **Proportion of Responsibilities.** The obligation of the other Participants to indemnify and save the persons specified in Section 15.1 harmless pursuant to Section 15.1 shall be in proportion to their respective Interest as at the date that the loss, liability, claim, demand, damage, expense, injury or death occurred or arose.

15.5 **Limitation of Liability.** The Operator shall not be liable to any other party nor shall any party be liable to the Operator in contract, tort or otherwise for special or consequential damages including loss of profits or revenues.

16. **INSURANCE**

16.1 **Insurance.** Commencing on the Participation Date, the Management Committee shall cause the Operator to place and maintain with a reputable insurer or insurers such insurance, if any, as the Management Committee in its discretion deems advisable in order to protect the parties, together with any other insurance as any Participant may by notice reasonably request. The Operator shall, on the written request of any Participant, provide it with evidence of that insurance. This Section shall not preclude any party from placing, for its own account, insurance for greater or other coverage than that placed by the Operator.

17. **RELATIONSHIP OF PARTIES**

17.1 **Liability Several.** Except as provided in Sections 2.3 and 2.4, the rights, duties, obligations and liabilities of the parties shall be several and not joint nor joint and several, it being the express purpose and intention of the parties that their respective Interests shall be held as tenants in common.

17.2 **Use of Names.** No party shall, except when required by this Agreement or by any law, by-law, ordinance, rule, order or regulation, use, suffer or permit to be used, directly or indirectly, the name of any other party for any purpose related to the Property.

18. **PARTITION**

18.1 **Partition.** Each of the parties waives, during the term of this Agreement, any right to partition of the Property or the Assets or any part of them and no party shall seek or be entitled to partition of the Property or the Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

19. **TAXATION AND ROYALTY**

19.1 **Allocation of Costs.** All Costs incurred under this Agreement shall be for the account of the Participant making or incurring them, if more than one Participant then in proportion to their respective Interests, and each Participant on whose behalf any Costs have been incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect to such costs.

19.2 **Royalties.** All royalty incurred with respect to the Property including, but not limited to the Royalty and Advanced Royalty payable to Theriault (as those terms are defined in the Option Agreement), shall be paid by Carina and CIVC in accordance with their respective Interests.

20. **FORCE MAJEURE**

20.1 No party will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its control (each an “**Intervening Event**”) (except those caused by its own lack of funds) including, but not limited to adverse weather conditions, environmental or native land claims protests or blockages, war, insurrection or other acts against a lawfully appointed or elected governing body, acts of God, fire, flood, explosion, strikes, lockouts or other industrial

disturbances, laws, rules and regulations or orders of any duly constituted governmental authority, delays in the granting or issuance of any necessary permits, licenses or consents or non-availability of labour, equipment, materials or transportation.

- 20.2 A party relying on the provisions of Section 20.1 will promptly give written notice to the others of the particulars of the Intervening Event and all time limits imposed by this Agreement will be extended from the date of delivery of such notice by a period equivalent to the period of delay resulting from an Intervening Event.
- 20.3 A party relying on the provisions of Section 20.1 will take all reasonable steps to eliminate any Intervening Event and, if possible, will perform its obligations under this Agreement as far as commercially practical, but nothing herein will require such party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders completion commercially impracticable. A party relying on the provisions of Section 20.1 will give written notice to the others as soon as such Intervening Event ceases to exist.
- 20.4 The extension of time for the observance of conditions or performance of obligations as a result of force majeure shall not relieve the Operator from its obligations to keep the Property in good standing.

21. RESTRICTIONS ON ALIENATION

- 21.1 **Restriction.** During the subsistence of this Agreement, no Participant shall pledge, sell, assign, or in any other manner dispose or attempt to dispose of all or any portion of its Interest, except as provided in Sections 8.1 or 11 and as provided in this Section. A Participant wishing to sell or dispose of all or a portion of its Interest (in this Section called the “**Disposing Participant**”) may:
- (a) sell that Interest in the manner set out in Section 22 to the Participants who elect to purchase it, and, if more than one Participant elects to purchase it, then to those other Participants in proportion to their respective Interests, or
 - (b) sell that Interest to an Affiliate of the Disposing Participant; provided, however, that the Disposing Participant shall provide a guarantee to the other Participants, in form reasonably satisfactory to counsel for the Operator, guaranteeing the obligations of the Affiliate under this Agreement and provided, further, that the sale to the Affiliate shall be subject to the Affiliate entering into an Agreement with the remaining Participants whereby it agrees to be bound by the provisions of this Agreement.

22. OFFER TO SELL

- 22.1 If a Participant receives any bona fide offer from a third party (the “**Offering Party**”) to acquire its Interest or rights under this Agreement which it intends to accept, before accepting the offer, the Disposing Participant must first give notice in writing to the other Participant(s) (the “**Other Participant(s)**”) and offer to sell its Interest or rights under this Agreement to the Other Participant(s), on the same terms and conditions as in the offer received. The Disposing Participant may only sell the Interest to the Offering Party, if the offer is not accepted by the Other Participant(s) in accordance with this Section 22.

22.2 Any communication of an intention to sell to the Other Participant(s) pursuant to this Section 22 (the “Offer”) will only be in writing delivered in accordance with Section 24.1 and will:

- (a) set out in reasonable detail all terms and conditions of any intended sale;
- (b) include a photocopy of the offer by an Offering Party that it intends to accept; and
- (c) clearly identify the Offering Party and include such information as is known by the Disposing Participant about such Offering Party,

and such communication will be deemed to constitute an Offer by the Disposing Participant to the Other Participant(s) to sell the Disposing Participant’s Interest or its rights (or a portion thereof as the case may be) under this Agreement to the Other Participant(s) on the terms and conditions set out in such Offer. For greater certainty, it is agreed and understood that any Offer hereunder will deal only with the disposition of the Interest or rights of the Disposing Participant hereunder and not with any other interest, right or property of the Disposing Participant, and such disposition will be made solely for a monetary consideration.

22.3 Any Offer made as contemplated in this Section 22 will be open for acceptance by the Other Participant(s) for a period of 30 days from the date of receipt of the Offer from the Disposing Participant.

22.4 If any Other Participant(s) accept the Offer as made within the period provided for above, such acceptance will constitute a binding agreement of purchase and sale between the Disposing Participant and the Other Participant(s) for the Disposing Participant’s Interest or its rights (or a portion thereof as the case may be) under this Agreement on the terms and conditions set out in such Offer.

22.5 If no Other Participant(s) accept the Offer as made within the period provided for above or do accept, but fail to close the transaction contemplated thereby within 60 days following acceptance of such Offer, the Disposing Participant may complete a sale and purchase of its Interest or its rights under this Agreement, or a portion thereof, on terms and conditions not less favourable to the Disposing Participant than those set out in the Offer and only to the Offering Party and in any event such sale and purchase will be completed within six months from the expiration of the right of the Other Participant(s) to accept such Offer. Otherwise, the Disposing Participant must again comply with the provisions of this Section 22.

22.6 Before the completion of any sale by the Disposing Participant of its Interest or rights under this Agreement, the party purchasing the Disposing Participant’s Interest or its rights (or a portion thereof as the case may be) will deliver a written Agreement with the remaining parties hereto agreeing to be bound by the terms of this Agreement.

22.7 On the Participants or a third party acquiring all or a portion of the Disposing Participant’s Interest, the Participants or the third party will be deemed to have acquired a corresponding portion of the Disposing Participant’s Costs. The third party will be entitled to all the rights and benefits accruing, and will be subject to the same duties and obligations attributable to them, in connection with the Interest which it has purchased from the Disposing Participant including the right to participate in any further Programs and Costs and the right to have its Interest increased or reduced in the same manner as the Disposing Participant under the terms of this Agreement.

23. ARBITRATION

- 23.1 Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity of it, or any deadlock or inability of the parties to agree on a course of action to be taken hereunder, will be referred to and finally resolved by arbitration under the rules of the *British Columbia International Commercial Arbitration Centre* in effect on the date hereof.
- 23.2 The parties agree that:
- (a) the appointing authority will be the British Columbia International Commercial Arbitration Centre;
 - (b) the case will be administered by the *British Columbia International Commercial Arbitration Centre* in accordance with its “Procedures for Cases under the BCICAC Rules”;
 - (c) the place of arbitration will be Vancouver, British Columbia;
 - (d) the number of arbitrators will be three; and
 - (e) the language used in the arbitral proceeding will be English.
- 23.3 The arbitrators’ fees will be paid by both parties in equal parts during the course of the arbitration but upon final decision of the dispute, the defeated party will pay all costs and reimburse all arbitration costs, including the amounts paid by the prevailing party, subject to the contrary decision of the arbitrators.
- 23.4 Arbitrations pursuant to this Section 23 will be carried out in such a manner as to render the arbitration award enforceable in British Columbia, and in that regard all requirements of any such jurisdiction with respect to rendering a foreign arbitral award enforceable will be complied with.
- 23.5 The City of Vancouver will be the venue for any legal proceedings to enforce in British Columbia.

24. GENERAL

- 24.1 **Notice.** Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by the delivery of the same or by sending the same by electronic facsimile, in each case addressed as follows:

If to Carina at:

Carina Energy Inc.
365 Bay Street, Suite 500
Toronto, Ontario M5H 2V1

Attention: Mr. Bill Love
Fax Number: ●

If to CIVC at:

PO Box P.O. Box 6232,

St. John's, Newfoundland,
Canada, A1C 6J9
Attention: Gerald Edwards
Fax Number: 709-739-6605

Any notice, direction or other instrument aforesaid will, if delivered, be deemed to have been given and received on the day it was delivered and, if sent by facsimile, be deemed to have been given or received on the day it was so sent unless it was sent:

- (a) on a day which is not a Business Day in the place to which it was sent; or
- (b) after 4:00 p.m. in the place to which it was sent,

in which cases it will be deemed to have been given and received on the next day which is a Business Day in the place it was sent to. Notices which are required to be sent for information purposes are required to be sent, but for the purposes of determining the time when receipt of a notice is effective hereunder it is the time of receipt of the primary notice which is relevant.

Any party may at any time give to the others notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

- 24.2 **Waiver.** No waiver of any breach or provision of this Agreement shall be binding unless evidenced in writing executed by the party waiving any such breach or provision. Any waiver shall extend only to the particular breach or provision so waived and shall not limit any rights with respect to any future breach or the effect of such provision.
- 24.3 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein.
- 24.4 **Time.** Time is of the essence of this Agreement and of every party and no extension or variation of this Agreement shall operate as a waiver of this provision.
- 24.5 **Governing Law.** This Joint Venture Agreement and the rights and obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein (but without giving effect to any conflict of law rules).
- 24.6 **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the parties have signed and sealed this Agreement as of the date first written above.

CANADIAN IMPERIAL VENTURE CORP.

Per: _____
Name: Gerald Edwards
Title: President and Chief Executive Officer

CARINA ENERGY INC.

Per: _____
Name: Bill Love
Title: President and Chief Executive Officer

SCHEDULE A
TO JOINT VENTURE AGREEMENT
DESCRIPTION OF THE CLAIMS

[insert description of claims]

**SCHEDULE B
TO
JOINT VENTURE AGREEMENT**

CALCULATION AND PAYMENT OF NET SMELTER RETURNS ROYALTY

1. The Net Smelter Returns Royalty (the “**Royalty**”) which may be payable to a Participant (the “**Payee**”) pursuant to Section 3.3 of the Joint Venture Agreement (the “**Agreement**”) will be calculated and paid to the Payee by the other Participant (the “**Payor**”) in accordance with the terms of this Schedule B. Terms having defined meanings in the agreement and used herein will have the same meanings in this Schedule as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.
2. “**Net Smelter Returns**” means the net amount of money received by the Payor for its own account from the sale of ore or ore concentrates or other products from the Property to a smelter or other ore buyer after deduction of the aggregate of:
 - (a) smelter and/or refining charges, ore treatment charges, penalties, and any and all charges made by the purchaser of ore or concentrates;
 - (b) any and all transportation costs which may be incurred in connection with the transportation of ore or concentrates;
 - (c) all umpire charges which the purchaser may be required to pay;
 - (d) any and all charges, costs, and commissions of marketing and selling; and
 - (e) any and all taxes (excluding for certainty, income taxes) and assessments enacted after the effective date of the Agreement including without limitation, any severance, royalty, net proceeds tax, production, or other similar or related charge, payment, or fee that may in the future be assessed by any federal, provincial, territorial, or municipal government entity with respect to the sale of ore, ore concentrate, or other products from the Property.
3. The Payor shall have the right to commingle with ore from the Property, ore produced from other properties owned or controlled by the Payor provided the Payor shall adopt and employ reasonable practices and procedures for weighing, sampling and assaying in order to determine the amounts of products derived from, or attributable to, or mined and produced from the Property. The Payor shall maintain accurate records of the results of such sampling, weighing and assaying with respect to any ore mined and produced from the Property. The Payee or its authorized agent shall be permitted the right to examine at all reasonable times, such records pertaining to commingling of ores or to the calculation of the Net Smelter Returns.
4. Payment of the Royalty by the Payor to the Payee shall be made quarterly on the last day of each month following the last day of the calendar quarter in which the same accrued. Within 90 days after the end of each fiscal year of the Payor in which Net Smelter Returns are payable to the Payee, the records relating to the calculations of Net Smelter Returns payable for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable to the

Payee shall be made forthwith. A copy of the said audit shall be delivered to the Payee within 30 days of the end of such 90 day period.

5. Each annual audit shall be final and not subject to adjustment unless the Payee delivers to the Payor written exceptions in a reasonable detail within 6 months after the Payee receives the report. The Payee, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the Payor related to Net Smelter Returns to determine the accuracy of the report, but shall not have access to any other books and records of the Payor. The audit shall be conducted by a chartered or certified public accountant of recognized standing. The Payor shall have the right to condition access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the auditor's report shall be delivered to the Payor upon completion, and any discrepancy between the amount actually paid by the Payor and the amount which should have been paid according to the Payor's report shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the detriment of the Payee and exceeds 5% of the amount actually paid by the Payor, then the Payor shall pay the entire cost of the audit.
6. All payments to be made to the Payee on account of the Royalty will be made by wire transfer to a single account, in the name of the Payee, at such bank as the Payee may elect from time to time by written notice to the Payor, and the designated bank will be deemed to be the agent of the Payee for the purpose of receiving, collecting and receipting such payments. The Payee may, from time to time in its discretion, change the place or account number for payment under this Section 6 by giving written notice thereof to the Payor. Prior to making payment to or otherwise crediting the account of the Payor on account of Product, the Payor agrees to instruct the smelter, refiner, processor, purchaser or other recipient of Product, or an insurer as a result of casualty to the Product (collectively, the "Payor" for the purposes of this Section 6) to contemporaneously pay the Royalty to the Payee directly in accordance with the written instructions given to the Payor by the Payee hereunder. The Payor will ensure that all contractual or other arrangements entered into by the Payor with the Payor shall contain provisions implementing the terms and conditions of payment set forth in this Section 6 and the Payor shall procure the written undertaking of Payor contractually binding Payor to perform in accordance with this Section 6 in form and substance enforceable by the Payee acting reasonably. the Payor acknowledges its primary obligation to pay the Royalty and that no undertaking by the Payor shall relieve the Payor of that obligation, and the Payor agrees to indemnify, protect and defend the Payee from and against any loss, cost (including attorney's fees incurred) or liability arising from the performance or failure of performance by Payor hereunder or under any contractual or other arrangements entered into by the Payor with the Payor pursuant to or for the purposes of complying with this Section 6.
7. Any dispute arising out of or related to any report, payment, calculation, or audit shall be resolved solely by arbitration as provided in the Agreement. No error in accounting or interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the Payor under the terms of the Agreement.