

ROOT LAKE OPTION & JOINT VENTURE AGREEMENT

THIS OPTION AGREEMENT is executed and made effective the 14 day of July, 2023.

BETWEEN:

Rockex Mining Corporation of 580 New Vickers Street, Thunder Bay, Ontario, Canada, P7E 6P1 (hereinafter referred to as the "**Optionor**");

OF THE FIRST PART

AND:

Root Lake Resources Ltd, a corporation incorporated under the laws of Ontario, of Level 50, 108 St Georges Terrace, Perth, Western Australia, Australia, a wholly owned subsidiary of **Pioneer Lithium Limited** (hereinafter referred to as the "**Optionee**"); and

Pioneer Lithium Limited, a company duly incorporated under the laws of Western Australia with incorporation number ACN 663 888 891, of Level 50, 108 St Georges Terrace, Perth, Western Australia, Australia (hereinafter referred to as the "**Optionee Parent**")

OF THE SECOND PART

WHEREAS:

A. The Optionor is the legal, beneficial and registered holders of a 100% undivided right, title and interest in and to the **Root Lake Project**, comprised of 94 mineral claims located the Province of Ontario, Canada, and covering 1,927 hectares, all as more particularly described in Schedule A hereto (the "**Project**");

B. The Optionor and the Optionee Parent entered into an exclusivity agreement dated 23 November 2022 (the "**Exclusivity Agreement**") pursuant to which, amongst other things, the Optionor granted the Optionee Parent certain exclusivity and due diligence rights in consideration for the payment of CAD\$125,000 (which has been paid);

C. As contemplated in the Exclusivity Agreement, the Optionor wishes to grant to the Optionee and the Optionee wishes to acquire an option (the "**Option**") to acquire a 90% interest in the Project; and

D. The parties hereby wish to enter into this Option Agreement with respect to the Option and the Project to formalize the parties' respective interests and ongoing rights and obligations subject to the terms and conditions herein.

NOW THEREFORE, this Option Agreement witnesses that for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Optionee, Optionee Parent and Optionor agree as follows:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

- 1.1 **Defined terms.** The following definitions apply in this Agreement, in addition to those terms otherwise defined herein:
- (a) "**Affiliate**" means any other person, branch or company that, directly or indirectly controls, is controlled by, or is under common control of the Optionor. For purposes of this definition, "control" means the power to direct or cause the direction of the management or policies of such person, branch or company, whether through the ownership of voting securities, by contract or otherwise, and the terms "controls", "controlled by," and "under common control with" have correlative meanings.
 - (b) "**Agreement**" means this option and joint venture agreement including all schedules hereto, all as may be amended in writing from time to time.
 - (c) "**Approved Program**" has the meaning ascribed thereto in Section 5.2 of Schedule C – Joint Venture Terms.
 - (d) "**Assign**" means to sell, assign, farm-in, farm-out, transfer, sub lease or otherwise deal with the whole or any part of a right or interest in the Joint Venture Interest, and '**Assignment**' has a corresponding meaning.
 - (e) "**ASX**" means ASX Limited (ABN 98 008 624 691) or, where the context requires, the securities market operated by it.
 - (f) "**business day**" means any day which is not a Saturday, Sunday or a statutory or civic holiday in the Province of Ontario, Canada or which is not a day on which the banks in the Province of Ontario are generally not open for business.
 - (g) "**Called Sums**" means the percentage share of funds required to be contributed by a party, in accordance with this Agreement, to finance joint venture activities.
 - (h) "**Camp**" means any exploration camp established on the Project after the date hereof.
 - (i) "**Commercial Production**" shall mean the mining, extraction, processing and recovery for sale of Minerals from the Property, excluding the taking of Minerals from the Property for the sole purpose of bulk sampling or determining the amenability of the Minerals to beneficiation processes or mining, provided that Commercial Production be deemed to have commenced upon the production of 100 ounces of gold from a property whose value is primarily dependent upon gold (or the equivalent value thereof from a property whose value is primarily dependent upon another Mineral).
 - (j) "**Encumbrances**" means any security interest, royalty, mortgage, pledge, lien, charge, title retention arrangement, trust or power or other form of security or interest having effect as a security for the payment of any monetary obligation or interest or the observance of any other obligation whether existing or agreed to be granted or created.
 - (k) "**Environmental Laws**" means Laws relating to reclamation or restoration of the Project; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety

from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

- (l) "**Expenditure**" means all costs, expenses and liabilities incurred in the course of, or in connection with any Mining Operations and includes the costs associated with the administration or maintenance of the Project (including rents, rates, taxes and other similar fees and expenses) and any costs paid under an agreement with a third party that relates to the Project (for example, payments made under a heritage agreement or an access agreement).
- (m) "**Expiry Date**" means August 23, 2023 or such other date as may be agreed between the parties in writing.
- (n) "**Final Investment Decision**" means a final decision to proceed with the construction of a mine on or in respect of the Project based on a feasibility study prepared for the Optionee in compliance with the JORC Code (which, for the avoidance of doubt, will occur before the financing required for the development of mining operations (whether by debt or equity) has been obtained either on a non-binding or binding basis).
- (o) "**Good Industry Practice**" means that degree of skill, diligence and prudence which would reasonably and ordinarily be expected from a reasonably skilled and experienced Operator engaged in the same type of undertaking under the same or similar circumstances.
- (p) "**Joint Venture Account**" means the account maintained in the name of both parties in accordance with generally accepted accounting principles showing the charges and credits accruing to the parties.
- (q) "**Joint Venture Interest**" means the percentage of undivided legal and beneficial ownership interest of each of the Optionee and the Optionor in the Joint Venture, which interest shall, at all times, correspond with and represent their respective percentage undivided legal and beneficial ownership interest in the Mining Assets and vice versa.
- (r) "**JORC Code**" means the Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition, or the latest edition published by the Joint Ore Reserves Committee).
- (s) "**Law**" or "**Laws**" means all federal, provincial, territorial and municipal laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the parties, Project and Mining Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the parties during periods when the laws are not applicable by their terms or the timing of their enactment.

- (t) "**Management Committee**" means the committee established by the parties on the formation of the Joint Venture as described in Section 3 of Schedule C – Joint Venture Terms.
- (u) "**Mining Assets**" means the Project until the Joint Venture is formed and, thereafter, the Project and all other assets, including plants, facilities and equipment used at, or in connection with, the Project, including the Camp, the Joint Venture Account and the proceeds and funds therein.
- (v) "**Mining Operations**" means any and every kind of exploration, development, production, reclamation and other work done on or in respect of the Project after the formation of a Joint Venture by the Operator, including:
 - (a) carrying out, or causing to be carried out, line cutting, geophysical, geochemical and geological surveys, library research, report preparation, studies, mapping, assaying and metallurgical testing, investigating, drilling, examining, equipping, improving, surveying, trenching, shaft-sinking, raising, crosscutting and drifting the Project, searching for, digging, trucking, sampling, working and procuring ores, bringing mining lands to lease and keeping the same in good standing, obtaining mineral properties or exploration, development, mining or other licenses, permits or mining claims and maintaining same in good standing, and in doing all other exploration, development, pre-production, mining work;
 - (b) paying wages, salaries and benefits of individuals engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such individuals;
 - (c) paying insurance premiums and assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such individuals;
 - (d) making payments in respect of exploration permits, leases, licenses, mining claims, taxes, rates, assessments or other governmental charges in connection with the Project in a timely basis;
 - (e) purchasing, leasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies or incurring other capital expenses, and in installing, erecting, detaching or removing any such assets on or from the Project; and
 - (f) managing or supervising any work which is done in respect of the Project or in any other respects necessary or desirable, in the opinion of the Optionee, or after the formation of the Joint Venture, in the opinion of the Operator.
- (w) "**Mining Rights Management Plan**" has the meaning ascribed thereto in Section 5.1(a) of Schedule C – Joint Venture Terms.
- (x) "**Mining Rights**" means all interests in the surface of any lands, the minerals in (or that may be extracted from) any lands, all royalty agreements, water rights, patented and unpatented mining and millsite claims, fee interests, mineral leases, mining licenses, profits-a-prendre, joint ventures and other leases, rights-of-way, inurements, licenses and



other rights and interests used by or necessary to mining and related processing operations.

- (y) "**Minority Interest Interim Period**" has the meaning ascribed thereto in Section 11.7(b) of Schedule C – Joint Venture Terms.
 - (z) "**Operator**" means the party responsible after the formation of the Joint Venture for, among other things, defining, preparing, planning, directing and implementing all Approved Programs and carrying out, or causing to be carried out, all Mining Operations and other work in respect of the Project for and on behalf of both parties.
 - (aa) "**Option Interest**" means ninety percent (90%) of the right, title and interest in and to the Project and all of the Optionor's rights, licences and permits appurtenant thereto or held for the specific use and enjoyment thereof, free of any Encumbrances save and except the Consideration Royalty.
- 1.2 **Number and gender.** Words importing the singular number shall include the plural and vice versa; words importing gender (or the lack thereof) shall include all genders of lack thereof interchangeably; and words importing persons shall include corporations and other business enterprises and vice versa.
- 1.3 **Currency.**
- (a) AUD\$ means the lawful currency of Australia.
 - (b) CAD\$ means the lawful currency of Canada.
 - (c) Where conversions of currencies are required in respect of the determination of the number of Consideration Shares, the exchange rate to be applied is the exchange rate quoted by the Reserve Bank of Australia on the date of this Option Agreement.
- 1.4 **Headings.** The use of headings in this Option Agreement and the schedules hereto are solely for ease of reference and shall not affect the interpretation or the construction of any provision hereof.
- 1.5 **References.** Unless otherwise stated, a reference to an Article, Section or other organizational division shall refer to the respective Article, Section or other organizational division of this Option Agreement.

ARTICLE 2 GRANT OF OPTION

- 2.1 **Option terms.** In order to exercise the Option and acquire the Option Interest:
- (a) the Optionee Parent shall make a cash payment of CAD\$550,000 to a bank account nominated in writing by the Optionor ("**Consideration Payment**");
 - (b) the Optionee Parent shall issue CAD\$575,000 worth of fully paid ordinary shares in the capital of Optionee Parent ("**Consideration Shares**") to the Optionor or its nominee. The

number of Consideration Shares to be issued will be based on a deemed issue price equal to AUD\$0.20 per Consideration Share applying the exchange rate determined in accordance with section 1.3(c) hereof; and

(c) the Optionee shall grant to the Optionor the royalty on the terms set out in Schedule B ("**Consideration Royalty**").

2.2 **Option grant.** Subject to Article 5 hereof, the Optionor hereby grants to the Optionee the Option, subject to the satisfaction of the following conditions precedent:

(a) the Australian Securities Exchange ("ASX") granting conditional approval for the admission of Optionee Parent to the official list of ASX, on conditions acceptable to Optionee Parent; and

(b) the execution and delivery of a restriction deed in respect of the Consideration Shares in the form required under the ASX Listing Rules,

(together, "**Conditions Precedent**").

2.3 **Exercise of the Option.** The Option must be exercised, on or before the Expiry Date, by the payment of the Consideration Payment, issue of the Consideration Shares and granting of the Consideration Royalty within 10 business days of the satisfaction of the last of the Conditions Precedent, failing which the Option shall expire and be null and void.

ARTICLE 3 EXERCISE OF OPTION – JOINT VENTURE FORMATION

3.1 **Acquisition of Option Interest and Transfer of Title.** Exercise of the Option shall be completed on a date selected by the Optionee and Optionee Parent on not less than five (5) business days' notice to the Optionor as follows:

(a) the Optionee Parent shall make the Consideration Payment;

(b) the Optionee Parent shall issue the Consideration Shares;

(c) the Optionor shall transfer the Option Interest to the Optionee and record such transfer on title to the Project; and

(d) the Optionee and Optionor shall grant the Consideration Royalty to the Optionor and record such grant by execution and delivery of the royalty agreement set out in Schedule B (the "**Royalty Agreement**") and registration of the Royalty Agreement on title to the Project;

whereupon the Option shall be completed and the Optionee shall have acquired the Option Interest subject to the Consideration Royalty.

3.2 **Joint Venture formation.** Upon the Optionee having acquired the Option Interest, the Optionee and Optionor will be deemed to be automatically associated in an unincorporated joint venture (the "**Joint Venture**") (the date of such formation being the "**JV Commencement Date**").

3.3 **Joint Venture Agreement.** At any time after the JV Commencement Date, either party may notify the other party that it requires a definitive joint venture agreement to be negotiated and

entered into in relation to the Joint Venture. If a party gives such a notice, the parties must, acting in good faith and as expeditiously as possible (with an aim to execute within 60 days of such notice) negotiate in good faith and endeavour to agree and execute a definitive joint venture agreement governing the contractual relationship between the parties in relation to the Joint Venture which reflects the Joint Venture Terms ("**Joint Venture Agreement**"). With effect on and from the JV Commencement Date until the Joint Venture Agreement is executed, the Joint Venture will be governed by the Joint Venture Terms.

3.4 **Joint Venture Expenditure.**

- (a) If the Optionee has exercised the Option, the Optionor's 10% interest in the Joint Venture shall be a carried interest until such time, if any, as a Final Investment Decision has been completed in respect of the Project (the date of such completion being the "**Proportionate Cost Date**"). On and from the Proportionate Cost Date (but excluding during any Minority Interest Interim Period), each party must elect whether to fund its share of Expenditures on the Project in accordance with its Joint Venture interest at such time.
- (b) As part of the process of making the Final Investment Decision, the parties must consult in good faith as to the Optionor's expected financial capacity to fund its share of Expenditures on the Project in accordance with its Joint Venture Interest on and from the anticipated Proportionate Cost Date. If the Optionor does not consider, acting reasonably, that it will have the financial capacity for such funding, the parties must consult in good faith prior to the Proportionate Cost Date with a view to either:
 - (a) agreeing to the terms on which the Optionee may acquire the Joint Venture Interest of the Optionor prior to the Financial Investment Decision; or
 - (b) agreeing on whether the Joint Venture may proceed by way of other means.

For the avoidance of doubt, failure to reach agreement in accordance with this section 3.4(b) will not prejudice any rights of any party under any other provision of this Option Agreement. The obligation on the parties to consult in good faith requires the parties to act in a reasonable and honest manner and as soon as reasonably practicable, but does not include any obligation to pay any significant sum of money or to provide any significant financial compensation, valuable consideration or any other incentive to or for the benefit of any person in circumstances that are commercially onerous or unreasonable or which require a party to agree to commercially onerous or unreasonable conditions, in the context of this Option Agreement.

- (c) If:
 - (i) at any time, the Optionee or
 - (ii) at any time after the Proportionate Cost Date (other than during any Minority Interest Interim Period), the Optionor

elects not to contribute its Joint Venture interest of the Expenditures forming part of the Approved Program applicable at such time, Section 2 of Schedule C – Joint Venture Terms will apply to determine each party's undivided legal and beneficial interest in and to the Project. For greater certainty, the Optionor is not required to pay any amount with

respect to the Approved Programs and will be free-carried until the Proportionate Cost Date, following which the Optionor will be required to fund its then-applicable Joint Venture Interest of the applicable Approved Programs or have its interest in Joint Venture adjusted according to Section 2 of Schedule C – Joint Venture Terms. Until the Proportionate Cost Date, the Optionee shall be responsible for all Expenditures with respect to Mining Operations approved as part of Approved Programs and performed by the Operator on the Project, including all applicable reclamation and rehabilitation work required and arising out of such Mining Operations (including under applicable Environmental Laws).

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

- 4.1 **Optionor's representations and warranties.** The Optionor hereby represents and warrants to the Optionee and the Optionee Parent that:
- (a) it is a company duly and validly subsisting under the laws of its jurisdiction of incorporation, and all necessary approvals of its directors, officers, shareholders and others, and any further approvals that may be required in connection therewith, have been obtained or will have been obtained on or prior to the date of this Agreement to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionor;
 - (b) it is, and during the time of the Option and until its legal and beneficial interest in the Project is transferred to the Optionee, will be the legal, registered and beneficial holder of 100% undivided interest in the Project and, applying customary standards in the mineral exploration industry in Canada, has good and marketable title thereto, free and clear of any and all defects, charges, liens and encumbrances of any nature or kind whatsoever, whether written or oral, direct or indirect;
 - (c) it (i) has not transferred or encumbered, (ii) has not agreed to transfer or encumber, or (iii) will not agree to transfer or encumber all or any of its right, title or interest in and to the Project, except as provided for in this Option Agreement;
 - (d) the Project has been duly and validly staked, located and recorded in accordance with the applicable laws, and is in good standing, free and clear of all assessments, charges, liens and encumbrances of any nature or kind whatsoever (including royalties), whether written or oral, direct or indirect;
 - (e) there are no actions, suits, claims, proceedings, litigation or investigations pending, or to the best of the Optionor's knowledge after due investigation, threatened, or any judgments outstanding and unsatisfied, against or affecting, any part or all of the Project;
 - (f) no other person has any agreement or other right to acquire any interest in the Project;
 - (g) there is no existing, contemplated or threatened governmental prohibition or moratorium on exploration or development work on the Project;
 - (h) conditions on and relating to the Project and all previous work or operations conducted by the Optionor thereon are in compliance with all applicable laws, regulations or orders relating to environmental matters including, without limitation, waste disposal and



storage and neither they, nor to their knowledge any person, have received any notice of any breach of any such laws, and they have no knowledge of any facts which would lead a well-informed operator in the mining industry to believe there are any environmental liabilities associated with the Project, and there are no environmental audits, evaluations, assessments or studies relating to the Project;

- (i) to the best of its knowledge, information and belief, there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Project and the conduct of operations related thereto, they have not received any notice of the same and it is not aware of any basis on which any such order or direction could be made;
- (j) full and complete copies of all available exploration information and data, including all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) concerning the Project in its possession or control have been provided to the Optionee;
- (k) it has all material permits, authorizations, licences, registrations and certificates necessary to carry on its business as currently conducted and as contemplated by this Option Agreement;
- (l) it has the full and undisputed power, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions on its part to be performed and observed herein, and to deal with the Project as provided for in this Option Agreement;
- (m) neither the execution nor delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
 - (a) any of the terms and provisions of any law applicable to the Optionor;
 - (b) any agreement, written or oral, to which the Optionor may be a party or by which the Optionor is or may be bound; or
 - (c) if not an individual, the constating documents of the Optionor or of any resolution of its directors or shareholders;
- (n) this Option Agreement has been duly executed and delivered by the Optionor and it constitutes a valid, legal and binding agreement enforceable against the Optionor in accordance with its terms;
- (o) to the best of the Optionor's knowledge and due investigation, no action that has been taken by any owner, tenant, licensor or occupier of any of the surface rights relating to the Project which would in any material way encumber, limit, restrict or cause interference with any operations that the Optionee may carry out under this Agreement;
- (p) the Optionor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and

- (q) the Optionor is not aware of any material fact or circumstance which has not been disclosed to the Optionee, which should be disclosed in order to prevent the representations and warranties in this Section from being misleading or which may be material in the Optionee's decision to enter into this Option Agreement.

4.2 **Optionee's representations and warranties.** The Optionee and Optionee Parent jointly and severally represent and warrant to the Optionor that:

- (a) the Optionee is a company duly and validly subsisting under the laws of Ontario and a wholly owned subsidiary of Pioneer Lithium Limited, and all necessary approvals of the Optionee's directors and officers, and any further approvals that may be required in connection therewith, have been or will have been obtained to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionee;
- (b) the Optionee Parent is a company duly and validly subsisting under the laws of Western Australia, owns all of the issued and outstanding shares of the Optionee, and all necessary approvals of the Optionee Parent's directors and officers, and any further approvals that may be required in connection therewith, have been or will have been obtained to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionee Parent;
- (c) the Optionee and Optionee Parent have the full and undisputed power, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions on its part to be performed and observed herein, and to deal with the Project as provided for in this Option Agreement and the Joint Venture Agreement;
- (d) neither the execution nor delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
 - (a) any of the terms and provisions of any law applicable to the Optionee or the Optionee Parent;
 - (b) any agreement, written or oral, to which the Optionee or Optionee Parent may be a party or by which the Optionee or the Optionee Parent is or may be bound; or
 - (c) the constating documents of the Optionee or Optionee Parent or of any resolution of their respective directors or shareholders;
- (e) this Option Agreement has been duly executed and delivered by the Optionee and Optionee Parent and it constitutes a valid, legal and binding agreement enforceable against the Optionee and the Optionee Parent in accordance with its terms; and
- (f) the Optionee is not a non-resident of Canada for the purposes of the Income Tax Act (Canada).

**ARTICLE 5
SECURITIES LAWS**

- 5.1 **Technical Report.** If required pursuant to applicable securities laws or pursuant to the terms of this Agreement or the Joint Venture Agreement, the parties shall use their best efforts to deliver and produce a technical report in compliance with the JORC Code with respect to the Project (the "Report"), at the cost of the Optionee.

**ARTICLE 6
DEFAULT AND TERMINATION**

- 6.1 **Event of Default and Termination by Optionor.** Subject to section 6.3 hereof, if the Optionee or Optionee Parent (as applicable) shall be in default of any of the terms hereof, the Optionor shall have the right to terminate this Option Agreement if written notice of such default has been provided by the Optionor to the Optionee and such default has not been rectified within five (5) business days from the date of receipt of such notice.
- 6.2 **Termination by Optionee or Optionee Parent.** The Optionee or Optionee Parent shall be entitled to terminate this Option Agreement without further liability, at any time by giving 20 days written notice of termination to the Optionor.
- 6.3 **Termination on Expiry Date.** Notwithstanding any other term or provision of this Option Agreement, the Option shall expire and this Option Agreement shall become null and void if the provisions of section 3.1 are not completed on or before the Expiry Date.

**ARTICLE 7
FORCE MAJEURE**

- 7.1 **Force Majeure.** At any time after completion of the exercise of the Option by the Optionee and Optionee Parent in accordance with section 3.1, if the Optionee or Optionee Parent is prevented or delayed in complying with any provisions of this Option Agreement by reason of strikes, lockouts, labour shortages, power shortages, floods, fires, wars, pandemics, acts of God, governmental regulations restricting normal operations or any other reason or reasons beyond the control of the Optionee (each a "Force Majeure") provided that in no circumstances shall impecuniosity, inability to pay or other lack of funds constitute a Force Majeure, the Optionee and Parent Optionee may give notice of a Force Majeure and, upon delivery of such notice of a Force Majeure, the time limited for the performance of the various provisions of this Option Agreement as set out above shall be extended by a period of time from the date of such notice of Force Majeure until such Force Majeure is no longer in effect. The Optionee, insofar as is possible, shall promptly give written notice to the Optionor of the particulars of the reasons for any prevention or delay under this Section and shall take all reasonable steps to remove the cause of such prevention or delay as soon as reasonably practicable, and shall give notice to the Optionor as soon as such cause ceases to subsist.

**ARTICLE 8
WAIVER**

- 8.1 **No Waiver.** No investigation made by or on behalf of either of the parties hereto at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any

representation, warranty or covenant made by the other party herein or pursuant hereto. No waiver by either of the parties hereto of any provision herein, in whole or in part, shall operate as a waiver of any other provision herein.

**ARTICLE 9
LIMITATION OF OBLIGATIONS OF OPTIONEE AND OPTIONEE PARENT**

- 9.1 **Limitation.** It is understood and agreed that nothing contained in this Option Agreement, nor any payment made or incurred by the Optionee or Optionee Parent on or in connection with the Project or part of it, nor the doing of any act or thing by the Optionee under this Option Agreement shall obligate the Optionee or Optionee Parent to do anything else under this Option Agreement other than to make payments to the extent that it may have expressly undertaken to do so pursuant to the terms of this Option Agreement.

**ARTICLE 10
GENERAL**

- 10.1 **Notices.** All notices, communications and other documents required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by prepaid registered mail, electronic mail or by facsimile transmission (with confirmed receipt) to the recipient as follows:

- (a) in the case of the Optionee:

Root Lake Resources Ltd (wholly owned subsidiary of Pioneer Lithium Limited)
Level 50, 108 St Georges Terrace,
Perth, Western Australia
Attention: Robert Martin (rmartin@estreetinvestments.com.au)

- (b) in the case of the Optionee Parent:

Pioneer Lithium Limited (ACN 663 888 891)
Level 50
108 St Georges Terrace
Perth, Western Australia, Australia
Attention: Robert Martin (rmartin@estreetinvestments.com.au)

- (c) in the case of the Optionor:

Rockex Mining Corporation
580 New Vickers Street
Thunder Bay, Ontario
Canada, P7E 6P1
Attention: Pierre Gagne (pierre.gagne@pierregagnecontracting.com)

and shall be deemed to be validly given and received (i) if personally delivered or sent by electronic mail or by facsimile transmission (with confirmed receipt), on the date of delivery or transmission if delivered or transmitted during normal business hours in the jurisdiction where the recipient's offices are located and on the next business day following the date of delivery or transmission if delivered or transmitted after normal business hours in the jurisdiction where the recipient's offices are located; and (ii) if sent by prepaid registered mail, on the date which is five

(5) business days after the date of mailing excluding all days in which postal service is disrupted. Either party may from time to time change its address by notice to the other in accordance with this Section.

- 10.2 **Entire agreement.** This Option Agreement sets forth the entire agreement between the parties, and any persons who have in the past or who are now representing either of the parties, with respect to the subject matter hereof and supersedes all prior communications, understandings and agreements between the parties or any of them with respect to the subject matter hereof.
- 10.3 **Further Assurances.** Each party hereto agrees to execute and deliver, or cause to be executed and delivered, such further instruments and assurances, and to do such further acts and things, as may be necessary or desirable to give effect to this Option Agreement, including but not limited to such as may be required for registering or recording changes in the ownership interests in the Project.
- 10.4 **Assignment.** During the currency of the Option, neither party may assign or otherwise transfer all or part of its interest in and to this Option Agreement to any third party without prior consent of the other party. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other party, to be bound by this Option Agreement.
- 10.5 **Encumbrances.** During the currency of the Option, the parties shall not pledge, mortgage, charge or otherwise encumber their rights and obligations under this Option Agreement or their beneficial interest in and to the Project without the consent of the other party, which consent must not be unreasonably withheld.
- 10.6 **Enurement.** This Option Agreement shall enure to the benefit of and be binding on the parties and their respective executors, heirs, administrators, successors and permitted assigns.
- 10.7 **Confidentiality.** The parties agree to maintain the highest level of confidentiality with respect to this Option Agreement and all matters relating to the Project, except for matters required to be publicly disclosed by law or the rules or policies of any regulatory authority, stock exchange or stock quotation system.
- 10.8 **Arbitration.** Any dispute or conflict between the parties under this Option Agreement (including the Joint Venture in Schedule C hereof) which cannot be settled by them shall be submitted for a period of 30 days to a mutually agreeable mediator who will have no authority to bind the parties and, in the event that mediation efforts are unsuccessful, shall be submitted to a single arbitrator (with appropriate professional experience in respect of the subject matter of the dispute or conflict) pursuant to the provisions of the *Arbitration Act, 1991* (Ontario) or, if the parties cannot agree upon a single arbitrator, to three arbitrators, one appointed by the Optionee, one appointed by the Optionor and a third appointed by the arbitrators appointed by the parties. In the event that either party does not appoint its arbitrator within 15 days of a request from the other party or the two arbitrators so appointed do not select a third arbitrator within 10 days after the date of appointment of the second such arbitrator, either party may, on notice to the other party, apply to the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada, for such appointment from a list of potential arbitrators provided by either party. Arbitration proceedings shall take place in Toronto, Ontario, at such place that the arbitrator or arbitrators shall determine and in accordance with the rules of the ADR Chambers.

- 10.9 **Governing law.** This Option 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 Ontario and the federal laws of Canada applicable therein. The parties agree that the courts of Ontario shall have sole jurisdiction to entertain any action or other legal proceedings based on any provisions of this Option Agreement, and the parties agree to attorn to the jurisdiction of such courts.
- 10.10 **Construction.** This Option Agreement has been negotiated and approved by counsel on behalf of each of the parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any party hereto by reason of the authorship thereof.
- 10.11 **Counterparts and delivery.** The parties may execute this Option Agreement in counterparts and deliver same by facsimile, each facsimile being deemed to be an original and such counterparts, if any, being deemed to form one and the same instrument bearing the date set forth above notwithstanding the date of actual execution.
- 10.12 **Time.** Time shall be of the essence hereof.

10/1

IN WITNESS WHEREOF the parties have executed this Option Agreement as of the date first above written.

OPTIONOR - ROCKEX MINING CORPORATION

By: "Pierre Gagne"
Authorized Signatory (President - Pierre Gagne)

OPTIONEE - ROOT LAKE RESOURCES LTD.

By: "Robert Martin"
Authorized Signatory (President - Robert Martin)

OPTIONEE PARENT

Signed, sealed and delivered by Pioneer)
Lithium Limited ACN 663 888 891 pursuant to)
section 127 of the *Corporations Act 2001* (Cth):)

"Robert Martin"
Signature of Director

Robert Martin
Name of Director (print)

"Agha Shahzad"
Signature of Director/Secretary

AGHA SHAHZAD
Name of Director/Secretary (print)

lm

SCHEDULE A
DESCRIPTION OF THE ROOT LAKE PROJECT

1. PROJECT LOCATION

2. PROJECT SCOPE

3. PROJECT OBJECTIVES

4. PROJECT DESCRIPTION

5. PROJECT BENEFITS

Rockex Mining Corporation - 410638

updated: Jun 15/2023

Root Lake Project

LEGACY CLAIM	CLAIM HOLDER	%	CLIENT #	TOWNSHIP NAME	CELL CLAIM	Due Date	Work Due	Reserve
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	165495	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	194260	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	100869	05-Jul-24	\$400	\$16,165
4263714 4247984	RXM	100	410638	ROOT LAKE AREA (RL)	194259	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	159506	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	268886	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	280929	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	339884	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	100870	05-Jul-24	\$400	\$9,595
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	224923	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	268887	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	159507	05-Jul-24	\$400	
4263714 4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	165494	05-Jul-24	\$400	
4263714 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	120331	05-Jul-24	\$400	
4263714 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	159505	05-Jul-24	\$400	
4263714 4247984 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	165493	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	233644	05-Jul-24	\$200	\$20,230
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	116158	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341335	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289756	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	262824	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	179781	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	121821	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329501	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101662	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	262825	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101664	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289757	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101663	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	166932	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	233623	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	282907	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	282906	05-Jul-24	\$400	

4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289758	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329502	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	101630	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	160940	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341337	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329503	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341336	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	166909	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	116132	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	262826	05-Jul-24	\$400	
4266927 4247984 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	101451	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329467	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	282368	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	160913	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	289735	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	101629	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	282369	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	196166	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	116133	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329468	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329469	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	160914	05-Jul-24	\$400	
4266927 4247984 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	179055	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	160202	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	194977	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	116780	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	121059	05-Jul-24	\$400	
4247984 4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	225650	05-Jul-24	\$400	
4247984 4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	116779	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	225649	05-Jul-24	\$200	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	121058	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	225651	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	179056	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	166224	05-Jul-24	\$200	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	286299	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	286298	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	118177	05-Jul-24	\$400	

4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	266238	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	322338	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344720	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	293097	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	266239	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344721	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	226465	05-Jul-24	\$200	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	293098	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344722	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	322339	05-Jul-24	\$200	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731591	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731592	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731593	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731594	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731595	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731596	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731597	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731598	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731599	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731600	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731601	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731602	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731603	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731604	10-Jun-24	\$400	

1927 ha

94

\$35,800

\$45,990

80

30,200

Good for 1.5 years
vs the original 80 claims
⇒ 14 new claims need
assessment work

hm

SCHEDULE B

NET SMELTER RETURNS ROYALTY

THIS AGREEMENT made as of the 14 day of July, 2023

BETWEEN:

ROOT LAKE RESOURCES LTD. ("Root Lake"), a corporation incorporated under the laws of the Province of Ontario, as to an undivided 90% interest in the Property, and **ROCKEX MINING CORPORATION** ("Rockex"), a corporation incorporated under the laws of the Province of Ontario, as to the remaining undivided 10% interest in the Property

(hereinafter collectively called the "Payors")

OF THE FIRST PART

- and -

ROCKEX MINING CORPORATION, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Royalty Holder")

OF THE SECOND PART

FOR GOOD AND VALUABLE CONSIDERATION now paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereto agree as follows:

1. General.

Subject to the terms and conditions of this Agreement, the Payors, severally (each Payor as to its undivided percentage interest in the Property as such percentage interest may be at the applicable time), covenant and agree to pay to the Royalty Holder, from and after the date that the Payors commence commercial production on the Property, an NSR Royalty equal to two percent (2.0%) of the Net Smelter Returns from the Property (subject to adjustment in accordance with paragraph 12).

2. Payments.

Subject to paragraph 4 hereof, the NSR Royalty shall be calculated and paid on a calendar quarter-yearly basis during Commercial Production only.



3. Definitions.

The following words shall have the following meanings:

- (a) "**Affiliate**" of the Royalty Holder means any other person, branch or company that, directly or indirectly controls, is controlled by, or is under common control of the Royalty Holder. For purposes of this definition, "control" means the power to direct or cause the direction of the management or policies of such person, branch or company, whether through the ownership of voting securities, by contract or otherwise, and the terms "controls", "controlled by," and "under common control with" have correlative meanings.
- (b) "**Associate**" of the Royalty Holder means (i) any director or senior officer of the Royalty Holder or of any controlling shareholder thereof, (ii) any spouse, child or parent of any director or senior officer of the Royalty Holder or of any controlling shareholder thereof, or (iii) any trust in which any director or senior officer of the Royalty Holder or of any controlling shareholder thereof has a substantial beneficial interest. For purposes of this definition, "controlling shareholder" means any person who directly or indirectly holds or controls more than twenty percent (20%) of the issued and outstanding voting shares.
- (c) "**Commercial Production**" shall mean the mining, extraction, processing and recovery for sale of Minerals from the Property, excluding the taking of Minerals from the Property for the sole purpose of bulk sampling or determining the amenability of the Minerals to beneficiation processes or mining, provided that Commercial Production be deemed to have commenced upon the production of 100 ounces of gold from a property whose value is primarily dependent upon gold (or the equivalent value thereof from a property whose value is primarily dependent upon another Mineral).
- (d) "**Deemed Gross Sale Proceeds**" of Sales in respect of the disposition of Minerals shall mean and be determined by multiplying the total number of troy ounces of gold, the total number of ounces of silver and the total number of ounces, pounds, kilograms, tons, tonnes or other applicable measurement applicable to other Minerals sold or deemed sold on the day of such Sale by the following:
 - (i) in the case of gold, platinum and palladium, the arithmetic mean of the daily London Bullion Market afternoon quoting of the price per ounce for the respective Minerals for each of the days in which such price was so quoted during the applicable calendar month in which such Sale occurred; and
 - (ii) in the case of silver, copper or any other Minerals, the arithmetic mean of the daily price per ounce, pound, kilogram, ton, tonne or other applicable measurement for the applicable Mineral as quoted by the London Metal Exchange for each of the days in which such price was quoted during the applicable calendar month in which such Sale occurred provided that, in the event that the London Metal Exchange does not publish such prices or if for any reason such quotation is not available, the arithmetic mean of the daily, weekly or other periodic timing for the price per ounce, pound, kilogram, ton, tonne or other applicable measurement for the applicable Mineral as quoted during the applicable calendar month in which the Sale occurred by any major commodity market in Canada, the United States, the United Kingdom or the European Community as selected in good faith by the Payors.
- (e) "**Gross Sale Proceeds**" in respect of the disposition of Minerals shall mean and be determined as follows:



(i) For gold, silver, platinum and palladium, the Deemed Gross Sale Proceeds in respect of such Minerals at the time of the Sale of such Minerals; and

(ii) For all Minerals other than gold, silver, platinum and palladium, the actual proceeds of sale if such Sale is made to an independent refinery, smelter or other unaffiliated third-party purchaser of such Minerals, provided that if any such Minerals are not sold to an independent refinery, smelter or other unaffiliated third-party purchaser, the proceeds of such Sale shall be deemed to be the Deemed Gross Sale Proceeds thereof.

(f) "**Minerals**" shall mean all minerals, ores, concentrates, metals and other materials produced from the Property.

(g) "**Net Smelter Returns**" shall mean Gross Sales Proceeds less Permissible Deductions, except where Minerals other than gold, silver, platinum or palladium are finally disposed of by the Payors by means other than a sale to an independent refinery, smelter or other unaffiliated third-party purchaser of such Minerals then Net Smelter Returns shall be determined as follows:

(i) the recoverable marketable content of such Minerals in the ores and concentrates produced from the Property shall be determined in accordance with commonly accepted industry standards using assays or other accurate analyses regularly taken for ores or concentrates;

(ii) the recoverable marketable content of such Minerals shall be multiplied by the Deemed Gross Sale Proceeds for each of the respective Minerals on the day of sale of the subject ores and concentrates; and

(iii) the result in clause 3(g)(ii) shall be reduced by all applicable charges, royalties, taxes, costs and penalties which the Payors actually incur with respect to the disposition of the subject ores and concentrates.

(h) "**NSR Royalty**" shall mean two percent (2.0%) of the Net Smelter Returns.

(i) "**Permissible Deductions**" shall mean the aggregate of the following costs and charges (to the extent not previously deducted or accrued in computing Gross Sales Proceeds) that accrue or are paid in each monthly period:

(i) all smelting, refining, treatment, assaying, sampling, umpiring, selling and other costs, charges and penalties charged by any refinery, smelter or other unaffiliated third-party purchaser of Minerals;

(ii) all taxes paid on the production of Minerals, including but not limited to production, severance, sales and privilege taxes (except income taxes), and all local, provincial and federal royalties that are based on the production of Minerals;

(iii) after mining and milling ore to produce concentrates, all costs of loading, securing, insuring and transporting Minerals from the milling facilities to the place of beneficiation, processing or treatment and, if applicable, thence to the place of delivery thereafter, including shipping, freight, handling and forwarding expenses, and export and import taxes;

(iv) all costs or charges of any nature for or in connection with insurance,

- (v) all actual sales and brokerage costs on ores and Minerals;

provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payors in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the *Income Tax Act* (Canada)), such costs or expenses may be deducted, but only as to the lesser of the actual cost incurred by the Payors and the fair market value thereof, considering the time of such transaction and under all the circumstances thereof.

(j) "**Property**" means those mineral exploration claims identified in Exhibit A hereto and any and all claims which may be granted in lieu of, in renewal of or as an extension to, the whole or any part of, or which relate to the same ground as, the claims in Exhibit A and includes all rights to mine and other privileges appurtenant to the claims in Exhibit A and all other mineral tenures that the Payors may from time to time hold over such property or in respect thereof.

(k) "**Sales**" shall, in the case of gold, silver, platinum and palladium, mean and be deemed to have occurred, without regard to when or to whom they actually are made, upon the earliest to occur of the following:

- (i) when such Minerals (other than refined bullion, ore or concentrates) are shipped by the Payors from the Property to an independent refinery, smelter or other unaffiliated third-party purchaser;
- (ii) with respect to refined bullion produced by the Payors, the day on which the final, refined bullion was produced;
- (iii) with respect to ore produced by the Payors, three (3) business days after the ore was produced; and
- (iv) with respect to other concentrates produced by the Payors, 30 days after those concentrates have been produced.

4. **Timing of Payments.**

The NSR Royalty shall be calculated and paid within 45 days after the end of each calendar quarter-year, and shall be paid, at the option of the Royalty Holder exercised by written notice to the Payors before the first day of any applicable calendar year, either:

- (a) by cheque, cash, wire transfer or bank draft, mailed or delivered or sent to the Royalty Holder; or
- (b) for gold, platinum and palladium only, by delivery of bullion or other refined minerals to the Royalty Holder at an account maintained for the Royalty Holder at an independent refinery, or at such other place as may be designated by the Royalty Holder (the cost of such delivery to be borne by the Royalty Holder);

provided that on failure of the Royalty Holder to give any such notice, the Royalty Holder shall be deemed to have elected to receive payment pursuant to clause 4(a). Once the Royalty Holder have given notice electing to receive payment pursuant to clause 4(a) or 4(b), as the case may be, such notice shall continue to be

effective for all succeeding years until the Royalty Holder gives notice in accordance with this paragraph 4 changing its election.

Smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show how the payment was derived (the "**Statement**") shall be submitted with each such payment.

5. Provisional Payments.

In the event that final amounts required for the calculation of the NSR Royalty are not available within the time period referred to in paragraph 4 of this Agreement, then provisional amounts shall be established, the NSR Royalty shall be paid on the basis of such provisional amounts and positive or negative adjustments shall be made to the payment in the succeeding calendar quarter-year, as necessary.

6. Payments Final.

All NSR Royalty payments shall be considered final and in full satisfaction of all obligations of the Payors with respect thereto, unless the Royalty Holder delivers to the Payors a written notice (the "**Objection Notice**") describing and setting forth a specific objection to the calculation thereof within two (2) years after receipt by the Royalty Holder of the applicable Statement to which the Royalty Holder is objecting. If the Royalty Holder objects to a particular Statement as herein provided, the Royalty Holder shall, for a period of 180 days after the Payors' receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payors' accounts and records relating to the calculation of the NSR Royalty in question audited by chartered professional accountants designated by the Royalty Holder. If such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess shall be resolved by adjusting the next NSR Royalty payment due hereunder. The Royalty Holder shall pay all of the costs and expenses of such audit unless a deficiency of two percent (2%) or more of the amount due is determined to exist. The Payors shall pay the costs and expenses of such audit if a deficiency of two percent (2%) or more of the amount due is determined to exist. All books and records used and kept by the Payors to calculate the NSR Royalty due hereunder shall be kept in accordance with Canadian generally accepted accounting principles. Failure on the part of the Royalty Holder to make a claim against the Payors for adjustment in such two-year period by delivery of an Objection Notice shall conclusively establish the correctness and sufficiency of the Statement and NSR Royalty payment for such period.

7. Trading Activities.

All profits and losses resulting from the Payors engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to mineral products (collectively, "**Hedging Transactions**") are specifically excluded from calculations of the NSR Royalty pursuant to this Agreement, it being understood by the parties that both the Payors and Royalty Holder may engage in speculative hedging trading activities for their own account. All Hedging Transactions by the Payors and all profits or losses associated therewith, if any, shall be solely for the Payors' account, irrespective of whether or not mineral products are delivered in fulfilment of such obligations. When necessary to give effect to the provisions of this paragraph 7, Gross Sale Proceeds from mineral products subject to Hedging Transactions by the Payors shall be determined pursuant to the provision(s) of clause 4(b) rather than clause 4(a).

8. Stockpiling and Commingling.

The Payors may stockpile and commingle Minerals with ores, concentrates or other products not mined from the Property. The Payors shall, prior to such stockpiling or commingling, measure, weigh and analyze samples of such materials to be commingled and do so in accordance with sound mining and metallurgical practices and the Payors shall keep accurate records as a basis for computing any NSR Royalty payments. In determining which commingled materials are sold from a commingled stockpile, a "first-in, first-out" system shall be used.

9. Tailings and Waste.

All tailings or waste material shall be the property of the Payors and the Payors shall have no obligation to process or extract substances therefrom. However, if the Payors elect to extract minerals of value therefrom and utilize or sell the same, the Payors shall pay the NSR Royalty to the Royalty Holder in respect of commercial production of such minerals from such tailings or waste material. If the Payors commingle the tailings or waste material produced from the Property with tailings and waste material not produced from the Property, the Payors shall record the tonnage amount and the source and grades of such tailings and waste material prior to commingling and the NSR Royalty payments, if any, shall be based upon the *pro rata* portion of the tailings or waste material derived from the Property. The records of the Payors made in good faith shall be deemed conclusive as to the tailings or waste material attributable to each source.

10. Royalty as an Interest in the Properties.

It is the express intention of the Parties to this Agreement that the obligations hereof (i) shall constitute an interest in the Property which shall run with the land and bind successors in title to the Property, including any other form of tenure in respect thereof. Notwithstanding any other provision of this Agreement, the Royalty Holder may cause, at its own expense, the due registration or recording of notice of this Agreement against the title to any and all of the Property in such form as may reasonably be required or requested by the Royalty Holder and each of the Payors covenants and agrees that it shall co-operate with each such registration and recording and shall provide its written consent or the execution under the signature of its corporate officers of any documents or things reasonably necessary or advisable to accomplish such registration or recording in order to ensure that any successor or assignee or other acquirer of, or encumbrancer of title to, any or all of the Property, or any interest therein or any other form of tenure in respect thereof, shall have public notice of this Agreement, the terms of this Agreement and the Royalty Holder's interest in the Property.

11. Changes in Undivided Interests

The Payors acknowledge that the undivided interests in the Property are currently held by Root Lake as to an undivided 90% interest and by Rockex as to the remaining undivided 10% interest and the Payors further acknowledge that the percentages of the undivided interests held by each of Root Lake and Rockex may vary from time to time but, notwithstanding any such variations, the NSR Royalty shall be paid to the Royalty Holder in accordance with this Agreement in respect of one hundred percent (100%) of the Net Smelter Returns from the Property.

12. NSR right of first refusal

If the Royalty Holder:

- (a) receives a bona fide offer from any arm's length person (a "**Proposed Purchaser**") to purchase (either directly or indirectly) all or any part of the NSR Royalty, which offer the Royalty Holder desires to accept; or
- (b) intends to sell, assign or transfer (either directly or indirectly) all or any part of the NSR Royalty to any arm's length person (also a "**Proposed Purchaser**"),

then the Royalty Holder must first offer (the "**ROFR Offer**") the NSR Royalty in writing to Root Lake upon terms identical to those offered by the Proposed Purchaser. The ROFR Offer must specify the price and terms and conditions of such sale, assignment or transfer, the name of the Proposed Purchaser and, if the offer provides for any consideration payable otherwise than in cash, then the ROFR Offer must include a reasonable estimate of the cash equivalent of the non-cash consideration.

If, within a period of 60 days of the receipt of the ROFR Offer, Root Lake notifies the Royalty Holder in writing that Root Lake will accept the terms of the ROFR Offer, then the Royalty Holder will be bound to sell the NSR Royalty to Root Lake (or its nominated entity) on the terms and conditions of the ROFR Offer. If Root Lake fails to notify the Royalty Holder before the expiration of the 60-day period that it is prepared to accept the terms and conditions of the ROFR Offer, then the Royalty Holder may sell and transfer the NSR Royalty to the Proposed Purchaser at a price at or above the price stated in the ROFR Offer and upon terms and conditions not less favourable to the Royalty Holder or more favourable to the Proposed Purchaser than those contained in the ROFR Offer within 90 days following the 60-day period. If the Royalty Holder fails to consummate the sale, assignment, or transfer within the 90-day period, the pre-emptive right of Root Lake shall be deemed to be revived and any subsequent proposal by the Royalty Holder to sell, assign, or transfer its rights and interests shall be again subject to the provisions of this paragraph 12.

For the purposes hereof, an arm's length person includes any person other than an Affiliate or Associate of the Royalty Holder.

13. Time of the Essence

Time shall be of the essence of this Agreement.

14. Successors and Assigns

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

15. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above-written.

ROCKEX MINING CORPORATION

Per: **"Pierre Gagne"**

Pierre Gagne , President & CEO

I have authority to bind the corporation

ROOT LAKE RESOURCES LTD.

Per: **"Robert Martin"**

Robert Martin , President & CEO

I have authority to bind the corporation

hm

16. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same Agreement.

[execution page follows]

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EXHIBIT "A"

DESCRIPTION OF PROPERTY

Rockex Mining Corporation - 410638 updated: Jun 15/2023

Root Lake Project

LEGACY CLAIM	CLAIM HOLDER	%	CLIENT #	TOWNSHIP NAME	CELL CLAIM	Due Date	Work Due	Reserve
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	165495	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	194260	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	100869	05-Jul-24	\$400	\$16,165
4263714 4247984	RXM	100	410638	ROOT LAKE AREA (RL)	194259	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	159506	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	268886	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	280929	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	339884	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	100870	05-Jul-24	\$400	\$9,595
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	224923	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	268887	05-Jul-24	\$400	
4263714	RXM	100	410638	ROOT LAKE AREA (RL)	159507	05-Jul-24	\$400	
4263714 4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	165494	05-Jul-24	\$400	
4263714 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	120331	05-Jul-24	\$400	
4263714 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	159505	05-Jul-24	\$400	
4263714 4247984 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	165493	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	233644	05-Jul-24	\$200	\$20,230
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	116158	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341335	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289756	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	262824	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	179781	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	121821	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329501	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101662	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	262825	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101664	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289757	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	101663	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	166932	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	233623	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	282907	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	282906	05-Jul-24	\$400	

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4266926	RXM	100	410638	ROOT LAKE AREA (RL)	289758	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329502	05-Jul-24	\$400	
4266926 4266927	RXM	100	410638	ROOT LAKE AREA (RL)	101630	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	160940	05-Jul-24	\$200	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341337	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	329503	05-Jul-24	\$400	
4266926	RXM	100	410638	ROOT LAKE AREA (RL)	341336	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	166909	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	116132	05-Jul-24	\$400	
4266927 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	262826	05-Jul-24	\$400	
4266927 4247984 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	101451	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329467	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	282368	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	160913	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	289735	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	101629	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	282369	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	196166	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	116133	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329468	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	329469	05-Jul-24	\$400	
4266927	RXM	100	410638	ROOT LAKE AREA (RL)	160914	05-Jul-24	\$400	
4266927 4247984 4266928	RXM	100	410638	ROOT LAKE AREA (RL)	179055	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	160202	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	194977	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	116780	05-Jul-24	\$400	
04247984	RXM	100	410638	ROOT LAKE AREA (PAT)	121059	05-Jul-24	\$400	
4247984 4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	225650	05-Jul-24	\$400	
4247984 4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	116779	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	225649	05-Jul-24	\$200	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	121058	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	225651	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	179056	05-Jul-24	\$400	
4247984	RXM	100	410638	ROOT LAKE AREA (PAT)	166224	05-Jul-24	\$200	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	286299	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	286298	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	118177	05-Jul-24	\$400	

4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	266238	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	322338	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344720	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	293097	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	266239	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344721	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	226465	05-Jul-24	\$200	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	293098	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	344722	05-Jul-24	\$400	
4266928	RXM	100	410638	ROOT LAKE AREA (PAT)	322339	05-Jul-24	\$200	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731591	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731592	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731593	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731594	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731595	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731596	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731597	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731598	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731599	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731600	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731601	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731602	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731603	10-Jun-24	\$400	
Newly Staked	PG	100	134280	ROOT LAKE AREA (PAT)	731604	10-Jun-24	\$400	

1927 ha

94

\$35,800

\$45,990

80

30,200

Good for 1.5 years
vs the original 80 claims
⇒ 14 new claims need
assessment work

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SCHEDULE C

JOINT VENTURE TERMS

SECTION 1- RELATIONSHIP OF PARTIES.

- 1.1 Relationship.** The relationship of the parties in the Joint Venture shall not be, and shall not be construed to be, a partnership relationship, an agency or legal representative relationship. Except as otherwise expressly provided in this Agreement, the rights, privileges, powers, duties, liabilities and obligations of the parties shall be as tenants-in-common and not as joint tenants and shall be several and not joint or joint and several. Neither party shall have any authority to act for nor to assume any obligation or responsibility on behalf of the other party, except as otherwise expressly provided herein.
- 1.2 Title to Property.** Title to real and personal property comprising the Mining Assets shall be held (i.e. registered) on the date of formation of the Joint Venture in the name of the parties in accordance with their initial Joint Venture Interests set out in section 2.1 below and, following the Proportionate Cost Date, shall continue to be held in that manner in trust for the parties in accordance with their respective Joint Venture Interests as calculated from time to time in accordance with this Agreement.
- 1.3 Loss of Title.** Any failure or loss of title to the Mining Assets, and all costs of defending title thereto, shall be charged to the Joint Venture provided that, any failure or loss of title to the Mining Assets resulting from the negligence or wilful misconduct of the Operator, and all costs of defending title resulting therefrom, shall be charged to the Operator.
- 1.4 Operator.** The Optionee shall initially be the “Operator” and thereafter, the party with the majority Joint Venture Interest shall be the Operator as contemplated by sections 4.1 and 4.3 below.

SECTION 2- CALCULATION OF JOINT VENTURE INTERESTS.

- 2.1 Initial Joint Venture Interest.** On the date that the Joint Venture is formed and up to and including the Proportionate Cost Date, the Optionee and the Optionor are each deemed to have made initial Expenditures and hold initial Joint Venture Interests as follows:

	Optionor	Optionee	Total
Joint Venture Interest	10%	90%	100%

- 2.2 Calculation of Joint Venture Interests on Ongoing Basis.** Each of the Optionee’s and the Optionor’s Joint Venture Interest, at any time after the Proportionate Cost Date (other than during any Minority Interest Interim Period), shall be determined in accordance with the following formula:

$$JVI = (DE+AE) / (TDE+TAE), \text{ where}$$

JVI = the Joint Venture Interest of the party;

DE = the deemed Expenditures of the party, which shall be:

For the Optionee, the actual Expenditures incurred by the Optionee to the Proportionate Cost Date; and

For the Optionor, the DE for the Optionee multiplied by 1/10;

AE = the actual Expenditures incurred by the party subsequent to the Proportionate Cost Date;

TDE = the total deemed Expenditures of both parties to the Proportionate Cost Date; and

TAE = the total actual Expenditures of both parties subsequent to the Proportionate Cost Date.

- 2.3 Non-Participation.** From and after the Proportionate Cost Date, other than during any Minority Interest Interim Period, if a party elects not to participate in an Approved Program and not to contribute its proportionate share of Expenditures, or fails to notify the other party of its election within the applicable 60-day period (in which event the party electing not to participate or failing to give notice within the applicable 60-day period shall be deemed to have elected not to participate in and not to contribute its proportionate share of Expenditures), its undivided Joint Venture Interest shall abate in favour of the other party as a consequence of a recalculation of the parties' respective Joint Venture Interests in accordance with Section 2.2, above.
- 2.4 Minority Interest Interim Period.** Section 2.2 does not apply during any Minority Interest Interim Period. During any Minority Interest Interim Period, Section 11.7 will apply.

SECTION 3 - MANAGEMENT COMMITTEE.

- 3.1 Establishment.** Upon the formation of the Joint Venture and during any Minority Interest Interim Period, the Management Committee shall be comprised solely of representatives from the Optionee and shall determine and set overall policies, objectives, procedures and actions under this Agreement for the purposes of conducting the Joint Venture (to the extent not already in place). From and following the Proportionate Cost Date (other than during any Minority Interest Interim Period), the Management Committee shall be comprised of five (5) Representatives, initially being four (4) representatives appointed by the Optionee, and one (1) Representative appointed by the Optionor and, in the event that the Optionor's percentage interest in the Joint Venture increases thereafter, (a) two (2) representatives appointed by the Optionor and three (3) representative appointed by the Optionee in the event that the Optionor's interest in the Joint Venture is greater than 30% and less than 50%, (b) three (3) representatives appointed by the Optionor and two (2) representatives appointed by the Optionee in the event that the Optionor's interest in the Joint Venture is greater than 50% and less than 70%, and (c) four (4) representatives appointed by the Optionor and one (1) representative appointed by the Optionee in the event that the Optionor's interest in the Joint Venture is greater than 70% and less than 100%.
- 3.2 Powers and Obligations.** Except as expressly provided otherwise in this Agreement, the Management Committee is empowered to supervise the Operator in the management of the Joint Venture and to make all strategic and planning decisions regarding the Project and the Joint Venture. Accordingly, the Management Committee is responsible for revising, as deemed appropriate, all Mining Rights Management Plans and Work Programs submitted by the Operator (and any other material documents as may be agreed from time to time between the parties) for approval accordance with Section 3.8 and Section 5 below and for evaluating the results of all Approved Programs.
- 3.3 Calling of Meetings.** No meetings of the Management Committee need be held until the Proportionate Cost Date, and no meetings of the Management Committee need to be held during any Minority Interest Interim Period. Thereafter, meetings of the Management Committee shall be held at such time, date and place as may be determined by either party on at least 10 days' written notice to all Representatives, provided that the Management Committee shall hold regular meetings at least four times each calendar year, one of which shall be designated as the annual meeting. The Representatives attending a meeting may waive the notice period required for any meeting of the Management Committee. Any written notice must include the time, date, place and agenda of the applicable meeting. On receipt of any such written notice, the receiving party may add any item to the agenda if the receiving party notifies the other party in writing of the addition at least 5 days before the meeting. No item which is not on the agenda may be discussed without the unanimous consent of all of the

Representatives. Individuals who are officers, directors or employees of either party may attend meetings of the Management Committee without the consent of the Management Committee and individuals who are not officers, directors or employees of either party may not attend meetings of the Management Committee unless they obtain the consent of all of the members of the Management Committee.

- 3.4 Reports.** The Operator shall provide, at least 5 days before any scheduled meeting of the Management Committee, a written report setting out reasonable detail of the Mining Operations undertaken since the previous meeting, as well as the proposed timing for meetings of the Management Committee in the next 12-month period.
- 3.5 Remote Attendance at Meeting.** Any Representative may attend a meeting of the Management Committee by telephone or video conference call and such Representative is deemed to be present at such meeting.
- 3.6 Quorum at Meetings.** After the Proportionate Cost Date, the quorum for any meeting of the Management Committee shall consist of one Representative from each of the parties. If a quorum is not present at the time and place set for a meeting, then the meeting shall be adjourned to the same place and time on the same day of the following week. At the continuation of the adjourned meeting the Management Committee may conduct business as if there is quorum, if a written notice regarding the continuation of the adjourned meeting was sent to the party whose Representative did not attend the first meeting. In no other circumstance may business be transacted at a meeting of the Management Committee without a quorum being present.
- 3.7 Secretary of Meetings.** The Representatives shall appoint a secretary to act as a secretary of the Management Committee at the beginning of each meeting of the Management Committee. Such secretary shall carry out the duties of the secretary of the Management Committee until such secretary's replacement is appointed. The secretary shall prepare and maintain minutes of each meeting of the Management Committee. The secretary shall distribute to the Representatives such minutes, as soon as practicable following each meeting and in any event within thirty (30) days after the meeting. The secretary shall also maintain, and distribute to the Representatives, copies of all correspondence and instruments received, sent or signed by the Management Committee or the Representatives (when acting in the capacity of a Representative).
- 3.8 Making Decisions.** Subject to Section 3.9 below, all decisions of the Management Committee shall be by majority vote, and the Representatives of each party shall collectively have that number of votes equal to the Joint Venture Interest, from time to time, of the party who has nominated such Representatives. Each decision of the Management Committee shall be final and binding on the parties. In the event a party is in default under this Agreement, the rights of such party and its Representatives to participate in any decision-making of the Management Committee (including any decision requiring the unanimous approval pursuant to Section 3.9 below) and to attend any meeting of the Management Committee shall be suspended until such party ceases to be in default.
- 3.9 Unanimous Approval of Management Committee Required.** Notwithstanding any term in this Agreement, the Operator shall not take any of the following actions without obtaining the prior written unanimous approval of the Representatives on the Management Committee or, during a Minority Interest Interim Period, the prior written unanimous approval of the parties:
- (a) create, or permit to remain, any Encumbrances, upon any Joint Venture Asset or Joint Venture Interest;
 - (b) abandon, sell or otherwise dispose of the Project, or any part thereof, except any sale in accordance with Section 3.10 below;

- (c) settle any suit, claim or demand with respect to the Joint Venture involving an amount in excess of CAD\$20,000; or
 - (d) any other matter specifically referred to in this Schedule C as requiring unanimous approval of all the Representatives on the Management Committee.
- 3.10** Notwithstanding Section 3.9 above, the Operator may unilaterally dispose of any part of the Project by giving the non-Operator ninety (90) days' prior written notice of the proposed disposal and the terms, if any, of such proposed disposal. On receipt of such written notice, the non-Operator may elect to acquire all of that part of the Project subject to the proposed disposal by delivering a written notice to the Operator to this effect at least 10 days before the expiry of such ninety (90) day notice period. On receipt of the notice from the non-Operator, the Operator shall promptly transfer the part of the Project subject to the proposed disposal to the non-Operator. The non-Operator shall pay for all transfer costs. Upon completion of the transfer of the part of the Project subject to the proposed disposal to the non-Operator, the part of the Project subject to the proposed disposal will no longer be subject to this Agreement. The parties agree that the non-Operator will be acquiring any such Project on an "as is, where is" basis and the Operator shall have no liability with respect to same.
- 3.11 Discharge of Liability.** Each of the parties hereto hereby releases and forever discharges each Representative of the Management Committee (each a "**Member**") from any and all claims which such party may at any time hereafter have against any such Member in respect of anything done by him/her in the performance of his or her duties, and agrees to indemnify, defend and save harmless such Member from any and all actions, proceedings, suits, liabilities, claims, damages, costs, expenses, and demands brought, commenced or had against such Member in respect of anything done by him/her in good faith in the performance of his/her duties, with the intent that any claim that a party would have had against a Member but for the provisions of this Section 3.11 shall be satisfied by the party for whom such Member acted, provided that the parties do not release and discharge any Members from, nor shall any party be obliged to indemnify, defend and save harmless any Member against, the willful misconduct or gross negligence of such Member. The provisions of this Section 3.11 shall survive the termination of this Agreement and may be relied upon by anyone who, from time to time, acts as a Member. Any party may enforce the provisions of this Section 3.11 on behalf of its Member.

SECTION 4- THE OPERATOR, ITS POWERS AND OBLIGATIONS.

- 4.1 Appointment of Initial Operator.** Upon the formation of the Joint Venture, the Optionee shall automatically become the first Operator. The Optionee shall continue to retain the right to be the Operator or appoint the Operator on 90 days' written notice to the Optionor so long as the Optionee's Joint Venture Interest is not less than 50%. In the event that the Optionee's Joint Venture Interest is less than 50% or that the Optionee provides written notice to the Optionor that it elects not to be the Operator, then the Operator will be appointed by the Management Committee.
- 4.2 Standard of Performance.** The Operator shall carry out all Mining Operations under each Approved Program efficiently and safely in accordance with Good Industry Practice and not exceed the Approved Program budget by more than 20.0% or change the scope of the Approved Program without prior approval of the Management Committee. The Operator shall ensure that all reclamation, rehabilitation, environmental protection and safety measures required by Law with respect to Mining Operations are carried out in accordance with the then current requirements of all Environmental Laws. The Operator and its Affiliates, and each of their respective directors, officers and employees, shall not be liable to the other party for any losses, costs (including legal costs on a full indemnity basis), claims or damages which such other party suffers, sustains, pays or incurs in relation to the Operator's discharge of its responsibilities done in good faith as Operator, except that the Operator shall indemnify and save harmless the other party from and against such losses, costs (including legal costs on a full indemnity



basis), claims and damages to the extent they result from the negligence or willful misconduct of the Operator, its Affiliates or their respective directors, officers or employees.

4.3 Resignation and Replacement. Upon 90 days' written notice, the Operator may resign as Operator upon notifying the non-Operator in writing of its resignation at any time after a Program has been approved by the Management Committee but before the commencement of the implementation of such Program, or at any time if no Program is being carried out at that time. Subject to Section 4.1 above, the Management Committee shall have the right to replace the Operator and appoint a new Operator if:

- (a) the Operator defaults in its obligations as operator hereunder in any material respect and fails to commence and diligently prosecute measures to remedy such default within thirty (30) days after the non-Operator shall have given written notice to the Operator of such default specifying in such notice the nature of the default; or
- (b) the Joint Venture Interest of the Operator becomes less than fifty percent (50%).

On any change or replacement of the Operator, the retiring Operator shall transfer all data, documents, reports, records, accounts, samples and assays in its possession or control, and relating to the Mining Operations or the Project, to the incoming Operator. The resigning Operator shall ensure that the Project is in good standing for a period of not less than six (6) months or otherwise for the balance of the Approved Program.

4.4 Powers and Obligations. Subject to the approval rights of the Management Committee provided in Section 5, the powers and obligations of the Operator shall be as follows:

- (a) to manage the Joint Venture and conduct, or cause to be conducted, all Mining Operations performed in accordance with the standard of performance set out in Section 4.2 of this Schedule C; and
- (b) subject to Section 3.9, to pay all applicable fees, taxes, assessments and other similar governmental charges lawfully levied or assessed against the Project in order to maintain the Project and every portion thereof in good standing to the extent such payment has been included in the relevant Approved Program, and funded in accordance with this Agreement. The Operator is not obliged, however, to make any such payment if such payment is being contested in good faith and the non-payment thereof does not materially adversely affect the Project. The Operator shall, on a timely basis, record and file with the appropriate governmental office or any appropriate Person any required affidavits, notices and other documents in proper form attesting to the payment of such fees and the performance of such work, in each case, in sufficient detail to reflect compliance with the applicable Laws.

4.5 Access Rights. The Operator, its representatives, employees, agents and contractors shall nevertheless have the right, to the exclusion of any third parties (but not to the exclusion of the parties hereto acting in accordance with this Agreement), to:

- (a) Enter in, under or on the Project and have quiet possession thereof;
- (b) Conduct exploration work on the Project, including the removal of soil samples, drilling samples and bulk samples from the Project for the purposes of testing and assaying; and
- (c) Bring upon and erect upon the Project such equipment, structures and other facilities as may be necessary or advisable to conduct exploration work on the Project.

- 4.6 **Sale of Mining Assets.** Subject to Section 3.9 and 3.10, the Operator may from time to time sell or otherwise dispose of such part of the Mining Assets (other than the Mining Rights) as are no longer required for Joint Venture operations if the proceeds of the sale is less than CAD\$20,000. The Operator shall pay the net proceeds received in respect of such Mining Assets, if any, to the parties in proportion to their respective Joint Venture Interests.
- 4.7 **Project Consolidation.** Subject to Section 3.9 and 3.10, the Management Committee may abandon any Mining Rights forming part of the Project. Areas outside the boundaries of the Project which are owned by a party as of the date of this Agreement are not subject to an "area of interest" obligation, and may be operated independently by a party, and if the Management Committee chooses to abandon any Mining Rights, the property or royalty interest acquired independently by a party (other than the Operator) may be retained by such party (other than the Operator) or such abandoned Mining Rights may be pursued by either party (except if the party is the Operator) without any obligation to account to the other party or to the Joint Venture.
- 4.8 **ASX Listing Rules.** If any party to the Joint Venture is admitted on the official list of ASX, the Operator must provide that party all the information the party requires in order to comply with the ASX Listing Rules and such information may be given for release to the market if necessary for the party to comply with the ASX Listing Rules.

SECTION 5 - APPROVAL OF PROGRAMS.

- 5.1 **Submission by the Operator.** The Operator will submit to the Management Committee or, during any Minority Interest Interim Period, to the parties, within forty-five (45) days prior to each anniversary of the JV Commencement Date (or such other period as may be agreed between the Operator and the members of the Management Committee), proposed drafts of the following:
- (a) an account of the Project Maintenance Costs for the following year, accompanied by written recommendations for the management of Mining Rights, which may include recommendations to dispose of or to pay fees in lieu of work for certain Mining Rights that require payment of fees in lieu of work in order to be maintained, and may include recommendations to abandon any Mining Rights forming part of the Project (the "**Mining Rights Management Plan**"); and
 - (b) an outline of all Mining Operations and Expenditures which the Operator contemplates carrying out or incurring for the next 12-month period in respect of the Project, such program shall include the minimum Expenditures required to comply with the Mining Rights Management Plan, a description of proposed work plan and rationale, detailed quarterly budget, and if subsequent to the Proportionate Cost Date, a funding request to the non-Operator for each such quarter (the "**Work Program**").
- 5.2 **Approval of Mining Rights Management Plan and Work Program.** The Management Committee will review the proposed Mining Rights Management Plan and Work Program and, within 30 days of the submission, shall then call a Management Committee meeting in accordance with Section 3.3 for purposes of reviewing and voting upon the proposed Mining Rights Management Plan and Work Program to be funded for the ensuing period. The Mining Rights Management Plan and Work Program approved by the Management Committee shall be referred to as the "**Approved Program**".
- 5.3 **Procedure for Funding Expenditures.** The Optionor shall have a carried interest and shall not be required to fund any Mining Operations until the Proportionate Cost Date. The Optionor shall also not be required to fund any Mining Operations during any Minority Interest Interim Period. At all other times, in accordance with the Mining Operations and Expenditures included in an Approved Program, the Operator will submit to the non-Operator, 60 days prior to the first day of the period in which an

Approved Program is to be conducted, a funding request for the work to be conducted in the ensuing quarter in respect of such Mining Operations and Expenditures and the non-Operator shall either (a) advance such amount within 30 days of receipt of such funding request for the Approved Program from the Operator, or (b) notify the Operator that it elects not to participate in and not to contribute its proportionate share of Expenditures, in which case section 2.2 and 2.3 will apply. The Operator will have full rights and the obligation to operate the Joint Venture Account in accordance with the Approved Programs, including with respect to the disbursement of the proceeds from the Joint Venture Account which shall only be made in accordance with the applicable Approved Program. As part of the Mining Operations, the Operator will declare any agreements for any goods or services procurement initiative conducted by the Operator which are (i) not at arms' length; or (ii) in an amount greater than CAD\$100,000, and in any of these cases, the Operator shall obtain at least two quotes from arms' length parties and submit such quotes to the Management Committee for consideration in accordance with Section 5 above and the Management Committee shall not approve any non-arms' length agreements unless such non-arms' length agreements are at prices and on terms more favourable than any arms' length quotes.

SECTION 6 - INSURANCE PROCEEDS.

- 6.1 Once the Joint Venture is formed, the Operator shall apply, to the extent determined by the Operator, any insurance proceeds received by the Operator in respect of any loss or damage to Mining Assets towards the repair or replacement of the lost or damaged Mining Assets. The Operator shall pay the remaining insurance proceeds received in respect of such Mining Assets, if any, to the parties in proportion to their respective Joint Venture Interests at the time of the event giving rise to such insurance proceeds.

SECTION 7- SETTLEMENT PAYMENTS.

- 7.1 All losses, costs, expenses, claims or damages, including legal fees and disbursements, net of any insurance proceeds, incurred and paid by the Operator in settlement of any claim (including a payment made, or an action taken, by the Operator as a result of an action of a governmental agency) shall constitute an Expenditure made by the Operator under the applicable Program.

SECTION 8 - LIABILITY OF OPERATOR.

- 8.1 The Operator shall not be liable to the non-Operator for any loss, cost, expense, claim or damage, including legal fees and disbursements, (including a payment made, or an action taken, by the Operator as a result of an action of a governmental agency) for any actions, decisions or operations undertaken by the Operator in good faith except to the extent that such loss, cost, expense, claim or damage is attributable to the negligence or willful misconduct of the Operator. In no event (except in the event of a fundamental breach or willful misconduct) shall the Operator be liable to the non-Operator for any indirect, special or consequential damages (including for loss of goodwill, loss of actual or anticipated profits or other economic loss), even if the Operator has been advised of the potential for such damages.

SECTION 9 - INCORPORATION OF PROVISIONS FROM AGREEMENT.

- 9.1 **Definitions.** All words and terms defined in the Agreement and not otherwise defined herein shall have the same meaning herein as in the Agreement, *mutatis mutandis*.

SECTION 10 - NO PARTITION.

- 10.1** No party may seek or obtain partition of any of the Mining Assets, including the Project, or any interest therein whether by way of physical partition, sale or otherwise. No statute, regulation or law providing for partition, or partition and sale, shall apply to any of the Mining Assets.

SECTION 11 – ASSIGNMENT & RIGHT OF FIRST REFUSAL

11.1 Restriction on Assignment

- (a) The Optionor may not Assign the whole or any part of its Joint Venture Interest otherwise than:
- (i) as expressly permitted by this Agreement; or
 - (ii) with the prior written consent of the Optionee, which the Optionee may give or refuse in its absolute discretion.
- (b) Any purported dealing by any party with its Joint Venture Interest contrary to this Agreement is void.
- (c) The Optionor, may at any time without obtaining the prior consent of the Optionee, Assign the whole (but not part) of its Joint Venture Interest to an Affiliate. If the Optionor Assigns the whole of its Joint Venture Interest to an Affiliate, then the Optionor:
- (i) must, within fourteen (14) days following the date of the Assignment, notify the Optionee of the identity of the Assignee and its relationship to the Optionor;
 - (ii) must, by the time that the Affiliate to which the whole of its Joint Venture Interest has been Assigned ceases to be a Related Body Corporate of the Optionor, ensure that all the rights Assigned to that Affiliate have been re-Assigned to the Optionor or Assigned to another Affiliate of the Optionor.

For the avoidance of doubt, section 11.3 applies to an Assignment under this section 11.1(c) and an Assignment made pursuant to this section 11.1(c) is free of any rights of pre-emption set out in this Agreement.

11.2 Right of First Refusal

- (a) Except as provided in section 11.7 hereof, the Optionee has the right of pre-emption on the terms and conditions set out in this section in respect of a sale of the whole or any part of the Joint Venture Interest (but, for certainty, not with respect to the Consideration Royalty or the NSR Royalty other than as expressly provided for in Schedule B) by the Optionee.
- (b) Where the Optionor receives a bona fide offer to purchase, dispose of or farm-in to, the whole or part of its Joint Venture Interest which it is willing to accept and sell, dispose of or farm-out (the “**Third Party Offer**”), for any consideration to the Joint Venture or the Optionor in whatever form and over any period (including immediate cash, deferred cash, royalty, net smelter return, net profit interest and the like, and including payment of expenditure on exploration) the Optionor must promptly send written notice to the Optionee of the Third Party Offer and make the same offer to the Optionee (such offer made by the Optionor to the Optionee, the “**Offer**”).

- (c) The Offer must:
- (i) set out all of the details of the Third Party Offer, including the identity of the proposed acquirer (if then known), to enable an assessment of the acquirer's financial standing including, where applicable, details of the financial standing of the acquirer's ultimate holding company, and any proposed ultimate holding company guarantees; and
 - (ii) attach a copy of all of the documents setting out the Third Party Offer.
- (d) The Optionee has the right for a period of 60 days following receipt of an Offer (the "**Option Period**") to provide written notice to the Optionor that the Optionee:
- (i) accepts the Offer: or
 - (ii) does not accept the Offer,
- failing which, the Optionee will automatically be deemed to have not accepted the Offer with effect on the expiry of the Option Period.
- (e) If the Optionee accepts the Offer during the Option Period in accordance with sub-section (d)(i) immediately above, the Optionor must complete the Offer in accordance with its terms.
- (f) If the Optionee does not (or is deemed to not) accept the Offer during the Option Period in accordance with sub-section (d)(i) immediately above, following the earlier of the Optionee providing notice in accordance with sub-section (d)(ii) above and the expiry of Option Period (such earlier date, the "**Opportunity Date**"), the Optionor shall have the right, exercisable within 90 days from the Opportunity Date and, subject to subsequent completion and delivery of the required assignment documentation specified in this Agreement, if and when applicable, to accept the Third Party Offer and proceed with the implementation thereof including, where applicable, any assignment of its Joint Venture Interest to the prospective acquirer at a price and subject to the terms and conditions of the Third Party Offer which are no more favourable to the third party than the price, terms and conditions set out in the Offer.
- (g) In the event that the Optionor's Joint Venture Interest is equal to or greater than twenty percent (20%), the Optionor shall have the same rights of first refusal on the Optionee's Joint Venture Interest as the Optionee has on the Optionor's Interest and sections 11.2(a) through 11.2(f) shall apply *mutatis mutandis* to any offer a *bona fide* offer made to the Optionee to purchase, dispose of or farm-in to, the whole or part of its Joint Venture Interest which it is willing to accept.

11.3 Requirements of Assignee on Assignment by Optionor

Any permitted assignment of a Joint Venture Interest under this Agreement to any person other than the Optionee (an "**Assignee**") will be subject to and will only become effective if:

- (a) the Optionor has paid, or the Assignee agrees to pay, all Called Sums that are due and payable and other outstanding funding amounts under this Agreement and is not otherwise in material breach thereof or the Assignee agrees to remedy any such breach;
- (b) the Assignee has executed and delivered to the Optionee a form of assumption deed approved by the Optionee (which approval must not be unreasonably withheld, conditioned or delayed) under which the Assignee agrees to assume the obligations of the Optionor under, and be

bound by the terms and conditions of, this Agreement, to the extent of the Joint Venture Interest being assigned; and

- (c) all necessary government consents, approvals and authorisations have been obtained.

11.4 Requirements of Assignee on Assignment by Optionee

Any permitted assignment of a Joint Venture Interest under this Agreement to any person other than the Optionor (an "**Optionee Assignee**") will be subject to and will only become effective if:

- (a) the Optionee has paid, or the Optionee Assignee agrees to pay, all Called Sums that are due and payable and other outstanding funding amounts under this Agreement and is not otherwise in material breach thereof or the Optionee Assignee agrees to remedy any such breach;
- (b) the Optionee Assignee has executed and delivered to the Optionor a form of assumption deed approved by the Optionor (which approval must not be unreasonably withheld, conditioned or delayed) under which the Optionee Assignee agrees to assume the obligations of the Optionee under, and be bound by the terms and conditions of, this Agreement, to the extent of the Joint Venture Interest being assigned; and
- (c) all necessary government consents, approvals and authorisations have been obtained.

11.5 Removal of liens

In the event that a party no longer has any interest under this Agreement or the Project against which a lien is lodged, that party must do all things necessary to promptly withdraw any liens lodged against the Project.

11.6 Party ceasing to be a party

- (a) If an assignment of the whole or part of a Joint Venture Interest is made by a party in accordance with this Agreement that party is released from its obligations under this Agreement arising after the assignment to the extent of the Joint Venture Interest which is assigned, other than (i) any Called Sums which are unpaid at the time of the assignment unless the Assignee or Optionee Assignee, as the case may be, pays such Called Sums, (ii) any material breaches of any terms hereof unless the Assignee or Optionee Assignee, as the case may be, remedies such breaches, and (iii) the obligations of confidentiality contained in this Agreement.
- (b) If a party ceases to be a party, that person is not relieved of any liability under this Agreement which was incurred or arose on or before the date when it ceased to be a party, unless this Agreement otherwise provides.

11.7 Purchase of Minority Interest.

- (a) At any time after the Optionee makes a Final Investment Decision and before the commencement of Commercial Production, the Optionor shall have the right to elect, exercisable by written notice to the Optionee (the date of such notice, the "**Purchase Election Date**"), to have its Joint Venture Interest purchased by the Optionee at the Fair Market Value of such Joint Venture Interest as determined in accordance with section 11.8 hereof and the Optionee shall have the right and option, exercisable by notice to the Optionor within twelve (12) months after the Purchase Election Date, to purchase the Optionor's Joint

Venture Interest at such Fair Market Value, which Fair Market Value shall be paid by the Optionee to the Optionor in accordance with section 11.7(d) hereof.

- (b) On the date on which the Optionor gives notice of its election to have its Joint Venture Interest purchased by the Optionee in accordance with section 11.7(a), the Optionor's Joint Venture Interest will revert to a carried interest (retroactively back to the Proportionate Cost Date) until the earlier of (i) the date on which the Optionee completes the purchase of the Optionor's Joint Venture Interest in accordance with this section 11.7, or (ii) the Optionee's purchase rights are terminated pursuant to section 11.7(e) below (the period of such carried interest being the "**Minority Interest Interim Period**").
- (c) During the Minority Interest Interim Period, the Optionor shall not be required to fund its share of Expenditures (the "**Optionor's Share**") in accordance with its Joint Venture Interest, and the Optionee must instead undertake to pay the Optionor's Share of such Expenditures. All of the Optionor's Share of Expenditures undertaken by the Optionee in respect of the Joint Venture Interest of the Optionor during any Minority Interest Interim Period are to be accrued and settled by the Optionor taking in kind the Optionor's Joint Venture Interest of Products produced under the Joint Venture and the Optionor paying to the Optionee the sale proceeds received by the Optionor from the sale of its Joint Venture Interest of Products produced under the Joint Venture to the amount of the Optionor's Share of Expenditures paid by the Optionee (without interest on the unpaid amount), provided that the Optionor may at any time or from time to time prepay the whole or any part of the unpaid amount of the Optionor's Share of Expenditures paid by the Optionee hereunder.
- (d) Where the Optionee has elected to purchase the Optionor's Joint Venture Interest pursuant to section 11.7(d), the Optionor shall have no liability for the Optionor's Share and the Fair Market Value (for the avoidance of doubt, without any set-off or abatement for the Optionor's Share) shall be paid by the Optionee in sixty (60) equal consecutive monthly instalments (each an "**Instalment**") payable on the last day of each month over a period of five (5) years commencing within twelve (12) months after the date on which the Optionor gives notice of its election to have its Joint Venture Interest purchased by the Optionee in accordance with this section 11.7; provided that (i) the Optionee may prepay (in reverse order of maturity) any or all of the unpaid monthly Instalments at any time or from time to time without notice, bonus or penalty; (ii) as each such Instalment is paid by the Optionee to the Optionor on or before its due date, the Optionor's Joint Venture Interest shall be proportionately reduced by one (1) sixtieth (1/60) for each such paid Instalment; (iii) in the event of Commercial Production during any month when any Instalments remain unpaid, the Optionor shall be entitled to receive in accordance with section 14.1 hereof its proportionate share of the Products produced under the Joint Venture during that month, (iv) interest shall be payable on each Instalment not paid on or before its due date, calculated at the prime rate of the Bank of Canada plus five percent per annum from such due date until paid, accruing daily and compounding annually until paid.
- (e) In the event that the Optionee has exercised its option to purchase the Optionor's Joint Venture Interest in accordance with this section 11.7 and either (i) the Optionee does not commence to pay Instalments for its purchase of the Optionor's Joint Venture Interest within twelve (12) months after the Purchase Election Date or (ii) the Optionee defaults in the payment of six (6) or more Instalments, the Optionor shall have the right at its sole option (i) to sell its Joint Venture Interest to a third party without the Optionee's consent under section 11.1(a)(ii) hereof and without the Optionee having a pre-emptive right or right of first refusal under section 11.2 hereof and/or (ii) to terminate the Optionee's purchase rights which have not been completed under section 11.7(d) hereof. For the avoidance of doubt, this section 11.7 will be of no further force or effect following the completion of the sale of the Optionor's Joint Venture Interest to a third party in accordance with this section 11.7(e).



- (f) Notwithstanding the foregoing terms of section 11.7(d) above, in the event that pursuant to section 11.8 below the Fair Market Value of the Project is determined to be greater than CAD\$250,000,000 and the estimated mine life of the Project which is the subject of the Final Investment Decision is greater than ten (10) years then (i) the number of Instalments shall be one hundred and twenty (120), (ii) the Instalments shall be paid over a period of ten (10) years, and (iii) the proportionate reduction of the Optionor's Joint Venture Interest shall be one (1) one hundred and twentieth (1/120) for each Instalment paid.

11.8 Fair Market Value Determination

- (a) This section 11.8 applies where a determination of Fair Market Value of the Joint Venture Interest or JVI of a party is required under section 11.7.
- (b) For the purposes of a purchase of the Optionor's Joint Venture Interest pursuant to section 11.7 at any time within twelve (12) months after completion of the feasibility study used by the Optionee to make its Final Investment Decision, the fair market value of the Joint Venture shall be based on the feasibility study (including the net present value set out therein) used by the Optionee to make its Final Investment Decision.
- (c) For the purposes of a purchase of the Optionor's Joint Venture Interest pursuant to section 11.7 at any time more than twelve (12) months after completion of the feasibility study used by the Optionee to make its Final Investment Decision, the fair market value of the Joint Venture shall include appropriate adjustments for more recent or updated technical reports prepared by the Optionee or the Optionor in compliance with the JORC Code.
- (d) Within thirty (30) days after the requirement to determine the fair market value of the Joint Venture pursuant to section 11.7, each of the Optionor and the Optionee shall use their best endeavours to appoint one independent chartered accountant or investment banker of good standing with relevant experience in the valuation of mining projects ("**Experts**") to independently determine the fair market value of the Joint Venture based on the following valuation principles:
- (i) each Expert shall value the Joint Venture as a whole;
 - (ii) each Expert shall make its valuation applying the methods and procedures set down from time to time by applicable professional associations such as (but not limited to) the Australasian Institute of Mining and Metallurgy on the basis of the price that would be paid by a willing but not anxious buyer to a willing but not anxious seller dealing at arm's length;
 - (iii) such valuation shall take into account all liabilities associated with the Joint Venture (including the Project) that the transferee will need to assume;
 - (iv) in the event that the Experts refer to or base their opinion on any feasibility study or technical report which has an effective date more than twelve (12) months prior to the effective date of the determination of the Fair Market Value, the prices of minerals, the costs of construction and other factors shall be adjusted for changes in such factors as the Experts in their respective expert opinions determine to be appropriate;
 - (v) such valuation shall be made without reference to any synergistic benefits that the transferee might obtain from an acquisition of the relevant Joint Venture Interest; and
 - (vi) the fair market value of a party's Joint Venture Interest (the "**Fair Market Value**") shall be the proportion of the value of the Joint Venture as is represented by the Joint Venture Interest (for

example, if a party's Joint Venture Interest is 10%, the Fair Market Value of its Joint Venture Interest is 10% of the fair market value of the Joint Venture).

- (e) The fair market value of the Joint Venture shall be determined by taking the arithmetic average of the fair market values of the Joint Venture determined by each of the two appointed Experts.
- (f) The Optionor and the Optionee undertake to sign the Experts' terms of engagement, provided that the terms of engagement are not inconsistent with this section 11.8.
- (g) The Optionor and the Optionee shall instruct the Experts to:
 - (i) accept submissions from each party made within 10 days of the date of the appointment of the second Expert;
 - (ii) determine the fair market value of the Joint Venture in accordance with the valuation principles in section 11.8(d) and the other terms set out in this section 11.8; and
 - (iii) issue to the Optionor and the Optionee a certificate, report or opinion specifying the fair market value of the Joint Venture determined by the Expert as soon as practicable and in any event within 30 days following the Expert's appointment.
- (h) The Optionor and the Optionee must procure that the Operator provides the Expert with full access at all reasonable times to the financial records and other records of the Joint Venture and the joint venture activities, including the technical reports referred to in section 11.8(b) and section 11.8(c), as applicable.
- (i) The Optionor and the Optionee must, and must procure that the Operator, promptly provides all information and assistance reasonably requested by an Expert.
- (j) The Optionor and the Optionee agree that:
 - (i) in determining the fair market value of the Joint Venture and the Fair Market Value of a Joint Venture Interest, each Expert acts as an expert and not as an arbitrator; and
 - (ii) the decision of the Experts, as set out in the certificates, reports and opinions provided under section 11.8(g)(iii), is final and binding on each of the Optionor and the Optionee in the absence of fraud or manifest error.
- (k) Unless otherwise stated in this Agreement, the Optionor and the Optionee must equally bear the costs of the Experts.
- (l) In the event that either the Optionee or the Optionor does not appoint an Expert in accordance with and within the time provided for in clause (d) above, the other of the Optionee or the Optionor may, on notice to the other of them, in accordance with section 10.8 of the Option Agreement apply to the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada, for such appointment from a list of potential Experts provided by either party.

SECTION 12 - NO RESTRICTION ON OTHER ACTIVITIES.

- 12.1** Each party has the unrestricted right to engage in, and receive the full benefit of, any activity outside the scope of the Joint Venture (for clarity and certainty, acquiring surface rights or access rights for the Project or for Mining Assets or Mining Operations shall not be outside the scope of the Joint Venture), or any and all past and present business endeavours of any sort whatsoever, whether or not competitive

with the Joint Venture, without consulting with, or accounting to, the other party, or permitting the other party to participate in such activity, or provide the other party any information related to such activity. Neither party shall be under any fiduciary or other duty to the other party which will prevent it from engaging or enjoying the benefits of competing endeavours, regardless of whether or not a party has access to or knowledge derived from such endeavours and utilizes such information for its own use and benefit, including, but not limited to, any acquisition of any mineral or other property or rights. For greater certainty, the legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to Persons occupying a joint venture or other fiduciary status shall not apply in the case of any other endeavours of a party.

SECTION 13 - TERM AND TERMINATION.

13.1 Term. The Agreement shall remain in force and effect until either the Optionor or the Optionee ceases to hold any Joint Venture Interest, unless terminated by either party in accordance with Section 13.2 below.

13.2 Termination Rights. The Agreement may be terminated by written agreement of the parties.

13.3 Upon termination of the Joint Venture, the Operator may take any actions necessary or desirable to wind up the Joint Venture. All costs, charges and expenses of winding up the Joint Venture (including in respect of any reclamation) shall be made from the Joint Venture Account and the parties shall divide the Mining Assets in proportion to their Joint Venture Interests, although any loans advanced to the Joint Venture by a party shall be satisfied before any other distribution of assets is made to the parties. Once the said costs, charges and expenses have been paid in full, the Operator may sell the Mining Assets in whole at any time or in part from time to time (with the prior approval of the non-Operator, where any Mining Assets are sold in a transaction or series of transactions to a purchaser or related group of purchasers for an amount in excess of CAD\$100,000) or distribute the Mining Assets to the parties in kind.

SECTION 14 - DISPOSITION OF PRODUCTS

14.1 Taking in Kind. Each party shall take in kind and separately dispose of its proportionate share of the Products produced under the Joint Venture provided that the Optionor shall have the right and option at any time and from time to time to elect to have the Optionee dispose of the Optionor's proportionate share of the Products produced by the Joint Venture commingled with, and at the same time, pricing and terms as, the Products the Optionee is disposing of from its share of the Products produced under the Joint Venture.

