

JOINT VENTURE AGREEMENT

BETWEEN

NEWTON GOLD CORP.

- and -

AMARC RESOURCES LTD.

Executed on June 30, 2011 but effective May 16, 2011

Newton Mineral Property

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- Exhibit A – Property Description
- Exhibit B – Underlying Agreement
- Exhibit C - Accounting Procedure
- Exhibit D – Net Profits Interest

JOINT VENTURE AGREEMENT

THIS VENTURE AGREEMENT is executed on June 30, 2011 but effective May 16, 2011

BETWEEN:

NEWTON GOLD CORP., a corporation incorporated under the laws of the Province of British Columbia

("NGC")

AND:

AMARC RESOURCES LTD., a corporation incorporated under the laws of the Province of British Columbia

("Amarc")

WHEREAS:

(A) Pursuant to a Mineral Property Option And Joint Venture Agreement (the "Option Agreement") dated for reference June 22, 2009, Amarc has acquired from NGC (formerly named High Ridge Resources Inc.) 80% of its right, title and interest in and to certain mineral claims known as the Newton Property situated in the Clinton Mining Division, British Columbia which are described in Exhibit A and are defined in Section 1.1(ff) below.

(B) Pursuant to the Option Agreement, Amarc and NGC are each contributing their interests in the Property and Assets to the Joint Venture formed by this Agreement and have agreed to participate in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Property.

NOW THEREFORE, in consideration of the covenants and terms contained herein, NGC and Amarc agree as follows:

1. DEFINITIONS

1.1 Cross-references in this Agreement to Sections, Subsections and Exhibits refer to Sections, Subsections and Exhibits of this Agreement, unless specified otherwise. Any capitalized terms not defined herein have the meaning set forth in the Option.

(a) "**Accounting Procedure**" means the procedure set forth in Exhibit C.

(b) "**Affiliate**" of a Participant means an entity or person that Controls, is Controlled by, or is under common Control with the Participant through direct or indirect ownership of greater than fifty percent (50%) of equity or voting interest.

- (c) “**Agreement**” means this Joint Venture Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.
- (d) “**Assets**” means the Party’s interest in the Property, the Royalty Buy Back Right, Products, and all other real and personal property, tangible and intangible, held for the benefit of the Participants hereunder.
- (e) “**Budget**” means a detailed estimate of all costs to be incurred by the Participants with respect to a Program and a schedule of cash advances to be made.
- (f) “**Claims**” means the mineral claims comprising the Property described in Exhibit A to this Agreement, all of which are located in the Clinton Mining Division, British Columbia.
- (g) “**Continuing Obligations**” means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Property have ceased or are suspended, including, but not limited to, Environmental Compliance.
- (h) “**Control**” used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through (i) the legal or beneficial ownership of voting securities or membership interests; (ii) the right to appoint managers, directors or corporate management; (iii) contract; (iv) operating agreement; (v) voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and “Control” used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.
- (i) “**Development**” means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products.
- (j) “**Effective Date**” means the date set forth in Section 3.5 of this Agreement.
- (k) “**Encumbrance**” or “**Encumbrances**” means mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature.
- (l) “**Environmental Compliance**” means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Property or other compliance with Environmental Laws.
- (m) “**Environmental Laws**” means Laws aimed at reclamation or restoration of the Property; 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.

(n) “**Environmental Liabilities**” means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts’ fees and costs, and consultants’ fees and costs) of any kind or of any nature whatsoever that are asserted against either Participant, by any person or entity other than the other Participant, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Property and/or emanating or migrating and/or threatening to emanate or migrate from the Property to off-site Property; (ii) physical disturbance of the environment caused by Operations; or (iii) the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

(o) “**Existing Data**” means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other material or information relating to the Property.

(p) “**Exploration**” means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products.

(q) “**Feasibility Report**” means that document or those documents consisting of reports, estimates, studies and financial analyses which together examine the feasibility of bringing into commercial production a deposit of minerals and the feasibility shall include at least the following information: (i) a description of that part of the Property to be utilized by the proposed mine; (ii) the estimate of recoverable reserves and the estimated composition and metal content thereof; (iii) the proposed procedure for development, mining and production; (iv) results of any metallurgical tests; (v) the nature and extent of the facilities proposed to be acquired which may include mill or plant facilities, if the size, extent and location of the ore body makes such mill or plant facilities feasible, in which event the report shall also include a flow sheet; (vi) the estimated capital and operating costs which are reasonably required to purchase, construct and install and operate all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements; (vii) an economic evaluation of the project, including sensitivity analysis; (viii) the present and anticipated

environmental conditions and estimated environmental protection/remediation costs; (ix) the anticipated completion date; (x) such other data and information as the Manager considers reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify development of a mine, taking into account all relevant business, tax and other economic considerations; and (xi) the estimated working capital requirements for the initial four months of operation following the completion date or such longer period as the Manager considers reasonably justified in the circumstances.

(r) “**Government Fees**” means all rentals, holding fees, location fees, maintenance payments or other payments required by any law, rule or regulation to be paid to a federal, provincial or territorial government, in order to locate or maintain any mining leases or surface leases, Claims or other tenures included in the Property.

(s) “**Initial Contribution**” means that contribution each Participant agrees to make, or is deemed to have made, pursuant to Section 5.1.

(t) “**Joint Account**” means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.

(u) “**Law**” or “**Laws**” means all federal, provincial, territorial and local 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 Property 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.

(v) “**Management Committee**” means the committee established under Section 7.

(w) “**Manager**” means the person or entity appointed under Section 8 to manage Operations, or any successor Manager.

(x) “**Mining**” means the mining, extracting, producing, handling, milling, or other processing of Products.

(y) “**Net Profits Interest**” shall have the meaning specified in Exhibit D attached hereto.

(z) “**Operations**” means the activities carried out under this Agreement.

(aa) “**Option Agreement**” means the Mineral Property Option And Joint Venture Agreement dated for reference June 22, 2009 pursuant to which the parties agreed to enter into this Joint Venture Agreement in the event that Amarc exercised its option and acquired 80% of the right, title and interest of NGC in and to the Property;

(bb) “**Participant**” and “**Participants**” mean the persons or entities that from time to time have Participating Interests.

(cc) “**Participating Interest**” means the percentage interest representing the ownership interest of a Participant in the Assets, and in all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder. Participating Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01; decimals of less than .005 shall be rounded down. The initial Participating Interests of the Participants are set forth in Section 6.1(a).

(dd) “**Products**” means all metals, ores, concentrates, minerals, and mineral resources, including materials derived from the foregoing, produced from the Property under this Agreement.

(ee) “**Program**” means a description in reasonable detail of Operations to be conducted by the Manager, as described in Section 9.

(ff) “**Property**” means the mineral claims described on Exhibit A attached hereto subject to the obligations of the Underlying Agreement.

(gg) “**Royalty**” means the net smelter returns royalty in the amount of two percent (2%) on production from the Property on the terms set out in the Underlying Agreement.

(hh) “**Royalty Buy-Back Right**” means the right of NGC to purchase the Royalty from the Underlying Owners on the terms set out in Section 6.1 of the Underlying Agreement.

(ii) “**Underlying Agreement**” means the Option Agreement dated for reference June 26, 2004 between the Underlying Owners and NGC (as assignee of the original counterparty Tywell Management Inc.) pursuant to which NGC was granted the option to acquire 100% of the right, title and interest in and to the Property, subject to the Royalty, and the Royalty Buy Back Right.

(jj) “**Underlying Owners**” means Andrew Schmidt and Rudi Durfeld.

(kk) “**Venture**” means the contractual relationship of the parties under this Agreement.

2. REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

Capacity of Participants

2.1 Each Participant represents and warrants to the other Participant as follows:

(a) it is a corporation duly incorporated, qualified to transact business, and in good standing under the laws of its jurisdiction and in British Columbia;

(b) it has the capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors and other actions required to authorize it to enter into and perform this Agreement have been properly taken; and

(c) it will not breach any other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms.

Disclosures

2.2 Each of the Participants represents and warrants that it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to the other Participant in order to prevent the representations and warranties in this Agreement from being materially misleading.

Record Title

2.3 Title to the real and personal property included in the Assets shall be held in the name of the Participant who is Manager. The Participant who is Manager shall hold same in trust for the Participants in accordance with their respective interests from time to time.

Loss of Title

2.4 Any failure or loss of title to the Assets, and all costs of defending title thereto, shall be charged to the Venture.

Indemnities

2.5 (a) Each Participant shall indemnify the other Participant, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Participant") against any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Participant ("Indemnifying Participant") of any representation, warranty or covenant contained in this Agreement including, subject to Section 8.3, a breach of a participant's duties as Manager pursuant to Section 8.2.

(b) In addition to the indemnity provided in Section (a), the Manager shall indemnify the other Participant, its directors, officers, agents and attorneys or Affiliates (collectively "Indemnified participant") against any third party related loss, cost, expense, damage or liability (including Environment Liabilities) (collectively "Loss") incurred or suffered directly by a Participant arising howsoever out of the Manager's actions or omissions on the Property in breach of this Agreement. For further certainty, a Participant is not entitled to any indemnification pursuant to this Section (b) in respect of any Loss incurred or suffered by the Venture.

(c) If any claim or demand is asserted against an Indemnified Participant in respect of which such Indemnified Participant may be entitled to indemnification under this Agreement, written notice of such claim or demand shall promptly be given to the

Indemnifying Participant. The Indemnifying Participant shall have the right, but not the obligation, by notifying the Indemnified Participant within thirty (30) days after its receipt of the notice of the claim or demand, to assume the entire control of (subject to the right of the Indemnified Participant to participate, at the Indemnified Participant's expense and with counsel of the Indemnified Participant's choice), the defence, compromise, or settlement of the matter, including, at the Indemnifying Participant's expense, employment of counsel of the Indemnified Participant's choice. Any damages to the Assets or business of the Indemnified Participant caused by a failure by the Indemnifying Participant to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Participant, after the Indemnifying Participant has given notice that it will assume control of the defence, compromise, or settlement of the matter, shall be included in the damages for which the Indemnifying Participant shall be obligated to indemnify the Indemnified Participant. Any settlement or compromise of a matter by the Indemnifying Participant shall include a full release of claims against the Indemnified Participant which has arisen out of the indemnified claim or demand.

Underlying Agreement

2.6 All rights and benefits provided or acquired pursuant to the Underlying Agreement by either Participant (including, for avoidance of doubt, the Royalty Buy-Back Right) shall be included in "Assets" and shall be held by the Participant which is the Manager for the benefit of the Participants. The Participant which is the Manager shall have the authority to represent the other Participant in all dealings with the Underlying Owners, with the intent that the interests of the Participants in the Underlying Agreement will be and can be represented as a single, combined interest, provided that such authority shall be exercised in the manner to be directed by the Management Committee.

3. NAME, PURPOSES AND TERM

General

3.1 NGC and Amarc hereby enter into this Agreement for the purposes hereinafter stated. All of the Participants' rights and obligations in connection with the Assets and all Operations shall be subject to and governed by this Agreement.

Name

3.2 The Manager shall conduct the business of this Venture in the name of the Venture, doing business as the "Newton Joint Venture". If applicable, the Manager shall accomplish any registration required by applicable, assumed or fictitious name statutes and similar statutes.

Purposes

3.3 This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Participants, or either of them, accomplish such purposes:

- (a) to conduct Exploration within the Property;
- (b) to evaluate the possible Development and Mining of the Property, and if justified, to engage in Development and Mining;
- (c) to engage in Operations within the Property;
- (d) to engage in disposition of Products, only to the limited extent permitted in Section 10;
- (e) to complete and satisfy all Environmental Compliance obligations and other Continuing Obligations relating to the Property; and
- (f) to perform any other operation or activity necessary, appropriate, or incidental to any of the foregoing.

Limitation

3.4 Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in Section 3.3, and nothing in this Agreement shall be construed to enlarge such purposes.

Term

3.5 The Effective Date of this Agreement shall be the date that Amarc exercises its option pursuant to the Option Agreement. Unless the Venture is earlier terminated or terminates as provided in this Agreement, the term of this Agreement is for so long as any of the Property are jointly owned by the Participants hereto and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and any required Environmental Compliance has been completed and accepted by the appropriate governmental agencies.

4. RELATIONSHIP OF THE PARTICIPANTS

No Partnership

4.1 Nothing contained in this Agreement shall be deemed to constitute either Participant the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Participants do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax, or other partnership.

Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant, except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein. It is the

Participants' intent that their ownership of Assets and the rights acquired hereunder shall be as tenants in common.

Other Business Opportunities

4.2 Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Participant, and neither Participant shall have any obligation to the other with respect to any opportunity to acquire any property any time. Unless otherwise agreed in writing, no Participant shall have any obligation to mill, beneficiate, or otherwise treat any Participant's share of Products in any facility owned or controlled by such Participant. No Participant shall have the obligation to contribute any right or interest in any mineral right or interest which is outside of the Property.

Termination or Transfer of Rights to Property

4.3 Except as otherwise provided in this Agreement, neither Participant shall permit or cause all or any part of its interest in the Assets or this Agreement to be sold, exchanged, encumbered, surrendered, abandoned, partitioned, divided, or otherwise terminated, by judicial means or otherwise. The Participants hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by any law.

No Royalty or Other Interests

4.4 No Participant shall be entitled or permitted to create any royalty or similar carried interest in all or any part of the Assets.

No Third Party Beneficiary Rights

4.5 This Agreement shall be construed to benefit the Participants and their respective successors and assigns only, and shall not be construed to create third party beneficiary rights in any other party, governmental agency or organization.

5. CONTRIBUTIONS BY PARTICIPANTS

Initial Contribution

5.1 Each Participant, as its Initial Contribution, hereby contributes to the Venture its interest in the Property, together with all of its respective right, title and interest in and to any licenses and permits relating to the Property, together with all maps, data, reports, studies, and documents relating thereto, free and clear of any Encumbrances.

Value of Initial Contributions

5.2 For the purposes of this Agreement the agreed value of the Participants' respective Initial Contributions shall be (subject to the Option Agreement) as follows:

Amarc	\$8,500,000
NGC	\$2,125,000

Cash Contributions

5.3 The Participants shall contribute funds for adopted Programs and Budgets in proportion to their respective Participating Interests, subject to elections permitted by Section 9.4.

6. PARTICIPATING INTERESTS

Participating Interests

6.1 (a) *Initial Participating Interest.* Subject to Subsection (b) below, the Participants shall have the following initial Participating Interests in the Venture as initially determined by the Option Agreement:

Amarc	80%
NGC	20%

(b) *Changes in Participating Interests.* A Participant’s Participating Interest shall only be changed as follows:

- (i) upon an election by a Participant pursuant to Section 9.4, not to contribute to an adopted Program and Budget;
- (ii) as provided in Section 6.4;
- (iii) in the event of default by a Participant in making its agreed upon contribution to an adopted Program and Budget, followed by an election by the other Participant to invoke Section 6.3;
- (iv) pursuant to a transfer by a Participant of all of its Participating Interest in accordance with Section 13; or
- (v) upon acquisition by either Participant of part or all of the Participating Interest of the other Participant, however arising.

Voluntary Reduction in Participation - Dilution

6.2 If a Participant (the “Diluting Participant”) elects or is deemed to have elected not to contribute to an adopted Program and Budget (without regard to its vote on adoption of the Program and Budget) submitted to the Participants under Section 9.4, the Participating Interest of the Diluting Participant shall be recalculated at the time of election by dividing: (i) the sum of (a) the value of that Diluting Participant’s Initial Contribution as defined in Section 5.2, (b) the total

of all that Participant's contributions to previous Programs and Budgets, by (ii) the sum of (a) and (b) above for all Participants; and multiplying the result by 100. That is:

$$\frac{(a)+(b) \text{ Diluting Participant}}{(a)+(b) \text{ all Participants}} \times 100 = \text{Recalculated Participating Interest}$$

The Participating Interest of the other non-diluting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest.

As soon as practicable after the necessary information is available at the end of each period covered by an adopted Program and Budget, a recalculation of each Participant's Participating Interest shall be made in accordance with the preceding formula to adjust, as necessary, the recalculations made at the beginning of such period to reflect actual contributions made by the Participants during the period. Except as otherwise provided in this Agreement, a Diluting Participant shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its Recalculated Participating Interest, provided that, notwithstanding the foregoing, if a Participant elects not to contribute to an Approved Program and Budget two times, then such Participant shall no longer have the right to participate in future Programs and Budgets.

Default in Making Contributions

6.3 (a) If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget, the non-defaulting Participant(s) may, but is not obligated to, advance the defaulted contribution on behalf of the defaulting Participant and treat the same, together with any accrued interest, as a demand loan bearing interest from the date of the advance at the rate provided in Section 9.9. The failure to repay said loan upon demand within three (3) business days shall be a default.

(b) The Participants acknowledge that if a Participant defaults in making a contribution to an approved Program and Budget or a cash call under Section 9.8, or in repaying a loan under Subsection (a), as required hereunder, it will be difficult to measure the damages resulting from such default. The Participants acknowledge that the damage to the non-defaulting Participant could be significant. In the event of such default, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured within thirty (30) days after notice to the defaulting Participant of such default, declare that the respective Participating Interests of the Participants will be adjusted, in which event the Participating Interest of the defaulting Participant will be recalculated first by reducing it by the amount that it would have been reduced pursuant to Section 6.2 if such Participant had elected not to contribute the amount by which it is in default and second by reducing such Participating Interest by the same amount again. The Participating Interest of the non-defaulting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest of the defaulting Participant.

(c) If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget two times prior to completion of a Feasibility Report, its Participating Interest shall be forfeited to the non-defaulting Participant and the defaulting Participant's interest in the Property and this Agreement shall be automatically converted into a five percent (5%) Net Profits Interest, as defined in Exhibit D to this Agreement, and the defaulting Participant shall have no further right to participate in subsequent programs and except as provided in this Subsection 6.3(c) and Sections 11.6, 13 and 15.6, and this Agreement shall thereupon terminate.

(d) If a Participant elects to contribute an approved Program and Budget based on a Feasibility Report which recommends commercial production and then defaults in making a contribution or cash call under an approved Program and Budget, its Participating Interest shall be forfeited to the non-defaulting Participant and the defaulting Participant's interest in the Property and this Agreement shall be automatically converted into a five percent (5%) Net Profits Interest, as defined in Exhibit D to this Agreement, and the defaulting Participant shall have no further right to participate in subsequent programs and except as provided in this Subsection 6.3(c) and Sections 11.6, 13 and 15.6, and this Agreement shall thereupon terminate.

Elimination of Minority Interest

6.4 Upon the reduction of its Participating Interest to ten percent (10%) or less, a Participant shall be deemed to have withdrawn from the Venture and shall relinquish its entire Participating Interest, free and clear of any Encumbrances arising by, through or under that Participant. Such relinquished Participating Interest shall be deemed to have accrued automatically to the other Participant, and the interest of the Participant whose Participating Interest dilutes to ten (10%) or below shall immediately be converted to a five percent (5%) Net Profits Interest, as defined in Exhibit D to this Agreement. If a Participant forfeits its Participating Interest any decision to place the Property into production shall be at the sole discretion of the other Participant and if the Property is placed into production, such other Participant shall have the unfettered right to suspend, curtail or terminate any such Operation, as it in its sole discretion may determine. Except for as provided in this Section 6.4 and Sections 11.6, 13 and 15.6. This Agreement shall thereupon terminate.

Documentation of Adjustments to Participating Interests

6.5 An adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Participant's Participating Interest shall be shown in the books of the Manager. However, either Participant, at any time upon the request of the other Participant, shall execute and acknowledge instruments necessary to evidence or effectuate such adjustment in a form sufficient for recording in the jurisdiction where the Property are located.

Grant of Lien or Security Interest

6.6 (a) Subject to Section 6.7, each Participant grants to the other Participant a lien upon and a security interest in its Participating Interest, including all of its right, title and interest in the Assets and the Participant's share of Products, whenever acquired or arising, and the proceeds from and accessions to the foregoing.

(b) The liens and security interests granted by Subsection (a) shall secure every obligation or liability of the Participant granting such lien or security interest created under this Agreement, including the obligation to repay a loan granted under Subsection 6.3(a). Each Participant hereby agrees to take all action necessary to perfect such lien and security interests and hereby appoints the other Participant, its attorney in-fact, to execute, file and record all financing statements and other documents necessary to perfect or maintain such lien and security interests.

Subordination of Interests

6.7 Each Participant shall, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate its Participating Interests, any liens it may hold which are created under this Agreement, other than those created pursuant to Section 6.6 hereof, and any other right or interest it holds with respect to the Assets (other than any statutory lien of the Manager) to any secured borrowings for Operations approved by the Management Committee.

7. MANAGEMENT COMMITTEE

Organization and Composition

7.1 Upon execution of this Agreement, the Participants shall establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of two members appointed by NGC and two members appointed by Amarc. Each Participant may appoint an alternate to act in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by prior written notice to the other Participant.

Decisions

7.2 Each Participant, acting through its appointed member, shall have votes on the Management Committee, in proportion to its Participating Interest. Unless otherwise provided in this Agreement, the vote of a Participant with a Participating Interest greater than fifty percent (50%) shall determine the decisions of the Management Committee. In the event of a tie vote, the Participant designated as Manager shall have the deciding vote of the Management Committee provided that the Participants agree to attempt to resolved any disputed issue in good faith prior to the use of the deciding vote by submitting the disputed issue to their respective Chief Executive Officers for discussion and consideration and the Participants will have a period of seven days to resolve the issue, failing which the deciding vote may be used by the Participant designated as the Manager.

Meetings

7.3 The Management Committee shall hold regular meetings at least annually in Vancouver or at other mutually agreed places. The Manager shall give thirty (30) days notice to the Participants of such regular meetings (unless such notice is waived by the Participants). Additionally, any Participant may call a special meeting upon 7 days notice to the other Participant (unless such notice is waived by the Participants). In case of emergency, reasonable notice of a special meeting shall suffice. With respect to a regular or special meeting of the Management Committee, there shall be a quorum if at least one member representing each Participant is present; provided, however, that in the event that a quorum does not exist at any such meeting, any Participant may reschedule the meeting, at a time at least two (2) days following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Participant having greater than a twenty percent (20%) Participating Interest is present. Each notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Participant calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Participants. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within thirty (30) days after the meeting. The Participants shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Participant timely submits written comments on such minutes, the Management Committee shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Participants. At the end of such period, failing agreement by the Participants on revised minutes, the minutes of the meeting shall be the original minutes as prepared by the Manager, together with the comments on the minutes made by the other Participant. These documents shall be placed in the minutes book maintained by the Manager. If personnel employed in Operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Venture cost. All other costs associated with Management Committee meetings shall be paid for by the Participants individually.

Action Without Meeting

7.4 In lieu of meetings, the Management Committee may hold telephone conferences, so long as minutes are prepared in accordance with Section 7.3. The Management Committee may also take actions in writing signed by all members.

Matters Requiring Approval

7.5 Except as otherwise delegated to the Manager in Section 8.2 the Management Committee shall have exclusive authority to determine all management matters related to this Agreement.

8. MANAGER

Appointment

8.1 The parties hereby appoint Amarc as the Manager with overall management responsibility for Operations and to remain as Manager until it resigns pursuant to Section 8.4, or until its Participating Interest falls below the lesser of fifty percent (50%) or the Participant with the next highest Participating Interest.

Powers and Duties of Manager

8.2 Subject to the terms and provisions of this Agreement, the Manager shall have the following powers and duties:

- (a) the Manager shall manage, direct, and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets;
- (b) the Manager shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;
- (c) the Manager shall use reasonable efforts to: (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep the Assets free and clear of all Encumbrances, except for those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Management Committee;
- (d) the Manager shall conduct such title examinations and cure such title defects relating to the Property as may be advisable in the reasonable judgment of the Manager;
- (e) the Manager shall: (i) make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; (ii) pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Participant's sales revenue or net income. If authorized by the Management Committee, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and (iii) do all other acts reasonably necessary to maintain the Assets;

(f) the Manager shall: (i) apply for all necessary permits, licenses and approvals; (ii) comply with the Laws; (iii) notify promptly the Management Committee of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, on both, and the cost thereof shall be charged to the Joint Account;

(g) the Manager shall notify the other Participant promptly of any litigation, arbitration, or administrative proceeding commenced against the Venture. The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Participant shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The Management Committee shall approve in advance any settlement involving payments, commitments or obligations in excess of one-hundred thousand dollars (\$100,000) in cash or value;

(h) with respect to the Goods and Services Tax (the "GST") under Part IX of the *Excise Tax Act* S.C. 1990, c.45 (the "Act"), the Manager shall account for all GST in respect of any supplies made to or by the Joint Venture. The Participants shall be registrants and will each execute and provide to the Manager a joint venture election (the "Election") pursuant to section 273 of the Act, confirming that the Manager shall account for all GST in respect of any supplies made to or by the Joint Venture and the Manager shall file the Election with Revenue Canada, Customs and Excise along with the Manager's return as and when required under Part IX and section 273 of the Act. Accounting for GST shall include paying GST on all taxable purchases and claiming the corresponding input tax credits on behalf of the Joint Venture;

(i) the Manager may dispose of Assets, whether by sale, assignment, abandonment or other transfer, in the ordinary course of business, except that Property may be abandoned or surrendered only as provided in Section 12. However, without prior authorization from the Management Committee, the Manager shall not: (i) dispose of Assets in any one transaction having a value in excess of \$100,000; (ii) enter into any sales contracts or commitments for Products, except as permitted in Section 10.2; (iii) begin a liquidation of the Venture; or (iv) dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Venture;

(j) the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or contractors;

(k) the Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with generally accepted accounting procedures;

(l) the Manager shall select and employ at competitive rates all supervision and labour necessary or appropriate to all Operations hereunder. All persons employed hereunder, the number thereof; their hours of labour and their compensation shall be determined by the Manager, and they shall be employees of the Manager;

(m) the Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: (i) quarterly progress reports within twenty (20) days after the end of each quarter, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; (ii) timely summaries of material data acquired; (iii) copies of reports concerning Operations; (iv) a detailed final report within sixty (60) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and (v) such other reports as the Management Committee may reasonably request. At all reasonable times, the Manager shall provide the Management Committee or the representative of any Participant, upon the request of any member of the Management Committee, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the non-managing Participant, at its sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations;

(n) the Manager shall provide insurance for the benefit of the Participants, in such amounts and of such nature as the Manager deems necessary to protect the Assets and Operations of the Venture;

(o) the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all mining leases, surface leases, Claims and other tenures included within the Property. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other Property. The Manager shall not be liable on account of any determination by any court or governmental agency that the work performed by the Manager does not constitute the required annual assessment work or occupancy for the purposes of preserving or maintaining ownership of the claims, provided that the work done is pursuant to an adopted Program and Budget and is performed in accordance with the Manager's standard of care under Section 8.3. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements. The Manager shall not be liable on account of any determination by any court or governmental agency that any such document submitted by the Manager does not comply with applicable requirements, provided that such document is prepared and recorded or filed in accordance with the Manager's standard of care under Section 8.3;

(p) if authorized by the Management Committee, the Manager may: (i) locate, amend or relocate any mining claim, (ii) locate any fractions resulting from such amendment or relocation, and (iii) apply for patents or mining leases or other forms of mineral tenure for any such claims;

(q) the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Property disturbed by Operations;

(r) the funds that are to be deposited into the Environmental Compliance fund shall be maintained by the Manager in a separate, interest bearing cash management account, which may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Property, and for other Environmental Compliance requirements;

(s) the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Operations. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Participant reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Participant shall have the right from time to time to enter the Property to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;

(t) the Manager shall maintain the Underlying Agreement in good standing and make all payments required thereunder, unless otherwise directed by the Management Committee.

(u) if Participating Interests are adjusted in accordance with this Agreement the Manager shall propose from time to time one or more methods for fairly allocating costs for Continuing Obligations;

(v) the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

Standard of Care

8.3 The Manager shall discharge its duties under Section 8.2 and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining and other applicable industry standards and practices, and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the non-managing Participant for any act or omission

resulting in damage, loss cost, penalty or fine to the Venture except to the extent caused by or attributable to the Manager's wilful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the non-managing Participant to perform acts or to contribute amounts required of it by this Agreement.

Resignation; Deemed Offer to Resign

8.4 The Manager may resign upon thirty (30) day's prior notice to the Management Committee, in which case the other Participant may elect to become the new Manager by notice to the Management Committee within ninety (90) days after the notice of resignation. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Participant, if at all, within ninety (90) days following such deemed offer:

- (a) the Participating Interest of the Manager ceases to be the highest between the Participants, provided; however, that in the event the Manager transfers its Participating Interest to an Affiliate, such Affiliate shall automatically become the Manager; or
- (b) the Manager fails to perform a material obligation imposed upon it under this Agreement, and such failure continues for a period of sixty (60) days after notice from the other Participant demanding performance; or
- (c) the Manager fails to pay its bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or
- (d) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment is neither made ineffective nor discharged within thirty (30) days after the making thereof; or such appointment is consented to, requested by, or acquiesced in by the Manager; or
- (e) the Manager commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or
- (f) entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager, or a substantial part of its Participating Interest or other assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under Subsection (d), Subsection (e) or Subsection (f) above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

Payments to Manager

8.5 The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure set forth in Exhibit C and for greater certainty is entitled to receive a 10% management fee with respect to its services and expenses as manager.

Transactions With Affiliates

8.6 If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favourable than would be the case with unrelated persons in arm's-length transactions.

Independent Contractor

8.7 The Manager is and shall act as an independent contractor and not as the agent of the other Participant. The Manager shall maintain complete control over its employees and all of its subcontractors with respect to performance of the Operations. Nothing contained in this Agreement or any subcontract awarded by the Manager shall create any contractual relationship between any subcontractor and the other Participant. The Manager shall have complete control over and supervision of Operations and shall direct and supervise the same so as to ensure their conformity with this Agreement.

9. PROGRAMS AND BUDGETS

Operations Pursuant to Programs and Budgets

9.1 Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to Programs and Budgets approved pursuant to Section 9.2. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all operations contemplated under the Program and Budget.

Presentation of Programs and Budgets

9.2 Proposed Programs and Budgets shall be prepared by the Manager and shall be for one calendar year (or in the event that the Manager determines that appropriate methods of Exploration or Development require a shorter period or a longer period to accomplish the proposed Program and Budget, the proposed Program and Budget may be prepared for such shorter or longer period), and for greater certainty in the case of Programs and Budgets approved for a period shorter than one calendar year, more than one Program and Budget may be approved by the Management Committee for any calendar year. Each adopted Program and Budget, regardless of length, shall be reviewed at least once a year at the annual meeting of the Management Committee. A meeting of the Management Committee shall be convened to approve each Program and Budget and at least thirty (30) days prior to such meeting of the Management Committee, a proposed Program and Budget shall be prepared by the Manager and submitted to the Participants. Within fifteen (15) days of receipt of the proposed Program and Budget, the Participants may submit written comments to the Manager detailing revisions or

modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the other Participant, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to both Participants. The Manager shall submit any revised proposed Program and Budget to the Participants at least five (5) days prior to the meeting of the Management Committee to consider the proposed Program and Budget.

Adoption of Proposed Programs and Budgets

9.3 At the meeting convened to consider the proposed Program and Budget, the Management Committee shall consider and vote on the proposed Program and Budget.

Election to Participate

9.4 By notice to the Management Committee within thirty (30) days after the final vote adopting a Program and Budget, a Participant may elect to:

- (a) contribute to such Program and Budget in proportion to its respective Participating Interest as of the beginning of the period covered thereby; or
- (b) not to contribute to such Program and Budget in proportion to its respective Participating Interest as of the beginning of the period covered thereby.

If a Participant fails to provide notice to the Management Committee under this Section 9.4, the Participant will be deemed to have elected not to contribute to such Program and Budget in proportion to its Participating Interest at the beginning of the Program period.

Budget Overruns; Program Changes

9.5 The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds the total of an adopted Budget by more than twenty percent (20%), then the excess over twenty percent (20%), unless directly caused by an emergency or unexpected expenditure made pursuant to Section 9.6, or authorized or ratified by the Management Committee, shall be for the sole account of the Manager and such excess shall not be included in the calculations of the Participating Interests. Budget overruns of twenty percent (20%) or less shall be borne by the Participants in proportion to their respective Participating Interests as of the time the overrun occurs.

Emergency Expenditures

9.6 In case of emergency, the Manager may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with law or government regulation. The Manager may also make reasonable expenditures on behalf of the Participants for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Participants of the expenditure, and the Manager shall be reimbursed therefor by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

Non-Manager's Program

9.7 This Subsection shall apply only if the Non-Manager holds at least thirty percent (30%) interest and less than \$2,000,000 in costs under this Agreement have been incurred on the Property in the previous two years.

If no Program is carried out on the Property in a calendar year and by March 1 in the following calendar year the Manager does not propose a Program with a budget of at least \$100,000 in a Budget, the Non-Manager may, by March 31 in that year, submit a draft Program with a Budget of at least \$100,000. The Non-Manager's submission of a Program shall be a commitment on its part to fund the entire Budget for that Program if the Manager elects not to contribute.

If, within thirty (30) days, the Manager elects to fund its share of the Budget of the Non-Manager's Program, the work plan, but not the Budget, for the Program may be modified as considered desirable and the Manager shall carry it out. If the Manager does not elect to fund its share of the Budget, the Non-Manager shall carry out the Program and the Manager's Interest will be diluted; provided that, if the Non Manager completes the Program with less than eighty percent (80%) of the Budget having been incurred, the Manager may contribute its share of the actual Budget incurred and thereby maintain its Interest.

Cash Calls

9.8 On the basis of adopted Programs and Budgets, the Manager shall submit to each Participant, prior to the last day of each month, a billing for estimated expenditures and Environmental Compliance fund requirements for the next month. Within twenty (20) days after receipt of each billing, or a billing made pursuant to Section 9.6 or Section 11.4, each Participant shall advance to the Manager its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall at all times maintain a cash balance approximately equal to the rate of disbursement for up to thirty (30) days. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts for the benefit of the Joint Account.

Failure to Meet Cash Calls

9.9 Subject to Subsection 6.1(c) and Subsection 6.1(d), if a Participant that fails to meet cash calls in the amount and at the times specified in Section 9.8 it shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an annual rate equal to five (5) percentage points over the prime rate in effect from time to time for demand, commercial loans quoted by CIBC at its main branch in Vancouver, British Columbia to its most credit-worthy customers or the maximum interest rate permitted by law, if less than this. Such interest shall accrue to the benefit of and be payable to the non-defaulting Participant, but shall not be deemed as amounts contributed by the non-defaulting Participant in the event dilution occurs in accordance with Section 6. The non-defaulting Participant shall have those rights, remedies and elections specified in Section 6.3, as well as any other rights and remedies available to it by law.

Audits

9.10 Upon request of any Participant made within fifteen (15) months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within 24 months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Participant that requested the audit. A Participant's failure to make such exceptions or claims within the three (3) month period shall (i) mean that the audit is correct and binding upon the Participants and (ii) result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by a national firm of chartered accountants selected by the Manager, unless otherwise agreed by the Management Committee.

In addition each Participant shall have the right to conduct an independent audit of all books, records and accounts, at the expense of the requesting Participant, and which audit right will be limited to the period not more than twenty-four months prior to the date the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.

Feasibility Report and Production

9.11 The completion of a Feasibility Report which recommends commencement of commercial production, the Manager shall present the Feasibility Report to the Participants. A meeting of the Management Committee shall be convened to approve the Program and Budget based on the Feasibility Report (the "FR Program and Budget"). At least sixty (60) days prior to such meeting of the Management Committee, the proposed FR Program and Budget shall be prepared by the Manager and submitted to the Participants. Within thirty (30) days of receipt of the FR Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the FR Program and Budget. If such written comments are received, the Manager, working with the other Participant and the authors of the Feasibility Report, shall seek for a period of time not to exceed fifteen (15) days to develop a revised FR Program and Budget acceptable to both Participants. The Manager shall submit any revised FR Program and Budget to the Participants at least ten (10) days prior to the meeting of the Management Committee to consider the proposed FR Program and Budget and it will thereupon be voted upon by the Management Committee. The process will be pursued up to three times at which time Section 9.12 applies.

Feasibility Report Alternate Program and Budget

9.12 If the Management Committee does not approve the final FR Program and Budget as set out in Section 9.11, a Participant may propose further revisions or modifications to the FR Program and Budget (the "Alternate FR Program and Budget") and repeat the procedure set out in Section 9.11 and if no approval is then obtained from the Management Committee, the Participant who proposed the Alternate FR Program and Budget may then proceed at its own

cost and expense to place the Property into commercial production based on the Alternate FR Program and Budget. If it fails to do so then the other Participant may elect implement the last Alternate FR Program and Budget which it voted in favour of. If the Property is placed into commercial production based on the Alternate FR program and Budget, the Participant who pays all the costs and expenses of placing the Property into commercial production shall be entitled to two hundred percent (200%) of its costs and after recovery of such costs the Participating Interests of the Participants shall revert to the amounts held by each Participant prior to the commencement of the Alternate FR Program and Budget.

10. DISPOSITION OF PRODUCTION

Taking In Kind

10.1 Each Participant shall take in kind or separately dispose of its share of all Products in accordance with its Participating Interest. Any extra expenditure incurred in the taking in kind or separate disposition by any Participant of its proportionate share of Products shall be borne by such Participant. Nothing in this Agreement shall be construed as providing, directly or indirectly, for any joint or cooperative marketing or selling of Products or permitting the processing of Products of anyone other than the Participants at any processing facilities constructed by the Participants pursuant to this Agreement. The Manager shall give the Participants notice at least ten (10) days in advance of the delivery date upon which their respective shares of Products will be available.

Failure of Participant to Take in Kind

10.2 If a Participant fails to take its share of Products in kind, the Manager may, but is not obligated, to sell such share on behalf of that Participant at not less than the prevailing market price in the area for a period of time not to exceed one year from the date of notice under Section 10.1. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is selling a Participant's share of production, the Participant may elect by notice to the Manager to take in kind. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Participant reasonable expenses incurred in such a sale.

Hedging

10.3 Neither Participant shall have any obligation to account to the other Participant for, nor have any interest or right of participation in any profits or proceeds, nor have any obligation to share in any losses from, future contracts, forward sales, trading inputs, calls, options or any similar hedging, price protection or marketing mechanism employed by a Participant with respect to its proportionate share of any Products produced or to be produced from the Property.

11. TERMINATION

Termination by Agreement

11.1 The Participants may terminate the Venture at any time by written agreement.

Termination Where No Program Proposed

11.2 The Participants agree that, if neither Participant proposes a Program and Budget for a period of two consecutive years, then the Venture shall terminate at the option of any Participant who gives notice of termination to the other Participants.

Disposition of Assets on Termination

11.3 Promptly after termination under Section 11.1, the Manager shall take all action necessary to wind up the activities of the Venture, and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture.

Right to Data After Termination

11.4 After termination of the Venture under Section 11.1, each Participant shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it, but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or withdrawal.

Continuing Authority

11.5 On termination of the Venture under Section 11.1 or Section 11.2 the Participant which was the Manager prior to such termination or withdrawal (or the other Participant in the event of a withdrawal by the Manager) shall have the power and authority to do all things on behalf of both Participants which are reasonably necessary or convenient to:

- (a) wind-up Operations; and
- (b) complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or withdrawal, if the transaction or obligation arises out of Operations prior to such termination or withdrawal. The Manager shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of both Participants and the Venture, encumber Assets, and take any other reasonable action in any matter with respect to which the former Participants continue to have, or appear or are alleged to have, a common interest or a common liability.

Survival of Ingress and Egress After Termination

11.6 After termination of the Venture, the Participants shall continue to have rights of ingress and egress to the Property for purposes of ensuring Environmental Compliance.

12. ABANDONMENT AND SURRENDER OF PROPERTY

12.1 The Management Committee may authorize the Manager to surrender or abandon some or all of the Property. If the Management Committee authorizes any such surrender or abandonment over the objection of a Participant, the Participant that desires to abandon or surrender shall if the objecting party elects assign to the objecting Participant, by deed,

assignment, or appropriate document, and without cost to the objecting Participant, all of the surrendering Participant's interest in the property to be abandoned or surrendered, and the abandoned or surrendered property shall cease to be part of the Property. Provided, however, the objecting Participant shall assume all responsibility and liabilities, including but not limited to Environmental Liabilities, with regard to the surrendered or abandoned property.

13. TRANSFER OF INTEREST

General

13.1 Amarc shall have the right at any time to transfer to any third party all or any part of its interest in or to this Agreement or its Participating Interest notwithstanding any other provision set out in this Section 13 or elsewhere in this Agreement.

NGC shall have the right to transfer to any third party all of its interest in or to this Agreement, its Participating Interest, or the Assets solely as provided in this Section 13. For the purposes of this Section 13 the word transfer shall mean to convey, sell, assign, grant an option, create an Encumbrance or in any manner transfer or alienate, but excluding and excepting alienation done for the purposes of obtaining financing pursuant to Section 13.5.

Limitations on Free Transferability

13.2 The transfer right of NGC in Section 13.1 shall be subject to the following terms and conditions:

- (a) NGC shall not transfer any interest in this Agreement or the Assets (including but not limited to any royalty, profits or other interest in the Products) except by transfer of all of its Participating Interest;
- (b) no transferee of NGC's Participating Interest shall have the rights of NGC unless and until NGC has provided to Amarc notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent and nature as NGC;
- (c) no transfer permitted by this Section 13 shall relieve NGC of its share of any liability, whether accruing before or after such transfer, which arises out of Operations conducted prior to such transfer;
- (d) neither Participant, without the consent of the other, shall make a transfer that would violate any Law, or result in the cancellation of any permits, licenses, or other similar authorizations;
- (e) the transferring Participant and the transferee shall bear all tax consequences of the transfer;
- (f) a transfer by NGC shall be subject to the pre-emptive rights of Amarc as provided in Section 13.3;

Pre-emptive Rights

13.3 Except as otherwise provided in Section 13.4, if NGC desires to transfer all or any part of its Participating Interest Amarc shall have a pre-emptive right as provided in this Section 13.3.

Third Party Offers

(a) If NGC receives a bona fide offer from an independent third party regarding the transfer of all of its Participating Interest it shall promptly notify in writing (the "Offer") Amarc of its intentions. The Offer shall state the price and all other pertinent terms and conditions of the intended transfer, and shall be accompanied by a copy of the offer document or contract for sale. If the consideration for the intended transfer is, in whole or in part, other than monetary, the Offer shall describe such consideration and its monetary fair market value. Amarc shall have thirty (30) days from the date such Offer is delivered to notify NGC whether it elects to accept the Offer and acquire the offered interest at the same price (or its monetary equivalent) and on the same terms and conditions as set forth in the Offer. If it does so elect, the transfer shall be consummated promptly, but in no event more than ninety (90) days after notice of such election is delivered to NGC.

(b) If Amarc fails to so elect within the period provided for in Subsection (a), NGC shall have ninety (90) days following the expiration of such period to consummate the transfer to a third party at a price and on terms no less favourable to NGC than those set forth in the notice required in Subsection (a).

(c) If NGC fails to consummate the transfer to a third party within the period set forth in Subsection (b), the pre-emptive right of Amarc in such offered interest shall be deemed to be revived. Any subsequent proposal to transfer such interest shall be conducted in accordance with all of the procedures set forth in this Section 13.3.

Proposed Sales by NGC

(d) If NGC is proposing to transfer its Participating Interest it may at any time make an offer by notice in writing (the "Proposed Offer") to Amarc to sell all but not less than all of NGC's Participating Interest.

(e) The Proposed Offer will specify the price and terms and conditions of such sale, including a condition that the Proposed Offer is irrevocable for a period of thirty (30) days after receipt of the Proposed Offer by the Amarc.

(f) If within the thirty (30) day period set out in the Proposed Offer Amarc notifies NGC in writing that it will accept the Proposed Offer, NGC will be bound to sell such interest to the Amarc. The closing of any purchase and sale contemplated under this Subsection (f) will take place promptly and in no event more than ninety (90) days following the date of delivery of the Proposed Offer.

(g) If Amarc fails to notify NGC in writing within the thirty day (30) period specified that it will accept the Proposed Offer, NGC shall have ninety (90) days following the expiration of such period to consummate the transfer to a third party at a price and on terms no less favourable to NGC than those set out in the Proposed Offer.

(h) If NGC fails to consummate the transfer to a third party within the period set forth in Subsection (b), the rights of Amarc in such offered interest shall be deemed to be revived. Any subsequent proposal to transfer such interest shall be conducted in accordance with all of the procedures set forth in this Section 13.3

Except as otherwise provided in Section 13.4 if a Party desires to transfer all or any part of its interest in the Net Profits Interest the remaining Participant (or if more than one, in proportion to their pro rata Participating Interests) shall have a pre-emptive right in the same fashion as provided in this Section 13.3 to acquire such Net Profits Interest as if it were a Participating Interest and Section 13.3 and Section 13.4 shall be read as if Net Profits Interest was used wherever Participating Interest appears herein.

Exceptions to Pre-emptive Right

13.4 Section 13.3 shall not apply to:

- (a) the transfer by NGC of its Participating Interest to an Affiliate provided that such Affiliate remains an Affiliate of NGC;
- (b) corporate consolidation or reorganization of NGC by which the surviving entity shall possess substantially all of the stock or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of NGC;
- (c) corporate merger or amalgamation involving NGC by which the surviving entity or amalgamated company shall possess all of the stock or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of NGC; provided, however, that the value of NGC's interest in the Assets, evidenced by its Initial Contribution and all subsequent contributions under approved Programs and Budgets, does not exceed 50% of the Net Worth of the surviving entity or amalgamated company;
- (d) the transfer of Control of NGC by an Affiliate to NGC or to another Affiliate;
- (e) the creation by any Affiliate of NGC of an Encumbrance affecting its Control of NGC; or
- (f) a sale or other commitment or disposition of Products or proceeds from sale of Products by NGC upon distribution to it pursuant to Section 10 of the Agreement.

For purposes hereof the term "Net Worth" shall mean the remainder after total liabilities are deducted from total assets. In the case of a corporation, Net Worth includes both capital stock and surplus. In the case of a limited liability company, Net Worth includes member contributions. In the case of a partnership or sole proprietorship, Net Worth includes the original investment plus accumulated and reinvested profits.

Encumbrances

13.5 Neither NGC nor Amarc shall pledge, mortgage, or otherwise create an Encumbrance on its interest in this Agreement or the Assets except for the purpose of securing project financing relating to the Property, including its share of funds for Development or Mining costs. The right of a Participant to grant such Encumbrance shall be subject to the condition that the holder of the Encumbrance (“Chargee”) first enter into a written agreement with the other Participant, in a form acceptable to that Participant, acting reasonably, which provides:

- (a) the Chargee shall not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant’s Participating Interest and that such Encumbrance shall be subject to the provisions of this Agreement;
- (b) the Chargee’s remedies under the Encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant’s Participating Interest to the other Participant, or, failing such a sale, at a public auction to be held at least 45 days after prior notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement. The price of any pre-emptive sale to the other Participant shall be the remaining principal amount of the loan plus accrued interest and related expenses, and such pre-emptive sale shall occur within sixty (60) days of the Chargee’s notice to the other Participant of its intent to sell the encumbering Participant’s Participating Interest. Failure of a sale to the other Participant to close by the end of such period, unless failure is caused by the encumbering Participant or by the Chargee, shall permit the Chargee to sell the encumbering Participant’s Participating Interest at a public sale; and
- (c) the charge shall be subordinate to any then-existing debt, including project financing previously approved by the Management Committee, encumbering the transferring Participant’s Participating Interest.

Financing

13.6 The Participants agree to cooperate fully with each other to assist in the obtaining of financing to carry out the Program and Budget as referenced by a Feasibility Report which FR Program and Budget has been approved.

14. GENERAL PROVISIONS

Notices

14.1 All notices, payments and other required communications (“Notices”) to the Participants shall be in writing, and shall be given (i) by personal delivery to the Participant, or (ii) by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or (iii) by registered or certified mail, return receipt requested.

All Notices shall be effective and shall be deemed delivered (i) if by personal delivery on the date of delivery, (ii) if by electronic communication on the date of receipt of the electronic communication, and (iii) if solely by mail on the day delivered as shown on the actual receipt. A Participant may change its address from time-to-time by Notice to the other Participant.

- (a) Notice to NGC shall be sent to:

Newton Gold Corp.
400 – 409 Granville Street,
Vancouver, British Columbia,
V6C 1T2
Attention: Mark McLeary
Fax: (604) 678-2532
Email: mark@newtongold.com

- (b) Notice to Amarc shall be sent to:

Amarc Resources Ltd.
15th Floor – 1040 West Georgia Street
Vancouver, British Columbia
V6E 4H8
Attention: Secretary
Fax: (604) 684-8092
Email: trevorthomas@hdimining.com

Waiver

14.2 The failure of a Participant to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Participant's right thereafter to enforce any provision or exercise any right.

Modification

14.3 No modification of this Agreement shall be valid unless made in writing and duly executed by the Participants.

Force Majeure

14.4 The obligations of a Participant, other than the payment of money when due as provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, without limitation, labour disputes (however arising and whether or not employee demands are reasonable or within the power of the Participant to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental

entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of war or conditions arising out of or attributable to war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing. The affected Participant shall promptly give notice to the other Participant of the suspension of performance, stating therein the nature of the suspension, the reasons therefor, and the expected duration thereof. The affected Participant shall resume performance as soon as reasonably possible. During the period of suspension, the obligations of the Participants to advance funds pursuant to Section 9.8 shall be reduced to levels consistent with Operations.

Survival of Terms and Conditions

14.5 The following Sections shall survive the transfer of any interests in the Assets under this Agreement or the termination of the Venture to the full extent necessary for their enforcement and the protection of the Participant in whose favour they run: Section 2.1, Section 2.2, Section 4.2, Section 6.3, Section 6.5, Section 9.9, Section 11.3, Section 11.4, Section, Section 11.5, Section 11.6, Section 14.6, Section 14.8 and Section 14.9.

Confidentiality and Public Statements

14.6 Except as otherwise provided in this Section 14.6, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Participant in connection with this Venture shall be treated by the Participants as confidential (hereinafter called "Confidential Information") and no Participant shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the other Participant. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Participant, shall no longer be treated as Confidential Information.

The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Participants may engage and to employees and consultants of the Participants or to any third party to which a Participant contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Participating Interest pursuant to Section 13 or with which a Participant or its Affiliate contemplates a merger, amalgamation or other corporate reorganization; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or company to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the parties are obligated under this Section 14.6.

In the event that a Participant is required to disclose Confidential Information to any government, any court, or any agency or department thereof to the extent required by applicable law, rule or regulation, or stock exchange rule, the Participant so required shall immediately notify (to the extent permitted by law to do so) the other Participants hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. To the extent permitted by law, the other Participant shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Participant shall, in its sole discretion, determine.

Subject to applicable continuous disclosure obligations each party shall provide the other with a copy of any news release it proposes to publish containing exploration results or other information concerning the Property or this Agreement prior to publication of the same for the other party's review. Such review will not be unreasonably delayed in view of timely disclosure obligations which may be applicable. Each party shall use its best efforts to respond to any review request by the other party within 24 hours.

The provisions of this Section 14.6 shall apply during the term of this Agreement and for a period of three years thereafter and shall continue to apply to any Participant which forfeits, surrenders, assigns, transfers or otherwise disposes of its Participating Interest for such three (3) year period.

Entire Agreement; Successors and Assigns

14.7 This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Participants relating to the subject matter hereof, with respect to the Assets subject hereto, and any and all other prior negotiations, representations, offers or understandings between NGC and Amarc relating to the Property, whether written or oral. This Agreement and the obligations and rights created herein shall be binding upon and enure to the benefit of the respective successors and permitted assigns of the Participants.

Dispute Resolution

14.8 Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction.

In any litigation between the Participants or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

Remedies

14.9 Each of the Participants agrees that its failure to comply with the covenants and restrictions set out in Section 13 would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure, the other Participant may, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance save in accordance with or as required by the provisions of Section 13. Any Participant intending to breach the provisions of Section 13 hereby waives any defence it might have in law or in equity to such injunctive or other equitable relief. A Participant shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a Participant's failure or threat of a failure to comply with the covenants and restrictions set out in 13.

Further Assurances

14.10 Each Participant shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

Headings

14.11 The headings to the Sections of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.

Currency

14.12 All dollar amounts expressed herein refer to lawful currency of Canada.

Severability

14.13 If any provision of this Agreement is or shall become illegal, invalid, or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and enforceable and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid, or unenforceable portion.

Taxes

14.14 Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant. All costs of Operations incurred hereunder shall be for the account of the Participant or Participants making or incurring the same, if more than one then in proportion to their respective Participating Interests, and each Participant on whose behalf any costs have been so incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto.

Rule Against Perpetuities

14.15 If any provision of this Agreement should violate any rule against perpetuities or any related rule against interests that last too long or are not alienable, then any such provision shall terminate 20 years after the death of the last survivor of all the lineal descendants of His late Majesty King George V of England, living on the date of execution of this Agreement.

Partition

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

Time of the Essence

14.17 Time will be of the essence in the performance of this Agreement

Governing Law

14.18 This Agreement shall be construed and governed by the laws of British Columbia and the laws of Canada applicable therein and the parties hereby attorn to the jurisdiction of the Courts of British Columbia in respect of all matters arising hereunder.

Counterparts

14.19 This Agreement and any other writing delivered pursuant hereto may be executed in any number of counterparts with the same effect as if all parties to this Agreement or such other writing had signed the same document and all counterparts will be construed together and will constitute one in the same instrument.

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

NEWTON GOLD CORP.

Per: _____
Authorized Signatory

AMARC RESOURCES LTD.

Per: _____
Authorized Signatory

EXHIBIT A
PROPERTY DESCRIPTION

EXHIBIT B
UNDERLYING AGREEMENT

EXHIBIT C

ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Participants under the Agreement are set forth below. Reference in this Accounting Procedure to Sections are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement. It is the intent of the Participants that none of them shall lose or profit by reason of their duties and responsibilities as the Manager. The Participants shall meet and in good faith endeavour to agree upon changes deemed necessary to correct any unfairness or inequity. In the event of a conflict between the provisions of this Accounting Procedure and those of the Agreement, the provisions of the Agreement shall control.

1. GENERAL PROVISIONS

1.1 General Accounting Records

The Manager shall maintain detailed and comprehensive accounting records in accordance with this Accounting Procedure, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.2 Bank Accounts

After the decision is made to begin Development, the Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all receipts.

2. CHARGES TO JOINT ACCOUNT

Subject to the limitations hereinafter set forth, the Manager shall charge the Joint Account with the following:

2.1 Rentals and Other Payments

Property maintenance costs and other payments, including Government Fees and any other payments pursuant to the Underlying Agreement, necessary to maintain title to the Assets.

2.2 Labour and Employee Benefits

- (a) Salaries and wages of the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by the Manager.
- (b) The Manager's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Sections 2.2(a) and 2.13.
- (c) The Manager's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under Section 2.2(a) or 2.13, rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under Section 2.2(a) or 2.13, provided that the plans are limited to the extent feasible to those customary in the industry.
- (d) Cost of assessments imposed by governmental authority which are applicable to salaries and wages chargeable under Sections 2.2(a) and 2.13, including all penalties except those resulting from the wilful misconduct or gross negligence of the Manager.
- (e) Those costs in Sections 2.2(b), 2.2(c), 2.2(d) may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's cost experience and it shall be periodically adjusted to ensure that the total of such charges does not exceed the actual cost thereof to the Manager.

2.3 Assets

Cost of all Assets purchased or furnished.

2.4 Transportation

Reasonable costs incurred in connection with the transportation of employees, equipment, material and supplies necessary for exploration, maintenance and operation of Assets.

2.5 Services

- (a) The cost of contract services and utilities procured from outside sources, other than services described in Sections 2.10 and 2.14. If contract services are performed by an Affiliate of the Manager, the cost charged to the Joint Account

shall not be greater than that for which comparable services and utilities are available in the open market.

(b) The costs of using the Manager's exclusively-owned facilities in support of Venture activities provided that the charges may not exceed those currently prevailing in the vicinity. Such costs shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus three percent (3%) per annum.

2.6 Materials, Equipment and Supplies

The cost of materials, equipment and supplies (herein called "Material") purchased from unaffiliated third parties or furnished by either Participant as provided in Section 3. The Manager shall purchase or furnish only so much Material as may be required for use in efficient and economical Operations. The Manager shall also maintain inventory levels of Materials at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.7 Environmental Compliance Fund

Costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund, which through successive proportionate contributions during the duration of the Agreement, will pay for ongoing Environmental Compliance conducted during Operations and which will cover the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and other continuing obligations.

2.8 Insurance Premiums

Premiums paid or accrued for insurance required for the protection of the Participants.

2.9 Damages and Losses

All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the wilful misconduct or gross negligence of the Manager.

2.10 Legal Expense

All legal costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets. Routine legal expenses are included under Section 2.14.

2.11 Audit

Cost of annual audits under Section 9.10 of the Venture Agreement.

2.12 Taxes

All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Participants. Each Participant is separately responsible for income taxes which are attributable to its respective Participating Interest.

2.13 District and Camp Expense (Field Supervision and Camp Expenses)

A pro rata portion of (i) the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and (ii) the costs of maintaining and operating an office (hereafter, "the Manager's Project Office") and any necessary suboffice and (iii) all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. Such charges shall be apportioned for all Property served by the employees and facilities on an equitable basis consistent with the Manager's general accounting practice and generally accepted accounting principles.

2.14 Redacted Text – Manager's Administrative Charge

2.15 Other Expenditures

Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Manager for the necessary and proper conduct of Operations.

3. BASIS OF CHARGES TO JOINT ACCOUNT

3.1 Purchases

Material purchased and services procured shall be charged at prices paid by the Manager after deduction of all discounts actually received.

3.2 Material Furnished by the Manager

At its discretion, the Manager may furnish Material from the Manager's stocks under the following conditions:

- (a) New Material (Condition "A"): New Material transferred from the Manager's Property shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where like Material is available, at current replacement cost of the same kind of Material (hereafter, "New Price").
- (b) Used Material (Conditions "B" and "C"):

(i) material in sound and serviceable condition and suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy-five percent (75%) of New Price.

(ii) other used Material as defined hereafter shall be classified as Condition "C" and priced at fifty percent (50%) of New Price:

(A) used Material which after reconditioning will be further serviceable for original function as good second-hand Material (Condition "B");

(B) used Material which is serviceable for original function but not substantially suitable for reconditioning;

(C) Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use;

(D) Material no longer suitable for its original purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purpose.

3.3 Premium Prices

Whenever Material is not readily obtainable at prices specified in Sections 3.1 and 3.2, the Manager may charge the Joint Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such material; provided, however, that prior notice of the proposed charge is given to the Participants, whereupon any Participant shall have the right, by notifying the Manager within ten (10) days of the delivery of the notice from the Manager, to furnish at the usual receiving point all or part of its share of Material suitable for use and acceptable to the Manager. If a Participant so furnishes Material in kind, the Manager shall make appropriate credits to its account.

3.4 Warranty of Material Furnished by the Manager or Participants

Neither the Manager nor any Participant warrants the Material furnished beyond any dealer's or manufacturer's warranty.

4. DISPOSAL OF MATERIAL

4.1 Disposition Generally

The Manager shall have no obligation to purchase a Participant's interest in Material. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by transfer to the Participants as provided in Section 4.2 or by sale. The Manager shall credit the Participants in proportion to their Participating Interest for all Material sold hereunder.

4.2 Division in Kind

Division of Material in kind between the Participants shall be in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account.

4.3 Sales

Sales of material to third parties shall be credited to the Joint Account at the net amount received. Any damages or claims by the Purchaser shall be charged back to the Joint Account if and when paid.

5. INVENTORIES

5.1 Periodic Inventories, Notice and Representations

At reasonable intervals, inventories shall be taken by the Manager, which shall include all such Material as is ordinarily considered controllable by operators of mining Property. The expense of conducting such periodic inventories shall be charged to the Joint Account.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be determined by the Manager. Inventory adjustments shall be made by the Manager to the Joint Account for overages and shortages, but the Manager shall be held accountable to the Venture only for shortages due to lack of reasonable diligence.

EXHIBIT D

NET PROFITS INTEREST

Pursuant to the attached Agreement, a party (the “Royalty Holder”) may be entitled to a royalty equal to a percentage of Net Profits (the “Net Profits Royalty”). The Party or Parties who are not a Royalty Holder (the “Owner”) shall be entitled to a 100% beneficial interest in the Property subject to the Net Profits Royalty. The Net Profits Royalty shall be calculated as follows:

(a) When a Participant is first entitled to receive a Net Profits Royalty, the Operator shall establish a Royalty Account to which it shall debit:

Pre-production Expenditures;

Working Capital;

Operating Losses;

Post-production Capital Expenditures;

Interest Charges; and

Reserve Charges.

(b) The Operator shall apply Net Profits first to reduce the amounts debited to the Royalty Account. While there is any debit balance in the Royalty Account, the Owner shall retain all Product or Net Profits (in proportion to their Interests if more than one Owner). Whenever the Royalty Account shows no debits, Net Profits in an amount equal to the credit balance in the Royalty Account shall be distributed to the Royalty Holder in an amount equal to the applicable Net Profits Royalty, and the balance to the Owner.

(c) The Operator shall debit or credit amounts to the Royalty Account, whichever is applicable, on a monthly basis and distribution of Net Profits shall be made on an interim basis within 20 days of the end of each month. A final settlement of the distribution of Net Profits shall be made within 90 days of the end of each calendar year. The Owner shall be entitled to deduct any overpayment of Net Profits as revealed in the annual calculation for purposes of the final settlement from future payments due to the Royalty Holder. Any underpayment shall be paid by the Owner to the Royalty Holder forthwith.

(d) The Owner shall at all times maintain adequate records which shall be made available to the Royalty Holder in order that the Royalty Holder may verify the correctness of any entries in the Royalty Account or in the determination of Net Profits.

The Owner shall utilize methods of weighing and sampling ore which are generally accepted within the industry.

(e) The terms which are defined in the Agreement shall have the same defined meanings in this Appendix, the provisions of this Appendix are subject to the provisions of the Agreement and the following words, phrases and expressions shall have the following meanings:

Interest Charges means an amount obtained by applying the Prime Rate at the time the calculation is made plus 1% to the month end debit balance in the Royalty Account. The amount so obtained shall be debited to the Royalty Account at the time of calculation.

Net Profits means, in any month after the Completion Date, the amount by which Revenue exceeds Operating Costs.

Operating Costs means all costs of Commercial Production categorized as "operating" costs by generally accepted accounting practice including all taxes, royalties and other levies except for federal and provincial corporate income taxes but not including any charges for depreciation, depletion or amortization. Operating Costs shall also include a reasonable charge for administration and management not to exceed 10% of all other Operating Costs.

Operating Losses means the amount by which Operating Costs exceed Revenue in any month after the commencement of Commercial Production.

Post-production Capital Expenditures means all expenditures made by the Owner after the Completion Date to acquire or construct assets having a useful life of more than one year or on development or expansion of a mine or other production facilities the cost of which would be charged on a unit of production basis in accordance with generally accepted accounting principles.

Pre-production Expenditures means all money provided and spent by the Owner on the Property prior to the commencement of Commercial Production including, without limiting the generality of the foregoing, all money provided and spent by the Owner exploring, developing and equipping the Property for production, completing Feasibility Reports, maintaining the Property in good standing, constructing all facilities necessary to commence Commercial Production on the Property, constructing or acquiring infrastructure or facilities off of the Property but required for Commercial Production, and on making any other expenditures related to the achievement of Commercial Production.

Reserve Charges means an amount to be established by estimating the cost of rehabilitation which will have to be spent after Commercial Production has terminated and a portion of that cost will be charged monthly to the Royalty Account over a reasonable period of time commencing no sooner than five years prior to the termination of Commercial Production.

Revenue means all money received by the Owner for the sale of Minerals or any Assets the cost of which has been previously charged to the Royalty Account.

Royalty Account means the account to be established by the Operator for purposes of calculating the amount of the Royalty Holder's royalty.

Working Capital means all monies spent by the Owner for working capital prior to the date when Commercial Production on the Property generates sufficient revenue to satisfy working capital requirements.