

OPTION AND JOINT VENTURE AGREEMENT

THIS AGREEMENT is dated effective the 21st day of October, 2011

AMONG:

PERRY ENGLISH FOR RUBICON MINERALS CORPORATION, at an address for delivery at Box 414, Souris, Manitoba, R0K 2C0

(the "Underlying Optionor")

OF THE FIRST PART

AND:

QUANTUM RARE EARTH DEVELOPMENTS CORP., a corporation incorporated under the laws of the Province of British Columbia and having an office address for delivery at Suite 1510 – 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7

("Quantum")

OF THE SECOND PART

AND:

SILVER MOUNTAIN MINES CORP., a corporation incorporated under the laws of the State of Nevada, U.S.A. and having an office address for delivery at Suite 201 - 7230 Indian Creek Ln., Las Vegas, Nevada, U.S.A., 89149

("Silver Mountain")

OF THE THIRD PART

AND:

TITAN GOLDWORX RESOURCES INC., a corporation incorporated under the laws of the Province of British Columbia and having an office address for delivery at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9

("Titan")

OF THE FOURTH PART

WHEREAS:

- (A) The Underlying Optionor is the 100% legal, beneficial and recorded owner of the Property (as hereinafter defined) and owns the Property free and clear of all Encumbrances (as hereinafter defined) or defects in title;
- (B) The Underlying Optionor has granted to Silver Mountain an exclusive option to acquire an undivided 100% interest in and to the Property (the "**Underlying Option**"), subject only to the Underlying Royalty (as hereinafter defined), pursuant to the Underlying Option Agreement (as hereinafter defined);
- (C) Subsequent to the entering into of the Underlying Option Agreement, on or about January 31, 2011, Quantum and Silver Mountain completed a transaction pursuant to which Silver Mountain became a wholly-owned direct subsidiary of Quantum;
- (D) Pursuant to the Letter of Intent, Silver Mountain has agreed to grant Titan an exclusive option to earn up to an undivided seventy percent (70%) interest in and to Silver Mountain's interest in the Underlying Option Agreement, subject only to the Underlying Royalty, upon and subject to the terms and conditions set out herein; and
- (E) Upon Silver Mountain acquiring an undivided interest in and to the Property by exercising the Underlying Option and Titan earning an interest in and to the Property by exercising the Titan Option, Silver Mountain and Titan shall form a joint venture to further explore, develop, and if warranted, operate a mine on the Property, all upon and subject to the terms and conditions hereinafter set forth.

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

**PART 1
INTERPRETATION**

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

- (a) "**Affiliate**" means, in respect of a Party, a body corporate with which that Party is affiliated where:
- (i) one body corporate is affiliated with another body corporate if one of them is the Subsidiary of the other or both are Subsidiaries of the same body corporate or each of them is controlled by the same person; and
 - (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other.
- (b) "**Agreement**" means this Option and Joint Venture Agreement, as amended from time to time.

(c) **“Area of Common Interest”** means the area lying within ten (10) kilometres of the perimeter of the Property as constituted from time to time.

(d) **“Assets”** means, excluding the Property, all tangible and intangible goods, chattels, improvements or other items including, without limiting the generality of the foregoing, land, buildings, and equipment acquired for or made to the Property under this Agreement.

(e) **“Assigning Party”** has the meaning ascribed to it in Section 8.2.

(f) **“Business Day”** means any day other than a Saturday, Sunday or a public or statutory holiday in the place where an act is to be performed or a payment is to be made.

(g) **“Commencement of Commercial Production”** means:

(i) if a mill is located on the Property, the last day of a period of 40 consecutive days in which, for not less than 30 nonconsecutive days, the mill processed ore from the Property at 60% of its rated concentrating capacity; or

(ii) if a mill is not located on the Property, the last day of a period of 30 nonconsecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,

but any period of time during which ore or concentrate is shipped from the Property for testing purposes, or during which milling operations are undertaken as initial tune-up, shall not be taken into account in determining the date of Commencement of Commercial Production.

(h) **“Confidential Information”** has the meaning ascribed to it in Section 10.1.

(i) **“Consenting Party”** has the meaning ascribed to it in Section 8.2.

(j) **“Defaulting Party”** has the meaning ascribed to it in Section 11.1.

(k) **“Encumbrance”** means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, royalty, restrictive covenant or other encumbrance of any nature or any agreement to give or create any of the foregoing.

(l) **“Exchange”** means the TSX Venture Exchange.

(m) **“Exchange Acceptance”** means Quantum’s receipt of TSX Venture Exchange’s acceptance of the terms of the option granted and related transactions hereunder.

(n) **“Exchange Acceptance Date”** means the date which is the later of (i) the date on which the Exchange Acceptance is received by Quantum and (ii) the date on which Titan receives notice of the Exchange Acceptance.

(o) "Force Majeure" means, other than as a consequence of the negligence or default of a Party, an event or cause which is beyond the control of the Party claiming force majeure, not able to be overcome by the exercise of reasonable care, proper precautions and the consideration of reasonable alternatives with the intention of avoiding the effects of the force majeure by that Party, and which could not have been reasonably foreseen, and includes (subject to satisfying the requirements of the foregoing):

- (i) an act of God;
- (ii) cyclones, fire, flood;
- (iii) acts of war, acts of public enemies, terrorist acts, riots or civil commotions;
- (iv) strikes, lockouts or other industrial disturbances;
- (v) laws, rules and regulations or orders of any Governmental Authority enacted or made after the date hereof that cause Operations to cease;
- (vi) protests, demonstrations or other events by environmental lobbyists, NGOs, local community groups or indigenous peoples' groups that cause Operations to cease,

but does not include:

- (vii) economic hardship, or for lack of money, credit or markets or inability to pay any sum of money;
- (viii) changes in the condition, availability, cost or market price (or any combination of the foregoing) of any good, product, metal, consumable or service used or consumed by a Party; or
- (ix) delays in the performance of the obligations of a Party or its Personnel unless that delay is itself caused by Force Majeure or by the default or negligence of the other Party or its Personnel.

(p) "Governmental Authority" means any federal, provincial, territorial, regional, municipal or local government or authority, quasi government authority, fiscal or judicial body, government or self regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing.

(q) "Joint Venture" has the meaning ascribed to it in Section 7.1.

(r) "Joint Venture Company" means a company incorporated for the purposes of carrying out the Joint Venture.

(s) **"Letter of Intent"** means the letter of intent dated July 25, 2011 between Quantum and Titan.

(t) **"Liability"** means:

(i) any debt, obligation, liability, loss, expense, cost or damage of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent and those the amount of which is not ascertained or ascertainable; and

(ii) a demand, claim, action or proceeding however arising and whether present, unascertained, immediate, future or contingent;

(u) **"Minerals"** means all ores, solutions and concentrates or metals derived from them, containing precious, base and industrial minerals (including gems) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Property and other instruments of title under which any of the mineral claims comprised in the Property are held.

(v) **"Mineral Products"** means all end products derived or produced from operating the Property as a mine including any tailings or residue from the treatment of any Minerals that are located on or under the Property.

(w) **"Operations"** means the activities of prospecting, exploration, development, construction, mining, milling, processing, treatment operations and related operations conducted by or on behalf of the Parties in respect of the Property, including the preparation of any preliminary assessment, technical report, pre-feasibility or feasibility study and any other reports, studies or supplementary information.

(x) **"Option Period"** means the period from the date of this Agreement to the date the Agreement is terminated.

(y) **"Participation Date"** means the later of (i) the Titan Option Exercise Date and (ii) the date on which the Underlying Option is exercised by Silver Mountain.

(z) **"Party"** or **"Parties"** means the parties to this Agreement and their respective successors and permitted assigns.

(aa) **"Prime Rate"** for any day means the rate of interest expressed as a rate per annum that the Royal Bank of Canada establishes at its office in Vancouver, British Columbia as a reference rate of interest that it will charge on that day for Canadian Dollar demand loans to its corporate customers in Canada and which it at present refers to as its "prime rate;"

(bb) **"Property"** means the mineral properties described in Schedule A hereto, together with any mineral claim or interest therein acquired by the Underlying Optionor or Silver Mountain as contemplated in Section 21 of the Underlying Option Agreement, and all information obtained from Operations and those rights and

benefits appurtenant to the Property that are acquired for the purpose of conducting Operations. A reference to Property shall include a reference to any portion thereof.

- (cc) **"Public Disclosure"** has the meaning ascribed to it in Section 10.2.
- (dd) **"Residual Option Payments"** has the meaning given in Section 2.2(f).
- (ee) **"Shareholders' Agreement"** means an agreement between the shareholders of the Joint Venture Company on the terms of the Joint Venture Agreement, mutatis mutandis;
- (ff) **"Titan Option"** means the exclusive option consented to by the Underlying Optionor and granted by Silver Mountain to Titan to acquire a seventy percent (70%) interest in and to Silver Mountain's interest in and to the Underlying Option Agreement as more particularly set out in Section 3.1.
- (gg) **"Titan Option Exercise Date"** has the meaning ascribed to it in Section 3.4.
- (hh) **"Titan Shares"** means the common shares in the capital of Titan as constituted as of the date of this Agreement.
- (ii) **"Underlying Option Agreement"** means the Option Agreement dated July 31, 2009, between the Underlying Optionor and Silver Mountain, a copy of which attached to this Agreement as Schedule B hereto.
- (jj) **"Underlying Option"** has the meaning given in page 2 hereof and is defined as the "Option" and as more particularly set out in the Underlying Option Agreement.
- (kk) **"Underlying Option Forfeiture Notice"** has the meaning ascribed to it in Section 4.2.
- (ll) **"Underlying Option Forfeiture Date"** has the meaning ascribed to it in Section 4.2.
- (mm) **"Underlying Option Acquisition Notice"** has the meaning ascribed to it in Section 4.3.
- (nn) **"Underlying Option Acquisition Date"** has the meaning ascribed to it in Section 4.4.
- (oo) **"Underlying Royalty"** means a 2% net smelter royalty granted to the Underlying Optionor pursuant to, and as more particularly set out in, the Underlying Option Agreement.
- (pp) **"\$"** means Canadian dollars.

1.2 The words "Part", "Section", "Subsection", "Paragraph", "Subparagraph", "Clause", "herein" and "hereunder" refer to this Agreement. The words "this Agreement" include every Schedule or Appendix attached hereto.

1.3 The captions and the emphases of the defined terms have been inserted for convenience and do not define the scope of any provision.

PART 2
REPRESENTATIONS, WARRANTIES AND COVENANTS

Representations, Warranties and Covenants of Each Party

2.1 Each Party represents and warrants to the other Parties that:

- (a) it has full legal capacity and power:
 - (i) to own its property and assets and to carry on its business; and
 - (ii) to enter into the Agreement and any instrument referred to or contemplated by this Agreement, and to perform its obligations under the Agreement;
- (b) in respect of Quantum, Silver Mountain and Titan:
 - (i) it is duly incorporated and validly exists under the law of its place of incorporation;
 - (ii) it is in good standing with respect to the filing of annual reports under the legislation under which it was incorporated;
 - (iii) it has taken all corporate action that is necessary to authorize its entry into the Agreement and to perform its obligations under the Agreement;
- (c) the Agreement constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy subject to laws generally affecting creditors' rights and to principles of equity;
- (d) the execution, delivery and performance by it of the Agreement does not or will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with or result in a breach of or default under:
 - (i) in respect of Quantum, Silver Mountain and Titan , its constitution or other constating documents;
 - (ii) any material term or provision of any security arrangement, undertaking, agreement or deed to which it is a party or subject or by which it or any of its property is bound; or

- (iii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or is subject or by which it or any of its property is bound;
- (e) no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or threatened against it which if adversely decided could, in the reasonable opinion of the Party's management, have a material adverse effect on the Party's business, assets or financial condition so as to materially impair its ability to perform its obligations under the Agreement;
- (f) no liquidator, trustee in bankruptcy, receiver or receiver and manager or other external administrator is currently appointed in relation to it or any of its property; and
- (g) to the best of its knowledge, there are no facts, matters or circumstances which give any person the right to appoint or to apply to appoint (as the case may be) a liquidator, trustee in bankruptcy, receiver or receiver and manager or other external administrator to it or any of its property.

Representations, Warranties and Covenants of the Underlying Optionor

2.2 The Underlying Optionor represents and warrants to the other Parties that:

- (a) the Underlying Optionor is the sole 100% legal, beneficial and recorded owner of the Property, free and clear of all Encumbrances, and on or before the time of disposal of its interest in the Property pursuant to the exercise of the Underlying Option, the Underlying Optionor will be the sole 100% legal, beneficial and recorded owner of the Property free and clear of all Encumbrances;
- (b) the mineral claims and other interests comprising the Property are accurately described in Schedule A hereto, are presently in good standing under the laws of the jurisdiction in which they are located;
- (c) the Underlying Optionor has the exclusive right to dispose of its interest in the Property in accordance with the terms of the Underlying Option Agreement and to enter into this Agreement;
- (d) any mineral claims included in the Property as described in Schedule A hereto have been properly and legally staked, recorded and tagged;
- (e) there is no adverse claim or challenge against or to the ownership of or title to any of the mineral claims and other interests comprising the Property, nor to the knowledge of the Underlying Optionor is there any basis therefor or interest therein, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any production therefrom other than the Underlying Option Agreement and no person other than the Underlying Optionor has any royalty or other interest whatsoever in the Property or in production therefrom;

(f) the Underlying Option Agreement is in good standing and Silver Mountain has fulfilled all of the requirements to exercise the Underlying Option pursuant to the terms of the Underlying Option Agreement, other than the following payments to be made to the Underlying Optionor (the "Residual Option Payments"):

(i) \$35,000 on or before the three year anniversary of the date of the Underlying Option Agreement, which is July 31, 2012; and

(ii) \$40,000 on or before the four year anniversary of the date of the Underlying Option Agreement, which is July 31, 2013;

and if and when the Underlying Option is exercised by Silver Mountain, a 100% right, title and interest in and to the Property shall vest in Silver Mountain, free and clear of all Encumbrances, subject only to the Underlying Royalty;

(g) no third party consent of any kind is required by the Underlying Optionor to enter into this Agreement;

(h) no proceedings are pending for and the Underlying Optionor is unaware of any basis for the institution of any proceedings leading to the placing of Underlying Optionor into bankruptcy or subject to any other laws governing the affairs of insolvent persons;

(i) all work or expenditure obligations applicable to the Property, all reports of the work or expenditure and other requirements to be satisfied or filed to keep the Property in good standing have been satisfied or filed to the satisfaction of the applicable Governmental Authority;

(j) the Property and its existing and prior uses comply and have at all times complied with, and the Underlying Optionor is not in violation of, and has not violated, in connection with the ownership, use, maintenance or operation of the Property, any applicable federal, provincial, municipal or local laws, regulations, orders or approvals relating to its operations on the Property and environmental or similar matters;

(k) there are no writs, injunctions, orders or judgements outstanding, no law suits, claims, proceedings or investigations pending or threatened, relating to the use, maintenance or operation of the Property, whether related to environmental, archaeological or similar matters, or otherwise, nor, to the Underlying Optionor's knowledge, is there any basis for such law suits, claims, proceedings or investigations being instituted or filed;

(l) no hazardous or toxic materials, substances, pollutants, contaminants or wastes have been released into the environment, or deposited, discharged, placed or disposed of at, on or near the Property as a result of the Underlying Optionor's operations carried out on the Property, nor, to the Underlying Optionor's knowledge, have any of the above occurred;

(m) to the Underlying Optionor's knowledge, no notices of any violation or apparent violation of any of the matters referred to in paragraphs (i) through (l) relating to the Property or its use have been received by the Underlying Optionor;

(n) it is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and

(o) the Underlying Optionor is not aware of any facts relating to the Property that, if known to any of the other Parties, could reasonably be expected to cause any of the other Parties to decide not to enter into this Agreement or not proceed to exercise the Underlying Option or the Titan Option, as applicable.

Representations, Warranties and Covenants of Quantum and Silver Mountain

2.3 Quantum and Silver Mountain severally and jointly represent and warrant to Titan that:

(a) the legal relationship of Quantum and Silver Mountain is set out in page 2 hereof;

(b) the mineral claims and other interests comprising the Property are accurately described in Schedule A hereto, are presently in good standing under the laws of the jurisdiction in which they are located and are free and clear of all Encumbrances;

(c) upon Silver Mountain's exercise of the Underlying Option pursuant to the Underlying Option Agreement, and on or before the time of disposal of a portion of its interest in the Property pursuant to the exercise of the Titan Option, Silver Mountain will be the sole 100% legal, beneficial and recorded owner of the Property free and clear of all Encumbrances, subject only to the Underlying Royalty;

(d) each of Quantum and Silver Mountain has the exclusive right to enter into this Agreement and Silver Mountain has the exclusive right to dispose of an interest in the Property and the Underlying Option Agreement in accordance with the terms of this Agreement;

(e) there is no adverse claim or challenge against or to the ownership of or title to any of the mineral claims and other interests comprising the Property, nor to their knowledge there any basis therefor or interest therein, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any production therefrom other than the Underlying Option Agreement and no person other than the Underlying Optionor has any royalty or other interest whatsoever in the Property or in production therefrom;

(f) the Underlying Option Agreement is in good standing and Silver Mountain has fulfilled all of the requirements to exercise the Underlying Option pursuant to the terms of the Underlying Option Agreement, other than the following Residual Option Payments to be made to the Underlying Optionor:

(i) \$35,000 on or before the three year anniversary of the date of the Underlying Option Agreement, which is July 31, 2012; and

(ii) \$40,000 on or before the four year anniversary of the date of the Underlying Option Agreement, which is July 31, 2013;

(g) and if and when the Underlying Option is exercised by Silver Mountain, a 100% right, title and interest in and to the Property shall vest in Silver Mountain, free and clear of all Encumbrances, subject only to the Underlying Royalty;

(h) no third party consent of any kind is required by Quantum or Silver Mountain to enter into this Agreement, other than that of the Underlying Optionor in accordance with Section 11 of the Underlying Option Agreement and for avoidance of doubt, the Underlying Optionor consents to the Titan Option;

(i) no proceedings are pending for and neither Quantum nor Silver Mountain is aware of any basis for the institution of any proceedings leading to the dissolution or winding-up of Quantum or Silver Mountain or the placing of Quantum or Silver Mountain into bankruptcy or subject to any other laws governing the affairs of insolvent persons;

(j) all work or expenditure obligations applicable to the Property, all reports of the work or expenditure and other requirements to be satisfied or filed to keep the Property in good standing have been satisfied or filed to the satisfaction of the applicable Governmental Authority;

(k) the Property and its existing and prior uses comply and have at all times complied with, and each of Quantum and Silver Mountain is not in violation of, and has not violated, in connection with the ownership, use, maintenance or operation of the Property, any applicable federal, provincial, municipal or local laws, regulations, orders or approvals relating to its operations on the Property and environmental or similar matters;

(l) there are no writs, injunctions, orders or judgements outstanding, no law suits, claims, proceedings or investigations pending or threatened, relating to the use, maintenance or operation of the Property, whether related to environmental, archaeological or similar matters, or otherwise, nor, to their knowledge, is there any basis for such law suits, claims, proceedings or investigations being instituted or filed;

(m) no hazardous or toxic materials, substances, pollutants, contaminants or wastes have been released into the environment, or deposited, discharged, placed or disposed of at, on or near the Property as a result of their operations carried out on the Property, nor, to their knowledge, have any of the above occurred;

(n) to their knowledge, no notices of any violation or apparent violation of any of the matters referred to in paragraphs (j) through (m) above relating to the Property or its use have been received by Quantum or Silver Mountain;

(o) Quantum is not, and Silver Mountain is, a non-resident of Canada for the purposes of the *Income Tax Act* (Canada)

(p) to the best of their knowledge, all information supplied to Titan by the Quantum, Silver Mountain or their personnel in the course of Titan's due diligence review in respect of the transactions contemplated by the Agreement, is accurate and correct in all material aspects.

(q) they are not aware of any facts relating to the Property that, if known to any of the other Parties, could reasonably be expected to cause any of the other Parties to decide not to enter into this Agreement or not proceed to exercise the Underlying Option or the Titan Option, as applicable.

2.4 Quantum and Silver Mountain, as the case may be, covenants with Titan that:

(a) Silver Mountain will, at its sole cost and expense, remove or take remedial action with regard to any materials released by Silver Mountain or its contractors and agents, into the environment at, on or near the Property prior to the date hereof for which any removal or remedial action is required pursuant to any law, regulation, order or governmental action, whether enacted, made or declared in force before or after the date hereof, provided that:

(i) no such removal or remedial action shall be taken except after reasonable advance written notice has been given to Titan; and

(ii) any such removal or remedial action shall be undertaken in a manner so as to minimize any impact on Titan's operation on the Property;

(b) Silver Mountain will at all times retain any and all liabilities arising from the handling, treatment, storage, transportation or disposal of environmental or similar contaminants on or near the Property by Silver Mountain or by any of Silver Mountain's contractors or agents;

(c) Silver Mountain will, following the exercise of the Underlying Option and during the currency of the Titan Option, keep the Property free and clear of all Encumbrances, save and except those arising from Titan's activities on the Property;

(d) in the event of an adverse claim or claims (i) respecting the Property which does not arise from Titan's activities on the Property, or (ii) respecting defects of title affecting all or a portion of the Property, Silver Mountain shall, all at its sole expense, take immediate steps to defend against any such claim or claims or to cure any such default of title until such adverse claim or claims is or are judicially or otherwise fully settled and determined or such defects are otherwise cured, and Titan shall be held harmless from and indemnified for any resulting loss from adverse claims or other title defects. In the event that Silver Mountain is unable or refuses to cure any defect in title to the Property promptly, Titan may, without affecting Silver Mountain's obligations under this subparagraph, at Titan's election, take steps to cure such defect and shall be fully reimbursed for all costs incurred for that purpose

("Costs"), plus interest at the Prime Rate plus 3% from the date the Costs are incurred, and until reimbursed (and without limitation as to exercise of other remedies) Titan may recover the Costs of such cure, including, without limitation, legal fees and court costs, from amounts otherwise due to Silver Mountain hereunder; and

(e) Silver Mountain will use its commercial efforts to exercise the Underlying Option and/or provide notice of default to Titan immediately upon default under the Underlying Option.

Representations, Warranties and Covenants of Titan

2.5 Titan represents and warrants to Silver Mountain that:

(a) the Titan Shares issuable hereunder will, at the time of delivery to Silver Mountain, be duly authorized and validly allotted and issued as fully paid and non-assessable free of any liens, charges or encumbrances; and

(b) on the date of receipt by Silver Mountain of the certificate or certificates representing the Titan Shares issuable hereunder, every consent, approval, authorization, order or agreement of the Canadian National Stock Exchange, if applicable, that is required for the issuance of the Titan Shares, as applicable, and the delivery to Silver Mountain of such certificate or certificates to be valid will have been obtained and will be in effect.

Indemnity and Survival of Representations, Warranties and Covenants

2.6 The representations, warranties, covenants, agreements and conditions hereinbefore set out are conditions on which the Parties have relied in entering into the Agreement and will survive for a period of 3 years from the date hereof and each Party will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any misrepresentation and/or breach of warranty, covenant, agreement or condition made by them and contained in this Agreement (including lawyer's fees and disbursements). It is not necessary for a Party to incur expense or make payment before enforcing a right of indemnity conferred by the Agreement.

PART 3 GRANT AND EXERCISE OF TITAN OPTION

Grant of Titan Option

3.1 Silver Mountain hereby grants to Titan and the Underlying Optionor consents to such grant, for valuable consideration, the receipt of which is hereby acknowledged, the sole and exclusive right and option (the "Titan Option") to acquire an undivided seventy percent (70%) interest in and to the Property or, if the Underlying Option is not yet then exercised, Silver Mountain's rights and interests under the Underlying Option Agreement, free and clear of all Encumbrances other than the Underlying Royalty, such Titan Option to be exercisable by Titan:

- (a) paying to Silver Mountain an aggregate \$140,000 as follows:
 - (i) paying \$15,000 within five (5) Business Days of Exchange Acceptance Date,
 - (ii) an additional \$15,000 on or before the first anniversary of the Exchange Acceptance Date,
 - (iii) an additional \$20,000 on or before the second anniversary of the Exchange Acceptance Date,
 - (iv) an additional \$40,000 on or before the third anniversary of the Exchange Acceptance Date, and
 - (v) an additional \$50,000 on or before the fourth anniversary of the Exchange Acceptance Date; and
- (b) issuing 150,000 Titan Shares to Silver Mountain within thirty (30) days of the completion of Titan's initial public offering, if at all.

Acceleration of Cash Payments and Share Issuances

3.2 Titan may elect to accelerate any cash payment and Titan Share issuance requirements under Section 3.1 in order to exercise the Titan Option at an earlier time than contemplated herein. For greater certainty, Titan, in its sole discretion, may elect to issue the 150,000 Titan Shares contemplated in paragraph 3.1(a)(v) in advance of the completion of its initial public offering.

3.3 In the event that Titan does not complete its initial public offering within a year following the Exchange Acceptance Date, Titan may fulfill this share issuance requirement contemplated in paragraph 3.1(a)(v) by issuing 150,000 Titan Shares to Silver Mountain within thirty (30) days following the first year anniversary of the Exchange Acceptance Date.

Exercise of Titan Option

3.4 At any time upon satisfaction of the requirements of Section 3.1 ("Titan Option Exercise Date"), the Titan Option will be deemed exercised and:

- (a) a seventy percent (70%) interest in and to the Property shall vest in Titan as of the Titan Option Exercise Date, free and clear of all Encumbrances other than the Underlying Royalty, or
- (b) if the Underlying Option is not yet then exercised as of the Titan Option Exercise Date, Silver Mountain shall be deemed to have partially assigned a seventy percent (70%) of Silver Mountain's rights and interests under the Underlying Option Agreement to Titan as of the Titan Option Exercise Date.

3.5 For greater certainty and notwithstanding the terms of the Underlying Option Agreement, any assignment of Silver Mountain's rights and interests under the Underlying Option Agreement to Titan does not apply to the obligations of Silver Mountain under the Underlying Option Agreement, which includes, without limiting the foregoing, the obligations of Silver Mountain to pay the Residual Option Payments to exercise the Underlying Option.

Resale Restrictions on Titan Shares

3.6 Silver Mountain understands, acknowledges and agrees that the Titan Shares issuable hereunder will be subject to certain resale restrictions under applicable securities laws, the terms of which may be endorsed on the certificates representing such Titan Shares, and Silver Mountain to comply with such resale restrictions. The Silver Mountain also acknowledges that it has been advised to consult its own independent legal advisor with respect to the applicable resale restrictions and the Silver Mountain is solely responsible for complying with such restrictions and Titan is not responsible for ensuring compliance by Silver Mountain with the applicable resale restrictions.

3.7 Silver Mountain further consents to the placement of any additional legend required by applicable securities laws determined to be required by Titan and its counsel.

3.8 Silver Mountain acknowledges that Titan intends, in its sole discretion, to seek to list (the "Listing") the common shares of Titan on an exchange or quotation system in Canada but that Titan is not required to seek a Listing and such Listing is not assured. In connection with Listing, Silver Mountain acknowledges and agrees that the Titan Shares may be subject to additional resale restrictions of such exchange or quotation system, including either legends to be placed on the certificates representing the Titan Shares or the deposit of the certificates with a third party escrow agent upon Listing pursuant to the provisions of an escrow agreement. Titan covenants to use its reasonable commercial efforts to avoid having any escrow or resale restrictions (other than for a period of not more than 4 months and one day from the date of issue) imposed on the Titan Shares. Silver Mountain acknowledges and agrees that in the event escrow provisions are imposed on the Titan Shares as a result of securities rules or policies of Government Authorities having jurisdiction, Silver Mountain will execute and deliver a copy any required escrow agreement failing which Silver Mountain shall be deemed to have surrendered the Titan Shares to Titan in consideration of being paid an amount equal to the sum of the number of Titan Shares multiplied by the price of Titan's initial public offering.

PART 4

FORFEITURE AND ACQUISITION OF UNDERLYING OPTION

4.1 The Parties acknowledge that the provisions of this Part 4 shall apply notwithstanding the terms of the Underlying Option Agreement.

4.2 In the event that (i) the Underlying Option terminates pursuant to paragraphs 8(a)(ii) or 8(a)(iii) of the Underlying Option Agreement, or (ii) Silver Mountain fails to pay the Residual Option Payment(s) within the time period(s) required under the Underlying Option Agreement:

(a) the Underlying Optionor shall, subject to having complied with the notice provisions set out in Section 16 of the Underlying Option Agreement, promptly deliver a written notice to each of Silver Mountain and Titan (the "**Underlying Option Forfeiture Notice**") containing particulars of such termination and/or the nature of the obligations that Silver Mountain has failed to perform which caused such termination;

(b) Silver Mountain will acquire no interest in and to the Property and will be deemed to have automatically forfeited its rights and interests in and to the Property, the Underlying Option and the Underlying Option Agreement as of delivery date of the Underlying Option Forfeiture Notice (the "**Underlying Option Forfeiture Date**"); and

(c) the Titan Option shall automatically terminate and be of no further force or effect.

4.3 Upon receipt of the Underlying Option Forfeiture Notice, Titan shall have the exclusive right, in its sole discretion, to acquire, at no additional cost, an assignment of Silver Mountain's rights and interests to the Property, the Underlying Option, and the Underlying Option Agreement, such right to be exercised by:

(a) delivering of a written notice to the Underlying Optionor to such effect (the "**Underlying Option Acquisition Notice**"); and

(b) within 30 days of the Underlying Option Forfeiture Notice:

(i) delivering to the Underlying Optionor the payment of the Residual Option Payment(s) then due as of the Underlying Option Forfeiture Date, and/or

(ii) in the event of a default on Silver Mountain's part which led to the termination of the Underlying Option under paragraph 8(a)(iii) of the Underlying Option Agreement, curing such default or commencing proceedings to cure such default by appropriate payment or performance, Titan hereby agreeing that should it so commence to cure any default it will prosecute the same to completion without undue delay.

4.4 Should Titan exercise its right to acquire the assignment of Silver Mountain's rights and interests to the Property, the Underlying Option, and the Underlying Option Agreement in accordance Section 4.3, all of Silver Mountain's rights, interests and obligations in and to the Property, the Underlying Option and the Underlying Option Agreement shall be deemed to have been vested and assigned to Titan by Silver Mountain, effective as of the earlier of:

(a) the date immediately preceding the date on which the Underlying Option terminated, as contemplated under Section 4.1, and

(b) the date immediately preceding the first due date of any unpaid Residual Option Payment(s), as contemplated under Section 4.1,

(hereinafter referred to as the "Underlying Option Acquisition Date"), and the Underlying Option shall be deemed to not have been terminated.

4.5 Should Titan fail to exercise its right to acquire the assignment of Silver Mountain's rights and interests to the Property, the Underlying Option, and the Underlying Option Agreement in accordance Section 4.3, then the Underlying Option, Underlying Option Agreement shall automatically terminate and be of no further force or effect.

4.6 Should Titan be required to pay any Residual Option Payments as a result of the application of the provisions in this Part 4, Titan may elect to accelerate any Residual Option Payment in order to exercise the Underlying Option under the Underlying Option Agreement at an earlier time than contemplated in the Underlying Option Agreement.

PART 5
GENERAL PROVISIONS RELATING TO
UNDERLYING OPTION, UNDERLYING ROYALTY AND TITAN OPTION

5.1 The Parties acknowledge that the provision under this Part 5 shall apply notwithstanding the terms of the Underlying Option Agreement.

Underlying Royalty

5.2 Any Underlying Royalty payable to the Underlying Optionor pursuant to the terms of the Underlying Option Agreement will be payable by Silver Mountain following the exercise of the Underlying Option (if exercised by Silver Mountain). Following the exercise of the Titan Option, Titan and Silver Mountain shall be jointly responsible for any payment of the Underlying Royalty on a pro rata basis calculated in accordance with each Party's respective interest in the Property.

Right of Entry

5.3 During the Option Period, Silver Mountain and Titan, and their directors, officers, employees, servants, agents, and independent contractors shall have the joint exclusive right of entry in respect of the Property, as contemplated in Section 6 of the Underlying Option Agreement.

Obligations of Optionee

5.4 At any time prior to the exercise of the Underlying Option, the obligations of the optionee as set forth in Section 7 of the Underlying Option Agreement shall remain as obligations of Silver Mountain. Following the exercise of the Underlying Option (if exercised by Silver Mountain) and prior to the exercise of the Titan Option, Titan and Silver Mountain shall be jointly responsible for any such obligations relating to the Property on a pro rata basis calculated in accordance with each Party's interest in the Property, assuming the Titan Option is exercised.

Power to Charge Property

5.5 Neither Silver Mountain nor Titan may grant mortgages, charges, liens or similar encumbrances of and upon the Property or any portion thereof, as contemplated in Section 10 of the Underlying Option Agreement, until the earlier of (i) the Participation Date, and (ii) the Titan Underlying Option Acquisition Date. Thereafter, Silver Mountain and Titan may grant mortgages, charges, liens or similar encumbrances on the terms as set forth in Section 10 of the Underlying Option Agreement.

Surrender of Property Interests Prior to the Termination of Agreement

5.6 During the Option Period, Silver Mountain may not elect to abandon any one or more of the mineral claims comprised in the Property, as contemplated in Section 12 of the Underlying Option Agreement, unless prior written consent is obtained from Titan. However, in respect of the Titan Option, Titan may at any time during the Option Period elect to abandon any one or more of the mineral claims comprised in the Property by giving notice to Silver Mountain or such intention. Upon any such abandonment, the mineral claims so abandoned shall for all purposes of the Titan Option cease to form part of the Property.

PART 6 AREA OF COMMON INTEREST

6.1 If either Silver Mountain or Titan (or permitted assignees hereof) beneficially acquires any interest in mineral claims or surface rights within the Area of Common Interest they will, at the election of the other party (made by it within 20 days of written notice), be made part of the Property for all purposes and may be referred to as Additional Property. That is, if acquired by Titan, such additional claims will be transferred to Silver Mountain on termination hereof without additional cost and if acquired by Silver Mountain will be optioned to Titan as if part of the Property (and without additional consideration being demanded from Titan).

PART 7 JOINT VENTURE

Formation of Joint Venture

7.1 On the Participation Date, Titan and Silver Mountain shall, and shall be deemed to, form a single purpose joint venture ("**Joint Venture**") for the purpose of undertaking such activities as are determined in accordance with the provisions hereof, to be necessary or appropriate, directly or indirectly, to:

- (a) explore and, if deemed warranted as herein provided, develop the Property and equip it for Commencement of Commercial Production;
- (b) if deemed warranted as herein provided, operate the Property as a mine; and

- (c) engage in such other activity as may be considered by the Operator to be necessary or desirable in connection with the foregoing.

Joint Venture Agreement

7.2 Within 60 days of the formation of the Joint Venture pursuant to Section 7.1, Titan, Quantum and Silver Mountain must in good faith complete and execute a formal joint venture agreement incorporating, among other things, those terms as set out in Schedule C hereof (the "Joint Venture Agreement").

7.3 The Parties acknowledge and agree that Section 6 (Contribution to Joint Venture Expenditure), Section 9 (Programs and Production Programs) and Section 10 (Dilution) of the Joint Venture Agreement will be immediately binding on the Parties upon formation of the Joint Venture pursuant to Section 7.1. For the avoidance of doubt, such provisions of the Joint Venture Agreement will be binding on the Parties whether or not the Joint Venture Agreement is actually entered into.

Joint Venture Company

7.4 At any time, the Parties may together elect that the Joint Venture be conducted by a Joint Venture Company in which the Parties must promptly incorporate a new company under the Ontario for that purpose, in which case the Joint Venture Agreement will be deemed to be the Shareholders' Agreement and the Parties must in a timely manner execute the Shareholders' Agreement.

Mineral Products

7.5 For clarity, each Party will maintain absolute control and ultimate ownership over its respective share of any Mineral Products (as defined in the Joint Venture Agreement) unless expressly surrendered in whole or in part to the Joint Venture for sale or disposition. Each Party's respective share of said Mineral Products will at all time be equal to their respective percentage of participation in the Joint Venture. This includes each Party's respective right to unilaterally sell, dispose of or otherwise encumber their respective share of those Mineral Products. It is further expressly understood and agreed by the Parties that their entitlement to their respective shares of Mineral Products will be net of the costs of production and transportation incurred by the Joint Venture.

PART 8 ASSIGNMENT

Limitations on Assignments

8.1 Notwithstanding the terms of the Underlying Option Agreement, neither Silver Mountain nor Titan may assign or transfer their interests in the Underlying Option Agreement and/or this Agreement, the Property or any portion thereof, as may be contemplated in Section 11 of the Underlying Option Agreement, until the earlier of (i) the Participation Date, and (ii) the Titan Underlying Option Acquisition Date.

8.2 A Party ("Assigning Party") may not assign or otherwise deal with the Agreement without the prior written consent of the other Party ("Consenting Party"), which consent must not be unreasonably withheld or delayed.

Consent

8.3 A Consenting Party does not unreasonably withhold its consent if it requires:

(a) the Assigning Party to pay all expenses (including legal costs on a solicitor and own client or full indemnity basis, whichever is greater) incurred by the Consenting Party in investigating the proposed assignee or in connection with the proposed assignment; and

(b) the proposed assignee to agree in writing with the Consenting Party to comply with the Agreement as if it were an original party to the Agreement.

Meaning of Assign

8.4 In this Part 8, "assign" includes:

(a) sale, transfer, license, franchise, sub-contract, or otherwise dispose or part with possession of; and

(b) mortgage, charge, grant a lien, pledge, hypothecate, declare a trust in respect of or grant any interest in, by way of security or otherwise.

Exceptions

8.5 Nothing in this Part 8 applies to or restricts in any manner an amalgamation or corporate reorganization involving a Party which has the effect in law of the amalgamated or surviving corporation possessing all the property, rights and interests and being subject to all the debts, liabilities and obligations of each amalgamating or predecessor corporation.

PART 9

FORCE MAJEURE

Notice of Force Majeure

9.1 Subject to Section 9.4, a Party will not be liable for any delay or failure to perform any of its obligations under the Agreement (other than an obligation to pay money) if as soon as possible after the beginning of the Force Majeure affecting the ability of the Party to perform any of its obligations under the Agreement, it gives a notice to the other Party that complies with Section 9.2.

Force Majeure Notice

9.2 A notice given under Section 9.1 must:

- (a) specify the obligations the Party cannot perform;
- (b) fully describe the Force Majeure;
- (c) estimate the time during which the Force Majeure will continue; and
- (d) specify the measures proposed to be adopted to remedy or abate the Force Majeure.

Obligation to Remedy and Mitigate

9.3 The Party that is prevented from carrying out its obligations under the Agreement as a result of Force Majeure must:

- (a) remedy the Force Majeure to the extent reasonably practicable and resume performance of its obligations as soon as reasonably possible; and
- (b) take all action reasonably practicable (but without any obligation to make any monetary payment) to mitigate any Liability suffered by the other Party as a result of its failure to carry out its obligations under the Agreement.

Despite the foregoing, nothing in this Section 9.3 will require the Party that is prevented from performing its obligations under the Agreement as a result of Force Majeure to resolve or compromise any labour dispute or to question or to test the validity of any law, rule, regulation or order of any Governmental Authority or to perform its obligations under the Agreement if Force Majeure renders performance impossible.

Effect of Force Majeure on Time and Payment

9.4 Any time period provided for in the Agreement will be extended by a period equivalent to the period of delay resulting from Force Majeure, but if Force Majeure continues for more than 6 months, then either Party may at any time thereafter by notice in writing to the other Party terminate the Agreement.

Effect of Termination

9.5 If a Party terminates the Agreement under Section 9.4, then:

- (a) each Party will be released from further performance of their obligations under the Agreement; and
- (b) the termination will not release or discharge either Party from any Liability that arose or accrued prior to the date of termination of the Agreement.

PART 10

CONFIDENTIAL INFORMATION

Confidentiality

10.1 The Parties agree that:

(a) the Agreement (including any drafts of it), all information (whether embodied in tangible or electronic form) exchanged between the Parties under the Agreement and all information concerning or relating to the Property of which it becomes aware ("**Confidential Information**") is confidential; and must be kept confidential and must not be disclosed to any person at any time or in any manner except:

(i) to any Party;

(ii) with the prior written consent of all the other Parties, such consent not to be unreasonably withheld;

(iii) to a bank or other financial institution considering the provision of or, which has provided financial accommodation to, a Party or an Affiliate of a Party or to a trustee, representative or agent or such a bank or financial institution;

(iv) by a Party to legal, financial and other professional advisors, auditors and other consultants, officers and employees of a Party or a Party's Affiliate, provided that such Party or Party's Affiliate has first agreed in writing to maintain the confidentiality of the Confidential Information;

(v) to the extent that the Confidential Information was publicly available at the date hereof or becomes publicly available subsequent to the the date hereof without breach of the Agreement; and

(vi) to the extent required by law or by a lawful requirement of any Governmental Authority or stock exchange having jurisdiction over the Parties or their Affiliates.

News Releases

10.2 Except for any statement to a stock exchange or similar public market for trading shares upon which securities of a Party or of an Affiliate of a Party are quoted, the text of any proposed media releases or other public statements ("**Public Disclosure**") which a Party intends to make with respect to the Property or the Agreement must be made available to the other Party at least two Business Days prior to publication of the proposed Public Disclosure. The other Party will have one Business Day to review and comment on the proposed Public Disclosure. Any comments of the other Party concerning the proposed Public Disclosure must be considered in good faith by the Party who intends to make the Public Disclosure and the Public Disclosure must, as is reasonable, be amended accordingly. This Section 10.2 will not prevent a Party from making such disclosure as is required by applicable law or regulation, in which event the Party

contemplating such disclosure will inform the other Party of and obtain its consent to the form and content of such disclosure, which consent will not be unreasonably withheld or delayed.

10.3 For clarity and without limiting the above, this section applies to any action of the Parties to cause the posting of any information on any of their respective websites concerning the Property or this Agreement and such disclosure will be reviewed as set out above and, in the case of disclosure relating to the Property, such disclosure will also have been reviewed and consented to by a qualified person as required by National Instrument 43-101.

Fraudulent or Negligent Disclosure

10.4 No Party will be liable to any other Party for the fraudulent or negligent disclosure of Confidential Information by any of its Personnel as long as that Party has taken reasonable steps to ensure the preservation of the confidential nature of that Confidential Information.

Effect of Disclosure

10.5 Any consent of a Party given to the other Party to disclose Confidential Information or to make a Public Disclosure will not be considered an approval or certification of the Consenting Party:

- (a) as to the accuracy of any information contained in that Confidential Information or Public Disclosure; or
- (b) that the Confidential Information or Public Disclosure complies with applicable law or the rules, policies, by-laws and disclosure standards of any Governmental Authority, stock exchange, regulator or securities commission.

PART 11 DEFAULT AND TERMINATION

Default

- 11.1 (a) If a Party:
- (i) is in breach of or default under the Agreement; or
 - (ii) has breached a representation or warranty which it has given to the other Party under the Agreement, including a warranty made under Part 2,
- ("Defaulting Party") then the other Party may give the Defaulting Party a notice:
- (iii) specifying the alleged breach of or default under the Agreement;
 - (iv) specifying a reasonable time and date by which the Defaulting Party must rectify the breach or default (or overcome their effects) which period must not be less than 30 Business Days; and

- (v) requiring the Defaulting Party to show cause in writing why the other Party should not exercise its rights under Section 11.2.
- (b) If the other Party gives the Defaulting Party a notice referred to in Paragraph 11.1(a), then the Defaulting Party must:
 - (i) comply with the notice; and
 - (ii) give the other Party a program to rectify the relevant default or remedy the breach (or overcome their effects) in accordance with the terms of the other Party's notice.
- (c) If the Defaulting Party fails to rectify or fails to take reasonable steps to commence rectifying a default or remedy a breach (or overcome their effects) in accordance with the terms of a notice referred to in Paragraph 11.1(a):
 - (i) the other Party may take any action it considers appropriate to:
 - (A) rectify that default; or
 - (B) remedy that breach; and
 - (ii) the Defaulting Party must indemnify the other Party against any Liability it sustains or incurs in respect of that default or breach except to the extent such Liability arises from the negligence or wilful default of the other Party.

Termination following Default

11.2 A Party may terminate the Agreement, with immediate effect, by written notice to the Defaulting Party after it has previously given the Defaulting Party a notice under Section 11.1 and the Defaulting Party has not complied with that notice.

Termination on Execution of Joint Venture Agreement

11.3 The Agreement will terminate upon the execution of the Joint Venture Agreement or the Shareholders' Agreement, as the case may be.

PART 12 REGULATORY APPROVAL

Regulatory Approval

12.1 The Parties acknowledge and agree that their respective rights and obligations hereunder are subject to acceptance of a filing to be made in respect of the Agreement by the Exchange and Quantum will use its reasonable commercial efforts to have the Agreement accepted for filing by the Exchange promptly following execution of the Agreement.

12.2 Titan agree to use their commercially reasonable efforts to promptly provide Quantum or Silver Mountain with the information necessary (and pertaining to the Underlying Optionor and the Property) to complete the regulatory filings contemplated in Section 12.1.

Exchange Acceptance Date

12.3 If the Exchange Acceptance Date has not occurred within 120 days of the date of execution hereof, then a Party may terminate the Agreement without liability by notice to the other Parties.

PART 13 GENERAL

Entire Agreement

13.1 The Agreement and the Underlying Option Agreement constitutes:

- (a) is the entire agreement and understanding between the Parties on everything connected with the subject matter of the Agreement; and
- (b) supersedes any prior agreement or understanding on anything connected with that subject matter, including the Letter of Intent.

To the extent that the Underlying Option Agreement is inconsistent with this Agreement, the terms and provisions of this Agreement shall govern. An amendment or variation of this Agreement shall only be binding upon a Party if evidenced in writing executed by that Party

Amendment and Variation

13.2 The Agreement will not be amended, modified, varied or supplemented except in writing signed by the Parties.

Consents or Approvals

13.3 Except where expressly specified otherwise in the Agreement, if the doing of any act, matter or thing under the Agreement is dependent on the consent or approval of a Party or is within the discretion of a Party, then the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the Party in its absolute discretion.

Waiver

13.4 The Parties agree that:

- (a) a Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right;
- (b) the exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right;

- (c) a waiver is not effective unless it is in writing; and
- (d) waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

Governing Law

- 13.5 (a) The Agreement is governed by the law in force in the Province of British Columbia and the laws of Canada applicable in the Province of British Columbia.
- (b) The Parties irrevocably submit to the exclusive jurisdiction of the courts exercising jurisdiction in the Province of British Columbia and any court that may hear appeals from any of those courts for any proceeding in connection with the Agreement, subject only to the right to enforce a judgment obtained in any of those courts in any other jurisdiction.

Severability

- 13.6 (a) If anything in the Agreement is unenforceable, illegal or void then it is severed and the rest of the Agreement remains in force.
- (b) Where a provision of the Agreement is prohibited or unenforceable, the Parties must negotiate in good faith to replace the invalid provision by a provision which is in accordance with the applicable law and which must be as close as possible to the Parties' original intent and appropriate consequential amendments (if any) will be made to the Agreement.

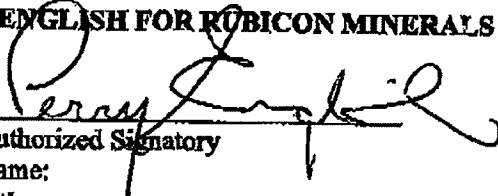
Time of the Essence

- 13.7 (a) Time is of the essence of the Agreement.
- (b) If the Parties agree to vary a time requirement, the time requirement so varied is of the essence of the Agreement.
- (c) Any agreement to vary a time requirement must be in writing.

This is the signature page to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated October 21, 2011.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

PERRY ENGLISH FOR RUBICON MINERALS CORPORATION

Per: 
 Authorized Signatory
 Name:
 Title:


QUANTUM RARE EARTH DEVELOPMENTS CORP.

Per: _____
 Authorized Signatory
 Name:
 Title:

SILVER MOUNTAIN MINES CORP.

Per: _____
 Authorized Signatory
 Name:
 Title:

TITAN GOLDWORX RESOURCES INC.

Per: 
 Authorized Signatory
 Name: HERRICK LAU
 Title: CEO



This is the signature page to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated October 21, 2011.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

PERRY ENGLISH FOR RUBICON MINERALS CORPORATION

Per: _____
Authorized Signatory
Name:
Title:

QUANTUM RARE EARTH DEVELOPMENTS CORP.

Per: _____
Authorized Signatory
Name: *Perry English*
Title: *President CEO*

SILVER MOUNTAIN MINES CORP.

Per: _____
Authorized Signatory
Name: *Perry English*
Title: *Director*

TITAN GOLDWORX RESOURCES INC.

Per: _____
Authorized Signatory
Name:
Title:

SCHEDULE A

THE PROPERTY

This is Schedule A to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated effective October 21, 2011.

The Property is comprised of the following mineral claims, all located in the Tait Township area, Kenora Mining Division, Ontario:

<u>Claim Name</u>	<u>Claim Number</u>	<u>Number of Units</u>	<u>Expiry Date</u>
Tait Lake Property	4200491	8	October 27, 2013

[End of Schedule A]

SCHEDULE B

UNDERLYING OPTION AGREEMENT

This is Schedule B to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated effective October 21, 2011.

[See Next Page]

OPTION AGREEMENT

THIS AGREEMENT made as of the 31st day of July, 2009.

BETWEEN:

PERRY ENGLISH FOR RUBICON MINERALS
CORPORATION, of Box 414, Souris, Manitoba, R0K 2C0

(the "Optionor")

OF THE FIRST PART

AND:

SILVER MOUNTAIN MINES CORP., a Nevada corporation,
with an office at 7230 Indian Creek Ln., Suite 201, Las Vegas,
Nevada, 89149

(the "Optionee")

OF THE SECOND PART

WHEREAS:

A. The Optionor is the owner of certain mineral claims located in the Tait Township, Kenora Mining District of Ontario, Canada;

B. The Optionor has agreed to grant an exclusive option to the Optionee to acquire an interest in and to the Property, subject to the Royalty, on the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of \$1.00 now paid by the Optionee to the Optionors (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

DEFINITIONS

1. For the purposes of this Agreement, the following words and phrases shall have the following meanings, namely:

(a) "Commencement of Commercial Production" means:

(i) if a mill is located on the Property, the last day of a period of 40 consecutive days in which, for not less than 30 nonconsecutive days, the mill processed ore from the Property at 60% of its rated concentrating capacity; or

- (ii) if a mill is not located on the Property, the last day of a period of 30 nonconsecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,

but any period of time during which ore or concentrate is shipped from the Property for testing purposes, or during which milling operations are undertaken as initial tune-up, shall not be taken into account in determining the date of Commencement of Commercial Production;

- (b) "Exploration Expenditures" means the sum of:
- (i) all costs of acquisition and maintenance of the Property, all expenditures on the exploration and development of the Property, and all other costs and expenses of whatsoever kind or nature incurred or chargeable by the Optionee with respect to the exploration and development of the Property and the placing of the Property into commercial production; and
- (ii) as compensation for general overhead expenses which the Optionee may incur, an amount equal to 10% of all amounts included in subparagraph (i) in each year but only 5% of such amounts when paid by the Optionee under any contract involving payments by it in excess of \$100,000 in one year;
- (c) "Option" means the option to acquire a 100% interest in and to the Property as provided in this Agreement;
- (d) "Option Period" means the period from the date of this Agreement to and including the date of exercise or termination of the Option;
- (e) "Property" means the mineral claims described in Schedule "A" hereto including any replacement or successor claims, and all mining leases and other mining interests derived from any such claims. Any reference herein to any mineral claim comprising the Property includes any mineral leases or other interests into which such mineral claim may have been converted;
- (f) "Property Rights" means all licenses, permits, easements, rights-of-way, certificates and other approvals obtained by either of the parties either before or after the date of this Agreement and necessary for the exploration of the Property, or for the purpose of placing the Property into production or continuing production therefrom;
- (g) "Royalty" means the amount of royalty from time to time payable to the Optionors hereunder and as defined in Schedule "B" attached hereto;
- (h) "Shares" means the 150,000 common shares to be issued to the Optionor pursuant to the exercise of the Option, in the capital of the Optionee or in the capital of a publically trade company to be named at a later date by the Optionee and acceptable to the Optionor.

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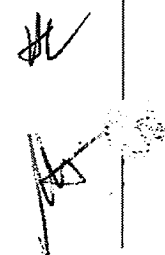
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE OPTIONORS

2. (a) The Optionor represents and warrants to and covenant with the Optionee, with the knowledge that the Optionee relies upon same in entering into this Agreement, that:
- (i) the Optionor is legally entitled to hold the Property and the Property Rights and will remain so entitled until the interest of the Optionor in the Property which is subject to the Option has been duly transferred to the Optionee as contemplated hereby;
 - (ii) the Optionor is, and at the time of each transfer to the Optionee of an interest in the mineral claims comprising the Property pursuant to the exercise of the Option it will be, the recorded holder and beneficial owner of all of the mineral claims comprising the Property free and clear of all liens, charges and claims of others, and no taxes or rentals are or will be due in respect of any of the mineral claims;
 - (iii) the mineral claims comprising the Property have been, to the best of the Optionor's knowledge and belief, duly and validly located and recorded pursuant to the laws of the jurisdiction in which the Property is situate and are in good standing with respect to all filings, fees, taxes, assessments, work commitments or other conditions on the date hereof and until the dates set opposite the respective names thereof in Schedule "A" hereto;
 - (iv) there are not any adverse claims or challenges against or to the ownership of or title to any of the mineral claims comprising the Property, nor to the knowledge of the Optionor is there any basis therefor, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof, and no person other than the Optionor, pursuant to the provisions hereof, has any royalty or other interest whatsoever in production from any of the mineral claims comprising the Property; and
 - (v) the Property is not the whole or substantially the whole of the undertaking of the Optionor.
- (b) The representations and warranties contained in this section are provided for the exclusive benefit of the Optionee, and a breach of any one or more thereof may be waived by the Optionee in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty, and the representations and warranties contained in this section shall survive the execution of this Agreement and of any transfers, assignments, deeds or further documents respecting the Property.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE OPTIONEE

3. (a) The Optionee represents and warrants to and covenants with the Optionor, with the knowledge that the Optionor rely upon same in entering into this Agreement, that:
- (i) it has been duly incorporated, amalgamated or continued and validly exists as a corporation in good standing with respect to the filing of annual reports under the laws of its jurisdiction of incorporation, amalgamation or continuation;
 - (ii) it is lawfully authorized to hold mineral claims and real property under the laws of the jurisdiction in which the Property is situate;
 - (iii) it has duly obtained all corporate authorizations for the execution of this Agreement and for the performance of this Agreement by it, and the consummation of the transactions herein contemplated will not conflict with or result in any breach of any covenants or agreements contained in, or constitute a default under, or result in the creation of any encumbrance under the provisions of the Articles or the constating documents of the Optionee or any shareholders' or directors' resolution, indenture, agreement or other instrument whatsoever to which the Optionee is a party or by which it is bound or to which it or the Property may be subject; and
 - (iv) no proceedings are pending for, and the Optionee is unaware of any basis for the institution of any proceedings leading to, the dissolution or winding up of the Optionee or the placing of the Optionee in bankruptcy or subject to any other laws governing the affairs of insolvent corporations.
- (b) The representations and warranties contained in this section are provided for the exclusive benefit of the Optionor and a breach of any one or more thereof may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty, and the representations and warranties contained in this section shall survive the execution hereof.

GRANT AND EXERCISE OF OPTION

4. (a) The Optionor hereby grants to the Optionee the sole and exclusive right and option to acquire a 100% interest in and to the Property, free and clear of all charges, encumbrances and claims, except for those set out in Schedule "A" hereto and the Royalty.
- (b) The Option shall be exercised by the Optionee:
- (i) paying \$10,000 to the Optionor upon execution of this Agreement. The Optionor hereby acknowledges receipt of this payment (USD\$9,000) by the Optionee;
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- (ii) Paying a total of \$129,000 to the Optionor as follows:
- (A) ✓ \$24,000 on or before the one year anniversary of the date of this Agreement;
 - (B) ✓ \$30,000 on or before the two year anniversary of the date of this Agreement; *marked to pay Feb 22/11*
 - (C) \$35,000 on or before the three year anniversary of the date of this Agreement;
 - (D) \$40,000 on or before the four year anniversary of the date of this Agreement;
- (iii) allotting and issuing to the Optionor, as fully paid and non-assessable, the Shares as follows:
- (A) ✓ 50,000 Shares upon execution of this Agreement;
 - (B) ✓ 50,000 Shares on or before the one year anniversary of the date of this Agreement; and
 - (C) ✓ 50,000 Shares on or before the two year anniversary of the date of this Agreement;
- (c) If and when the Option has been exercised, a 100% right, title and interest in and to the Property shall vest in the Optionee, free and clear of all charges, encumbrances and claims, except for the obligation of the Optionee hereunder to pay the Royalty to the Optionor.

TRANSFER OF PROPERTY

5. The Optionor shall, forthwith after the exercise of the Option by the Optionee, deliver to the Optionee duly executed transfers of the appropriate interest in the Property which shall have been acquired by the Optionee upon exercise of the Option.

RIGHT OF ENTRY

6. Throughout the Option Period, the directors and officers of the Optionee and its servants, agents and independent contractors, shall have the sole and exclusive right in respect of the Property to:

- (a) enter thereon;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting, exploration, development and other mining work thereon and thereunder as the Optionee in its sole discretion may determine advisable;

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- (d) bring upon and erect upon the Property such buildings, plant, machinery and equipment as the Optionee may deem advisable; and
- (e) remove therefrom and dispose of reasonable quantities of ores, minerals and metals for the purposes of obtaining assays or making other tests.

OBLIGATIONS OF THE OPTIONEE DURING OPTION PERIOD

7. During the Option Period the Optionee shall:

- (a) maintain in good standing those mineral claims comprising the Property by the doing and filing of assessment work or the making of payments in lieu thereof, by the payment of taxes and rentals, and the performance of all other actions which may be necessary in that regard and in order to keep such mineral claims free and clear of all liens and other charges arising from the Optionee's activities thereon except those at the time contested in good faith by the Optionee;
- (b) duly record all exploration work carried out on the Property by the Optionee as assessment work;
- (c) permit the Optionor, or his representative duly authorized in writing, to visit and inspect the Property at all reasonable times and intervals, and data obtained by the Optionee as a result of its operations thereon, provided always that the Optionor or his representatives shall abide by the rules and regulations laid down by the Optionee relating to matters of safety and efficiency in its operations and, notwithstanding, the Optionee shall be under no liability to the Optionor or his representatives for any personal injury, including death, or any damage to property other than such as might be occasioned by or through any negligence on the part of the Optionee, its servants or agents;
- (d) do all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority;
- (e) indemnify and save the Optionor harmless in respect of any and all costs, claims, liabilities and expenses arising out of the Optionee's activities on the Property, but the Optionee shall incur no obligation hereunder in respect of claims arising or damages suffered after termination of the Option if upon termination of the Option any workings on or improvements to the Property made by the Optionee are left in a safe condition and in full compliance with requirements of all environmental laws and regulations;
- (f) permit the Optionor, at their own expense, reasonable access to the results of the work done on the Property during the last completed calendar year;

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- (g) deliver to the Optionor, forthwith upon receipt thereof, copies of all reports, maps, assay results and other technical data compiled by or prepared at the direction of the Optionee with respect to the Property; and
- (h) comply with the mining laws of Ontario, including consultation with and/or working with Canadian Aboriginal groups which may have an interest in the Property or surrounding areas.

TERMINATION OF OPTION

8. (a) The Option shall terminate:
- (i) subject to paragraph 16 hereof, upon the Optionee failing to make any payment or issuance of shares which must be made or issued in exercise of the Option;
 - (ii) at any other time, by the Optionee giving notice of such termination to the Optionor; or
 - (iii) subject to paragraph 16 hereof, upon the Optionee failing to remedy a default as provided therein.
- (b) If the Option is terminated otherwise than upon the exercise thereof, the Optionee shall:
- (i) leave in good standing for a period of at least 12 months from the termination of the Option Period those mineral claims comprising the Property;
 - (ii) deliver or make available at no cost to the Optionor within 30 days of such termination, all drill core, copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of the Optionee with respect to the Property and not theretofore furnished to the Optionor;
 - (iii) reclaim the Property in accordance with the requirements of all applicable environmental laws and regulations, but only to the extent that such requirements result from the Optionee's activities on the Property hereunder.
- (c) If the Option is terminated otherwise than upon the exercise thereof, the Optionee shall have the right, within a period of 90 days following the end of the Option Period, to remove from the Property all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of the Optionee, and any such property not removed within such 180 day period shall thereafter become the property of the Optionor.

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ROYALTY

9. (a) Upon the Commencement of Commercial Production, the Optionee shall pay to the Optionor the Royalty, being equal to 2% of Net Smelter Returns, on the terms and conditions as set out in this paragraph and in Schedule "B" hereto.
- (b) Installments of the Royalty payable shall be paid by the Optionee to the Optionor immediately upon the receipt by the Optionee of the payment from the smelter, refinery or other place of treatment of the proceeds of sale of the minerals, ore, concentrates or other product from the Property.
- (c) Within 60 days after the end of each fiscal year, commencing with the year in which Commencement of Commercial Production occurs, the accounts of the Optionee relating to operations on the Property and the statement of operations, which shall include the statement of calculation of Royalty for the year last completed, shall be audited by the auditors of the Optionee at its expense. The Optionor shall have 30 days after receipt of such statements to question the accuracy thereof in writing and, failing such objection, the statements shall be deemed to be correct and unimpeachable thereafter.
- (d) If such audited financial statements disclose any overpayment of Royalty by the Optionee during the fiscal year, the amount of the overpayment shall be deducted from future installments of Royalty payable.
- (e) If such audited financial statements disclose any underpayment of Royalty by the Optionee during the year, the amount thereof shall be paid to the Optionor forthwith after determination thereof.
- (f) The Optionee agrees to maintain for each mining operation on the Property, up-to-date and complete records relating to the production and sale of minerals, ore, bullion and other product from the Property, including accounts, records, statements and returns relating to treatment and smelting arrangements of such product, and the Optionor or his agents shall have the right at all reasonable times, including for a period of 12 months following the expiration or termination of this Agreement, to inspect such records, statements and returns and make copies thereof at his own expense for the purpose of verifying the amount of Royalty payments to be made by the Optionee to the Optionor pursuant hereto. The Optionor shall have the right to have such accounts audited by independent auditors at their own expense once each fiscal year.

POWER TO CHARGE PROPERTY

10. At any time after the Optionee has exercised the Option, the Optionee may grant mortgages, charges or liens (each of which is herein called a "mortgage") of and upon the Property or any portion thereof, any mill or other fixed assets located thereon, and any or all of the tangible personal property located on or used in connection with the Property to secure financing of development of the Property, provided that, unless otherwise agreed to by the Optionor, it shall be a term of each mortgage that the mortgagee or any person acquiring title to

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the Property upon enforcement of the mortgage shall hold the same subject to the right of the Optionor to receive the Royalty hereunder as if the mortgagee or any such person had executed this Agreement.

TRANSFERS

11. (a) Subject to subparagraph (c), any party (the "transferring party") may at any time either during the Option Period or thereafter, sell, transfer or otherwise dispose of all or any portion of its interest in and to the Property and this Agreement provided that any purchaser, grantee or transferee of any such interest shall have first delivered to the other parties (in this section the "other parties") its agreement related to this Agreement and to the Property, containing:
- (i) a covenant by such transferee to perform all the obligations of the transferring party to be performed under this Agreement in respect of the interest to be acquired by it from the transferring party to the same extent as if this Agreement had been originally executed by such transferee; and
 - (ii) a provision subjecting any further sale, transfer or other disposition of such interest in the Property and this Agreement or any portion thereof to the restrictions contained in this paragraph (a).
- (b) No assignment by the transferring party of any interest less than its entire interest in this Agreement and in the Property shall, as between the transferring party and the other party, discharge it from any of its obligations hereunder, but upon the transfer by the transferring party of the entire interest at the time held by it in this Agreement, whether to one or more transferees and whether in one or in a number of successive transfers, the transferring party shall be deemed to be discharged from all obligations hereunder save and except for the payment of the Royalty or other fulfillment of contractual commitments accrued due prior to the date on which the transferring party shall have no further interest in this Agreement.
- (c) If any party (the "transferring party") should receive a bona fide offer from an independent third party (the "Proposed Purchaser") dealing at arm's length with the transferring party to purchase, by way of option or otherwise, all or a part of its royalty interest in the Property, which offer the transferring party desires to accept, or if the transferring party intends to sell, by way of option or otherwise, all or a part of its royalty interest in the Property other than to an affiliated corporation (as defined in the Ontario *Business Corporations Act*):
- (i) The transferring party shall first offer (the "Offer") such interest in writing to the other parties upon terms no less favourable than those offered by the Proposed Purchaser or intended to be offered by the transferring party, as the case may be.
 - (ii) The Offer shall specify the price, terms and conditions of such sale, the name of the Proposed Purchaser and shall, in the case of an intended offer by the transferring party, disclose the person or persons to whom the

transferring party intends to offer its interest and, if the offer received by the transferring party from the Proposed Purchaser provides for any consideration payable to the transferring party otherwise than in cash, the Offer shall include the transferring party's good faith estimate of the cash equivalent of the non-cash consideration.

- (iii) If within a period of 30 days of the receipt of the Offer all of the other parties notify the transferring party in writing that it will accept the Offer, the transferring party shall be bound to sell such interest to the other parties on the terms and conditions of the Offer. If the Offer so accepted by the other parties contains the transferring party's good faith estimate of the cash equivalent of the non cash consideration as aforesaid, and if the other parties disagree with the transferring party's best estimate, the other parties shall so notify the transferring party at the time of acceptance and the other parties shall, in such notice, specify what they consider, in good faith, the fair cash equivalent to be and the resulting total purchase price. If the other parties so notify the transferring party, the acceptance by the other parties shall be effective and binding upon the transferring party and the other parties, and the cash equivalent of any such non-cash consideration shall be determined by binding arbitration and shall be payable by the other parties, subject to prepayment as hereinafter provided, within 60 days following its determination by arbitration. The other parties shall in such case pay to the transferring party, against receipt of an absolute transfer of clear and unencumbered title to the interest of the transferring party being sold, the total purchase price which is specified in its notice to the transferring party and such amount shall be credited to the amount determined following arbitration of the cash equivalent of any non-cash consideration.
 - (iv) If the other parties fail to notify the transferring party before the expiration of the time limited therefor that it will purchase the interest offered, the transferring party may sell and transfer such interest to the Proposed Purchaser at the price and on the terms and conditions specified in the Offer for a period of 60 days, but the terms of this paragraph shall again apply to such interest if the sale to the Proposed Purchaser is not completed within such 60 days.
 - (v) Any sale hereunder shall be conditional upon the purchaser delivering a written undertaking to the other parties, in form and substance satisfactory to their counsel, to be bound by the terms and conditions of this Agreement, including this paragraph (c).
- (d) Paragraph (c)(v) hereof shall apply, mutatis mutandis, to any sale, by way of option or otherwise, of all or part of the transferring party's interest in the Property to an affiliated corporation.
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**SURRENDER OF PROPERTY INTERESTS
PRIOR TO TERMINATION OF AGREEMENT**

12. The Optionee may at any time during the Option Period elect to abandon any one or more of the mineral claims comprised in the Property by giving notice to the Optionor of such intention. Any claims so abandoned shall be in good standing under the laws of the jurisdiction in which they are situate for at least 12 months from the date of abandonment. Upon any such abandonment, the mineral claims so abandoned shall for all purposes of this Agreement cease to form part of the Property and, if title to such claims has been transferred to the Optionee the Optionee shall retransfer such title to the Optionor at the Optionee's expense.

FORCE MAJEURE

13. (a) If the Optionee is at any time either during the Option Period or thereafter prevented or delayed in complying with any provisions of this Agreement by reason of strikes, lock-outs, labour shortages, power shortages, fuel shortages, fires, wars, acts of God, governmental regulations restricting normal operations, shipping delays or any other reason or reasons, other than lack of funds, beyond the control of the Optionee, the time limited for the performance by the Optionee of its obligations hereunder shall be extended by a period of time equal in length to the period of each such prevention or delay, but nothing herein shall discharge the Optionee from its obligations hereunder to maintain the Property in good standing;
- (b) The Optionee shall give prompt notice to the Optionor of each event of force majeure and upon cessation of such event shall furnish to the Optionor with notice to that effect together with particulars of the number of days by which the obligations of the Optionee hereunder have been extended by virtue of such event of force majeure and all preceding events of force majeure.
- (c) After the Commencement of Commercial Production, the Optionee shall work, mine and operate the Property during such time or times as the Optionee in its sole judgment considers such operations to be profitable. The Optionee may suspend or curtail operations, both before and after Commencement of Commercial Production, during periods when the products derived from the Property cannot be profitably sold at prevailing prices or if an unreasonable inventory thereof, in the Optionee's sole judgment, has accumulated or would otherwise accumulate.

CONFIDENTIAL INFORMATION

14. No information furnished by the Optionee to the Optionors hereunder in respect of the activities carried out on the Property by the Optionee, or related to the sale of minerals, ore, bullion or other product derived from the Property, shall be published or disclosed by the Optionor without the prior written consent of the Optionee, but such consent in respect of the reporting of factual data shall not be unreasonably withheld, and shall not be withheld in respect of information required to be publicly disclosed pursuant to applicable securities or corporate laws, regulations or policies.

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ARBITRATION

15. (a) All questions or matters in dispute under this Agreement shall be submitted to arbitration pursuant to the terms hereof.
- (b) It shall be a condition precedent to the right of any party to submit any matter to arbitration pursuant to the provisions hereof, that any party intending to refer any matter to arbitration shall have given not less than 10 days' prior notice of its intention to do so to the other party, together with particulars of the matter in dispute. On the expiration of such 10 days, the party who gave such notice may proceed to refer the dispute to arbitration as provided in paragraph (c).
- (c) The party desiring arbitration shall appoint one arbitrator, and shall notify the other party of such appointment, and the other party shall, within 15 days after receiving such notice, either consent to the appointment of such arbitrator which shall then carry out the arbitration or appoint an arbitrator, and the two arbitrators so named, before proceeding to act, shall, within 30 days of the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be chairman of the arbitration herein provided for. If the other party shall fail to appoint an arbitrator within 15 days after receiving notice of the appointment of the first arbitrator, the first arbitrator shall be the only arbitrator. If the two arbitrators appointed by the parties shall be unable to agree on the appointment of the chairman, the chairman shall be appointed under the provisions of the *Arbitration Act* of Ontario. Except as specifically otherwise provided in this section, the arbitration herein provided for shall be conducted in accordance with such Act. The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, shall fix a time and place in Toronto, Ontario, for the purpose of hearing the evidence and representations of the parties, and he shall preside over the arbitration and determine all questions of procedure not provided for under such Act or this section. After hearing any evidence and representations that the parties may submit, the single arbitrator, or the arbitrators, as the case may be, shall make an award and reduce the same to writing, and deliver one copy thereof to each of the parties. The expense of the arbitration shall be paid as specified in the award.
- (d) The parties agree that the award of a majority of the arbitrators, or in the case of a single arbitrator, of such arbitrator, shall be final and binding upon each of them.

DEFAULT

16. If at any time during the Option Period the Optionee is in default of any material provision in this Agreement (other than the provisions of subparagraph 4(b) for which no notice of default need be given), the Optionor may terminate this Agreement, but only if:
- (a) they shall have first given to the Optionee a notice of default containing particulars of the obligation which the Optionee has not performed, or the warranty breached; and

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- (b) the Optionee has not, within 30 days following delivery of such notice of default, cured such default or commenced proceedings to cure such default by appropriate payment or performance, the Optionee hereby agreeing that should it so commence to cure any default it will prosecute the same to completion without undue delay.

Should the Optionee fail to comply with the provision of subparagraph (b), the Optionor may thereafter terminate this Agreement by giving notice thereof to the Optionee.

TERMINATION OF MINING OPERATIONS

17. The Optionee may permanently discontinue mining operations on the Property at any time after the Commencement of Commercial Production when in its opinion no further mining operations can be economically carried out thereon. At such time, the Optionee shall dispose of all mining plant and equipment used on the Property, effect all reclamation work as required by law, and otherwise dispose of the Property as it thinks fit. Any purchaser of the Property after termination of mining operations on the Property shall take the Property free and clear of all claims by the Optionor. The accounts of the Optionee relating to its mining operations on the Property shall be audited by the auditors of the Optionee as soon as practicable after the sale or disposition of all mining plant, equipment and the Property, and completion of reclamation. Final settlement of any Royalty payable to the Optionor shall be effected without delay after receipt of the final audited statements. After receipt of such final audited statements and payment of Royalty, if any, this Agreement and the mutual obligations of the Optionee and the Optionor hereunder shall terminate.

RULE AGAINST PERPETUITIES

18. If any right, power or interest held by or to be acquired by any party in the Property under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the date of this Agreement.

NOTICES

19. Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be delivered or telecopied to such party at the address for such party specified above. The date of receipt of such notice, demand or other communication shall be the date of delivery thereof if delivered or, if given by telecopier, shall be deemed conclusively to be the next business day. Either party may at any time and from time to time notify the other party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

GENERAL

20. (a) This Agreement shall supersede and replace any other agreement or arrangement, whether oral or written, heretofore existing between the parties in respect of the subject matter of this Agreement.

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- (b) No consent or waiver expressed or implied by either party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.
- (c) The parties shall promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance and do such further and other acts which may be reasonably necessary or advisable to carry out fully the intent of this Agreement or to record wherever appropriate the respective interest from time to time of the parties in the Property.
- (d) This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- (e) This Agreement shall be governed by and construed in accordance with the laws of Ontario and shall be subject to the approval of the Exchange.
- (f) Time shall be of the essence in this Agreement.
- (g) Wherever the neuter and singular is used in this Agreement it shall be deemed to include the plural, masculine and feminine, as the case may be.
- (h) Any reference in this Agreement to currency shall be deemed to be Canadian currency.

AREA OF MUTUAL INTEREST

21. The parties hereby agree that each and every mineral claim (including internal fractions) or interest therein which they may stake or otherwise acquire during the currency of this Agreement and which lies in whole or in part within one mile from the outside perimeter of the Property, or which is contiguous to such claims which are otherwise within this area of mutual interest, shall at the option of the other party form a part of the Property. Any party shall, upon acquisition of any such additional claims or interests, forthwith give notice to the other party of same and thereafter the other party shall have thirty days from the date on which the Option is fully exercised within which to give notice of its desire to have such additional claims or interests form part of the Property and to pay to the other party their proportionate share of acquisition costs. The other party shall be responsible to pay its proportionate share of costs of acquiring the additional claims or interests in accordance with its interest in the Property. All title to such additional claims or interests shall be held subject to the terms of this Agreement.

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This paragraph shall cease to operate if and when the Optionee loses its right to exercise the Option in full.

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


PERRY ENGLISH FOR
RUBICON MINERALS CORPORATION

SILVER MOUNTAIN MINES CORP.

Per:

Authorized Signatory



This paragraph shall cease to operate if and when the Optionee loses its right to exercise the Option in full.

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

PERRY ENGLISH FOR
SUBICON MINERALS CORPORATION

SILVER MOUNTAIN MINES CORP.

Per: *Kevin M. Murphy*
Authorized Signatory

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SCHEDULE "A"

Located Mineral Claims located in Tait Township area, Kenora Mining Division, Ontario:

Claim Number	Number of Units	Expiry Date
4200491	8	Oct 27-13

There are no liens, charges, claims or encumbrances.

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SCHEDULE "B"

NET SMELTER RETURNS

1. For the purposes of this Agreement, the term "Net Smelter Returns" shall mean the net proceeds actually paid to the Optionee from the sale by the Optionee of minerals mined and removed from the Property, after deduction of the following:

- (a) smelting costs, treatment charges and penalties including, but not being limited to, metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser; provided, however, in the case of leaching operations or other solution mining or beneficiation techniques, where the metal being treated is precipitated or otherwise directly derived from such leach solution, all processing and recovery costs incurred by the Optionee, beyond the point at which the metal being treated is in solution, shall be considered as treatment charges;
- (b) costs of handling, transporting and insuring ores, minerals and other materials or concentrates from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment; and
- (c) ad valorem taxes and taxes based upon production, but not income taxes.

In the event the Optionee commingles minerals from the Property with minerals from other properties, the Optionee shall establish procedures, in accordance with sound mining and metallurgical techniques, for determining the proportional amount of the total recoverable metal content in the commingled minerals attributable to the input from each of the properties by calculating the same on a metallurgical basis, in accordance with sampling schedules and mining efficiency experience, so that production royalties applicable to minerals produced from the Property may reasonably be determined.

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SCHEDULE C

JOINT VENTURE TERMS

This is Schedule C to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated effective October 21, 2011.

1. JOINT VENTURE FORMATION

The Option Agreement (as defined below) contemplates certain of the Parties forming a joint venture that will be governed by the Joint Venture Agreement having, among others, the terms set out in this Schedule C. The terms set out in this Schedule C are not exhaustive.

2. DEFINITIONS

Capitalized terms used but not defined in this Schedule C have the meanings ascribed thereto in the Option Agreement. Unless the context otherwise requires, in the Joint Venture Agreement:

- (a) **"Approved Budget"** means a budget of estimated Joint Venture Expenditure approved by the Management Committee relating to the carrying out of an Approved Program or otherwise to be incurred during the period to which an Approved Budget relates;
- (b) **"Approved Program"** means a program of Joint Venture Activities approved by the Management Committee;
- (c) **"Cash Call"** has the meaning given in §6.2 of this Schedule C;
- (d) **"Chargee"** has the meaning given in §11.1 of this Schedule C;
- (e) **"Defaulting Participant"** means a Participant which is in material breach of any of the provisions of the Joint Venture Agreement;
- (f) **"Dilution"** has the meaning given in §10.3 of this Schedule C;
- (g) **"Effective Date"** means the date on which the Joint Venture was formed pursuant to §8.1 of the Option Agreement;
- (h) **"Expenditure"** means all costs and expenses of whatever kind or nature spent or incurred in the conduct of activities on or in relation to the Property, including:
 - (i) in holding the mineral claims comprised in the Property in good standing (including land maintenance costs and any monies expended as required to comply with applicable laws and regulations), curing title defects and in acquiring and maintaining surface, water and other ancillary rights;

- (ii) in preparing for and in the application for and acquisition of environmental and other permits necessary or desirable to commence and complete exploration and development activities;
- (iii) connection with any applications and necessary studies for the obtaining of permits, licences, and other regulatory approvals including the preparation for and attendance at hearings and other meetings relating to the Property;
- (iv) in doing geophysical, geochemical and geological surveys, drilling, assaying and metallurgical testing, including costs of assays, metallurgical testing and other tests and analyses to determine the quantity and quality of minerals and metals, water and other materials or substances;
- (v) in the preparation of any program for the preparation of any preliminary assessment, technical report, pre-feasibility study, feasibility study or other evaluation of the Property, including the evaluation of heap leaching techniques;
- (vi) in searching for, digging, trenching, sampling, assaying, testing, working, developing, mining or extracting minerals and metals;
- (vii) in conducting the drilling of holes drilled with reverse circulation or diamond drill hole systems;
- (viii) in acquiring, erecting and installing a mining plant, milling and metallurgical plant, ancillary facilities, buildings, machinery, tools, appliances or equipment and constructing access roads, railroads, ports and other transportation facilities for use in relation to the Property;
- (ix) in transporting minerals, personnel, supplies, mining or milling plant, buildings, machinery, tools, appliances or equipment in, to or from the Property;
- (x) for environmental remediation and rehabilitation;
- (xi) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables;
- (xii) for salaries, wages and/or other expenses for persons assigned to exploration, evaluation, development and operation activities;
- (xiii) in paying assessments or contributions under worker's compensation, employment insurance, pension or other similar legislation or ordinances relating to such personnel;
- (xiv) in supplying food, lodging and other reasonable needs for personnel;
- (xv) travelling expenses of all persons engaged in work with respect to and for the benefit of the Property, including for their food, lodging and other reasonable needs;

- (xvi) payments to contractors or consultants for work done, services rendered or materials supplied;
 - (xvii) the cost of insurance premiums and performance bonds or other security;
 - (xviii) all duties and taxes levied against or in respect of the Property and for activities on the Property;
 - (xix) all acquisition costs incurred to acquire any rights acquired to form part of the Property;
 - (xx) in preparing engineering, geological, financial or marketing studies and reports and activities related thereto;
 - (xxi) all principal and interest payments due and owing to third party lenders; and
 - (xxii) in obtaining independent legal services directly relating to Operations;
- (i) **“Joint Venture Activities”** means all and any activities directed to the achievement of the purposes of the Joint Venture as set out in §3 of this Schedule C;
- (j) **“Joint Venture Expenditure”** means all Expenditures incurred by the Joint Venture under an Approved Budget;
- (k) **“Joint Venture Assets”** means the Property and Assets (both as defined in the Option Agreement), including:
- (i) all fixtures, tools, vehicles, spare parts, consumable stores, machinery, plant, equipment and supplies acquired, provided, gained or developed under the Joint Venture Agreement;
 - (ii) all mining, materials supply, power supply, water supply and maintenance contracts and agreements entered into for the purposes of the Joint Venture Agreement;
 - (iii) all information in relation to the Project Area acquired, provided, gained or developed under the Joint Venture Agreement or in the possession or under the control of any of the Participants and the Operator (if not a Participant); and
 - (iv) all other property or rights of any description (including intellectual property rights), whether real or personal, acquired, provided, gained or developed under the Joint Venture Agreement other than saleable Mineral Product;
- (l) **“Management Committee”** has the meaning given in §7.1 of this Schedule C;

- (m) **“Mining Operation”** means an operation directed to the mining of ore, and the treatment of ore, including heap leaching techniques, to produce commercial quantities of saleable Mineral Product;
- (n) **“Net Smelter Returns Royalty”** means the royalty which may be granted pursuant to §10.6 of this Schedule C;
- (o) **“Non-Charging Participant”** has the meaning given in §11.1 of this Schedule C;
- (p) **“Non-Operating Party”** means any Party which, at the relevant time, is not the Operator;
- (q) **“Operator”** means the operator of the Operations after the formation of the Joint Venture;
- (r) **“Option Agreement”** means an option and joint venture agreement dated effective October 21, 2011 among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc., of which this is Schedule C thereto;
- (s) **“Participating Interest”** means in relation to a Participant:
- (i) the proportionate interest (expressed as a percentage) of the Participant as tenant in common in the Joint Venture Assets;
 - (ii) the right, subject to the Agreement, to take in kind and separately dispose of its proportion of all saleable Mineral Product produced by the Joint Venture under the Joint Venture Agreement; and
 - (iii) its proportionate interest (expressed as a percentage) of all other rights under the Joint Venture Agreement,
- subject to the obligations attaching to the foregoing and imposed on that Participant under the Joint Venture Agreement;
- (t) **“Participant’s Total Expenditure”** means the Participant’s respective Expenditures paid to and received by the Joint Venture together with the Participant’s deemed Expenditures made to the Joint Venture contemplated in §4.2 of this Schedule C;
- (u) **“Participant”** means a party to the Joint Venture Agreement that has a Participating Interest;
- (v) **“Project Area”** means a description of that part of the Joint Venture Assets to be covered by the proposed Mining Operation;
- (w) **“Proportionate Share”** means for any Participant, that share which is equal to that Participant’s Participating Interest, expressed as a percentage;

- (x) "Security" has the meaning given in §11.1 of this Schedule C; and
- (y) "Total Expenditure" means the total Expenditures paid to and received by the Joint Venture made by both the Participants together with the Participants' deemed Expenditures made to the Joint Venture contemplated in §4.2 of this Schedule C.

3. SCOPE OF JOINT VENTURE

The Participants will associate themselves in and constitute, with effect on and from the Effective Date, a contractual joint venture for the following purposes:

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

4. INITIAL PARTICIPATING INTERESTS AND JOINT VENTURE EXPENDITURE

4.1 Participating Interests

The Participating Interests of the Participants on the formation of the Joint Venture will be Titan as to 70% and Silver Mountain as to 30%.

4.2 Joint Venture Expenditures

Upon the formation of the Joint Venture, Silver Mountain and Titan will be deemed to have contributed \$350,000 and \$400,000 in Expenditures to the Joint Venture respectively.

5. RIGHTS AND LIABILITIES OF PARTICIPANTS

5.1 Rights and Liabilities Several not Joint

As between the Participants the rights, duties, obligations and liabilities arising out of the Joint Venture will be several and not joint, it being the express purpose and intention of the Participants that the ownership of their respective interests in all Joint Venture Assets must be as tenants in common in proportion to their Participating Interests and that all liabilities and obligations to third parties arising out of Joint Venture Activities will be borne by the Participants in proportion to their respective Participating Interests.

5.2 Right to Mineral Production

Each Participant will own and have the right, at its sole option, to take in kind and separately dispose of a share proportionate to its Participating Interest of the saleable Mineral Product produced under the Joint Venture, provided that that right has not been relinquished pursuant to financing arrangements as provided for herein.

6. CONTRIBUTION TO JOINT VENTURE EXPENDITURE

6.1 Obligation to Contribute

Each Participant must contribute all Joint Venture Expenditures incurred in conducting Approved Programs and otherwise incurred as contemplated by Approved Budgets or otherwise incurred in a manner provided for in the Joint Venture Agreement in proportion to its Participating Interest on each date on which a contribution is due to be made.

6.2 Timing of Contributions

If contributions to Joint Venture Expenditures are required to be made by a Participant under the Joint Venture Agreement, then the Operator must issue a notice to each Participant ("**Cash Call Notice**") for each calendar month. Any Cash Call Notice must not be issued more than 20 Business Days but not less than 10 Business Days in advance of the calendar month to which the Cash Call Notice relates.

6.3 Operator's Cash Call Notices

All contributions to Joint Venture Expenditure required to be made by a Participant under the Joint Venture Agreement must be made by that Participant paying to the Operator, on or before the first day of the month to which the Cash Call Notice relates, the amount stated in the Cash Call Notice as being the amount due to be contributed by that Participant.

7. MANAGEMENT COMMITTEE

7.1 Representation and Voting

The Joint Venture is to be under the management of a management committee ("**Management Committee**") with representation and voting in proportion to the Participating Interests of the Participants.

7.2 Resolutions

Management Committee decision-making will be on the basis of a majority vote for all matters including but not limited to:

- (a) approval of programmes and budgets;
- (b) material revision of an approved program or of an approved budget;
- (c) any matter going to the fundamental operation of the Joint Venture or the relationship between the Participants including any decision that the Joint Venture be conducted by a Joint Venture Company;
- (d) where the Joint Venture is conducted by a Joint Venture Company, the appointment and removal of the senior officers of the Joint Venture Company including

the chief executive officer, chief financial officer, chief operations officer and any resident or mine manager;

- (e) except as expressly provided otherwise in the Joint Venture Agreement, any decision to commence or prepare a feasibility study;
- (f) any decision to establish a Mining Operation;
- (g) any decision to suspend or defer Joint Venture activities or place any Mining Operation on a care and maintenance basis or to commence or recommence operations at a Mining Operation;
- (h) approving all exploration, mining, milling, financial and other reports relating to the mining activities;
- (i) any decision to abandon or surrender the Property, provided that, a Participant may elect to have any Property so abandoned transferred to such Participant with any associated legal, Notarial or registry costs as, and at its sole expense;
- (j) any decision to abandon or surrender, or any amendment to or waiver in respect of, any Property which are comprised in the Property;
- (k) irrespective of whether expressly contemplated in an approved program or approved budget, approval of the sale or disposal of any Joint Venture Assets;
- (l) irrespective of whether expressly contemplated in an approved program or approved budget, approval of any purchase of any item of property;
- (m) if applicable, the review and approval of annual ore reserve estimates prepared by the Operator, as appropriate for the purpose of National Instrument 43-101;
- (n) a change to the accounting procedure for the time being of the Joint Venture including the appointment and removal of auditors; and
- (o) the Operator's fee.

7.3 Meetings of Management Committee

Management Committee meetings at least semi-annually and permitted by telephone or other electronic means, so long as all attendees at that meeting can hear and be heard by all other attendees.

8. OPERATOR

8.1 Initial Operator and Removal of Operator

Titan will be the initial Operator and will remain so unless the Operator's Participating Interest ceases to be the largest or the Operator resigns or is removed for default.

8.2 Operator's Obligations

- (a) The Operator, among other usual and standard obligations, will keep the Project Area in good standing and free of any Encumbrances, in accordance with applicable law, maintain proper books and accounts and adequate insurance and operate according to good mining practices.
- (b) The Operator will conduct Joint Venture Activities according to Approved Programs and Approved Budgets.

8.3 Prohibitions

The Operator must not, except with the prior approval of the Management Committee or except in an emergency or as necessary to protect property and persons:

- (a) knowingly enter into any contract or arrangement in connection with the Joint Venture with a Participant or an Affiliate of a Participant;
- (b) except where sufficient details are provided in an Approved Program or Approved Budget enter into any contract or subcontract involving a commitment to Expenditure, whether capital or operating, in excess of \$1,000,000;
- (c) except where expressly contemplated in an Approved Program or Approved Budget, sell or otherwise dispose of any Joint Venture Assets having a market value exceeding \$1,000,000;
- (d) institute, defend, compromise or settle any court or arbitral proceedings or insurance claim involving an amount in excess of \$500,000; or
- (e) except as necessary to comply with law or the requirements of any Governmental Authority having jurisdiction, suspend or curtail any Mining Operation.

8.4 Emergency Expenditure

Despite any other provision in the Joint Venture Agreement, the Operator will be entitled to incur, as Expenditure, all emergency costs and expenses necessary to preserve or protect life, limb, property or the environment in respect of the Property or otherwise in the course of exploration or development, as long as:

- (a) where practical and possible, the Operator will provide advance notice to any Non-operating Party of such costs and expenses; and
- (a) the Operator will be reasonable and fiscally responsible in respect of such costs and expenses.

8.5 Indemnification of Operator

Each Participant must indemnify the Operator from and against any liability suffered, sustained or incurred by the Operator in respect of any loss, damage, claim, demand, proceeding, expense, injury or death (including legal fees) arising out of or as a consequence of the performance by the Operator or its officers, employees or agents of the Operator's obligations under the Agreement, provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non appealable shall determine that (i) the Operator and/or its officers, employees or agents have been grossly negligent or have committed wilful misconduct or any fraudulent act in the course of such performance and (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by such gross negligence, wilful misconduct or fraudulent act.

8.6 Apportionment of Liability

A Participant's liability to indemnify the Operator (whether under §8.5 of this Schedule C or otherwise) will be reduced proportionally to the extent that any negligent act or omission of the Operator or its officers, employees or agents has caused or contributed to any loss, damage, claim, demand, proceeding, expense, injury or death.

8.7 Operator's Fee

Subject to §7.2 of this Schedule C, the Operator may charge an appropriate fee for management of the Joint Venture, which fee will be determined by the Management Committee. Such fee shall not exceed 10% of the aggregate amount of direct expenses incurred by, billed to and paid for by the Operator for the necessary and proper conduct of the businesses of the Joint Venture.

9. PROGRAMS AND PRODUCTION PROGRAMS

9.1 Annual Programs and Budgets

Operator to submit annual programs and budgets for Management Committee approval and all Joint Venture Activities conducted are pursuant to Approved Programs and Approved Budgets.

9.2 Operator's Authority

The approval of a program and budget by the Management Committee will be authority for the Operator to undertake the Joint Venture Activities specified in and incidental to the program and to incur on behalf of the Participants the Joint Venture Expenditure estimated in and incidental to the budget but the Operator must not incur Expenditure in the performance of the Joint Venture Activities specified in an Approved Program and an Approved Budget in an amount which exceeds by more than 10% the total of the Joint Venture Expenditure estimated within an Approved Program and an Approved Budget except:

- (a) in an emergency, as considered by the Operator necessary to maintain and preserve the Joint Venture Assets or to preserve or protect life, limb, property or the environment in respect of the Joint Venture Assets;

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- (b) to effect and maintain required insurances;
- (c) in accordance with a prior approval obtained from the Management Committee;
or
- (d) as necessary to comply with any law or requirement of a Governmental Authority having jurisdiction where reference to the Management Committee is impracticable and until such reference becomes practical.

9.3 Payment of Funds

Each Participant in the Joint Venture will have 30 Business Days following adoption of a work program to elect to participate therein and invoices rendered to Participants in respect of any work program will be payable after such election within 15 Business Days of receipt of such invoice. For production programs, such election periods will be increased to 60 Business Days and the time to contribute funds will be accelerated so that such funds will be due in advance of the Operator actually expending them.

10. DILUTION

10.1 Election to Dilute

Each Participant may, by notice in writing to the other Participant and the Operator given within 15 Business Days after the approval by the Management Committee, relating to a work program or 60 Business Days relating to a production program, elect not to contribute to the Joint Venture Expenditure to be incurred during the period to which that Approved Budget relates.

10.2 Consequence of Election

If a Participant gives notice as permitted by §10.1 then:

- (a) it will not be entitled or obliged to contribute to Joint Venture Expenditure incurred from the commencement of the period covered by the Approved Budget in relation to which the notice was given until it becomes entitled and obliged to recommence contributing to Joint Venture Expenditure; and
- (b) during the period for which a Participant is not entitled nor obliged to so contribute its Participating Interest will dilute pursuant to the dilution provisions set out below.

10.3 Dilution

During any period in which the Participating Interest of a Participant is subject to dilution pursuant §10.2(b) of this Schedule C, the Participating Interests of the Participants will be calculated from time to time as follows:

$$PI = 100 \times \frac{PTE}{TE}$$

where:

PI is the Participating Interest of a Participant

PTE is that Participant's Total Expenditure as at date the Participant elects not to contribute

TE is Total Expenditure of all Participants as at date the Participant elects not to contribute

10.4 Operator to Make Calculations

If a Participant's Participating Interest is diluted in accordance with §10.3 of this Schedule C, then calculations of Participating Interests must be made in each month by the Operator at the same time as it prepares a Cash Call Notice in respect of a month (and such a determination must also be made immediately upon a Participant, whose Participating Interest has been diluted, again becoming entitled and obliged to contribute to Joint Venture Expenditure). The Operator must, after having made such a calculation, notify the Participants of their respective Participating Interests and of the date on which the calculation of the Participating Interest was made by incorporating that information within the Cash Call Notice referred to above.

10.5 Failure to Pay Contributions to Expenditure

A Participant's failure to contribute to the Joint Venture Expenditure after electing to contribute constitutes default and will result in dilution at double the rate provided in §10.3 of this Schedule C.

10.6 Small Interests

If a Participant's (the "Royalty Payee") Participating Interest in the Joint Venture is diluted (whether by operation of §10.3 of this Schedule C or otherwise) to 10% or less, its Participating Interest in the Joint Venture will be automatically and immediately converted to a Net Smelter Returns Royalty, being equal to 1% of Net Smelter Returns, payable on Commencement of Commercial Production upon assignment of the Participating Interest of that Participant to the remaining Participant. The remaining Participant (the "Royalty Payor") will calculate and pay the Net Smelter Returns Royalty pursuant to Appendix 1 to this Schedule C. The Net Smelter Returns Royalty may be reduced to 0% of Net Smelter Returns at any time by the Royalty Payor, or their permitted assign, paying to the Royalty Payee a total cash sum of \$1,000,000.

11. PROJECT FINANCING

11.1 Charging

Each Participant may charge, mortgage, assign by way of security or otherwise encumber its Participating Interest if and only if the chargee, mortgagee, assignee or encumbrancee ("**Chargee**") agrees in a legally enforceable manner with the other Participants ("**Non charging Participants**") that the rights and interests of the Non-charging Participants in the Joint Venture Assets will not be subject to or prejudiced by the charge, mortgage, assignment or other

encumbrance ("Security") and that the Chargee and any liquidator, receiver, receiver and manager, assignee or transferee taking an interest in or relating to the Joint Venture Assets under the Security or in the Participating Interest of the Participant granting the Security will be bound by the terms of the Joint Venture Agreement and will take subject to the rights and interests in the Joint Venture Assets of the Non-charging Participants.

11.2 No other Encumbrances

Except as specified in §11.1 of this Schedule C, no Participant may give or create any Encumbrance in or over its Participating Interest or the Joint Venture Assets.

11.3 Future Funding

During the term of the Joint Venture the Participants will use reasonable commercial efforts to obtain funding for development, mining, shipping and port costs by way of off-take agreements or other similar types of agreements with end uses, commodity brokers or the like, and the proceeds of such agreements will accrue to the Joint Venture. The Participants each acknowledge and agree that in the event of such funding arrangements it is industry standard for the funding parties to acquire the right to a percentage of the Mineral Products shipped. Assuming the Participants have surrendered sufficient Mineral Products to enable the Joint Venture to enter into such an arrangement, the Joint Venture will have the right to execute all sales from any and all projects which are funded by outside sources directly to the Joint Venture. If there is any shortfall from such proceeds the Participants will make-up the short fall in accordance with their respective Participating Interests in the Joint Venture.

12. ASSIGNMENT

12.1 Assignment to Affiliates

Each Participant may at any time assign part or all of its Participating Interest to an Affiliate of that Participant as long as the Affiliate enters into an agreement with the remaining Participant on terms to its satisfaction including terms by which:

- (a) it agrees to be bound by the Joint Venture Agreement; and
- (b) if an Affiliate to which a Participant has assigned the whole or any part of its Participating Interest ceases to be an Affiliate of the assigning Participant it must immediately re-transfer that Participating Interest to the assigning Participant.

12.2 Assignment to Third Parties and Right of First Refusal

Each Participant will have a right of first refusal exercisable for a period of 60 Business Days in respect of any sale or assignment by the other Participant of its Participating Interest.

12.3 Pre-emptive Rights

Each Participant will have a right of pre-emption in respect of any offer for the purchase or acquisition of the whole or part of the other Participant's Participating Interest.

12.4 General Requirements

No assignment in whole or in part of a Participating Interest to a third person (including an Affiliate) will be effective unless and until:

- (a) the assignee agrees with the other Participant (in form and terms satisfactory to that Participant) to assume and perform the duties, liabilities, terms and conditions by the Joint Venture Agreement binding on the assigning Participant in relation to the Participating Interest being assigned; and
- (b) the assignee secures any and all necessary approvals of any Governmental Authority to that assignment.

13. DEFAULT

13.1 Prior to Commercial Production

If at any time before the Commencement of Commercial Production a Participant is a Defaulting Participant and the default is capable of remedy and the Defaulting Participant does not remedy that default within 20 Business Days after the Operator or a Non-defaulting Participant gives notice to the Defaulting Participant specifying the default and requiring it to be remedied then upon the expiration of the 20 Business Days referred to above and for as long as the default continues, the Participating Interest of the Defaulting Participant will dilute at twice the rate of dilution calculated in accordance with §10.3 of this Schedule C.

13.2 After Commercial Production

If a Participant becomes a Defaulting Participant the saleable Mineral Product to which it is entitled under the Joint Venture Agreement will, while it remains a Defaulting Participant, vest in the Operator upon trust for sale and any excess of proceeds and any unsold saleable Mineral Product will be paid and delivered to the Defaulting Participant when its default has been remedied and the Operator's costs of sale have been deducted.

13.3 Continuing Default after Commercial Production

If, despite action taken under §13.2 of this Schedule C, a Defaulting Participant continues to be in default (including, a default in respect of the payment of a contribution or other sum due in respect of the Joint Venture) and that default continues for 20 Business Days after a trust for sale arises under §13.2 of this Schedule C, a Participant becomes a Defaulting Participant, then, at the expiration of the period of 15 Business Days after notice is given by a Non-defaulting Participant to the Defaulting Participant that either of the foregoing events have occurred, if the Defaulting Participant is then still a Defaulting Participant the Participating Interest (including the right to saleable Mineral Product of the Defaulting Participant) will vest in the Operator, in trust, for sale and the trust for sale under §13.2 of this Schedule C will cease. After a trust for sale arises under this §13.3, the non-defaulting Participant will have an option to purchase the Defaulting Participant's Participating Interest for a price equal to the average of the independent valuations of the defaulting Participant's Participating Interest performed by 2 independent experts. If the option granted under this §13.3 is not exercised, the Operator must use reasonable efforts to

dispose of the Participating Interest held in trust for sale for the best price reasonably obtainable from a purchaser willing to comply with §12.4 of this Schedule C.

14. WITHDRAWAL AND WINDING UP

No withdrawal by a Participant or winding up of Joint Venture without adequate payment of or security for reclamation and closure costs.

15. OTHER

15.1 Force Majeure

Force majeure provisions substantially as in Part 9 of the Option Agreement.

15.2 Confidentiality

Confidentiality provisions substantially as in Part 10 of the Option Agreement.

15.3 Dispute Resolution

As in Part 11 the Option Agreement.

15.4 Additional Provisions

Such other provisions as may be customary and reasonable in mining ventures of this type.

APPENDIX 1

NET SMELTER RETURNS ROYALTY

This is Appendix 1 to Schedule C to the Option and Joint Venture Agreement among Perry English for Rubicon Minerals Corporation, Quantum Rare Earth Developments Corp., Silver Mountain Mines Corp. and Titan Goldworx Resources Inc. dated effective October 21, 2011 ("Option Agreement").

Pursuant to the Joint Venture Agreement (as defined below), either Silver Mountain or Titan may be entitled to a Net Smelter Returns Royalty equal to 1% of Net Smelter Returns, to be computed and paid out as herein provided. All capitalized terms used in this Appendix 1 but not defined herein have the meanings ascribed to them in the Joint Venture Agreement

OBLIGATION

- 1.1 If Silver Mountain or Titan, or their permitted assign (the "Payee"), becomes entitled to a royalty pursuant to the Joint Venture Agreement, the other Participant, or their permitted assign (the "Payor"), shall calculate, as at the end of each calendar quarter subsequent to the Commencement of Commercial Production, the Net Smelter Returns.
- 1.2 The Net Smelter Returns Royalty may be reduced to 0% of Net Smelter Returns at any time by the Payor, or their permitted assign, paying to the Payee a total cash sum of \$1,000,000.
- 1.3 The Payor shall within 30 days of the end of each calendar quarter, as and when any Net Smelter Returns are available for distribution:
 - (a) pay or cause to be paid to the Payee that percentage of the Net Smelter Returns to which the Payee is entitled under the Agreement; and
 - (b) deliver to the Payee a statement indicating the amount of Net Smelter Returns to which that the Payee is entitled.
- 1.4 The Payor agrees that on the request of the Payee it will execute and deliver such documents as may be necessary to permit the Payee to record its royalty right against the Property.

2. NET SMELTER RETURNS

- 2.1 "Net Smelter Returns" means the net amount of money received by the Payee from the sale of ore, or ore concentrates of other products from the Property to a smelter or other ore buyer after deduction of the total of the following:

- (a) smelter and refining charges;
- (b) government imposed production and ad valorem taxes (excluding taxes on income);
- (c) ore treatment charges, penalties and any and all charges made by the purchaser of ore or concentrates;
- (d) any and all transportation and insurance costs which may be incurred in connection with the transportation of ore or concentrates; and
- (e) all umpire charges which the purchaser may be required to pay.

- 2.2 **"Joint Venture Agreement"** means the joint venture agreement dated _____, 2011 between Silver Mountain Mines Corp. and Titan Goldworx Resources Inc., of which this is Appendix I thereto;
- 2.3 While the Royalty remains payable hereunder, Titan shall not later than thirty (30) days after the end of each quarter of each calendar year render to the Payee an interim statement of account in reasonable detail which statements shall be accompanied by the payment of the Royalty payable pursuant to this Agreement for the previous quarter year.
- 2.4 When all Minerals in any calendar year in which the Royalty remains payable have been sold and the revenues and expenditures determined, the Payor shall, within sixty (60) days after the termination of such calendar year, render a final statement of account in reasonable detail together with the payment of the balance if any, of the Royalty for such previous year.
- 2.5 If any amounts have been paid in excess of those to which the Payee is entitled under the terms of this Agreement in any year, the equivalent amount shall be deducted from the next Royalty payment or payments. All payments not made to the Payee within the time periods set forth herein shall bear interest at the prime rate plus one percent (1%).
- 2.6 No error in accounting or in interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the Payor under the terms of the Agreement.

[End of Appendix I of Schedule C]

[End of Schedule C]