

ARRANGEMENT AGREEMENT

between

MARATHON GOLD CORPORATION

and

MOUNTAIN LAKE RESOURCES INC.

and

MOUNTAIN LAKE MINERALS INC.

May 23, 2012

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made the 23rd day of May, 2012.

B E T W E E N :

MARATHON GOLD CORPORATION, a company
incorporated under the *Canada Business Corporations Act*

(“**Marathon Gold**”)

- and -

MOUNTAIN LAKE RESOURCES INC., a company
incorporated under the *Business Corporations Act* (British
Columbia),

(“**Mountain Lake**”)

- and -

MOUNTAIN LAKE MINERALS INC., a company
incorporated under the *Business Corporations Act* (British
Columbia),

(“**Spinco**”)

WITNESSES THAT:

WHEREAS Marathon Gold and Mountain Lake entered into a letter agreement dated May 7, 2012, as amended, agreeing to a period of exclusivity during which time discussions in connection with a potential acquisition transaction ensued (the “**Exclusivity Agreement**”);

AND WHEREAS Marathon Gold, Mountain Lake and Spinco propose to effect a business combination by way of a plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia);

AND WHEREAS Marathon Gold, Mountain Lake and Spinco negotiated in good faith the terms of a definitive arrangement agreement and plan of arrangement which terms and conditions are set forth in this Agreement and Plan of Arrangement (as defined herein);

AND WHEREAS the Parties intend that the issuance of the Marathon Gold Common Shares (as defined herein) and certain other securities will be exempt from the registration requirements of the 1933 Act (as defined herein) pursuant to Section 3(a)(10) thereof and applicable U.S. state securities laws in reliance upon similar exemptions therefrom;

AND WHEREAS in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties to this Agreement, the above Parties covenant and agree as follows:

ARTICLE I - DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters capitalized shall have the meanings ascribed to them below:

- (a) “**1933 Act**” means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated from time to time thereunder.
- (b) “**1934 Act**” means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated from time to time thereunder.
- (c) “**1940 Act**” means the United States *Investment Company Act of 1940*, as amended, and the rules and regulations promulgated from time to time thereunder.
- (d) “**2012 Program and Budget**” means the \$10,176,229 budget approved by Mountain Lake and Marathon Gold for the Valentine Lake Joint Venture (plus operator’s fees).
- (e) “**Aboriginal Group**” includes any Indian or Indian Band (as those terms are defined in the *Indian Act* (Canada), First Nation person or people, Métis person or people, aboriginal person or people, native person or people, indigenous person or people, or any person or group asserting or otherwise claiming an aboriginal right (including aboriginal title) or any other aboriginal or Métis interest, and any person or group representing, or purporting to represent, any of the foregoing.
- (f) “**Acquisition Proposal**” means any *bona fide* written proposal, other than from Marathon Gold or any Subsidiary or affiliate of Marathon Gold, directly or indirectly, to acquire all or substantially all of the assets of Mountain Lake (on a consolidated basis) or more than 50% of the Mountain Lake Common Shares whether by way of merger, amalgamation, statutory arrangement, recapitalization, take-over bid, sale of material assets (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale of material assets), liquidation, winding-up, sale or redemption of a material number of shares or rights or interests therein or thereto or similar transactions involving Mountain Lake and/or Spinco or any affiliates, or a written proposal to do so, excluding this Agreement and the Arrangement.
- (g) “**affiliate**” has the meaning ascribed thereto in the Canadian Securities Administrators’ National Instrument 45-106 *Prospectus and Registration Exemptions*, unless stated otherwise.

- (h) “**Agreement**” means this arrangement agreement, together with the schedules attached, as amended, amended and restated or supplemented from time to time.
- (i) “**April Capital Calls**” means Mountain Lake’s share of the April 2012 expenditures in respect of the 2012 Program and Budget which amount equals \$471,949.
- (j) “**Arrangement**” means an arrangement under the provisions of Section 288 of the BCBCA on the terms and conditions set out in the Plan of Arrangement, subject to any amendment or supplement made in accordance therewith, herewith or made at the direction of the Court either in the Interim Order or Final Order.
- (k) “**Authorization**” means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, whether or not having the force of Laws, and includes any Environmental Approval.
- (l) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time.
- (m) “**Bobby’s Pond Property**” means only the rights, assets and property used by Mountain Lake with respect to the operations conducted by Mountain Lake with respect to the mineral project comprising the claims listed in Schedule "D" under the heading “Bobby’s Pond”, including any leased or owned assets and equipment and any contracts related to such project, and also including all obligations, debts and liabilities of whatever kind and nature associated with the Bobby’s Pond Property, but excluding any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (n) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario or Vancouver, British Columbia.
- (o) “**Canadian GAAP**” means accounting principles generally accepted in Canada.
- (p) “**Capital Calls**” means the capital calls made by Marathon Gold to Mountain Lake reflecting Mountain Lake’s share of the expenditures in respect of the 2012 Program and Budget in accordance with the terms of the Valentine Lake Joint Venture Agreement.
- (q) “**CBCA**” means the *Canada Business Corporations Act*.
- (r) “**Change in Recommendation**” shall have the meaning ascribed in paragraph 6.1(a)(iv).

- (s) “**Change of Control Payments**” means any and all payments required to be made pursuant to the terms of any agreement between Mountain Lake or Spinco and any director, officer, employee, consultant or agent of Mountain Lake or Spinco which becomes payable as a result of this Agreement, the Arrangement or the Plan of Arrangement, including the Mountain Lake Employment and Consulting Agreements.
- (t) “**Class A Shares**” shall have the meaning ascribed in the Plan of Arrangement.
- (u) “**Class B Shares**” shall have the meaning ascribed in the Plan of Arrangement.
- (v) “**Completion Deadline**” means the date by which the transactions contemplated by this Agreement are to be completed, which date shall be August 15, 2012.
- (w) “**Court**” means the Supreme Court of British Columbia.
- (x) “**Current Assets**” means the current assets reflected on the Effective Date Balance Sheet, not including the Withholding Amount.
- (y) “**Current Liabilities**” means the current liabilities reflected on the Effective Date Balance Sheet which shall include any and all cash Change of Control Payments, if any, and which shall not include (i) any Capital Calls in respect of the Valentine Lake Project made by Marathon Gold as operator of the Valentine Lake Joint Venture to Mountain Lake that have not been paid by Mountain Lake, (ii) any liability to the Canada Revenue Agency in respect of the Withholding Amount, and (iii) any current liabilities associated with the Other Mineral Properties which have been assigned by Mountain Lake to Spinco with the consent of the relevant creditors.
- (z) “**disclosed by Marathon Gold**” or “**publicly disclosed by Marathon Gold**” means disclosed by Marathon Gold in its SEDAR disclosure filings since May 23, 2012.
- (aa) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.
- (bb) “**Effective Date**” means the Effective Date as defined in the Plan of Arrangement.
- (cc) “**Effective Date Balance Sheet**” has the meaning provided in Subsection 5.3(b).
- (dd) “**Effective Time**” means the Effective Time as defined in the Plan of Arrangement.
- (ee) “**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

- (ff) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law.
- (gg) “**Environmental Laws**” means all applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety, and includes Environmental Approvals.
- (hh) “**Equipment**” means the vehicles and other equipment described in Schedule “E”.
- (ii) “**Exchange Share Ratio**” has the meaning provided in Subsection 3.1(f)(i) of the Plan of Arrangement.
- (jj) “**Exclusivity Agreement**” has the meaning provided in the Recitals to this Agreement.
- (kk) “**Final Order**” means the order of the Court pursuant to Section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement, as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
- (ll) “**Glover Island Property**” means only the rights, assets and property used by Mountain Lake with respect to the operations conducted by Mountain Lake with respect to the mineral project comprising the claims listed in Schedule "D" under the heading “Glover Island”, including any leased or owned assets and equipment and any contracts related to such project, and also including all obligations, debts and liabilities of whatever kind and nature associated with the Goodwin Property, but excluding any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (mm) “**Goodwin Property**” means only the rights, assets and property used by Mountain Lake with respect to the operations conducted by Mountain Lake with respect to the mineral project comprising the claims listed in Schedule "D" under the heading “Goodwin”, including any leased or owned assets and equipment and any contracts related to such project, and also including all obligations, debts and liabilities of whatever kind and nature associated with the Goodwin Property, but excluding any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (nn) “**Governmental Entity**” means any applicable (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-

governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

- (oo) “**Hazardous Substance**” means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, byproduct or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance, waste or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation and lead-containing paints or coatings.
- (pp) “**Hong Kong Property**” means only the rights, assets and property used by Mountain Lake with respect to the operations conducted by Mountain Lake with respect to the mineral project comprising the claims listed in Schedule "D" under the heading “Hong Kong”, including any leased or owned assets and equipment and any contracts related to such project, and also including all obligations, debts and liabilities of whatever kind and nature associated with the Hong Kong Property, but excluding any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (qq) “**IFRS**” has the meaning ascribed thereto in National Instrument 14-101 *Definitions*.
- (rr) “**Interim Order**” means the interim order of the Court in a form acceptable to Marathon Gold, Mountain Lake and Spinco made in connection with the Arrangement, providing for, among other things, the calling and holding of the Mountain Lake Meeting, as the same may be amended, supplemented or varied by the Court with the consent of Marathon Gold, Mountain Lake and Spinco, each acting reasonably.
- (ss) “**Laws**” means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity, including U.S. Securities Laws.
- (tt) “**Liability**” of any Person shall mean and include: (i) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and (iii) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise).

- (uu) “**Little River Property**” means only the rights, assets and property used by Mountain Lake with respect to the operations conducted by Mountain Lake with respect to the mineral project comprising the claims listed in Schedule "D" under the heading “Little River”, including any leased or owned assets and equipment and any contracts related to such project, and also including all obligations, debts and liabilities of whatever kind and nature associated with the Little River Property, but excluding any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (vv) “**Lock-Up Agreements**” means the support and lock-up agreements dated May 23, 2012 and made between Marathon Gold and the directors and senior management of Mountain Lake.
- (ww) “**Locked-Up Securityholders**” means the Persons who are party to the Lock-Up Agreements, other than Marathon Gold.
- (xx) “**Marathon Gold**” means Marathon Gold Corporation, a company incorporated under the CBCA.
- (yy) “**Marathon Gold Circular**” means the management information circular to be prepared by Marathon Gold in respect of the Marathon Gold Meeting, as the same may be amended or supplemented from time to time.
- (zz) “**Marathon Gold Common Shares**” means common shares in the capital of Marathon Gold.
- (aaa) “**Marathon Gold Meeting**” means the meeting, including any adjournments or postponements thereof, of the Marathon Gold Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the Marathon Gold Resolution.
- (bbb) “**Marathon Gold Resolution**” means the means the ordinary resolution of Marathon Gold Shareholders approving the issuance of Marathon Gold Common Shares pursuant to the Plan of Arrangement in accordance with the requirements of TSX.
- (ccc) “**Marathon Gold Shareholder Approval**” means the approval of the Arrangement by the shareholders of Marathon Gold following the Marathon Gold Meeting or any adjournment thereof.
- (ddd) “**Marathon Gold Shareholders**” means, at anytime, the holders of Marathon Gold Common Shares.
- (eee) “**Marathon Gold Termination Payment**” shall have the meaning ascribed in Section 6.4.

- (fff) “**March Adjustment**” means the additional charge incurred in March 2012 in excess of the 2012 Program and Budget in the amount of \$51,928.03.
- (ggg) “**Material Adverse Change**” means, in respect of Marathon Gold or Mountain Lake, any one or more changes, events or occurrences, and “**Material Adverse Effect**” means, in respect of Marathon Gold or Mountain Lake, any state of facts, which, in either in either case, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, Liabilities, financial condition or continued development and operation of its properties, of Marathon Gold and the Subsidiaries of Marathon Gold, or Mountain Lake and Spinco, respectively, on a consolidated basis, other than any change, effect, event or occurrence: (i) relating to the global economy or securities or commodities markets in general; (ii) affecting the worldwide precious metals mining industry in general, and which does not have a materially disproportionate effect on Marathon Gold and any Marathon Gold Subsidiary on a consolidated basis, or Mountain Lake and Spinco on a consolidated basis, respectively; (iii) resulting from changes in the price of gold, copper and silver; (iv) relating to a change in the market trading price of shares of Marathon Gold or Mountain Lake arising from: (A) the Arrangement, this Agreement or the transactions contemplated hereby or the announcement thereof; or (B) primarily resulting from a fact, circumstance, change, event, or occurrence excluded from this definition of Material Adverse Change and Material Adverse Effect under (i), (ii), (iii), (v), (vi) or (vii) hereof; (v) relating to any generally applicable change in Laws (other than orders, judgments or decrees made against that Party or any of its Subsidiaries and material joint ventures) or in applicable accounting principles; (vi) any natural disaster or the commencement, occurrence or continuation of any war, armed hostility or act of terrorism which does not have a materially disproportionate effect on that Party, and references in this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, interpretive of the amount used for the purpose of determining whether a “Material Adverse Change” has occurred or whether a state of facts exists that has or could have a “Material Adverse Effect” and such defined terms and all other references to materiality in this Agreement shall be interpreted without reference to any such amounts; or (viii) attributable to the announcement or pendency of this Agreement or the Arrangement, or otherwise contemplated by or resulting from the terms of this Agreement; *provided, however* that such effect referred to in clause (i), (ii), (iii), (iv), (v) or (vi) above does not primarily relate only to that Party (or have the effect of primarily relating only to that Party) and its Subsidiaries taken as a whole or disproportionately adversely affect that Party and its Subsidiaries as a whole compared to other companies of similar size operating in the precious metals mining industry.
- (hhh) “**May Capital Calls**” means Mountain Lake’s share of the May 2012 capital expenditures in respect of the 2012 Program and Budget which amount equals \$323,504.03.

- (iii) “**MI 61-101**” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.
- (jjj) “**Minimum Net Working Capital Amount**” means \$75,000 plus the aggregate Option Exercise Price (and for greater clarity, the Withholding Amount shall not be deducted from the aggregate exercise price).
- (kkk) “**Mountain Lake**” means Mountain Lake Resources Inc., a company incorporated in the BCBCA.
- (lll) “**Mountain Lake Arrangement Resolution**” means the special resolution of the Mountain Lake Shareholders and Mountain Lake Optionholders approving the Arrangement and the Plan of Arrangement and substantially in the form of Schedule "B" attached.
- (mmm) “**Mountain Lake Board**” means the board of directors of Mountain Lake.
- (nnn) “**Mountain Lake Circular**” means the management information circular to be prepared by Mountain Lake in respect of the Mountain Lake Meeting, as the same may be amended or supplemented from time to time.
- (ooo) “**Mountain Lake Common Shares**” means common shares in the capital of Mountain Lake.
- (ppp) “**Mountain Lake Disclosure Letter**” means the letter dated the date hereof delivered by Mountain Lake to Marathon Gold in the form accepted by Marathon Gold with respect to certain matters in this Agreement.
- (qqq) “**Mountain Lake Documents**” has the meaning provided in Subsection 3.1(ff).
- (rrr) “**Mountain Lake Employment and Consulting Agreements**” means the employment and consulting agreements between Mountain Lake and certain employees, directors, officers, consultants and agents, copies of which have been provided to Marathon Gold.
- (sss) “**Mountain Lake Financial Statements**” has the meaning provided in Subsection 3.1(l).
- (ttt) “**Mountain Lake Meeting**” means the special meeting, including any adjournments or postponements thereof, of the Mountain Lake Shareholders and Mountain Lake Optionholders to be held in accordance with the Interim Order to consider, among other things, and if deemed advisable, to approve the Mountain Lake Arrangement Resolution.
- (uuu) “**Mountain Lake Optionholders**” means the holders of outstanding Mountain Lake Options.

- (vvv) “**Mountain Lake Option Plan**” means the stock option plan of Mountain Lake as approved by the Mountain Lake Shareholders on December 18, 2002 and subsequently amended to increase the number of Mountain Lake Options authorized for issuance under the Mountain Lake Option Plan, such amendment approved by Mountain Lake Shareholders on May 31, 2007.
- (www) “**Mountain Lake Options**” means the options to purchase Mountain Lake Common Shares issued pursuant to the Mountain Lake Option Plan or any predecessor option plan and described in the Mountain Lake Disclosure Letter.
- (xxx) “**Mountain Lake Rights Plan**” has the meaning provided in Subsection 3.1(e).
- (yyy) “**Mountain Lake Securityholder Approval**” means, collectively: (i) the approval of the Mountain Lake Arrangement Resolution by the affirmative vote of 66 2/3% of the votes cast at the Mountain Lake Meeting by Mountain Lake Shareholders; (ii) the approval of the Mountain Lake Arrangement Resolution by the affirmative vote of 66 2/3% of the votes cast at the Mountain Lake Meeting by Mountain Lake Shareholders and Mountain Lake Optionholders voting as a single class; and (iii) if required, majority of the minority approval.
- (zzz) “**Mountain Lake Securityholders**” means the Mountain Lake Shareholders, the Mountain Lake Optionholders and the Mountain Lake Warrantholders as applicable.
- (aaaa) “**Mountain Lake Shareholders**” means, at any time, the holders of Mountain Lake Common Shares.
- (bbbb) “**Mountain Lake Share Reorganization**” means the reorganization of the share capital of Mountain Lake within the meaning of Section 86 of the Tax Act as in the following order:
- (i) the authorized capital of Mountain Lake shall be amended by:
 - (A) re-designating the Mountain Lake Common Shares as Class B Shares and each certificate representing an outstanding Mountain Lake Common Share shall, as and from the time such re-designation is effective, represent a Class B Share; and
 - (B) creating an unlimited number of Class A Shares.
- (cccc) “**Mountain Lake Termination Payment**” shall have the meaning ascribed in Section 6.3.
- (dddd) “**Mountain Lake Warrants**” means warrants and broker warrants to purchase Mountain Lake Common Shares as described in the Mountain Lake Disclosure Letter.

- (eeee) “**Mountain Lake Warrantholders**” means the holders of outstanding Mountain Lake Warrants.
- (ffff) “**Net Working Capital**” means the net of Current Assets minus Current Liabilities.
- (gggg) “**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.
- (hhhh) “**Option Exercise Price**” means the aggregate of the payments made to Mountain Lake by Mountain Lake Optionholders exercising Mountain Lake Options at any time from the date of the Exclusivity Agreement up to and including the Effective Date.
- (iiii) “**Other Mineral Properties**” means Bobby’s Pond Property, Glover Island Property, Goodwin Property, Hong Kong Property and Little River Property, as described in Schedule "D".
- (jjjj) “**Other Mineral Rights**” has the meaning provided in Subsection 3.1(w)(ii).
- (kkkk) “**Parties**” means Marathon Gold, Mountain Lake and Spinco, collectively, and “**Party**” means any one of them.
- (llll) “**Person**” means an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrative legal representative, Governmental Entity or any other entity, whether or not having legal status.
- (mmmm) “**Plan of Arrangement**” means a plan of arrangement substantially in the form and content of Schedule "A" attached and any amendment or variation made in accordance with Section 6.1 of the Plan of Arrangement or Section 7.1 hereof or made at the discretion of the Court in the Final Order.
- (nnnn) “**publicly disclosed by Mountain Lake**” means disclosed by Mountain Lake in its SEDAR disclosure filings since May 23, 2012.
- (oooo) “**Release**” shall mean any release, spill, leak, discharge, abandonment, disposal, pumping, pouring, emitting, emptying, injecting, leaching, dumping, depositing, dispersing, passive migration, allowing to escape or migrate into or through the environment (including ambient air, surface water, ground water, land surface and subsurface strata or within any building, structure, facility or fixture) of any Hazardous Substance, including the abandonment or discarding of Hazardous Substances in barrels, drums, tanks or other containers, regardless of when discovered.
- (pppp) “**Remedial Action**” shall mean any investigation, feasibility study, monitoring, testing, sampling, removal (including removal of underground storage tanks),

restoration, clean-up, remediation, closure, site restoration, remedial response or remedial work, in each case in relation to environmental matters.

- (qqqq) “**Securities Act**” means the *Securities Act* (British Columbia).
- (rrrr) “**Securities Authorities**” means the British Columbia Securities Commission and the other securities regulatory authorities in each of the provinces and territories of Canada and the SEC, collectively.
- (ssss) “**SEC**” means the United States Securities and Exchange Commission.
- (tttt) “**Share Consideration**” means 0.40 of a Marathon Gold Common Share for each one Mountain Lake Common Share.
- (uuuu) “**Spinco**” means Mountain Lake Minerals Inc., a company incorporated under the BCBCA.
- (vvvv) “**Spinco Financing**” means the issuance of the Spinco Units in accordance with Subsections 4.1(n) and 4.2(e).
- (wwww) “**Spinco Shares**” means common shares in the capital of Spinco.
- (xxxx) “**Spinco Units**” means the units of Spinco to be issued pursuant to the terms of this Agreement, each Spinco Unit consisting of one Spinco Share and one half of one share purchase warrant.
- (yyyy) “**Spin-Out Assets and Liabilities**” means:
- (i) the Other Mineral Properties;
 - (ii) the Equipment;
 - (iii) all obligations, debts and liabilities of whatever kind and nature associated with any of the Other Mineral Properties;
 - (iv) the shares of Rockwell Diamonds Inc. held by Mountain Lake; and
 - (v) the liability of Mountain Lake for the Change of Control Payments under the Mountain Lake Employment and Consulting Agreements,
- and excludes all and any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.
- (zzzz) “**Subsidiary**” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises

direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment.

(aaaaa) “**Superior Proposal**” means a *bona fide* written Acquisition Proposal made by a third party with whom Mountain Lake and each of its officers and directors deals at arm’s length and that the Mountain Lake Board determines in good faith after consultation with its financial advisors and outside legal counsel: (i) is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the Party making such proposal; (ii) is fully financed or is reasonably capable of being fully financed; (iii) is not subject to a due diligence condition; (iv) that is offered or made to all shareholders in Canada and the United States of Mountain Lake on the same terms; and (v) would in the opinion of the Mountain Lake Board acting in good faith if consummated in accordance with its terms (without assuming away the risk of non-completion), result in a transaction more favourable to the Mountain Lake Shareholders, from a financial point of view, than the terms of the Arrangement.

(bbbbb) “**Tax**” and “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, mining taxes, sales taxes, use taxes, *ad valorem* taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan premiums, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing.

(ccccc) “**Tax Act**” means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended.

(ddddd) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns, notices, filings, forms, statements and other documents (whether in tangible, electronic, or other form) and includes any amendments, supplements, appendices and exhibits made, prepared or filed with

any taxing authority or required to be made, prepared or filed with any taxing authority relating to Taxes.

(eeee) **“Transfer of Spin-Out Assets and Liabilities”** means the transfer of the Spin-Out Assets and Liabilities by Mountain Lake to Spinco.

(ffff) **“TSX”** means the Toronto Stock Exchange.

(gggg) **“TSX-V”** means the TSX Venture Exchange.

(hhhh) **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

(iiii) **“U.S. Securities Laws”** means the 1933 Act and the 1934 Act and any applicable U.S. state securities laws.

(jjjj) **“Valentine Lake Joint Venture”** means the joint venture between Marathon Gold and Mountain Lake with respect to the Valentine Lake Property pursuant to the terms and conditions of the Valentine Lake Joint Venture Agreement.

(kkkk) **“Valentine Lake Joint Venture Agreement”** means the joint venture agreement between Marathon Gold and Mountain Lake, dated January 24, 2011.

(llll) **“Valentine Lake Mineral Rights”** has the meaning provided in Subsection 3.1(w)(i).

(mmmm) **“Valentine Lake Property”** means the mineral project comprising the claims listed in Schedule "C" and for greater certainty includes the property which is the subject of the Valentine Lake Joint Venture.

(nnnn) **“Withholding Amount”** means the aggregate of the payments made to Mountain Lake by Mountain Lake Optionholders exercising Mountain Lake Options in the amount required under the Tax Act to be paid by Mountain Lake to the Canada Revenue Agency for all applicable Taxes in connection with the exercise of the Mountain Lake Options, which payment, for greater certainty, is made in addition to the Option Exercise Price.

In addition, words and phrases used in this Agreement and defined in the BCBCA shall have the same meaning in this Agreement as in the BCBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or

other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.3 Number, Gender and Persons

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and *vice versa*, words importing the use of either gender shall include both genders and neuter, and the word Person and all words importing Persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Entity, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party to this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the Parties to this Agreement waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties to this Agreement will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

1.8 Knowledge

Where the phrases “to the knowledge of Marathon Gold” or “to Marathon Gold’s knowledge” or “to the knowledge of Mountain Lake” or “to Mountain Lake’s knowledge” are used in respect of Marathon Gold or Mountain Lake, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon: (A) in the case of

Marathon Gold, the collective actual knowledge of the Chief Executive Officer and Chief Financial Officer of Marathon Gold; and (B) in the case of Mountain Lake, the collective actual knowledge of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of Mountain Lake.

1.9 Meaning of Certain Phrase

In this Agreement the phrase “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by corporations engaged in the exploration for precious and base metals and in the construction and operation of precious and base metal mines.

1.10 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

<u>Schedule</u>	<u>Matter</u>
Schedule "A"	Plan of Arrangement
Schedule "B"	Mountain Lake Arrangement Resolution
Schedule "C"	Valentine Lake Property
Schedule "D"	Other Mineral Properties
Schedule "E"	Equipment

ARTICLE II - THE ARRANGEMENT

2.1 The Arrangement

Subject to the satisfaction of the terms and conditions of this Agreement, the Plan of Arrangement, the Interim Order and the Final Order, at the Effective Time, the Parties agree to implement the Plan of Arrangement under the BCBCA.

2.2 Effecting the Arrangement

Subject to the rights of termination contained in Section 7.2, upon the Mountain Lake Shareholders and Mountain Lake Optionholders providing the Mountain Lake Securityholder Approval in accordance with the Interim Order, Mountain Lake obtaining the Final Order and the other conditions contained in Article V being complied with or waived, the Arrangement shall be effective at the Effective Time on the Effective Date.

2.3 Closing

The closing of the Arrangement will take place at the offices of Gowling Lafleur Henderson LLP in Toronto at 9:00 a.m. (Vancouver time) on the Effective Date, or at such other time and place agreed to by the Parties.

2.4 Court Proceedings

Mountain Lake shall apply to the Court pursuant to the BCBCA for the Interim Order and the Final Order as follows.

- (a) As soon as is reasonably practicable after the date of execution of this Agreement, and, in any case on or before June 4, 2012, Mountain Lake shall file, proceed with and diligently prosecute an application to the Court for the Interim Order. Such application will clearly state the Parties' intention to rely on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act to issue, based on the Court's approval of the Arrangement: (A) Class A Shares and Spinco Shares in exchange for Class B Shares; and (B) Marathon Gold Shares in exchange for Class A Shares, in each case to the Mountain Lake Shareholders, without registration under the 1933 Act. The application shall request that the Interim Order shall provide:
 - (i) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Mountain Lake Meeting and for the manner in which such notice is to be provided;
 - (ii) that the requisite approval for the Mountain Lake Arrangement Resolution shall be (i) 66²/₃% of the votes cast on the Mountain Lake Arrangement Resolution by the holders of Mountain Lake Common Shares present in person or by proxy at the Mountain Lake Meeting; and (ii) 66²/₃% of the votes cast on the Mountain Lake Arrangement Resolution by the holders of Mountain Lake Common Shares and Mountain Lake Options present in person or by proxy at the Mountain Lake Meeting, voting together;
 - (iii) that in all other respects, the terms, conditions and restrictions of the Mountain Lake constating documents, including quorum requirements and other matters, shall apply in respect of the Mountain Lake Meeting;
 - (iv) for the grant of Dissent Rights to the registered holders of Mountain Lake Common Shares;
 - (v) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (vi) that each Mountain Lake Shareholder and each Mountain Lake Optionholder will have the right to appear before the Court at the hearing of the Court to approve the application for the Final Order so long as they enter an appearance within a reasonable time; and
 - (vii) that the Mountain Lake Meeting may be adjourned from time to time by management of Mountain Lake without the need for additional approval of the Court.

2.5 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all Class A Shares, Spinco Shares and Marathon Gold Common Shares issued on completion of the Arrangement to the Mountain Lake Shareholders in the United States, as described in the Plan of Arrangement, will be issued by Mountain Lake, Marathon Gold or Spinco, as applicable, in reliance on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act (the “**Section 3(a)(10) Exemption**”). In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;
- (b) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Mountain Lake Shareholders subject to the Arrangement;
- (d) the Final Order will expressly state that the Arrangement is approved by the Court as being fair to the Mountain Lake Shareholders;
- (e) each Mountain Lake Shareholder entitled to receive Class A Shares, Spinco Shares or Marathon Gold Common Shares pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (f) the Interim Order approving the Mountain Lake Meeting will specify that each Mountain Lake Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time; and
- (g) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the 1933 Act, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Marathon Gold, Mountain Lake or Spinco, as applicable, to the Mountain Lake Shareholders pursuant to the Plan of Arrangement.”

ARTICLE III- REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Mountain Lake

Mountain Lake represents and warrants to Marathon Gold and acknowledges that Marathon Gold is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

- (a) Organization. Mountain Lake and Spinco have been incorporated, are validly subsisting and have full corporate and legal power and authority to own their respective properties and assets and to conduct their respective businesses as currently owned and conducted. Spinco was incorporated on May 16, 2012 under the BCBCA. A copy of the notice of articles and articles or other constating documents of Mountain Lake and Spinco has been provided directly to Marathon Gold. Mountain Lake and Spinco are registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Mountain Lake. All of the outstanding shares of Spinco are validly issued, fully paid and non-assessable. All of the outstanding shares of Spinco are owned directly or indirectly by Mountain Lake. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of Spinco, the outstanding shares of Spinco are owned by Mountain Lake free and clear of all Encumbrances and Mountain Lake is not liable to any creditor in respect thereof. Except pursuant to this Agreement and the transactions contemplated hereby, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, Spinco from Mountain Lake.
- (b) Capitalization. Mountain Lake is authorized to issue an unlimited number of Mountain Lake Common Shares. As at May 22, 2012, there were: (i) 50,447,974 Mountain Lake Common Shares outstanding; (ii) Mountain Lake Options to acquire an aggregate of 3,109,000 Mountain Lake Common Shares outstanding; and (iii) Mountain Lake Warrants to acquire an aggregate of 6,428,888 Mountain Lake Common Shares outstanding. The outstanding Mountain Lake Options and the outstanding Mountain Lake Warrants are described in Subsection 3.1(b) of the Mountain Lake Disclosure Letter. The authorized capital of Spinco consists of an unlimited number of Spinco Shares of which, as at May 22, 2012, one (1) is issued and outstanding registered in the name of Mountain Lake. Except pursuant to this Agreement and the transactions contemplated hereby, and other than the Mountain Lake Options and Mountain Lake Warrants, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Mountain Lake or Spinco to issue or sell any Mountain Lake Common Shares, shares of Spinco or any securities or obligations of any kind convertible into or exchangeable for any Mountain Lake Common Shares or the shares of Spinco. All outstanding Mountain Lake Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date of this Agreement, there are no outstanding bonds, debentures or other evidences of indebtedness of Mountain Lake or Spinco having the right to vote with the Mountain Lake Shareholders on any matter. There are no outstanding contractual obligations of Mountain Lake or Spinco to repurchase, redeem or otherwise acquire any outstanding Mountain Lake Common Shares or with

respect to the voting or disposition of any outstanding Mountain Lake Common Shares. None of Mountain Lake and Spinco is party to any shareholder, pooling, voting trust relating to the issued and outstanding securities of Mountain Lake or Spinco. Each Mountain Lake Option (i) has an exercise price at least equal to the fair market value of the Mountain Lake Common Shares on a date no earlier than the date of the corporate action authorizing the grant, (ii) has not had its exercise date or grant date delayed or “back-dated,” and (iii) has been issued in compliance with all applicable Laws and properly accounted for in all material respects in accordance with Canadian GAAP or IFRS, as applicable.

- (c) Authority. Each of Mountain Lake and Spinco has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Mountain Lake and Spinco as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Mountain Lake and Spinco and the completion by Mountain Lake and Spinco of the transactions contemplated by this Agreement have been authorized by the Mountain Lake Board and the board of directors of Spinco and, subject to obtaining the Mountain Lake Securityholder Approval, the Interim Order and the Final Order in the manner contemplated in this Agreement, and providing to the Registrar of Companies under the BCBCA any records, information or other documents required by him in connection with the Arrangement, no other corporate proceedings on the part of Mountain Lake and Spinco are necessary to authorize this Agreement or to complete the transactions contemplated hereby other than in connection with the approval by the Mountain Lake Board of the Mountain Lake Circular. This Agreement has been executed and delivered by Mountain Lake and Spinco and constitutes a legal, valid and binding obligation of Mountain Lake and Spinco, enforceable against Mountain Lake and Spinco in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Mountain Lake and Spinco of this Agreement and the performance by each of Mountain Lake and Spinco of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach of or constitute a default under, or entitle any Person to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles or by-laws (or their equivalent) of Mountain Lake or Spinco;
 - (B) any Law or rules or policies of the TSX or the TSX-V; or
 - (C) any credit agreement, note, bond, mortgage, indenture, supplemental indenture, deed of trust, lease, franchise, concession,

easement, contract, agreement, Authorization, the Valentine Lake Mineral Rights, licence or permit to which Mountain Lake or Spinco is bound or is subject to or of which Mountain Lake or Spinco is the beneficiary,

in each case, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Marathon Gold, taken as a whole;

- (ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Mountain Lake or Spinco to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Mountain Lake;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Mountain Lake or Spinco, give any Person the right to acquire any of Mountain Lake's or Spinco's assets or restrict, hinder, impair or limit the ability of Mountain Lake or Spinco to conduct the business of Mountain Lake or Spinco as and where it is now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Mountain Lake; or
- (iv) result in or accelerate the time for payment (or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", bonus, termination payments or otherwise) becoming due to any director or officer of Mountain Lake or Spinco or increase any benefits otherwise payable under any pension or benefits plan of Mountain Lake or Spinco or result in the acceleration of the time of payment or vesting of any such benefits, except as set out in Subsection 3.1(c)(iv) of the Mountain Lake Disclosure Letter.

No consent, approval, order or Authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Mountain Lake or Spinco in connection with the execution and delivery of this Agreement or the consummation by Mountain Lake of the transactions contemplated hereby other than: (i) any approvals required by the Interim Order; (ii) any approvals required by the Final Order; (iii) filings required under the BCBCA and filings with and approvals required by Securities Authorities, United States "blue sky" securities laws, the TSX and the TSX-V; (iv) any other consents, waivers, permits, orders or approvals referred to in Subsection 3.1(c) of the Mountain Lake Disclosure Letter; and (v) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Mountain Lake.

- (d) Directors' Approvals. The Mountain Lake Board has received a written opinion from Stephen W. Semeniuk, the financial advisor to the Mountain Lake Board

that, based upon and subject to the assumptions and other factors identified in such opinion, as of May 23, 2012, the Arrangement, as described in the Plan of Arrangement, and the Exchange Share Ratio are fair, from a financial point of view, to the Mountain Lake Securityholders and the Mountain Lake Board, after consultation with its legal and financial advisors, has, unanimously:

- (i) determined that the Exchange Share Ratio is fair to the Mountain Lake Securityholders and the Arrangement is in the best interests of Mountain Lake;
 - (ii) recommended that the Mountain Lake Shareholders vote in favour of the Mountain Lake Arrangement Resolution; and
 - (iii) authorized the entering into of this Agreement, and the performance of its provisions, by Mountain Lake.
- (e) Mountain Lake Rights Plan. The Mountain Lake Board has taken all actions necessary to defer the “Separation Time” under Mountain Lake's shareholder rights plan between Mountain Lake and Computershare Investor Services Inc., dated March 12, 2008, as amended (the “**Mountain Lake Rights Plan**”), with respect to the Arrangement and the entering into the Exclusivity Agreement and this Agreement, and will, prior to the Closing, take all other actions to ensure that the completion of the Arrangement will not constitute a “Flip-In Event” under the Mountain Lake Rights Plan and that the Mountain Lake Rights Plan will not otherwise affect the completion of the Arrangement and the other transactions and agreements contemplated by this Agreement. The Mountain Lake Rights Plan has been duly adopted and approved by the Mountain Lake Board and the Mountain Lake Shareholders and is in full force and effect, unamended, as of the date hereof.
- (f) Mountain Lake Subsidiaries. The only subsidiary of Mountain Lake is Spinco and there are no other corporations or unincorporated entities (including any joint ventures) in which Mountain Lake owns a direct or indirect voting or equity interest.
- (g) No Defaults. Neither Mountain Lake nor Spinco is in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Mountain Lake or Spinco under any contract, agreement or licence that is material to the conduct of the business of Mountain Lake or Spinco to which any of them is a party or by which any of them is bound that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Mountain Lake.
- (h) Authorizations. Mountain Lake and Spinco have obtained all Authorizations necessary for the ownership, operation, development, maintenance, or use of the material assets of Mountain Lake and Spinco or otherwise in connection with the material business or operations of Mountain Lake or Spinco and such

Authorizations are in full force and effect. Mountain Lake and Spinco have fully complied with and are in compliance with all Authorizations, except, in each case, for such non-compliance which, individually or in the aggregate, would not have a Material Adverse Effect on Mountain Lake. There is no action, investigation or proceeding pending or, to the knowledge of Mountain Lake, threatened regarding any of the Authorizations. None of Mountain Lake and Spinco have received any notice, whether written or oral, of revocation or non-renewal of any such Authorizations, or of any intention of any Person to revoke or refuse to renew any of such Authorizations, except in each case, for revocations or non-renewals which, individually or in the aggregate, would not have a Material Adverse Effect on Mountain Lake and all such Authorizations continue to be effective in order for Mountain Lake and Spinco to continue to conduct their respective businesses as they are currently being conducted. No Person other than Mountain Lake or Spinco owns or has any proprietary, financial or other interest (direct or indirect) in any of the Authorizations.

- (i) Absence of Changes. Since November 30, 2011:
- (i) each of Mountain Lake and Spinco have conducted their business only in the ordinary and regular course of business consistent with past practice;
 - (ii) neither Mountain Lake nor Spinco have incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by Mountain Lake or Spinco of any material property or assets;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Mountain Lake or Spinco of any: (A) payment, Liability, Encumbrance or obligation of any nature which has had or is reasonably likely to have a Material Adverse Effect on Mountain Lake; (B) debt for borrowed money, (C) any creation or assumption by Mountain Lake or Spinco of any Encumbrance; (D) any making by Mountain Lake or Spinco of any loan, advance or capital contribution to or investment in any other Person; or (E) any entering into, amendment of, relinquishment, termination or non-renewal by Mountain Lake or Spinco, of any contract, agreement, licence, lease transaction, commitment or other right or obligation that would, individually or in the aggregate, which has had or is reasonably likely to have a Material Adverse Effect on Mountain Lake;
 - (v) Mountain Lake has not declared or paid any dividends or made any other distribution on any of the Mountain Lake Common Shares or made any redemption or other acquisition of Mountain Lake Shares;

- (vi) Mountain Lake has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Mountain Lake Common Shares;
 - (vii) there has not been any increase in or modification of the compensation payable to or to become payable by Mountain Lake or Spinco to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Mountain Lake Options pursuant to the Mountain Lake Option Plan) made to, for or with any of such directors, officers, employees or consultants;
 - (viii) Mountain Lake has not effected any material change in its accounting methods, principles or practices; and
 - (ix) Mountain Lake has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan.
- (j) Material Contracts. Mountain Lake and Spinco have performed in all material respects all their respective obligations required to be performed by them to date under the material contracts. Neither Mountain Lake nor Spinco are in breach or default under any material contract to which it is a party or bound, nor does Mountain Lake have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any such breaches or defaults would not, individually or in the aggregate, reasonably be expected to result in, or result in, a Material Adverse Effect on Mountain Lake. None of Mountain Lake and Spinco knows of, or has received written notice of, any breach or default under (nor, to the knowledge of Mountain Lake, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any such material contract by any other party thereto except where any such violation or default would not, individually or in the aggregate, reasonably be expected to or result in a Material Adverse Effect on Mountain Lake. All contracts that are material to Mountain Lake and Spinco, taken as a whole, are with Mountain Lake or Spinco. All material contracts are legal, valid, binding and in full force and effect and are enforceable by Mountain Lake (or Spinco, as the case may be) in accordance with their respective terms (subject to bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and to general principles of equity) and are the product of fair and arms' length negotiations between the parties thereto.
- (k) Employment Agreements. Mountain Lake and Spinco have been operating in all material respects in compliance with all applicable Laws relating to wages, labour, employment and employees. There is no proceeding, action, suit or claim

pending or threatened involving any employee of Mountain Lake and Spinco, except as set out in Subsection 3.1(k) of the Mountain Lake Disclosure Letter. Neither Mountain Lake nor Spinco is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with any director or officer of Mountain Lake or Spinco that would be triggered by Mountain Lake entering into this Agreement or the completion of the Arrangement, except for the Change of Control Payments under the Mountain Lake Employee and Consulting Agreements. Except as set out in Subsection 3.1(k) of the Mountain Lake Disclosure Letter, neither:

- (i) Mountain Lake nor Spinco is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of Mountain Lake or Spinco that cannot be terminated without notice;
 - (ii) Mountain Lake nor Spinco has any employee or consultant whose employment or contract with Mountain Lake or Spinco cannot be terminated without notice; and
 - (iii) Mountain Lake nor Spinco:
 - (A) is a party to any collective bargaining agreement; or
 - (B) is, to the knowledge of Mountain Lake, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement.
- (l) Financial Matters. The audited balance sheets, statements of operations and comprehensive income (loss), statements of shareholders' equity and statements of cash flows of Mountain Lake as at and for the financial years ended November 30, 2011 and November 30, 2010 (collectively, the “**Mountain Lake Financial Statements**”) were prepared in accordance with Canadian GAAP and IFRS, as the case may be, and fairly present in all material respects the financial condition of Mountain Lake at the respective dates indicated and the results of operations of Mountain Lake for the periods covered. Neither Mountain Lake nor Spinco has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the Mountain Lake Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business.
- (m) Net Working Capital. On the date hereof, Mountain Lake’s Net Working Capital is \$435,705 (which number, for greater certainty, excludes Mountain Lake’s

liabilities in respect of the March Adjustment, the April Capital Calls and the May Capital Calls).

- (n) Not Insolvent. Mountain Lake and Spinco are each not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and none of Mountain Lake or Spinco has made an assignment in favor of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. None of Mountain Lake or Spinco has initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of undertakings, property or assets and no execution or distress has been levied on any of Mountain Lake's or Spinco's undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.
- (o) Flow Through Securities. Mountain Lake has incurred and renounced eligible expenditures sufficient to satisfy all of its obligations in connection with all previously issued flow-through securities and is in compliance with all other obligations and requirements with respect to all previously completed flow-through security financings. Mountain Lake is not in breach of any obligations or requirements relating to any previously issued flow-through securities.
- (p) Disclosure Controls. The management of Mountain Lake has established and maintained a system of disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed by Mountain Lake in its annual filings, interim filings or other reports filed or submitted by it under the applicable Laws is recorded, processed, summarized and reported within the time periods specified in such Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by Mountain Lake in its annual filings, interim filings or other reports filed or submitted under the applicable Laws is accumulated and communicated to Mountain Lake's management, including its chief executive officer and chief financial officer (or Persons performing similar functions), as appropriate to allow timely decisions regarding required disclosure. Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP and includes policies and procedures that: (A) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Mountain Lake and Spinco; (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP or IFRS, as applicable, and that receipts and expenditures of Mountain Lake and Spinco are being made only with Authorizations of management and the Mountain Lake Board; and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of Mountain Lake or Spinco that could have a material effect on Mountain Lake's Financial Statements. Mountain Lake's internal

control over financial reporting is effective and, to the knowledge of Mountain Lake, there are no material weaknesses in the design and implementation or maintenance of the internal control over financial reporting of Mountain Lake that are reasonably likely to adversely affect the ability of Mountain Lake to record, process, summarize and report financial information; and (D) provide reasonable assurance regarding prevention or timely detection of fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of Mountain Lake. Since November 30, 2011, there has been no change in Mountain Lake's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, Mountain Lake's internal control over financial reporting.

- (q) Off Balance Sheet Transactions. None of Mountain Lake or Spinco is party to or bound by any operating leases or any "off-balance sheet" transactions or arrangements.
- (r) Non-Arm's Length Transactions. Except as set out in Subsection 3.1(r) of the Mountain Lake Disclosure Letter, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Mountain Lake or Spinco) between Mountain Lake or Spinco on the one hand, and any: (i) officer or director of Mountain Lake or Spinco; (ii) holder of record or, to the knowledge of Mountain Lake, any beneficial owner of five percent or more of the voting securities of Mountain Lake; or (iii) any affiliate or associate of any officer, director or beneficial owner, on the other hand.
- (s) Books and Records. The financial books, records and accounts of Mountain Lake and Spinco: (i) have been maintained in accordance with good business practice, applicable Laws and Canadian GAAP and/or IFRS (as applicable) on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of Mountain Lake and Spinco; and (iii) accurately and fairly reflect the basis for the Mountain Lake Financial Statements. The corporate records and minute books of Mountain Lake and Spinco have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on Mountain Lake. The minute books for Mountain Lake and Spinco contain minutes of substantially all meetings and resolutions of their respective boards of directors and committees of such boards of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement or transactions similar to the Arrangement, and the Mountain Lake Shareholders held according to applicable Laws and are complete and accurate in all material respects. True and complete copies of all such minute books recording such meetings and resolutions have been provided to Marathon Gold.
- (t) Litigation. There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Mountain Lake, threatened against or relating to Mountain Lake or Spinco or affecting any of their respective properties or assets

before any Governmental Entity. There are no pending or, to the knowledge of Mountain Lake, threatened criminal proceedings involving Mountain Lake, Spinco or any employee or agent of Mountain Lake. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Mountain Lake, threatened against or relating to Mountain Lake or Spinco before any Governmental Entity. Neither Mountain Lake nor Spinco nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Mountain Lake or Spinco, as the case may be, to conduct its business in all material respects as it has been carried on prior to the date of this Agreement, or that could materially impede the consummation of the transactions contemplated by this Agreement.

- (u) Title to Valentine Lake Property and Other Mineral Properties. The Valentine Lake Property and Other Mineral Properties are accurately described in Schedule "C" and Schedule "D", respectively. Schedule "C" and Schedule "D" contain a complete description of the claims, licenses, permits, agreements and other rights comprising Mountain Lake's interest in the Valentine Lake Property and the Other Mineral Properties, respectively. Applying customary standards in the mining industry, Mountain Lake has sufficient title, free and clear of any title defect or Encumbrance, to the Valentine Lake Property and the Other Mineral Properties.

- (v) Mineral Properties.
 - (i) Except for the Valentine Lake Property and the Other Mineral Properties, Mountain Lake and Spinco do not own or hold any other direct or indirect interest of any kind in any other mineral property.
 - (ii) No Person has any agreement, option, right of first refusal or right, title or interest or right capable of becoming an agreement, option, right of first refusal or right, title or interest, in or to the Valentine Lake Property or the Other Mineral Properties, except as set out in Subsection 3.1(v)(ii) of the Mountain Lake Disclosure Letter.
 - (iii) Mountain Lake has all necessary corporate power to own the Valentine Lake Property and the Other Mineral Properties and is in compliance with all applicable Laws, registrations, permits, consents and qualifications to which the Valentine Lake Property and the Other Mineral Properties are subject.
 - (iv) All taxes, local improvements, assessment rates, utilities and any and all other payments to or assessments of any Governmental Entity having jurisdiction in respect of the Valentine Lake Property and the Other Mineral Properties have been paid by Mountain Lake in respect of the Valentine Lake Property and the Other Mineral Properties.

- (v) Except as set out in Subsection 3.1(v)(v) of the Mountain Lake Disclosure Letter, neither the Valentine Lake Property or the Other Mineral Properties nor any minerals or product derived from the Valentine Lake Property or the Other Mineral Properties are subject to or bound by any royalty or royalty interest, whether registered or unregistered, and neither Mountain Lake nor Spinco has granted any royalty interest in or affecting the foregoing.
 - (vi) There is no action, suit, order, work order, petition, prosecution or other similar proceeding of which process initiating the same has been served on Mountain Lake or Spinco or threatened against Mountain Lake or Spinco and affecting the Valentine Lake Property or the Other Mineral Properties at Law or in equity or before or by any Governmental Entity.
 - (vii) Neither Mountain Lake nor Spinco has received notice of any breach of any applicable Law in respect of its conduct on the Valentine Lake Property or the Other Mineral Properties which could have a Material Adverse Effect on the Valentine Lake Property or the Other Mineral Properties or the right, title and/or interest of Mountain Lake therein and thereto.
- (w) Mineral Rights.
- (i) Mountain Lake holds all its mineral concessions, claims, leases, licenses, permits, access rights and other rights and interests necessary to explore on the Valentine Lake Property (the “**Valentine Lake Mineral Rights**”), free and clear of any Encumbrances, the Valentine Lake Mineral Rights are sufficient to permit the operation of the business of Mountain Lake as presently conducted or contemplated to be conducted, and Mountain Lake does not have any liability or obligation to pay any commission, royalty, licence fee or similar payment to any Person with respect to the Valentine Lake Mineral Rights.
 - (ii) Mountain Lake holds all its mineral concessions, claims, leases, licenses, permits, access rights and other rights and interests necessary to explore on the Other Mineral Properties (the “**Other Mineral Rights**”), free and clear of any Encumbrances, and Mountain Lake does not have any liability or obligation to pay any commission, royalty, licence fee or similar payment to any Person with respect to the Other Mineral Rights.
 - (iii) Applying customary standards in the mining industry of the applicable jurisdiction:
 - (A) Mountain Lake is the legal and/or beneficial owner of all right, title and interest in and to the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties and its interest in

the mineral properties pursuant to valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, and Mountain Lake is not in default of any of the material provisions of such documents, agreements and instruments nor has any such default been alleged;

- (B) the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties have been properly located and recorded in compliance with applicable Laws and the Valentine Lake Mineral Rights and Other Mineral Rights are comprised of valid and subsisting mineral claims;
- (C) the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties are in good standing under applicable Laws, all assessment work required to be performed under the Valentine Lake Mineral Rights and the Other Mineral Rights has been performed and filed, all related taxes and other payments have been paid and all related filings have been made;
- (D) to Mountain Lake's knowledge, there is no material adverse claim against or challenge to the title of Mountain Lake, or its ownership of, the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties;
- (E) the employees, agents and representatives of Mountain Lake have free and unrestricted access to the Valentine Lake Property and the Other Mineral Properties and have not been prevented or restrained in any manner from exercising their rights of access;
- (F) Mountain Lake has the exclusive right to deal with the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties;
- (G) no other Person has any interest in the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties or the production from any of the underlying mineral deposits or any right to acquire any such interest, except as set out in the Mountain Lake Disclosure Letter;
- (H) there are no back-in rights, earn-in rights, rights of first refusal or similar provisions which would materially affect the interest of Mountain Lake in the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights

comprising the Other Mineral Properties, except as set out in Subsection 3.1(w)(iii)(H) of the Mountain Lake Disclosure Letter; and

- (I) Mountain Lake has not received any notice, whether written or oral, from any Governmental Authority of any revocation or intention to revoke any of its interests in any of the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties.
- (iv) Mountain Lake has provided Marathon Gold with access to full and complete copies of all exploration information and data within the possession or control of Mountain Lake, including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies, concerning the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties and Mountain Lake has the right to use all such information, data reports and studies.
- (v) There is no claim or proceeding that has been commenced or, to the knowledge of Mountain Lake, is pending or threatened (and, to the knowledge of Mountain Lake, there is no existing ground on which any such claim or proceeding might be commenced with any reasonable likelihood of success) which, if determined adversely to Mountain Lake, could materially and adversely affect the ability of Mountain Lake to make use of, transfer or otherwise exploit the Valentine Lake Mineral Rights comprising the Valentine Lake Property and the Other Mineral Rights comprising the Other Mineral Properties.
- (vi) All work and activities carried out on the Valentine Lake Property and the Other Mineral Properties by Mountain Lake or Spinco or, to the knowledge of Mountain Lake, by any other Person have been carried out in all material respects in compliance with all applicable Laws, and neither Mountain Lake nor Spinco, nor, to the knowledge of Mountain Lake, any other Person, has received any notice of breach of any such applicable Laws.
- (x) Property Matters. Except as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Mountain Lake:
 - (i) all rentals and payments due or payable on or prior to the date of this Agreement under or with respect to the direct or indirect assets of Mountain Lake and Spinco have been properly and timely paid;

- (ii) all rentals, payments, and obligations due and payable or performable on or prior to the date of this Agreement under or on account of any of the direct or indirect assets of Mountain Lake and Spinco have been duly paid, performed, or provided for; and
 - (iii) all costs, expenses and liabilities payable on or prior to the date of this Agreement under the terms of any contracts and agreements to which Mountain Lake or Spinco is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (y) Operational Matters. Except as would not reasonably be expected to have a Material Adverse Effect on Mountain Lake:
 - (i) any and all operations of Mountain Lake and Spinco and, to the knowledge of Mountain Lake, any and all operations by third parties, on or in respect of the assets and properties of Mountain Lake and Spinco, have been conducted in accordance with reasonable and prudent international mining industry practices and in material compliance with applicable Laws; and
 - (ii) in respect of the assets and properties of each of Mountain Lake and Spinco that are operated by it, if any, Mountain Lake and Spinco hold all valid licences, permits and similar rights and privileges that are required and necessary under applicable Laws to operate the assets and properties of Mountain Lake and Spinco, as the case may be, as presently operated.
- (z) Insurance. Mountain Lake maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size operating in the mining industry and such policies are in full force and effect as of the date of this Agreement.
- (aa) Environmental.
 - (i) Each of Mountain Lake and Spinco have carried on its operations in compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Mountain Lake.
 - (ii) The Valentine Lake Property and the Other Mineral Properties have not been used by Mountain Lake or Spinco to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose of, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all Environmental Laws and except to the extent that such non-compliance would not reasonably be expected to have a Material Adverse Effect on Mountain Lake. Neither Mountain Lake nor Spinco have caused or permitted the Release of any Hazardous Substances at, in,

on, under or from any of the Valentine Lake Property or the Other Mineral Properties, except in compliance, individually or in the aggregate, with all Environmental Laws, except where the failure to be in such compliance would not be reasonably be expected to have a Material Adverse Effect on Mountain Lake. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the Valentine Lake Property and the Other Mineral Properties by Mountain Lake or Spinco have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to have a Material Adverse Effect on Mountain Lake taken as a whole. To the knowledge of Mountain Lake, there are no Hazardous Substances at, in, on, under or migrating from the Valentine Lake Property or the Other Mineral Properties, except in material compliance with all Environmental Laws and except to the extent that any failures to be in compliance would not reasonably be expected to have a Material Adverse Effect on Mountain Lake.

- (iii) Neither Mountain Lake nor Spinco have treated or disposed of, or arranged for the treatment or disposal of, any Hazardous Substances at any location: (A) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (B) to the knowledge of Mountain Lake, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (C) which is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Mountain Lake or Spinco. To the knowledge of Mountain Lake, no site or facility now or previously owned, operated or leased by Mountain Lake or Spinco is listed or, to the knowledge of Mountain Lake, is proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action.
- (iv) Except to the extent that it would not reasonably be expected to have a Material Adverse Effect on Mountain Lake, neither Mountain Lake nor Spinco has caused or permitted the Release of any Hazardous Substances on or to any of the Valentine Lake Property or the Other Mineral Properties in such a manner as: (A) would reasonably be expected to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Material Adverse Effect on Mountain Lake; or (B) would be reasonably expected to result in imposition of a lien, charge or other Encumbrance or the expropriation of the Valentine Lake Property or the Other Mineral Properties or the assets of Mountain Lake or Spinco.

- (v) Except to the extent that would not reasonably be expected to have a Material Adverse Effect on Mountain Lake, neither Mountain Lake nor Spinco have received from any Person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Law that is pending as of the date of this Agreement.

(bb) Aboriginal Affairs.

- (i) To the knowledge of Mountain Lake: (A) it is carrying on business in compliance with all legal and governmental requirements associated with aboriginal related matters; and (B) there are no facts that could give rise to noncompliance by Mountain Lake in respect of any such legal or governmental requirements.
- (ii) There is no claim, complaint or other proceeding threatened by or on behalf of any Aboriginal Group of which Mountain Lake has received notice, with respect to any of the Valentine Lake Property, Valentine Lake Mineral Rights, Other Mineral Properties or Other Mineral Rights or any Authorization issued by any Governmental Entity in respect of, or otherwise related to Mountain Lake.
- (iii) Neither Mountain Lake nor Spinco have received any notice, whether written or oral from any Governmental Entity, Aboriginal Group or any Persons representing or purporting to represent an Aboriginal Group of the exercise of aboriginal rights or assertion of aboriginal title in the area of the Valentine Lake Property, Valentine Lake Mineral Rights, Other Mineral Properties or Other Mineral Rights or of an impact on the asserted aboriginal title or rights involving Mountain Lake's or Spinco's works on the Valentine Lake Property or Other Mineral Properties.
- (iv) There are no claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Mountain Lake, threatened affecting Mountain Lake or Spinco or affecting any of their respective property or assets at law or in equity before or by any Governmental Entity, with respect to aboriginal rights or the duty to consult. Neither Mountain Lake nor Spinco nor their respective assets or properties are subject to any outstanding judgement, order, writ, injunction or decree with respect to such aboriginal rights or duty to consult.

(cc) Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Mountain Lake:

- (i) Mountain Lake and Spinco has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and

correctly reported all income and all other amounts or information required to be reported thereon.

- (i) Mountain Lake and Spinco has (A) duly and timely paid all Taxes due and payable by it, (B) duly and timely withheld all Taxes and other amounts required by Law to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Law to be remitted by it, and (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Law to be remitted by it.
 - (ii) The charges, accruals and reserves for Taxes reflected on the Mountain Lake Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Mountain Lake, adequate under Canadian GAAP or IFRS, as applicable, to cover Taxes with respect to Mountain Lake and Spinco accruing through the date thereof.
 - (iii) There are no proceedings, investigations, audits, assessments, reassessments or claims now pending or, to the knowledge of Mountain Lake, threatened against either Mountain Lake or Spinco that propose to assess Taxes in addition to those reported in the Tax Returns.
 - (iv) No waiver of any statute of limitations with respect to Taxes has been given or requested with respect to Mountain Lake or Spinco.
- (dd) Pension and Employee Benefits. Neither Mountain Lake nor Spinco have established any pension or retirement income plans or other similar employee compensation or benefit plans, agreement, policies or arrangements.
- (ee) Reporting Status. Mountain Lake is a reporting issuer or its equivalent in the Provinces of British Columbia and Alberta. The Mountain Lake Common Shares are listed on the TSX-V.
- (ff) Reports. Since November 30, 2011, Mountain Lake has filed with all applicable Securities Authorities, the TSX-V and all applicable self-regulatory authorities all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including, without limitation, all documents required to be filed by it in compliance with continuous disclosure requirements of applicable securities Laws (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to herein as the “**Mountain Lake Documents**”). The Mountain Lake Documents, at the time filed or, if amended, as of the date of such amendment (i) did not contain

any misrepresentation (as defined by the Securities Act) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable securities Laws and the rules, policies and instruments of all Securities Authorities having jurisdiction over Mountain Lake (including without limitation, NI 43-101), except where such non-compliance has not had, and would not reasonably be expected to have, a Material Adverse Effect on Mountain Lake. There are no outstanding unresolved comments of any Securities Authority in respect of any Mountain Lake Document. Mountain Lake has not filed any confidential material change or other report or other document with any Securities Authority or the TSX-V or other self-regulatory authority which at the date of this Agreement remains confidential. Spinco is not required to file any reports or other documents with any Securities Authorities or the TSX-V.

- (gg) Diligence Documents. After due inquiry, Mountain Lake is not aware of anything that would indicate that any of the due diligence information provided by or on behalf of Mountain Lake to Marathon Gold or any of its affiliates, is not true and accurate in all material respects.
- (hh) Compliance with Laws. Mountain Lake and Spinco have complied with and are not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Mountain Lake.
- (ii) No Cease Trade. Except as set out in Subsection 3.1(ii) of the Mountain Lake Disclosure Letter, none of Mountain Lake or any of Mountain Lake's directors, officers, employees, consultants or agents are subject to any cease trade or other order of the TSX-V or any Securities Authority and, to the knowledge of Mountain Lake, there are no investigations or other proceedings involving any of Mountain Lake or any of Mountain Lake's directors, officers, employees, consultants or agents that may result in any Liabilities or operate to prevent or restrict trading of any securities of Mountain Lake that are currently in progress or pending before the TSX-V or any Securities Authority.
- (jj) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Mountain Lake or Spinco or any of the material assets of Mountain Lake or Spinco.
- (kk) Certain Contracts. Neither Mountain Lake nor Spinco is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to (i) limit the manner or the localities in which all or any material portion of their business is conducted, (ii) limit any business practice of Mountain Lake or Spinco in any material respect, or (iii) restrict any acquisition or disposition of any property by Mountain Lake or Spinco.

- (ll) U.S. Securities Laws. As of the date of this Agreement, the Mountain Lake Common Shares are not registered under Section 12 of the 1934 Act and Mountain Lake is a foreign private issuer as defined under the 1934 Act, is not registered or required to register as an investment company under the 1940 Act, and is not subject to the reporting requirements of Sections 13(a) or 15(d) of the 1934 Act.
- (mm) No Broker's Commission. Neither Mountain Lake nor Spinco have entered into any agreement that would entitle any Person to any valid claim against Mountain Lake for a broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement.
- (nn) Certain Business Practices. To the knowledge of Mountain Lake, neither Mountain Lake, Spinco nor any director, officer, agent or employee of Mountain Lake or Spinco (in their capacities as such) have:
 - (i) used or agreed to use any funds for contributions, gifts, entertainment or other purposes relating to political activity in violation of Law; or
 - (ii) made or agreed to make any payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns in violation of Law.
- (oo) Foreign Corrupt Practices. None of Mountain Lake, Spinco, nor, to the knowledge of Mountain Lake, any of their respective affiliates, officers, directors or employees acting on behalf of Mountain Lake or Spinco or affiliates have taken, committed to take or been alleged to have taken any action which would cause Mountain Lake or Spinco or affiliates to be in violation of the *United States Foreign Corrupt Practices Act of 1977*, as amended (or the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act (Canada)* (or the regulations promulgated thereunder) or any applicable Laws of similar effect of any other jurisdiction, and to the knowledge of Mountain Lake no such action has been taken by any of its agents, representatives or other Persons acting on behalf of Mountain Lake or Spinco or affiliates.
- (pp) FIRPTA. The transfer of the Spin-Out Assets and Liabilities will not give rise to tax under the *United States Foreign Investment in Real Property Tax Act* or to any obligation to withhold and remit any such tax under Section 1445 of the *United States Internal Revenue Code*.
- (qq) Unanimous Approval. The Mountain Lake Board has unanimously approved the Arrangement and the entering into of this Agreement and has resolved to unanimously recommend that Mountain Lake Shareholders approve the Mountain Lake Arrangement Resolution.
- (rr) Vote Required. The only votes of the holders of any class or series of the Mountain Lake Shares and Mountain Lake Options or other securities of Mountain Lake necessary to approve this Agreement and the Arrangement and

the transactions contemplated hereof or thereby is the Mountain Lake Securityholder Approval.

- (ss) Information. The information contained or incorporated by reference in the Mountain Lake Circular relating to Mountain Lake will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

3.2 Representations and Warranties of Marathon Gold

Marathon Gold hereby represents and warrants to Mountain Lake, and hereby acknowledges that Mountain Lake is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

- (a) Organization. Each of Marathon Gold and its Subsidiaries have been incorporated, are validly subsisting and have full corporate or legal power and authority to own their respective properties and assets and to conduct their respective business as currently owned and conducted. Each of Marathon Gold and its Subsidiaries are registered, licensed or otherwise qualified as an extra-provincial corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Marathon Gold.
- (b) Capitalization. Marathon Gold is authorized to issue an unlimited number of Marathon Gold Common Shares. As of May 22, 2012, there were 29,871,928 Marathon Gold Common Shares outstanding and 2,637,000 options to acquire 2,637,000 Marathon Gold Common Shares outstanding and 2,140,995 warrants to acquire 2,140,995 Marathon Gold Common Shares outstanding. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Marathon Gold or its Subsidiaries to issue or sell any Marathon Gold Common Shares, shares of any Subsidiary of Marathon Gold or any securities or obligations of any kind convertible into or exchangeable for any Marathon Gold Common Shares or the shares of any Subsidiary of Marathon Gold. All outstanding Marathon Gold Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date of this Agreement, there are no outstanding bonds, debentures or other evidences of indebtedness of Marathon Gold or any Subsidiary of Marathon Gold having the right to vote with the shareholders of Marathon Gold on any matter. There are no outstanding contractual obligations of Marathon Gold or any Subsidiary of Marathon Gold to repurchase, redeem or otherwise acquire any outstanding Marathon Gold Common Shares or with respect to the voting or disposition of any outstanding Marathon Gold Common Shares. None of Marathon Gold or any

Subsidiary of Marathon Gold is party to any shareholder, pooling, voting trust relating to the issued and outstanding securities of Marathon Gold or any Subsidiary of Marathon Gold.

- (c) Authority. Marathon Gold has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Marathon Gold as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Marathon Gold and the completion by Marathon Gold of the transactions contemplated by this Agreement have been authorized by the board of directors of Marathon Gold and, subject to obtaining the Mountain Lake Securityholder Approval, the Marathon Gold Shareholder Approval, the Interim Order and the Final Order in the manner contemplated in this Agreement, and providing to the Registrar of Companies under the BCBCA any records, information or other documents required by him in connection with the Arrangement, no other corporate proceedings on the part of Marathon Gold are necessary to authorize this Agreement or to complete the transactions contemplated hereby other than in connection with the approval by the board of directors of Marathon Gold of the Marathon Gold Circular. This Agreement has been executed and delivered by Marathon Gold and constitutes a legal, valid and binding obligation of Marathon Gold, enforceable against Marathon Gold in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Marathon Gold of this Agreement and the performance by each of Marathon Gold of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach of or constitute a default under, or entitle any Person to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles or by-laws (or their equivalent) of Marathon Gold or any Marathon Gold Subsidiary;
 - (B) any Law or rules or policies of the TSX; or
 - (C) any credit agreement, note, bond, mortgage, indenture, supplemental indenture, deed of trust, lease, franchise, concession, easement, contract, agreement, Authorization, the Valentine Lake Mineral Rights, licence or permit to which Marathon Gold or any Subsidiary of Marathon Gold is bound or is subject to or of which Marathon Gold or any Subsidiary of Marathon Gold is the beneficiary,

in each case, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Marathon Gold, taken as a whole; or

- (ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Marathon Gold or any Subsidiary of Marathon Gold to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Marathon Gold.
- (d) Directors' Approvals. The directors of Marathon Gold have authorized the entering into of this Agreement, and the performance of its provisions, by Marathon Gold.
- (e) Absence of Changes. Since December 31, 2011, except as publicly disclosed by Marathon Gold:
- (i) neither Marathon Gold nor Marathon Gold's Subsidiaries have incurred or suffered a Material Adverse Change;
 - (ii) Marathon Gold has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Marathon Gold Common Shares; and
 - (iii) Marathon Gold has not effected any material change in its accounting methods, principles or practices.
- (f) Financial Matters. The audited consolidated balance sheets, consolidated statements of operations and comprehensive loss, consolidated statements of cash flow and consolidated statement of changes in equity of Marathon Gold for the financial years ended December 31, 2011 and 2010, and the unaudited consolidated balance sheets, consolidated statements of operations and comprehensive loss, consolidated statements of cash flow and consolidated statement of changes in equity of Marathon Gold as at and for the quarter ended March 31, 2012 (the "**Marathon Gold Financial Statements**") were prepared in accordance with IFRS and fairly present in all material respects the consolidated financial condition of Marathon Gold at the respective dates indicated and the results of operations of Marathon Gold for the periods covered on a consolidated basis. Except as publicly disclosed by Marathon Gold, there has been no material change in the financial condition of Marathon Gold since March 31, 2012.
- (g) Reporting Status. Marathon Gold is a reporting issuer or its equivalent in each of the provinces of Canada, excluding the province of Québec. The Marathon Gold Common Shares are listed on the TSX.
- (h) Reports. Since December 31, 2011, Marathon Gold has filed with the Securities Authorities, the TSX and all applicable self-regulatory authorities all forms,

reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including, without limitation, all documents required to be filed by it in compliance with continuous disclosure requirements of applicable securities Laws (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to in this subsection as the “**Marathon Gold Documents**”). The Marathon Gold Documents, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any misrepresentation (as defined by the Securities Act) and did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (ii) complied in all material respects with the requirements of applicable securities Laws and the rules, policies and instruments of all Securities Authorities having jurisdiction over Marathon Gold (including without limitation NI 43-101), except where such non-compliance has not had, and would not reasonably be expected to have a Material Adverse Effect on Marathon Gold. There are no material outstanding unresolved comments of any Securities Authority in respect of any Marathon Gold Document. Marathon Gold has not filed any confidential material change or other report or other document with any Securities Authorities or the TSX or other self-regulatory authority which at the date hereof remains confidential.

- (i) Compliance with Laws. Marathon Gold and its Subsidiaries have complied with and are not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Marathon Gold.
- (j) No Cease Trade. Marathon Gold is not subject to any cease trade or other order of the TSX or any Securities Authority and, to the knowledge of Marathon Gold, no investigation or other proceedings involving Marathon Gold that may operate to prevent or restrict trading of any securities of Marathon Gold are currently in progress or pending before the TSX or any Securities Authority.
- (k) Shares. The Marathon Gold Common Shares to be issued pursuant to the Arrangement will be authorized, upon issue, as duly and validly issued as fully paid and non-assessable shares in the capital of Marathon Gold.
- (l) Mineral Properties. Marathon Gold and its Subsidiaries own those interests, rights and obligations with respect to material mineral properties and other material assets as are in all material respects described in Marathon Gold's Annual Information Form for the year ended December 31, 2011 and as otherwise publicly disclosed by Marathon Gold. With respect to any material mineral properties which Marathon Gold or any of its Subsidiaries owns or controls or in which it has an interest, except as publicly disclosed by Marathon Gold: (i) Marathon Gold and its Subsidiaries hold title to all such properties and interests free and clear of any Encumbrance, royalty or other right; (ii) there is no action, suit, order, work order or other similar proceeding of which process initiating the

same has been served on Marathon Gold or any of Marathon Gold's Subsidiaries or that is currently pending before or by any Government Entity which could have a Material Adverse Effect on Marathon Gold; and (iii) neither Marathon Gold nor any of its Subsidiaries has received any notice of breach of any applicable Law in respect of its conduct or Marathon Gold's material mineral properties which could have a Material Adverse Effect on Marathon Gold.

- (m) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Marathon Gold or any Subsidiary of Marathon Gold or any of the material assets of Marathon Gold or any Subsidiary of Marathon Gold.

3.3 Mountain Lake Disclosure Letter

The Parties acknowledge and agree that Mountain Lake has delivered to Marathon Gold the Mountain Lake Disclosure Letter, which has been accepted by Marathon Gold and which sets forth all modifications to those representations and warranties made by Mountain Lake in Section 3.1 hereof.

3.4 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms. Any investigation by Marathon Gold or Mountain Lake and their respective advisors shall not mitigate, diminish or affect the representations and warranties contained in this Agreement.

ARTICLE IV- COVENANTS

4.1 Covenants of Mountain Lake

Mountain Lake covenants and agrees with Marathon Gold as follows:

- (a) Transfer of Spin-Out Assets and Liabilities. Mountain Lake shall promptly prepare, and provide copies of all documents to Marathon Gold for review and comment, required to effect the Transfer of Spin-Out Assets and Liabilities in accordance with all applicable Laws, including an asset purchase agreement, an assumption of liabilities agreement and any consents required to such transfer, for review and comment by Marathon Gold by no later than June 11, 2012. The asset purchase agreement and the assumption of liabilities agreement will become effective as of the Effective Date and prior to the Effective Date, Mountain Lake shall deliver to Marathon Gold executed copies of the asset purchase agreement and assumption of liabilities agreement to Marathon Gold as well as any consents required in connection with the Transfer of Spin-Out Assets and Liabilities.
- (b) Mountain Lake Share Reorganization. Mountain Lake shall promptly prepare, and provide copies of all documents to Marathon Gold for review and comment,

required to effect the Mountain Lake Share Reorganization in accordance with all applicable Laws.

- (c) Options. Prior to the Effective Date, Mountain Lake's board of directors shall accelerate the vesting of otherwise unvested Mountain Lake Options. Mountain Lake shall not permit or take any action to facilitate the exercise of any Mountain Lake Options on a cashless basis, provided that the Mountain Lake Optionholders may arrange for financial assistance from third parties (other than Mountain Lake) to fund the exercise of the Mountain Lake Options.
- (d) Interim Order; Court Procedures.
 - (i) As soon as reasonably practicable but in any event by the date provided in Subsection 2.4(a), Mountain Lake shall file, proceed with and diligently prosecute an application to the Court for the Interim Order on terms and conditions acceptable to Marathon Gold, acting reasonably;
 - (ii) Mountain Lake will provide legal counsel to Marathon Gold with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court (including, without limitation, drafts of the Mountain Lake Circular) in connection with the Arrangement, including by providing on a timely basis notice of any information required to be supplied by Marathon Gold for inclusion in such material, prior to the service and filing of that material and shall give reasonable consideration to all such comments of such counsel and shall accept the reasonable comments of Marathon Gold and its counsel with respect to any such information required to be supplied by Marathon Gold and included in such material. In addition, Mountain Lake will not object to legal counsel to Marathon Gold appearing and making such submissions on the hearing of the petition for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably, provided that Mountain Lake is advised of the nature of any submissions prior to the hearing. Mountain Lake will also provide legal counsel to Marathon Gold on a timely basis with copies of any petition and evidence served on Mountain Lake or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom and any notice (written or oral) received by Mountain Lake indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order. Subject to applicable Laws, Mountain Lake will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Marathon Gold's prior written consent, not to be unreasonably withheld; provided that nothing herein will require Marathon Gold to agree or consent to any increase in consideration or other modification or amendment to such filed or served materials that

expands or increases Marathon Gold's obligations set forth in any such filed or served materials under this Agreement.

- (e) Mountain Lake Meeting. In a timely and expeditious manner, Mountain Lake shall:
- (i) promptly carry out such terms of the Interim Order as are required under its terms to be carried out by Mountain Lake;
 - (ii) prepare the Mountain Lake Circular, provide Marathon Gold with an opportunity to comment thereon and subsequently file the Mountain Lake Circular and all required amendments thereto (which shall be in a form satisfactory to Marathon Gold, acting reasonably), together with any other documents required by applicable Laws, in all jurisdictions where the Mountain Lake Circular and any amendments or supplements thereto, is required to be filed and mail the Mountain Lake Circular, as ordered by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where the Mountain Lake Circular is required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof and in the form and containing the information required by all applicable Laws, including all applicable corporate and securities legislation and requirements, and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto, other than with respect to any information relating to and provided by Marathon Gold. Mountain Lake will ensure that the Mountain Lake Circular provides Mountain Lake Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Mountain Lake Meeting and to allow the Parties to rely upon the exemption from registration provided under Section 3(a)(10) of the 1933 Act with respect to the issuance of Class A Shares, Spinco Shares and Marathon Gold Common Shares, as applicable, as described in the Plan of Arrangement;
 - (iii) subject to the other terms of this Agreement, Mountain Lake shall: (A) take all commercially reasonable lawful action to solicit in favour of the Mountain Lake Arrangement Resolution and the Mountain Lake Securityholder Approval including, without limitation, retaining a proxy solicitation agent to solicit proxies in favour of the Mountain Lake Arrangement Resolution; (B) recommend (and the Mountain Lake Board shall unanimously recommend) to all holders of Mountain Lake Common Shares and Mountain Lake Options that they vote in favour of the Arrangement and the Mountain Lake Arrangement Resolution and the other transactions contemplated hereby or thereby; and (C) not make or effect a Change in Recommendation, it being understood that failing to affirm the approval or recommendation of the Mountain Lake Board of the transactions contemplated herein after an Acquisition Proposal has

been publicly announced shall be considered an adverse modification, except as expressly permitted by Sections 6.1 and 6.2;

- (iv) provided that Marathon Gold is in compliance with Subsection 4.2(b) hereof, convene and hold the Mountain Lake Meeting as soon as possible, but in any event hold the Mountain Lake Meeting by no later than July 4, 2012 (or such later date as may be agreed to by Marathon Gold), in the manner provided in the Interim Order;
 - (v) provide notice to Marathon Gold of the Mountain Lake Meeting and allow representatives of Marathon Gold to attend the Mountain Lake Meeting;
 - (vi) allow Marathon Gold to solicit proxies for the Mountain Lake Meeting either directly or through a proxy solicitation agent in accordance with applicable Laws;
 - (vii) conduct the Mountain Lake Meeting in accordance with the Interim Order, the BCBCA, the articles of Mountain Lake and as otherwise required by applicable Laws; and
 - (viii) take all such actions as may be required under the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (f) Status of Voting. Mountain Lake will advise Marathon Gold, at least on a daily basis on each of the 10 Business Days prior to the date of the Mountain Lake Meeting, as to the aggregate tally of the proxies received by Mountain Lake in respect of the Mountain Lake Arrangement Resolution.
- (g) Adjournment. Subject to Section 6.2(f), Mountain Lake shall not adjourn, postpone or cancel the Mountain Lake Meeting (or propose to do so), except: (i) if quorum is not present at the Mountain Lake Meeting; (ii) if required by applicable Laws; or (iii) if otherwise agreed with Marathon Gold, such consent not to be unreasonably withheld.
- (h) Information for Marathon Gold Circular. In a timely and expeditious manner, Mountain Lake shall provide to Marathon Gold all information as may be reasonably requested by Marathon Gold or as required by applicable Laws with respect to Mountain Lake and its businesses and properties for inclusion in the Marathon Gold Circular or in any amendment or supplement to the Marathon Gold Circular that complies in all material respects with all applicable Laws on the date of the mailing thereof and containing all material facts relating to Mountain Lake required to be disclosed in the Marathon Gold Circular (including any pro forma financial statements) and not containing any misrepresentation (as defined under applicable Laws) with respect thereto. Mountain Lake shall use commercially reasonable efforts to obtain consents of auditors and other advisors to use financial, technical or expert information in the Marathon Gold Circular

and fully cooperate with Marathon Gold in the preparation of the Marathon Gold Circular and shall provide such assistance as Marathon Gold may reasonably request in connection therewith.

- (i) Dissent Rights. Mountain Lake shall provide Marathon Gold with a copy of any purported exercise of the Dissent Rights and written communications with any Mountain Lake Shareholder purportedly exercising such Dissent Rights, and shall not settle or compromise any action brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Agreement, including the Arrangement, without the prior consent of Marathon Gold, such consent not to be unreasonably withheld.
- (j) Amendments to Mountain Lake Circular. In a timely and expeditious manner, subject to Marathon Gold's prior review and comment, Mountain Lake shall prepare and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Mountain Lake Circular (which amendments or supplements shall be in a form satisfactory to Marathon Gold, acting reasonably) with respect to the Mountain Lake Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof.
- (k) Shareholder Lists. Mountain Lake shall provide Marathon Gold with a list (in both written and electronic form) of the registered Mountain Lake Shareholders, together with their addresses and respective holdings of Mountain Lake Common Shares, with a list of the names and addresses and holdings of all Persons having rights issued by Mountain Lake to acquire Mountain Lake Common Shares (including Mountain Lake Optionholder and Mountain Lake Warranholders) and a list of non-objecting beneficial owners of Mountain Lake Common Shares, together with their addresses and respective holdings of Mountain Lake Common Shares. Mountain Lake shall from time to time require that its registrar and transfer agent furnish Marathon Gold with such additional information, including updated or additional lists of Mountain Lake Shareholders and lists of holdings and other assistance as Marathon Gold may reasonably request.
- (l) Final Order. Subject to the approval of the Mountain Lake Arrangement Resolution in accordance with the provisions of the Interim Order and subject to the terms and conditions of this Agreement, Mountain Lake shall, as soon as reasonably practical, proceed with and diligently prosecute an application for the Final Order, which application shall be in form and substance satisfactory to the Parties to this Agreement, acting reasonably and diligently take steps to ensure that the Final Order hearing is held within three Business Days of the Mountain Lake Meeting. Mountain Lake shall advise the Court in the application for the Final Order that it is Mountain Lake's, Marathon Gold's and Spinco's intention to rely upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act, to issue: (A) Class A Shares and

Spinco Shares in exchange for Class B Shares; and (B) Marathon Gold Shares in exchange for Class A Shares, in each case to the Mountain Lake Shareholders, pursuant to the Arrangement, based on the Court's approval of the Arrangement as described in the Plan of Arrangement.

- (m) Compliance with Orders. Mountain Lake shall forthwith carry out the terms of the Interim Order and the Final Order.
- (n) Spinco Financing. Provided all other conditions precedent to the completion of the Arrangement have been satisfied or waived, and that this Agreement has not been terminated, at the Effective Time the directors and officers of Spinco will collectively subscribe for, in consideration of \$200,000 in the aggregate, such number of Spinco Units that will result in such directors and officers holding in the aggregate 4.1% of the Spinco Shares at the Effective Time after taking into account the issuance of the Spinco Shares to settle the Change of Control Payments.
- (o) Copy of Documents. Except for proxies and other non-substantive communications, Mountain Lake shall furnish promptly to Marathon Gold a copy of each notice, report, schedule or other document or communication delivered, filed or received by Mountain Lake in connection with this Agreement, the Arrangement, the Interim Order, the Final Order or the Mountain Lake Meeting or any other meeting at which all Mountain Lake Shareholders are entitled to attend relating to special business, any filings made under any applicable Law and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (p) Usual Business. Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement or as otherwise consented to in writing by Marathon Gold, Mountain Lake shall, and shall cause Spinco to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice and shall ensure to keep the Valentine Lake Property in good standing.
- (q) Certain Actions Prohibited. Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement, including the Spinco Financing, Mountain Lake shall not, without the prior written consent of Marathon Gold, directly or indirectly do or permit to occur any of the following:
 - (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to do so, or Spinco to issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to do so, any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Mountain Lake or Spinco, other than the issue of Mountain Lake Common Shares pursuant to the exercise of the Mountain Lake Options

and the Mountain Lake Warrants issued and outstanding on the date of this Agreement in accordance with their terms as of the date of this Agreement and the issuance of 50,000 Mountain Lake Common Shares as part of an option payment due by August 2012 under the terms of the option agreement relating to the Little River Property.

- (ii) other than pursuant to obligations or rights under existing contracts, agreements and commitments (to the extent such rights have been exercised or initiated by other Persons and only if such rights have been disclosed in Subsection 4.1(q)(ii) of the Mountain Lake Disclosure Letter), sell, lease or otherwise dispose of, or permit Spinco to sell, lease or otherwise dispose of, any property or assets or enter into any agreement or commitment in respect of any of the foregoing;
- (iii) amend or propose to amend its articles or notice of articles or by-laws (or the equivalent) of Mountain Lake or Spinco or, except as contemplated herein, any of the terms of the Mountain Lake Options or the outstanding Mountain Lake Warrants as they existed at the date of this Agreement;
- (iv) reduce its stated capital, split, combine or reclassify any of the shares of Mountain Lake or any of the shares of Spinco or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the shares of Mountain Lake or any shares of Spinco;
- (v) redeem, purchase or offer to purchase, or permit Spinco to redeem, purchase or offer to purchase, any Mountain Lake Common Shares and, other than pursuant to the Mountain Lake Option Plan, any options or obligations or rights under existing contracts, agreements and commitments;
- (vi) neither Mountain Lake nor Spinco will adopt resolutions or enter into any agreement providing for the amalgamation, merger, consolidation, reorganization, liquidation, dissolution or any other extraordinary transaction in respect of itself, or adopt any plan of liquidation;
- (vii) acquire or agree to acquire any corporation, partnership or other entity (or material interest therein) or division of any corporation or other entity, or permit Spinco to acquire or agree to acquire any corporation, partnership or other entity (or material interest therein) or division of any corporation or other entity;
- (viii) (A) satisfy or settle any claim or dispute which is, individually or in the aggregate, in an amount in excess of \$20,000, except such as have been included in Mountain Lake Financial Statements delivered to Marathon Gold or which constitutes a claim between Mountain Lake and Spinco; (B) relinquish any contractual rights that are, individually or in the

aggregate, in an amount in excess of \$20,000; or (C) enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments other than in the ordinary and regular course of business and not for speculative purposes; or (D) enter into or renew any lease, licence or other binding obligation of Mountain Lake or Spinco (1) containing (a) any limitation or restriction on the ability of Mountain Lake or Spinco or, following completion of the transactions contemplated hereby, the ability of a Subsidiary of Marathon Gold to engage in any type of activity or business, (b) any limitation or restriction on the manner in which, or the localities in which, all or any portion of the business of Mountain Lake or Spinco or following consummation of the transactions contemplated hereby, all or any portion of the business Marathon Gold or any Subsidiary of Marathon Gold, is or would be conducted, or (c) any limit or restriction on the ability of Mountain Lake or Spinco or, following completion of the transactions contemplated hereby, the ability of Marathon Gold or any Subsidiary of Marathon Gold, to solicit customers or employees, or (2) that would reasonably be expected to materially delay or prevent the consummation of the transactions contemplated by this Agreement.

- (ix) (A) acquire any material assets; (B) incur any indebtedness for borrowed money or any other material Liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances, except inter-company guarantees and inter-company loans and advances; (C) authorize, recommend or propose any release or relinquishment of any material contractual right; (D) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material Authorization, lease, contract, agreement, government land concession or other material legal rights, claims or document; (E) enter into or terminate any hedges, swaps or other similar financial instruments or transactions, except for the settlement of contracts in existence as of the date of this Agreement; (F) enter into any financial agreements with its directors or officers or their respective affiliates; (G) authorize, propose, permit or agree to any of the above; or (H) authorize, propose, permit or agree to Spinco to agree or do any of the above.
- (x) initiate any material discussion, negotiations or filings with any Person or Governmental Entity regarding any matter (including with respect to the Arrangement or the transactions contemplated by this Agreement or regarding the status of the Valentine Lake Property or the Valentine Lake Mineral Rights) without the prior consent of Marathon Gold such consent not to be unreasonably withheld, and further agrees to provide Marathon Gold with immediate notice of any material communication (whether oral

or written) from a Person or Governmental Entity, including a copy of any written communication.

- (xi) enter into, or cause Spinco to enter into new commitments of a capital expenditure or incur any new contingent liabilities other than: (A) budgeted expenditures in the ordinary course of less than \$20,000 if disclosed in writing to Marathon Gold; (B) expenditures required by Law; (C) expenditures made in connection with transactions contemplated in this Agreement; and (D) such expenses as have been jointly approved by Mountain Lake and Marathon Gold in writing, each acting reasonably;
- (xii) adopt or amend or make any contribution to the Mountain Lake Option Plan or any other bonus, profit sharing, option, deferred compensation, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (xiii) take actions or fail to take any action that could reasonably be expected to be prejudicial to Marathon Gold's interest in the business, property or assets of Mountain Lake or Spinco following the closing of the Arrangement;
- (xiv) except as required by Canadian GAAP, IFRS, or any other generally accepted accounting principle to which Spinco may be subject, or any applicable Laws, make any changes to the existing accounting policies of Mountain Lake or Spinco or make any material tax election inconsistent with past practice other than as contemplated in this Agreement;
- (xv) take any action, or refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Mountain Lake in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made, or which would or could have a Material Adverse Effect on Mountain Lake; or
- (xvi) participate in any material discussions, negotiations, consultations or filings or other communications, other than in the normal course of business, with (i) any Governmental Entity regarding permits or Environmental Laws with respect to the Valentine Lake Property or Valentine Lake Mineral Rights or (ii) any (or any Governmental Entity in relation to any of the foregoing) Aboriginal Groups or any Persons representing or purporting to represent any Aboriginal Group on the

exercise of aboriginal rights or assertion of aboriginal title in relation to the Valentine Lake Property or Valentine Lake Mineral Rights or the transactions contemplated by this Agreement without the prior written consent of Marathon Gold, and Mountain Lake and the Mountain Lake Subsidiaries further agree to provide Marathon Gold with prompt notice of any material communication (whether oral or written) in respect of any of the foregoing, including a copy of any written communication, and to allow Marathon Gold to participate in any such permitted discussions, negotiations, consultations, filings or other communications.

- (r) Required Actions. Mountain Lake shall:
- (i) promptly notify Marathon Gold of: (A) any Material Adverse Change or Material Adverse Effect, or any fact, circumstance, change, event, occurrence or effect that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Mountain Lake; (B) any Governmental Entity or third person making a material complaint, investigation or hearing (or communications indicating that the same may be contemplated); (C) any material breach by Mountain Lake of any covenant or agreement contained in this Agreement; and (D) any event occurring subsequent to the date of this Agreement that would render any representation or warranty of Mountain Lake contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect; and
 - (ii) use commercially reasonable efforts to carry out all actions necessary to ensure the availability of the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereunder.
- (s) Employment Arrangements. Mountain Lake shall not, without the prior written consent of Marathon Gold (acting reasonably), and shall cause Spinco not to, enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares or other equity award, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of Mountain Lake or Spinco.
- (t) Insurance. Mountain Lake shall use its commercially reasonable efforts, and shall cause Spinco to use its commercially reasonable efforts, to cause their respective current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled,

terminated or lapsed policies for substantially similar premiums are in full force and effect.

- (u) Valentine Lake Mineral Rights and Valentine Lake Property. Mountain Lake shall use commercially reasonable efforts to maintain and preserve all of its rights under each of the Valentine Lake Mineral Rights and Valentine Lake Property and under each of its applicable Authorizations, if any.
- (v) No Compromise. Mountain Lake shall not, and shall cause Spinco not to, settle or compromise any claim brought by any present, former or purported holder of any securities of Mountain Lake in connection with the transactions contemplated by this Agreement prior to the Effective Time without the prior written consent of Marathon Gold, such consent not to be unreasonably withheld.
- (w) Contractual Obligations. Mountain Lake shall not, and shall not cause Spinco to, enter into, renew or modify in any respect any material contract, agreement, lease, commitment or arrangement to which Mountain Lake or Spinco is a party or by which any of them is bound, except (i) insofar as may be necessary to permit or provide for the completion of the Arrangement in a manner that is not adverse to Marathon Gold; or (ii) insofar as it does not relate to the Other Mineral Properties and all obligations and liabilities thereunder are made automatically transferable to Spinco, without any third party consent being required, upon completion of the Arrangement without any liability, debt or obligation remaining in Mountain Lake.
- (x) Satisfaction of Conditions. Mountain Lake shall use all commercially reasonable best efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations hereunder to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
 - (i) obtain the Mountain Lake Securityholder Approval of the Mountain Lake Arrangement Resolution in accordance with the provisions of the BCBCA, the TSX-V, the Interim Order and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Mountain Lake or Spinco under any applicable Law or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Mountain Lake;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by Mountain Lake in connection with the transactions contemplated by this Agreement

and participate and appear in any proceedings of any Party to this Agreement before any Governmental Entity;

- (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the Parties to this Agreement to consummate, the transactions contemplated hereby;
 - (v) cause the issuance of the Class A Shares, Spinco Shares and Marathon Gold Common Shares, pursuant to the Arrangement to be exempted from registration under the 1933 Act pursuant to Section 3(a)(10) thereof and all applicable state securities laws in reliance upon similar exemptions;
 - (vi) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Mountain Lake; and
 - (vii) cooperate with Marathon Gold in connection with the performance by Marathon Gold of its obligations hereunder provided however that the foregoing shall not be construed to obligate Mountain Lake to pay or cause to be paid any monies to cause such performance to occur.
- (y) Cooperation and Consultation. Mountain Lake shall make, or cooperate with Marathon Gold as reasonably necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws. Prior to the Effective Time, Mountain Lake will consult and reasonably coordinate with Marathon Gold prior to issuing any press releases or otherwise making public statements (including, without limitation, participating in analyst calls and investor conferences). In addition, Mountain Lake will consult with Marathon Gold prior to making any filing with any Governmental Entity with respect to the Arrangement. Mountain Lake will use all commercially reasonable efforts to enable Marathon Gold to review and comment on all such press releases before the dissemination thereof and will enable Marathon Gold to review and comment on such filings before the filing thereof, provided that it shall be in Mountain Lake's discretion to accept such comments, and further provided that the obligations herein will not prevent any Party from making such disclosure as its counsel advises is required by applicable Laws or the rules and policies of the reporting jurisdictions of the Party or the applicable stock exchange, or such disclosure that is made in the ordinary course of business consistent with past practice. Mountain Lake agrees not to make any public statement that is inconsistent with any such press release or this Agreement.
- (z) Representations. Mountain Lake shall use its commercially reasonable efforts to conduct its affairs and to cause Spinco to conduct their affairs so that all of the representations and warranties of Mountain Lake contained herein shall be true

and correct in all material respects on and as of the Effective Date as if made on and as of such date.

- (aa) Taxes. Each of Mountain Lake and Spinco shall:
- (i) duly and timely file all Tax Returns required to be filed by it on or after the date hereof and all such Tax Returns will be true, complete and correct in all material respects;
 - (ii) in a timely manner withhold, collect, remit to the appropriate Governmental Entity and pay all Taxes which are required by applicable Laws to be withheld, collected, remitted or paid by it to the extent due and payable;
 - (iii) not make or rescind any material express or deemed election relating to Taxes, except with the written consent of Marathon Gold, such consent not to be unreasonably withheld;
 - (iv) not make a request for a Tax ruling or enter into any agreement with any Governmental Entity or consent to any extension or waiver of any limitation period with respect to Taxes, except with the written consent of Marathon Gold, such consent not to be unreasonably withheld;
 - (v) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes, except with the consent of Marathon Gold, such consent not to be unreasonably withheld; and
 - (vi) not change any of its methods of accounting for income Tax purposes from those employed in the preparation of its income Tax Returns for the taxation year ended December 31, 2011, except as may be required by applicable Laws or IFRS.
- (bb) Access. Mountain Lake shall, and shall cause Spinco to, afford officers, employees, counsel, accountants and other authorized representatives and advisors of Marathon Gold reasonable access, during normal business hours from the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, to the properties, books, contracts and records (including all technical and operational data including, without limitation, drilling results) as well as to the personnel of Mountain Lake and Spinco, and, during such period, Mountain Lake shall, and shall cause Spinco to, furnish promptly to Marathon Gold all information concerning the business, properties and personnel of Mountain Lake and Spinco as Marathon Gold may reasonably request. Subject to applicable Laws, Mountain Lake shall continue to make available and cause to be made available to Marathon Gold and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be necessary to enable Marathon Gold to effect a thorough examination of Mountain Lake and Spinco and the business, properties and financial status thereof, including the

provision of unaudited monthly consolidated financial statements of Mountain Lake together with the consolidation therefor, and shall cooperate with Marathon Gold in securing access for Marathon Gold to any documents, agreements, corporate records or minute books not in the possession or under the control of Mountain Lake.

- (cc) Closing Documents. Mountain Lake shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions and other closing documents as may be reasonably required by Marathon Gold, all in form satisfactory to Marathon Gold, acting reasonably.
- (dd) Spin-Out Assets and Liabilities. Prior to the Effective Time, Mountain Lake and Spinco shall take all necessary steps, including completing all documentation (including an asset purchase agreement, a deed of transfer or other similar agreement or document that will include all necessary covenants, assumption of liabilities and indemnification as Marathon Gold may reasonably request), to arrange for the transfer to, and the assumption by, Spinco, at the Effective Time, of all of its rights, title, interest, obligations and liabilities in the Spin-Out Assets and Liabilities in consideration of the issuance by Spinco of Spinco Shares as contemplated in the Arrangement. Prior to the Effective Time, Mountain Lake shall cause all third parties whose consent is required and as set forth in the Schedule 4.1(dd) of the Mountain Lake Disclosure Letter (which Mountain Lake confirms identifies all material consents so required) to agree to the assignment of Spin-Out Assets and Liabilities to Spinco (including without limitation the assumption of all share issuance obligations of Mountain Lake by Spinco under property agreements) on terms that are satisfactory to Marathon Gold acting reasonably.
- (ee) Mountain Lake Warrants. Mountain Lake shall be obligated to retain, until the Effective Time, 100% of the proceeds from the currently outstanding Mountain Lake Warrants exercised prior to the Effective Time, and in respect of Mountain Lake Warrants exercised following the Effective Time, Mountain Lake shall pay 15% of any such proceeds to Spinco.
- (ff) Change of Control Payments. Spinco shall prior to the Effective Time complete a debt settlement pursuant to the terms of the Mountain Lake Employee and Consulting Agreements to settle the Change of Control Payments by the issuance of Spinco Shares at a price equal to the subscription price for the Spinco Units.
- (gg) Return of Valentine Lake Property Documents. Mountain Lake shall, at or prior to the Effective Date, return to Marathon Gold all documents relating to the Valentine Lake Property and destroy all electronic documents relating thereto which can be physically returned to Marathon Gold.

4.2 Covenants of Marathon Gold

Marathon Gold covenants and agrees with Mountain Lake as follows:

- (a) Proceedings. In a timely and expeditious manner, Marathon Gold shall take all such actions and do all such acts and things as are specified in the Interim Order (including issuing the Marathon Gold Common Shares contemplated in Section 3.1 of the Plan of Arrangement), the Plan of Arrangement and the Final Order to be taken or done by Marathon Gold.
- (b) Marathon Gold Meeting. In a timely and expeditious manner, Marathon Gold shall prepare the Marathon Gold Circular and subsequently file the Marathon Gold Circular and all required amendments thereto (which shall be in a form satisfactory to Mountain Lake, acting reasonably), together with any other documents required by applicable Laws, in all jurisdictions where the Marathon Gold Circular and any amendments or supplements thereto, is required to be filed and mail the Marathon Gold Circular in and to all jurisdictions where the Marathon Gold Circular is required to be mailed and provided that Marathon Gold is in compliance with Subsection 4.1(h) hereof, convene and hold the Marathon Gold Meeting as soon as possible, but in any event hold the Marathon Gold Meeting by no later than July 4, 2012 (or such later date as may be agreed to by Mountain Lake).
- (c) Information for Mountain Lake Circular. In a timely and expeditious manner, Marathon Gold shall provide to Mountain Lake all information as may be reasonably requested by Mountain Lake or as required by the Interim Order or applicable Laws with respect to Marathon Gold and its businesses and properties for inclusion in the Mountain Lake Circular or in any amendment or supplement to the Mountain Lake Circular that complies in all material respects with all applicable Laws on the date of the mailing thereof and containing all material facts relating to Marathon Gold required to be disclosed in the Mountain Lake Circular and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto. Marathon Gold shall fully cooperate with Mountain Lake and provide such assistance as Mountain Lake may reasonably request in the preparation of the Mountain Lake Circular.
- (d) Amendments to Mountain Lake Circular. In a timely and expeditious manner, Marathon Gold shall provide Mountain Lake with information as requested by Mountain Lake in order to prepare any amendments or supplements to the Mountain Lake Circular (which amendments or supplements shall be in a form satisfactory to Marathon Gold, acting reasonably) with respect to the Mountain Lake Meeting.
- (e) Spinco Financing. Provided all other conditions precedent to the completion of the Arrangement have been satisfied or waived, and that this Agreement has not been terminated, at the Effective Time, Marathon Gold will subscribe for, in consideration of \$300,000, such number of Spinco Units that will result in

Marathon Gold holding 6.2% of the Spinco Shares at the Effective Time after taking into account the issuance of the Spinco Shares to settle the Change of Control Payments.

- (f) Certain Actions. Marathon Gold shall:
- (i) not take any action, or refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Marathon Gold in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made, or which would or could have a Material Adverse Effect on Marathon Gold;
 - (ii) promptly notify Mountain Lake of: (A) any Material Adverse Change or Material Adverse Effect, or any fact, circumstance, change, event, occurrence or effect that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Marathon Gold; (B) any Governmental Entity or third person making a material complaint, investigation or hearing (or communications indicating that the same may be contemplated); (C) any breach by Marathon Gold of any covenant or agreement contained in this Agreement; and (D) any event occurring subsequent to the date of this Agreement that would render any representation or warranty of Marathon Gold contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect; and
 - (iii) use commercially reasonable efforts to carry out all actions necessary to ensure the availability of the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereunder.
- (g) Satisfaction of Conditions. Marathon Gold shall use all commercially reasonable best efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations hereunder to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) obtain all consents, approvals and authorizations as are required to be obtained by Marathon Gold under any applicable Law or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated hereby;

- (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any Party to this Agreement before any Governmental Entity;
 - (iii) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the Parties to this Agreement to consummate, the transactions contemplated hereby;
 - (iv) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by it; and
 - (v) cooperate with Mountain Lake in connection with the performance by Mountain Lake of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Marathon Gold to pay or cause to be paid any monies to cause such performance to occur.
- (h) Marathon Gold Common Shares. Marathon Gold will issue, at the Effective Time, Marathon Gold Common Shares, in accordance with the terms of the Plan of Arrangement, to those Mountain Lake Securityholders who are entitled to receive Marathon Gold Shares pursuant to the Arrangement.
- (i) Cooperation. Marathon Gold shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.
- (j) Representations. Marathon Gold shall use its commercially reasonable efforts to conduct its affairs and to cause any Subsidiary of Marathon Gold to conduct their affairs so that all of the representations and warranties of Marathon Gold contained herein shall be true and correct in all material respects on and as of the Effective Date as if made on and as of such date.
- (k) Closing Documents. Marathon Gold shall execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions and other closing documents as may be reasonably required by Mountain Lake, all in form satisfactory to Mountain Lake, acting reasonably.

4.3 Interim Arrangements

- (a) Prior to the termination of this Agreement, Marathon Gold shall not enforce the provisions of the Valentine Lake Joint Venture Agreement which require Mountain Lake to provide payment to Marathon Gold for its proportionate share of the 2012 Program and Budget. The Capital Calls due and payable by Mountain

Lake to Marathon Gold from April 30, 2012 onwards, including the March Adjustment, the April Capital Calls, the May Capital Calls and any additional adjustments or capital calls made by Marathon Gold to Mountain Lake for its proportionate share of expenditures for the 2012 Program and Budget for the Valentine Lake Joint Venture, pursuant to the terms of the Valentine Lake Joint Venture Agreement, shall not be payable by Mountain Lake until forty-five (45) days following the termination of the Arrangement Agreement.

- (b) Marathon Gold has the right and shall make reductions to the expenditures contemplated under the 2012 Program and Budget to accommodate the reduction in received capital contributions from Mountain Lake until the earlier of the Effective Date or termination of the Arrangement Agreement.

4.4 Regulatory Approvals

- (a) As soon as practicable, Marathon Gold and Mountain Lake each shall:
 - (i) make all necessary filings with the TSX and TSX-V, as applicable, with respect to the Arrangement; and
 - (ii) file comparable merger notification forms required by the merger notification or control Laws of any other applicable jurisdiction, which Marathon Gold and Mountain Lake reasonably determine to be necessary.
- (b) Marathon Gold and Mountain Lake each shall promptly:
 - (i) supply the other with any information which may be required in order to effectuate such filings, notifications or submissions; and
 - (ii) supply any additional information which reasonably may be required by any Governmental Authority of any other applicable jurisdiction.

Neither Party shall attend any meetings, whether in Person or by telephone with any Governmental Entity in connection with the transactions contemplated by this Agreement, unless it provides the other Party with a reasonable opportunity to attend such meetings.

4.5 Indemnification and Insurance

Provided that those officers and directors of Mountain Lake asked to resign by Marathon Gold have executed a mutual release with Marathon Gold and Mountain Lake, in form and substance satisfactory to Marathon Gold and Mountain Lake, acting reasonably, Marathon Gold covenants and agrees that all rights to indemnification or exculpation and any directors' and officers' insurance now existing, in favour of current and former directors or officers of Mountain Lake or Spinco as provided in the articles and by-laws thereof, or in any agreement, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Time.

4.6 Post Closing Covenants of Spinco

Spinco covenants to Marathon Gold that prior to or as soon as possible after the Effective Date, it shall make all commercially reasonable efforts to seek and obtain a listing for its common shares on the TSX-V or another more senior stock exchange in North America.

ARTICLE V - CONDITIONS

5.1 Mutual Conditions

The respective obligations of Mountain Lake, Spinco and Marathon Gold to complete the transactions contemplated in this Agreement are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as specified below:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties to this Agreement, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties to this Agreement, acting reasonably, on appeal or otherwise;
- (b) the Mountain Lake Securityholder Approval shall have been obtained at the Mountain Lake Meeting in accordance with the provisions of the BCBCA, the Interim Order, the requirements of any applicable Governmental Entity or other regulatory authority and the requirements of any applicable Law;
- (c) the approval of the Arrangement by the shareholders of Marathon Gold following the Marathon Gold Meeting or any adjournment thereof shall have been obtained in accordance with the provision of the TSX rules and the requirements of any other applicable regulatory authority;
- (d) the Court shall have determined that the terms and conditions of the Arrangement are procedurally and substantively fair to the Mountain Lake Securityholders and the Final Order shall have been granted in form and substance satisfactory to the Parties to this Agreement, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties to this Agreement, acting reasonably, on appeal or otherwise;
- (e) the distribution of Class A Shares, Spinco Shares and Marathon Gold Common Shares to Mountain Lake Shareholders as described in the Plan of Arrangement is exempt from the registration requirements of the 1933 Act;
- (f) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement that has, or could reasonably be expected to have, a Material Adverse Effect on Mountain Lake or Marathon Gold;

- (g) the TSX-V shall have, if required, conditionally accepted notice for filing of all transactions of Mountain Lake contemplated herein or necessary to complete the Arrangement (which for avoidance of doubt, does not include conditional acceptance of the listing of Spinco Shares), subject only to compliance with the customary conditions of the TSX-V;
- (h) (A) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement; and (B) all third party and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a Material Adverse Effect on Mountain Lake, taken as a whole, or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each Party to this Agreement;
- (i) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities Laws (other than as applicable to “control persons” as such term is defined under Canadian securities laws or pursuant to Section 2.6 of National Instrument 45-102); and
- (j) this Agreement shall not have been terminated pursuant to Article VII.

The foregoing conditions are for the mutual benefit of the Parties to this Agreement and may be waived by mutual consent of Marathon Gold, Spinco and Mountain Lake in writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, any Party to this Agreement may terminate this Agreement by written notice to the others in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such rescinding Party hereto.

5.2 Mountain Lake Conditions

The obligation of Mountain Lake to complete the transactions contemplated in this Agreement is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as specified below:

- (a) the representations and warranties made by Marathon Gold in this Agreement that are qualified by the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Date as if made on and as of such date, and all other representations and warranties made by Marathon Gold in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date, in either case, except where any failures or breaches of representations and warranties would not either individually or in the

aggregate have a Material Adverse Effect on Marathon Gold, and Marathon Gold shall have provided to Mountain Lake a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Effect on the Effective Date. No representation or warranty made by Marathon Gold hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are provided for or stated to be exceptions under this Agreement;

- (b) from the date of this Agreement until the Effective Date, there shall not have occurred, and neither Marathon Gold nor a Marathon Gold material Subsidiary shall have incurred or suffered, any one or more facts, circumstances, changes, effects, events or occurrences that, either individually, or in the aggregate have, or could reasonably be expected to have, a Material Adverse Effect on Marathon Gold;
- (c) Marathon Gold shall have complied in all material respects with its covenants herein and Marathon Gold shall have provided to Mountain Lake a certificate of two officers thereof, certifying that, as of the Effective Date, Marathon Gold has so complied with its covenants herein; and
- (d) the directors of Marathon Gold shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Marathon Gold to permit the consummation of the Arrangement.

The foregoing conditions are for the benefit of Mountain Lake and may be waived, in whole or in part, by Mountain Lake in writing at any time. If any of such conditions shall not be complied with or waived by Mountain Lake on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Mountain Lake may terminate this Agreement by written notice to Marathon Gold in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Mountain Lake.

5.3 Marathon Gold Conditions

The obligation of Marathon Gold to complete the transactions contemplated in this Agreement is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below.

- (a) not less than two (2) Business Days before the Effective Date, Mountain Lake shall deliver to Marathon Gold executed copies of the asset purchase agreement, assumption of liabilities agreement and any consents required to effect the Transfer of Spin-Out Assets and Liabilities in accordance with applicable Laws;
- (b) not less than two (2) Business Days before the Effective Date, Mountain Lake shall deliver to Marathon Gold a comprehensive balance sheet as at the Effective Date (the “**Effective Date Balance Sheet**”) which will reflect good faith estimates by Mountain Lake of Mountain Lake’s Net Working Capital which shall not be less than the Minimum Net Working Capital Amount, prepared in

accordance with IFRS, and will be accompanied by a certificate of Allen Sheito, the chief executive officer of Mountain Lake, Teri Anderson, the chief financial officer of Mountain Lake and Frank Metcalf, a director on the board of directors of Mountain Lake, to the effect that each such officer and director has reviewed the Effective Date Balance Sheet, that the Effective Date Balance Sheet represents the best estimate, made in good faith, of the Net Working Capital as at the Effective Date, prepared in accordance with IFRS, and that each such officer and director has no reason to believe that this estimate cannot be relied upon, accompanied by a copy of the working papers of Mountain Lake used in its preparation, together with any other evidence supporting the amounts specified in the Effective Date Balance Sheet as Marathon Gold may reasonably request;

- (c) prior to the Effective Date, Mountain Lake shall collect from all Mountain Lake Optionholders that exercise Mountain Lake Options the appropriate withholding amount which is required to be remitted to the Canada Revenue Agency in connection with the exercise of any Mountain Lake Options, and Mountain Lake such remit the Withholding Amount to the Canada Revenue Agency on a timely basis prior to the Effective Date;
- (d) prior to the Effective Date, the Mountain Lake Employment and Consulting Agreements shall be amended to reflect that any Change of Control Payments payable thereunder will be payable only by the issuance of Spinco Shares, where the number of Spinco Shares to be received in each case shall be equal to the original Change of Control Payments thereunder divided by five and then divided by the subscription price per Spinco Unit, and any such Change of Control Payments shall be paid in full prior to the Effective Date;
- (e) the representations and warranties made by Mountain Lake in this Agreement that are qualified by the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Date as if made on and as of such date, and all other representations and warranties made by Mountain Lake in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date, in either case, except where any failures or breaches of representations and warranties would not either, individually or in the aggregate, have a Material Adverse Effect on Mountain Lake, and Mountain Lake shall have provided to Marathon Gold a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Effect on the Effective Date. No representation or warranty made by Mountain Lake hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to in the Mountain Lake Disclosure Letter, or provided for or stated to be exceptions under this Agreement;
- (f) from the date of this Agreement until the Effective Date, there shall not have occurred, and neither Mountain Lake nor Spinco shall have incurred or suffered, any one or more facts, circumstances, changes, effects, events or occurrences that,

either individually, or in the aggregate have, or could reasonably be expected to have, a Material Adverse Effect on Mountain Lake;

- (g) Mountain Lake shall have complied in all material respects with its covenants herein and Mountain Lake shall have provided to Marathon Gold a certificate of two officers thereof certifying that, as of the Effective Date, Mountain Lake has so complied with its covenants herein;
- (h) Mountain Lake Shareholders holding no more than 5% of the outstanding Mountain Lake Common Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) and Marathon Gold shall have received a certificate dated the day immediately preceding the Effective Date of two officers of Mountain Lake to such effect;
- (i) Mountain Lake shall have granted Marathon Gold the right and provided the opportunity to discuss the Arrangement with any shareholder holding in the aggregate at least 2% of the Mountain Lake Common Shares issued and outstanding as of the date of this Agreement with an executive officer of Mountain Lake present for such discussion;
- (j) none of the Locked-Up Securityholders shall have breached, in any material respect, any of the representations, warranties and covenants of the Lock-Up Agreements; and
- (k) the directors of Mountain Lake and Spinco shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Mountain Lake and Spinco to permit the consummation of the Arrangement.

The foregoing conditions are for the benefit of Marathon Gold and may be waived, in whole or in part, by Marathon Gold in writing at any time. If any of such conditions shall not be complied with or waived by Marathon Gold on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Marathon Gold may terminate this Agreement by written notice to Mountain Lake in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Marathon Gold.

5.4 Notice and Cure Provisions

Each Party to this Agreement shall give prompt notice to the others of them of the occurrence, or failure to occur, at any time from the date of this Agreement until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or could:

- (a) cause any of the representations or warranties of such Party to this Agreement contained herein to be untrue or inaccurate in any respect on the date of this Agreement or on the Effective Date;

- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in favour of the other Parties hereto contained in Sections 5.1, 5.2 or 5.3, as the case may be.

Subject as provided in this Agreement, a Party may elect not to complete the transactions contemplated hereby by virtue of the conditions for its benefit contained in Sections 5.1, 5.2 or 5.3 not being satisfied or waived; or exercise any termination right arising therefrom; provided, however, that: (i) promptly and in any event prior to the Effective Date, the Party intending to rely thereon has delivered a written notice to the other Parties specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be: and (ii) if any such notice is delivered, and a Party is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the Party that has delivered such notice may not terminate this Agreement until the earlier of the Completion Deadline and the expiration of a period of fifteen (15) days from date of delivery of such notice. If such notice has been delivered prior to the date of the Mountain Lake Meeting, the Mountain Lake Meeting shall be adjourned or postponed until the expiry of such period.

5.5 Merger of Conditions

If no notice has been sent by any Party pursuant to Section 5.4 prior to the Effective Time, the conditions set out in Sections 5.1, 5.2, and 5.3 hereof shall be conclusively deemed to have been satisfied, fulfilled or waived as of the Effective Time.

ARTICLE VI - NON-SOLICITATION AND BREAK-UP FEE

6.1 Covenant Regarding Non-Solicitation

- (a) Mountain Lake shall not, directly or indirectly, through any officer, director, employee, representative, advisor or agent of Mountain Lake or Spinco, or otherwise:
 - (i) make, solicit, initiate, facilitate, entertain, encourage or promote (including by way of furnishing information, knowingly permitting any visit to facilities or properties of Mountain Lake or Spinco or entering into any form of agreement, arrangement or understanding) any inquiries, proposals or offers regarding, constituting or that may reasonably be expected to lead to an Acquisition Proposal or potential Acquisition Proposal;
 - (ii) participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any Person any information or otherwise cooperate with, respond to, assist or participate in, any effort or attempt to make any Acquisition Proposal or potential Acquisition Proposal;

- (iii) remain neutral with respect to, or agree to, approve or recommend, or propose publicly to remain neutral with respect to, agree to, approve or recommend any Acquisition Proposal or potential Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a Acquisition Proposal until fifteen (15) calendar days following formal commencement of such Acquisition Proposal shall not be considered a violation of this Subsection 6.1(a)(iii));
- (iv) withdraw, modify, qualify or change in a manner adverse to Marathon Gold, or publicly propose to or publicly state that it intends to withdraw, modify, qualify or change in a manner adverse to Marathon Gold the approval, recommendation or declaration of advisability of the Mountain Lake Board of the Arrangement (a “**Change in Recommendation**”) (it being understood that failing to affirm the approval, or recommendation or declaration of advisability of the Mountain Lake Board of the Arrangement within two Business Days after an Acquisition Proposal has been publicly announced and, in circumstances where no Acquisition Proposal has been made, within two (2) Business Days of being requested to do so by Marathon Gold, shall be considered a Change in Recommendation);
- (v) enter into any agreement, arrangement or understanding related to any Acquisition Proposal or requiring it to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any Person in the event that the Arrangement is completed or any other Arrangement agreed to prior to any termination of this Agreement; or
- (vi) make any public announcement or take any other action inconsistent with, or that could reasonably be likely to be regarded as detracting from, the recommendation of the Mountain Lake Board to approve the Arrangement and the transactions contemplated herein.

Notwithstanding the preceding part of this Subsection 6.1(a), but subject to the following provisions of Article VI of this Agreement, the Mountain Lake Board may, prior to the approval of the Arrangement by Mountain Lake Shareholders, consider, participate in any discussions or negotiations with and provide information to, any Person who has delivered a written Acquisition Proposal which was not solicited or encouraged by Mountain Lake after the date of the Exclusivity Agreement and did not otherwise result from a breach of this Section 6.1 by Mountain Lake, provided that the Mountain Lake Board determines in good faith (after consulting with outside counsel) such Acquisition Proposal may constitute a Superior Proposal and that failure to take such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, provided further that if Mountain Lake provides confidential non public information to such Person: (i) Mountain Lake obtains a confidentiality and standstill agreement from the Person making such Acquisition Proposal that is on

terms that are standard for a transaction of this nature or substantively the same as the confidentiality agreement between the Parties hereto (if any), and otherwise on terms no more favourable to such Person than such confidentiality agreement, including a standstill provision (at least as stringent as contained in such confidentiality agreement, if the Parties enter in any such confidentiality agreement); and (ii) provided further that Mountain Lake sends a copy of any such confidentiality agreement to Marathon Gold promptly upon its execution and Marathon Gold is provided with a list of the information provided to such Person and is immediately provided with access to similar information to which such person was provided unless previously provided by Marathon Gold.

- (b) Mountain Lake shall, and shall cause the officers, directors, employees, consultants, representatives and agents of Mountain Lake and Spinco to, immediately terminate and cease any discussions or negotiations with any parties (other than Marathon Gold) with respect to any proposal that constitutes, or may reasonably be expected to constitute, an Acquisition Proposal. Mountain Lake shall: (i) discontinue or not allow access to any of its confidential information to any third party; and (ii) immediately request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with Mountain Lake relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured. Mountain Lake agrees not to: (A) release any third party from any confidentiality agreement relating to a potential Acquisition Proposal to which such third party is a party except to allow a Person to propose a Acquisition Proposal to the Mountain Lake Board; or (B) release any third party from any non-solicitation or standstill agreement or provision to which such third party is a party. Mountain Lake also agrees not to amend, modify or waive any such confidentiality, non-solicitation or standstill agreement or provision and undertakes to enforce, or cause Spinco to enforce such agreements and provisions.
- (c) Mountain Lake shall notify Marathon Gold thereof, at first orally and then, as soon as possible thereafter, in writing, promptly and, in any event, within twenty four (24) hours of the receipt by any director or officer of Mountain Lake of any Acquisition Proposal, or any amendment thereto, or any request for non-public information relating to Mountain Lake or Spinco in connection with any potential Acquisition Proposal or for access to the properties, books or records of Mountain Lake or Spinco by any Person that informs Mountain Lake, or Spinco that it is considering making, or has made, an Acquisition Proposal. Such written notice shall include the identity of the Person(s) making such proposal and all material terms and conditions of the Acquisition Proposal and provide such other details of the Acquisition Proposal, inquiry or contact as Marathon Gold may reasonably request
- (d) If Mountain Lake receives a request for material non-public information from a Person who is considering making or has made a written Acquisition Proposal (the existence and content of which have been disclosed to Marathon Gold), and

the Mountain Lake Board determines that such proposal could, if consummated in accordance with its terms, reasonably be expected to result in a Superior Proposal or does constitute a Superior Proposal, subject to and as contemplated under this Section 6.1, then, and only in such case, the Mountain Lake Board may, subject to the execution of a confidentiality agreement on customary terms, provide such Person with access to information regarding Mountain Lake; provided, however, that Mountain Lake sends a copy of any such confidentiality agreement to Marathon Gold immediately upon the execution thereof and Marathon Gold is provided with a list of or a copy of the information, if any, provided to such Person that was not previously provided to Marathon Gold and Marathon Gold is immediately provided with access to similar information.

- (e) Mountain Lake shall ensure that its officers, directors, consultants and employees and its Subsidiaries and their officers, directors, employees and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 6.1, and it shall be responsible for any breach of this Section 6.1 by such officers, directors, employees, financial advisors or other advisors or representatives.

6.2 Right to Accept a Superior Proposal

- (a) Mountain Lake and the Mountain Lake Board shall not accept, approve, recommend or enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement contemplated by Subsection 6.1(d) hereof) on the basis that it could, if consummated in accordance with its terms, reasonably be expected to result in a Superior Proposal, or would constitute a Superior Proposal, unless:
 - (i) the Mountain Lake Meeting has not occurred in accordance with the terms of this Agreement;
 - (ii) Mountain Lake has complied with its obligations under Section 6.1 of this Agreement and the other provisions of this Article VI;
 - (iii) such Superior Proposal does not provide for the payment of any break, termination or other fees or expenses to the other Party in the event that Mountain Lake completes the Arrangement or any similar other transaction with Marathon Gold or any of its affiliates agreed prior to any termination of this Agreement;
 - (iv) it has provided Marathon Gold with the information about such Acquisition Proposal as required under Subsection 6.1(c);
 - (v) the Mountain Lake Board has determined in good faith after consultation with outside legal counsel and its financial advisors that it is necessary in order for the Mountain Lake Board to discharge properly its fiduciary duties to withdraw or modify its approval or recommendation of the Arrangement and to approve or recommend such Superior Proposal;

- (vi) five Business Days shall have elapsed from the later of the date Marathon Gold received written notice (a “**Superior Proposal Notice**”) advising Marathon Gold that the Mountain Lake Board has resolved to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal subject only to this Section 6.2, and the date Marathon Gold received a copy of such document pursuant to Subsection 6.1(c) evidencing Superior Proposal; and
 - (vii) this Agreement is terminated under Section 7.2 and Mountain Lake has paid the Mountain Lake Termination Payment to Marathon Gold under Section 6.3.
- (b) During the five Business Day period referred to in Subsection 6.2(a)(vi) of this Agreement, Mountain Lake agrees that Marathon Gold shall have the right, but not the obligation, to offer in writing to amend the terms of this Agreement and the Arrangement. The Mountain Lake Board will review any written proposal by Marathon Gold to amend the terms of this Agreement, in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether the amended proposal would, upon acceptance by Mountain Lake, be at least equivalent to the Superior Proposal. If the Mountain Lake Board so determines, it will enter into an amended agreement with Marathon Gold reflecting the amended proposal. If the Mountain Lake Board does not so determine, Mountain Lake may accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal, subject to compliance with Section 6.3 of this Agreement.
- (c) Each Party also acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of the requirement under Subsection 6.2(a)(vi) of this Agreement and will initiate an additional five Business Day notice period.
- (d) The Mountain Lake Board shall promptly reaffirm its unanimous recommendation of the Arrangement by press release after: (i) the Mountain Lake Board determines any Acquisition Proposal is not a Superior Proposal; or (ii) the Mountain Lake Board determines that a proposed amendment to the terms of the Arrangement would result in an Acquisition Proposal which has been publicly announced or made not being a Superior Proposal, and Marathon Gold has so amended the terms of the Arrangement. Marathon Gold and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release, recognizing that whether or not such comments are appropriate will be determined by Mountain Lake, acting reasonably.
- (e) If the Mountain Lake Circular has been sent to Mountain Lake Shareholders prior to the expiry of the five Business Day period set forth in Subsection 6.2(a)(vi) and, during such period, Marathon Gold requests in writing that the Mountain Lake Meeting proceed, Mountain Lake shall continue to take all reasonable steps

necessary to hold the Mountain Lake Meeting and to cause the Arrangement to be voted on at the Mountain Lake Meeting.

- (f) Where at any time before the Mountain Lake Meeting, Mountain Lake has provided Marathon Gold with a notice under Subsection 6.1(c), an Acquisition Proposal has been publicly disclosed or announced, and the five Business Day period under Subsection 6.2(a)(vi) has not elapsed, then, subject to applicable Laws, at Marathon Gold's request, Mountain Lake will postpone or adjourn the Mountain Lake Meeting at the Mountain Lake Meeting (but not beforehand without Marathon Gold's consent) to a date acceptable to Marathon Gold, acting reasonably, which shall not be less than five days and not more than ten Business Days after the scheduled date of the Mountain Lake Meeting and shall, in the event that Marathon Gold and Mountain Lake amend the terms of this Agreement pursuant to Subsection 6.2(b), ensure that the details of such amended Agreement are communicated to the Mountain Lake Shareholders prior to the resumption of the adjourned or postponed Mountain Lake Meeting.

6.3 Mountain Lake Termination Payment.

In the event that:

- (a) this Agreement is terminated by Marathon Gold pursuant to Subsection 7.2(b);
- (b) this Agreement is terminated by Marathon Gold pursuant to Subsection 7.2(c);
- (c) this Agreement is terminated by Mountain Lake pursuant to Subsection 7.2(e);
- (d) this Agreement is terminated by Mountain Lake or Marathon Gold pursuant to Subsection 7.2(f);
- (e) this Agreement is terminated by Marathon Gold for non-fulfillment of the conditions precedent in Section 5.3; or
- (f) this Agreement is terminated by Marathon Gold pursuant to Subsection 7.2(j).

then Mountain Lake shall pay to Marathon Gold in the circumstances set forth in Subsections 6.3(a) to 6.3(f), at the time of termination of this Agreement, payment in an amount equal to 3% of Mountain Lake's then current equity value to a maximum amount of \$500,000 (the "**Mountain Lake Termination Payment**"). Mountain Lake hereby acknowledges that the Mountain Lake Termination Payment is a payment of liquidated damages which are a genuine pre-estimate of the damages which Marathon Gold will suffer or incur as a result of the event giving rise to such damages and the resultant non-completion of the Arrangement and are not penalties. Mountain Lake hereby irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

6.4 Marathon Gold Termination Payment

In the event that:

- (a) this Agreement is terminated by Mountain Lake pursuant to Subsection 7.2(d);
- (b) this Agreement is terminated by Mountain Lake pursuant to Subsection 7.2(g); or
- (c) this Agreement is terminated by Mountain Lake pursuant to Subsection 7.2(j);

then Marathon Gold shall pay to Mountain Lake in such circumstances, at the time of termination of this Agreement, payment in an amount equal to 3% of Mountain Lake's then current equity value to a maximum amount of \$500,000 (the "**Marathon Gold Termination Payment**"). Marathon Gold hereby acknowledges that the Marathon Gold Termination Payment is a payment of liquidated damages which are a genuine pre-estimate of the damages which Mountain Lake will suffer or incur as a result of the event giving rise to such damages and the resultant non-completion of the Arrangement and are not penalties. Marathon Gold hereby irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

ARTICLE VII - AMENDMENT AND TERMINATION

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Mountain Lake Meeting be amended by mutual written agreement of the Parties hereto without, subject to applicable Laws, further notice to or authorization on the part of the Mountain Lake Shareholders and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties hereto;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties hereto; and
- (d) waive compliance with or modify any condition herein contained;

provided, however, that notwithstanding the foregoing, following the Mountain Lake Meeting, the Exchange Share Ratio, the terms of the transfer of assets to Spinco or the distribution of Spinco Shares to Mountain Lake Shareholders shall not be amended without the approval of the Mountain Lake Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. This Agreement and the Plan of Arrangement may be amended in accordance with the Final Order, but in the event that the terms of the Final Order require any such amendment, the rights of the Parties to this Agreement under Sections 5.1, 5.2, 5.3, 6.3, 6.4 and Article VII shall remain unaffected.

7.2 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written agreement, duly authorized by the board of directors of each of the Parties;
- (b) by Marathon Gold if Mountain Lake shall have failed to hold the Mountain Lake Meeting by July 4, 2012;
- (c) by Marathon Gold if an Acquisition Proposal has been made or proposed: (i) the Mountain Lake Board shall have made or effected a Change in Recommendation; or (ii) except as permitted under Subsection 6.1(a)(iii), the Mountain Lake Board shall have failed, after being requested by Marathon Gold in writing, to reaffirm its approval or recommendation of the Arrangement and the transactions contemplated herein as promptly as possible (but in any event within two (2) Business Days) after receipt of such written request from Marathon Gold; or (iii) the Mountain Lake Board shall have accepted, approved, recommended or entered into an agreement with respect to a Superior Proposal;
- (d) by Mountain Lake if Marathon Gold shall have failed to hold the Marathon Gold Meeting by July 4, 2012;
- (e) by Mountain Lake in order to enter into a definitive written agreement with respect to a Superior Proposal, subject to compliance with Sections 6.1 and 6.2 and the payment of the Mountain Lake Termination Payment required to be paid pursuant to Section 6.3 of this Agreement; provided for greater certainty, that any such termination shall terminate this Agreement for all the Parties;
- (f) by either Mountain Lake or Marathon Gold if the Mountain Lake Arrangement Resolution is not approved by the Mountain Lake Shareholders at the Mountain Lake Meeting;
- (g) by either Mountain Lake or Marathon Gold if the Marathon Gold Resolution is not approved by the Marathon Gold Shareholders at the Marathon Gold Meeting;
- (h) by either Mountain Lake or Marathon Gold if any condition precedent to its obligations in Sections 5.1, 5.2 or 5.3 has not been satisfied or waived by the Completion Deadline or where it is clear that the condition precedent cannot be satisfied prior to the Completion Deadline;
- (i) by either Marathon Gold or Mountain Lake if the Arrangement shall not have been completed by the Completion Deadline, provided however, if the Arrangement has not been completed by such date because the Mountain Lake Meeting has not been held due to the fault of Mountain Lake, then Mountain Lake shall not be entitled to terminate this Agreement; or

- (j) by either Mountain Lake or Marathon Gold if there is a material breach by the other Party of a material covenant under this Agreement prior to the Completion Deadline and such breaching Party fails to cure or remedy such breach within five (5) calendar days after receiving notice thereof from the other Party; in each case subject to payment of the Mountain Lake Termination Payment required to be paid pursuant to Section 6.3 of this Agreement.

provided that any termination by Mountain Lake or Marathon Gold in accordance with paragraphs (b) to (j) above shall be made by such Party delivering written notice thereof to the other Party or Parties hereto prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right. In the event of any such termination, the provisions to the extent applicable of Sections 6.3, 6.4, 8.3 and 8.10 shall survive the termination hereof and remain in full force and effect. In all other respects, each Party shall be deemed to have released, remised and forever discharged the other Parties in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein.

ARTICLE VIII - GENERAL

8.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party to this Agreement shall be in writing and shall be delivered by hand to the Party hereto to which the notice is to be given at the following address or sent by facsimile or by electronic mail to the following numbers or address or to such other address or facsimile number as shall be specified by a Party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile or electronic mail be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (Vancouver time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the Parties to this Agreement shall be as follows:

- (a) if to Marathon Gold:

357 Bay St., Suite 800
Toronto, Ontario
M5H 2T7

Attention: Phillip Walford, President and Chief Executive Officer
Facsimile: (416) 861-1925
E-mail: pwalford@marathon-gold.com

with a copy (which shall not constitute notice) to:

Gowling Lafleur Henderson LLP
1 First Canadian Place
Toronto, Ontario M5X 1G5

Attention: Robert Mason
Facsimile: (416) 862-7661
E-mail: Robert.mason@gowlings.com

(b) if to Mountain Lake

1959 Upper Water Street
Suite 1700, Halifax, Nova Scotia B3J 3N2

Attention: Allen Sheito, President and Chief Executive Officer
Facsimile: (902) 542-4442
E-mail: ajsheito@ns.sympatico.ca

with a copy (which shall not constitute notice) to:

Salley Bowes Harwardt LC
Suite 1750-1185 W. Georgia Street, Vancouver British Columbia
V6E 4E6

Attention: Paul Bowes
Facsimile: (604) 688-0778
E-mail: pab@sbh.bc.ca

(c) if to Spinco:

1959 Upper Water Street
Suite 1700, Halifax, Nova Scotia B3J 3N2

Attention: Allen Sheito, President and Chief Executive Officer
Facsimile: (902) 542-4442
E-mail: ajsheito@ns.sympatico.ca

with a copy (which shall not constitute notice) to:

Salley Bowes Harwardt LC
Suite 1750-1185 W. Georgia Street, Vancouver British Columbia
V6E 4E6

Attention: Paul Bowes
Facsimile: (604) 688-0778
E-mail: pab@sbh.bc.ca

8.2 Remedies

The Parties to this Agreement acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any Party hereto or its representatives and advisors and that such breach may cause the non-breaching Party hereto irreparable harm. Accordingly, the Parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the Parties hereto, Mountain Lake (if Marathon Gold is the breaching Party) or Marathon Gold (if Mountain Lake is the breaching Party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof including, without limitation, Section 6.1, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at Law or in equity to each of the Parties hereto.

8.3 Expenses

The Parties to this Agreement agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Mountain Lake Meeting, and the preparation and mailing of the Mountain Lake Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party hereto incurring such expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses. The provisions of this Section 8.3 shall survive the termination of this Agreement.

8.4 Time of the Essence

Time shall be of the essence in this Agreement.

8.5 Entire Agreement

This Agreement, together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

8.6 Further Assurances

Each Party to this Agreement shall, from time to time, and at all times hereafter, at the request of the other, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

8.7 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of British Columbia and the applicable Laws of Canada therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the Law of any jurisdiction other than the Province of British Columbia.

8.8 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by electronic mail or facsimile to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

8.9 Waiver

No waiver or release by any Party to this Agreement shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 7.1.

8.10 Enurement and Assignment

Marathon Gold may assign all or part of its rights under this Agreement to a wholly owned subsidiary of Marathon Gold, but, if such assignment takes place, Marathon Gold shall continue to be liable jointly and severally with the assignee for any obligations hereunder. This Agreement shall not be otherwise assignable by any Party hereto without the prior written consent of the other Party hereto. This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors.

[INTENTIONALLY LEFT BLANK]

SCHEDULE "A"

PLAN OF ARRANGEMENT

UNDER Section 288 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

ARTICLE I - DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) “**Arrangement**” means the arrangement under the provisions of section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendment or supplement thereto made in accordance with Section 7.1 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order;
- (b) “**Arrangement Agreement**” means the arrangement agreement dated as of May 23, 2012 among Marathon Gold, Mountain Lake and Spinco, together with the Schedules attached thereto, as the same may be amended, restated or supplemented or otherwise modified from time to time in accordance with the terms thereof;
- (c) “**Arrangement Resolution**” means the special resolution of the Mountain Lake Shareholders and Mountain Lake Optionholders approving the Arrangement and the Plan of Arrangement and substantially in the form of attached as Schedule "B" to the Arrangement Agreement;
- (d) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;
- (e) “**Bobby’s Pond Property**” has the meaning provided in the Arrangement Agreement;
- (f) “**Business Day**” means any day other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or Vancouver, British Columbia;
- (g) “**Canadian Resident**” means a beneficial owner of Mountain Lake Common Shares immediately prior to the Effective Date who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person);

- (h) “**Class A Shares**” means the class A common shares of Mountain Lake which are to be created in accordance with this Plan of Arrangement and which shall have attached thereto the right to vote at all meetings of Mountain Lake Shareholders, the right to dividends as and when declared by the directors of Mountain Lake, which may be declared independently of dividends on the Class B Shares, and the right to participate in the remaining assets of Mountain Lake upon a winding up of Mountain Lake;
- (i) “**Class B Shares**” means the Mountain Lake Common Shares following their re-designation as Class B Shares in accordance with this Plan of Arrangement, such Class B Shares being the same shares as the Mountain Lake Common Shares prior to the exchange of the Class B Shares for Class A Shares and therefore bearing the same rights and restrictions as the Mountain Lake Common Shares;
- (j) “**Court**” means the Supreme Court of British Columbia;
- (k) “**CRA**” means the Canada Revenue Agency;
- (l) “**Depository**” means any trust company, bank or financial institution agreed to in writing between Marathon Gold and Mountain Lake for the purpose of, among other things, exchanging certificates representing Mountain Lake Common Shares for Marathon Gold Consideration and Spinco Shares in connection with the Arrangement;
- (m) “**Dissent Rights**” shall have the meaning ascribed to such term in Section 4.1 hereof;
- (n) “**Dissenting Shareholder**” means a registered holder of Mountain Lake Common Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for their Mountain Lake Common Shares;
- (o) “**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (p) “**Effective Date**” means the date agreed to by Marathon Gold, Mountain Lake and Spinco in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived which date shall be the earliest possible date following receipt of the Final Order;
- (q) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time as may be agreed to by Marathon Gold, Mountain Lake and Spinco;

- (r) “**Eligible Holder**” means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident;
- (s) “**Eligible Non-Resident**” means a beneficial owner of Mountain Lake Common Shares immediately prior to the Effective Date who is not, and is not deemed to be, a resident of Canada for purposes of the Tax Act and whose Mountain Lake Common Shares are “taxable Canadian property” and not “treaty-protected property”, in each case as defined in the Tax Act;
- (t) “**Equipment**” has the meaning provided in the Arrangement Agreement;
- (u) “**Exchange Share Ratio**” has the meaning provided in Subsection 3.1(f)(i) hereof;
- (v) “**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, after a hearing on the fairness of the terms and conditions of the Arrangement, approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (w) “**Former Mountain Lake Securityholders**” means Former Mountain Lake Shareholders and Former Mountain Lake Optionholders;
- (x) “**Former Mountain Lake Shareholders**” means holders of Mountain Lake Common Shares immediately prior to the Effective Time;
- (y) “**Former Mountain Lake Optionholders**” means the Mountain Lake Optionholders immediately prior to the Effective Time;
- (z) “**Glover Island Property**” has the meaning provided in the Arrangement Agreement;
- (aa) “**Goodwin Property**” has the meaning provided in the Arrangement Agreement;
- (bb) “**Hong Kong Property**” has the meaning provided in the Arrangement Agreement;
- (cc) “**Interim Order**” means the interim order of the Court in a form acceptable to Marathon Gold, Mountain Lake and Spinco made in connection with the Arrangement, providing for, among other things, the calling and holding of the Mountain Lake Meeting, as the same may be amended, supplemented or varied by the Court with the consent of Marathon Gold, Mountain Lake and Spinco, each acting reasonably;
- (dd) “**Letter of Transmittal**” means the letter of transmittal to be sent by Mountain Lake to the Mountain Lake Shareholders to be used by Mountain Lake Shareholders to surrender the certificates representing their Mountain Lake

Common Shares to receive certificates for the Marathon Gold Common Shares issued to them pursuant to the Arrangement;

- (ee) “**Little River Property**” has the meaning provided in the Arrangement Agreement;
- (ff) “**Marathon Gold**” means Marathon Gold Corporation, a company incorporated under the CBCA;
- (gg) “**Marathon Gold Common Shares**” means common shares in the capital of Marathon Gold;
- (hh) “**Marathon Gold Consideration**” means the Share Consideration;
- (ii) “**Mountain Lake Disclosure Letter**” has the meaning ascribed to such term in the Arrangement Agreement;
- (jj) “**Mountain Lake**” means Mountain Lake Resources Inc., a company incorporated under the BCBCA;
- (kk) “**Mountain Lake Common Shares**” means the issued and outstanding common shares of Mountain Lake and, following the re-designation of such common shares to Class B Shares in accordance with this Plan of Arrangement means the Class B Shares, and following the exchange of the Class B Shares for Class A Shares in accordance with this Plan of Arrangement, means the Class A Shares;
- (ll) “**Mountain Lake Meeting**” means the special meeting, including any adjournments or postponements thereof, of the Mountain Lake Shareholders and Mountain Lake Optionholders to be held in accordance with the Interim Order to consider, among other things, and if deemed advisable, to approve the Arrangement Resolution;
- (mm) “**Mountain Lake Optionholders**” means holders of outstanding Mountain Lake Options;
- (nn) “**Mountain Lake Option Plan**” means the stock option plan of Mountain Lake as approved by the Mountain Lake Shareholders on December 18, 2002 and subsequently amended to increase the number of Mountain Lake Options authorized for issuance under the Mountain Lake Option Plan, such amendment approved by Mountain Lake Shareholders on May 31, 2007;
- (oo) “**Mountain Lake Options**” means options to purchase Mountain Lake Common Shares issued pursuant to the Mountain Lake Option Plan or any predecessor option plan of Mountain Lake;
- (pp) “**Mountain Lake Rights Plan**” means the shareholder rights plan of Mountain Lake created pursuant to the shareholder rights plan agreement between Mountain Lake and Computershare Investor Services Inc., dated as of March 12, 2008;

- (qq) “**Mountain Lake Securityholders**” means collectively the Mountain Lake Shareholders, Mountain Lake Optionholders and the Mountain Lake Warranholders, as applicable;
- (rr) “**Mountain Lake Shareholders**” means the holders of Mountain Lake Common Shares;
- (ss) “**Mountain Lake Share Value**” means the volume weighted average closing price of the Mountain Lake Common Shares on the TSX Venture Exchange for each of the five trading days immediately preceding the day prior to the Effective Date;
- (tt) “**Mountain Lake Warranholders**” means the holders of Mountain Lake Warrants;
- (uu) “**Mountain Lake Warrants**” means warrants and broker warrants to purchase Mountain Lake Common Shares;
- (vv) “**Other Mineral Properties**” has the meaning provided in the Arrangement Agreement;
- (ww) “**Plan of Arrangement**” means this plan of arrangement proposed pursuant to section 288 of the BCBCA and any amendments or variations hereto made in accordance with Section 7.1 of the Arrangement Agreement or this plan of arrangement or made at the direction of the Court in the Final Order;
- (xx) “**Required Withholding**” has the meaning ascribed to such term in Section 5.4;
- (yy) “**Share Consideration**” means 0.40 of a Marathon Gold Common Share for each Mountain Lake Common Share;
- (zz) “**Section 85 Election**” has the meaning ascribed thereto in Subsection 5.1(e);
- (aaa) “**Spinco**” means Mountain Lake Minerals Inc., a wholly-owned subsidiary of Mountain Lake incorporated under the BCBCA;
- (bbb) “**Spinco Shares**” means common shares in the capital of Spinco;
- (ccc) “**Spinco Units**” means the units of Spinco to be issued pursuant to the Arrangement Agreement, each Spinco Unit consisting of one Spinco Share and one half of one share purchase warrant;
- (ddd) “**Spin-out**” means the transfer of the Spin-Out Assets and Liabilities from Mountain Lake to Spinco;
- (eee) “**Spin-Out Assets and Liabilities**” means:
 - (i) the Other Mineral Properties;

- (ii) the Equipment;
- (iii) all obligations, debts and liabilities of whatever kind and nature associated with any of the Other Mineral Properties;
- (iv) the shares of Rockwell Diamonds Inc. held by Mountain Lake; and
- (v) the liability of Mountain Lake for the Change of Control Payments under the Mountain Lake Employment and Consulting Agreements,

and excludes all any rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated owned, or used by Mountain Lake for any reason with respect to the Valentine Lake Property and the Valentine Lake Joint Venture.

- (fff) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (ggg) “**Tax Exempt Person**” means a person who is exempt from tax under Part I of the Tax Act;
- (hhh) “**U.S. Tax Code**” means the United States *Internal Revenue Code of 1986*, as amended;
- (iii) “**Valentine Lake Joint Venture**” has the meaning provided in the Arrangement Agreement; and
- (jjj) “**Valentine Lake Property**” has the meaning provided in the Arrangement Agreement.

In addition, words and phrases used herein and defined in the Arrangement Agreement and not otherwise defined herein shall have the same meaning herein as in the Arrangement Agreement unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and *vice versa*, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government

(including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

1.7 Governing Law

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.8 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Vancouver, British Columbia time, unless otherwise stated herein.

ARTICLE II - BINDING EFFECT

2.1 Binding Effect

As of and from the Effective Time, this Plan of Arrangement shall be binding upon the following, without any further act or formality required on the part of any person, except as specified herein:

- (a) Marathon Gold;
- (b) Mountain Lake;
- (c) Spinco;
- (d) the Dissenting Shareholders;
- (e) the Mountain Lake Shareholders;
- (f) the Mountain Lake Optionholders; and

- (g) the Mountain Lake Warrantholders.

ARTICLE III - ARRANGEMENT

3.1 Arrangement

At the Effective Time, the following other steps shall occur and shall be deemed to occur in the following order without any further act or formality (except as specified herein):

- (a) the Mountain Lake Rights Plan shall be terminated (and all rights thereunder shall expire) and shall be of no further force or effect;
- (b) the Mountain Lake Option Plan and any predecessor stock option plan will be terminated and all outstanding Mountain Lake Options will be cancelled.
- (c) all of the Spin-out Assets and Liabilities shall be transferred to Spinco by Mountain Lake in consideration for the issuance of such number of fully-paid and non-assessable Spinco Shares to Mountain Lake such that immediately after the foregoing issuance Mountain Lake shall hold in the aggregate (together with the Spinco Shares held immediately prior to the foregoing issuance) that number of Spinco Shares that is equal to 40% of the total number of Mountain Lake Common Shares issued and outstanding immediately prior to the Effective Time and after giving effect to this Subsection 3.1(c) (adjusted as provided in Section 3.4 below) less the number of Mountain Lake Shares held by Dissenting Shareholders;
- (d) Spinco shall issue to each of Marathon Gold and to the directors and officers of Spinco the number of Spinco Units agreed to be purchased by each such party on such terms and for such consideration described in the Arrangement Agreement;
- (e) Mountain Lake shall undertake a reorganization of capital within the meaning of Section 86 of the Tax Act as follows, and in the following order:
 - (i) the authorized capital of Mountain Lake shall be amended by:
 - (A) re-designating the Mountain Lake Common Shares as Class B Shares and each certificate representing an outstanding Mountain Lake Common Share shall, as and from the time such re-designation is effective, represent a Class B Share; and
 - (B) creating an unlimited number of Class A Shares;

and the articles and notice of articles of Mountain Lake shall be deemed to be amended accordingly;

- (ii) each issued and outstanding Class B Share, other than those held by Dissenting Shareholders, shall be exchanged free and clear of all Encumbrances for one Class A Share and 0.40 of a Spinco Share; and

- (iii) the capital of Mountain Lake for the outstanding Class A Shares shall be an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Mountain Lake Class B Shares, less the paid-up capital (within the meaning of the Tax Act) of the Mountain Lake Class B Shares that is attributable to each issued Class B Share held by Dissenting Shareholders and described in paragraph 3(f) hereof, and less the fair market value of the Spinco Shares distributed to Mountain Lake Shareholders;
- (f) the following steps shall be effected contemporaneously:
 - (i) each issued and outstanding Class A Share held by a Former Mountain Lake Securityholder (other than a Mountain Lake Shareholder who has validly exercised its Dissent Rights and other than Mountain Lake Common Shares beneficially owned by Marathon Gold immediately prior to the Effective Time) shall be deemed to be transferred by the holder thereof to Marathon Gold (free and clear of all Encumbrances of whatsoever nature), in exchange for 0.40 Marathon Gold Common Shares (the “**Exchange Share Ratio**”) (subject to Section 3.4 and Article V hereof) and each such former Mountain Lake Securityholder shall cease to be a holder of such Class A Share, and Marathon Gold shall be the holder of all of the issued and outstanding Class A Shares and the central securities register of Mountain Lake shall be revised accordingly;
 - (ii) each issued and outstanding Class B Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof to Marathon Gold (free and clear of all Encumbrances of whatsoever nature), and Marathon Gold shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article IV hereof, and each such Dissenting Shareholder shall cease to be a holder of such Class B Share, and Marathon Gold shall be the holder of such Class B Share and the central securities register of Mountain Lake shall be revised accordingly; and
 - (iii) each Class B Share (other than Class B Shares held by Dissenting Shareholders and acquired by Marathon Gold) shall be cancelled;
 - (iv) each Former Mountain Lake Securityholder shall cease to be a registered or beneficial holder of Mountain Lake Common Shares and the name of such holder shall be removed from the securities register maintained by or on behalf of Mountain Lake in respect of the Mountain Lake Common Shares and shall cease to have any rights as holders of such Mountain Lake Common Shares other than the right to receive the Marathon Gold Common Shares in accordance with this Plan of Arrangement;
 - (v) each Former Mountain Lake Securityholder that was the registered holder thereof immediately prior to such assignment and transfer shall be deemed to have executed and delivered all consents, releases, assignments and

waivers, statutory or otherwise, required to transfer and assign such Mountain Lake Common Shares to Marathon Gold;

- (vi) Marathon Gold shall issue and cause to be delivered to each Former Mountain Lake Securityholder the Marathon Gold Common Shares to which such holder is entitled as aforesaid and the name of such holder shall be added to the securities register maintained by or on behalf of Marathon Gold in respect of the Marathon Gold Common Shares showing such holder as the registered holder of the Marathon Gold Common Shares so issued; and
- (vii) Marathon Gold shall be added to the securities register maintained by or on behalf of Mountain Lake in respect of the Mountain Lake Common Shares showing Marathon Gold as the sole legal and beneficial owner of Mountain Lake Common Shares free and clear of all Liens;

no fractional Marathon Gold Common Shares shall be issued by Marathon Gold to any Mountain Lake Shareholder on the exchange contemplated herein and the number of Marathon Gold Common Shares issued to a Mountain Lake Shareholder shall be rounded down to the next whole number of Marathon Gold Common Shares with no compensation for any fractional interest; and

- (g) the exchanges, cancellations and steps provided for in this Section 3.1 shall be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Time.

3.2 Mountain Lake Warrants

For greater certainty, each Mountain Lake Warrant outstanding immediately prior to the Effective Time shall, upon the occurrence of the Effective Time, be adjusted in accordance with its terms, and therefore shall entitle the holder thereof upon the exercise of such Mountain Lake Warrant in compliance with applicable securities laws following the Effective Time, on the same terms and conditions as were applicable to such Mountain Lake Warrant before the Effective Time, in lieu of a Mountain Lake Common Share, to receive:

- (a) the Marathon Gold Consideration upon presentation of the required exercise documentation and payment to Marathon Gold of 85% of the exercise price that would have been payable upon exercise of such Mountain Lake Warrant per Mountain Lake Common Share prior to the Effective Time; and
- (b) 0.40 of a Spinco Share upon presentation of the required exercise documentation and payment to Spinco of 15% of the exercise price that would have been payable upon exercise of such Mountain Lake Warrant per Mountain Lake Common Share prior to the Effective Time.

Any securities issued upon exercise of a Mountain Lake Warrant in the United States or by or on behalf of a U.S. person (as such terms are defined in Regulation S under the 1933 Act) will bear appropriate 1933 Act legends.

3.3 Effective Time Procedures

- (a) Following the receipt of the Final Order and prior to the Effective Date, Marathon Gold shall deliver or arrange to be delivered to the Depository certificates representing Marathon Gold Common Shares in an aggregate amount sufficient to pay the aggregate Marathon Gold Consideration payable and Mountain Lake shall deliver or arrange to be delivered to the Depository certificates representing the Spinco Shares required to be delivered to Former Mountain Lake Securityholders in accordance with the provisions of Section 3.1 hereof, which certificates shall be held by the Depository as agent and nominee for such Former Mountain Lake Securityholders for distribution to such Former Mountain Lake Securityholders in accordance with the provisions of Article V hereof.
- (b) Subject to the provisions of Article V hereof, and upon return of a properly completed Letter of Transmittal by a registered Former Mountain Lake Shareholder, together with certificates representing Mountain Lake Common Shares and such other documents as the Depository may require, such Former Mountain Lake Shareholder shall be entitled to receive delivery of the Marathon Gold Consideration and certificates representing the Spinco Shares to which such Former Mountain Lake Shareholder is entitled pursuant to Section 3.1 hereof.

3.4 No Fractional Shares

- (a) No fractional Marathon Gold Common Shares or Spinco Shares shall be distributed to Former Mountain Lake Securityholders.
- (b) The number of Marathon Gold Common Shares and the number of Spinco Shares to be distributed to Former Mountain Lake Securityholders shall be rounded down to the nearest whole Marathon Gold Common Share and/or Spinco Share, as the case may be, in the event that a Mountain Lake Securityholder is entitled to a fractional share.
- (c) No fractional Marathon Gold Common Shares or Spinco Shares shall be issuable to Mountain Lake Warrantheolders after the Effective Time and the number of Marathon Gold Common Shares and the number of Spinco Shares then issuable under Mountain Lake Warrants shall be rounded down to the nearest whole Marathon Gold Common Share and/or Spinco Share, as the case may be if a Mountain Lake Warrantheolder is entitled to a fraction.

3.5 Elections

- (a) In respect of the transfer of the Spin-Out Assets and Liabilities completed in accordance with Subsection 3.1(c) hereof, Mountain Lake and Spinco shall make a joint election pursuant to subsection 85(1) of the Tax Act at an elected amount determined by Mountain Lake acting reasonably, and the amount added to the capital of the Spinco Shares shall be equal to such elected amount.

- (b) As soon as possible after the Effective Time Mountain Lake shall file an election with CRA to cease to be a public corporation for the purposes of the Tax Act.

ARTICLE IV - DISSENT RIGHTS

4.1 Dissent Rights

Pursuant to the Interim Order, holders of Mountain Lake Common Shares may exercise rights of dissent (“**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA, as the same may be modified by this Article IV, the Interim Order and the Final Order, with respect to Mountain Lake Common Shares in connection with the Arrangement, provided that the written notice of dissent to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to Mountain Lake by holders who wish to dissent at least two days before the Mountain Lake Meeting or any date to which the Mountain Lake Meeting may be postponed or adjourned and provided further that Mountain Lake Shareholders who exercise such Dissent Rights and who:

- (a) are ultimately entitled to be paid fair value for their Mountain Lake Common Shares which fair value shall be the fair value of such Mountain Lake Common Shares immediately before the passing by the Mountain Lake Shareholders of the Arrangement Resolution, shall be paid an amount in cash equal to such fair value by Marathon Gold; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Mountain Lake Common Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Mountain Lake Common Shares and shall be entitled to receive only the Marathon Gold Consideration contemplated in subsection Section 3.1 hereof that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights,

but in no case shall Marathon Gold, Mountain Lake, Spinco or any other person be required to recognize holders of Mountain Lake Common Shares who exercise Dissent Rights as holders of Mountain Lake Common Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Mountain Lake Common Shares who exercise Dissent Rights shall be deleted from the central securities register of Mountain Lake Common Shares as holders of Mountain Lake Common Shares at the Effective Time and Marathon Gold shall be recorded as the registered holder of the Mountain Lake Common Shares so transferred and shall be deemed to be the legal owner of such Mountain Lake Common Shares.

ARTICLE V - DELIVERY OF MARATHON GOLD CONSIDERATION AND SPINCO SHARES

5.1 Delivery of Marathon Gold Consideration and Spinco Shares

- (a) Each Former Mountain Lake Securityholder on the Effective Date, other than Dissenting Shareholders, shall, following completion of the transactions described in Section 3.1, be entitled to receive, and the Depositary shall deliver to such

holder following the Effective Time, certificates representing the Marathon Gold Common Shares representing the Share Consideration and certificates representing the Spinco Shares that such holder is entitled to receive in accordance with Section 3.1 hereof. Certificates representing the Share Consideration and certificates representing the Spinco Shares that a Former Mountain Lake Optionholder is entitled to receive in accordance with Section 3.1 shall be delivered to the last address of such Former Mountain Lake Optionholder appearing on the option register maintained by Mountain Lake immediately prior to the Effective Time, without any action required from such Former Mountain Lake Optionholder.

- (b) Upon surrender to the Depositary, as specified in the Letter of Transmittal, for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Mountain Lake Common Shares that were exchanged for Spinco Shares and Class A Shares that were exchanged for the Marathon Gold Consideration in accordance with Section 3.1 hereof, together with a completed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of the Mountain Lake Common Shares formerly represented by such certificate under the terms of such certificate, the BCBCA or the articles of Mountain Lake and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, certificates representing the Marathon Gold Common Shares and Spinco Shares that such holder is entitled to receive in accordance with Section 3.1 hereof.
- (c) After the Effective Time and until surrendered for cancellation as contemplated by subsection 5.1(b) hereof, each certificate that immediately prior to the Effective Time represented one or more Mountain Lake Common Shares following completion of the transactions described in Section 3.1, shall be deemed at all times to represent only the right to receive in exchange therefor the Marathon Gold Consideration and certificates representing the Spinco Shares that the holder of such certificate is entitled to receive in each case in accordance with Section 3.1 hereof.
- (d) Marathon Gold shall, as soon as practicable following the later of the Effective Date and the date of deposit by a Former Mountain Lake Shareholder of a duly completed Letter of Transmittal and the certificates representing such Mountain Lake Common Shares, either:
 - (i) forward or cause to be forwarded by first class mail (postage prepaid) to such Former Mountain Lake Shareholder at the address specified in the Letter of Transmittal; or
 - (vi) if requested by such Former Mountain Lake Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Former Mountain Lake Shareholder,

certificates representing the number of Marathon Gold Common Shares and Spinco Shares issued to such Former Mountain Lake Shareholder under the Arrangement.

- (e) An Eligible Holder whose Class A Shares are transferred to Marathon Gold pursuant to the Arrangement will be entitled to make a joint income tax election, pursuant to Section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a “**Section 85 Election**”) with respect to the transfer by providing two signed copies of the relevant joint election forms referred to below to an appointed representative, as directed by Marathon Gold, within 90 days after the Effective Date, duly completed with the details of the number of Class A Shares transferred and the applicable agreed amounts for the purposes of such Section 85 Election. Marathon Gold will, within 30 days after receiving the completed joint election forms from an Eligible Holder, and subject to such joint election forms being correct and complete and in compliance with requirements imposed under the Tax Act (or applicable provincial income tax law), make the joint Section 85 Election with such Eligible Holder by signing and returning such joint election forms to the Eligible Holder, for filing with the CRA (or the applicable provincial tax authority). Except for the requirement set out below for Marathon Gold to deliver partially completed joint election forms, neither Mountain Lake, Marathon Gold nor any successor corporation will be responsible for the proper completion of any joint election form nor, except for the obligation to sign and return duly completed joint election forms which are received within 90 days of the Effective Date, for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such joint election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Marathon Gold or any successor corporation may choose to sign and return a joint election form received by it more than 90 days following the Effective Date, but will have no obligation to do so.
- (f) Upon receipt of a Letter of Transmittal in which an Eligible Holder has indicated that the Eligible Holder intends to make a Section 85 Election, Marathon Gold will promptly deliver or cause to be delivered a tax instruction letter (including instructions for any analogous provision of provincial income tax law, if applicable), together with the relevant tax election forms (including the analogous provincial joint election forms, if applicable), partially completed with such information as pertains to the Purchaser, to the Eligible Holder.

5.2 Lost Certificates

In the event any certificate, that immediately prior to the Effective Time represented one or more outstanding Mountain Lake Common Shares that were exchanged for Class A Shares and Spinco Shares and that were subsequently exchanged for the Marathon Gold Consideration and in accordance with Section 3.1 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate,

the Marathon Gold Consideration and certificates representing Spinco Shares that such holder is entitled to receive in accordance with Section 3.1 hereof. When authorizing such delivery of a certificate representing Marathon Gold Common Shares and Spinco Shares, that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom certificates representing such Marathon Gold Common Shares and Spinco Shares is to be delivered shall, as a condition precedent to the delivery of cash and certificates representing such Marathon Gold Common Shares and Spinco Shares, give a bond satisfactory to Marathon Gold and the Depository in such amount as Marathon Gold and the Depository may direct, or otherwise indemnify Marathon Gold and the Depository in a manner satisfactory to Marathon Gold and the Depository, against any claim that may be made against Marathon Gold or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Mountain Lake.

5.3 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or made after the Effective Time with respect to Marathon Gold Common Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Mountain Lake Common Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.1 or Section 5.2 hereof. Subject to applicable law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Marathon Gold Common Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Marathon Gold Common Shares.

5.4 Withholding Rights

Marathon Gold, Mountain Lake and the Depository shall be entitled to deduct and withhold from any amount otherwise payable to any Former Mountain Lake Securityholder such amounts as Marathon Gold, Mountain Lake or the Depository is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, territorial state, local or foreign tax law or treaty, in each case, as amended (the “**Required Withholding**”). To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Former Mountain Lake Securityholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Unless (i) the Former Mountain Lake Securityholder elects to provide funds to Marathon Gold, Mountain Lake or the Depository, as applicable, in an amount equal to the Required Withholding and (ii) the Former Mountain Lake Securityholder pays such amount to Marathon Gold, Mountain Lake or the Depository within 10 days of the Effective Date in cash or by certified cheque, the Depository is hereby authorized, as agent for the Former Mountain Lake Securityholder, to sell or otherwise dispose of such portion of the Share Consideration as is necessary to provide sufficient funds to Marathon Gold, Mountain Lake or the Depository, as the case may be, to enable it to comply with such deduction or withholding requirement, and Marathon Gold, Mountain Lake or the Depository will notify the holder thereof and remit to the holder any unapplied balance of the net proceeds of such sale.

5.5 Limitation and Prescription

To the extent that a Former Mountain Lake Securityholder shall not have complied with the provisions of Section 5.1 or Section 5.2 hereof on or before the date that is six years after the Effective Date (the “**final prescription date**”), then the Marathon Gold Consideration and the Spinco Shares that such Former Mountain Lake Securityholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the share certificates representing the Marathon Gold Common Shares, and/or the Spinco Shares shall be delivered to Marathon Gold and/or Spinco (as applicable) and cancelled by Marathon Gold and/or Spinco (as applicable) and the interest of the Former Mountain Lake Securityholder in such Marathon Gold Consideration and Spinco Shares to which it was entitled shall be terminated as of such final prescription date.

5.6 Rights Plan

In the event a “Flip-In Event” or the “Separation Time” (as such terms are defined in the Mountain Lake Rights Plan) occurs prior to the Effective Time the Exchange Share Ratio shall be adjusted in such a manner to permit Marathon Gold to acquire all the issued and outstanding Mountain Lake Common Shares and “Rights” (as such term is defined in the Mountain Lake Rights Plan) for the same aggregate consideration as Marathon Gold would have been entitled to acquire all the issued and outstanding Mountain Lake Common Shares prior the “Flip-In Event” or the “Separation Time”, as applicable and the amount as so adjusted shall constitute the “Exchange Share Ratio” for the purposes of this Plan of Arrangement.

ARTICLE VI - AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (a) Marathon Gold and Mountain Lake reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) agreed to in writing by Marathon Gold and Mountain Lake, (iii) filed with the Court and, if made following the Mountain Lake Meeting, approved by the Court, and (iv) communicated to holders or former holders of Mountain Lake Common Shares, Mountain Lake Warrants or Mountain Lake Options, if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Mountain Lake at any time prior to the Mountain Lake Meeting provided that Marathon Gold shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Mountain Lake Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Mountain Lake Meeting shall be effective only if: (i) it is consented to in

writing by each of Marathon Gold and Mountain Lake; and (ii) if required by the Court, it is consented to by the Mountain Lake Shareholders voting in the manner directed by the Court.

SCHEDULE "B"

MOUNTAIN LAKE ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Marathon Gold, Mountain Lake and Spinco, all as more particularly described and set out in the Management Proxy Circular (the “**Circular**”) of Mountain Lake dated ●, 2012 accompanying the notice of this meeting (as the Arrangement may be modified, amended or supplemented), is authorized, approved and adopted.
2. The plan of arrangement, (the “**Plan of Arrangement**”), implementing the Arrangement, the full text of which is set out in Schedule “A” to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended), is authorized, approved and adopted.
3. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Mountain Lake or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Mountain Lake are authorized and empowered, without further notice to, or approval of, the shareholders of Mountain Lake:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
4. Any one or more directors or officers of Mountain Lake is authorized, for and on behalf of and in the name of Mountain Lake, to execute and deliver, whether under the corporate seal of Mountain Lake or not, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Mountain Lake, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Mountain Lake;

such determination to be conclusively evidenced by the execution and delivery of such document or the doing of any such act or thing.

SCHEDULE "C"

VALENTINE LAKE PROPERTY

Licence Holder	Licence	# Claims	# of Km²	# of Ha	Expenditures Required	Expenditure Due Date	Report Due Date	Renewal Date	Recording Date	Issuance Date
MOZ(50%)MOA(50%)	010899M	246	61.5	6150	\$ 295,200.00	27-Apr-22	26-Jun-13	27-Apr-14	Multiple	27-Apr-04
MOZ(50%)MOA(50%)	010943M	256	64	6400	\$ 164,537.54	27-Apr-20	26-Jun-13	27-Apr-14	Multiple	27-Apr-04
MOZ(50%)MOA(50%)	013809M	18	4.5	450	\$ 3,244.97	6-Sep-15	5-Nov-12	6-Sep-12	7-Aug-07	6-Sep-07
MOZ(50%)MOA(50%)	013810M	19	4.75	475	\$ 4,370.38	6-Sep-14	5-Nov-12	6-Sep-12	7-Aug-07	6-Sep-07
MOZ(50%)MOA(50%)	017230M	256	64	6400	\$ 93,703.12	9-Feb-18	9-Apr-13	9-Feb-15	10-Jan-10	9-Feb-10
MOZ(50%)MOA(50%)	017231M	2	0.5	50	\$ 1,047.95	9-Feb-18	10-Apr-13	9-Feb-15	10-Jan-10	9-Feb-10
MOZ(50%)MOA(50%)	018687M	6	1.5	150	\$ 1,435.26	29-Mar-17	28-May-13	29-Mar-16	27-Feb-11	29-Mar-11
MOZ(50%)MOA(50%)	018688M	29	7.25	725	\$ 8,266.23	29-Mar-17	28-May-13	29-Mar-16	27-Feb-11	29-Mar-11
MOZ(50%)MOA(50%)	016740M	4	1	100	\$ 1,634.94	26-Nov-16	25-Jan-13	26-Nov-14	27-Oct-09	26-Nov-09
MOZ(50%)MOA(50%)	019443M	6	1.5	150	\$ 1,435.26	17-Oct-17	16-Dec-13	17-Oct-16	15-Sep-11	17-Oct-11
MOZ(50%)MOA(50%)	019444M	6	1.5	150	\$ 1,435.26	17-Oct-17	16-Dec-13	17-Oct-16	15-Sep-11	17-Oct-11
MOZ(50%)MOA(50%)	019628M	21	5.25	525	\$ 5,820.90	29-Dec-17	27-Feb-14	29-Dec-16	29-Nov-11	29-Dec-11
		869	217.25	21,725	\$ 582,131.81					

SCHEDULE "D"

OTHER MINERAL PROPERTIES

Glover Island Property, NL:

Mineral License No. 007584M (consisting of 102 claims);
Mineral License No. 015583M (consisting of 25 claims); and
Mining Lease 190 (7588M);

All being located on Glover Island, Newfoundland and Labrador. The previous owner has reserved a 1% net smelter returns royalty, which reduces to 0.5% after the payment of the first \$1 million.

Little River Property, NL:

Pursuant to an option agreement dated August 14, 2008, Mountain Lake holds an option to acquire 100% of the following mineral licences, all being located in Newfoundland and Labrador:

Licence No.	No. of Claims
015458M	20
018251M	114
019524M	248
Total:	382

The underlying property owners have reserved a 2% net smelter returns royalty.

Bobby's Pond, NL:

Mining Lease 187 (4881), as amended October 21, 2008;
being located in Newfoundland and Labrador.

Goodwin Property, NB:

Consists of 56 contiguous mining claims, NTS 21O/08 W, more particularly known as: 10036, 10037, 10038, 10039, 10041, 10042, 10043, 10065, 10066, 10067, 10071, 10072, 10077, 10078, 10079, 10083, 10084, 10085, 10086, 12020, 12021, 12022, 12023, 12024, 12025, 12030, 12031, 12036, 12033, 12032, 12037, 12038, 12039, 333510, 333511, 333512, 383372, 383373, 383378, 383379, 383383, 383384, 383387, 383388, 383392, 395232, 395233, 395234, 400513, 400514, 400515, 400516, 400517, 400518, 400519, 400520, all being located in New Brunswick.

Hong Kong Property, ON:

Pursuant to an option and joint venture agreement dated January 6, 2005 between Mountain Lake and Wallbridge Mining Company Limited (“Wallbridge”), Mountain Lake currently holds a 41.8% joint venture interest and Wallbridge holds the remaining 58.2% joint venture interest in two non-contiguous claim groups, consisting of 18 mining claims (4,176 ha) and one mining lease located in the Shipley, Hong Kong and Edith Townships, and 3 mining claims (464 ha) located in Carew and Joffre Townships, Ontario. All of the properties are subject to a 1% net smelter returns royalty in favour of an underlying property holder. At this time, the mining claims are being allowed to lapse as they come due.

SCHEDULE "E"

EQUIPMENT

Caterpillar 315C
2011 Honda TRX 500 (ATV)
2011 Honda TRX 500 (ATV)
2008 Chevrolet Silverado
2004 GMC Sierra
1995 Morooka MST 800 crawler dumper
2009 Yamaha snowmobiles (2 units)