

**HERCULES-ELMHURST PROPERTY**

**OPTION AGREEMENT**

between

**GOLD'N FUTURES MINERAL CORP.**

and

**ARGONAUT GOLD INC.**

Dated as of October 15, 2020

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## PROPERTY OPTION AGREEMENT

THIS AGREEMENT is dated as of the 15<sup>th</sup> day of October, 2020 (the “**Effective Date**”).

BETWEEN:

**GOLD’N FUTURES MINERAL CORP.**, a company duly existing under the laws of Ontario having its registered office at 148 Yorkville Avenue, 2<sup>nd</sup> Floor, Toronto, Ontario, M5R 1C2;

(hereinafter referred to as “**GF**”)

OF THE FIRST PART

AND:

**ARGONAUT GOLD INC.**, a company duly existing under the laws of Ontario, having its registered office at 9600 Prototype Court, Reno, Nevada 89521;

(hereinafter referred to as “**Argonaut**”)

OF THE SECOND PART

**WHEREAS** Argonaut is the legal and registered owner of all rights, titles and interests in and to the property known as the Hercules - Elmhurst Property located in Elmhurst and Rickaby Townships, Mining Division, of Thunder Bay Ontario, more specifically defined in the table attached hereto as Schedule “A” (the “**Property**”);

**WHEREAS** Argonaut has accepted to grant GF an option to acquire up to a 90% undivided interest in and to the Property (the “**Option**”);

**THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and premises contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

### 1. DEFINITIONS

1.1 In this Agreement bracketed words and phrases have the meanings assigned to them where they appear in this Agreement, and, unless there is something in the subject matter or extent inconsistent therewith:

“**Affiliate**” shall have the meaning ascribed to that term in the *Business Corporations Act (Ontario)*, as amended;

“**Agreement**” means this property option agreement including all schedules attached hereto;

“**Earned Interest**” means an undivided right, title and ownership interest in the Property;

“**Effective Date**” has the meaning ascribed to such term in the recitals;

“**Exchange**” means the Canadian Securities Exchange;

**“Exploration Expenses”** or **“Exploration Expenditures”** means all costs and expenses of whatsoever kind or nature, incurred or funded by GF in connection with the exploration and/or development of the Property; provided that such costs and expenses: (i) meet standard Ontario assessment criteria (as defined by the Mining Act, Ontario Regulation 65/18 for Assessment Work, Parts 1 to 5) of specifically directed exploration expenditures on the claims in connection with the exploration and/or development of the Property; or, (ii) expenditures which include grass roots prospecting, geological mapping, bedrock trenching, pitting, channel sampling, pitting, overburden stripping and related manual work, sampling, airborne and ground geophysical survey work, drilling and rehabilitation, metallurgical work, the preparation of pre-feasibility or feasibility studies, environmental remediation and monitoring studies including reporting, preparation of plan and permit applications to the MENDM, drill hole surveying, report preparation and labour directly attributed to the Property; or, (iii) other costs and expenses such as labour costs, contracting fees, food/lodging, transportation costs associated with exploration staff, equipment rental, supplies, assays and analyses and Indigenous consultation costs; (iv) capital expenses, operating expenses and head office salaries or not considered allowable exploration expenses; or, (v) administration costs in an amount equal to 5% of all direct Exploration Expenditures which are incurred by GF in connection with the evaluation, exploration and development of the Property or, any other costs that may be agreed to by the Parties, acting reasonably.

**“First Option”** has the meaning ascribed thereto in Section 4.1;

**“First Option Exercise Notice”** shall have the meaning ascribed thereto in Section 4.4;

**“First Option Period”** shall have the meaning ascribed thereto in Section 4.1;

**“3rd Party Royalty”** means a royalty payable in favour of certain 3<sup>rd</sup> party holders of 3% net smelter returns on certain Mining Rights, as identified in Schedule “B”;

**“Holdings”** shall have the meaning ascribed thereto in Section 0;

**“Joint Venture Agreement”** shall have the meaning ascribed thereto in Section 11.1;

**“Minerals”** means all unconsolidated materials, stone, ores, solutions and concentrates or metals derived from them, containing precious, base or industrial minerals (including gems and uranium) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Mining Rights and other instruments of title under which the Property is held;

**“Mining Rights”** means all exploration and mining licenses, permits, leases, easements, rights-of-way, certificates and other mining interest and approvals obtained by any person before or after the date of this Agreement and necessary or desirable for the exploration and development of the Property;

**“NI 43-101”** means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, as implemented and in effect in any Canadian jurisdiction at the applicable time;

**“Operator”** has the meaning ascribed thereto in Section 8.1;

**“Option”** has the meaning ascribed thereto in the recitals;

“**Parties**” means GF and Argonaut, and “**Party**” means GF or Argonaut, as the context dictates;

“**Pre-Feasibility Study**” has the meaning ascribed thereto in Section 5.1;

“**Programs**” has the meaning ascribed thereto in Section 8.1;

“**Property**” means the Mining Rights described in Schedule “A” hereto, which form part of the Property;

“**Qualified Person**” has the meaning given in NI 43-101;

“**Royalty**” shall have the meaning ascribed thereto in Section 7.1;

“**Royalty Agreement**” means the agreement to be entered into pursuant to Section 7.1 in connection with granting of the Royalty;

“**Second Option**” has the meaning ascribed thereto in Section 5.1;

“**Second Option Election Deadline**” has the meaning ascribed thereto in Section 5.2;

“**Second Option Election Notice**” has the meaning ascribed thereto in Section 5.2;

“**Second Option Period**” has the meaning ascribed thereto in Section 5.1;

“**Securities Commissions**” means, as applicable, the securities commissions or securities regulatory authorities in each of the provinces of Canada;

“**Securities Laws**” means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces of Canada, the applicable policy statements, notices, blanket rulings, orders and all other regulatory instruments of the Securities Commissions, and the policies of the Exchange;

“**Transfer**” shall have the meaning ascribed thereto in Section 0; and

“**VWAP**” means the volume weighted average price of the common shares of GF on the Exchange.

- 1.2 The words “section”, “subsection”, “paragraph”, subparagraph”, “clause”, “herein” and “hereunder” refer to this Agreement, and the words “this Agreement” include every schedule attached hereto and each schedule forms part of this Agreement.

## **2. REPRESENTATIONS AND WARRANTIES OF ARGONAUT**

2.1 Argonaut represents and warrants to GF that:

- (a) it validly exists as a corporation in good standing under the laws of Ontario;
- (b) it has duly obtained all corporate authorizations for execution of this Agreement and for the performance of its obligations under this Agreement;
- (c) as at the date hereof, it is, indirectly through its wholly-owned subsidiary Prodigy Gold Inc., the legal and registered owner of an undivided 100% right, title and interest in and

to the Property, free and clear of all liens, charges, encumbrances and adverse claims whatsoever, save and except for the 3<sup>rd</sup> Party Royalty;

- (d) the mining claims forming part of the Property have been legally and validly staked and recorded pursuant to all applicable laws, and are in good standing under all applicable laws until the dates recorded in Schedule "A";
- (e) all fees, taxes, assessments, renewal fees and other governmental charges applicable to, or imposed on, the Property, which were due to be paid on or before the Effective Date, have been paid in full;
- (f) to its knowledge, there are no obligations or commitments for reclamation, closure or other environmental corrective, clean-up or remediation action directly or indirectly relating to the Property;
- (g) to its knowledge, there is no adverse claim or challenge against or to the ownership of or title to the Property, including without limitation native land claims, nor to its knowledge is there any basis therefore;
- (h) there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof, and no person has any royalty, net profits or other interest whatsoever, absolute or contingent, on the Property, except for the 3<sup>rd</sup> Party Royalties;
- (i) it has good and sufficient right and authority to grant the Option to GF, and to sell, transfer and assign up to a 90% undivided interest in and to the Property to GF on and subject to the terms of this Agreement;
- (j) the consummation of the transaction contemplated by this Agreement will not conflict with or result in any breach of any of its constating documents or any indenture, agreement or other instrument whatsoever to which it is a Party or by which it is bound or to which it's interest in the Property may be subject; and
- (k) it is not aware of any facts relating to the Property which, if known to GF, could reasonably be expected to cause GF to decide not to enter into this Agreement or not to proceed to exercise the Option.

2.2 The representations and warranties contained in section 2.1 are provided for the exclusive benefit of GF and any misrepresentations or breach of warranty may be waived by GF in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in section 2.1 shall survive the execution and performance of this Agreement.

### **3. REPRESENTATIONS AND WARRANTIES OF GF**

3.1 GF represents and warrants to Argonaut that:

- (a) it validly exists as a corporation in good standing under the laws of Ontario;
- (b) it has duly obtained all corporate authorizations for the execution of this Agreement and for the performance of its obligations under this Agreement;
- (c) the consummation of the transaction contemplated by this Agreement will not conflict with or result in any breach of any of its constating documents or any indenture,

agreement or other instrument whatsoever to which it is a Party or by which it is bound or to which it may be subject;

- (d) its issued and outstanding common shares are listed and posted for trading on the Exchange;
- (e) it has no material obligation or liability except those arising in the ordinary course of business, none of which is materially adverse to Argonaut; and
- (f) it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to Argonaut in order to prevent the representations and warranties in this section 3.1 from being materially misleading.

3.2 The representations and warranties contained in section 3.1 are provided for the exclusive benefit of Argonaut and a misrepresentation or breach of warranty may be waived by Argonaut in whole or in part at any time without prejudice to their rights in respect of any other misrepresentation or breach of the same or any other representation or warranty, and the representations and warranties contained in section 3.1 shall survive the execution hereof.

#### 4. GRANT OF FIRST OPTION

4.1 Argonaut hereby grants to GF the exclusive right and option to acquire, on or before October 15, 2024 (the “**First Option Period**”), an initial 50% Earned Interest in the Property (the “**First Option**”) by: (a) paying to Argonaut \$3,500,000 cash or, at the sole discretion of Argonaut, common shares in the capital of GF; (b) by incurring or funding Exploration Expenditures for a total amount of \$7,000,000 on the Property; and (c) grant the Royalty pursuant to Section 7.1 all subject to the following schedule:

- (a) paying to Argonaut the amount of not less than \$3,500,000, of which an amount of \$500,000 must be paid before October 15, 2020, and an amount of \$750,000 must be paid before October 15, 2021, and an amount of \$1,00,000 must be paid before October 15, 2022, and an amount of \$1,250,000 must be paid before October 15, 2023. All payments referenced herein shall be made in cash or, at the sole discretion of Argonaut, in common shares of GF such number of common shares issuable to Argonaut being equal to the applicable payment amount divided by the 5 day VWAP immediately prior to the date of payment;
- (b) incurring or funding the Exploration Expenditures aggregating not less than \$7,000,000 on the Property, of which an amount of \$500,000 must be incurred or funded before October 15, 2021, and an amount of \$1,500,000 must be incurred or funded before October 15, 2022; and an amount of \$2,000,000 must be incurred or funded before October 15, 2023, and an amount of \$3,000,000 must be incurred or funded before October 15, 2024; and
- (c) grant the Royalty in a form acceptable to Argonaut, acting reasonably, promptly upon exercise of the First Option.

4.2 All common shares issued pursuant to section 4.1 will be issued as fully paid and non-assessable shares, free and clear of all license, charges and encumbrances, and subject only to such resale restrictions and hold periods as may be imposed by applicable Securities Laws and the Exchange or any other stock exchange upon which GF may be listed at the time.

- 4.3 Payments referenced in 4.1 (a) and Exploration Expenditures referenced in 4.1 (b) that exceed the minimum required payment/share issuance and or expenditures for any period referred to in Section 4.1 shall be credited to the next following period or periods.
- 4.4 Upon GF having paid or incurred the amounts described in Section 4.1 in accordance with Section 4.1 on or before the expiry of the First Option Period, GF may exercise the First Option by delivering notice to Argonaut confirming the amounts so paid or incurred and confirming exercise of the First Option (the “**First Option Exercise Notice**”). Upon delivery of the First Option Exercise Notice, GF shall have earned a 50% Earned Interest and Argonaut shall be deemed to hold such interest for and on behalf of GF.
- 4.5 GF may elect at any time to terminate the First Option and this Agreement by delivering notice in writing to that effect to Argonaut, provided that the termination will be of effect no early than 60 days following delivery of such notice.
- 4.6 The First Option will be of no further force or effect and will automatically terminate if GF:
- (a) has not paid the amount and/or issued the common shares or incurred or funded the Exploration Expenditures set forth in Section 4.1, by the respective dates therein; or
  - (b) delivers a notice of termination of the First Option to Argonaut pursuant to Section 4.5.
- 4.7 At any time prior to exercise or deemed exercise of the First Option, Argonaut shall be entitled to terminate the First Option:
- (a) in the event of a material breach by GF of any of its covenants, representation or warranties contained in this Agreement (including failing to keep up assessment reports and keeping the property in good standing with the Ministry of Energy, Northern Development and Mines (“MENDM”), failure to acquire or post required financial bonds or fails to fulfill environmental or First Nation Requirements) by notice in writing to GF, provided that GF has not within thirty (30) days following delivery of written notice of such breach, cured such default; or
  - (b) forthwith in the event of a material breach by GF of any of its covenants, representation or warranties contained in this Agreement if, at such time, GF shall at such time not be paying its debts as such debts become due or GF shall admit in writing its inability to pay its debts generally as such debts become due or if GF shall make a general assignment for the benefit of creditors or if any proceedings shall be instituted by or against GF under any bankruptcy, insolvency or similar law.
- 4.8 If the First Option is terminated:
- (a) pursuant to Section 4.6, GF will acquire no Earned Interest and, save as detailed in Article 17 which shall survive such termination, no Party will have any further obligations to any other Party or rights with respect to this Agreement and GF will have no rights to the Property;
  - (b) pursuant to Section 4.7, GF will acquire no Earned Interest and shall not be entitled to reimbursement of any Exploration Expenditures incurred or be relieved of any obligations or liabilities arising hereunder prior to the time of termination; and



- (c) within sixty (60) days of termination on any basis, GF shall deliver to Argonaut all maps, reports, surveys and assays, drill core samples and other results of surveys and drilling and all other reports of information provided to GF by Argonaut or generated by GF in connection with its activities on the Property under this Agreement; this includes copies of all digital data and interpretive work on the property. In addition, GF shall leave the Property in good standing with respect to the filing of assessment work for a period of twelve (12) months from the date of termination, free and clear of all liens, charges and encumbrances arising from operations hereunder and in good standing with respect to all applicable environmental, safety and other statutory rules, regulations and orders arising from or applicable to work done on the Property by GF.

## 5. GRANT OF SECOND OPTION

- 5.1 Subject to GF having exercised the First Option in accordance with Section 4.1, Argonaut hereby also grants to GF the exclusive right and option (the “**Second Option**”) to increase its interest by acquiring a further 40% Earned Interest in and to the Property bringing its total Earned Interest from 50% to 90% by paying to Argonaut an additional amount of (a) \$5,000,000, in cash or, at the sole discretion of Argonaut common shares in the capital of GF, and (b) by delivering a NI 43-101 compliant pre-feasibility study on the Property in a form acceptable to Argonaut acting reasonably (the “**Pre-Feasibility Study**”) prepared by a Qualified Person independent of GF and Argonaut, during a period commencing on the delivery of the First Option Exercise Notice and ending December 31, 2026 (the “**Second Option Period**”), as follows:
  - (a) on the date of delivery of the First Option Exercise Notice, paying to Argonaut an amount of \$5,000,000, in cash or, at the sole discretion of Argonaut, in common shares in the capital of GF having a value of \$5,000,000, such aggregate number of shares to be determined by dividing the amount payable by the 5 day VWAP immediately prior to the date of payment; and,
  - (b) on or before December 31, 2026, delivering the Pre-Feasibility Study to Argonaut.
- 5.2 Within ninety (90) days following the exercise of the First Option (the “**Second Option Election Deadline**”), GF shall give Argonaut notice that either:
  - (a) GF elects to proceed with the Second Option (the “**Second Option Election Notice**”); or
  - (b) GF elects not to exercise the Second Option;
- 5.3 Failure of GF to give such notice shall be deemed to be an election under Subsection 5.2(b).
- 5.4 GF shall be deemed to have exercised the Second Option on the date on which it has fulfilled the last of the requirements set forth in Section 5.1, provided that such date is on or before the expiry of the Second Option Period.
- 5.5 GF may elect at any time to terminate the Second Option by delivering notice to that effect to Argonaut and at any time after electing to terminate the Second Option.
- 5.6 The Second Option will be of no further force or effect and will automatically terminate if GF:
  - (a) has not delivered or is deemed to have not delivered the Second Option Election Notice on or before the Second Option Election Deadline;

- (b) has not exercised the Second Option pursuant to Section 5.1 on or before the expiry of the Second Option Period; or
  - (c) delivers to Argonaut a notice of termination of the Second Option under Section 5.5.
- 5.7 If the Second Option is terminated pursuant to any of the paragraphs of Section 5.6, then GF will have no further right under this Agreement to acquire any further Earned Interest in addition to the 50% Earned Interest already acquired.
- 5.8 GF may in its sole discretion elect to relinquish and quit claim its Earned Interest to Argonaut, following which GF shall have no further rights and shall not be subject to any further obligations hereunder, except such obligations as may have already been incurred at the time of such quit claim or are specifically stated to survive any termination of this Agreement and GF shall not be entitled to reimbursement of any Exploration Expenditures incurred or be relieved of any obligations or liabilities arising hereunder prior to the time of termination. GF shall leave the Property in good standing with respect to the filing of assessment work for a period of twelve (12) months from the date of termination, free and clear of all liens, charges and encumbrances arising from operations hereunder and in good standing with respect to all applicable environmental, safety and other statutory rules, regulations and orders arising from or applicable to work done on the Property by GF.

## **6. AREA OF INFLUENCE**

- 6.1 Any claims staked, optioned or acquired by any means in the name of GF within 5.0 kilometers contiguous from the outer boundary, and including all claims within the Property, shall from the time of such staking, optioning or acquisition by any means, form part of the Property for the purposes of this Agreement.

## **7. ROYALTY**

- 7.1 As partial consideration for the exercise of the First Option by GF, GF shall promptly execute and deliver the Royalty Agreement in substantially the form attached hereto as Schedule "C" providing for the payment to Argonaut of a royalty equal to 1% net smelter returns (the "**Royalty**") resulting from the extraction and production of any Minerals on the Property.
- 7.2 The Royalty, shall include, among other things, a right of GF to re-purchase a portion thereof equal to one-half of one percent, on and subject to the terms and conditions outlined the Royalty Agreement.

## **8. OPERATORSHIP**

- 8.1 During the currency of this Agreement, GF shall act as the operator (the "**Operator**"), and as such, shall be responsible for carrying out and managing the Exploration Expenditures on the Property, in accordance with a work programs (the "**Programs**") approved by the Parties regarding the Property.
- 8.2 GF agrees that the Exploration Expenditures as are required to fund and exercise the First Option, will be incurred pursuant to the Programs conducted and managed in accordance with Section 8.1.

## 9. COVENANTS OF GF AS OPERATOR

9.1 The Operator covenants and agrees with Argonaut that until the Option is exercised or otherwise terminates it shall:

- (a) to manage, direct and control all exploration, development and production operations in, on and under the Property, in a prudent and workmanlike manner, and in compliance with all applicable laws, rules, orders and regulations of Ontario and applicable federal laws, and to provide a healthy and safe workplace and working environment for its employees and contractors;
- (b) to secure, maintain and comply with all permits required to be maintained under applicable laws, rules, orders and regulations, including mineral exploration, provincial, municipal and environmental permits;
- (c) to file on-line all exploration work deemed as assessment work performed based on the requirements of the Mining Act, R.S.O 1990, c. M 14 annually, and forward one copy of the assessment report to Argonaut annually, or earlier, upon demand;
- (d) to provide Argonaut with an audited annual exploration summary report with supporting documents and statement of Exploration Expenditures (receipts to be provided if requested);
- (e) to perform its duties and obligations in a manner consistent with good exploration and mining practices;
- (f) be responsible for land management and will maintain the Property (all claims) in good standing, including the payment of all taxes, assessment, and maintenance charges;
- (g) to provide administrative and technical assistance and facilities necessary to support the exploration activities;
- (h) to transact, undertake and perform all necessary transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or thing undertaken on behalf of the Parties but in the Operator's name only;
- (i) to permit each Party or its representatives duly appointed in writing, at its own expense and risk, access to the Property, and all data derived from carrying out work hereunder;
- (j) to arrange for and maintain workers' compensation or equivalent coverage for all eligible employees engaged by it in accordance with local statutory requirements as well as General Liability Insurance;
- (k) to take all action and precautions reasonably necessary to protect and secure the Property and in particular, without limiting the foregoing, store all drill core at a suitable facility;
- (l) will be responsible for all permitting (including bonds), First Nations and public consultation, environmental and reclamation costs and other permits required for all exploration or advanced exploration activities;
- (m) will be responsible to consult and inform all surface right owners as required before commencing any field exploration work or drilling programs: and

- (n) to provide Argonaut with copies of all assessment or commissioned reports (metallurgical, geological, geophysical, technical engineering or Environmental), including all digital data and interpretive work, upon demand throughout the earn-in period and upon termination of the Agreement.

## **10. BOARD REPRESENTATION AND SUPPORT**

- 10.1 GF will maintain a maximum of ten directors and will arrange for Argonaut, while Argonaut holds common shares in GF which, if in the aggregate, exceed ten percent (10%) of the common shares of the GF issued and outstanding, to have the right to nominate a qualified individual, who is acceptable to GF acting reasonably, to serve on the Board of Directors of GF. GF will use commercially reasonable efforts to cause such nominee to be elected to the Board of Directors as soon as practicable after such nomination is received by GF.
- 10.2 GF will create a Technical Advisory Committee, comprised of two persons appointed by GF and two persons appointed by Argonaut, to review yearly exploration results and consider forward looking exploration programs. The findings of the Technical Advisory Committee will report their findings to the Board of Directors of GF no less than on an annual basis.

## **11. FORMATION OF JOINT VENTURE; AUDIT**

- 11.1 Formation of Joint Venture on 50%/50% Basis.

Upon GF having exercised the First Option, if:

- (a) GF does not provide a Second Option Election Notice within the time prescribed by Section 5.2;
- (b) GF provides notice to Argonaut to terminate the Second Option pursuant to Section 5.5; or
- (c) GF provides notice to Argonaut to terminate the Second Option pursuant to Section 5.6

the Parties will negotiate in good faith and promptly enter into a formal joint venture agreement (a "**Joint Venture Agreement**") where expenditures will be shared evenly (50% of the expenditures paid for by GF and 50% of the expenditures paid for by Argonaut and based on agreed-upon budgets set pursuant to the joint venture, and otherwise reflecting the terms herein and other terms normally found in such agreements for the joint exploration and development of mining projects within the Canadian mining industry.

- 11.2 Formation of Joint Venture on 90%/10% Basis.

Upon the exercise of the Second Option by GF, the Parties will negotiate in good faith and promptly enter into a formal Joint Venture Agreement where expenditures will be shared on a pro-rated basis the interest of such Parties in the joint venture at such time and based on agreed-upon budgets set pursuant to the joint (GF contributing to 90% of the cost of the expenditures and Argonaut contributing to 10% of the cost of the expenditures) , and otherwise reflecting the terms herein and other terms normally found in such agreements for the joint exploration and development of mining projects within the Canadian mining industry

### 11.3 Audit of Exploration Expenditures.

GF shall deliver, concurrently with or within 30 days after each of:

- (a) the date that is 15 months after the Effective Date, a report setting forth in reasonable detail the amount of Exploration Expenditures incurred by GF from the Effective Date to such 6 month anniversary of the Effective Date;
- (b) giving its Notice of exercise of the First Option pursuant to Section 4.4, a report setting forth in reasonable detail the amount of Exploration Expenditures incurred by GF from the end of the period provided for in Section 11.3(a) above to the date of its exercise of the First Option;
- (c) if applicable, the date that is 12 months after the commencement of the Second Option, a report setting forth in reasonable detail the amount of Exploration Expenditures incurred by GF in respect to the first 12 months of the Second Option Period; and
- (d) if applicable, its Notice of exercise of the Second Option pursuant to Section 5.4, a report setting forth in reasonable detail the amount of Exploration Expenditures incurred by GF from the end of the period provided for in Section 11.3(c) above to the date of its exercise of the Second Option.

Within 10 days after Argonaut receives a report pursuant to Section 11.3, Argonaut may deliver notice to GF that it desires to audit the Exploration Expenditures included in the report completed by an independent firm of certified public accountants acceptable to GF, acting reasonably. If Argonaut delivers such notice, GF shall cooperate with the audit and Argonaut shall ensure that it is concluded within 20 days following the date of receipt by GF of Argonaut's notice. The cost of such audit shall be borne by Argonaut unless such audit reveals a deficiency of the amount of Exploration Expenditures by more than 5% of those required in which case GF shall bear the cost of such audit. If Argonaut does not deliver such notice, Argonaut will be deemed to have waived its right to audit the report, including the Exploration Expenditures covered by the report, and will be deemed to have accepted the report (and the Exploration Expenditures set forth therein) for all purposes of this Agreement.

### 11.4 Objection to Expenditures.

Within 7 days following the conclusion of the audit, Argonaut may give notice to GF (an "**Objection Notice**") if Argonaut believes that there have been any costs or expenses of GF that have been included as Exploration Expenditures that are not Exploration Expenditures. Argonaut shall set out in detail in the Objection Notice the basis for Argonaut's objection to the inclusion of each particular Exploration Expenditure for which notice is delivered. The Parties shall attempt to resolve the dispute informally and, if the Parties have not resolved the dispute within a period of 10 business days of receipt of the Objection Notice, the dispute shall be referred for settlement by final and binding arbitration pursuant to the Arbitration Act (Ontario). The place of arbitration will be Toronto. The language of arbitration will be English. There will be one arbitrator who shall have no less than 15 years of expertise in the metals and mining industry as a senior executive, accountant or lawyer and who shall not have been a director, officer or employee of, or contractor or service provider to, any Party for a period of 15 years preceding his or her appointment as an arbitrator. Unless the Parties agree to share the costs of the arbitration, the arbitrator shall determine what portion of the costs and expenses incurred in such proceeding shall be borne by each of the Parties participating in the arbitration.

If it is determined in the informal meeting or the arbitration proceeding that expenditures set forth in the report should not have been included as Exploration Expenditures and as a result there is a shortfall in respect of the amount of Exploration Expenditures incurred by GF:

- (a) the exercise of the Option(s) that have been exercised by GF and the vesting of the applicable % undivided right, title and interest in the Property shall notwithstanding such shortfall, nevertheless be valid and shall not in any way be affected by the foregoing; and
- (b) GF shall within 90 days of such determination (the “**Cure Period**”) make additional Exploration Expenditures and/or advance sufficient funds to Argonaut to make up any such shortfall, at Argonaut’s election, provided that if Argonaut elects the former, the Cure Period shall be extended for such time as is reasonable for GF to complete such additional Expenditures using its best efforts.

The failure by Argonaut to object to the exclusion of any reported Exploration Expenditure in the manner and within the time period set out above will be deemed to be an acceptance of the Exploration Expenditure.

## **12. ACCESS TO PROPERTY AND INDEMNIFICATION**

### **12.1 GF’s Indemnification of Argonaut.**

Subject to Section 12.3, GF shall indemnify and save harmless Argonaut from and against any and all claims, debts, demands, suits, actions and causes of action whatsoever that may be brought or made against Argonaut by any person and all losses that may be suffered or incurred by Argonaut arising out of or in connection with GF’s activities on the Property including without limitation bodily injuries or death or damage to property, unless and to the extent due to the acts or omissions of Argonaut or its servants or agents.

### **12.2 Argonaut’s Access to Property.**

GF shall grant Argonaut access to the Property on Argonaut’s reasonable notice to GF, provided that Argonaut does not interfere with GF’s operations and complies with all health and safety and other site requirements of GF. With respect to such Property access, GF has no liability to Argonaut for any personal injuries including death or for any damage to the Property of Argonaut unless such injury or damage is due to the gross negligence or wilful default of GF, its servants or agents.

### **12.3 Argonaut’s Indemnification of GF.**

Argonaut shall indemnify and save harmless GF and its Affiliates and their personnel from and against any and all claims, debts, demands, suits, actions and causes of action whatsoever that may be brought or made against one or more of them by any Person and all Losses that may be suffered or incurred by them arising out of or in connection with or relating to, whether directly or indirectly:

- (a) any visits to the Property by Argonaut and its officers, employees, invitees and licensees including without limitation bodily injuries or death at any time resulting therefrom or damage to property; and
- (b) activities conducted by Argonaut on the Property prior to the Effective Date.

### 13. TITLE

#### 13.1 Title.

If the First Option is exercised pursuant to Article 4:

- (a) Argonaut shall transfer to GF a 50% registered interest in the Mining Claims on the Mining Lands Administration System, free and clear of all Encumbrances apart from the Permitted Encumbrances and GF will as soon as possible, complete the registration of all transfers contemplated thereby at its own cost to effect legal transfer of the Mining Claims into the name of GF, provided that GF shall hold the Mining Claims in accordance with the terms of the Joint Venture Agreement.;

#### 13.2 If the Second Option is exercised pursuant to Article 5:

- (a) Argonaut shall transfer to GF a 100% registered interest in the Mining Claims on the Mining Lands Administration System, free and clear of all Encumbrances apart from the Permitted Encumbrances and GF will as soon as possible, complete the registration of all transfers contemplated thereby at its own cost to effect legal transfer of the Mining Claims into the name of GF, provided that GF shall hold the Mining Claims in accordance with the terms of the Joint Venture Agreement;
- (a) Argonaut shall submit an application to the Ministry of Northern Development, Mines and Forestry (“MNDMF”) in order to obtain the due and valid written consent of the Minister of MNDMF to the transfer of the Mining Claims from Argonaut to GF pursuant to Section 81(14) of the *Mining Act* (Ontario); GF shall use commercially reasonable efforts to cooperate with Argonaut, and shall provide such reasonable documentation as is required by MNDMF, with respect to such consent application. Forthwith upon receiving such consents from MNDMF, Argonaut shall deliver to GF such consents together with duly executed transfers of the Mining Claims in immediately registrable form of GF, free and clear of all Encumbrances, apart from the Permitted Encumbrances and GF will as soon as possible, register all transfers contemplated thereby at its own cost with the appropriate Governmental Authority to effect legal transfer of the Mining Claims into the name of GF, provided that GF shall hold the Mining Claims in accordance with the terms of the Joint Venture Agreement; and
- (b) Argonaut shall deliver to GF duly executed transfers of the Property (other than the Mining Claims) in immediately registrable form in favour of GF, free and clear of all Encumbrances apart from the Permitted Encumbrances; and GF will as soon as possible register all transfers contemplated by this Section 13.2(b) at its own cost with the appropriate government office to effect legal transfer of the Property (other than the Mining Claims and Mining Lease) into the name of GF, provided that GF shall hold the Mining Claims in accordance with the terms of the Joint Venture Agreement. If and to the extent they are able to do so (with each of them acting in good faith), each of the respective solicitors for Argonaut and GF shall complete the statements contemplated by Section 50(22) of the Planning Act (Ontario) in the transfer(s) of the Property referred to above.
- (c) If Argonaut is prevented from or delayed in performing its obligations in section 13.1 or section 13.2 by Force Majeure, the time by which Argonaut shall be obligated to complete such transfers shall be extended by the period of Force Majeure

### 13.3 Underlying Agreements.

If the Joint Venture is formed pursuant to Section 11.1 or 11.2, GF shall execute and deliver to Argonaut such agreements to be bound and/or assumption agreements, as are determined to be required or necessary by Argonaut in order for GF to assume and be bound by Argonaut's obligations under each of the Underlying Agreements.

### 13.4 Maintain Property in Good Standing.

During the currency of this Agreement, GF will maintain the Property in good standing. Without limiting the generality of the foregoing, GF will perform and file all requisite minimum assessment work on the Mining Claims to maintain the same in good standing pursuant to the provisions of the *Mining Act* (Ontario) and pay all rentals, levies, fees and property taxes required in respect of the Property as and when due, to maintain the same in good standing.

### 13.5 No Encumbrance.

During the currency of the Options, neither GF nor the Argonaut will lease, pledge as collateral or security, mortgage or encumber or cause or allow any Encumbrance created, directly or indirectly, by or against it to be placed against this Agreement or the Property (apart from Permitted Encumbrances), nor grant any other right or interest in or to the Property, without the prior written consent of the other, which consent may be withheld in the other Party's sole discretion.

## 14. ASSIGNMENT / TRANSFER

14.1 Neither Argonaut nor GF will transfer, convey, assign, charge, mortgage or grant an option in respect of or grant a right to purchase or in any manner transfer, alienate or otherwise dispose of (in this Article, to "**Transfer**") any or all of its interest in the Property or transfer or assign any of its rights under this Agreement without, in the case of Argonaut, first obtaining the prior written consent of GF, not to be unreasonably withheld, and in the case of GF, without first complying with Sections 14.2. Nothing in Section 14.1 applies to or restricts in any manner:

- (a) a disposition by the transferring Party of all or a portion of its Holdings to an Affiliate of the transferring Party, provided that such Affiliate first assumes and agrees to be bound by the terms of this Agreement and agrees with the other Party in writing to retransfer the Holdings to the transferring Party before ceasing to be an Affiliate of the transferring Party; or
- (b) an amalgamation, merger take-over bid or other form of corporate reorganization involving or the acquisition of shares or assets of the transferring Party which is a *bona fide* business transaction that has the effect in law of the amalgamated or surviving corporation possessing, directly or indirectly, substantially all the property, rights and interests and being subject to substantially all the debts, liabilities and obligations of the transferring Party; or
- (c) a sale, forfeiture, charge, withdrawal, transfer or other disposition or encumbrance which is otherwise specifically required or permitted under this Agreement.

14.2 Argonaut's Right of First Refusal. If GF wishes to sell all or part of its interest in the property, or seek third party financing or development or construction assistance or a joint or co-venture for



such purpose (the “Subject Interest”), in addition to the obligation to obtain Argonaut's consent pursuant to Section 14.1 (if applicable), GF shall be required to:

- (a) enter into a legally binding agreement (the “Third Party Agreement”) in good faith with an arm’s-length third party (the “Third Party”) that provides for the terms of the intended transaction in relation to the Subject Interest, is expressly made subject to Argonaut's right in this Section 14 and that provides for the bona fide consideration to be paid for the Subject Interest; and
- (b) promptly thereafter notify Argonaut of its intended transaction (the “ROFR Notice”), which ROFR Notice shall identify the Third Party, describe the Subject Interest to be transacted, the bona fide consideration to be exchanged with the Third Party and in reasonable detail the other materials, terms of the transaction with the Subject Interest, all as reflected in the Third Party Agreement and shall be accompanied by a signed copy of the Third Party Agreement.
- (c) If the consideration for the intended transaction is, in whole or in part, other than monetary, the ROFR Notice shall also describe such consideration and its monetary equivalent based upon the fair market value of the non-monetary consideration stated in terms of cash or currency, together with information sufficient to establish the basis for such equivalence. The delivery of the ROFR Notice and Third Party Agreement shall constitute an irrevocable offer by GF to Argonaut to transact in relation to the Subject Interest to Argonaut. Argonaut shall have 45 days from the date of delivery of the ROFR Notice and Third Party Agreement to notify GF whether it elects to accept the offer to take up the Subject Interest on the material terms and conditions set forth in the ROFR Notice (subject to the right of Argonaut to dispute the monetary equivalent of any non-monetary consideration (as described below) and to pay the consideration in cash or currency). If it does so elect, the disposition shall be consummated promptly after notice of such election is delivered to GF. If Argonaut does not elect in writing within the said 45 day period to acquire the Subject Interest, GF shall have 90 days following the expiration of such period to consummate the transaction in relation to the Subject Interest to the Third Party for the consideration and on the terms set forth in the Third Party Agreement. If GF fails to consummate the transaction in relation to the Subject Interest to the Third Party within the period and in accordance with the requirements set forth in this Section 14, the right of first refusal of Argonaut in such Subject Interest shall continue to apply in respect of any subsequent proposed transaction by GF of the Subject Interest, which shall be conducted in accordance with all of the procedures set forth in this Section 14.
- (d) For greater certainty, if the consideration for the intended Transfer to the Third Party is, in whole or in part, other than monetary, and Argonaut by Notice to GF disputes the monetary equivalence of the consideration, the provisions of this Section 14 shall be held in abeyance until such time as such dispute is finally resolved.
- (e) If Argonaut elects to transact in relation to the Subject Interest in the time and manner set forth in this Section 14, upon the payment by Argonaut of the consideration for the Subject Interest, if applicable, the purchase and sale of the Subject Interest will be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Subject Interest will be conclusively deemed to have been transferred to and become vested in Argonaut and all right, title, benefit and interest, both at law and in equity, of GF in and to the Subject Interest will cease and determine. In

furtherance of the foregoing, GF shall deliver to Argonaut all such documents and instruments of transaction (the "Transaction Documents") as Argonaut may required with respect to the transfer of the Subject Interest from GF to Argonaut.

- (f) To the extent that GF fails to execute or deliver all such assignments, transfers, deeds and instrument so required by Argonaut, GF hereby irrevocably constitutes and appoints Argonaut as its true and lawful attorney-in-fact to, with full power and authority in its name, place and stead to execute and deliver all such assignments, transfers, deeds and instruments as may be necessary to effectively transact in relation to the Subject Interest to Argonaut pursuant to this Section 14. Such appointment and power of attorney, being coupled with an interest, is irrevocable by GF and will not be revoked by the insolvency or bankruptcy of GF and GF hereby ratifies and confirms and agrees to ratify and confirm all that Argonaut may lawfully do or cause to be done by virtue of the provisions hereof. GF hereby agrees to be bound by any act of Argonaut and any successor thereto, while acting in good faith pursuant to the within power of attorney, and hereby waives any and all defences which may be available to it, to contest, negate or disaffirm the action of Argonaut and any successor thereto taken in good faith in accordance with the terms of the within power of attorney. Argonaut hereby accepts (and each successor thereto upon becoming bound by the provisions of this Agreement shall thereupon be deemed to have accepted) the power of attorney hereby conferred upon it and hereby undertakes (or shall be deemed to have undertaken, as the case may be) to execute its duties thereunder in a prompt and diligent manner.

## **15. FORCE MAJEURE**

- 15.1 If a Party is at any time prevented from or delaying in complying with any provision of this Agreement by reason of strikes, lock-outs, labour shortages, power shortages, fuel shortages, inability to obtain equipment, fires, acts of war, insurrection or terrorism, inclement weather, acts of God, governmental regulations restricting normal operations, shipping or other transportation delays, delays in obtaining required governmental or regulatory approvals or permits, aboriginal or other land claims, environmental claims or notices (or inability to obtain or delays in obtaining environmental consents) or any other reason or reasons beyond the control of the Party (except those caused by its own lack of funds), the time limited for the performance by the such Party of its obligations hereunder shall be extended by a period of time equal in length to the period of such prevention or delay.
- 15.2 The Party shall give prompt notice to the other Party of the force majeure under section 15.1 and upon cessation of such event shall furnish the other Party with notice to that effect together with particulars of the number of delays by which the obligations of the Party hereunder have been extended by virtue of such event of force majeure and all proceeding events of force majeure.
- 15.3 The Party subject to a force majeure will make a continuous effort to mitigate the cause of such force majeure.

## **16. NOTICES**

- 16.1 Any notice, election, consent or other writing required or permitted to be given hereunder shall be deemed to be sufficiently given if delivered or if mailed by registered air mail or by electronic transmission, addressed as follows:

In the case of **Argonaut**:

**Argonaut Gold Inc.**

9600 Prototype Court  
Reno, Nevada 89521

Attention: Brian Arkell  
Fax No.: (755) 284-4426  
Email : [brian.arkell@argonautgold.com](mailto:brian.arkell@argonautgold.com)

With a copy, which shall not constitute notice ,  
to:

Bennett Jones LLP  
Suite 3400, One First Canadian Place  
Toronto, Ontario M5X 1A4  
Attention: Sander Grieve  
email: [grieves@bennettjones.com](mailto:grieves@bennettjones.com)  
Fax No. 416-863-1716

In the case of **GF**:

**Gold'n Futures Mineral Corp.**

810-789 West Pender Street  
Vancouver, British Columbia, V6C 1H2

Attention: Theo van der Linde  
Email : [theo@pashleth.com](mailto:theo@pashleth.com)

with a copy, which shall not constitute notice, to:

**Fish LPC**

409-22 Leader Lane  
Toronto, Ontario M5E 0B2

Attention: Matthew Fish  
eMail: [mfish@fishlpc.com](mailto:mfish@fishlpc.com)  
Fax No.: (416) 352-1551

- 16.2 The date of receipt of any notice, demand or other communication shall be the date of delivery thereof if delivered, the date of transmission if communicated by telex, telecopy or e-mail, or, if given by registered mail as aforesaid, shall be deemed conclusively to be the third day after the same shall have been so mailed except in the case of interruption of postal services for any reason whatsoever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee.
- 16.3 Either Party may at any time and from time to time notify the other Party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

## **17. CONFIDENTIAL INFORMATION**

- 17.1 Except as specifically otherwise provided herein, the Parties will keep confidential all data and information respecting this Agreement and the Property and will refrain from using it other than for the activities contemplated hereunder or publicly disclosing it unless required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, or with the consent of the other Party, such consent not to be unreasonably withheld.
- 17.2 Neither Party will be liable to the other Party for the fraudulent or negligent disclosure of information by any of the Parties' employees, servants or agents, provided that the Party has taken reasonable steps to ensure the preservation of the confidential nature of such information.
- 17.3 The provisions of this Article 17 do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof.
- 17.4 This Article 17 shall survive the termination of this Agreement.

## **18. RELATIONSHIP AND OTHER OPPORTUNITIES**

- 18.1 The rights, privileges, duties, obligations and liabilities, as between the Parties, shall be separate and not joint or collective and nothing herein contained shall be construed as creating a partnership, an association, agency or subject as herein specifically provided, a trust of any kind or as imposing upon either of the Parties any partnership or fiduciary duty, obligation or liability. No Party is liable for the acts, covenants and agreements of any other Parties except as specifically agreed to in this Agreement.
- 18.2 Each of the Parties shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavours of any sort whatsoever whether or not competitive with the endeavours contemplated herein without consulting the other Party or inviting or allowing the other Parties to participate therein. No Party shall be under any fiduciary or other duty to the other Parties which shall prevent it from engaging in or enjoying the benefits of competing endeavours within the general scope of endeavours contemplated by this Agreement. The legal doctrine of "corporate opportunity" sometimes applied to persons engaged in a joint venture or having fiduciary status shall not apply in the case of each Party.

## **19. GENERAL**

- 19.1 This Agreement supersedes and replaces all other agreements or arrangements, whether oral or written, heretofore existing between the Parties in respect of the subject matter of this Agreement, and constitutes the entire agreement between the Parties.
- 19.2 No consent or waiver expresses or implied, by either Party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.
- 19.3 This Agreement will be governed by and construed in accordance with the laws of Province of Ontario and the federal laws of Canada applicable therein.
- 19.4 If any dispute arises out of or is related to this Agreement or its breach, termination or validity, either Party may seek resolution, upon written notice to the other Party, by arbitration administered in accordance with the *Arbitration Act* (Ontario), unless otherwise agreed by the Parties. The Parties shall ensure that the arbitration is heard by a panel of three independent and

impartial arbitrators; each Party shall select one arbitrator, and the arbitrators so selected shall select a third. The panel shall designate one among them to serve as chair. The arbitration proceedings will be conducted in Toronto, Ontario. The decision of the arbitration panel shall be final and binding.

- 19.5 All references herein to monetary amounts are referenced to Canadian dollars.
- 19.6 If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof, not held invalid, void or unenforceable shall continue in full force and effect, and in no way be affected, impaired or invalidated thereby.
- 19.7 The Parties hereto agree to do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to complete consummation of the transactions herein contemplated.
- 19.8 This Agreement may not be amended, modified, varied or supplemented except in writing and signed by the Parties.
- 19.9 This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 19.10 The rights and obligations of the Parties hereto are subject to prior approval of the Exchange.
- 19.11 Time shall be of the essence in the performance of this Agreement.
- 19.12 This Agreement may be executed in any number of counterparts and by facsimile, e-mail or docusign with the same effect as if all Parties to this Agreement had signed the same document and all counterparts will be construed together and will constitute one and the same instrument and any facsimile signature shall be taken as an original.
- 19.13 The parties acknowledge having expressly required that this Agreement and all documents relating thereto be drawn up in English. *Les parties aux présentes déclarent avoir expressément requis que la présente convention et tous les documents s'y rapportant soient rédigés en anglais.*

*[Remainder of page intentionally left blank]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the day first set above.

**GOLD'N FUTURES MINERAL COPR.**

Per:

"Theo van der Linde"

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Theo van der Linde  
Interim Chief Executive Officer

**ARGONAUT GOLD INC.**

Per:

"Brian Arkell"

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Brian Arkell  
Vice President, Exploration

**SCHEDULE A  
LIST OF CLAIMS - PROPERTY**

*See attached.*

Property	Township / Area	Tenure ID	Tenure Type	Anniversary Date	Tenure Status	Prodigy		Work Applied	Available Exploration Reserve
						Tenure %	Work Required		
HERCULES	ELMHIRST	100263	Single Cell Mining Claim	2020-07-17	Active	100	400	400	45
HERCULES	ELMHIRST	100938	Boundary Cell Mining Claim	2020-07-17	Active	100	200	200	0
HERCULES	RICKABY	101951	Single Cell Mining Claim	2021-10-24	Active	100	400	200	0
HERCULES	RICKABY	101952	Single Cell Mining Claim	2021-02-25	Active	100	400	600	0
HERCULES	ELMHIRST	102196	Single Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	103212	Single Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	105062	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST,PIFHER	105063	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	CASTLEWOOD LAKE AREA	105816	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	105817	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	105818	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	105819	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	107109	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	107226	Single Cell Mining Claim	2020-10-19	Active	100	400	400	1
HERCULES	ELMHIRST	107429	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	107964	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	107965	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	108649	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	108650	Single Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	ELMHIRST	108899	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58
HERCULES	ELMHIRST	108991	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	109905	Single Cell Mining Claim	2021-02-25	Active	100	400	800	100001
HERCULES	ELMHIRST	109906	Single Cell Mining Claim	2021-02-25	Active	100	400	800	100000
HERCULES	ELMHIRST	109907	Single Cell Mining Claim	2021-02-25	Active	100	400	800	100000
HERCULES	ELMHIRST	110079	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58
HERCULES	ELMHIRST	113436	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	113437	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	114583	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	115044	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	115045	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST,RICKABY	115488	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	ELMHIRST	115550	Single Cell Mining Claim	2020-07-20	Active	100	400	200	12
HERCULES	ELMHIRST	117338	Single Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	117339	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	117495	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	120210	Single Cell Mining Claim	2020-09-27	Active	100	400	400	90000
HERCULES	ELMHIRST	120271	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	RICKABY	121090	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST,RICKABY	121091	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	RICKABY	121092	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	121489	Single Cell Mining Claim	2020-10-06	Active	100	400	400	0
HERCULES	ELMHIRST	123947	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	124798	Boundary Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	ELMHIRST,RICKABY	124896	Single Cell Mining Claim	2020-12-24	Active	100	400	400	0
HERCULES	ELMHIRST	126819	Single Cell Mining Claim	2020-10-19	Active	100	400	400	12093
HERCULES	ELMHIRST	127563	Single Cell Mining Claim	2021-02-25	Active	100	400	800	46
HERCULES	RICKABY	128926	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	130598	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	130599	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	130767	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	131042	Single Cell Mining Claim	2020-09-27	Active	100	400	400	100001
HERCULES	ELMHIRST	131580	Single Cell Mining Claim	2020-09-27	Active	100	400	400	100058
HERCULES	ELMHIRST	131642	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST,	133377	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	ELMHIRST	133616	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	134423	Single Cell Mining Claim	2021-04-17	Active	100	400	800	48400
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	135849	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	135948	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	136811	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	136909	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	136910	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	137071	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085
HERCULES	ELMHIRST	138364	Single Cell Mining Claim	2020-07-20	Active	100	400	400	69613
HERCULES	ELMHIRST	139174	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	139594	Single Cell Mining Claim	2020-07-17	Active	100	400	400	37
HERCULES	ELMHIRST	141634	Single Cell Mining Claim	2020-07-17	Active	100	400	400	12459
HERCULES	ELMHIRST	141718	Single Cell Mining Claim	2020-07-17	Active	100	400	400	82315
HERCULES	ELMHIRST	142921	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0



Property	Township / Area	Tenure ID	Tenure Type	Anniversary Date	Tenure Status	Prodigy		Work Applied	Work Reserve	Available Exploration
						Tenure %	Work Required			
HERCULES	ELMHIRST	143497	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	143498	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	144354	Single Cell Mining Claim	2021-02-25	Active	100	400	800	50000	
HERCULES	ELMHIRST	144355	Single Cell Mining Claim	2021-02-25	Active	100	400	800	50000	
HERCULES	ELMHIRST	144747	Boundary Cell Mining Claim	2020-07-17	Active	100	200	200	45	
HERCULES	CASTLEWOOD LAKE AREA	145128	Boundary Cell Mining Claim	2020-07-20	Active	100	200	200	0	
HERCULES	CASTLEWOOD LAKE AREA	145140	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	145706	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	146772	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	148257	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	148276	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	148309	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST	149034	Boundary Cell Mining Claim	2020-10-06	Active	100	200	200	0	
HERCULES	ELMHIRST	149035	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0	
HERCULES	ELMHIRST	150287	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	151025	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58	
HERCULES	ELMHIRST	151842	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	151843	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	151844	Single Cell Mining Claim	2020-09-27	Active	100	200	200	0	
HERCULES	ELMHIRST	151845	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	154168	Single Cell Mining Claim	2020-12-24	Active	100	400	800	53735	
HERCULES	CASTLEWOOD LAKE AREA	155273	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	155379	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	155380	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	CASTLEWOOD LAKE AREA	155767	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	155768	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	156739	Single Cell Mining Claim	2020-07-20	Active	100	400	400	13	
HERCULES	ELMHIRST	156836	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33	
HERCULES	ELMHIRST	156837	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33	
HERCULES	ELMHIRST	156852	Single Cell Mining Claim	2020-07-17	Active	100	400	400	108	
HERCULES	ELMHIRST	157253	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	RICKABY	160234	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	160235	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	162852	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33	
HERCULES	ELMHIRST	162866	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45	
HERCULES	ELMHIRST	163836	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	163837	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST,RICKABY	164222	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0	
HERCULES	RICKABY	164223	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	164224	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	165542	Boundary Cell Mining Claim	2020-07-17	Active	100	200	200	0	
HERCULES	ELMHIRST,RICKABY	166258	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST	168067	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	170035	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	170036	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	170187	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	170541	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	170542	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1	
HERCULES	ELMHIRST	170744	Single Cell Mining Claim	2020-12-24	Active	100	400	800	2800	
HERCULES	ELMHIRST	172921	Single Cell Mining Claim	2021-02-25	Active	100	400	800	50000	
HERCULES	ELMHIRST	172922	Single Cell Mining Claim	2021-02-25	Active	100	400	800	12600	
HERCULES	ELMHIRST	172923	Single Cell Mining Claim	2021-04-17	Active	100	400	800	100000	
HERCULES	ELMHIRST	173424	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	173736	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	176027	Single Cell Mining Claim	2020-07-20	Active	100	400	400	58	
HERCULES	ELMHIRST	176028	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	176029	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	176857	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	176858	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	176904	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST	178829	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	RICKABY	179095	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	RICKABY	179096	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST,RICKABY	179097	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST	180854	Single Cell Mining Claim	2020-09-27	Active	100	200	200	0	
HERCULES	ELMHIRST	182015	Boundary Cell Mining Claim	2020-07-20	Active	100	200	200	0	
HERCULES	ELMHIRST	182114	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	182115	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	

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HERCULES	ELMHIRST	182715	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	182716	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	184994	Boundary Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	184995	Boundary Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	187553	Single Cell Mining Claim	2020-07-17	Active	100	400	400	173
HERCULES	ELMHIRST	187554	Single Cell Mining Claim	2020-07-17	Active	100	400	400	231
HERCULES	ELMHIRST	187950	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	188317	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	189717	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085
HERCULES	CASTLEWOOD LAKE AREA	190730	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	190731	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	191570	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	191571	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	191584	Single Cell Mining Claim	2020-07-17	Active	100	400	400	27
HERCULES	CASTLEWOOD LAKE AREA	192302	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	196393	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	197149	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	197150	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	197151	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	197152	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	197153	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	198404	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	198635	Single Cell Mining Claim	2021-04-17	Active	100	400	800	11361
HERCULES	CASTLEWOOD LAKE AREA,RICKABY	198776	Single Cell Mining Claim	2020-07-20	Active	100	400	0	607
HERCULES	ELMHIRST	199171	Single Cell Mining Claim	2021-02-25	Active	100	400	800	50058
HERCULES	RICKABY	199447	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	RICKABY	199448	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	ELMHIRST	199503	Single Cell Mining Claim	2020-07-20	Active	100	400	200	12
HERCULES	ELMHIRST	199504	Single Cell Mining Claim	2020-07-20	Active	100	400	200	12
HERCULES	ELMHIRST	201563	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	201564	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	ELMHIRST	201637	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	201638	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	201639	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	202160	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	202161	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST	202178	Single Cell Mining Claim	2021-02-25	Active	100	400	800	67
HERCULES	ELMHIRST	202421	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085
HERCULES	ELMHIRST	203307	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	CASTLEWOOD LAKE AREA	204473	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	204492	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	206622	Single Cell Mining Claim	2021-04-17	Active	100	400	800	49600
HERCULES	ELMHIRST	207831	Single Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	207832	Single Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	209641	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0
HERCULES	ELMHIRST	210219	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST	210340	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	210341	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	210466	Single Cell Mining Claim	2021-02-25	Active	100	400	800	31600
HERCULES	CASTLEWOOD LAKE AREA	211778	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	213631	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	216766	Single Cell Mining Claim	2020-07-17	Active	100	400	400	425
HERCULES	ELMHIRST	218686	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	218687	Single Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	ELMHIRST	218776	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA,RICKABY	219569	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	ELMHIRST	219625	Single Cell Mining Claim	2020-12-24	Active	100	400	800	0
HERCULES	ELMHIRST	221428	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	222268	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	222269	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	222270	Single Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST	222291	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45
HERCULES	RICKABY	223639	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	RICKABY	223640	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST,RICKABY	223641	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0
HERCULES	ELMHIRST,RICKABY	223642	Single Cell Mining Claim	2020-10-19	Active	100	400	400	1
HERCULES	ELMHIRST	226100	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	ELMHIRST	226101	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0

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HERCULES	ELMHIRST	226102	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	226186	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	226697	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	227830	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	227831	Single Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	227832	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	229541	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33	
HERCULES	ELMHIRST	229542	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33	
HERCULES	ELMHIRST	229556	Single Cell Mining Claim	2021-02-25	Active	100	400	800	77	
HERCULES	ELMHIRST	229557	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45	
HERCULES	ELMHIRST	229558	Single Cell Mining Claim	2020-07-17	Active	100	400	400	45	
HERCULES	ELMHIRST	230625	Single Cell Mining Claim	2020-07-20	Active	100	400	400	58	
HERCULES	RICKABY	230912	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	230913	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	230914	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	RICKABY	232959	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	234100	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	235360	Single Cell Mining Claim	2020-07-17	Active	100	400	400	12266	
HERCULES	ELMHIRST	237346	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	237347	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0	
HERCULES	ELMHIRST	237444	Single Cell Mining Claim	2020-07-20	Active	100	200	200	0	
HERCULES	ELMHIRST	237531	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	237532	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085	
HERCULES	ELMHIRST	237533	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	238358	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	239403	Single Cell Mining Claim	2020-07-20	Active	100	400	400	13	
HERCULES	ELMHIRST	239526	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0	
HERCULES	ELMHIRST	239527	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0	
HERCULES	ELMHIRST	239528	Single Cell Mining Claim	2020-10-19	Active	100	400	400	23852	
HERCULES	CASTLEWOOD LAKE AREA	240640	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	240641	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	240642	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	242958	Single Cell Mining Claim	2020-09-27	Active	100	400	400	50000	
HERCULES	ELMHIRST	242975	Single Cell Mining Claim	2020-09-27	Active	100	400	400	168400	
HERCULES	ELMHIRST	244266	Single Cell Mining Claim	2020-10-06	Active	100	400	400	0	
HERCULES	ELMHIRST	244267	Single Cell Mining Claim	2020-10-06	Active	100	200	200	0	
HERCULES	ELMHIRST	246246	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58	
HERCULES	ELMHIRST	247008	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	247436	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	247872	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	250999	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	251052	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST	255573	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	256191	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085	
HERCULES	ELMHIRST	256192	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST	256256	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	CASTLEWOOD LAKE AREA	256642	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	257056	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	257057	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	257933	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1085	
HERCULES	ELMHIRST	258234	Single Cell Mining Claim	2020-07-20	Active	100	400	400	33	
HERCULES	ELMHIRST	258235	Single Cell Mining Claim	2020-07-20	Active	100	200	200	33	
HERCULES	CASTLEWOOD LAKE AREA	260483	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0	
HERCULES	ELMHIRST	260934	Boundary Cell Mining Claim	2020-07-17	Active	100	200	200	0	
HERCULES	RICKABY	262142	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	263049	Single Cell Mining Claim	2020-09-27	Active	100	400	400	50000	
HERCULES	ELMHIRST	263801	Boundary Cell Mining Claim	2020-10-06	Active	100	200	200	0	
HERCULES	ELMHIRST	265812	Single Cell Mining Claim	2020-07-17	Active	100	400	400	74	
HERCULES	ELMHIRST	267267	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	267577	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	268775	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0	
HERCULES	ELMHIRST,RICKABY	269602	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1	
HERCULES	ELMHIRST,PIFHER	272464	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0	
HERCULES	CASTLEWOOD LAKE AREA,RICKABY	273476	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287	
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	274023	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	275557	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0	
HERCULES	ELMHIRST	275558	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0	
HERCULES	ELMHIRST	276738	Single Cell Mining Claim	2020-07-17	Active	100	400	400	33	

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HERCULES	ELMHIRST	276739	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	276740	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	276741	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST	276742	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	CASTLEWOOD LAKE AREA	277119	Boundary Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	CASTLEWOOD LAKE AREA	277134	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST,RICKABY	278133	Single Cell Mining Claim	2020-10-19	Active	100	400	200	0
HERCULES	ELMHIRST	278637	Single Cell Mining Claim	2020-09-27	Active	100	400	400	58
HERCULES	ELMHIRST	279538	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	RICKABY	279646	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	280068	Single Cell Mining Claim	2020-07-16	Active	100	400	400	11693
HERCULES	ELMHIRST	280069	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	282755	Single Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	ELMHIRST	284710	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	284711	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	ELMHIRST	285292	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	285293	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	285294	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	285295	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	286186	Single Cell Mining Claim	2020-07-20	Active	100	400	200	12
HERCULES	ELMHIRST	286664	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0
HERCULES	ELMHIRST	287372	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58
HERCULES	ELMHIRST	287633	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	288836	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	290810	Single Cell Mining Claim	2020-07-17	Active	100	400	400	50257
HERCULES	ELMHIRST	290811	Single Cell Mining Claim	2020-07-17	Active	100	400	400	63
HERCULES	ELMHIRST	290812	Single Cell Mining Claim	2021-02-25	Active	100	400	800	58
HERCULES	ELMHIRST	291299	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	291300	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	292308	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	292804	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	ELMHIRST	294177	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0
HERCULES	ELMHIRST	294178	Single Cell Mining Claim	2020-10-19	Active	100	400	400	0
HERCULES	ELMHIRST	294436	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	294437	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	295111	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	295394	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	295591	Boundary Cell Mining Claim	2020-07-17	Active	100	200	200	33
HERCULES	ELMHIRST	295592	Single Cell Mining Claim	2021-02-25	Active	100	200	400	33
HERCULES	ELMHIRST	295606	Single Cell Mining Claim	2020-07-17	Active	100	400	400	61
HERCULES	RICKABY	296946	Single Cell Mining Claim	2021-02-25	Active	100	400	600	0
HERCULES	ELMHIRST	297311	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	297312	Single Cell Mining Claim	2020-07-20	Active	100	400	400	58
HERCULES	ELMHIRST	298109	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	298110	Single Cell Mining Claim	2020-09-27	Active	100	400	400	97002
HERCULES	ELMHIRST	298142	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	298143	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	RICKABY	299000	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	300345	Boundary Cell Mining Claim	2020-10-06	Active	100	200	200	0
HERCULES	ELMHIRST	301626	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	303547	Single Cell Mining Claim	2020-07-16	Active	100	400	400	11860
HERCULES	ELMHIRST	304025	Single Cell Mining Claim	2020-12-24	Active	100	400	400	0
HERCULES	ELMHIRST	304026	Single Cell Mining Claim	2020-12-24	Active	100	400	400	0
HERCULES	ELMHIRST	304027	Single Cell Mining Claim	2020-12-24	Active	100	400	800	0
HERCULES	ELMHIRST	304773	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	305179	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	305476	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	CASTLEWOOD LAKE AREA	307271	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	307272	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	309213	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	309214	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	309986	Single Cell Mining Claim	2020-09-27	Active	100	400	400	1085
HERCULES	ELMHIRST	309987	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	310619	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	310620	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	310621	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	311553	Boundary Cell Mining Claim	2020-07-20	Active	100	200	200	0
HERCULES	ELMHIRST	312225	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0



Property	Township / Area	Tenure ID	Tenure Type	Anniversary Date	Tenure Status	Prodigy			Available Exploration Reserve
						Tenure %	Work Required	Work Applied	
HERCULES	ELMHIRST	312479	Single Cell Mining Claim	2020-07-20	Active	100	400	400	13
HERCULES	ELMHIRST	313351	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45
HERCULES	ELMHIRST	313352	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45
HERCULES	ELMHIRST	313353	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45
HERCULES	ELMHIRST	313354	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	45
HERCULES	ELMHIRST	313686	Single Cell Mining Claim	2021-04-17	Active	100	400	800	98000
HERCULES	ELMHIRST	314303	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	CASTLEWOOD LAKE AREA	314479	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA	314480	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	315931	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	317577	Single Cell Mining Claim	2020-09-27	Active	100	400	400	85600
HERCULES	ELMHIRST	317928	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	319558	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	RICKABY	320560	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	ELMHIRST,RICKABY	320613	Single Cell Mining Claim	2020-12-24	Active	100	400	400	0
HERCULES	ELMHIRST,RICKABY	322187	Single Cell Mining Claim	2020-07-20	Active	100	400	0	287
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	322538	Single Cell Mining Claim	2020-07-20	Active	100	400	400	1
HERCULES	ELMHIRST	322773	Single Cell Mining Claim	2020-12-24	Active	100	400	400	0
HERCULES	ELMHIRST	323367	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	323645	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	324700	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	324887	Single Cell Mining Claim	2021-02-25	Active	100	400	800	33
HERCULES	ELMHIRST	324899	Single Cell Mining Claim	2021-02-25	Active	100	400	800	45
HERCULES	ELMHIRST	326671	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	RICKABY	328770	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	RICKABY	328771	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	331304	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	331685	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	RICKABY	333570	Single Cell Mining Claim	2020-10-24	Active	100	400	0	607
HERCULES	ELMHIRST	334101	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	ELMHIRST	334608	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	335672	Single Cell Mining Claim	2021-02-25	Active	100	400	800	0
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	335940	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	CASTLEWOOD LAKE AREA,ELMHIRST	335941	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	ELMHIRST	337558	Single Cell Mining Claim	2020-07-20	Active	100	400	400	58
HERCULES	ELMHIRST	338446	Single Cell Mining Claim	2020-09-27	Active	100	400	400	50000
HERCULES	ELMHIRST	338493	Single Cell Mining Claim	2021-02-25	Active	100	400	800	1
HERCULES	ELMHIRST	340438	Single Cell Mining Claim	2020-07-20	Active	100	400	400	0
HERCULES	RICKABY	340637	Boundary Cell Mining Claim	2021-02-25	Active	100	200	400	0
HERCULES	ELMHIRST	342485	Single Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST,PIFHER	342876	Boundary Cell Mining Claim	2020-09-27	Active	100	200	200	0
HERCULES	ELMHIRST	343641	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	343642	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	343713	Single Cell Mining Claim	2020-09-27	Active	100	400	400	0
HERCULES	ELMHIRST	345068	Single Cell Mining Claim	2020-10-19	Active	100	400	400	1
HERCULES	ELMHIRST	345168	Single Cell Mining Claim	2021-02-25	Active	100	400	800	50001
KABY LAKE	CASTLEWOOD LAKE AREA	547867	Multi-cell Mining Claim	2021-04-10	Active	100	3600	0	0
KABY LAKE	CASTLEWOOD LAKE AREA,FULLERTON	549098	Multi-cell Mining Claim	2020-08-13	Active	100	10000	10000	4050
SLEEPING GIANT	RICKABY	150607	Single Cell Mining Claim	2020-10-24	Active	100	400	0	0
SLEEPING GIANT	RICKABY	150608	Single Cell Mining Claim	2020-10-24	Active	100	400	0	0
SLEEPING GIANT	RICKABY	169423	Single Cell Mining Claim	2020-10-24	Active	100	400	0	0
SLEEPING GIANT	CASTLEWOOD LAKE AREA,RICKABY	549099	Multi-cell Mining Claim	2020-10-24	Active	100	7200	7200	5760
SLEEPING GIANT	RICKABY	549974	Multi-cell Mining Claim	2020-10-24	Active	100	6400	0	0

2074360

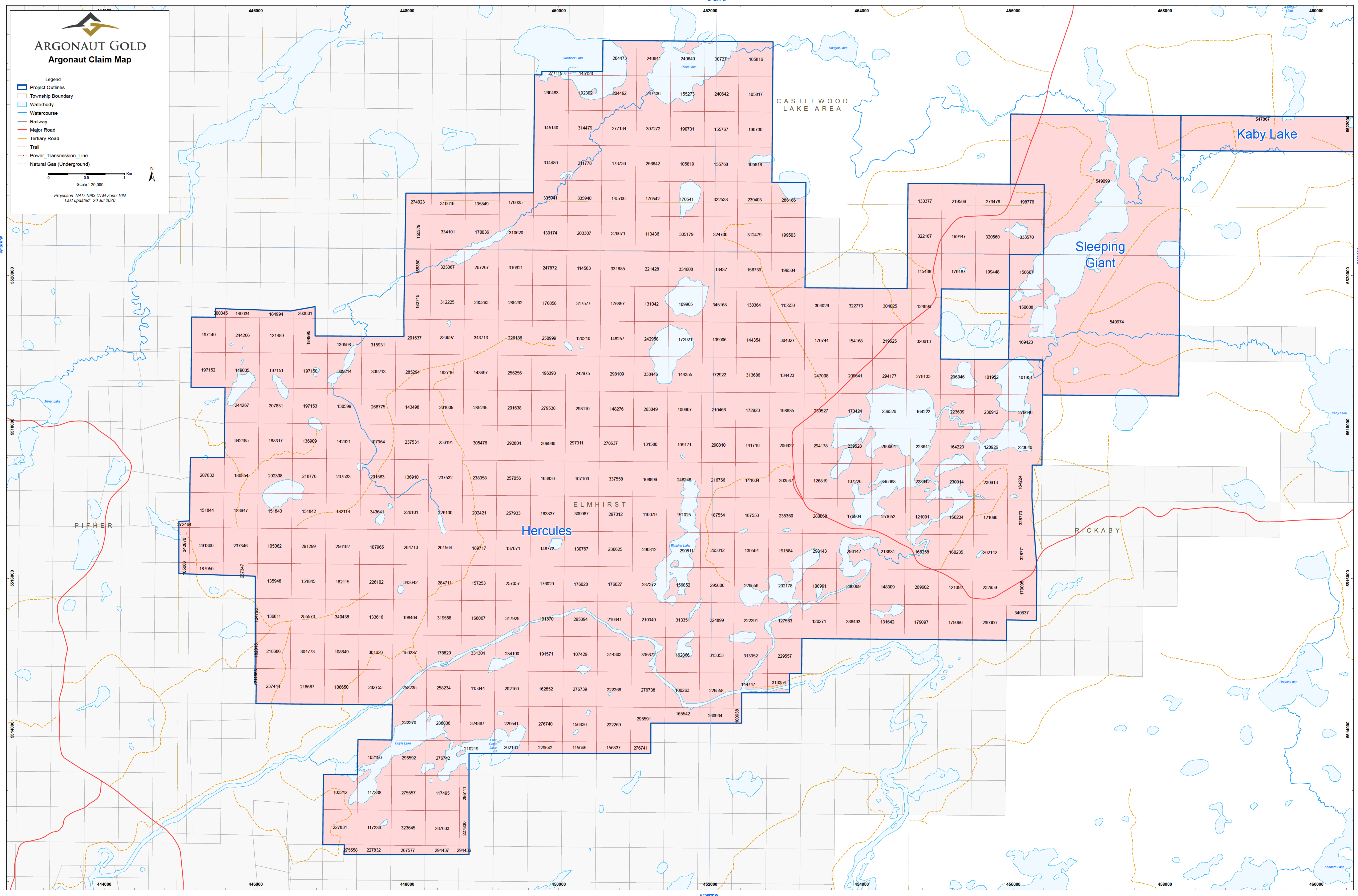


# ARGONAUT GOLD Argonaut Claim Map


**Legend**

- Project Outlines
- Township Boundary
- Waterbody
- Watercourse
- Railway
- Major Road
- Tertiary Road
- Trail
- Power\_Transmission\_Line
- Natural Gas (Underground)

Scale 1:20,000  
Projection: NAD 1983 UTM Zone 16N  
Last updated: 20 Jul 2020







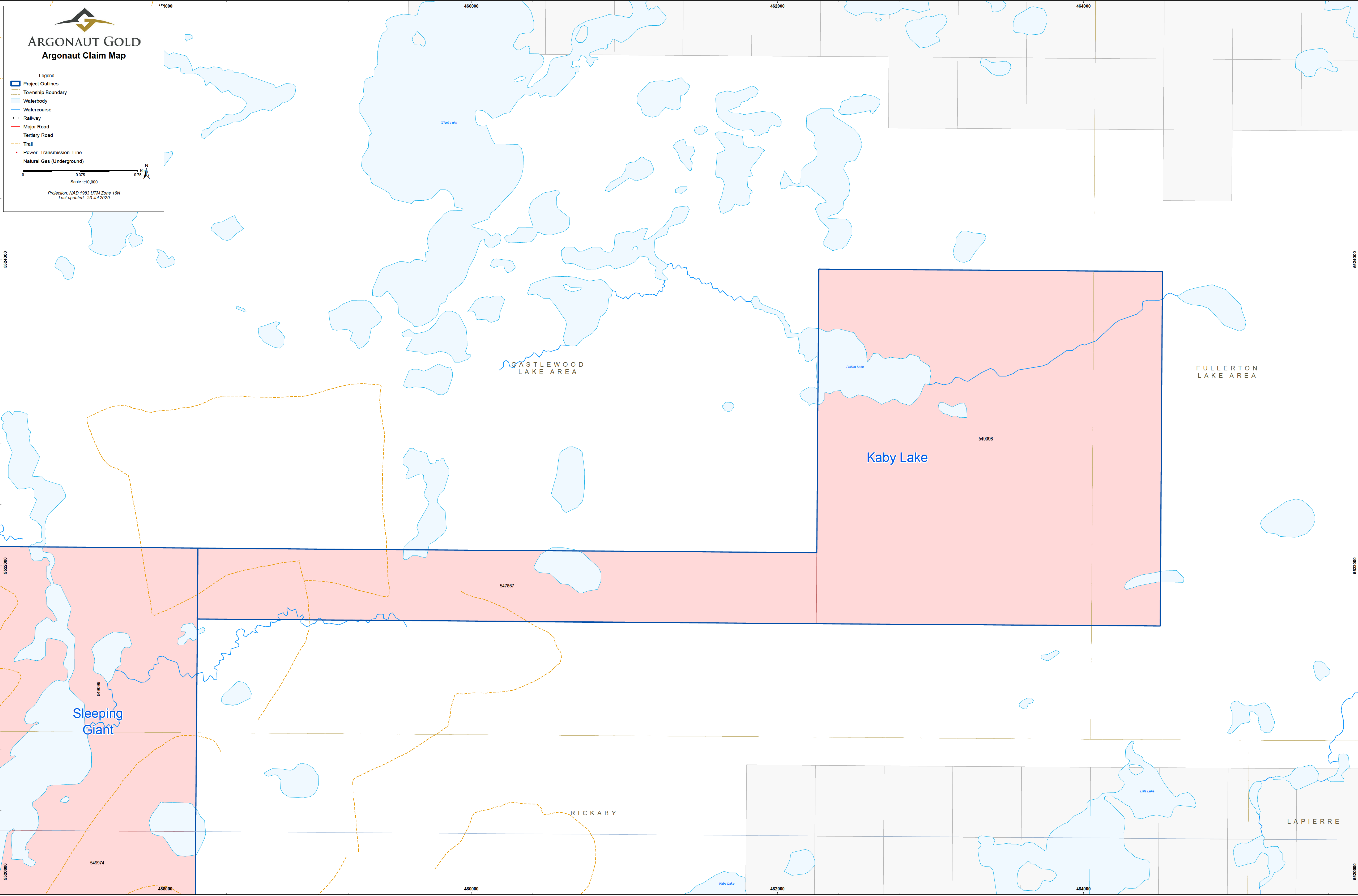
**ARGONAUT GOLD**  
Argonaut Claim Map

Legend

- ▭ Project Outlines
- Township Boundary
- ▭ Waterbody
- Watercourse
- Railway
- Major Road
- Tertiary Road
- - - Trail
- - - Power\_Transmission\_Line
- - - Natural Gas (Underground)

0 0.375 0.75 1.5  
Scale 1:10,000

Projection: NAD 1983 UTM Zone 16N  
Last updated: 20 Jul 2020



**SCHEDULE B**  
**3<sup>RD</sup> PARTY ROYALTY AGREEMENTS**



August 31, 2006

Shirley Lafontaine  
PO Box 36  
Beardmore, ON  
P0T 1G0

Dear Shirley:

**Re: The Wilkinson Lake Property (mining claims N° 1174270, 1187666 and 1187667).  
(14 Units)**

Kodiak Exploration Limited (“Kodiak”) is prepared to accept the proposal on the property you are offering for a 100% option to purchase as follows:

The following option payments are to be made as indicated below upon Kodiak’s Board of Directors approval within thirty (30) business days of your acceptance of the agreement and the TSX Venture Exchange regulatory approval. It will be Kodiak’s option to issue shares or pay the allotted amount of cash. The share issue price will be established by the closing price of Kodiak on the anniversary of the agreement or twenty-five (25) cents per share whichever is greater.

1. On signing	\$10,000 cash or Kodiak shares
2. First anniversary of signing	\$20,000 cash or Kodiak shares
3. Second anniversary of signing	\$40,000 cash or Kodiak shares
4. Third anniversary of signing	\$60,000 cash or Kodiak shares
5. Fourth anniversary of signing	\$80,000 cash or Kodiak shares

- As claim holder, you will retain a 3% Net Smelter Royalty (“N.S.R.”).
- Kodiak may purchase 1% of the N.S.R. for \$500,000.00 at any time.
- In addition, Kodiak may purchase another 1% of the N.S.R. for \$1,000,000.00 at any time.
- You are to receive a work report on the property on each anniversary date of the agreement.
- All work conducted on the Claim shall be recorded on this claim.
- Kodiak will give the property owners the opportunity to conduct work on the property (prospecting, mechanical stripping, etc.) whenever possible.

\_\_\_\_\_  
Shirley Lafontaine

\_\_\_\_\_  
KODIAK EXPLORATION LIMITED

Per: Authorized Signatory

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Cc: Geneva Nichols

September 2, 2006

Dear Mr. Douglas:

**Re: The Douglas-Binkley Option (mining claims No 1157085 and 1157086  
( 2 Units)**

Kodiak Exploration Limited ("Kodiak") is prepared to accept the proposal on the property you are offering for a 100% option to purchase as follows:

The following option payments are to be made as indicated below upon Kodiak's Board of Directors approval within thirty (30) business days of your acceptance of the agreement and the TSX Venture Exchange regulatory approval. It will be Kodiak's option to issue shares or pay the allotted amount of cash. The share issue price will be established by the closing price of Kodiak on the anniversary of the agreement or twenty-five (25) cents per share whichever is greater.

- |                                  |                                |
|----------------------------------|--------------------------------|
| 1. On signing                    | \$5,000 cash                   |
| 2. First anniversary of signing  | \$20,000 cash or Kodiak shares |
| 3. Second anniversary of signing | \$30,000 cash or Kodiak shares |
| 4. Third anniversary of signing  | \$40,000 cash or Kodiak shares |
| 5. Fourth anniversary of signing | \$50,000 cash or Kodiak shares |

- As claim holder, you will retain a 3% Net Smelter Royalty ("N.S.R.").
- Kodiak may purchase 1% of the N.S.R. for \$500,000.00 at any time.
- In addition, Kodiak may purchase another 1% of the N.S.R. for \$1,000,000.00 at any time.
- You are to receive a work report on the property on each anniversary date of the agreement.
- All work conducted on the Claim shall be recorded on this claim.
- Kodiak will give the property owners the opportunity to conduct work on the property (prospecting, mechanical stripping, etc.) whenever possible.

\_\_\_\_\_  
KODIAK EXPLORATION LIMITED

Per: Authorized Signatory

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Cc: Gordon Binkley



July 21, 2006

Messrs. Stephen N. Roach,  
Denis Laforest and Pierre Maillet  
c/o 16 Aurora Cr.  
Nepean, Ontario  
Canada K2G 0Z7

Dear Sirs:

**Re: Acquisition by Kodiak Exploration Limited ("Kodiak") of an Option on the Hercules Mineral Claims from Stephen N. Roach ("Roach") Denis Laforest ("Laforest") and Pierre Maillet ("Maillet") (together the "Optionors")**

This letter records the Optionors' agreement to grant to Kodiak an option to acquire an undivided 100% right, title and interest in and to those certain mineral claims (collectively the "Claims") located in the District of Thunder Bay, Ontario, Thunder Bay Mining Division, Elmhurst and Rickaby Townships, more particularly described in Schedule "A" hereto and collectively known as the "Hercules" property, together with all exploration, exploitation and mining licences, permits and other rights associated therewith, all property information relating to such claims (including geologic maps and charts, geology and engineering reports, prior exploration and development results, proposed work programs and budgets, pre-feasibility or feasibility studies and reports, valuations, reserve estimates and the like) and all structures, if any, and all plant, machinery and equipment situate thereon (collectively the "Property"), subject to a 3% net smelter returns royalty (the "NSR") in your favour.

In consideration of the sum of \$10.00 paid by Kodiak to each of the Optionors and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Optionors, the Optionors represent and warrant to and covenant and agree with Kodiak as follows:

## **1. Representations and Warranties**

1.1 The Optionors jointly and severally represent and warrant to Kodiak, with the intention that Kodiak shall rely upon the same, that:

- (a) the Optionors are and will at the time of transfer to Kodiak be the legal, recorded and beneficial owners of all right, title and interest in and to the Property, as to the following undivided interests, free and clear of any and all liens, charges, encumbrances and adverse claims whatsoever except the NSR:

Roach – 50%  
Laforest – 25%  
Maillet – 25%;

- (b) the claims comprised in the Property are duly and validly recorded, and are in good standing in all appropriate offices of record in Ontario, and such claims will remain in good standing in all appropriate offices of record in Ontario until the dates set forth as the "Due Date" opposite their descriptions in Schedule "A" to this Agreement;
- (c) there are no adverse claims or challenges against or to the ownership of or title to any of the claims comprising the Property or any claims or assessments for environmental damage or contamination, nor to the best of the Optionors' knowledge is there any basis therefor;
- (d) there are no outstanding agreements or options to acquire or purchase any of the claims comprising the Property (or any interest therein) or to explore, develop or exploit the Property, and no person other than the Optionors pursuant to this Agreement has any royalty or other interest whatsoever in the Property or any production from any of the mineral claims comprising the Property;
- (e) each of the Optionors has due and sufficient legal right and authority to enter into this Agreement, to grant the option described herein, to dispose of his interest in the Property in accordance with this Agreement and to otherwise perform its obligations hereunder;
- (f) this Agreement has been duly executed and delivered by each of the Optionors and constitutes a legal, valid and binding obligation of each of the Optionors, enforceable against him in accordance with its terms;
- (g) no consents, waivers, permits, licenses, certifications, authorizations or approvals of, or notifications to, any government or governmental agency, board, commission or other authority are required to be obtained by the Optionors or any of them in connection with their execution or delivery of this Agreement or the performance of any of their obligations under this Agreement;
- (h) entering into this Agreement does not and will not conflict with, and does not and will not result in a breach of or default under, any of the terms of any agreement or instrument to which any of the Optionors is a party;
- (i) the consummation of the transactions contemplated by this Agreement will not conflict with or result in any breach of any covenants or agreements contained in, or constitute default under, or result in the creation of any encumbrance under the provisions of any indenture, agreement or other instrument whatsoever to which the Optionors or any of them is a party or by which they are bound or to which they or the Property may be subject;
- (j) the Optionors are not under any obligation, contractual or otherwise, to request or obtain the consent of any person to enter into or perform their obligations under this Agreement;

- (k) no proceedings are pending for, and the Optionors are unaware of any basis for, the institution of any proceedings leading to the placing of any of the Optionors in bankruptcy or receivership; and
- (l) all of the Optionors are residents of Canada for the purposes of section 116 of the *Income Tax Act* (Canada).

The representations and warranties set forth in this section are for the sole benefit of Kodiak and a breach or any one or more thereof may be waived by Kodiak in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and representations and warranties contained in this section shall survive the execution and performance of this Agreement and the acquisition by Kodiak of any interest in the Property. The Optionors will indemnify and save Kodiak harmless from and against any and all loss, damage, costs, actions and suits arising out of or in connection with inaccuracy of any representation or the breach of any warranty contained in this section.

1.2 Kodiak represents and warrants that:

- (a) Kodiak is a valid and subsisting corporation duly incorporated and in good standing under the laws of British Columbia, and has due and sufficient legal right and authority to enter into this Agreement, to acquire the option described herein, to acquire the Property in accordance with this Agreement and to otherwise perform its obligations hereunder;
- (b) entering into this Agreement does not and will not conflict with, and does not and will not result in a breach of or default under, any of the terms of Kodiak's incorporating documents, and entering into this Agreement does not and will not conflict with, and does not and will not result in a breach of, any of the terms of any agreement or instrument to which Kodiak is a party;
- (c) this Agreement has been duly authorized by all necessary corporate action on the part of Kodiak, has been duly executed and delivered by Kodiak and constitutes a legal, valid and binding obligation of Kodiak, enforceable against it in accordance with its terms; and
- (d) the consummation of the transactions contemplated by this Agreement will not conflict with or result in any breach of any covenants or agreements contained in, or constitute default under, or result in the creation of any encumbrance under the provisions of any indenture, agreement or other instrument whatsoever to which Kodiak is a party or by which it is bound or to which it may be subject;
- (e) Kodiak is not under any obligation, contractual or otherwise, to request or obtain the consent of any person to enter into or perform its obligations under this Agreement, and no consents, waivers, permits, licenses, certifications, authorizations or approvals of, or notifications to, any government or governmental agency, board, commission or other authority are required to be obtained by Kodiak in connection with its execution or delivery of this Agreement or the performance of any of its obligations under this

Agreement except for the consent of the TSX Venture Exchange (the "Exchange") as set forth herein;

- (f) Kodiak's common shares are currently posted and trading on the Exchange and it is an "exchange issuer" as that term is defined in the *Securities Act (British Columbia)*;
- (g) no proceedings are pending for, and Kodiak is unaware of any basis for, the institution of any proceedings leading to the placing of Kodiak in bankruptcy or receivership.

The representations and warranties set forth in this section are for the sole benefit of the Optionors and a breach or any one or more thereof may be waived by the Optionors in whole or in part at any time without prejudice to their rights in respect of any other breach of the same or any other representation or warranty; and representations and warranties contained in this section shall survive the execution and performance of this Agreement and the acquisition by Kodiak of any interest in the Property. Kodiak will indemnify and save the Optionors harmless from and against any and all loss, damage, costs, actions and suits arising out of or in connection with inaccuracy of any representation or the breach of any warranty contained in this section.

## **2. Grant of Option**

- 2.1 The Optionors hereby grant to Kodiak the sole and exclusive right and option (the "Option") to acquire an undivided 100% right, title and interest in and to the Property, subject only to a 3.0% net smelter return royalty (the "Royalty") in favour of the Optionors according to their ownership interests in the Property as set forth in Schedule "B" hereto, such Option to be exercisable by Kodiak making cash payments and issuing shares to the Optionors and incurring exploration expenses in respect of the Property as follows (collectively the "Option Payments"):
- (a) \$50,000 cash and 200,000 shares on the date (the "Effective Date") of acceptance of such formal agreement for filing by the Exchange (the "Initial Cash Payment" and the "Initial Shares" respectively);
  - (b) \$65,000 cash and 300,000 shares not later than the first anniversary of the Effective Date;
  - (c) \$75,000 cash and 350,000 shares not later than the second anniversary of the Effective Date;
  - (d) \$100,000 cash and 400,000 shares not later than the third anniversary of the Effective Date;
  - (e) \$250,000 cash and 500,000 shares not later than the fourth anniversary of the Effective Date;
  - (f) not less than \$275,000 in exploration expenditures not later than the first anniversary of the Effective Date; and

- (g) not less than an additional \$400,000 in exploration expenditures not later than the second anniversary of the Effective Date; provided that if Kodiak incurs more than \$275,000 in exploration expenditures before the first anniversary of the Effective Date, Kodiak shall receive credit for such excess expenditures against the \$400,000 in exploration expenditures otherwise required to be incurred before the second anniversary of the Effective Date.

2.2 The Optionors acknowledge that, in accordance with the policies of the Exchange, the issue of shares after the Initial Shares may be conditional, in each case, on the filing with and acceptance by the Exchange of a geological report recommending a further phase of exploration, and in each such event shall operate to extend the time limit set forth in subsection 2.1 until Kodiak shall have had a reasonable opportunity to complete and file such a report and to obtain notice of acceptance of such report from the Exchange.

2.3 The Shares will be issued and the cash payments will be made to the Optionors according to their ownership interests in the Property, and any Royalty payments will also be made to the Optionors according to their ownership interests in the Property.

2.4 Kodiak shall use reasonable efforts to obtain acceptance of this Agreement and any subsequently required geological reports for filing by the Exchange at the earliest practicable date.

2.5 In the event of any subdivision, consolidation or other change in the share capital of Kodiak while any portion of the Option is outstanding, the number of shares to be issued to the Optionors shall be adjusted in accordance with such subdivision, consolidation or other change in the share capital of Kodiak. In the event that Kodiak undertakes an amalgamation, merger, reorganization or other arrangement while any portion of the Option is outstanding, the number of shares to be issued to the Optionors shall be adjusted in accordance with such amalgamation, merger, reorganization or other arrangement; and in that regard it is specifically acknowledged by the Optionors that Kodiak intends to seek the consent of its shareholders, the Supreme Court of British Columbia and the Exchange to assign this Agreement and certain other assets of Kodiak to a subsidiary of Kodiak ("Newco") by way of a statutory arrangement under section 288 of the *Business Corporations Act* (British Columbia) on substantially the terms and conditions set forth in that certain letter of intent dated May 18, 2006 between Roach and Kodiak. Kodiak hereby covenants and agrees with the Optionors that it will reserve in its treasury sufficient shares to permit the issuance and allotment of shares to the Optionors as provided for hereunder.

### **3. Royalty Option**

3.1 Kodiak is hereby granted the sole and exclusive option to purchase up to one-third of the Royalty (i.e. 1.0%) from the Optionors for \$2,000,000, such option to be exercisable until 5:00 p.m. (local time in Vancouver, B.C.) on the second anniversary of the date of exercise of the Option by notice in writing accompanied by payment of the purchase price therefor.

#### **4. Exercise of Option and Maintenance of Claims**

4.1 Kodiak will have exercised the Option at such time as it has made the Option Payments in the manner contemplated in section 2.1, but nothing herein contained shall oblige Kodiak to exercise the Option in whole or in part.

4.2 Kodiak will keep the Claims in good standing at its own cost and expense during the currency of the Option by filing required assessment reports annually with the Ontario Ministry of Mines and Minerals, Sudbury Office, and Kodiak will forward one copy of each such assessment report to Roach forthwith thereafter.

4.3 If Company does not exercise the Option, Kodiak will leave the Claims in good standing for a period of at least one year from the earlier of the date of expiry or termination of the Option and that date, if any, on which Kodiak notifies Roach that it does not intend to conduct any further work on the Properties.

4.4 Kodiak shall have the right to abandon any claims or units comprised in the Property (each a "Surrendered Block") by written notice to the Optionors at any time prior to exercising the Option, without surrendering the Option or any other Claims or Units which are the subject of the Option, so long as Kodiak has complied with section 4.3 in respect of such Surrendered Block at the time of giving such notice.

#### **5. Title and Area of Interest**

5.1 Until Kodiak exercises the Option, title to the Property shall remain in the names of one or more of the Optionors. Within 10 days of the date of exercise of the Option, if any, the Optionors will deliver or cause to be delivered to Kodiak duly executed and recordable instruments of transfer transferring an undivided 100% right, title and interest in and to the Property to Kodiak subject only to the Royalty.

5.2 Kodiak shall be entitled at any time during the currency of the Option to deposit, file, register and record this Agreement or a memorandum or record hereof in the appropriate governmental recording office for the jurisdiction(s) in which the Property is located and with any other governmental agencies, and the Optionors and each of them will in each such instance do or cause to be done all acts and deeds, and execute all such documents as may be necessary or desirable to permit Kodiak to effect such deposit, filing, registration or recordation.

5.3 If at any time during the subsistence of this Agreement the Optionors or any of them stakes or otherwise acquires, directly or indirectly, any right or title to or any legal or beneficial interest in any mineral claim or unit, or any license, lease, grant, concession, permit, patent or other interest in any mineral property located wholly or partly within two kilometres of the external boundary of any of the claims comprised in the Property, (each of which is herein called an "Interest"), the Optionors will immediately give notice of the acquisition of such Interest, together with particulars of the Interest, and such Interest will thereafter be and will be deemed for all purposes to be part of the Property and to be subject to the Option and the Royalty.



## **6. Rights and Obligations of Kodiak as Operator**

6.1 After the Acceptance Date and before the exercise or termination of the Option, Kodiak will be entitled to undertake all work on the Property as "operator" and will have control and direction over all work programs on the Property, and in such capacity shall have the sole right to:

- (a) enter onto the Property and have the use and enjoyment thereof without interruption by or disturbance from the Optionors, or any person claiming by, through or under the Optionors;
- (b) do such prospecting, exploration, development and other mining work thereon and thereunder as Kodiak may in its sole discretion consider advisable or desirable;
- (c) bring and erect upon the Property such equipment and facilities as Kodiak may in its sole discretion consider advisable or desirable; and
- (d) remove materials from the Property for the purposes of assaying and testing, bulk sampling or otherwise as Kodiak may in its sole discretion consider advisable or desirable, and, subject to the Royalty, dispose of such materials for its own account by way of sale or otherwise as Kodiak may in its sole discretion consider advisable or desirable;

and in connection therewith Kodiak shall until the exercise or surrender or termination of the Option:

- (e) make all filings required by applicable laws relating to the Property and at all times maintain in good standing those mineral claims comprised in the Property that are in good standing on the date of Acceptance by the doing and filing of assessment reports and payment of taxes and rentals and the performance of all other actions which may be necessary in that regard, including, without limitation, keeping the Property free and clear of all liens, charges and encumbrances or any kind whatsoever;
- (f) permit the Optionors and their employees and agents, at their own expense, access to the Property at all times, in which event the Optionors will indemnify Kodiak against and save it harmless from all loss, costs, claims, liabilities and expenses that Kodiak may incur or suffer as a result of any injury (including injury causing death) to such persons while on the Property;
- (g) indemnify and save the Optionors harmless with respect of any costs, claims, liabilities and expenses arising out of Kodiak's activities on the Property; provided that Kodiak will incur no obligation hereunder in respect of claims arising or damages suffered after termination of the Option if upon termination of the Option any workings on or improvements to the Property made by Kodiak are left in a safe condition;
- (h) conduct all operations on the Property in workmanlike manner and in compliance with the provisions of applicable laws pertaining to such operations.

6.2 Upon execution of this Agreement, the Optionors will deliver to Kodiak copies of all geological information in their possession relating to the Property.

## **7. Plan of Arrangement**

7.1 The parties acknowledge their common intention that Kodiak shall use reasonable commercial efforts to create a subsidiary company (“Newco”) to be formed as a gold exploration company and operated independently from Kodiak with the intention that the Property will be fully valued by the market and not “included” in the market value placed on Caribou Lake.

7.2 The parties also acknowledge their common intention Kodiak shall make the Initial Cash Payment and issue the Initial Shares to the Optionors so that the Optionors are reimbursed their out-of-pocket expenses and receive a share position in Kodiak, and that:

- (a) after making the Initial Cash Payment and issuing the Initial Shares to the Optionors, Kodiak will, subject to acceptance by the Exchange and shareholder and Court approval, assign the Option and its other rights under this Agreement to Newco and, at the same time, transfer the Knucklethumb project (including the Vent) and ~\$1,000,000 in cash to Newco to “spin-off” Kodiak’s gold properties, including the Property;
- (b) completion of these transactions would be subject to Newco completing the plan of arrangement (the “Arrangement”) described below and receiving conditional consent from the Exchange to a listing of Newco on the Exchange (i.e. conditional on Kodiak and Newco fulfilling Exchange requirements with respect to such listing, which may or may not include additional financing, filing a prospectus and/or broker sponsorship);
- (c) it is anticipated that \$1,000,000 will cover the costs of the first anniversary cash payment to the Optionors (\$65,000), the first year’s exploration expenditures (\$275,000), administrative expenses for one year (~\$180,000) and the Exchange requirement that Newco have at least \$100,000 in unallocated working capital upon completion of the Arrangement;
- (d) Kodiak shall be entitled to deduct any money spent by Kodiak on any exploration program on the Property during the time it takes to obtain Exchange approval and to complete the Arrangement from the \$1,000,000 proposed to be advanced to Newco by Kodiak;
- (e) additional required funding will be provided by way of private placement of securities of Newco to fund its future operations.

7.3. Assuming completion of the plan of arrangement, future cash payments and shares required to be made and issued pursuant to section 2.1 to exercise the Option will be made and issued by Newco to the Optionors, and if, as contemplated, on completion of the Arrangement Newco issues to Kodiak shareholders only a percentage of the number of shares Kodiak has outstanding on the effective date of the Arrangement, the number of Newco shares thereafter issued to the Optionors pursuant to section 2.1 of this Agreement will be that same percentage of the numbers set out in section 2.1 of this Agreement; and in that regard the Optionors acknowledge the intention of Kodiak to cause Newco to issue only approximately 1/7 of the number of shares which Kodiak currently has outstanding, so that on completion of the Arrangement Kodiak will have approximately 66,500,000 shares outstanding and

Newco will have approximately 9,500,000 shares outstanding, and the number of Newco shares thereafter issued to the Optionors pursuant to section 2.1 of this Agreement will be adjusted accordingly while the cash payments and exploration expenditures shall remain unchanged.

7.4 Kodiak shall not be obligated to complete the contemplated Arrangement, and if Kodiak determines not to proceed with the Arrangement, Kodiak will retain the Option or, if it has previously transferred or assigned the Option to Newco in contemplation of the Arrangement, reacquire it from Newco at cost, and will thereafter have the continuing right to exercise the Option; provided that if Newco has issued any shares in satisfaction of any Option Payment stipulated by section 2.1 prior to the reacquisition of the Option by Kodiak, then Kodiak will exchange the number of shares provided for in section 2.1 for the Newco shares previously issued in satisfaction of thereof.

## **8. Default and Termination of Option**

8.1 If at any time before the Option is exercised Kodiak fails to perform any obligation required to be performed hereunder or is in breach of a warranty given herein, which failure or breach materially interferes with the implementation or continuance of this Agreement, the Optionors may terminate this Agreement, but only if:

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

8.2 Notwithstanding any other provision of this Agreement, Kodiak may terminate the Option and this Agreement by written notice to the Optionor.

8.3 If the Option is terminated or if Kodiak fails to exercise the Option, Kodiak will deliver all property reports and related information to the Optionors and will provide the Optionors with a report on all assessment work done and payments made during the currency of the Option.

## **9. Force Majeure**

9.1 Kodiak shall not be liable to the Optionors, and shall not be deemed in default hereunder for any delay in the exercise of the Option, including payment of any portion of the Option Price, if prior to exercise or payment any dispute as to ownership or title to the Property or the minerals therein arises. All times provided for in this Agreement shall be extended for the period commensurate with the period for the delay and, so far as possible, both parties shall take all reasonable steps to remedy the delay caused by the events referred to above.

9.2 Neither party shall be liable to the other party hereto and neither party shall be deemed in default hereunder for any failure or delay in the performance any of its covenants and agreements, or in the case of Kodiak any exercise of the Option, caused by or arising out of any act, omission or thing not

reasonably within the control of such party, excluding lack of funds but including without limitation acts of God, strikes, lockouts or other industrial disputes, acts of the public enemy, native land claims, blockades, disputes as to Property ownership, war, acts of terrorism, riots, fire, storm, flood, explosion, government restriction or the obtaining of governmental or regulatory acceptances or approvals, inability to obtain required equipment or supplies, or other similar act, omission or thing whether of the nature or kind set above or otherwise. The party affected shall give prompt notice to the other party of the commencement and termination of each of the events referred to above. No right of a party shall be affected for failure or delay of a party to meet any condition of this Agreement if the failure or delay is caused by one of the events referred to above. All times provided for in this Agreement shall be extended for the period commensurate with the period for the delay and, so far as possible, the party affected shall take all reasonable steps to remedy the delay caused by the events referred to above.

## **10. Miscellaneous**

10.1 Time is of the essence of this Agreement except as provided for in Section 8.1.

10.2 Any notice to be required or permitted hereunder must be in writing and may be sent by facsimile or other form of telegraphic or electronic transmission, or by prepaid registered mail deposited in a post office in Canada addressed to the party entitled to receive the same, or delivered to such party at the address specified above, or to such other address as any party may give to the others for that purpose. The date of receipt of any notice, demand or other communication hereunder will be the date of delivery if delivered, the date of transmission if sent by facsimile or other form of telegraphic or electronic transmission, or, if given by registered mail as aforesaid, will be the third day after the same will have been so mailed except in the case of interruption of postal services for any reason whatsoever, in which case the date of receipt will be the date on which the notice, demand or other communication is actually received by the addressee.

10.3 This Agreement constitutes the entire agreement between the parties hereto and supersedes any other agreement or arrangement, whether oral or written, heretofore existing between the parties in respect of the Property.

10.4 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, and except as otherwise provided for herein, shall not be assignable.

10.5 Each of the parties will be responsible for their own respective legal expenses relating to this Agreement and the negotiation and preparation of any ancillary documents.

10.6 This Agreement shall be interpreted and construed in accordance with the laws of British Columbia and the parties hereto irrevocably attorn to the exclusive jurisdiction of the Courts of British Columbia.

10.7 All monetary references in this Agreement are to Canadian dollars unless otherwise stated.

10.8 To meet the requirements of the Exchange, each party to this Agreement expressly consents to:

- (a) the disclosure of Personal Information by Kodiak to the Exchange (as defined in Appendix 6A of the Exchange) pursuant to Form 5B of the Exchange; and

- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

If the above terms and conditions accurately record your understanding of our agreement, please so acknowledge by signing a copy of this Agreement in the space provided and returning the same to us at your earliest convenience. Upon your execution hereof, this Agreement will constitute a legal and binding agreement subject to its terms.

Yours truly,

**KODIAK EXPLORATION LIMITED**

Per:

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William Chornobay, President

The foregoing agreement is hereby confirmed and acknowledged as of the 21st day of July, 2006.

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**STEPHEN N. ROACH**

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**DENIS LAFOREST**

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**PIERRE MAILLET**

This is page 11 of a letter agreement made as of July 21, 2006 between Stephen N. Roach, Denis Laforest and Pierre Maillet as optionors and Kodiak Exploration Limited as optionee.

## **SCHEDULE "A"**

To a letter agreement made as of July 21, 2006 between Stephen N. Roach, Denis Laforest and Pierre Maillet as optionors and Kodiak Exploration Limited as optionee.

### **DESCRIPTION OF PROPERTY**

Fifteen mineral claims comprising 220 Units (~8,690 acres) located in Elmhirst and Rickaby Townships, in the Province of Ontario, and more particularly described in the spreadsheet attached hereto:

## **SCHEDULE "B"**

To a letter agreement made as of July 21, 2006 between Stephen N. Roach, Denis Laforest and Pierre Maillet as optionors and Kodiak Exploration Limited as optionee.

### **CALCULATION AND PAYMENT OF ROYALTY**

#### **NET SMELTER RETURN INTEREST**

##### **1. Definitions**

Where used herein:

- (a) "Agreement" means the Agreement to which this schedule is attached;
- (b) "Costs" means all costs, charges and expenses incurred in delivering Product to a purchaser including, but without limitation, smelting, refining, and other treatment charges, penalties, sampling and assay costs, umpire assay costs, costs of insurance, freight and transportation of Product from the mine to the smelter, refiner or other party taking delivery of the Product, excise and sales taxes, customs, duties, government royalties on gross production and sales commissions, discounts, and other marketing costs further deducted at the smelter or refinery from the gross proceeds for the Product or paid by the Royalty Payer, except for income taxes, which are specifically excluded;
- (c) "Fiscal Period" means a three months period ending on the last day of March, June, September and December of each calendar year;
- (d) "Net Smelter Return" and "NSR" have the meaning given by paragraph 2 of this schedule;
- (f) "Product" means all ores, concentrates, minerals, or other products removed from the Mineral Dispositions and sold;
- (g) "Revenue" means gross revenues actually received during each Fiscal Period for the sale of Product by the Royalty Payer the value of which shall be determined as follows:
  - (i) if the Product is fine gold or silver, the value is the amount of fine gold or silver disposed of during the Fiscal Period multiplied by:
    - (A) for gold the average London Bullion Brokers P.M. gold fixing for the Fiscal Period; and
    - (B) for silver the average Handy and Harman Noon Silver quotation for the Fiscal Period.

The average price for the Fiscal Period shall be determined by dividing the sum of all daily prices posted during the Fiscal Period by the number of days that prices were posted. The posted price will be obtained from the Wall Street Journal, Reuters, E. and M.J. or any other reliable source. If either the London Bullion Brokers P.M. Gold Fixing or the Handy and Harman Noon Silver quotation ceases to be published, the parties shall agree upon a similar alternative method to determine the average daily spot market price for gold or silver, as the case may be. If the parties are unable to agree upon an alternative method determining the average daily spot market price for gold or silver, as the case may be, such dispute shall be submitted to arbitration in accordance with the Agreement;

- (ii) if the Product is ore, concentrate, precipitate, leach solution or any mineral substance other than fine gold or silver, the value is the amount of revenues paid by the smelter, refiner or other purchaser, plus any bonuses and subsidies less all penalties, umpire assaying, assaying, sampling charges, and insurance costs, whether deducted by such purchaser or otherwise paid or incurred by Royalty Payer.

Where revenue otherwise to be included under this subsection is received by Royalty Payer in a transaction with a party with whom it is not dealing at arm's length, the revenue to be included shall be based on the fair market value under the circumstances and at the time of the transaction.

- (g) "Royalty Interest" means the 3.0% NSR payable to Royalty Holder pursuant to the Agreement;
- (h) "Royalty Holder" means the party entitled to payment of a royalty pursuant to the Agreement;
- (j) "Royalty Payer" means the party obligated to pay a royalty pursuant to the Agreement.

Capitalized terms which are not specifically defined in this Schedule shall have the meaning given to them in the Agreement.

## **2. Net Smelter Return**

For each Fiscal Period, Royalty Payer shall pay Royalty Holder a royalty of 3.0% of net smelter returns calculated and paid in accordance with this Schedule.

## **3. Calculation of Net Smelter Return**

The Net Smelter Return from the Mineral Dispositions for each Fiscal Period means the excess, if any, of Revenues for such Fiscal Period less Costs. The Net Smelter Return shall be computed at the end of each Fiscal Quarter. On or before the last day of the first month following each Fiscal Quarter, a statement shall be furnished setting forth in reasonable detail the computation of the Net Smelter Return for the previous Fiscal Quarter and the Royalty Interest due to the Royalty Holder, if any. Payment of the Royalty Interest due, if any, shall be enclosed with such statement.

## **4. Audit**

The Royalty Holder, upon written notice to the Royalty Payer shall have the right to have an independent firm of chartered accountants audit the records that relate to the calculation of the Royalty Interest within twenty-four (24) months after receipt of each payment described in this Schedule.

The Royalty Holder shall be deemed to have waived any right it may have had to object to a payment made for any calendar year unless it provides notice in writing of such an objection within twenty-four (24) months after receipt of each payment. If the parties are unable to resolve any such dispute within sixty (60) days after receipt of such notice, the dispute shall be resolved by arbitration.



## **5. Commingling of ore.**

Before any Products from the Mineral Dispositions are commingled with ores and minerals from other properties, the Products from the Mineral Dispositions shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content. Representative samples of the Products shall be retained by the Royalty Payer and assays (including penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine metal, commercial minerals and other appropriate content. Detailed records shall be kept by Royalty Payer showing measures, moisture, assays of metal, commercial and other appropriate content and penalty substances, and gross metal content of the Products. From this information, Royalty Payer shall determine the amount payable to Royalty Holder from Products from the Mineral Dispositions commingled with ores and minerals from other properties.



November 23, 2007

Messrs. Stephen N. Roach,  
Denis Laforest and Pierre Maillet  
c/o 16 Aurora Cr.  
Nepean, Ontario  
Canada K2G 0Z7

Dear Sirs:

**Re: Kodiak Exploration Limited ("Kodiak") and Stephen N. Roach ("Roach") Denis Laforest ("Laforest") and Pierre Maillet ("Maillet") (together the "Optionors") - Option on the Hercules Mineral Claims**

Pursuant to an option agreement (the "Agreement") dated July 21, 2006, the Optionors granted to Kodiak an option (the "Option") to acquire an undivided 100% right, title and interest in and to fifteen mineral claims (collectively the "Original Claims") located in the Thunder Bay Mining Division, Elmhurst and Rickaby Townships, collectively known as the "Hercules" property.

In conjunction with its acquisition of the Option, Kodiak paid to have an additional 21 mineral claims staked in the area adjacent to the Original Claims. It was the intention of the Optionors and Kodiak that such additional claims (the "Staked Claims"), which are more particularly described in Schedule "A" to this letter, would be included as part of the "Hercules" property and therefore subject to the terms of the Option and the 3% net smelter returns royalty (the "NSR") in favor of the Optionors. Accordingly, the Staked Claims were recorded in the joint names of the Optionors.

Kodiak is now undertaking a brokered financing and, in order that the property title opinion being obtained in connection with that financing accurately reflects the Optionors' rights and entitlements in respect of the Staked Claims, it is desirable that the Agreement be amended to record the Staked Claims as being subject to the Option and the NSR. Therefore, in consideration of the premises and the sum of \$10.00 now paid to Kodiak by the Optionors, the receipt and sufficiency of which is hereby acknowledged, Kodiak hereby covenants and agrees with the Optionors as follows:

1. The Agreement is hereby amended by deleting Schedule "A" to the Agreement in its entirety and substituting Schedule "A" to this amending agreement in its place and stead.

Suite 1205 - 700 W. Pender Street, Vancouver BC V6C 1G8 Tel: (604) 688-9006 Fax: (604) 688-9029  
www.kodiakexp.com info@kodiakexp.com

- 2. Save as amended by this amending agreement, the Agreement shall continue in full force and effect, unamended.

Please indicate your agreement with the foregoing by signing a copy of this Agreement in the space provided and returning the same to us by fax or email at your earliest convenience.

Yours truly,

**KODIAK EXPLORATION LIMITED**

Per:



William Chornobay, President

The foregoing agreement is hereby confirmed and acknowledged as of the 23<sup>rd</sup> day of November, 2007.

\_\_\_\_\_  
STEPHEN N. ROACH

\_\_\_\_\_  
DENIS LAFOREST

\_\_\_\_\_  
PIERRE MAILLET

- 2. Save as amended by this amending agreement, the Agreement shall continue in full force and effect, unamended.

Please indicate your agreement with the foregoing by signing a copy of this Agreement in the space provided and returning the same to us by fax or email at your earliest convenience.

Yours truly,

**KODIAK EXPLORATION LIMITED**

Per:

\_\_\_\_\_  
William Chornobay, President

The foregoing agreement is hereby confirmed and acknowledged as of the 23<sup>rd</sup> day of November, 2007.



\_\_\_\_\_  
**STEPHEN N. ROACH**

\_\_\_\_\_  
**DENIS LAFOREST**

\_\_\_\_\_  
**PIERRE MAILLET**

- 2. Save as amended by this amending agreement, the Agreement shall continue in full force and effect, unamended.

Please indicate your agreement with the foregoing by signing a copy of this Agreement in the space provided and returning the same to us by fax or email at your earliest convenience.

Yours truly,

**KODIAK EXPLORATION LIMITED**

Per:

\_\_\_\_\_  
William Chornobay, President

The foregoing agreement is hereby confirmed and acknowledged as of the 23<sup>rd</sup> day of November, 2007.

\_\_\_\_\_  
**STEPHEN N. ROACH**

  
\_\_\_\_\_  
**DENIS LAFOREST**

\_\_\_\_\_  
**PIERRE MAILLET**

Page 2

2. Save as amended by this amending agreement, the Agreement shall continue in full force and effect, unamended.

Please indicate your agreement with the foregoing by signing a copy of this Agreement in the space provided and returning the same to us by fax or email at your earliest convenience.

Yours truly,

**KODIAK EXPLORATION LIMITED**

Per:

\_\_\_\_\_  
William Chornobay, President

The foregoing agreement is hereby confirmed and acknowledged as of the 23<sup>rd</sup> day of November, 2007.

\_\_\_\_\_  
**STEPHEN N. ROACH**

\_\_\_\_\_  
**DENIS LAFOREST**

  
**PIERRE MAILLET**

### SCHEDULE "A"

To a letter agreement made as of July 21, 2006 between Stephen N. Roach, Denis Laforest and Pierre Maillet as optionors and Kodiak Exploration Limited as optionee (as amended November 23, 2007).

#### DESCRIPTION OF HERCULES PROPERTY

Thirty-six mineral claims located in Elmhirst, Kaby Lake, Rickaby and Walters Townships, Thunder Bay Mining Division, in the Province of Ontario, and more particularly described below:

Township/Area	Claim Number
Elmhirst	3006395
Elmhirst	3006396
Elmhirst	3006397
Elmhirst	3006398
Elmhirst	3006403
Elmhirst	3006404
Elmhirst	3006405
Elmhirst	3006406
Elmhirst	3006416
Elmhirst	3006958
Elmhirst	4204270
Elmhirst	4204271
Elmhirst	4204272
Elmhirst	4204277
Elmhirst	4204278
Elmhirst	4204279
Elmhirst	4204280
Elmhirst	4204283
Elmhirst	4204284
Elmhirst	4210950
Elmhirst	4210951
Elmhirst	4210970
Elmhirst	4210971
Elmhirst	4210972
Elmhirst	4210973
Elmhirst	4210974
Kaby Lake	3006400
Kaby Lake	3006401
Kaby Lake	3006402
Kaby Lake	4204274
Kaby Lake	4204287
Kaby Lake	4204288
Kaby Lake	4204288
Rickaby	3006399
Rickaby	3006959
Walters	4204276

Suite 1205 - 700 W. Pender Street, Vancouver BC V6C 1G8 Tel: (604) 688-9006 Fax: (604) 688-9029  
www.kodiakexp.com info@kodiakexp.com

**SCHEDULE C  
ROYALTY**



**THIS ROYALTY AGREEMENT** is dated as of •.

**BETWEEN:**

**ARGONAUT GOLD INC.**, a corporation having its head office at 9600 Prototype Court,  
Reno, Nevada 89521

(hereinafter called the “**Payee**”)

**AND:**

[INSERT NAME OF GRANTING PARTY]

(hereinafter called the “**Payor**”)

**WITNESSETH THAT** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Parties hereto agree as follows:

## **1. Definitions and Interpretation**

- 1.1. In this Agreement, except as otherwise expressly provided, or unless the context otherwise requires:
- (a) “**Acquired Rights**” means any rights to property staked or optioned by the Payor within the boundaries of the Property and within a 5 km radius from the outer boundaries of the Property.
  - (b) “**Affiliate**” means any Person that directly or indirectly Controls, or is Controlled by or is under common control with, the Payor or the Payee as the context requires, or with whom the Payor or Payee, as applicable, does not deal with at arm’s length (as defined in the *Income Tax Act* (Canada)).
  - (c) “**Arm’s Length Party**” means, with respect to any particular Person, another Person: (i) that is not (A) a Related Person, or (B) otherwise determined not to be dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)); and (ii) in respect of which the Payor has provided evidence, satisfactory to the Payee, acting reasonably, to support a conclusion that such other Person satisfies the requirements of clause (i) of this definition.
  - (d) “**Arm’s Length Terms**” means, with respect to any particular transaction, price and terms thereof that are no less favourable to the Payor than those which would be agreed upon and paid in a similar transaction under similar circumstances with an Arm’s Length Party.
  - (e) “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario.
  - (f) “**COMEX**” means the COMEX division of the New York Mercantile Exchange.
  - (g) “**Commercial Production**” means any form of mining, milling, processing, concentrating, recovery or refining activity conducted with the intention of creating economic value or economic gain from Minerals including the taking of Minerals from the Property for the

purpose of bulk sampling or determining the amenability of the Minerals to beneficiation processes or mining to the extent that such taking results in actual proceeds of sale.

- (h) **“Commercial Production Date”** means the first date on which Commercial Production occurs.
- (i) **“Control”** means, with respect to any particular Person (or group of Persons), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another Person (or group of Persons), whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact; and without limiting the foregoing, direct or indirect ownership by such Person (or group of Persons) of securities (or any other ownership interest) of another Person (or group of Persons) carrying more than 50% of the voting rights shall be deemed to be “Control” of such other Person (or group of Persons); and “Controlled” and “Controlling” have similar meanings.
- (j) **“Deemed Receipts”** means, with respect to any particular Refined Product and for any particular Fiscal Quarter, the net number of pounds avoirdupois, troy ounces or other relevant unit of measure, as applicable, returned to, or credited to the account of, the Payor or any Related Person by the applicable Refinery in such Fiscal Quarter, multiplied by the following applicable price, determined in each case for such Fiscal Quarter in accordance with the terms hereof:
  - (i) for Refined Copper, the average of the LME Settlement Price for Grade A Copper Cathode in the case of return of LME Grade A Copper Cathode or of the COMEX High Grade First Position Settlement price in the case of return of COMEX High Grade Copper or the equivalent;
  - (ii) for Refined Zinc, the average of the LME Settlement Price for special high-grade zinc;
  - (iii) for Gold Bullion, the average daily mean of the initial and final quotations of LBMA Gold Price;
  - (iv) for Silver Bullion, the average LBMA Silver Price;
  - (v) for Lead, the LME Settlement Price for high-grade lead;
  - (vi) for Platinum plate or ingots, the average of morning and afternoon fix LBMA Platinum Prices;
  - (vii) for Palladium plate or ingots, the average of morning and afternoon fix LBMA Palladium Prices;
  - (viii) for Iridium, the average Johnson Matthey Rhodium Base Price;
  - (ix) for Rhodium, the average Johnson Matthey Rhodium Base Price;
  - (x) for Ruthenium, the average Johnson Matthey Rhodium Base Price;
  - (xi) for Other Refined Products, the average LME prices for such Other Refined

Product.

- (k) “**Encumbrance**” means any security interest, mortgage, pledge, lien, charge, title retention arrangement, trust or power, or other form of security or interest having effect as a security for the payment of any monetary obligation or the observance of any other obligation whether existing or agreed to be granted or created, including any easements, road or other access agreements, flowage rights, and terms of any local, state or federal land use or environmental laws or regulations.
- (l) “**Exchange**” means, with respect to any particular Product, the principal commodities exchange on which such Product is sold (determined on a sale volume basis); and, in respect of the following Products, shall have the following meaning: (i) in the case of copper, the LME or COMEX; (ii) in the case of zinc, the LME; (iii) in the case of gold, silver, platinum, or palladium, the LBMA; (iv) in the case of lead, the COMEX; (v) in the case of rhodium, iridium or ruthenium, Johnson Matthey; and, (vi) in the case of Other Refined Products, the LME.
- (m) “**Financing Party**” means any Person who has provided or provides any form of financial assistance to the Payor in bringing the Property into or in continuing or expanding Commercial Production.
- (n) “**Fiscal Quarter**” means a fiscal quarter of the Payor ending on March 31, June 30, September 30 or December 31, as applicable, in each Fiscal Year.
- (o) “**Fiscal Year**” means the Fiscal Year of the Payor ending on December 31 in each calendar year.
- (p) “**Gold Bullion**” means gold bullion that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (q) “**Governmental Authority**” means any (i) federal, provincial, state, territorial, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision 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 above.
- (r) “**IFRS**” means International Financial Reporting Standards, at the relevant time, applied on a consistent basis.
- (s) “**Indemnified Party**” means the Payee, any Affiliate of the Payee and all directors, officers, employees, accountants, auditors, financial advisors, legal advisors, agents and other representatives of the Payee and its Affiliates.
- (t) “**Independent Valuator**” means a duly qualified and accredited independent professional valuator and appraiser of Minerals appointed by the Payee and approved by the Payor, acting reasonably.
- (u) “**Insolvency Event**” means, in relation to any Person, any one or more of the following events or circumstances:
  - (i) proceedings are commenced for the winding-up, liquidation or dissolution of it,

unless it in good faith actively and diligently contests such proceedings resulting in a dismissal or stay thereof within 60 days of the commencement of such proceedings;

- (ii) a decree or order of a court of competent jurisdiction is entered adjudging it to be bankrupt or insolvent, or a petition seeking reorganization, arrangement or adjustment of or in respect of it is approved under applicable laws relating to bankruptcy, insolvency or relief of debtors;
- (iii) it makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences for itself or acquiesces in or approves or has filed or commenced against it any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any substantial part of its assets or property, or has a liquidator, administrator, receiver, trustee, conservator or similar person appointed with respect to it or any substantial portion of its property or assets; or
- (iv) a resolution is passed for the winding-up or liquidation of it.
- (v) “**Intermediate Products**” means concentrates, including without limitation Iron Ore concentrates and pellets, leachates, precipitates, and other concentrates, doré, and other intermediate products, if any, produced from Raw Products, but shall not include cathode or Other Refined Products.
- (w) “**Iridium**” means the iridium that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (x) “**Iron Ore**” means all raw mined products which may be sold as direct shipping iron ore, products generated from beneficiation techniques to produce concentrated iron ore fines from raw mined products, further refined products such as iron ore pellets, and any derivative of a mineral product from which metallic iron is extracted.
- (y) “**iron ore pellets**” means a product obtained by pelletizing iron ore or iron ore concentrates, suitable for iron making in blast furnaces.
- (z) “**Laws**” means all laws, by-laws, statutes, codes, ordinances, regulations and rules, and all treaties, constitutions, judgments, decrees, orders, directives, consents, authorizations, approvals, guidelines, protocols, notices and policies to the extent that they have the force of law and all rules, policies and other requirements of any stock exchange, in each case binding on or affecting a Person, or the assets of the Person, referred to in the context in which the word is used.
- (aa) “**LBMA**” means the London Bullion Market Association.
- (bb) “**Lead**” means the lead that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (cc) “**LME**” means the London Metal Exchange.

- (dd) **“Market Value”** means, with respect to any particular Transfer of Minerals on any particular date of determination, the maximum amount that could reasonably be expected to be, or has been, realized from the Transfer of such Minerals on such date in a transaction completed on Arm’s Length Terms, as determined by an Independent Valuator, based upon world terms available from other smelters, refineries, pelletization facilities, steel companies or other purchasers to which such Products would otherwise be shipped and processed, for like kind, quantity, quality and grade of such Products.
- (ee) **“Minerals”** means all rocks, metallic and non-metallic minerals, ore, concentrate, precious and base metals, oil, gas, elements and other materials, and Products derived therefrom, located on, or extracted, recovered or otherwise derived from, the Property through mining, milling, processing, concentrating, smelting or refining activity or otherwise, including without limitation, all iron, nickel, zinc, lead, copper, cobalt, silver, gold, platinum, palladium, rhodium, uranium, rare earth metals, limestone, dolomite, aggregate and quarry materials relating to the Property.
- (ff) **“Net Smelter Returns”** means Proceeds less Permissible Deductions.
- (gg) **“Non-qualifying Refined Products”** is defined in the definition of “Physical Product Receipts”.
- (hh) **“Other Refined Products”** means the out turned metals produced from Raw Products and/or Intermediate Products through subsequent smelting or refining that meet the applicable specifications for such products and that have prices regularly quoted on the LME.
- (ii) **“Palladium”** means palladium that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (jj) **“Parties”** means the parties to this Agreement, and “Party” means either of them, in each case together with their successors and permitted assigns.
- (kk) **“Permissible Deductions”** means the aggregate of the following costs and charges (to the extent not previously deducted or accrued in computing Receipts) that accrue or are paid in any particular Fiscal Quarter:
- (i) direct transportation and insurance costs incurred delivering Minerals or Products from the Property to a Refinery;
  - (ii) if applicable under the smelter contract, all costs of transporting and insuring the Minerals or Products from the Refinery to the place of delivery to the Purchaser;
  - (iii) all smelting, refining and final treatment costs, penalties and other deductions charged by the Refinery; and
  - (iv) marketing costs, including sales commissions, incurred in selling Refined Products

provided that where a cost or charge otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with any other Person that is not an Arm’s Length

Party such cost or charge may be deducted only as to the lesser of the actual cost or charge incurred by the Payor and the lowest cost that could reasonably have been obtained if dealing with an Arm's Length Party, considering the time of such transaction and under all the circumstances then applicable.

- (ll) **"Person"** means a natural person, a corporation, company or other body corporate (with or without share capital), a partnership or limited partnership, a joint venture, an unincorporated association, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a regulatory body or agency, a government or governmental agency, or any other legal or business entity however designated or constituted.
- (mm) **"Physical Product Receipts"** means:
- (i) If Raw Products or Intermediate Products are Transferred by the Payor to a Refinery, pelletization facility, steel company or other Arm's Length Party, other than a Financing Party, the Payor's gross proceeds from such sale, including revenues in the form of credits for other Products and the amount of all discounts or rebates.
  - (ii) If Refined Products are Transferred by the Payor to any Arm's Length Party and there are no Deemed Receipts for such Refined Products (**"Non-qualifying Refined Products"**), the gross revenues from such sale, including revenues in the form of credits for other Products, and the amount of all discounts and rebates.
  - (iii) If Raw Products, Intermediate Products or Non-qualifying Refined Products are Transferred to a Related Person or a Financing Party or any other Person that is not an Arm's Length Party, and then are Transferred without further processing by or for such a Related Person, Financing Party or other Person that is not an Arm's Length Party to an Arm's Length Party, the gross revenues from such Transfer, including revenues in the form of credits for other Products, and the amount of all discounts and rebates.
  - (iv) If Raw Products, Intermediate Products or Non-qualifying Refined Products are Transferred to a Person that is not an Arm's Length Party or a Financing Party in any transaction that is not described in paragraphs (i), (ii) and (iii) (including without limitation where such person consumes such Raw Products, Intermediate Products or Non-qualifying Refined Products in its own operations) then the Market Value of such Raw Products, Intermediate Products or Non-qualifying Refined Products, FOB (Incoterms, 2010) the port or other freight terminal from which such Products are or would normally be shipped to the purchaser.
- (nn) **"Platinum"** means platinum that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (oo) **"Prime Rate"** means at any particular time the annual rate of interest announced from time to time by Royal Bank of Canada, Main Branch, Toronto, Ontario as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.

- (pp) **“Proceeds”** means, in respect of any particular period, without duplication: (i) the aggregate of: (A) all Receipts and other proceeds received during such period by the Payor or any Related Person in respect of the sale of Products (including, without limitation, insurance proceeds in respect of any loss relating to Minerals or Products, as applicable, that was paid to the Payor or any Related Person during such period) from Arm’s Length Parties; plus (B) the Market Value of all Minerals that have been stockpiled for more than six (6) months (determined as of the last day of such six (6)-month period), minus (ii) the aggregate of: (X) any amount in respect of stockpiled Minerals that was included in the calculation of “Proceeds” for any prior period, to the extent that such stockpiled Minerals were sold during the current period.
- (qq) **“Products”** means all Raw Products, Intermediate Products and Refined Products produced or otherwise derived from the Property.
- (rr) **“Property”** means the subsurface, mineral, exploration, mining and access rights relating to the lands set forth in Schedule A annexed hereto and all Acquired Rights, and all lands, property and ancillary or appurtenant rights contained in any of the foregoing, or attached or accruing thereto, including any renewals, extensions or replacements of the same issued from time to time in whole or in part, and any other property or mineral tenure that may arise from time to time in connection therewith, including for the sake of certainty any mineral lease or mineral grant, whether extending over a greater or lesser area.
- (ss) **“Raw Products”** means ore produced, removed, recovered or otherwise derived from the Property in the form of run of mine ore, direct shipment ore and other similar crude or raw ore produced, removed or otherwise derived from the Property without further processing other than crushing.
- (tt) **“Receipts”** means, for any particular Fiscal Quarter, all Physical Product Receipts and Deemed Receipts for such Fiscal Quarter.
- (uu) **“Refined Copper”** means copper that meets the applicable physical specifications for good delivery and the minimum purity requirements for the applicable Exchange.
- (vv) **“Refined Products”** means Gold Bullion, Silver Bullion, Refined Copper, Refined Zinc, Lead, Platinum, Palladium, Rhodium, Iridium, Ruthenium and Other Refined Products produced by a Refinery from Raw Products and/or Intermediate Products.
- (ww) **“Refined Zinc”** means zinc that meets the applicable physical specifications for good delivery and the minimum purity requirements for the applicable Exchange.
- (xx) **“Refinery”** means a smelter, refinery or other treatment facility, as applicable.
- (yy) **“Related Person”** means (i) any Affiliate, director, officer or shareholder of the Payor, (ii) a partner, other than a limited partner, of the Payor or its Affiliates; (iii) a trust or estate in which the Payor or its Affiliates has a substantial beneficial interest or for which the Payor or its Affiliates serves as trustee or in a similar capacity; (iv) a relative of any director, officer or shareholder of the Payor or of such Person’s spouse (including a spouse or child of such Person); or (v) any other Person that is not an Arm’s Length Party to the Payor or that has a non-arm’s length connection to, or relationship with, the Payor or any other Person referenced in clauses (i) through (iv) above.

- (zz) “**Rhodium**” means rhodium that meets the applicable physical specifications for good delivery and the minimum purity requirements for the applicable Exchange.
- (aaa) “**Royalty**” means for all Products and Minerals, a net smelter returns royalty payable from time to time, in perpetuity, by the Payor to the Payee, which shall be calculated in respect of any particular period by multiplying the applicable Royalty Rate in effect for such period by the amount of all Net Smelter Returns attributable to such period.
- (bbb) “**Royalty Rate**” means, the rate at which the Royalty is calculated, which shall be equal to the rate as described in section 2.1 of this Agreement.
- (ccc) “**Ruthenium**” means the ruthenium that meets the applicable physical specifications for good delivery and minimum purity requirements of the applicable Exchange.
- (ddd) “**Silver Bullion**” means silver that meets the applicable physical specifications for good delivery and the minimum purity requirements for the applicable Exchange.
- (eee) “**Trading Activities**” means forward sales, futures trading or commodity options trading, metals trading, gold loans, or any combination thereof, and other price hedging, price protection, and speculative arrangements.
- (fff) “**Transfer**” means any sale, transfer, grant, assignment, conveyance or other disposition; and “**Transferred**” shall have a corresponding meaning.
- (ggg) “**Transferee**” means any Person to whom any Product is Transferred.
- 1.2. All references to a designated “Article”, “Section” or other subdivision or to a Schedule are to the designated Article, Section, or other subdivision of, or Schedule to, this Agreement.
- 1.3. The words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision, or Schedule.
- 1.4. The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- 1.5. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- 1.6. The word “or” is not exclusive. The words “including”, “includes” and “include” each mean “including without limitation”.
- 2. Royalty**
- 2.1. The Payor hereby acknowledges the reservation in favour of the Payee, and grants, and agrees to pay to the Payee the Royalty at the Royalty Rate of 1%. If, at any time after having made payments under this Agreement for not less than two years following commencement of Commercial Production, the Payor pays to the Payee the lump-sum of \$1,000,000 Canadian dollars, the Royalty Rate reduces from and after the date of such payment from 1% to 0.5%.



### **3. Computation and Payment**

- 3.1. Royalty. The Royalty shall be calculated and paid in respect of each Fiscal Quarter ending on or after the date hereof.
- 3.2. Payments.
- (a) Each Royalty payment owing hereunder shall be paid to the Payee not more than forty-five (45) days after the end of the Fiscal Quarter for which such Royalty is owed, without demand by the Payee or any reduction or set-off by the Payor.
  - (b) Each Royalty payment made by the Payor hereunder shall be accompanied by a statement, signed by the Chief Financial Officer of the Payor, confirming the accuracy of the information provided in such statement, including the following information, in sufficient detail and with sufficient supporting information to enable the Payee to verify the accuracy thereof:
    - (i) all Proceeds received by the Payor during the most recently completed Fiscal Quarter, including a breakdown for each Product and Mineral;
    - (ii) all Permissible Deductions made from such Proceeds, if applicable, including a breakdown for each Product and Mineral;
    - (iii) any other deductions made from such Proceeds, if applicable;
    - (iv) details regarding any exchange rate used to determine the equivalent value in US dollars of any Proceeds or allowable deductions during such Fiscal Quarter or Fiscal Year, as applicable, that was paid in another currency;
    - (v) all relevant details regarding each Transfer of Minerals to a Related Person during such Fiscal Quarter or Fiscal Year, as applicable; and
    - (vi) details regarding any withholding tax or other tax, duty, assessment, levy or other charge of whatever nature imposed on or levied against the Payee by any Governmental Authority in respect of the Royalty, which the Payor, as prescribed by applicable Laws, withheld, collected, remitted or paid directly to any Governmental Authority on behalf the Payee.
  - (c) Each Royalty payment will be made, at the Payee's option, by certified bank cheque delivered to the address of the Payee set forth in this Agreement or as otherwise directed by the Payee or via wire payment to the account of the Payee, in accordance with wire transfer instructions provided by the Payee, and will be payable in immediately available funds in lawful currency of the United States of America, drawn on a U.S. or Canadian chartered bank and, to the extent that any amount included in the calculation of such Royalty payment is not denominated in US dollars, such amount shall be converted to US dollars using the applicable exchange rate quoted by Royal Bank of Canada, determined as of noon (Toronto time) on the last day of the Fiscal Quarter in respect of which such Royalty payment is made.
  - (d) Without limiting the rights of the Payee with respect to any breach of this Agreement by the Payor, if the Payor fails to pay any Royalty payment when due pursuant hereto, the

Payor shall pay to the Payee, forthwith upon demand: (i) interest on the outstanding amount of such unpaid Royalty payment, calculated daily and compounded monthly at the rate per annum equal to the Prime Rate plus two percent (2%) from and after the date on which such Royalty payment was due to and including the date on which such Royalty payment is paid in full; and (ii) all costs and expenses (including all legal fees and disbursements on a full indemnity basis and all costs of enforcement) incurred by the Payee in connection with the Payor's failure to pay such Royalty when due. Any overpayments or underpayments in connection with the payments owing hereunder shall be paid in the next Fiscal Quarter following determination of such adjustment in accordance with the terms hereof.

- (e) The Payor shall withhold and remit any applicable withholding of, or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature required to be withheld and remitted pursuant to applicable Law in respect of the Royalty.

3.3. Determination of Proceeds. The calculation of Proceeds shall be made in accordance with the following principles.

- (a) If insurance proceeds are received by the Payor or any Related Person for any loss or damage to any Refined Product prior to receipt at the applicable Refinery, such insurance proceeds, less any costs incurred to recover such proceeds, shall be included as Proceeds.
- (b) The average price of any Refined Product for any particular Fiscal Quarter shall be determined by dividing the sum of all daily prices posted during such Fiscal Quarter by the number of days that such prices were posted. Posted prices shall be obtained from Platt's Metals Daily, Metals Week or Metals Bulletin for the relevant period (or the average of such publications which publish such prices if more than one publishes relevant prices) but corrected to the official quotations of LME, COMEX or LBMA in the event of printing errors, and for other prices not published in such publications, such prices shall be obtained from the Wall Street Journal, Reuters, or other reliable source agreed by the Parties, acting reasonably; and if the Parties fail to agree on such source, an appropriate pricing source recognized by the mining industry shall be determined by arbitration in the manner provided herein.
- (c) If any price for any Product is not available or becomes unavailable for any reason, including the relevant price being renamed, or the relevant publications ceasing to publish or include such prices, the Parties shall agree upon a similar alternative method recognized in the mining industry for determining such price, and if the Parties fail to agree on such alternative method, such alternative method shall be determined by arbitration in the manner provided herein, and the average price for the Fiscal Quarter immediately preceding the Fiscal Quarter in which such price was determined to no longer be available shall be used on an interim basis (with subsequent adjustment) until such alternative method has been finally determined by arbitration in the manner provided herein.
- (d) If any applicable specification or definition of good delivery or applicable contract specifications for any Refined Products utilized by the LME, COMEX, LBMA or Johnson Matthey changes, or if any such Exchange ceases to exist or is reconstituted or replaced by a successor or replacement Exchange, the Parties shall agree, acting reasonably, upon a similar alternative method recognized in the mining industry for determining such

specifications or definition, and if the Parties fail to agree upon such alternative Exchange or method, it shall be determined by arbitration in the manner provided herein.

- (e) If any Product is Transferred to a Related Person, any Proceeds received by such Related Person shall be included in the calculation of Proceeds for the Fiscal Quarter in which such Proceeds are received by such Related Person.

#### 3.4. Objections and Audits.

- (a) All Royalty payments shall be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee gives the Payor written notice describing and setting forth a specific objection to the calculation thereof within twelve (12) months after receipt by the Payee of the audited annual financial statements of the Payee for the Fiscal Year in which such Royalty payment was calculated.
- (b) If the Payee objects to a particular Royalty payment as herein provided, the Payee shall, for a period of ninety (90) days after the Payor's receipt of notice of such objection (or such longer period as is reasonably required), have the right, upon reasonable notice and at reasonable times, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by a chartered accountant acceptable to the Payee and to the Payor, acting reasonably. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess, as applicable, shall be paid with the Royalty payment due in the next Fiscal Quarter and if no Royalty Payment is owing in respect of such Fiscal Quarter, then payment of any deficiency or excess shall be paid on the date on which any Royalty payment in respect of such Fiscal Quarter would have been due, with interest accruing as provided in Section 3.2(e) hereof for any deficiency, as applicable.
- (c) The Payee shall pay all costs of any audit pursuant to Section 3.4(b) unless a deficiency of more than 5% of the amount calculated for the period which is being reviewed shall be determined to exist, in which case the costs of the audit shall be payable by the Payor.
- (d) All books and records used by the Payor to calculate the Royalty shall be kept at all times in accordance with IFRS.
- (e) Failure on the part of the Payee to object to any Royalty calculation or Royalty payment prior to the expiry of the Payee's right to object to such calculation shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon, except in the event that any subsequent adjustment is made to any financial statements of the Payor or to any statement delivered by the Payor pursuant to Section 3.4(a), in which event the Payee shall be entitled to deliver a notice of objection in respect of such adjusted information and any related calculations of the Royalty for a period of six months after all information pertaining to such adjustment has been delivered to the Payee in accordance with Section 3.4(a).

- 3.5. Inspections. Upon not less than five (5) Business Days' prior notice to the Payor, the Payee, or its authorized agents or representatives, may, under the direction and control of the Payor, enter upon all surface and sub-surface portions of the Property for the purpose of inspecting the Property, all improvements thereto and operations thereon, and all production records and data pertaining to all production activities and operations on or with respect to the Property, including without limitation, records and data that are electronically maintained. The Payee shall also have the right to be

represented at all weighing, sampling, moisture determination and assaying. Access to the Payor's Property and associated facilities pursuant to this Section 3.5 shall be subject to the following: (i) any such access shall be at the sole risk and expense of the Payee, its representatives and its invitees; (ii) any such access shall not unreasonably interfere with the Payor's activities and operations; (iii) the Payee shall comply, and request that its representatives and invitees comply, with the policies and procedures that the Payor applies to its own invitees; (iv) the Payee shall give the Payor prompt notice of any injuries, property damage or environmental harm that may occur during such tour; and (v) the Payee shall indemnify the Payor and its Related Parties from any losses (excluding loss of profit and consequential or punitive damages) suffered or incurred by any of the Payor or its Related Parties as a consequence of injury to the Payee, or its representatives or invitees incurred during such access.

- 3.6. Annual Report; Life of Mine Plan. Not more than ninety (90) days following the end of each Fiscal Year ending after the Commercial Production Date, the Payor will provide the Payee with an annual report of Minerals mined, Minerals milled or processed, recoveries, and grades during such Fiscal Year. Such annual report shall include estimates of proposed expenditures upon, anticipated production from, and estimated remaining Mineral reserves on, the Property for the succeeding Fiscal Year and any changes to, or replacements of, the mine plan or any "life of mine plan" with respect to the Property. The Payor will provide the Payee with a copy of any "life of mine plan", if produced, within thirty (30) days of its approval by the Payor and any changes to, or replacements of, any such "life of mine plan" or any mine plan within thirty (30) days after such change or replacement thereof.
- 3.7. Trading Activities. The Payor may engage in Trading Activities which may involve the possible delivery of Minerals. The Parties agree that the Payee shall not be entitled to participate in the proceeds and shall not share in, or otherwise be adversely affected by, any losses generated by such Trading Activities. All profits in excess of Market Value, and all losses, arising as a result of Trading Activities, are specifically excluded from calculations of the Royalty, it being understood by the Parties that each of the Payor and the Payee may only engage in speculative hedging trading activities for its own account.
- 3.8. Accounting Principles. All computations under this Agreement shall be determined in accordance with IFRS, applied on a consistent basis.
- 3.9. Taking in Kind. The Payee may, at its option elect, upon written notice to the Payor given prior to the commencement of any particular Fiscal Quarter, to receive payment in kind of the Royalty payable in respect of such Fiscal Quarter, by delivery of Refined Products, Other Refined Products or Intermediate Products having a Market Value equivalent to the cash value of such Royalty otherwise payable, but without deduction of those Permissible Deductions, if any, that might otherwise have been applied but may be avoided by the taking-in-kind. Any election hereunder by the Payee to receive payment in kind shall continue until the Payee delivers written notice to the Payor-prior to the end of any Fiscal Quarter to cease such payment in kind.

#### **4. Commingling**

- 4.1. The Payor shall, upon prior written notice to the Payee, have the right to commingle Minerals, with ore, concentrates, minerals and other material mined and removed from other lands and property if, prior to such commingling, the Payor calculates from representative samples the average grade thereof and other measures as are appropriate, and weighs (or calculates by volume) and records all relevant information regarding such Minerals before commingling. In obtaining representative samples, calculating the average grade of the ore and average recovery percentages, the Payor may

use any procedures widely accepted in the mining and metallurgical industry which it reasonably believes are suitable for the type of mining and processing activity being conducted.

## **5. Tailings and Waste**

- 5.1. All Minerals extracted from tailings or other waste material shall be subject to the Royalty. If the Payor commingles the tailings or waste material produced from the Property with tailings and waste material not produced from the Property, the Payor shall record the tonnage amount and source of such tailings and waste material prior to commingling and the Royalty payments, if any, shall be based upon the recoverable pro rata portion of the Minerals in such commingled tailings and waste material.

## **6. Conduct of Operations**

- 6.1. All decisions concerning the undertaking, methods, extent, times, procedures and techniques of any exploration, development, mining, leaching, milling, processing, extraction treatment, if any, and the Minerals produced therefrom, and except as otherwise provided in this Agreement all decisions concerning the sale or other disposition of Minerals (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile Minerals for a reasonable length of time) shall be made by the Payor, acting reasonably and in good faith and in accordance with good mining and engineering practice in the circumstances.

## **7. Insurance**

- 7.1. As soon as reasonably necessary, the Payor shall purchase or otherwise arrange at its own expense and shall keep in force at all times insurance (including, without limitation, comprehensive general public liability insurance) against claims for bodily injury or death or property damage arising out of or resulting from activities or operations on or with respect to the Property and in respect of loss, theft or destruction of severed Minerals, in such amounts as will adequately protect the Payor, the Payee, the Royalty, and the Property from any and all claims, liabilities and damages which may arise with respect to the Property and as will adequately protect the Payor and the Payee from loss, theft and destruction of severed Minerals whether on or off the Property and prior to final sale. The Payee shall, as soon as practicable after the date hereof, be named as a loss payee on all property, liability and other insurance policies held by the Payor and relating to the Property, the severed Minerals or the Royalty.

## **8. Maintenance of Property**

- 8.1. The Payor shall do all things and make all payments necessary or appropriate to maintain the right, title and interest of the Payor and the Payee in the Property and the Minerals and to maintain the Property in good standing. The Payor shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire any part or parts of any mineral claims or mining leases relating to or comprising the Property if the Payor determines, acting reasonably, that such part or parts are not economically viable or otherwise have insufficient value to warrant continued maintenance.
- 8.2. Notwithstanding Section 8.1, the Payor shall not abandon or surrender, or allow to lapse or expire, any mining claims or leases relating to or comprising part of the Property for the purpose of permitting any third party to restake such part and avoid the Royalty; and if the Payor, any participant in a joint venture with the Payor, or any Person with which the Payor does not deal at arm's length, restakes any abandoned, surrendered or expired claims or leases relating to or comprising part of the Property, this Agreement and the Royalty shall include any such new claims

or leases.

## **9. Nature of Royalty**

- 9.1. The Royalty shall, to the extent permitted by applicable Laws, create a direct real property interest in the Property in favour of the Payee, to be satisfied in respect of any particular Minerals by the payment to the Payee of the Royalty in respect thereof, and constitutes a covenant running with the Property. All expenses associated with establishing, registering or perfecting the Royalty as a real property interest shall be for the account of the Payee.

## **10. Term**

- 10.1. This Agreement shall continue in perpetuity. The Parties do not intend that there shall be any violation of the rule against perpetuities. If any right, power or interest of either Party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall be deemed to terminate or expire at the expiration of twenty (20) years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

## **11. Change in Ownership**

- 11.1. Subject to Section 13, the Payor will not Transfer the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, to any Person, or agree to do so or grant any Person an option or right to acquire the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, unless the intended Transferee first provides an acknowledgement in writing to the Payee, in form and content to the reasonable satisfaction of the Payee, that it assumes all of the Payor's obligations hereunder as if a named Party in the first instance.
- 11.2. The Payee may Transfer the Royalty, in whole or in part, to any Person provided that no sale, assignment or transfer shall be effective until notice is delivered to the Payor and the Transferee provides to the Payor an acknowledgement in writing that it assumes all of the Payee's obligations hereunder. No change or division in the ownership of the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of the Payor. The Payee covenants that any change in ownership of the Royalty shall be accomplished in such a manner that the Payor shall be required to make payments and give notice to no more than one Person.

## **12. Representations and Warranties**

- 12.1. **Representations of the Payor.** The Payor represents and warrants to the Payee (and acknowledges that the Payee is relying upon such representations and warranties in entering into this Agreement) that:
- (a) the Payor is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;
  - (b) the Payor has the power and authority to enter into this Agreement and to carry out its obligations hereunder, to own its option or ownership interest in the Property and to carry on its business as presently conducted and as currently proposed to be conducted; and,

- (c) neither the execution nor delivery of this Agreement, nor the performance by it of its obligations hereunder, will conflict with or result in a breach of any terms, conditions or provisions of its incorporating documents, bylaws, directors' and shareholders' resolutions, shareholders' agreements, any applicable Law having the force of law, any contract to which it is a party, or any writ, judgment, injunction, determination or award that is binding on it;

12.2. **Representations and Warranties of the Payee.** The Payee represents and warrants to and in favour of the Payor and acknowledges and agrees that the Payor is entering into this Agreement on the basis of such representations and warranties, namely, that it has the corporate power, capacity and authority to execute, deliver and perform this Agreement and the execution, delivery and performance of this Agreement by it has been duly authorized by all required corporate action and this Agreement represents a valid and binding obligation of the Payee duly enforceable against it in accordance with its terms.

12.3. **Survival.** All representations, warranties, covenants and agreements of the Payor and the Payee set forth in this Section 13 shall survive, notwithstanding the grant of the Royalties hereunder by the Payor and any investigation made by, or on behalf of the Payee, and all such representations warranties, covenants and agreement of the Payor and the Payee shall continue in full force and effect for the benefit of the other Party during the term of this Agreement.

### **13. Indemnification**

13.1. The Payor shall indemnify and save harmless each Indemnified Party from any loss, cost or liability (including, without limitation, reasonable legal fees but excluding any loss of profit and other consequential or punitive damages) arising from a claim against such Indemnified Party in respect of:

- (a) any failure by the Payor or any Related Person to at all times comply with all applicable Laws, permits, certificates, licences and other regulatory requirements, policies and guidelines relating to the Payor, the Property or the Minerals; provided, however, the Payor will have the right to contest any of the same if such contest does not jeopardize the Property, the Minerals or the Payee's rights thereto or under this Agreement;
- (b) any failure by the Payor to timely and fully perform all abandonment, restoration, remediation and reclamation required by all Governmental Authorities pertaining or related to the operations or activities by or on behalf of the Payor on or with respect to the Property or required under this Agreement; or
- (c) the Payor causing, suffering, or permitting any condition or activity at, on or in the vicinity of the Property which constitutes a nuisance; or,
- (d) any breach of this Agreement by the Payor.

13.2. The Payor acknowledges that the Payee is acting as agent and trustee for and on behalf of each other Indemnified Party in relation to the Payee with respect to any rights pursuant to Section 13.1, but the Payor and the Payee agree that they may amend, terminate, revise or replace this Agreement at any time and in any manner whatsoever, notwithstanding any such rights granted pursuant hereto to any such Indemnified Party, without notice to, consent of, or any other obligation whatsoever to, such Indemnified Party.

## **14. Arbitration**

- 14.1. All disputes, controversies, questions or claims arising out of, or in connection with, this Agreement, including the interpretation, performance, breach, termination or invalidity of it, shall be referred to and finally settled by three arbitrators appointed as follows:
- (a) either Party may refer any such matter to arbitration by written notice to the other Party, naming its appointee as arbitrator;
  - (b) the other Party shall, within fourteen (14) days of receipt of the notice, name its appointee as arbitrator; and
  - (c) the two arbitrators so named shall, within fourteen (14) days of the naming of the latter of them, select and appoint a third arbitrator.
- 14.2. Except as specifically provided in this Section, an arbitration hereunder shall be conducted in accordance with the provisions of the *Arbitration Act* of the Province of Ontario, which provisions shall be binding upon the Parties hereto with respect to the submission made under this Agreement.
- 14.3. The seat of the arbitration shall be Toronto, Ontario and the language of the arbitration shall be English.
- 14.4. Judgment may be entered on the arbitration award in a court of competent jurisdiction, including, without limitation, a court having jurisdiction of the Property, including judgment against the unsuccessful Party for the successful Party's reasonable legal fees and costs of such proceedings.

## **15. General Provisions**

- 15.1. No Grant of Additional Royalties. The Payor shall not grant to any Person, or cause or permit or allow to exist, any royalties, on or in respect of the Property, the Minerals or the Products, other than: (a) the Royalty and any other royalty granted by the Payor to the Payee; (b) royalties imposed by any federal, provincial or state Governmental Authority under applicable Laws; and (c) royalties expressly permitted by the Payee by instrument in writing.
- 15.2. Registration of Interest, Encumbrances.
- (a) The Payee shall have the right from time to time to register or record notice of this Agreement and the Royalty, any other documents relating to or contemplated by the foregoing and any caution, title document or other Encumbrance, against title to the Property or elsewhere, and the Payor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of the Payee hereunder.
  - (b) The Payor agrees that it will not grant any Encumbrance against the Property or the Minerals to any Person, other than the Payee, unless prior to the granting of such Encumbrance, the party entitled to the benefit of such Encumbrance agrees to be bound by the terms of this Agreement in exercising any powers or remedies arising in connection with such Encumbrance, as if it was a Party hereto.
- 15.3. Time. Time is of the essence of this Agreement and each of the terms and conditions of this



Agreement.

- 15.4. **Public Reporting.** If the Payee at any time wishes to make, whether voluntarily or under requirement by securities legislation, or by regulatory agencies or stock exchanges, public disclosure of information pertaining to the Royalty or the Property or this Agreement and the exploration, development and production activities on the Property, then the Payor will provide to the Payee in a timely fashion all such assistance and cooperation as the Payee may request to meet the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, United States SEC Industry Guide 7 or similar reporting standards in any applicable jurisdictions, or the requirements imposed by stock exchanges on issuers, all as determined by the Payee, including, without limitation, provision of technical reports, if available, by qualified persons addressed to the Payee, certificates and consents and access to data, documents and the Property.
- 15.5. **Notices.** Any notices to be given to one Party by the other may be sent by facsimile or may be personally delivered and addressed as follows:

To the Payee:

**Argonaut Gold Inc.**

9600 Prototype Court  
Reno, Nevada 89521  
Attention: Brian Arkell

eMail: [brian.arkell@argonautgold.com](mailto:brian.arkell@argonautgold.com)  
Facsimile No.: (755) 284-4426

To the Payor:

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or at such other address as any Party hereto may from time to time designate by written notice to the other Party hereto and any such notice shall be deemed to have been given and received by the Party to which it is addressed on delivery if delivered and on the Business Day following transmission if telecopied.

- 15.6. **No Implied Covenants.** There are no implied covenants or duties on the part of the Payor to the Payee, whether relating to the exploration, development or mining of the Property, the marketing or sale of Products or otherwise. Without limiting the generality of the foregoing, the Payor is not under any obligation to explore, develop or produce Products from the Property or to continue production once commenced and the Payor has the unfettered right to suspend, curtail or terminate any such operation or activity as it in its sole discretion may determine.
- 15.7. **No Fiduciary Duties.** Nothing herein shall be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship, or a fiduciary relationship between the Payor and the Payee.
- 15.8. **Severability.** If any one or more of the provisions of this Agreement are held to be illegal, invalid or unenforceable for any reason, then such illegality, invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision or provisions had never been contained herein.
- 15.9. **Governing Law.** This Agreement shall be construed and enforced in accordance with, and the

rights of the Parties shall be governed by, the Laws of the Province of Ontario.

- 15.10. Binding Effect. All covenants, conditions and terms of this Agreement shall (i) be of benefit to the Parties, (ii) to the maximum extent allowed by Law, be an interest in the Property and run as a covenant with the Property, and (iii) bind and inure to the benefit of the Parties, their respective successors and permitted assigns.
- 15.11. Further Assurances. Each of the Parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.
- 15.12. Counterparts. This Agreement may be executed in counterparts and delivered by facsimile or in the form of a photocopy, and each such facsimile or photocopy signature shall be deemed to be an original and all such counterparts taken together shall be deemed to be one and the same original document, and notwithstanding their actual date of execution shall be deemed to be dated as of the date first above written.
- 15.13. No Merger. The Parties intend that if the Payee in the future ever acquires an interest in the Property in addition to those rights granted by this Agreement, title to that interest shall be deemed not to merge with the rights granted by this Agreement, and this Agreement shall continue in full force and effect. A merger of title shall occur only if the Payee records in the real estate records a memorandum of merger, expressly acknowledging that its rights under this Agreement have merged with its after-acquired interest in the Property.
- 15.14. Assignment. This Agreement may not be assigned other than in compliance with the terms hereof.
- 15.15. Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.
- 15.16. No *Contra Proferentum*. This Agreement has been negotiated by each party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party do not apply to the construction or interpretation of this Agreement.
- 15.17. Entire Agreement. This Agreement contains the entire agreement between Parties with respect to the Royalty, and no oral agreement, promise, statement or representation which is not contained herein shall be binding on the Parties unless subsequently reduced to writing and signed by the Parties.

*[The rest of this page blank - signature page follows]*

**IN WITNESS WHEREOF** this Agreement has been executed as of the day and year first above written.

THE CORPORATE SEAL of **ARGONAUT GOLD INC.** was hereunto affixed in the presence of:

**ARGONAUT GOLD INC.**

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Per: Brian Arkell  
*VP-Exploration*

THE CORPORATE SEAL of • was hereunto affixed in the presence of:

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Per: •  
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**SCHEDULE A: DESCRIPTION OF PROPERTY**

**(same as in Option)**