ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Agreement**") made effective as of the 14th day of March, 2019

AMONG:

LEGION METALS CORP. ("**Legion**")

and

PROBE METALS INC. ("**Probe**")

and

MYRIAD METALS CORP. ("**Myriad**")

WHEREAS Legion and Probe are parties to an amended and restated option agreement (the "**Option Agreement**") made effective as of the 3rd day of October, 2017;

AND WHEREAS Myriad is a wholly-owned subsidiary of Legion;

AND WHEREAS pursuant to a plan of arrangement and on the effective date for such plan of arrangement (the "**POA Effective Date**"), among other things Legion will transfer all of Legion's right, title and interest in and to the Millen Mountain Property (as defined in the Option Agreement) to Myriad by way of a "spin out" transaction;

AND WHEREAS further to the transfer of the Millen Mountain Property from Legion to Myriad, Legion wishes to assign all of its right, title and interest to, and all of its obligations under, the Option Agreement to Myriad;

NOW THEREFORE in consideration of the covenants and agreements set forth herein and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties covenant and agree as follows:

1. **Assignment**

For good and valuable consideration, the receipt of which is hereby acknowledged, Legion hereby assigns, transfers, and conveys, on the POA Effective Date, all of Legion's right, title and interest in and to, and all of its obligations under, the Option Agreement to Myriad.

2. **Acceptance By Myriad**

Myriad hereby accepts the assignment herein provided on the POA Effective Date and covenants and agrees with Legion that it shall assume on the POA Effective Date, and thereupon and thereafter to be bound by and observe, carry out and perform and fulfil, all of the covenants, conditions, obligations and liabilities of Legion under the Option Agreement, to the same extent and with the same force and effect as though Myriad, instead of Legion, had been originally named as a party to the Option Agreement. For greater certainty and without limitation the assumption of obligations and liabilities by Myriad hereunder

shall include without limitation any and all obligations and liabilities of Legion arising prior to the POA Effective Date.

3. **Acceptance By Probe**

Probe hereby accepts, confirms and ratifies, on the POA Effective Date, the assignment herein provided as acceptable and allowable under the Option Agreement.

4. **Costs**

Legion hereby agrees to pay all of the reasonable costs and expenses incurred by the other parties (including reasonable legal fees) and any taxes thereon in connection with this Agreement and the transactions contemplated herein or any matters arising hereafter and relating to such transactions or this Agreement, whether or not any such costs and expenses are incurred before or after the POA Effective Date.

5. **Governing Law**

This Agreement shall be governed by the laws of the Province of Ontario.

6. **Enurement**

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

7. **Counterparts**

This Agreement may be executed and delivered in separate counterparts and delivered by any party to the other parties by facsimile, each of which when so executed and delivered shall be deemed an original and all such counterparts shall together constitute one and the same agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF this Agreement has been executed on the date and year first above written.

LEGION METALS CORP.

Per: *"Peter Smith"*
Name: Peter Smith
Title: President and CEO

PROBE METALS INC.

Per: *"David Palmer"*
Name: David Palmer
Title: President and CEO

MYRIAD METALS CORP.

Per: *"Peter Smith"*
Name: Peter Smith
Title: President and CEO

AMENDED AND RESTATED

OPTION AGREEMENT

BETWEEN:

LEGION METALS CORP.

- and -

PROBE METALS INC.

CONCERNING:

MILLEN MOUNTAIN PROPERTY

NOVA SCOTIA, CANADA

AMENDED AND RESTATED OPTION AGREEMENT

THIS AGREEMENT, made effective as of the 3rd day of October, 2017.

BETWEEN:

LEGION METALS CORP., a corporation incorporated under the laws of the Province of British Columbia,

(the "**Optionor**")

- and -

PROBE METALS INC., a corporation incorporated under the laws of the Province of Ontario,

(the "**Optionee**")

(collectively, the "**Parties**" and each, a "**Party**")

WITNESSETH THAT:

WHEREAS the Optionor owns and holds directly 100% of the right, title and interest in and to the Property, as defined in Schedule "A" hereto;

AND WHEREAS the Parties are parties to an option agreement having an effective date of April 10, 2017 (the "**Original Option Agreement**") concerning the Property;

AND WHEREAS the Parties now wish to amend the Original Option Agreement upon the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants herein contained, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Capitalized words and phrases used in this Agreement shall have the meaning given to such words and phrases below:

"**50% Option**" shall have the meaning ascribed thereto in Section 3.1 hereof.

"**75% Option**" shall have the meaning ascribed thereto in Section 3.2 hereof.

"**Affiliate**" means any corporation, company, partnership, joint venture or firm that controls, is controlled by or is under common control with a Person. For purposes of this definition, "control" shall mean (a) in the case of corporate entities, direct or indirect ownership of more than 50% of the stock or shares entitled to vote for the election of directors; and (b) in the case of non-corporate entities, direct or indirect ownership of more than 50% of the equity interest with the power to direct the management and policies of such non-corporate entities.

"**Agreement**" means this Option Agreement, including all schedules, and all instruments supplementing, amending or confirming this Agreement and references to "Article" or "Section" are to the specified article or section of this Agreement.

"**Applicable Law**" means any applicable Canadian federal, provincial or local statute, regulation, rule, by-law, ordinance, order, policy or consent, including the common law and civil law, as well as any other enactment, treaty, official directive or guideline issued by a Governmental Authority and the terms and conditions of any permit, licence, authorization, certificate, consent, waiver, exemption, grandfathering right, agreement or similar document or approval issued by a Governmental Authority ("**Authorizations**"), and shall also include any order, judgment, decree, injunction, ruling, award or declaration, or other decision of whatsoever nature of a court, administrative or quasi-judicial tribunal, an arbitrator or arbitration panel or a Governmental Authority of competent jurisdiction that is not subject to appeal or that has not been appealed within the requisite time thereof.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, on which the principal commercial banks located at Toronto, Ontario and Vancouver, British Columbia are open for business during normal banking hours.

"**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable legal fees and all reasonable Costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

"**Confidentiality**" means to maintain in confidence and not to disclose the Confidential Information (as defined below) to third parties, except:

(i) employees, officers, directors, consultants, agents and other representatives that need to know or ought to know in order to discharge their respective duties in an efficient manner; or

(ii) Persons that are or may be interested in advancing, loaning, investing or otherwise providing potential debt or equity to a Party, including banks, financial institutions, brokerage companies and their respective employees, officers, directors, consultants, agents and other representatives, provided, however, that such Persons agree to maintain the information to be disclosed in confidence for a period not less than two years;

and "**Confidential**" and "**Confidence**" shall have similar meanings.

"**Costs**" means any and all damages, including exemplary and punitive damages, losses, including without limitation, economic losses, costs, expenses, liabilities and obligations of whatsoever kind, direct or indirect, including fines, penalties, interest, lawyers' fees and disbursements, and taxes thereon.

"Development" means all preparation (other than Exploration and Mining) for the removal and recovery of ores, minerals and mineral resources from the Property, including the construction or installation of a mill or any other improvements to be used for the mining, handling, milling, processing or other beneficiation of ores, minerals and mineral resources, related environmental compliance and financing.

"**Effective Date**" means the effective date of the Original Option Agreement, being April 10, 2017.

"**Encumbrances**" means all interests, mortgages, charges, royalties, security interests, liens, encumbrances, actions, Claims, demands and equities of any nature whatsoever or however arising and any rights or privileges capable of becoming any of the foregoing.

"**Environment**" means the natural environment, (including, without limitation, soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems.

"**Environmental Laws**" means all Applicable Laws relating to the protection of the Environment or to employee or public health and safety or that regulate, ascribe, provide for or pertain to liabilities or obligations in relation to the existence, use, production, manufacture, processing, distribution, transport, handling, storage, removal, treatment, disposal or the Release of Hazardous Substances in the Environment, including civil responsibility for acts or omissions with respect to the Environment.

"**Event of Force Majeure**" shall have the meaning ascribed thereto in Section 12.3 hereof.

"**Exchanges**" means the Canadian Securities Exchange and the TSX Venture Exchange.

"**Expenditures**" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred directly or indirectly by the Optionee or its Affiliates in respect of the Property up to the Operative Date including, without limiting the generality of the foregoing, monies expended in connection with:

(i) maintaining the Property in good standing and fulfilling any of the requirements of any title documents, permits or applicable mining or environmental laws in Nova Scotia with respect to the Property, including the costs of any discussions or negotiations with governmental authorities in connection therewith;

(ii) mobilization and de-mobilization of work crews, supplies, Facilities and equipment to and from the Property, including all transportation, insurance, customs brokerage and import and export taxes, fees and charges and all other governmental levies in connection therewith;

(iii) implementing and carrying out any program of surface or underground prospecting, exploring or mapping or of geological, geophysical or geochemical surveying;

(iv) trenching or other surface or near surface sampling;

(v) reverse circulation, diamond or other drilling;

(vi) drifting, raising or other underground work;

(vii) assaying and metallurgical testing;

(viii) carrying out environmental studies and preparing environmental impact assessment reports;

(ix) carrying out all required restoration and reclamation of the Property required as a result of activities thereon hereunder, and posting any bond (whether cash or surety) required in that regard by any applicable Governmental Authority;

(x) preparing and making submissions to government agencies with respect to substitute or successor title to any of the Property and test and production permits;

(xi) acquiring, constructing and transporting Facilities; and

(xii) fees, wages and salaries of all persons engaged in Exploration work with respect to and for the benefit of the Property and the lodging and other reasonable needs of such persons, provided that such goods and services shall be obtained from providers that are at arm's length to Optionee at standard commercial rates for such good services and provided further that such expenses shall be eligible to be filed as assessment credits.

All Expenditures incurred on the Property will be filed as assessment credits toward that Property.

"**Expiry Date**" means the date which is 18 months from the Effective Date.

"**Exploration**" means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of mineral deposits on the Property, including additional drilling required after discovery of mineral deposits, and includes related environmental compliance.

"**Facilities**" means all mines and plants including, without limitation, all pits, shafts, haulageways and other underground workings, and all buildings, plants and other structures, fixtures and improvements, and all other property, whether fixed or moveable, as the same may exist at any time in, or on the Property or outside the Property if for the exclusive benefit of that Property only.

"**Governmental Authorities**" means all applicable federal, provincial or state and municipal agencies, boards, tribunals, ministries and departments, both Canadian and foreign, and any subdivision or authority of any of the foregoing and the Exchanges, as applicable.

"**Hazardous Substance**" means any waste or other substance or material that is regulated, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws or which could give rise to liability under any Environmental Laws.

"**Indemnified Party**" shall have the meaning ascribed thereto in Section 10.1 hereof.

"**Indemnifying Party**" shall have the meaning ascribed thereto in Section 10.1 hereof.

"**Interest**" means a legal undivided beneficial interest of a Party in the Property.

"**Joint Venture**" means a joint venture with respect to the Property deemed to be formed between the Parties upon the date the Post Option Interests are first determinable with respect to the Property.

"**Joint Venture Agreement**" means the joint venture agreement in respect of the Joint Venture to be entered into by the Parties with respect to the Property, based on the guidelines laid out in Schedule "B" hereto, which will govern the Joint Venture.

"**Material Contract**" means any contract or commitment, whether oral or written, to which the Optionor is bound or in respect of which the Optionor may have liability and that relates to the Property.

"**Mineral Claims**" means those as described in Schedule "A" hereto.

"**Mining**" means the mining, extracting, producing, handling, milling or other processing or beneficiation of ores, minerals and mineral resources, disposal of overburden and the filling and rehabilitation of mined areas and includes all related environmental compliance.

"**Miscellaneous Interests**" means the interests of the Optionor in all property, assets and rights (other than the Property) ancillary to the Property to which the Optionor is entitled including, but not limited to, the interests of the Optionor in:

(a) any Studies;

(b) all contracts, agreements and documents relating to the Property and the operations conducted thereunder or any rights in relation thereto;

(c) all subsisting rights to enter upon, use and occupy the surface of any lands forming part of the Property or of any lands to be traversed in order to gain access to any of the lands forming part of the Property;

(d) all assignable Authorizations relating to the Property;

(e) all books, records, data and other information relating to the Property, including accounting records, plans, drawings and specifications; and

(f) all pre-paid expenses and deposits relating to the Property.

"**Notice**" shall have the meaning ascribed thereto in Section 17.7 hereof.

"**Operative Date**" shall have the meaning ascribed thereto in Section 6.1 hereof.

"**Operator**" means the Party that is entitled to direct exploration work, including work plans and budgets to be implemented, in respect of the Property.

"**Option Period**" means the period of time from the Effective Date to the Operative Date or that the Option otherwise terminates, all pursuant to the terms hereof.

"**Optionee**" shall mean Probe Metals Inc.

"**Optionor**" shall mean Legion Metals Corp.

"**Option**" means, collectively, the 50% Option and the 75% Option.

"**Permitted Encumbrances**" means:

(a) easements, rights of way, servitude and similar rights in land including, but not limited to, rights of way and servitude for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric power, telephone, telegraph or cable television conduits, poles, wires and cables which individually or in the aggregate do not materially interfere with the present use, operation or marketability of the Property;

(b) the right reserved to or vested in any Governmental Authority by the terms of any lease, licence, grant or permit forming part of the Property, or by any statutory provision, to terminate any such lease, licence, grant or permit or to require annual or other periodic payments as a

condition of the continuance of them, as well as all other reservations, limitations, provisos and conditions in any original grant from Governmental Authorities, which are not material;

(c) the right of any Governmental Authority to levy taxes on minerals or the revenue therefrom and governmental restrictions on production rates on the operation of a mine on the Property, as well as all other rights vested in any Governmental Authority to control or regulate the Property pursuant to Applicable Laws;

(d) any statutory liens, charges or other Encumbrances:

(i) for current taxes not yet due and owing, assessments or governmental charges;

(ii) incurred, created and granted in the ordinary course of business to a public utility or Governmental Authority in connection with operations conducted with respect to the Property, but only to the extent those liens relate to Costs for which payment is not yet due and owing; and

(e) any other rights or Encumbrances consented to in writing by the Optionee or granted by the Optionee.

"**Person**" means any individual, sole proprietorship, partnership, cooperative, unincorporated association, unincorporated syndicate, unincorporated organization, trust, company, corporation or other body corporate, union, Governmental Authority and a natural person in his capacity as trustee, executor, administrator, or other legal representative.

"**Post Option Interests**" means the respective Interests of the Optionor and the Optionee in the Property upon the formation of the Joint Venture on the Operative Date, being a 50% Interest in the Property with respect to the Optionee and a 50% Interest in the Property with respect to the Optionor if the Operative Date is determined pursuant to Section 6.1(a) or Section 6.1(b), and being a 75% Interest in the Property with respect to the Optionee and a 25% Interest in the Property with respect to the Optionor if the Operative Date is determined pursuant to Section 6.1(c).

"**Press Release**" shall have the meaning ascribed thereto in Section 9.4 hereof.

"**Property**" means collectively the Miscellaneous Interests and all Authorizations and other documents of title, including replacement or substitute forms of documents of title, by virtue of which the holder is entitled to explore for, develop, produce, mine, recover, remove or dispose of minerals from on or within the lands comprising the Mineral Claims.

"**Release**" has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction whether accidental or intentional.

"**Studies**" means any and all studies pertaining to the Property, including all:

(a) geological, geochemical, geophysical, resource, reserve, mining and product quality studies; and

(b) socio-economic, environmental, transportation, infrastructure, power, market and financial studies.

"**Successors**" means successors and includes any successor continuing by reason of amalgamation or other reorganization and any Person to which assets are transferred by reason of a liquidation, dissolution or winding-up.

1.2 Schedules

The following Schedules to this Agreement, as listed below, constitute an integral part of this Agreement:

Schedule	Description
Schedule "A"	Description and Map of the Property and the Mineral Claims
Schedule "B"	Guiding Principles for the Joint Venture Agreement
Schedule "C"	Net Smelter Royalty

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Optionor's Representations and Warranties

The Optionor represents and warrants to the Optionee at the time of the execution of this Agreement that:

(a) except as has been disclosed in writing by the Optionor to the Optionee, the Optionor has acquired and holds beneficially a 100% interest in the Property, free and clear of all Encumbrances except for Permitted Encumbrances and subject to the rights the Province of Nova Scotia may have in said Property;

(b) the Optionor is in exclusive and peaceful possession of the Property;

(c) during the term of this Agreement, the Optionor shall take all actions and do all things necessary or desirable to ensure that (i) no liabilities are incurred on the Property other than with the express written consent of the Optionee; and (ii) the Property remains free and clear of all Encumbrances other than Permitted Encumbrances;

(d) the description of the Property set forth herein is true and correct;

(e) it has obtained board approval to grant the Option to the Optionee, and to transfer up to a 75% interest in the Property to the Optionee in accordance with the terms hereof, and the Optionor has sole and complete power and authority to deal with the Property in the manner contemplated in this Agreement;

(f) except for the Permitted Encumbrances, and the rights of the Optionee under this Agreement, the Optionor has not done any act or suffered or permitted any action to be done whereby any Person may acquire any interest in or to the Property or minerals to be mined or removed from the Property;

(g) no Person has any right under preferential, earn-in, royalty, pre-emptive or first purchase rights, options or otherwise to acquire any interest in the Property that might be triggered by virtue of this Agreement or the transactions contemplated hereby or which could affect the Optionor's interest in the Property;

(h) there is no actual, threatened or, contemplated Claim or challenge relating to the Property, nor to the best of its information, knowledge and belief is there any basis therefor, and there is not presently outstanding against the Optionor any judgment, decree, injunction, rule or order of any court, Governmental Authority or arbitrator which would have a material effect upon the Property;

(i) to the knowledge of Optionor, there are no Claims or rights being asserted by any first nations or indigenous group with respect to the Mineral Claims or the Property;

(j) the Optionor has not caused, permitted or allowed any Hazardous Substances to be released, stored, shipped, handled, treated, discharged, placed, escaped, leached or disposed of on, into, under or through the lands (including watercourses, improvements thereon and contents thereof) comprising the Mineral Claims or nearby areas or breached the provisions of applicable environmental legislation and, so far as it is aware, no Hazardous Substances or underground storage tanks are contained, harboured or otherwise present in or upon such lands (including watercourses, improvements thereon and contents thereof or nearby areas) and such lands have not been used at any time by any person as a landfill or waste disposal site;

(k) all taxes, assessments, rentals, levies and other payments, as well as all reports, relating to the Property and required to be made, performed and filed to and with any Governmental Authority in order to maintain the Property in good standing have been so made, performed or filed, as the case may be;

(l) the Property is in good standing and in compliance with all Applicable Laws of the Province of Nova Scotia, including requirements pertaining to rehabilitation and/or restoration plans and associated financial guarantees and reclamation bonds, and any other Applicable Laws;

(m) there are no adverse Claims or challenges against, or to the ownership of, or title to, the Property or substances thereon, therein or therefrom nor to the knowledge of Optionor, is there any basis therefor;

(n) all necessary information and data (including, without limitation, all geological, geophysical and assay results and maps) concerning the Property and prior exploration and development work carried out thereon by the Optionor and within the actual knowledge of the Optionor has been disclosed and provided to Optionee;

(o) the Property and all operations thereon are and at all times have been in compliance in all material respects with all Applicable Laws, including all Environmental Laws and are not causing or permitting any danger or liabilities with respect to the Environment;

(p) the Optionor holds all Authorizations required in connection with its ownership of, and operation of, the Property;

(q) to the knowledge of the Optionor, there are no Hazardous Substances located on, at, in or under the Property in violation or in excess of applicable limits pursuant to Environmental Laws;

(r) it has not received any notice of, whether written or oral, or communication relating to, any actual or alleged breach of or actual or potential liability pursuant to any Environmental Laws, and there are no outstanding or, to the Optionor's knowledge, threatened Claims, work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out thereon; and

(s) it is not a Party to or bound by any guarantee, indemnification, surety or similar obligation pertaining to the Property and, except for this Agreement, no Material Contracts have been entered between the Optionor and any other Person with respect to the Property.

2.2 Representations and Warranties of the Parties

Each Party represents and warrants to the other as follows:

(a) it is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation, amalgamation or continuance, as the case may be, and has all necessary corporate power, authority and capacity to own its property and assets and to carry on its business as presently conducted;

(b) the execution, delivery and performance of this Agreement do not, and the fulfillment and compliance with the terms and conditions hereof by it (to the extent required herein) and the consummation of the transactions contemplated hereby will not, conflict with any of, or require the consent or waiver of rights of any Person under, its constating documents or by-laws, nor to the best of its knowledge do or will any of the foregoing:

(i) violate any provision of or require any consent, authorization or approval under any Applicable Law;

(ii) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval which has not been obtained under any agreement or instrument to which it is a party or by which it is bound or to which any of its property is subject; or

(iii) result in the creation of any Encumbrance upon its interest in the Property, in the case of the Optionor;

(c) it has all necessary power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement and the execution and delivery of this Agreement and the consummation of the transactions contemplated in this Agreement have been duly authorized by all necessary corporate action on its part;

(d) this Agreement constitutes a valid and binding obligation of it, enforceable against it in accordance with the terms of this Agreement, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought; and

(e) it has not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein.

No investigations made by or on behalf of a Party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the other Party in or pursuant to this Agreement. No waiver by a Party of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision.

2.3 Nature and Survival

(a) All statements contained in any certificate or other instrument delivered by or on behalf of a Party pursuant to or in connection with the transactions contemplated in this Agreement shall be deemed to be representations and warranties made by such Party under this Agreement.

(b) The representations and warranties contained in this Article 2 shall: (i) survive the execution and delivery of the Joint Venture Agreement and shall continue in full force and effect for the duration of the Joint Venture Agreement; or (ii) in all other cases, terminate upon termination of this Agreement.

(c) If, prior to the expiry of the survival periods provided for in Section 2.3(b), no written Claim shall have been made under this Agreement against a Party for any misstatement, inaccuracy or incorrectness or breach of any representation or warranty made in this Agreement by such Party, such Party shall have no further liability under this Agreement with respect to such representation or warranty. In providing a Claim, the Party making the Claim shall not be obligated to set out in the Claim the amount of Costs suffered by such Party, if such Costs, as at the time of making the Claim, are not reasonably ascertainable.

ARTICLE 3 OPTION

3.1 Grant of 50% Option

The Optionor hereby grants to the Optionee the exclusive irrevocable right and option to acquire a 50% Interest in and to the Property, free and clear of all Encumbrances (the "**50% Option**"), other than the Permitted Encumbrances. In order for the Optionee to exercise the 50% Option, the Optionee shall, on or before the Expiry Date, incur Expenditures on the Property in the amount of $250,000.

3.2 Grant of 75% Option

Upon the Optionee having earned the 50% Interest, the Optionor hereby grants to the Optionee the exclusive irrevocable right and option to acquire a further 25% interest in the Property, for an aggregate 75% Interest in the Property, free and clear of all Encumbrances (the "**75% Option**"), other than the Permitted Encumbrances. In order for the Optionee to exercise the 75% Option, the Optionee shall, (i) within sixty days after the Expiry Date, give notice to the Optionor of its intention to exercise the 75% Option, and (ii) on or before the first anniversary of the Expiry Date, incur additional Expenditures on the Property in the amount of $250,000, for total aggregate expenditures of $500,000.

3.3 All Expenditures required to be made by the Optionee pursuant to Section 3.1 and Section 3.2 may be made on a "make or pay" basis (meaning the Optionee may either make the required Expenditures or pay the Optionor in cash for any shortfall, such cash payment to be made within 30 days of the end of the Option period for which such Expenditures are required to be made pursuant to this Agreement) in order to maintain the Option in good standing, as applicable. For the avoidance of doubt, the Expenditures are not firm commitments but are to be made by the Optionee in its sole discretion.

ARTICLE 4 EXERCISE OF OPTION

4.1 Once the Optionee has satisfied its obligations in accordance with Section 3.1 with respect to the Property, the Optionee will have exercised the 50% Option and acquired an undivided 50% right, title and interest in and to the Property and will give notice to the Optionor to that effect, which notice shall include a statement signed by a senior officer of the Optionee (without personal liability).

(a) certifying the aggregate amount of funds incurred by the Optionee as Expenditures on the Property;

(b) specifying the amount and nature of each item of expense comprising the Expenditures required to exercise the 50% Option in respect of the Property; and

(c) specifying the amount of cash payments, if any, made to the Optionor, in lieu of Expenditures pursuant to Section 3.3.

4.2 Subject to completion of any Audit undertaken pursuant to paragraph Section 8.4, following the exercise by the Optionee of the 50% Option with respect to the Property, the Optionor will take the necessary actions to transfer to and record in the name of the Optionee an undivided 50% legal and beneficial interest in and to the Property in accordance with Applicable Laws

4.3 Once the Optionee has satisfied its obligations in accordance with Section 3.2 with respect to the Property, the Optionee will have exercised the 75% Option and acquired an undivided 75% right, title and interest in and to the Property and will give notice to the Optionor to that effect, which notice shall include a statement signed by a senior officer of the Optionee (without personal liability).

(a) certifying the aggregate amount of funds incurred by the Optionee as Expenditures on the Property;

(b) specifying the amount and nature of each item of expense comprising the Expenditures required to exercise the 75% Option in respect of the Property; and

(c) specifying the amount of cash payments, if any, made to the Optionor, in lieu of Expenditures pursuant to Section 3.3.

4.4 Subject to completion of any Audit undertaken pursuant to paragraph Section 8.4, following the exercise by the Optionee of the 75% Option with respect to the Property, the Optionor will take the necessary actions to transfer to and record in the name of the Optionee an undivided 75% legal and beneficial interest in and to the Property in accordance with Applicable Laws.

ARTICLE 5 EXPENDITURES

5.1 Prior to the Operative Date, the Optionor shall not be required to contribute to Expenditures with respect to the Property. After the Operative Date, all benefits, rights, profits, obligations, expenses, losses and liabilities to be derived from a Property shall be allocated pursuant to the terms of the applicable Joint Venture Agreement.

ARTICLE 6 FORMATION OF JOINT VENTURE

6.1 Upon the date of the occurrence of the earliest of any of the following (in each case, the "**Operative Date**"):

(a) subject to Section 4.2, receipt by the Optionor from the Optionee of the notice provided for in Section 4.1 and receipt by the Optionor from the Optionee of further notice that the Optionee does not wish to pursue the 75% Option and instead wishes to form the Joint Venture;

(b) subject to Section 4.2, receipt by the Optionor from the Optionee of the notice provided for in Section 4.1, and on or before the first anniversary of the Expiry Date the Optionee has not successfully exercised the 75% Option; or

(c) subject to Section 4.4, receipt by the Optionor from the Optionee of the notice provided for in Section 4.3,

the Parties shall use commercially reasonable efforts to form the Joint Venture by executing the Joint Venture Agreement based on the terms set out in Schedule "B"; notwithstanding the foregoing, the Parties agree to work together expeditiously and in good faith to determine the structure of the Joint Venture having regard to applicable legal and tax requirements and so as to achieve the most advantageous tax treatment for both Parties, and may make such modifications to the attached Joint Venture Agreement to achieve such purposes. The Parties will utilize commercially reasonable efforts to execute the Joint Venture Agreement within 90 days of the Operative Date. If the Parties do not execute the Joint Venture Agreement within a 120 day period from the Operative Date, then the terms of Schedule "B" shall constitute the Joint Venture Agreement (including such amendments as may be agreed to by the Parties) with respect to the Property.

6.2 Upon formation of the Joint Venture with respect to the Property, the applicable Joint Venture Agreement (subject to any modifications made to it pursuant to Section 6.1) shall govern the relationship between the Optionee and Optionor with respect to the further Exploration, Development and Mining of the Property.

6.3 The Parties shall conduct the Joint Venture deemed pursuant to the terms of this Agreement in accordance with the terms contained in the form of Guiding Principles of the Joint Venture Agreement attached hereto as Schedule "B" until the applicable Joint Venture Agreement is signed and effective. The executed Joint Venture Agreement will supersede this Agreement with respect to any matters that conflict between this Agreement, provided that all rights and liabilities of each Party in existence on the date on which the Joint Venture Agreement is entered into shall continue thereafter.

6.4 Upon the formation of a Joint Venture with respect to the Property, each of the Optionee and the Optionor will have an initial participating interest in the Property equal to its Post Option Interest.

6.5 This Agreement will terminate once the Joint Venture Agreement is in effect.

ARTICLE 7 OPERATOR

7.1 Throughout, and exclusively limited to, the term of this Agreement, the Optionee shall be the operator (the "**Operator**") with overall responsibility for the Operations on the Property and the Optionee shall maintain adequate insurance coverage in accordance with normal industry standards and practice providing for liability coverage of not less than $1,000,000, naming the Parties hereto as insured and protecting the Parties from third party claims, and shall provide reasonable satisfactory evidence of such insurance at the request of the Optionor.

7.2 The Operator may, in its sole discretion, hire third parties to provide services in connection with the administration and carrying out of the exploration programs on a Property.

ARTICLE 8 AUTHORITY, DUTIES AND OBLIGATIONS

8.1 During the Option Period, the Optionee shall:

(a) maintain the Property in good standing and pay all costs in respect thereof and not in any way encumber the Property;

(b) conduct Exploration in a professional, good and workmanlike manner in accordance with good mining practice and comply with all Applicable Laws with respect to its activities on the Property. The Optionee shall be responsible for the remediation of all surface and environmental disturbances resulting from its activities on the Property;

(c) subject to prior compliance with Section 8.3, deliver any Exploration plans on the Property to the Optionor within 30 days of such plans being in final form;

(d) provide the Optionor with an annual report on the Property summarizing Exploration activity within 90 days of the end of the programs conducted in each year including the cost of the Expenditures made in the past year and total Expenditures made to date;

(e) allow the employees, agents and contractors of the Optionor to conduct site visits on the Property on reasonable prior notice to the Optionee;

(f) maintain true and correct books, accounts and records of Expenditures; and

(g) provide the Optionor at the Optionor's own cost, upon reasonable request and within five business days thereof, all Property-related exploration information, including any notices, demands or other material communications the Optionee receives relating to the Property.

8.2 During the Option Period, the Optionor shall:

(a) remain the registered owner of the Property and not in any way encumber the Property, and shall prior to the Operative Date, discharge any Encumbrances, other than Permitted Encumbrances, against the property;

(b) refrain from any conduct or activity, including any omission or failure to act, that might jeopardize title to or the status of the Property or hinder the obligations of the Optionee to fulfil its obligations and rights under this Agreement;

(c) allow the employees, agents and contractors of the Optionee to: (i) enter upon the Property; (ii) have exclusive and quiet possession thereof; (iii) do such prospecting and exploration work thereon and thereunder as the Optionee in its sole discretion may deem advisable; (iv) bring and erect upon the Property such Facilities as the Optionee deems advisable; and (v) remove from the Property and sell or otherwise dispose of reasonable amounts of mineral products, but only for the purpose of bulk sampling or other testing;

(d) co-operate as reasonably necessary with the Optionee in obtaining any surface, water or other rights on or related to the Property as the Optionee deems necessary or desirable;

(e) make available to the Optionee and its representatives all records and files in its possession relating to the Property and permit the Optionee and its representatives, at their own expense, to take abstracts therefrom and make copies thereof;

(f) other than a Transfer in accordance with Section 17.1, not solicit offers or engage in any discussions with a third party relating to the ownership or development of the Property; and

(g) provide the Optionee access to all Property-related information, including financial information and any notices, demands or other material communications they receive relating to the Property.

8.3 The Optionor and Optionee shall establish a management committee consisting of one representative of each Party (the "**Management Committee**"). The Operator shall put before the Management Committee all budgets and exploration programs it proposes to be acted upon and the Management Committee shall consider the same; provided, however, that the powers of the Management Committee shall be those of persuasion only and it cannot override and supersede or alter the decisions of the Operator with respect to the operation of exploration programs during the Option Period.

8.4 The Optionor shall have the right to audit, at its expense:

(a) the information contained in each annual report delivered pursuant to paragraph 8.1(d); and

(b) information regarding Expenditures incurred set forth in a notice delivered to the Optionor pursuant to Section 4.1;

(each, an "**Audit**").

The Optionor shall complete an Audit as soon as is reasonably practicable following delivery of the items set forth in subsection 8.4(a) and (b) and in any event no later than 30 days following receipt by the Optionor of the applicable notice or report. If, as a result of an Audit, the Optionor disputes any of the Expenditures or exploration works that have been incurred and described in the applicable notice or report, the Optionor will provide written notice of the same (the "**Dispute Notice**") to the Optionee upon completion of the Audit. The Dispute Notice will identify any disputed amounts, expenditures or works in reasonable detail and provide any additional explanation necessary to allow the Optionee to understand the nature and specifics of the dispute. Where available, the Optionee will provide the Optionor with additional reasonable evidence relating to any Expenditures or works so disputed, and the Optionor and the Optionee will use reasonable commercial efforts to resolve such dispute. In the event that the dispute is resolved and it is determined that Expenditures were not properly incurred, the Optionee may pay the Optionee an amount equal to the deficient Expenditures in cash in accordance with Section 3.2. In the event that the deficient Expenditures are in excess of 10% of the total Expenditures, then the Optionee shall promptly reimburse the Optionor for the cost of the Audit. In the event the dispute cannot be resolved by the Parties under this Section 8.4, the dispute will be referred to the Management Committee to resolve. Failing that, the dispute will be referred to the CEOs of Optionor and the Optionee to resolve. Failing that the dispute will be resolved in accordance with Section 12.2 of this Agreement.

8.5 Any obligations of the Optionee under the Option with respect to payments to the Optionor or the incurrence of Expenditures may be satisfied in whole or in part by an Affiliate of the Optionee.

8.6 This Agreement is an option only and except as herein specifically provided otherwise, nothing herein contained shall be construed as obligating the Optionee to do any acts or make any expenditures or payments hereunder, and any act or expenditure or payment as shall be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further issuance or expenditure or payment, other than the Expenditures required to be incurred pursuant to Section 3.1. The Optionee shall have no obligation to complete the exercise of the Option and may allow any such option to lapse without notice.

8.7 Forthwith after execution of this Agreement, the Optionee may, at its expense, register on title to the Property, or elsewhere as permitted by applicable law, notice of its interest in this Agreement and its right to acquire an Interest in the Property.

ARTICLE 9 CONFIDENTIALITY AND INFORMATION

9.1 Confidentiality of Information

All information provided to or received by the Parties hereunder in connection with the Property and the activities of the Parties thereon shall be treated as Confidential ("**Confidential Information**"). The Parties shall each solicit the consent of the other to the disclosure of Confidential Information in circumstances other than those set forth in Section 9.2 and will use commercially reasonable efforts to provide the other Party sufficient advance notice to allow them to seek judicial or regulatory relief, including by way of injunction or similar, if they believe, acting reasonably, that such disclosure shall cause them to incur Costs. If the other Party does not reasonably believe such disclosure shall cause them to incur Costs, they shall not unreasonably withhold or delay their consent. Each of the Parties hereby represents and warrants to the other Party that, subject to the exceptions in Article 9, it will maintain the Confidentiality of the Confidential Information. The Optionee and the Optionor shall each solicit the consent of the other to the disclosure of Confidential Information in circumstances other than those set forth in Section 9.2.

9.2 Permitted Disclosure

The consent required by Section 9.1 shall not apply to a disclosure to:

(a) comply with any Applicable Laws, stock exchange rules or a regulatory authority having jurisdiction (including without limitation in connection with an initial public offering or other go-public transaction of the Optionor);

(b) a director, officer or employee of a Party;

(c) an Affiliate of a Party;

(d) a consultant, contractor or subcontractor of a Party that has a bona fide need to be informed;

(e) any third party to whom the disclosing Party may assign any of its rights under this Agreement in accordance with Section 17; or

(f) a bank or other financial institution from which the disclosing Party is seeking equity or debt financing,

agree to maintain in Confidence for a period of not less than two years any of the Confidential Information so disclosed to them.

9.3 Exception

The obligations of Confidence and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:

(a) as of the Effective Date, was in the public domain;

(b) after the Effective Date, was published or otherwise became part of the public domain through no fault of the disclosing Party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain);

(c) was information that the disclosing Party or its Affiliates were required to disclose pursuant to the order of any Governmental Authority or judicial authority.

9.4 Joint Press Release

The Parties agree to cooperate on the form of any press release with respect to this Agreement or the Property (a "**Press Release**") and consult each other prior to issuing any Press Release or public statement regarding this Agreement or the Property. Notwithstanding the foregoing, it is acknowledged that any Press Release will disclose all information required pursuant to National Instrument 43-101 of the Canadian Securities Administrators.

ARTICLE 10 INDEMNIFICATION

10.1 Mutual Indemnifications

The Optionor covenants and agrees with the Optionee, and the Optionee covenants and agrees with the Optionor (the Party so covenanting being referred to in this Section as the "**Indemnifying Party**", and the other Party being referred to in this Section as the "**Indemnified Party**") that the Indemnifying Party shall:

(a) be solely liable and responsible for any and all Claims which the Indemnified Party or any of its respective directors, officers, servants, agents and employees, together with the Successors, assigns, administrators, executors, heirs and all other legal representatives of the foregoing, may suffer, sustain, pay or incur; and

(b) indemnify and save the Indemnified Party and its respective directors, shareholders, officers, servants, agents and employees, together with the Successors, assigns, administrators, executors, heirs and all other legal representatives of the foregoing, harmless from any and all Claims which may be brought against or suffered by such Persons or which they may sustain, pay or incur,

as a result of, arising out of, attributable to or connected with any breach or non-fulfillment of any representation, warranty, covenant or agreement on the part of the Indemnifying Party under this Agreement or any misstatement or inaccuracy of or any other incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement or in any certificate or other document furnished by the Indemnifying Party pursuant to this Agreement.

ARTICLE 11 CONDITIONS PRECEDENT

11.1 The Parties acknowledge that all conditions precedent to this Agreement have been satisfied.

ARTICLE 12 GENERAL

12.1 Rules of Interpretation

In this Agreement and the Schedules:

(a) time is of the essence in the performance of the Parties' respective obligations;

(b) unless otherwise specified, all references to money amounts are to Canadian currency;

(c) where a representation or warranty is made in this Agreement on the basis of the knowledge of a Party, such knowledge consists of the actual knowledge of the officers and senior managers of a Party after reviewing their files and making due and diligent inquiries, but does not include the knowledge of any other Person;

(d) the descriptive headings of Articles and Sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content and shall not be used to interpret the provisions of this Agreement;

(e) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits;

(f) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day. Whenever any payment is to be made or any action under this Agreement is to be taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following;

(g) the use of the words, "include" or "including" shall be deemed to mean "include, without limitation", or "including, without limitation", if applicable.

12.2 Arbitration

(a) In the event of a dispute in relation to this Agreement, including, without limitation, the existence, validity, performance, breach or termination thereof, or any matter arising therefrom, including whether any matter is subject to arbitration, the Parties agree to negotiate diligently and in good faith in an attempt to resolve such dispute. Submission to arbitration under this Section 12.2 shall be a condition precedent to bringing any action with respect to such dispute.

(b) Failing resolution satisfactory to either Party, either Party may request that the dispute be resolved by binding arbitration, conducted in English, in Toronto, Ontario. The *Arbitration Act 1991* (Ontario), as may be amended from time to time, shall apply to such proceedings.

(c) To demand arbitration any Party (the "**Demanding Party**") shall give written notice to the other Party (the "**Responding Party**"), which notice shall toll the running of any applicable limitations of actions by law or under this Agreement. Such notice shall specify the nature of the allegation and issues in dispute, the amount or value involved (if applicable) and the remedy requested. Within 20 days of the receipt of the notice, the Responding Party shall answer the demand in writing, specifying the allegations and issues that are disputed.

(d) The Demanding Party and Responding Party shall each select one qualified arbitrator within 10 days of the Responding Party's answer. Each of the arbitrators shall be a disinterested person qualified by experience to hear and determine the issues to be arbitrated. The arbitrators so chosen shall select a neutral arbitrator within 10 days of their selection.

(e) No later than 20 Business Days after hearing the representations and evidence of the Parties, the arbitrators shall make their majority determination in writing and deliver one copy to

each of the Parties. The written decision of the arbitrators shall be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration. There shall be no appeal from the determination of the arbitrators to any court. The decision rendered by the arbitrators may be entered into any court for enforcement purposes.

(f) The arbitrators may determine all questions in law and jurisdiction (including questions as to whether or not a dispute is arbitrable) and all matters of procedure relating to the arbitration.

(g) A dispute of the Parties shall not constitute an Event of Force Majeure.

(h) The arbitrators shall have the right to grant legal and equitable relief and to award Costs (including legal fees and the Costs of arbitration) and interest. The Costs of any arbitration shall be born by the Parties in the manner specified by the arbitrators in their majority determination. The arbitrators may make an interim order, including injunctive relief and other provisional, protective or conservatory measures, as well as orders seeking assistance from a court in taking or compelling evidence or preserving and producing documents regarding the subject matter of the dispute.

(i) All papers, notices or process pertaining to an arbitration hereunder may be served on a Party.

(j) The Parties agree to treat as Confidential Information, in accordance with the provisions of Article 6, the following: the existence of the arbitral proceedings; written notices, pleadings and correspondence in relation to the arbitration; reports, summaries, witness statements and other documents prepared in respect of the arbitration; documents exchanged for purposes of the arbitration; the contents of any award or ruling made in respect of the arbitration. A Party may disclose such Confidential Information in judicial proceedings to enforce, nullify, modify or correct an award or ruling and as permitted under Article 6.

12.3 Force Majeure

(a) No Party hereto shall be liable under this Agreement to another Party for any failure to perform any of its obligations caused or arising out of any act not within the control of the Party, excluding lack of funds, but including, without limitation, acts said to be of God, strikes, lockouts or other industrial disputes, acts of a public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any Authorization required from Governmental Authorities (including environmental protection agencies, but excluding receipts for prospectuses or other approvals concerning financings) or unavailability of equipment ("**Event of Force Majeure**").

(b) No right of a Party shall be affected, and no Party shall be found in default, under this Agreement by the failure of such Party to meet any term or condition of this Agreement where such failure is caused by an Event of Force Majeure and, in such event, all times specified or provided for in this Agreement shall be extended by a period commensurate with the period during which the Event of Force Majeure causes such failure.

(c) A Party affected by an Event of Force Majeure shall take all reasonable steps within its control to remedy the failure caused by such event, provided however, that nothing contained in this Section 12.3 shall require any Party to settle any labour or industrial dispute or to test the constitutionality of any law enacted by any Legislature or Parliament of or within Canada or to complete its obligations under this Agreement if an Event of Force Majeure renders completion impossible.

(d) Any Party relying on the provisions of this section 12.3 shall forthwith give notice to the other Party of the commencement of an Event of Force Majeure and of its end.

12.4 Entire Agreement

This Agreement, including the Schedule to this Agreement, together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement and in any agreement or document delivered pursuant to this Agreement. No supplement, modification or waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

ARTICLE 13 ASSOCIATION OF PARTIES

13.1 The Optionee, on the one hand, and the Optionor, on the other hand, shall become associated only for the purposes set forth in this Agreement. Except as otherwise expressed in this Agreement, the rights and obligations of the Parties will be, in each case, several, and will not be or construed to be either joint or several. Nothing contained in this Agreement shall, except to the extent specifically authorized hereunder, be deemed to constitute a Party, a partner, an agent or legal representative of the other Party. It is intended that this Agreement shall not create the relationship of a partnership among the Parties and that no act done by any Party pursuant to the provisions hereof will operate to create such a relationship.

13.2 All transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or act undertaken on behalf of the Parties in connection with the Property will be done, transacted, undertaken or performed in the name of the transacting Party only and no Party will do, transact, perform or undertake anything in the name of any other Party or in the joint names of the Parties.

13.3 Except as specifically provided hereunder:

(a) each Party shall be at liberty to engage, for its own account and without duty to account to the other Party, in any mining or other business or activity outside the boundaries of the Property, including the ownership and operation of any other mining concessions, permits, licenses, claims and leases wherever located;

(b) no Party shall be under any fiduciary or other duty or obligation to the other Party which will prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Parties hereunder outside of the Property; and

(c) the legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to persons occupying a relationship similar to that of the Parties will not apply outside of the boundaries of the Property with respect to participation by any Party in any mining or other business activity or endeavour.

ARTICLE 14 DEFAULT

14.1 If any Party (a "**Defaulting Party**") is in default of any material obligation herein set forth, the Party affected by such default will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement, unless within 30 days after the giving of the

first notice of default by an affected Party the Defaulting Party has failed to take reasonable steps to cure the default by the appropriate performance and if the Defaulting Party fails within such period to take reasonable steps to cure any such default, the affected Party will be entitled to seek any remedy it may have on account of such default including terminating this Agreement and/or seeking the remedies of specific performance, injunction or damages.

ARTICLE 15 TERMINATION

15.1 Subject to the terms of this Agreement, this Agreement terminates:

(a) upon the written agreement of the Parties hereto;

(b) if the Optionee fails to complete the 50% Option or fails to complete any of the annual Expenditures in Sections 3.1(a), including the 30 day grace period, with respect to the Property in accordance with Section 3.1;

(c) at the election of an affected Party in accordance with Section 14.1.

15.2 Upon termination of this Agreement, the Optionee shall have no further obligations, financial or otherwise.

15.3 Notwithstanding the termination of this Agreement, the indemnities contained in Article 10, the confidentiality provisions contained in Article 9 and all other provisions hereof necessary for the interpretation and enforcement thereof will remain in full force and effect.

15.4 For greater certainty, should the Joint Venture be formed with respect to the Property pursuant to this Agreement, the Joint Venture shall not be terminated upon the termination of this Agreement. Any termination of the Joint Venture shall be pursuant to the terms of the Joint Venture Agreement or as may otherwise be agreed in writing between the Parties hereto.

ARTICLE 16 OBLIGATIONS AFTER TERMINATION OF OPTION

16.1 If the Optionee fails to exercise the 50% Option or fails to complete any of the annual Expenditures in Sections 3.1(a), with the 30 day grace period with respect to the Property, the Optionee shall:

(a) leave the Property:

(i) free and clear of all liens, charges and encumbrances arising from this Agreement or its operations hereunder;

(ii) in a safe and orderly condition, including by removing from the Property all Facilities erected or installed at the Property and by completing such remediation or reclamation necessary to leave the Property in compliance with applicable mining rules and regulations and applicable environmental law; and

(b) deliver to the Optionor copies of all information regarding Expenditures and activities in respect of the Property.

16.2 Subject to Section 15.3, if this Agreement is terminated for any reason whatsoever prior to the exercise of the 50% Option with respect to the Property but excluding this Article 16 (which will continue in full force and effect for so long as is required to give full effect to the same) this Agreement will be of

no further force and effect except that the Optionee will leave the Property in compliance with subsections 16.1(a)(i) and 16.1(a)(ii).

ARTICLE 17 TRANSFERS

17.1 Until the Post Option Interests are first determinable with respect to the Property, no Party shall transfer, convey, assign, mortgage, grant an option in respect of, grant a right to purchase or in any other manner dispose of or alienate any or all of its direct or indirect Interest in the Property or transfer or assign any of its rights under this Agreement (a "**Transfer**") without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

17.2 Nothing in Section 17.1 applies to or restricts in any manner:

(a) a disposition by the transferring Party of all or a portion of its interests 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 interests to the transferring Party before ceasing to be an Affiliate of the transferring Party;

(b) an amalgamation, merger 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.

17.3 If a Party (the "**Seller**") wishes to make a *bona fide* offer to, or receives a *bona fide* offer which the Seller wishes to accept from, a person dealing at arm's length with the Seller (the "**Buyer**") pursuant to which the Buyer is to purchase all or a portion of the Seller's Interest in the Property (in either such case, an "**Offer**"), then it may do so subject to compliance with the following terms and conditions:

(a) Prior to making or accepting the Offer, the Seller shall promptly give written notice (the "**Offer Notice**") to the other Party that the Seller desires to effect a Transfer in accordance with the Offer. The Offer Notice must enclose a true copy of the Offer and a certificate of the Seller stating that the Offer contains the entire agreement between the Seller and the Buyer and that there are no other provisions affecting or pertaining to the sale except as set out therein. The Offer must obligate the Buyer to take over and assume all the rights and obligations of the Seller.

(b) The Party receiving such Offer Notice (the "**Remaining Party**") has a period of thirty (30) days after receipt of the Offer Notice within which to give notice (a "**Notice of Election**") to the Seller that it wishes to purchase the Seller's Interest in the Property or part thereof on the terms and conditions in the Offer.

(c) If the Remaining Party delivers a Notice of Election prior to the expiration of such thirty (30) day period, the Seller shall sell its Interest in the Property or part thereof to the Remaining Party on the terms and conditions in the Offer, except that the closing date for such purchase and sale shall be the later of the date which is thirty (30) days after the expiration of the thirty (30) day period aforesaid and the closing date specified in the Offer.

(d) Upon delivery of a Notice of Election to the Seller, the Remaining Party (subject to Section 17.3(c)) shall be bound to complete the purchase and sale of the Interest in the Property or part thereof of the Seller in accordance with the terms hereof.

(e) If the Remaining Party does not deliver a Notice of Election within thirty (30) days after the receipt of the Offer Notice, and the Seller is not in default under this Agreement, then the Seller may, subject to the provisions of this Article 17, Transfer its Interest in the Property or part thereof in accordance with the Offer without modification within one hundred and eighty (180) days after delivery of the Offer Notice to the Remaining Party. If the Transfer of the Seller's Interest in the Property or part thereof to the Buyer is not completed within one hundred and eighty (180) days after the receipt of the Offer Notice by the Remaining Party, the Seller must comply again with the requirements of this Article 17 in respect of the Offer.

17.4 As a condition of any Transfer, the transferee must covenant and agree in writing to be bound by this Agreement, including this Article 17, and, prior to the completion of any such Transfer, the transferring Party will deliver to the non-transferring Party evidence thereof in a form satisfactory to the other Party, acting reasonably, in which case the transferring Party will be released from its obligations hereunder with the exception of any outstanding obligations arising prior to the Transfer and to the indemnities contained in Article 9 and the confidentiality provisions contained in Article 10, for which the transferring Party will remain subject to and liable.

17.5 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated, in all respects, as an Ontario contract.

17.6 Expenses

Except as otherwise provided, all expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring them.

17.7 Notices

Any notice or writing required or permitted to be given under this Agreement or any communication otherwise made in respect of this Agreement (referred to in this Section as a "**Notice**") shall be sufficiently given if delivered or transmitted by e-mail:

(a) In the case of a notice to the Optionor at:

Legion Metals Corp.
Suite 600, 1090 West Georgia Street
Vancouver, BC V6E 3V7

Attention: Peter Smith
President & CEO
E-Mail: ifgsmith@yahoo.ca

(b) in the case of a notice to the Optionee at:

Probe Metals Inc.
Suite 1000, 56 Temperance Street

Toronto, ON M5H 3V5

Attention: David Palmer
President & CEO
E-Mail: dpalmer@probemetals.com

or at such other address as the Party to whom such Notice is to be given shall have last notified the Party giving the same, in the manner provided in this Section. Any Notice delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the Notice shall be deemed to have been given and received on the Business Day next following such day. Any Notice transmitted by e-mail or other form of electronic communication shall be deemed given and received on the first Business Day after its transmission.

17.8 Further Assurances

Subject to the terms and conditions of this Agreement, the Optionor and the Optionee will use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under Applicable Laws to carry out all of their respective obligations under this Agreement and to consummate the transactions contemplated by this Agreement, and from time to time, without further consideration, each Party will, at its own expense, execute and deliver such documents to any other Party as such Party may reasonably request in order to consummate the transactions contemplated by this Agreement. Each of the Parties agrees to take all such actions as are within its power to control, and to use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in this Agreement which are for the benefit of any other Party.

17.9 Execution in Counterparts and by Facsimile

This Agreement may be executed by the Parties in separate counterparts and by facsimile, and each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have hereunto duly executed this Option Agreement as of the date first written above, with the understanding that this Agreement is subject to regulatory approval and approval by each of the Parties' respective board of directors.

LEGION METALS CORP.

Per: *"Peter Smith"*
Name: Peter Smith
Title: President and CEO

PROBE METALS INC.

Per: *"David Palmer"*
Name: David Palmer
Title: President and CEO

SCHEDULE "A"

DESCRIPTION AND MAP OF THE PROPERTY AND THE MINERAL CLAIMS

The Property is comprised of Exploration Licence 10577 located in the Province of Nova Scotia, which contains the following claims:

MAP 11E3A TRACTS 80 CLAIMS N,O

MAP 11E3A TRACTS 81 CLAIMS P,Q

MAP 11E3A TRACTS 88 CLAIMS A,B

MAP 11E3A TRACTS 89 CLAIMS C,D,E,F,G,H,J,K,L,P,Q

MAP 11E3A TRACTS 90 CLAIMS K,L,M,N,O,P,Q

MAP 11E3A TRACTS 91 CLAIMS N

MAP 11E3A TRACTS 102 CLAIMS C,D,E,F,G,H,J,K,L,M,N,O,P,Q

MAP 11E3A TRACTS 103 CLAIMS A,B,C,D,F,G,H,J,K

MAP 11E3D TRACTS 4 CLAIMS L,M,O,P

MAP 11E3D TRACTS 5 CLAIMS A,B,C,D,F,G,H,J

MAP 11E3D TRACTS 6 CLAIMS A

MAP 11E3A TRACTS 101 CLAIMS L,M,N,O,P,Q

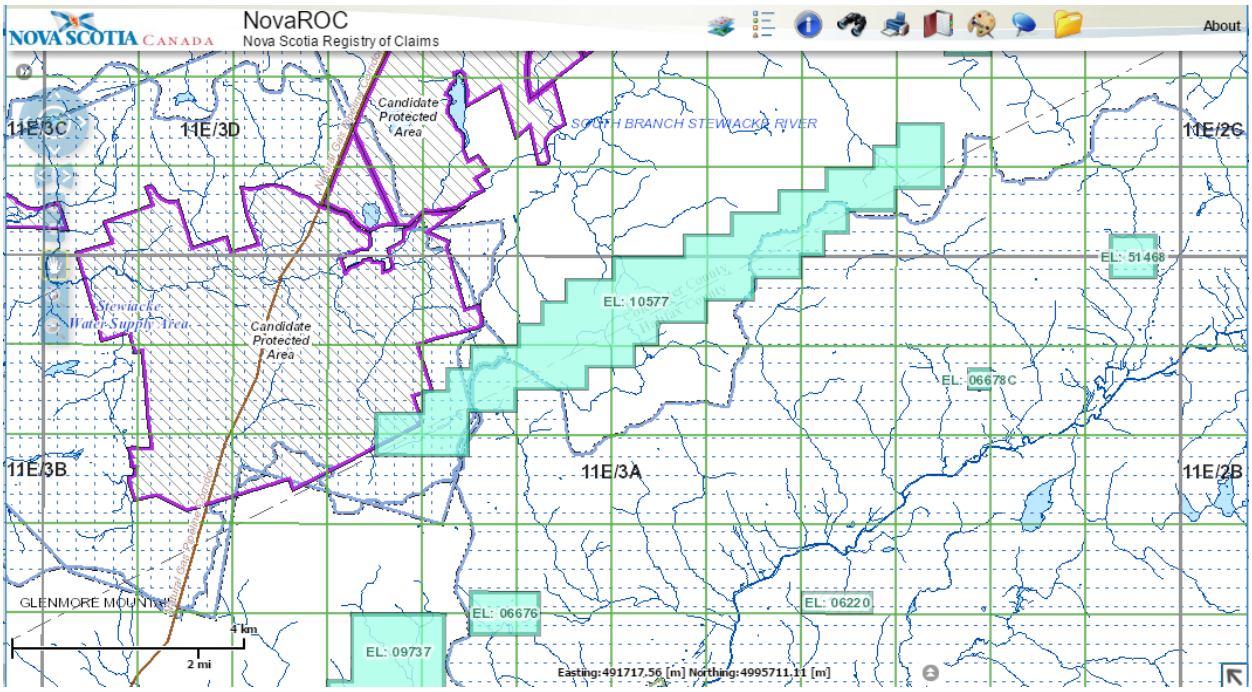
MAP 11E3D TRACTS 4 CLAIMS D,E,F

MAP 11E3D TRACTS 3 CLAIMS N,O

MAP 11E3D TRACTS 4 CLAIMS J,K,Q

MAP 11E3D TRACTS 21 CLAIMS A

MAP 11E3D TRACTS 22 CLAIMS C,D,E,F


NOVA SCOTIA CANADA
NovaROC
Nova Scotia Registry of Claims
About
11E/3C
11E/3D
11E/2C
11E/3B
11E/3A
11E/2B
Candidate Protected Area
SOUTH BRANCH STEWIACKE RIVER
EL: 51468
EL: 10577
Stewiacke Water Supply Area
Candidate Protected Area
EL: 06678C
GLENMORE MOUNTAIN
EL: 06676
EL: 06220
EL: 09737
4 km
2 mi
Easting:491717.56 [m] Northing:4995711.11 [m]

SCHEDULE "B"

GUIDING PRINCIPLES FOR THE JOINT VENTURE AGREEMENT

1.0 Purposes of Joint Venture: The purpose of the Joint Venture shall be the exploration, development and mining of any one or more commercially exploitable ore bodies on the Property, as determined appropriate by the Operator. The following terms and provisions shall serve as guiding principles for the operation of the Joint Venture along with additional terms and provisions to be negotiated once the Optionee has earned its Interest by satisfying all conditions. Unless otherwise defined in this Schedule "B", terms used herein with initial capitals shall have the meanings ascribed thereto in the Option Agreement to which this Schedule "B" is appended.

2.0 Interests in Joint Venture: The percentage interest in the Joint Venture shall be as follows, such that each Party shall be deemed to have contributed the following amounts to the Joint Venture:

(i) the Optionee shall be deemed to have contributed an amount equal to its actual Expenditures in accordance with Article 3 of the Option Agreement (the "**Actual Expenditures**") on or prior to the date of the formation of the Joint Venture which will represent an undivided 50% Interest or 75% Interest, as the case may be, in the Joint Venture as of the Exercise Date; and

(ii) the Optionor shall be deemed to have contributed an amount which is the same proportion of the total amounts deemed to be contributed pursuant to this paragraph 2.0 as the Optionor's interest in the Property on the date of the formation of the Joint Venture which will represent an initial undivided 50% Interest or 25% Interest, as the case may be, in the Joint Venture as of the Exercise Date.

3.0 Not a Partnership: The association of the Parties in the Joint Venture shall not be, and shall not be construed to be, a mining partnership, a commercial partnership or any other partnership relationship.

4.0 Operator: The Optionee shall be the initial operator of the Joint Venture (the "**Operator**"). As long as the undivided participating interest of the Optionee in the Joint Venture is at least fifty per cent (50%) pursuant to the terms of the Joint Venture, the Optionee shall continue as Operator. If at any time the interest of the Party acting as Operator falls below fifty per cent (50%) pursuant to the terms of the Joint Venture, the Party with the greatest interest shall assume operatorship. The Operator shall have all rights, duties and obligations which are usually and customarily given to or necessary or requisite for the operator of a mining joint venture, so as to be able to carry on its role as the operator of the Joint Venture, including the exploration and development of the Property, bringing a mine into commercial production and operating the same. The Operator shall be entitled to charge to the joint account of the Joint Venture the following:

(i) as a direct charge, all the proper costs and expenditures relating to the operations thereof, including, without limiting the generality of the foregoing, salaries, wages and employee benefits, customary allowances and reasonable living expenses paid to employees directly engaged in the conduct of such operations;

(ii) as an indirect charge, in compensation for the *pro rata* portion of the Operator's home office overhead and general and administrative expenses attributable, but not directly chargeable, to the conduct of such operations, the following amounts:

A. ten percent (10%) of the direct charges referred to in subparagraph (i) above, plus

B. ten percent (10%) of the cost of all outside services, including without limiting the generality of the foregoing, surveying, drilling, earth moving, contract mining and feasibility studies, up to the first $50,000.00 on a single contract and five percent (5%) for the balance of each such contract; provided that there shall be no duplication of charges under subparagraphs A and B and provided further that costs incurred because of damages or losses and costs for the services of outside legal counsel shall not be included as indirect charges.

The Parties agree that: (a) the indirect charges in A and B above are intended to compensate the Operator for its home office overhead and general and administrative expenses incurred in managing the operations and are not intended to result in net profit to the Operator; and (b) agree to amend the foregoing rates from time to time if they are found to be insufficient or excessive, determined by the mutual agreement of the Parties, acting reasonably.

Should a mine be brought into commercial production and operation, the Operator shall be entitled to a management fee, which shall be a reasonable fee commensurate with accepted customary or usual practice in the industry for an operation of that kind and shall be subject to change from time to time depending on how onerous the duties and obligations of the operator are. In the event that the Parties are unable to agree on the amount and structure of such management fee, the determination of same shall be referred to arbitration in accordance with the Option Agreement or the formal agreement evidencing the Joint Venture if a formal agreement is executed and delivered.

5.0 Indemnification of Operator: The Operator shall not be liable to the Parties to the Joint Venture for any loss or damage not attributable to its gross negligence or wilful misconduct. The Parties to the Joint Venture shall, in proportion to their respective participating interests in the Joint Venture, determined as of the time of such indemnification, indemnify and hold harmless the Operator against any liability to third parties resulting from any act or omission of the Operator or its agents, servants or employees.

6.0 Programs and Budgets: The Operator shall have the right to propose programs for exploration and, if a mine is being developed and operated, for the carrying out of all phases of such development and operations, including the construction of plant and facilities. All programs shall contain a reasonably itemized budget of the projected expenditures under such programs, including, without limiting the generality of the foregoing, exploration expenditures, development and capital costs and operating expenditures in relation to the Property. The Optionor and the Optionee shall contribute their proportionate share of each expenditure (based on their respective participating interests at the time of any particular expenditure) at such times as requisitioned by the Operator. Such requisitions shall be made on the basis of invoices in respect of such expenditures, provided that in the case of known expenditure requirements such requisitions may be made reasonably in advance of requirements.

7.0 Dilution of Interest: Payment of each requisitioned amount pursuant to Paragraph 6.0 shall be made within 30 days after receipt of a written notice from the Operator requesting such payment (each a "**Requisition Request**"). Either Party may decline to pay its proportionate share of the expenditures requisitioned by the Operator pursuant to any particular Requisition Request. If a Party (the "**Defaulting Party**") fails to pay its share of a requisitioned amount within such 30-day period, it may not pay such share thereafter (without the other Party's prior consent) and it shall not have the right to contribute its proportionate share of the expenditures during the balance of the particular program in which such failure occurred. The other Party (the "**Continuing Party**") shall contribute the Defaulting Party's share during the balance of the program in question. In each case, immediately after each such contribution is made, the Parties' respective participating interests in the Joint Venture shall be calculated using the following formula:

Participating interest of a Party = $\frac{A \times 100}{B}$

Where:

A = total of all requisitioned amounts paid by such Party plus a deemed initial contribution of $250,000 or $500,000, as the case may be, in the case of the Optionee, and $250,000 or $166,667, as the case may be, in the case of the Optionor

B = total of all requisitioned amounts paid by the Parties plus $500,000 or $666,667, as the case may be

The reduction in the Defaulting Party's participating interest shall continue from time to time until it is equal to 10%. Thereupon the Joint Venture shall terminate, 100% of the participating interest of the Defaulting Party shall vest in the Continuing Party. From and after the date on which the Defaulting Party's participating interest has terminated, the Defaulting Party shall be entitled to receive a 2.0% Net Smelter Royalty payment determined in the manner set out in Schedule "C" annexed hereto. Notwithstanding the termination of the Joint Venture, the Defaulting Party shall not be relieved from its proportionate share (determined on the basis of its participating interest from time to time) of all obligations and liabilities of the Joint Venture due or accruing due prior to the date of termination, including without limitation, in respect of unfunded decommissioning and shut down costs and expenses, all required investigation, clean-up, reclamation, restoration, and rehabilitation and monitoring costs and other corrective or mitigating measures pursuant to Environmental Laws.

8.0 Right to Maintain Interest: If, after the completion of a program during which a Defaulting Party failed to pay its proportionate share of any expenditures, subsequent programs are proposed and carried out, the Defaulting Party shall have the right to maintain its reduced participating interest (if more than ten per cent (10%)) by paying its proportionate share of the subsequent programs based on such reduced interest, in accordance with the provisions of paragraph 6.0 of this Schedule "B".

9.0 Government Assistance Excluded: If funds provided by any government grants or assistance programs are used to pay expenditures of the Joint Venture, such funds shall not be taken into account as part of the expenditures to which the Parties must contribute their proportionate share under the provisions of paragraph 6.0 of this Schedule "B".

10.0 Mortgage of Property: The Operator, acting reasonably, shall have the sole right, on behalf of the Joint Venture, to make any decision with respect to mortgaging, pledging, charging or hypothecating all or any part of the Property to secure any loan or loans obtained for the purpose of financing the Joint Venture and to negotiate a loan or loans on such terms and with such lenders as such Operator in its sole discretion determines appropriate. If requested by the Operator, the Parties shall mortgage, pledge, charge or hypothecate their respective interests in the Property in order to facilitate such financing. Other than as aforesaid, none of the Parties shall have the right to mortgage pledge, charge or hypothecate its interest in the Property.

11.0 Technical Committee: A Technical Committee shall be established for the purpose of formulating policy guidelines, communicating and exchanging ideas and information. The Technical Committee shall have regular meetings at regular intervals as agreed by the Parties. In addition, either Party may at any time call a special meeting to discuss any item considered to be sufficiently important. Each Party may designate two representatives to be members of the Technical Committee, with alternates. The Operator shall put before the Technical Committee all budgets and exploration and development programs it proposes to

implement and the Technical Committee shall consider the same; provided, however, that the powers of the Technical Committee shall be those of persuasion only and it cannot override, supersede or alter the decisions of the Operator with respect to the operation of the Joint Venture.

12.0 Formal Agreement: The Parties shall negotiate in good faith and use commercially reasonable efforts to execute and deliver an agreement governing and containing more detailed provisions on the operation of the Joint Venture, but preserving the principles herein contained, provided that until such agreement is executed and delivered, or if no such agreement is executed and delivered, the provisions herein contained shall be enforceable against the Parties and shall govern the operations of the Joint Venture.

SCHEDULE "C"

NET SMELTER ROYALTY

Section 1 Definitions

Unless otherwise defined in this Schedule, capitalized words and terms used in this Schedule and defined in the Agreement have the meanings ascribed to those terms in the Agreement. For purposes of this Schedule, the following words will have the following meanings:

(a) "**Agreement**" means the Option Agreement between Probe Metals Inc. and Legion Metals Corp., to which these royalty provisions are attached as Schedule "C";

(b) "**Completion Date**" means, with respect to any Mine, the date on which Commercial Production has commenced at such Mine.

(c) "**Commercial Production**" means the operation of the Property or any part thereof as a Mine, such that Minerals from the Property have been milled or shipped for 30 consecutive days at a rate, averaged over such 30 day period, of not less than 60% of the average daily rate projected in the relevant Feasibility Study, but excluding any milling or shipping of bulk samples for testing purposes.

(d) "**Development Area**" means any area or areas of the Property that is or are, as applicable, designated as a "Development Area" by the Operator.

(f) "**Fiscal Period**" means each calendar year or other period of 12 consecutive months adopted by the Payor for tax purposes during the term of the Agreement;

(g) "**Gross Receipts**" means the actual proceeds received by or credited to a Payor from any mint, smelter, refinery or other purchaser in a Fiscal Period for the sale of ores, metals (including bullion) or concentrates comprised in Minerals produced from the applicable Development Area;

(h) "**Mine**" means:

(i) any shaft, pit, tunnel or opening, underground or otherwise, made or constructed after preparation of a Feasibility Study, and from which Minerals have been or may be removed or extracted by any method whatsoever, whether now known or hereafter developed, in quantities larger than those required for purposes of sampling, analysis or evaluation;

(ii) mills and other facilities for the treatment, processing and storage, and disposal of Minerals and waste, including tailings;

(iii) fixtures, buildings, facilities and improvements for mining, processing, handling and transporting Minerals, waste and materials; and

(iv) housing, offices, roads, airstrips, power lines, power generation facilities, evaporation and drying facilities, pipelines, railroads, infrastructure, and other facilities for any of the foregoing purposes.

(i) "**Minerals**" means any and all ores (and concentrates or metals derived therefrom) of precious, base and industrial minerals**;**

(j) "**Net Smelter Returns**" means the Gross Receipts minus the Third Party Charges related thereto;

(k) "**NSR Royalty**" means for any Fiscal Period commencing after the relevant Completion Date, two percent (2.0%) of the Net Smelter Returns from the applicable Development Area for such Fiscal Period payable by a Payor to a Royalty Holder pursuant to the Agreement;

(l) "**Payor**" means a Person who is obligated to pay the NSR Royalty to the Royalty Holder;

(m) "**Royalty Holder**" means a Person entitled to receive an NSR Royalty under the Agreement; and

(n) "**Third Party Charges**" means the following charges levied by third parties to the extent that they were not deducted by the purchaser in computing payment for the sale of Minerals produced from the Property: (i) smelting, refining and treatment charges; (ii) penalties; (iii) assay costs and umpire assay costs; (iv) cost of loading, transporting and handling of ores, metals (including bullion) or concentrates (to the extent that such costs are offset by proceeds from the sale of such ores, metals (including bullion) or concentrates) from the applicable Development Area to any mint, smelter, refinery, or other purchaser including costs of insurance; (v) all taxes, levies, duties and fees on production including, but not limited to, production, net proceeds and sales taxes, but excluding income taxes; and (vi) all government royalties or other royalties or similar payments payable to third parties in respect of any Minerals produced from the Property.

Section 2 No Duplication

In accounting for Gross Receipts and Third Party Charges, there must be no duplication of items relating to the same transaction.

Section 3 Non-Arm's Length Transactions

(a) Where a Third Party Charge otherwise qualified as such is incurred by the Payor in a transaction with a Person with whom it is not dealing at arm's length, the amount to be included as a Third Party Charge must be no less than the cost that would have been incurred had the Payor been dealing with a Person at arm's length.

(b) Revenues for Minerals produced from the Property that are sold to a Person that is not at arm's length to the Payor will be deemed to be equal to the average price or quotation for Minerals of equivalent type and grade for the month of sale or taking as reported in **Metals Week**, published by McGraw-Hill. If such a price or quotation is not published in **Metals Week** or such publication ceases or is suspended, then the sale price shall be the average of the prices or quotations for Minerals of equivalent type and grade for the month of sale or taking as may be reported in such other publication or source as is generally recognised in the mining industry as reflecting the prices or quotations at which such Minerals are currently being offered for sale and purchase.

Section 4 Payment

(a) The Net Smelter Returns and the NSR Royalty will be calculated on a Fiscal Period basis, with payment due hereunder to be estimated and paid in four quarterly instalments. Each quarterly payment will be due 60 days following the quarter end. Any amount of the NSR Royalty which is not paid within the time period referred to in the immediately preceding sentence shall bear interest at the Prime Rate plus one percent provided, however, that the determination of such interest rate shall not limit any remedies otherwise available to the Royalty Owner in respect of fraud. "**Prime Rate**" means the interest rate quoted by the Royalty holder's bank at its head office as its "Prime Lending Rate", as said rate may change from day to day (which quoted rate may not be the lowest rate at which such bank lends funds). Each quarterly payment will be adjusted as may be required to account for any overpayment or underpayment in the previous quarter.

(b) A final adjustment will be made when the final amount of Net Smelter Returns is determined for the applicable Fiscal Period. Final determination of Net Smelter Returns and NSR Royalty must be completed for each Fiscal Period within 90 days after the end of such Fiscal Period and any adjustment required by such final determination shall be made to the next quarterly instalment(s) payable after such final determination.

Section 5 Statements

(a) The Payor will provide to the Royalty Holder with each quarterly payment a provisional statement detailing for the quarter (estimating where necessary) the Gross Receipts and Third Party Charges, and showing the calculation of Net Smelter Returns and the NSR Royalty due.

(b) The Payor will provided to the Royalty Holder, within 120 days after the end of each Fiscal Period, a final statement in comparable detail and with comparable calculations as the quarterly statements, relating to NSR Royalty due and paid for the Fiscal Period, certified to be correct by the external auditors of the Payor.

Section 6 Manner of Payment

Each NSR Royalty payment must be made by a wire transfer or cheque made payable to a single bank designated by the Royalty Holder. Regardless of succession by others to all or any part of the interests of the Royalty Holder hereunder, whether by assignment, sale or other voluntary act, liquidation, termination, distribution, operation of law or otherwise, the Payor shall not be required to divide any royalty payment.

Section 7 Audit

(a) Payment of any NSR Royalty by the Payor will not prejudice its right to adjust its own statement supporting the payment.

(b) The Royalty Holder shall have a period of 60 days after its receipt of each annual statement to give the Payor notice of any objection by the Royalty Holder thereto. If the Royalty Holder fails to object to a particular statement within the sixty (60) day period, then the statement and the amount of any payment transmitted therewith will be final and conclusive as between the Parties.

(c) If the Royalty Holder objects to the accuracy of a particular statement or the amount of the payment transmitted therewith within the sixty (60) day period, then the Royalty Holder may require a chartered or certified public accountant mutually acceptable to the Parties and retained by the Royalty Holder to promptly audit the Payor's relevant books and records at an office selected by the Payor and during the Payor's normal business hours.

(d) Any such audit will be made at the sole expense of the Royalty Holder if the audit determines that the payment in question was accurate within five percent (5%). Any such audit will be made at the sole expense of the Payor if the audit determines that the payment in question was inaccurate by more than five percent (5%).

(e) In any case, the payment in question will be adjusted to reflect the results of the audit and the appropriate payment or credit to the next royalty payment made.

Section 8 Commingling

Before any Minerals from a Development Area (the "**DA Minerals**") are commingled with Minerals from other mining properties, the DA Minerals must be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, and other appropriate content. Representative samples of the DA Minerals must be retained by the Payor and assays (including for penalty substances) and other appropriate analyses of these samples conducted before commingling to determine metal and other relevant content of and amounts of penalty substances in the DA Minerals. From this information, the Payor must determine the amount of NSR Royalty due and payable to the Royalty Holder from the commingled DA Minerals. Following the expiration of the period for objection described above in Section 7(b), and absent timely objection by the Royalty Holder, the Payor may dispose of the Minerals and data required to be kept and produced by this section.

Section 9 Abandonment

The relevant Development Area is comprised of those Mineral claims and leases in which the Payor has an interest as of the date that the Royalty Holder became entitled to receive the NSR Royalty, and successor or replacement mineral claims and leases. Nothing contained in this Schedule "C" restricts the Payor from acquiring any additional mining properties in the vicinity of the Development Area free from the NSR Royalty, nor prevents the Payor from abandoning any of the Mineral claims or Mineral leases comprised in the applicable Development Area in the ordinary course of operations provided that the Payor first offers to transfer such claims or leases to the Royalty Holder at the Royalty Holder's expense.

Section 10 Nature of Royalty Interest

Nothing contained in this exhibit or elsewhere in the Agreement will be construed as:

(a) imposing on a Payor any obligation with respect to the payment of the NSR Royalty due hereunder to a Royalty Holder from any other Payor; or

(b) conferring on any Royalty Holder any right to, or interest in, the Development Area or any Assets except the right to receive NSR Royalty payments from the Payor as and when due;

provided that the Parties acknowledge that no transfer or other disposition of the Development Area or any interest in the Development Area will be made except subject to the NSR Royalty.

Section 11 Assignment by Royalty Holder

If at any time the Royalty Holder desire to transfer, sell or otherwise assign any portion or all of the Royalty and their interest in and to this Agreement, to a proposed transferee from whom the Royalty Holder have received a bona fide offer which they are prepared to accept, the Royalty Holder shall first offer the Royalty, for 60 days, to the Owner, at the same price and on the same terms as are contained in the bona fide offer from the proposed transferee, and shall specify the proposed transferee. The Royalty Holder shall also provide the Owner with a copy of the bona fide written offer that they have received from the proposed transferee. Within such 60 days the Owner shall give written notice of acceptance or rejection of the said offer. Failure to deliver a notice of acceptance or rejection within such 60 days will be deemed a rejection of the offer. If the Owner does not wish to acquire the Royalty as offered, the Royalty Holder may, during the period of 60 days next following the expiry of the 60 day offer period, sell, assign, transfer or otherwise dispose of to the proposed transferee the Royalty at the same or at a higher price but otherwise on substantially the same terms and conditions as the original offer received from the proposed transferee, provided that the Royalty Holder shall not complete any sale, assignment or transfer to the proposed transferee unless the proposed transferee, prior to such sale, assignment or transfer, agrees in writing with the Owner to be bound by the terms of this Agreement. For greater certainty, the Royalty Holder are not permitted to sell, assign, option, transfer, or otherwise dispose of the whole or any part of the Royalty in any manner, except in accordance with the terms hereof.

Section 11 Operations

Any decision to place the Property into production will be in the sole discretion of the Operator, who will be under no obligation to the Royalty Holder to place the Property into production and will, if the Property is placed into production, have the unfettered right, as against the Royalty Holder, to suspend, curtail or terminate Operations as the Operator in its sole discretion may determine necessary or desirable.