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LAWYERS

Option Agreement

Papuan Minerals Pty Ltd ACN 156 225 919 (**PMPL** or **the Vendor**)

Golden Birch Resources Inc (Corporation No. 1043482-5) (**GBR** or **the Purchaser**)

Papuan Minerals Limited (**PML** or **the Company**)

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Date **20 March 2020**

Parties

Papuan Minerals Pty Ltd ACN 156 225 919 (**PMPL** or **the Vendor**)

Golden Birch Resources Inc (Corporation No. 1043482-5) (**GBR** or **the Purchaser**)

Papuan Minerals Limited (**PML** or **the Company**)

Background

- A. The Vendor, the Purchaser and PML have entered into the Exclusivity Agreement and Term Sheet dated 24 August 2018, which was varied pursuant to the Deed of Variation dated on or about 3 November 2019 (**Exclusivity Agreement and Term Sheet**).
- B. The Exclusivity Agreement and Term Sheet contemplates the entry into the Transaction Documents including this Agreement.
- C. PML is the legal and beneficial owner of 100% of the Licences.
- D. The Vendor is the legal and beneficial owner of 100% of the Shares on issue in PML.
- E. The Vendor has agreed to grant an option to the Purchaser to acquire up to 85% of the Shares in PML (**Option**).
- F. The parties have agreed to enter into this Agreement to record the terms and conditions of their agreement.

It is agreed

1. Definitions and Interpretations

1.1 In this Agreement:

Accountants means the Company's external accountants who are to be appointed as from the Commencement Date.

Acquisition means the acquisition of GBR by an Acquiring Corporation and the Acquiring Corporation having raised not less than AUD\$3,000,000 in the 6 months before or contemporaneously with the Acquisition which amount shall be deemed to include any Exploration Expenditure incurred in respect of the Licences by or on behalf of GBR up to the time of the Acquisition, the price paid per share in the Acquiring Corporation under that raising being for the sole purpose of the Acquisition.

Acquiring Corporation means the corporation listed on a Recognised Stock Exchange in the event of GBR having been acquired by the Acquiring Corporation pursuant to an Acquisition.

ADI has the meaning given in section 5 of the *Banking Act 1959* (Cth).

Agreement means this Option Agreement.

Option Agreement



AIM means Alternate Investment Market, the stock exchange associated with the London Stock Exchange.

Annual Option Fee means the payment of \$150,000 in Immediately Available Funds by the 12 month anniversary dates from the Listing Date.

Area of Interest means an area within a radius of 10 kilometres from the boundary of, and including the area depicting, the Licences as they exist at the date of this Agreement, as depicted in Schedule 1, and any associated renewal, extension or substitution thereof.

ASX means ASX Limited.

AUD or \$ means Australian dollars.

Auditor means the Company's external auditors who are to be appointed as from the Commencement Date.

Authorisation includes:

- (a) any consent, authorisation, registration, filing, recording, agreement, notarisation, certificate, permission, licence, approval, permit, authority or exemption; or
- (b) in relation to any act, matter or thing which may be proscribed or restricted in whole or in part by law or otherwise if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, registration or other notification of such act, matter or thing, the expiration of such period without such intervention or action.

Bank Cheque means a cheque drawn by an ADI on itself.

Board means:

- (a) the board of directors of the Company; and
- (b) where the context permits or requires, the board of directors of the Listed Company.

Business means the business of mineral exploration in Papua New Guinea.

Business Day means if determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane and Sydney, Australia and Port Moresby, Papua New Guinea.

CDN or \$CDN means Canadian Dollars.

Change in Control means, in respect of a Shareholder, that:

- (a) the power to Control the composition of the board of directors or the management (**Relevant Power**) of that Shareholder passes directly or indirectly to some person or persons who did not possess that power on the date of this Agreement;
- (b) the ability to Control the composition of the board of directors or the management (**Relevant Ability**) of that Shareholder passes directly or indirectly to some person or persons who did not possess such ability at the date of this Agreement; or



- (c) a person or persons who held Relevant Power or Relevant Ability at the date of this Agreement ceases or ceased to hold that power or ability.

Claim means, in relation to a person, any action, allegation, claim, demand, judgment, liability, proceeding, remedy, right of action or right of set-off made against the person concerned however it arises whether:

- (a) it is present, unascertained, immediate, future or contingent;
- (b) it is based in contract, tort, statute or otherwise; or
- (c) it involves a third party or a party to this Agreement.

Commencement Date means the date on which Completion of the acquisition of the Stage 1 Interest occurs.

Commercial and Technical Advisory Council or **CTAC** means a committee formed of at least 4 persons, three nominated from GBR and 1 nominated from PMPL.

Companies Act means the Companies Act 1997 (PNG).

Completion means completion of the acquisition of the Stage 1 Interest or the Stage 2 Interest (as the case may be) in accordance with clause 4.2.

Completion Date means the date on which Completion of the Stage 1 Interest and/or the Stage 2 Interest (as the context requires), occurs in accordance with clause 4.2.

Constitution means the constitution of the Company from time to time.

Control means:

- (a) in the case of a corporation, possession directly or indirectly of the power or ability to control more than 50% of the membership of the board of directors of that corporation or more than 50% of the voting shares of that corporation whether by means of trusts, agreements, arrangements or otherwise; and
- (b) in the case of a PML Shareholder holding its interest as trustee, possession directly or indirectly of the power or ability to do any one or more of:
 - (1) control any decisions of the trustee of the trust;
 - (2) appoint, remove or impose any trustees;
 - (3) appoint, remove or replace a majority of the directors of the trustee (if the trustee is a corporation); or
 - (4) influence the allocation of any benefits under the trust.

Corporations Act means the *Corporations Act* 2001 (Cth).

Cost means any charge, cost, expense, outgoing, payment or other expenditure of any nature including legal fees on a full indemnity basis (whether calculated on a time charge basis or otherwise).

CSE means Canadian Securities Exchange.

Decision to Mine means a decision made by the Purchaser and the Vendor to mine on the Licences after satisfaction of the following conditions by the Purchaser and the Vendor:



- (a) completion of a Definitive Feasibility Study;
- (b) securing 100% financing for the mine and all ancillary and related operations, including banking and equity finance (as applicable); and
- (c) obtaining any and all approvals required under the Relevant Legislation, including but not limited to being granted a mining lease(s) by the relevant Governmental Agency, being granted environmental licences by the relevant Governmental Agency, and the entry into agreements with FN people and community (if applicable).

Deed of Accession means the Deed **attached** as Schedule 5 to this Agreement or as is otherwise agreed between the parties.

Definitive Feasibility Study or **DFS** means a definitive feasibility study as per the definitions under the Australasian Institute of Mines and Minerals (AusIMM).

Development means the construction, supply, completion and commissioning of a commercial Mining and Treatment operation for extraction and processing of Minerals, including the construction or supply of Mining Plant and a Treatment Plant and associated crushing systems, conveyors, stockpiles, loading systems, utilities, vehicles, offices, workshops, and all other facilities, systems, plant, equipment and personnel required for the safe and efficient development, operation and rehabilitation of the Operating Mine in accordance with the mine plans, but does not include Exploration, Mining or Treatment.

Director means a director of the Company.

Dispose means, in respect of any property, to assign, transfer, sell, novate, lease, grant an Encumbrance over or otherwise dispose of the property.

EL means exploration licence.

ELA means exploration licence application.

Encumbrance means:

- (a) a mortgage, charge, encumbrance, pledge, lien or other security over the property;
- (b) a profit a prendre, easement or restrictive covenant affecting the property;
- (c) a caveat, garnishee order, writ of execution, right of set off, assignment of income or monetary licence affecting the property;
- (d) a lease or licence in respect of the property;
- (e) a preferential interest, title retention, or other estate,
- (f) interest, licence or arrangement affecting the property;
- (g) a right of any person or entity to purchase, occupy or use the property or any interest therein (including under an option, licence or lease); or
- (h) an agreement, contract, arrangement or right (including an option) to grant, create, allow or register any of these;

whether the Encumbrance is registered or unregistered, statutory, legal or equitable.

Exclusivity Agreement and Term Sheet has the meaning set out in the Background to this Agreement.



Execution Date means 24 August 2018, being the date on which the Exclusivity Agreement and Term Sheet was executed.

Expenditure means all direct and properly incurred costs and expenses incurred for or in respect of exploration activities, feasibility studies, rehabilitation work, and the costs of maintaining and renewing the Licences, and any such expenditure incurred since execution of the Exclusivity Agreement and Terms Sheet and this Agreement.

Expert means a suitably qualified independent person appointed in accordance with this Agreement.

Exploration means searching for, discovery and delineation of commercial ore deposits of Minerals within the Licence Area and the evaluation of such deposits, including prospecting, surface mapping, sampling, aerial mapping, drilling, trenching and related field work, geophysical and geochemical testing, core sampling, assaying, test mining, analysis and evaluation of activities undertaken and results obtained, conducting preliminary feasibility studies, preparing Feasibility Studies reports, and planning, supervising and administering all activities undertaken, but does not include Development, Mining or Treatment.

Exploration Expenditure means Expenditure incurred in respect of Exploration as set out in the Exploration Expenditure Program.

Exploration Expenditure Program means the exploration program as approved by the parties and managed by the Commercial and Technical Advisory Council.

Event of Default means any of the following events:

- (a) the party fails to pay when due any amount payable by it under any Transaction Document;
- (b) the party fails to observe or perform any other material Obligation or undertaking given to another party by it under or in relation to any Transaction Document (other than payment under clause (a)) and the failure if capable of remedy is not remedied within 10 Business Days (or any longer period agreed by the other party) of its occurrence;
- (c) any representation, warranty or statement made repeated or deemed to be made or repeated by a party in any Transaction Document or any document issued under any Transaction Document is not complied with, is untrue or is misleading in any material respect;
- (d) a PML Shareholder committing or suffering a serious criminal offence which, in the reasonable opinion of the other Shareholders, might bring the Company into disrepute; or
- (e) an Insolvency Event in relation to a party occurs.

Fair Value means the value agreed or determined in accordance with Schedule 4.

Feasibility Study means a study of the technical, commercial and economic feasibility of Development and Mining in the Licence Area and producing Minerals in significant commercial quantities, which includes all available exploration, geological, engineering and other relevant data and capital and operating cost estimates and (if appropriate) marketing studies in sufficient detail to enable options for optimum Development, Mining and Treatment to be identified in reasonable detail, including:

- (a) exploration results and estimates of Mineral Resources, and Proven and Probable Ore Reserves (all as defined in the JORC Code);



- (b) the proposed methods of Development, Mining and Treatment, including the extraction, beneficiation and transportation of the ore and the Treatment and production of Minerals, including waste disposal;
- (c) an estimate of operating levels, environmental costs, shutdown and rehabilitation costs, including an estimate of required capital expenditure and operating costs;
- (d) an economic evaluation of the proposed Development, Mining and Treatment and the marketing and sale of the Minerals including a comparative analysis of the effect of various assumptions, financing methods, operating costs and taxation; and
- (e) a schedule of relevant Authorisations required to be obtained before mining may commence.

Financial Year means each period of 12 months commencing on 1 July and ending on 30 June or such other period as the Board determines and includes:

- (a) the period commencing on the date of execution of this Agreement and ending on the next 30 June; and
- (b) the period commencing on the last 1 July before the date of termination of this Agreement and ending on that date of termination.

GBR Shares means ordinary shares in GBR on Listing on a Recognised Stock Exchange.

GBR Special Warrants Price means the price offered for special warrants of GBR pursuant to its private placement financing that closed on or around October 21, 2019 being \$CDN 0.15.

Good Industry Practice means recognised mining methods, procedures and practices, together with the exercise of that degree of skill, diligence, prudence and foresight that reasonably would be expected from an experienced and competent contractor in Papua New Guinea under conditions comparable to those applicable to the relevant activity in the light of known facts, or facts which should reasonably have been known at the time, and consistent with applicable laws and Authorisations and having regard to the need for:

- (a) suitable and experienced personnel and adequate materials;
- (b) ongoing monitoring and testing of plant and equipment performance, safe operating procedures and appropriate maintenance procedures;
- (c) the observance of relevant Papua New Guinean and international standards; and
- (d) in the case of design, engineering and construction, internationally accepted design, engineering and construction practices that reasonably would be expected from recognised designers, engineers and constructors of comparable plant, equipment and facilities in Papua New Guinea.

Governmental Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department commission, authority, tribunal, agency or entity.

Gross Revenue means the gross proceeds actually received by or applied to the benefit of PML from the sale of Products.

Group means the Company and its Related Bodies Corporate.

Group Company means a company that is part of the Group.

GST has the same meaning as in the *GST Act*.



GST Act means *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*

Immediately Available Funds means:

- (a) cash;
- (a) Bank Cheque; or
- (b) electronic transfers of cleared funds.

Insolvency Event means:

- (a) in relation to any corporation:
 - (1) the appointment of an administrator or provisional liquidator in respect of it;
 - (2) its winding up (whether voluntary or involuntary);
 - (3) its dissolution;
 - (4) the appointment of a receiver, receiver and manager or trustee in respect of the corporation or its property;
 - (5) the occurrence of a ground for winding up in relation to the corporation;
 - (6) the corporation ceasing or threatening to cease to carry on its business;
 - (7) the corporation being deemed to be or stating that it is unable to pay its debts when they fall due;
 - (8) the corporation entering into, or resolving to enter into any arrangement, composition or compromise with or an assignment for the benefit of all or any class of its creditors;
 - (9) an application being made which is not dismissed or withdrawn within ten Business Days for an order, a resolution being passed or proposed, a meeting being convened or any other action being taken to cause anything described above;
- (b) in relation to an individual, that person becoming an insolvent under administration as defined in section 9 of the Corporations Act; and
- (c) in relation to any person, anything analogous to or having a similar effect to anything described above in this definition under the law of any relevant jurisdiction.

IPO means an initial public offering on a Recognised Stock Exchange.

JORC Code means the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as adopted by the Australasian Joint Ore Reserves Committee (**JORC**).

LIBOR means the London Interbank Rate from time to time.

Licence Area means the area of the boundary of the Licences as they exist at the date of this Agreement, as depicted in Schedule 1, and any associated renewal, extension or substitution thereof.

Licences means EL 2391 and EL 2560 and includes any application for a mineral title, and any extension, renewal, variation, conversion, amalgamation, replacement or substitution of a mineral title, which is granted in respect of the whole or part of the area of a mineral.



Listed Company means GBR attaining a Listing on a Recognised Stock Exchange.

Listing means a listing of GBR on a Recognised Stock Exchange, directly or indirectly, either by way of:

- (a) GBR conducting an IPO;
- (b) GBR being acquired by an Acquiring Corporation; or
- (c) GBR becoming a Reporting Issuer.

Listing Date means the date of Listing of GBR on a Recognised Stock Exchange.

Listing Equity Raising means a minimum equity raising of AUD\$3,000,000 in connection with the GBR's Listing (net of advisory, listing fees and transaction costs), which for the avoidance of doubt includes any pre-listing funding raised by GBR.

Majority Vote means a vote or resolution passed by:

- (a) in the case of a vote or resolution of Shareholders, Shareholders who together hold more than 50% of the Shares that are entitled to vote; and
- (b) in the case of a resolution of the Board, Directors who together may cast more than 50% of the votes which may be cast at the relevant Board meeting.

Minerals has the meaning given to the term under the Mining Act.

Mining means all operations associated with the extraction of ore on a commercial basis, including pre stripping, and removal and disposal of overburden and waste, but does not include Exploration, Development or Treatment.

Mining Act means the *Mining Act* 1992 as amended of Papua New Guinea.

Mining Information means all information in relation to the Licences and the Licence Area, including all geological, geophysical, drilling information, drill cores, samples, correspondence, files, surveys, maps, aerial photographs, electromagnetic tapes, drawings, notes, technical reports, studies, designs, plans and financial or other records related to the Licences and models whether held by the Vendors on the Execution Date or generated following the Execution Date.

Mining Plant means all capital works, plant, equipment, machinery, facilities and other infrastructure required to carry out Mining operations.

Minimum Exploration Expenditure has the meaning given at clause 5.1(a)(2).

Net Sales Proceeds means all the Gross Revenue less all costs actually paid or incurred by PML, in relation to the sale of Mineral product extracted and recovered from the Licence.

Net Smelter Return or Royalty has the same meaning as in Schedule 3.

Obligation means any commitment, covenant, duty, obligation or undertaking whether arising by operation of law, in equity or by statute and whether express or implied.

Operating Mine means once commercial operations commence with the commencement of production of Minerals pursuant to the Relevant Legislation, and as certified by an independent third party.

Operator has the meaning given to that term in clause 25.1.



Option means the option by PMPL granted to the Purchaser pursuant to clause 4 to acquire the Stage 1 Interest and the Stage 2 Interest.

Option Period means:

- (a) in the case of the Stage 1 Interest, the period being within 36 months of Listing; and
- (b) in the case of the Stage 2 Interest, the period being within 36 months of acquiring the Stage 1 Interest.

PML Shares means Shares in PML.

PML Shareholders means the Shareholders of PML.

Pre-emption Respective Proportion means in relation to a Shareholder the proportion that the Shares held or beneficially owned by that PML Shareholder bears to the total number of all issued Shares excluding those Shares held by the Vendor.

Product means ore mined or concentrates or precipitates processed from ore mined from the Licence Area, including, without limitation, gold/silver bearing ore, and in the case of copper or other base metal deposits, concentrates or and/or unfinished products requiring further smelting or refining.

Project means the Ada'u Valley Project consisting of the Licences.

Project Activities means all Exploration, Development, Mining, Treatment, rehabilitation and mine closure activities involved in the acquisition, use, development, operation and maintenance of Project Property and all other activities, undertakings, and operations undertaken by the parties pursuant to this Agreement, but does not, subject to clause 27, include the marketing or sale of Products.

Project Property means all rights, titles, interest, claims, benefits and all other property of whatever kind, real or personal, from time to time owned by the Company and its Related Bodies Corporate for the purposes of the Project, and includes the Licences, Mining Plant, Treatment Plant, intellectual property and includes Products before delivery.

Recognised Stock Exchanges means the ASX, CSE TSX, TSXV or AIM.

Relative has, in relation to any Individual, the meaning given in the Corporations Act.

Related Body Corporate means any other corporation that is deemed to be related to a party to this Agreement by virtue of the provisions of the Corporations Act.

Related Entity has the meaning given in the Corporations Act.

Relevant Legislation means any legislation or law that regulates, or will regulate, or will otherwise be relevant to:

- (a) the standing and validity of the Licences;
- (b) carrying out the terms of this Agreement; and
- (c) the Transaction,

including but not limited to the Mining Act and the Companies Act.

Reporting Issuer means a 'reporting issuer', as that term is defined by the Securities Act (Ontario), by filing a final non-offering prospectus in the Province of Ontario and receiving a receipt thereof by the Ontario Securities Commission.



Respective Proportion in relation to a PML Shareholder means the proportion that the Shares held or beneficially owned by that PML Shareholder bears to the total number of all of the issued Shares from time to time.

Restrained Business means any business that is:

- (a) the same as;
- (b) similar to; or
- (c) competitive with,

the Business or a substantial part of the Business.

Restrained Capacity means as sole trader, partner, director, shareholder, manager, employee, agent, consultant, promoter, officer, supplier, licensor, owner, part owner, lender, trustee, adviser or joint venturer either alone or in conjunction with anyone else.

Restraint Area means Papua New Guinea.

Restraint Period means the following period commencing on the date on which an agreement for the sale of Shares is completed:

- (a) five years;
- (b) three years;
- (c) two years;
- (d) one year; and
- (e) six months.

Share Interest means in relation to a Shareholder, the number of Shares held by that Shareholder expressed as a percentage of the total number of Shares on issue from time to time.

Shareholder means each holder of Shares.

Shares means fully paid ordinary shares in PML.

Stage 1 Core Drilling means at least 3,000 metres of diamond core drilling on the Licences in respect of geological target(s) within 30 months of a Listing.

Stage 1 Interest means as the context requires:

- (a) the option to acquire a 51% interest in PML through the acquisition of PML Shares; or
- a 51% interest in the Company.

Stage 1 Option Period means the period being within 36 months of Listing.

Stage 2 Core Drilling means at least 10,000 metres of diamond core drilling on the Licences during the Stage 2 Period.

Stage 2 Election has the meaning given at clause 6.1(a)(1).

Stage 2 Interest means, as the context requires, having acquired the Stage 1 Interest:



- (a) the option to acquire a further 34% interest in the Company through the acquisition of PML Shares; or
- (b) an additional 34% interest in the Company.

Stage 2 Option Period means:

- (c) 36 months from completion of the acquisition of the Stage 1 Interest in accordance with clause 5.1(a)(5)(B); or
- (d) 72 months from the Listing Date,

whichever occurs first.

Subsidiary has the meaning given to it in the *Corporations Act 2001* (Cth).

Super Majority Vote means a vote or resolution passed by:

- (a) in the case of a vote or resolution of PML Shareholders, PML Shareholders who together hold more than 75% of the Shares that are entitled to vote; and
- (b) in the case of a resolution of the Board, Directors who together may cast more than 75% of the votes which may be cast at the relevant Board meeting.

Tax Invoice has the same meaning as in the GST Act.

Taxable Supply has the same meaning as in the GST Act.

Third Party means a person not a party, or the Related Body Corporate of a party to this Agreement.

Transaction means the transactions contemplated in this Agreement.

Transaction Documents means any agreement(s) required to fully and completely document and effect the Transaction contemplated by this Agreement, including this Agreement.

Trade Secrets means the method of operation of the Business or a Group Company, design, formulae, patents, drawings, plans, processes, procedure, contracts, agreements, financial details and other documentation and information developed or used by a Group Company and its Shareholders for use in the Business or developed by a party and its employees for use in the Business, details of and information relating to the current negotiations of a Group Company and any Related Bodies Corporate with any of the aforementioned parties and other trade secrets and confidential information of those parties.

Treatment means the processing, smelting, and refining of ore up to and including a product stage, and includes crushing, weighing, sampling, assaying, refining, treatment, transportation, handling, storage, loading and delivery of the Mineral and its associated ore, overburden and waste, but does not include Exploration, Mining or Development.

Treatment Plant means all capital works, buildings, plant, facilities and other infrastructure established for Treatment, including any ore pad and associated crushing systems, conveyors, stockpiles, loading systems, offices, workshops and recovery areas.

TSX means Toronto Stock Exchange in Toronto, Canada.

TSXV means the Canadian Venture Exchange.

Valuation Expert has the meaning given to that term in Schedule 4.



Wilful Misconduct means any act or failure to act which was intended to cause, or was in reckless disregard or wanton indifference to, the foreseeable consequences of such action or failure to act.

Work Program means a work program and budget for a given Year, or other relevant period, in relation to the conduct of the Project Activities proposed in accordance with this Agreement.

Year means a financial year from 1 July of a calendar year until 30 June of the following calendar year.

1.2 In this Agreement, unless the context otherwise requires:

- (a) the singular includes the plural and vice-versa;
- (b) headings do not affect the interpretation of this Agreement;
- (c) a reference to a party means a party to this Agreement as listed on page 1 of this Agreement and includes that party's executors, administrators, substitutes, successors and permitted assigns;
- (d) references to a part, clause, schedule, exhibit and annexure refers to a part, clause, schedule, exhibit or annexure of, in or to this Agreement;
- (e) a reference to this Agreement includes all schedules, exhibits and annexures to this Agreement;
- (f) a reference to an agreement, deed, instrument or other document includes the same as amended, novated, supplemented, varied or replaced from time to time;
- (g) a reference to a court is to a court in the jurisdiction of Queensland;
- (h) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinated legislation issued under, that legislation or legislative provision;
- (i) a reference to a day, month or year is relevantly to a calendar day, calendar month or calendar year;
- (j) the expressions "including", "includes" and "include" have the meaning as if followed by "without limitation";
- (k) no rule of construction is to apply to the disadvantage of a party on the basis that that party drafted the whole or any part of this Agreement;
- (l) a party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this Agreement expressly states otherwise; and
- (m) where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

2. Conditions Precedent

2.1 Conditions Precedent

- (a) The parties acknowledge and agree that the grant of the Option shall at all times be subject to and conditional upon, if required, obtainment of all necessary government



consents and approvals (including any approvals required under any Relevant Legislation) required for the grant of the Option and Royalty under this Agreement.

- (b) The parties acknowledge and agree that Completion of the acquisition of the Stage 1 Interest and/or the Stage 2 Interest shall at all times be subject to and conditional upon if required, obtainment of all necessary government consents and approvals (including any approvals required under any Relevant Legislation) required for the appointment of the Operator, exercise of the Option and implementation of the Royalty under this Agreement.
- (c) Each of the parties must use all reasonable endeavours to procure the satisfaction of the condition precedent:
 - (1) specified in clause 2.1(a), as soon as reasonably practicable; and
 - (2) specified in clause 2.1(b), as soon as reasonably practicable,(each an **Approvals Period**).
- (d) The conditions precedent specified in clauses 2.1(a) and 2.1(b) are for the benefit of all parties and may only be waived to the extent permitted by law, by agreement in writing of all the parties.
- (e) If a condition precedent specified in clauses 2.1(a) or 2.1(b) is not satisfied, or otherwise waived, or become incapable of being satisfied, then GBR may terminate this Agreement by notice to PML and PMPL.
- (f) For the avoidance of any doubt, PMPL does not have the right to terminate this Agreement in respect of the conditions precedent set out in clauses 2.1(a) and 2.1(b) and any failure by GBR to apply for any government approvals within the Stage 1 Option period or the Stage 2 Option Period as applicable does not give PMPL the right to terminate this Agreement, except to the extent that a government approval is necessary for PMPL to obtain the benefit of the Royalty and that government approval has not been applied for (provided GBR is able to apply for or procure PML to apply for such approval) prior to the satisfaction, discharge or waiver of the last of GBR's obligations under clause 6.2, in which case PMPL may terminate this Agreement by notice in writing to PML and GBR at any time after the satisfaction, discharge or waiver of the last of GBR's obligations under clause 6.2, but prior to Completion of the Stage 2 Interest in accordance with clause 4.3(b).
- (g) Subject to clause 2.1(i), if a party terminates this Agreement by notice for failure to obtain satisfaction or waiver of a condition precedent for any reason, then each party is released from all further obligations under this Agreement and no party has any Claim against another party as a consequence of the termination, other than in respect of prior breaches of this Agreement.
- (h) For the avoidance of doubt, neither PML nor PMPL shall have any obligation to pay and/or refund any amounts paid or incurred by GBR (including in its capacity as Operator) prior to the date of such termination. Furthermore, and for the avoidance of doubt, neither PML nor PMPL shall have any obligation to pay and/or refund any amounts paid or incurred by GBR (including in its capacity as Operator) if for any reason any application for a mineral title, or any extension, renewal, variation, conversion, amalgamation, replacement or substitution of a mineral title in respect of the Licence Area is not granted or approved by any Governmental Agency for any reason.
- (i) GBR must in accordance with Good Industry Practice apply for (or to the extent within its control procure that PML applies for) any necessary government consents and



approvals (within its control) prior to the expiry of the Stage 1 Option period or the Stage 2 Option Period as applicable.

- (j) If this Agreement is terminated under clause 2.1(e) by reason of a condition precedent not being satisfied or waived, then GBR shall be deemed not to have made a Stage 2 Election, such that the provisions of clause 6.5 shall be invoked.

3. Exclusivity Acknowledgement

3.1 Initial Exclusivity Fee

- (a) PMPL has received from GBR:
 - (1) AUD\$34,000 on 29 August 2018;
 - (2) AUD\$30,000 on 6 September 2018; and
 - (3) AUD\$65,000 on 19 September 2018,as an Initial Exclusivity Fee (**Initial Exclusivity Fee**).
- (b) The Initial Exclusivity Fee is non-refundable in all circumstances, including, for the avoidance of doubt, where any conditions precedent in clause 2 are not satisfied or waived for any reason.

3.2 Extended and Final Exclusivity Fees

- (a) PMPL has received from the Purchaser:
 - (1) AUD\$100,000 on 20 February 2019 (**Extended Exclusivity Fee**); and
 - (2) AUD\$200,000 on 29 July 2019 (**Final Exclusivity Fee**).
- (b) The Extended Exclusivity Fee and the Final Exclusivity Fee are non-refundable in all circumstances, including, for the avoidance of doubt, where any conditions precedent in clause 2 are not satisfied or waived for any reason.

3.3 Exclusivity

From the Execution Date and for so long as GBR is still earning an interest in PML, neither PMPL, PML nor any of its respective officers, representatives, associates or agents will, without the prior written consent of GBR:

- (a) directly or indirectly engage in or enter into discussions with, solicit or entertain offers or proposals from, negotiate with, or in any manner encourage, accept or consider any offers or proposals from or with third parties (binding or otherwise) in relation to the sale, transfer or alienation of, or an option to sell, transfer or alienate, all or some of their interest in the Licences, whether directly or indirectly or in whole or in part, and whether through any purchase, merger or any other transaction of the same;
- (b) grant or agree to grant any rights (whether conditional or not) over its interest in any of the Licences, or contract to sell its interest in any of the Licences; and
- (c) encumber, assign, charge or otherwise dispose of its interest (or agree to do so, whether conditionally or otherwise) in any of the Licences or any of its rights in respect of any of the Licences or issue any new shares in PML; and



- (d) in the case of PMPL, not to agree to assign or transfer or otherwise dispose of any interest in any of its shares in PML,

except to the Purchaser or its Related Bodies Corporate or Related Entities.

3.4 No Knowledge

PMPL acknowledges and agrees that as at the date of this Agreement it is not aware of any such offer, proposal, negotiation, discussion or other matter in relation to the Licences and (to the extent within its control) PML and undertakes that PMPL and (to the extent within its control) PML shall not deliberately enable, seek or solicit such interest from any party for so long as GBR is still earning an interest in PML.

3.5 Option fees

For the avoidance of doubt, the parties acknowledge and agree that the Initial Exclusivity Fee, the Extended Exclusivity Fee and the Final Exclusivity Fee paid or payable to PMPL constitute the payment of option fees by GBR for the Stage 1 Interest pursuant to the Option referred to in clause 4.1(a).

4. Grant of Option

4.1 Option

- (a) The Vendor hereby grants to the Purchaser the Option, exercisable at any time during the Option Period.
- (b) The Option is exercisable, subject to the terms of this Agreement, in two stages:
 - (1) an option to acquire a 51% interest in PML Shares (**Stage 1 Interest**) during the first three years from the Listing Date; and
 - (2) having acquired the Stage 1 Interest, an option to acquire a further 34% interest in PML Shares within six years from the Listing Date (**Stage 2 Interest**).

4.2 Exercise of Option

The Purchaser will be deemed without any further notification or action required to have automatically exercised the Option in respect of the Stage 1 Interest or the Stage 2 Interest (as the case may be) upon satisfaction of the last of the Purchaser's obligations under clause 5.1(a) (in respect of the Stage 1 Interest) and 6.2 (in respect of the Stage 2 Interest).

4.3 Completion of acquisition of Stage 1 Interest and Stage 2 Interest

- (a) Completion of the acquisition of the Stage 1 Interest shall occur on the date that is five Business Days following the satisfaction, discharge or waiver of the last of GBR's obligations under clause 5.1.
- (b) Completion of the acquisition of the Stage 2 Interest shall occur on the date that is five Business Days following the satisfaction, discharge or waiver of the last of GBR's obligations under clause 6.2.

4.4 Completion Obligations

- (a) On the Completion Date, PMPL and/or PML must do all things necessary to deliver title free from Encumbrances to, as the case may be, the Stage 1 Interest or the Stage 2



Interest, including but not limited to delivering to the Purchaser duly executed share transfer forms in respect of the shares the subject to the Stage 1 Interest or the Stage 2 Interest (as applicable);

4.5 Termination of Exclusivity Agreement and Term Sheet

On and from the date of this Agreement, the parties agree that the Exclusivity Agreement and Term Sheet will be at an end and replaced by this Agreement, and the parties shall be released from any Claims thereunder. This Agreement supersedes and replaces any prior written or oral agreement between the parties with respect to its subject matter.

5. Stage 1 Interest

5.1 Terms

- (a) On and from the Execution Date, GBR shall be entitled to earn the Stage 1 Interest by:
- (1) solely funding all Exploration Expenditure of not less than \$300,000 in the first 12 months from the Listing Date;
 - (2) maintaining the Licences in good standing and, without prejudice to clause 5.1(a)(1), carrying out the minimum exploration expenditure required under Relevant Legislation (**Minimum Exploration Expenditure**) as per the Licences and Relevant Legislation;
 - (3) completing the Stage 1 Core Drilling;
 - (4) completing the Listing Equity Raising;
 - (5) contemporaneously with GBR's Listing on a Recognised Stock Exchange:
 - (A) paying PMPL \$150,000 in Immediately Available Funds; and
 - (B) issuing to PMPL, shares having a value of \$600,000 and being either:
 - (i) GBR Shares in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer to be issued at an issue price (converted in accordance with clause 5.3) for GBR Shares equal to the lower of:
 - (A) \$CDN 0.15; and
 - (B) the GBR Special Warrants Price; or
 - (ii) GBR Shares in the event of a Listing of GBR pursuant to an IPO to be issued at the issue price (converted in accordance with clause 5.3) for GBR Shares under the IPO; or
 - (iii) ordinary shares in the Acquiring Corporation, at the price paid per share (converted in accordance with clause 5.3) in the Acquiring Corporation under the Acquisition, in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange.
 - (6) within 12 months from the Listing Date, paying PMPL \$150,000 at GBR's election in either:



- (A) Immediately Available Funds; or
 - (B) by the issue to PMPL of shares having a value of \$150,000 and being either:
 - (i) GBR Shares in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the lesser of \$CDN 0.15 and GBR Special Warrants Price; or
 - (ii) GBR Shares in the event of a Listing of GBR pursuant to an IPO to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the Listing issue price; or
 - (iii) ordinary shares in the Acquiring Corporation in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange to be issued at the volume-weighted average price of ordinary shares in the Acquiring Corporation in the 30 day period immediately preceding their issue, provided that if the issue of ordinary shares in the Acquiring Corporation occurs within 30 days of the completion of the Acquiring Corporation's acquisition of GBR, the price per share shall be deemed to be the price paid per share in the Acquiring Corporation under the Acquisition,and in all cases, the issue price, price per share or price paid per share (as the case may be) must be converted in accordance with clause 5.3.
- (7) within 24 months from the Listing Date, paying PMPL \$150,000 at GBR's election in either:
- (A) Immediately Available Funds; or
 - (B) by the issue to PMPL of shares having a value of \$150,000 and being either:
 - (i) GBR Shares in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the lesser of \$CDN 0.15 and the GBR Special Warrants Price; or
 - (ii) GBR Shares in the event of a Listing of GBR pursuant to an IPO to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the Listing issue price; or



- (iii) ordinary shares in the Acquiring Corporation in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange to be issued at the volume-weighted average price of ordinary shares in the Acquiring Corporation in the 30 day period immediately preceding their issue, provided that if the issue of ordinary shares in the Acquiring Corporation occurs within 30 days of the completion of the Acquiring Corporation's acquisition of GBR, the price per share shall be deemed to be the price paid per share in the Acquiring Corporation under the Acquisition,

and in all cases, the issue price, price per share or price paid per share (as the case may be) must be converted in accordance with clause 5.3;

- (8) within 30 months from the Listing Date, paying PMPL \$500,000 in Immediately Available Funds this payment being part of the \$1.5 million payment to acquire 51% of PML or by the issue of shares (at GBR's election) being either:
 - (A) GBR Shares in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the lesser of \$CDN 0.15 and the GBR Special Warrants Price; or
 - (B) GBR Shares in the event of a Listing of GBR pursuant to an IPO to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the Listing issue price; or
 - (C) ordinary shares in the Acquiring Corporation in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange to be issued at the volume-weighted average price of ordinary shares in the Acquiring Corporation in the 30 day period immediately preceding their issue, provided that if the issue of ordinary shares in the Acquiring Corporation occurs within 30 days of the completion of the Acquiring Corporation's acquisition of GBR, the price per share shall be deemed to be the price paid per share in the Acquiring Corporation under the Acquisition

and in all cases, the issue price, price per share or price paid per share (as the case may be) must be converted in accordance with clause 5.3.

- (9) within 36 months from the Listing Date paying PMPL \$1,000,000 at GBR's election in either:
 - (A) Immediately Available Funds; or
 - (B) by the issue to PMPL of shares having a value of \$1,000,000 and being either:
 - (i) GBR Shares in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such



Listing, the price per share shall be deemed to be the lesser of \$CDN 0.15 and the GBR Special Warrants Price; or

- (ii) GBR Shares in the event of a Listing of GBR pursuant to an IPO to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the Listing issue price; or
- (iii) ordinary shares in the Acquiring Corporation in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange to be issued at the volume-weighted average price of ordinary shares in the Acquiring Corporation in the 30 day period immediately preceding their issue,

and in all cases, the issue price, price per share or price paid per share (as the case may be) must be converted in accordance with clause 5.3; and

- (10) unless this Agreement has been terminated, from the Listing Date, paying PMPL the Annual Option Fee until the Stage 2 Interest is acquired.

(b) GBR must first liaise and consult with PMPL:

- (1) in relation to clause 5.1(a)(1), on the design of the exploration program and the exploration activities; and
- (2) in relation to clause 5.1(a)(3), on the nature of and specific geological target(s) that will be drill tested,

before committing to expenditure in relation to such items, provided that in each case, the ultimate operation of the exploration program and the drilling program (as the case may be) will be the responsibility of the CTAC.

5.2 Prepayment of exercise price

For the avoidance of doubt, the parties acknowledge and agree that the consideration satisfied or to be satisfied under subclauses 5.1(a)(5), 5.1(a)(6), 5.1(a)(7), 5.1(a)(8), 5.1(a)(9) and 5.1(a)(10) constitutes a prepayment of the exercise price by GBR for the Stage 1 Interest pursuant to the Option, which will be deemed to be exercised in accordance with clause 4.2.

5.3 Conversion of issue price from CDN to AUD

Where an issue price, price per share or price paid per share is expressed in CDN and a payment is expressed in AUD, then such price shall be converted from CDN to AUD by reference to the average of the buy and sell rates for CDN as quoted in the Australian Financial Review for the Business Day immediately preceding the date that the relevant payment is made or required to be made (as the case may be) or as is otherwise agreed between the parties.

6. Stage 2 Interest

6.1 Completion of Acquisition of Stage 1



- (a) On Completion of the acquisition of the Stage 1 Interest by the Purchaser, the Purchaser shall within 5 Business Days give notice in writing to PMPL (**Election Notice**) of its election:
 - (1) to proceed to earn the Stage 2 Interest (**Stage 2 Election**); or
 - (2) not to proceed to earn the Stage 2 Interest.
- (b) Failure by the Purchaser to give an Election Notice shall be deemed as an election by the Purchaser to proceed to earn the Stage 2 Interest, such being deemed to take effect on the last Business Day by which an Election Notice may be given under clause 6.1(a).

6.2 Terms

- (a) Upon the Stage 2 Election being made or being deemed to be made, GBR shall be entitled to earn the Stage 2 Interest by:
 - (1) solely funding all Exploration Expenditure during the Stage 2 Option Period;
 - (2) maintaining the Licences in good standing during the Stage 2 Option Period;
 - (3) completing the Stage 2 Core Drilling;
 - (4) during the Stage 2 Option Period, paying PMPL the following payments in Immediately Available Funds or GBR Shares or shares in the Acquiring Corporation, as the case may be (at the election of GBR):
 - (A) within 4 years from the Listing Date AUD\$500,000;
 - (B) within 5 years from the Listing Date AUD\$1,000,000; and
 - (C) within 6 years from the Listing Date AUD\$1,500,000.
 - (5) For the purpose of 6.2(a)(4):
 - (A) in the event of a Listing of GBR by way of GBR becoming a Reporting Issuer, GBR Shares are to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the GBR Special Warrants Price; or
 - (B) in the event of a Listing of GBR, GBR Shares are to be issued at the volume-weighted average price of GBR Shares in the 30 day period immediately preceding their issue, provided that if the issue of GBR Shares occurs within 30 days of the completion of such Listing, the price per share shall be deemed to be the Listing issue price; or
 - (C) in the event of GBR having been acquired by the Acquiring Corporation listed on a Recognised Stock Exchange, ordinary shares in an Acquiring Corporation, to be issued at the volume-weighted average price of ordinary shares in the 30 days period immediately preceding their issue, provided that if the issue of ordinary shares in the Acquiring Corporation occurs within 30 days of the completion of the Acquiring Corporation's acquisition of GBR, the price per share shall be deemed to be the price paid per share in the Acquiring Corporation under the Acquisition,



and in all cases, the issue price, price per share or price paid per share (as the case may be) must be converted in accordance with clause 5.3.

6.3 Prepayment of exercise price

For the avoidance of doubt, the parties acknowledge and agree that the consideration satisfied or to be satisfied under subclause 6.2(a)(4) constitutes a prepayment of the exercise price by GBR for the Stage 2 Interest pursuant to the Option which will be deemed to be exercised in accordance with clause 4.2.

6.4 Stage 2 Election

- (a) GBR is not obliged to proceed to acquire the Stage 2 Interest.
- (b) If GBR makes a Stage 2 Election to not proceed to acquire the Stage 2 Interest:
 - (1) the funding obligations of PML shall be determined by the Board of GBR in accordance with Good Industry Practice;
 - (2) GBR is obliged to meet the Minimum Exploration Expenditure required to maintain the Licences in good standing according to the Licence for a period of at least 12 months from the date of the notice given under clause 6.1(a)(2) (including PML's statutory and administrative expenses).
- (c) Subject to clause 6.5, for the avoidance of any doubt, if GBR does not elect to earn the Stage 2 Interest, the Respective Proportions in PML will be 51% GBR and 49% PMPL.

6.5 Buy-Back Option

- (a) If GBR makes a Stage 2 Election to not proceed to acquire the Stage 2 Interest or for any other reason does not earn the Stage 2 Interest by the end of the Stage 2 Option Period (**Decision Date**) then PMPL shall have an option exercisable within a period of 120 days from the Decision Date (**Buy-Back Option**), to give notice to GBR requiring that GBR transfer its Stage 1 Interest to PMPL (**Buy-Back Notice**) for an amount being the aggregate of all costs properly and directly incurred by GBR in respect of acquiring the Stage 1 Interest:
 - (1) as agreed by GBR and PMPL; or
 - (2) failing agreement, as determined by the Accountants; or
 - (3) if the Company does not have Accountants engaged or the Accountants are not willing or able to provide such a determination, an expert appointed by the President of the Resolution Institute (Australia), to which the provisions of clauses 28.3 to 28.7 will apply, *mutatis mutandis*,

(**Buy-Back Price**).
- (b) Completion of the Buy-Back Option shall take place on the Business Day 20 Business Days after the later of:
 - (1) the agreement or determination of the Buy-Back Price; and
 - (2) obtainment of any Authorisation required

(the **Buy-Back Completion Date**).



- (c) On the Buy-Back Completion Date, unless PMPL has withdrawn the Buy-Back Notice by notice in writing to GBR:
 - (1) PMPL must pay the Buy-Back Price to GBR in Immediately Available Funds; and
 - (2) GBR must transfer the Stage 1 Interest to PMPL free from any Encumbrances.
- (d) If PMPL does not give the Buy-Back Notice within the prescribed period in clause 6.5(a), or GBR withdraws the Buy-Back Notice prior to the Buy-Back Completion Date then GBR shall retain the Stage 1 Interest.

7. Post Stage 2

7.1 Definitive Feasibility Study

- (a) Upon GBR acquiring the Stage 2 Interest, and until completion of a Definitive Feasibility Study (**DFS**), GBR shall:
 - (1) solely fund and, subject to the input of the CTAC in accordance with this Agreement, manage all Exploration Expenditure, including the costs of the DFS; and
 - (2) maintain the Licences in good standing.
- (b) On completion of a DFS, GBR shall forthwith give notice in writing to PMPL of the same, and shall deliver a copy of the DFS report (**DFS Completion Notice**). In the event that GBR fails to give notice of same, it shall be deemed to have given the DFS Completion Notice 10 Business Days following receipt of the final report by PMPL in respect of the DFS.
- (c) After receipt (or deemed receipt) of the DFS Completion Notice, the parties shall liaise and consult within 30 days thereof with a view to making a Decision to Mine (**Decision to Mine Meeting**).

7.2 Decision to Mine

- (a) Following the Decision to Mine Meeting, PMPL will have a period of 60 days in which to give notice in writing to GBR to elect whether to:
 - (1) contribute to all future costs of PML from completion of the DFS on a pro-rata basis (**Contribution Notice**); or
 - (2) require GBR to fund PMPL's proportion (being for the avoidance of doubt, its Respective Proportion) of all future costs of PML from completion of the DFS pursuant to clause 7.3 (**Funding Notice**).

7.3 Funding Notice

- (a) If PMPL gives a Funding Notice, GBR shall, subject to clause 7.3(b), fund PMPL's proportion of all future costs of PML from completion of the DFS through to establishment of an Operating Mine. If PMPL fails to give a Funding Notice within such period, GBR must notify PMPL in writing and if PMPL fails to give a Funding Notice within 10 Business Days following the date of such further notice, it shall be deemed to have given a Contribution Notice and elected to fund PMPL's proportion of such costs and clause 7.3(b) will not apply.



- (b) Subject to PMPL giving a Funding Notice pursuant to clause 7.2(a)(2), from the establishment of an Operating Mine, the parties agree that PML shall from the resulting proceeds from the sale of Products, distribute the Net Sales Proceeds as follows:
- (1) 100% of the Net Sales Proceeds until repayment, to GBR of 100% of past costs incurred pursuant to clause 7.2(a)(2) plus interest thereon from the dates such costs were incurred at a rate per annum equal to LIBOR plus 2 per cent;
 - (2) thereafter, 100% of the Net Sales Proceeds until repayment, to PMPL until PMPL has been repaid 100% of the Exploration Expenditure incurred by PMPL prior to the Commencement Date, to GBR and PMPL in proportion to their shareholdings in PML; and
 - (3) thereafter 100% of the Net Sales Proceeds to GBR and PMPL in their Respective Proportions (such to be paid by way of dividends unless otherwise agreed by the parties).
- (c) In order to be repaid the past costs and Exploration Expenditure (as applicable) referred to in clause 7.3(b), both GBR and PMPL must provide the other party with the necessary records to demonstrate such costs or Exploration Expenditure have been incurred.
- (d) If a Funding Notice has been given, then in the event of:
- (1) a sale of assets of PML in accordance with this Agreement; or
 - (2) a sale of PMPL's Shares in PML in accordance with this Agreement,
- GBR shall have the same entitlement to a distribution from the resulting proceeds (to the extent of the actual costs so funded) from the sale of such assets or PMPL Shares as set forth in clause 7.3(b).
- (e) For avoidance of doubt, in the event of an Operating Mine for which a Funding Notice has not been given, the parties agree that PML shall from resulting proceeds from the sale of Products, distribute the Net Sales Proceeds to GBR and PMPL in their Respective Proportions.

8. CTAC

8.1 Establish CTAC

The parties shall immediately establish the CTAC as soon as reasonably practicable after the execution of this Agreement.

8.2 Function of CTAC

The CTAC is responsible for advising GBR on matters relating to technical aspects of the exploration program within the Licence Area and matters relating to the commercial aspects of whether or not GBR elects to fulfil the earn-in requirements for the Stage 1 and Stage 2 Options.

9. Listing Acknowledgement

9.1 Acknowledgement

The parties acknowledge that:



- (a) it is the intention of GBR to cause and procure a Listing of GBR on a Recognised Stock Exchange as soon as is reasonably practicable;
- (b) on any Listing it is intended that Alan Martin be appointed the Chief Executive Officer of GBR, or the Acquiring Corporation (as the case may be);
- (c) a minimum equity raising of AUD\$3,000,000 (net of advisor, listing fees and transaction costs) is required for the Listing of GBR, which for the avoidance of doubt includes any pre-listing funding raised by GBR (**Minimum Equity Raising**);
- (d) the Minimum Equity Raising can be amended by mutual agreement between the Purchaser and the Vendor; and
- (e) if GBR's proposed equity raising does not meet or exceed the Minimum Equity Raising, any party may terminate this Agreement by giving 10 days' notice in writing to the other parties.

9.2 Listed Company Board

- (a) From the Execution Date, subject to applicable Canadian Securities legislation and the Canada Business Corporations Act:
 - (1) GBR shall be entitled to nominate two (2) persons and PMPL shall be entitled to nominate two (2) persons for election to the Board of the Listed Company at each annual general meeting of shareholders; and
 - (2) GBR and PMPL shall working together nominate an independent person for election to the Board of the Listed Company at each annual general meeting of shareholders.
- (b) Where the nominees appointed by GBR or PMPL (as applicable pursuant to clause 9.2(a)(1)) above are not approved by the Listed Company's Shareholders, both GBR and PMPL shall be entitled to nominate two (2) new persons for election to the Board of the Listed Company at the next annual general meeting of shareholders.
- (c) GBR and PMPL may remove and replace any representative director at any time by notice in writing to the Listed Company and to the representative director being removed, in case of removal.
- (d) GBR and PMPL must each procure that the persons holding a position on the Board and who have been nominated by that party, subject to discharging their statutory obligations and directors' duties, recommend and support (as the case may be) the appointment of the other party's nominated directors, such as to give full effect to this clause 9.2.

10. PML Board Matters

10.1 Appointment of Alan Martin

As from the Execution Date, GBR shall be entitled to appoint Alan Martin to the Board of PML as its representative Director.

10.2 Proportional Board representation



Upon GBR acquiring the Stage 2 Interest, GBR and PMPL shall each be entitled to Board of PML representation of the Company proportional to its interest in PML.

10.3 Independent Chairman

On GBR completing the acquisition of the Stage 1 Interest, an independent chairman as agreed between the parties (who shall, in the event of a deadlock, have a casting vote) shall be appointed to the Board of PML, or earlier if agreed between the parties.

10.4 Vacancies

The PML Shareholders may (but are not obliged to) appoint independent Directors to fill any vacancies on the Board of PML by way of Majority Vote. This power includes a corresponding right to remove, or remove and replace, such independent Directors.

10.5 Notice of Appointment

After the Commencement Date, a PML Shareholder exercising its right to appoint a Director must do so by giving notice in writing to the Company and each other Shareholder (**Notice of Appointment**).

10.6 Effect of Notice of Appointment

Subject to the satisfaction of the requirements of the Companies Act in relation to the consent and eligibility of directors, a person named in a Notice of Appointment becomes a Director on receipt by the Company of the Notice of Appointment and is not subject to retirement by rotation.

10.7 Right to remove

Except as required by law, a PML Shareholder who appoints a Director has the sole right to remove that Director.

10.8 Notice of Removal

The PML Shareholders agree that:

- (a) a PML Shareholder exercising its right to remove a Director must do so by giving notice in writing to the Company and each other PML Shareholder (**Notice of Removal**); and
- (b) a Notice of Removal will be deemed to have been given in relation to a Director if the person who appointed the Director ceases to be a PML Shareholder.

10.9 Effect of Notice of Removal

A person named in a Notice of Removal ceases to be a Director immediately on the giving of the Notice of Removal for that person in accordance with clause 10.7.

10.10 Resignation

- (a) Subject to law, a PML Shareholder who appoints a Director must cause the resignation of that Director, and that Director will be deemed to have given notice of his or her resignation, immediately on a Notice of Removal for that Director being given (or deemed to have been given) in accordance with clause 10.8.



- (b) GBR's Director(s) must automatically cease to act as a Director, and will be deemed to have resigned, where GBR does not by the end of the Stage 1 Option Period earn the Stage 1 Interest.
- (c) A person will automatically be removed as a Director of the Company if the person is, or becomes, ineligible to be a Director in accordance with this Agreement, any applicable law or under the provisions of the Constitution.

10.11 Chairperson

Until such time as clause 10.3 applies:

- (a) The Directors are to appoint a chairperson (**Chairperson**) from their number.
- (b) The Chairperson will also be entitled to preside as chairperson at meetings of members of the Company.
- (c) The parties agree that the Chairperson will not have a casting vote (in addition to any deliberative vote) at any meeting of the Board or the Company.

10.12 Alternate

Each Director may appoint an alternate Director.

10.13 Board meetings

The parties agree that:

- (a) Board meetings will be convened at the written request of any PML Shareholder;
- (b) meetings of the Board will be located at Brisbane, Queensland or such other place determined by the Board;
- (c) Board meetings may be conducted by telephone conference, video conference or any similar means of audio or audio visual communication;
- (d) at least ten Business Days' prior written notice of Board meetings together with an agenda and all material working papers must be given to all Directors, unless the Directors otherwise agree by unanimous vote;
- (e) the agenda for Board meetings must be determined by the Chairperson, except for Board meetings convened at the request of a PML Shareholder where the agenda may be determined by that Shareholder; and
- (f) no resolution of the Board can be passed in respect of any matter of which notice was not given in the agenda for that meeting, unless the Directors otherwise agree by unanimous vote.

10.14 Expenses for meetings

Unless the PML Shareholders otherwise determine by Majority Vote, Directors will be reimbursed for reasonable expenses incurred by the Director in attending Board meetings.

10.15 Quorum

A quorum for meetings of the Board will be constituted by the attendance (in person or by alternate) of 3 Directors.



10.16 Adjournment

If a quorum is not present within 30 minutes of the time specified for a meeting of the Board the meeting will be adjourned to a date and time seven days after the original time of the meeting and at the same place as the original meeting by written notice to all Directors. Any Directors in attendance (in person or by alternate) at that adjourned meeting will constitute a quorum.

10.17 Subsidiaries

The same rights and obligations that are set out in this clause 10 apply (with the necessary changes) in relation to the board of directors of each Subsidiary of the Company such that:

- (a) PML Shareholders have the right to appoint directors of each Subsidiary determined in accordance with this clause; and
- (b) each PML Shareholder has the same rights and obligations in respect of directors of each Subsidiary as set out in this clause 10 generally,

as if references in those provisions to Directors of the Company were references to directors of each Subsidiary.

11. Decision making

11.1 Conflict

If there is any conflict or inconsistency between the provisions of this Agreement and the Constitution, this Agreement prevails to the extent of the conflict or inconsistency. At the request of any party, the parties must take such steps as are necessary to amend the Constitution to remove the conflict or inconsistency to the extent that the applicable law so permits.

11.2 Board's powers

Except as otherwise specified in this Agreement, the Constitution or the Companies Act, the Board will have full power to direct the activities of the Company.

11.3 Voting rights

At any meeting of the Board of PML, each PML Shareholder's representative Director is entitled, and, where a PML Shareholder has more than one representative Director each PML Shareholder's representative Directors are collectively entitled, to exercise that number of votes equal to the number of Shares held by that PML Shareholder.

11.4 Majority Vote

Except as otherwise specified in this Agreement, the Constitution or the Companies Act, all decisions of the Shareholders and all decisions of the Board of PML, will be made by Majority Vote.

11.5 Representative Director

Each party acknowledges that a Director appointed by a Shareholder is the representative Director of that PML Shareholder.

11.6 Director's rights



A Director appointed by a PML Shareholder may do each of the following (provided that in doing so a person in the position of that Director acting reasonably and honestly could form the view that he or she was acting in good faith and in the best interests of the Company as a whole, including with respect to the critical business matters referred to in clause 11.7):

- (a) have regard to and represent the interests of the PML Shareholder; and
- (b) act on the wishes of the PML Shareholder in performing any of his or her Director's duties or exercising any power, right or discretion as a Director.

11.7 Critical Business matters

Other than as required by this Agreement, PML must not do or commit to do any of the following without the prior approval of the Board by Super Majority Vote:

- (a) any further issue of Shares by PML or other interest (in the form of convertible securities or in any other form) over PML's share capital;
- (b) any amendment to PML's constitutional documents or the rights attaching to any Shares;
- (c) any sale of all, or substantially all, of PML's assets or business;
- (d) any capital reduction, share buyback/redemption, share redenomination, liquidation or winding up of the PML;
- (e) borrowings in excess of AUD\$200,000;
- (f) acquisitions and disposals in excess of AUD\$200,000 (including in relation to the Licences) other than in the ordinary course of business);
- (g) the varying or making any binding decision on the terms of employment of any Director or senior employee or increasing or varying the salary or other benefits of any such person;
- (h) other than in respect of a party's representative Director hereunder (who shall not be removed without the written consent by the appointing party), the appointment or removal of any person as a Director;
- (i) the conduct of material litigation;
- (j) the implementation of or variation to any share option other than pursuant to an employee share option plan;
- (k) any surrender or material variation of any of the Licences;
- (l) amalgamating or merging with any other company or business undertaking;
- (m) entering into any arrangement, contract or transaction outside the normal course of the Company's business or otherwise than on arm's length terms;
- (n) giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangements, contracts or transactions; or
- (o) any related party transactions other than those contemplated in this Agreement.



12. Access

12.1 Grant of Access

- (a) PMPL and PML grant access to the Purchaser, any Subsidiary of the Purchaser to enter any part of the Licences to exercise all rights and obligations necessary to give effect to or ancillary to the grant of the rights or the allocation of obligations under this Agreement.
- (b) Access will include, but is not limited to, access to and the use of existing roads, tracks and access points.
- (c) GBR is required to notify PMPL prior to entering the Licences.

12.2 Rights of Purchaser

The rights of the Purchaser under clause 12.1 are granted subject to the requirements of Relevant Legislation. In exercising their rights and obligations under clause 12.1, the Vendor and the Purchaser must ensure that all Relevant Legislation is complied with.

13. Net Smelter Return

13.1 NSR

In the event GBR acquires the Stage 2 Interest, PMPL shall be granted a 2.00% Net Smelter Return on the terms set out in Schedule 3 (**NSR**).

13.2 Option

GBR shall have an option exercisable at any time by notice in writing after GBR acquires the Stage 2 Interest to purchase 50% (being 1% of the 2% NSR) of the NSR for \$1,500,000 (**NSR Buy-Back Price**).

13.3 Completion

The completion of any purchase of the NSR under clause 13.2 will take place at a time during normal business hours on the Business Day 30 days after exercise of the option by GBR (**NSR Buy-Back Date**).

13.4 NSR Buy-Back

On the NSR Buy-Back Date:

- (a) GBR must pay the NSR Buy-Back Price to PMPL in Immediately Available Funds; and
- (b) PMPL must deliver any documentation reasonably required to transfer 50% of the NSR to GBR free from any Encumbrances.

14. Area of Interest

14.1 Restriction

From the Execution Date, PMPL shall not, without the prior written consent of GBR, nor shall any Related Body Corporate or Related Entity of PMPL so long as GBR is still earning an



interest in PML, during the Option Period, or upon exercise of the Option, until Completion of the Stage 1 Interest and the Stage 2 Interest:

- (a) tender or otherwise apply for any exploration or mining interest to seek to explore for or extract any Minerals within the Area of Interest; or
- (b) acquire or agree to acquire any interest in a corporation or other entity which has or intends to tender or otherwise apply for any exploration or mining interest to seek to explore for or extract any Minerals within the Area of Interest.

14.2 Deemed Inclusion

Any EL(s), ELA(s) or mining interests acquired by PML or PMPL prior to or during the Option Period within the Area of Interest will be deemed to be included in the Licences and subject at all times to the provisions of this Agreement.

14.3 Conduct

From the Execution Date, GBR shall not without the prior written consent of PMPL, nor shall any Related Body Corporate or Related Entity of GBR so long as GBR is still earning an interest in PML, during the Option Period, or upon exercise of the Option, until Completion of the acquisition of the Stage 1 Interest and the Stage 2 Interest:

- (a) tender or otherwise apply for any exploration or mining interest to seek to explore for or extract any Minerals within the Area of Interest; or
- (b) acquire or agree to acquire any interest in a corporation or other entity which has or intends to tender or otherwise apply for any exploration or mining interest to seek to explore for or extract any Minerals within the Area of Interest.

14.4 Inclusion

Any EL(s), ELA(s) or mining interests acquired by GBR or a Related Body Corporate or Related Entity prior to or during the Option Period within the Area of Interest will be deemed to be included in the Licences and subject at all times to the provisions of this Agreement.

15. Accounts

The Company must:

- (a) keep and maintain separate books of accounts and make true and complete entries in them of all its dealings and transactions; and
- (b) ensure that each financial statement, record or account which is prepared:
 - (1) complies with:
 - (A) accounting principles and practices generally accepted in Australia consistently applied (or such other standards or principles as are agreed by the parties); and
 - (B) all applicable laws; and
 - (2) gives a true and fair view (or materially accurate view, as the case may be) of its state of affairs and the result of the Company's operations, at the date, and for the period ending on the date, to which those statements are prepared.



16. Termination

16.1 Termination by PMPL

- (a) This Agreement is effective from the date it is executed and will continue to be in legal force and effect until it is terminated pursuant to clause 16.1(b) or otherwise in accordance with this Agreement.
- (b) If:
 - (1) a Listing has not occurred on a Recognised Stock Exchange within 19 months from the Execution Date, or such later date as may be agreed by the parties; or
 - (2) GBR has not completed the Stage 1 Core Drilling within 30 months of Listing; or
 - (3) GBR has confirmed in writing that it will not exercise the Option in respect of the Stage 1 Interest;

PMPL may, without affecting PMPL's other rights, terminate this Agreement by giving one month's notice in writing to GBR.

16.2 Termination by GBR

GBR may, at any time by notice in writing to the other parties, terminate this Agreement provided that upon termination of the Option pursuant to this clause, GBR has no further obligation under this Agreement save for being required to meet the minimum expenditure requirements under the Relevant Legislation (including the Mining Act) for a period from termination being the earlier of:

- (a) 3 months after termination of this Agreement; or
- (b) at least 24 months upon GBR's Listing on a Recognised Stock Exchange.

GBR is also obliged to meet all statutory and administrative expenses of the Company during such period.

16.3 Unilateral Termination

If either party has breached its material Obligations under this Agreement and (if capable of remedy) failed to remedy that breach within one month's notice from the non-defaulting party, the non-defaulting party may, without prejudice to its other rights, immediately terminate the Option and this Agreement.

16.4 Survival

The occurrence of any event specified in this clause 16 will not affect:

- (a) any accrued rights and obligations of the parties in respect of any breach of this Agreement prior to the occurrence of that event; or
- (b) any provision of this Agreement which is expressed to survive the occurrence of that event.



16.5 The termination rights specified in this clause 16 are in addition to and without prejudice to any other termination or other rights the parties may otherwise have under or in connection with this Agreement.

17. Disposal of Shares

17.1 Disposal

A PML Shareholder may not (nor attempt to) Dispose of its Shares except by a transfer of the entire legal and beneficial interest in those Shares in accordance with clause 17.2 and:

- (a) this clause 17;
- (b) clause 19;
- (c) clause 21; and
- (d) clause 22,

as the circumstances may require.

17.2 Permitted transfer

A PML Shareholder (**Transferor** for the purposes of this clause 17) may transfer all or any Shares held by that PML Shareholder to any of the following permitted transferees:

- (a) subject to clause 17.3, a Related Body Corporate of the Transferor;
- (b) any Relative of the Transferor;
- (c) the trustees (in their capacity as trustees) of any deed or trust or settlement made solely for the benefit of the Transferor or one or more of the Relatives of the Transferor, to be held by those trustees on the terms of that deed (**Family Trust**);
- (d) if the Transferor is the trustee of a deed of trust or settlement, then to any beneficiary under the deed of trust or settlement; and
- (e) an entity on seeking and obtaining approval of all PML Shareholders in favour of such transfer.

17.3 Transfer to Related Body Corporate

A PML Shareholder is not entitled to sell or transfer all or any part of its Shares (**Relevant Shares**) to a Related Body Corporate unless if prior to any such transfer, the Related Body Corporate covenants that it will re transfer the Relevant Shares to the first PML Shareholder if that entity ceases to be a Related Body Corporate, and that Related Body Corporate agrees to be bound by the provisions of this Agreement as if it were a party to this Agreement in addition to the relevant PML Shareholder with the intent that the PML Shareholder will remain jointly and severally liable under this Agreement with the Related Body Corporate to the other PML Shareholders.

17.4 Deceased Shareholder

The executors or administrators or other legal personal representatives of a deceased PML Shareholder may transfer Shares to the widow or widower of the deceased Shareholder or to any of the Relatives of that PML Shareholder entitled in each case to them under or by virtue of the will of that Shareholder or as one of his or her next of kin.

17.5 Family Trust

The trustees of the Family Trust may transfer Shares to the beneficiaries entitled to them under the provisions of the Family Trust.

17.6 Change of trustee

The trustees of the will of any deceased PML Shareholder or of any Family Trust may transfer Shares on any change of trustees to the trustees for the time being of that will or Family Trust.

17.7 Shares cease to be held on trust

If any Shares transferred to a trustee under clause 17.6 cease to be held on a Family Trust (otherwise than in consequence of a transfer authorised by paragraph 17.2(d) or clause 17.5) the trustees must immediately follow the procedure for transferring the Shares as prescribed by clause 19 as if the trustees were the PML Shareholder and the relevant Shares may not be otherwise transferred.

17.8 Restriction

A transfer of any Share under this clause 17 will only be treated as a permitted transfer for the purposes of this Agreement if it is a transfer of the entire legal and beneficial interest in that Share free from all Encumbrances.

17.9 Covenant from assignee

Each of the PML Shareholders covenants that prior to any Disposal of all or any part of its Shares permitted in accordance with this clause 17 it must as a condition precedent to such Disposal, procure from the intended assignee (if a party other than a party to this Agreement) a covenant that such assignee will be bound in all respects by the covenants and provisions of and contained in this Agreement including this subclause by executing a Deed of Accession in accordance with clause 23.

18. Buy-out Right

18.1 Effect of Events of Default

If, following Completion of the acquisition of the Stage 1 Interest, an Event of Default occurs in respect of a PML Shareholder (the **Defaulting Shareholder** for the purposes of this clause 18) which has not been cured within 60 days of receipt of notice thereof by the other Shareholder, the other Shareholder (the **Non Defaulting Shareholder**) will have the rights set out in clause 18.3, without prejudice to any other right that the Non-Defaulting Shareholder may have.

18.2 Call option

If there is an Event of Default, the Non Defaulting Shareholder has an option to, subject to all required Authorisations being obtained, purchase all (but not part only) of the Defaulting Shareholder's Shares at a price equal to 90% of Fair Value of those Shares (the **Call Option**).

18.3 Determination of Fair Value

- (a) At any time of a Non-Defaulting Shareholder becoming aware of the occurrence of an Event of Default, the Non Defaulting Shareholder may give notice to the Company and the Defaulting Shareholder setting out the details of the Event of Default and stating that it requires that the Fair Value of the Defaulting Shareholder's Shares be agreed or determined in accordance with Schedule 4.



- (b) If the parties are unable to agree the Fair Value of the Defaulting Shareholder's Shares within 30 days following the issue of the notice under clause 18.3(a), the Fair Value of the Defaulting Shareholder's Shares must be immediately referred to the Valuation Expert for determination in accordance with Schedule 4.

18.4 Mechanism on exercise of Call Option

- (a) Within 30 days of the earlier of agreeing the Fair Value or receipt of the Fair Value determination pursuant to Schedule 4, the Non Defaulting Shareholder may exercise the Call Option, by giving written notice to that effect to the Defaulting Shareholder and the Company.
- (b) Subject to clause 18.4(e), if the Non-Defaulting Shareholder exercises the Call Option the Defaulting Shareholder shall sell to the Non-Defaulting Shareholder, and the Non-Defaulting Shareholder shall purchase, all the Defaulting Shareholder Shares at 90% of their Fair Value.
- (c) The PML Shareholder selling its shares (the **Transferor** for the purposes of this clause 18) will be deemed to warrant in favour of the other PML Shareholder (the **Transferee**) that the Transferor transfers to the Transferee clear and unencumbered legal title to the Shares being transferred (the **Transfer Shares**), free of any Encumbrances or third party rights, other than those permitted under this Agreement (if any).
- (d) The purchase price payable for the Transfer Shares is payable in Immediately Available Funds on the closing of the purchase and sale, which shall take place on the day which is ten Business Days after the date of exercise of the option under clause 18.4(a).
- (e) At the closing of the purchase and sale, the Transferor shall deliver to the Transferee:
 - (1) the share certificates and an executed transfer for the Transfer Shares;
 - (2) a written resignation from each representative Director of the Company appointed by the Transferor; and
 - (3) a duly executed notice irrevocably appointing the Transferee as the Transferor's proxy in respect of the Transfer Shares until such time as those Shares are registered in the name of the Transferee.
- (f) In addition, the Transferor shall perform all the necessary acts and shall execute all the necessary agreements to duly transfer the Transfer Shares to the Transferee.
- (g) The Transferee indemnifies the Transferor against any direct loss, liability, cost, charge or expense that the Transferor pays, suffers or incurs or is liable for in respect of any malicious action taken by the Transferee as the Transferor's proxy in breach of the proxy granted by the Transferor under clause 18.4(e)(3) or as a result of the gross negligence of the Transferor in exercising its rights under the proxy.
- (h) The failure of the Non-Defaulting Shareholder to exercise the Call Option is without prejudice to the rights, powers and remedies provided in this Agreement or the rights, powers or remedies provided by law.
- (i) The provisions of clauses 17, 19, 21 and 22 shall not apply to an exercise of the Call Option.



19. Pre-emption

19.1 First right to purchase Shares

- (a) If at any time following the acquisition of the Stage 1 Interest any Shareholder (**Selling Shareholder**) wishes to Dispose of any or all of its Shares (**Sale Interest**) then any of the other Shareholders (**Pre-emption Offerees**) and if more than one, pro rata in proportion to their Pre-emption Respective Proportion, will have the first right to purchase the Sale Interest on the terms and conditions set out in this clause 19.1.
- (b) The Selling Shareholder must give notice in writing to the Pre-emption Offerees (**Sale Notice**) of its desire to sell the Sale Interest to the Pre-emption Offerees in their Pre-emption Respective Proportions, on those terms and at the price determined by the Selling Shareholder. Every Sale Notice must remain open for acceptance in whole or in part for 30 days from the date of notification by the Selling Shareholder of the price and, if not so accepted, will be deemed to be declined as to the whole or balance of the Sale Interest (as the case may be). The giving of a Sale Notice constitutes an irrevocable offer by the Selling Shareholder to sell the Sale Shares to the Pre-emption Offeree(s) at the price and on the terms and conditions set out in the Sale Notice.
- (c) Any acceptance by a Pre-emption Offeree must be made in writing addressed to the Selling Shareholder (**Purchase Notice**).
- (d) If part of the Sale Interest offered under paragraph 19.1(b) is deemed declined (**Declined Sale Interest**), the Selling Shareholder must give notice in writing (**Second Sale Notice**) of its desire to sell the Declined Sale Interest to those Pre-emption Offerees who accepted the Sale Notice, in their Pre-emption Respective Proportions (excluding from this calculation the Shares held by those Pre-emption Offerees who rejected the Sale Notice). Every Second Sale Notice must remain open for 30 days from the date of receipt of the Second Sale Notice and, if not so accepted, will be deemed to be declined as to the whole or balance of the Sale Interest (as the case may be). Any acceptance of the Second Sale Notice must be made by providing a Purchase Notice to the Selling Shareholder.
- (e) On receipt by the Selling Shareholder of a Purchase Notice from the Pre-emption Offerees in respect of the Sale Notice and the Second Sale Notice (**Purchasers**) a concluded contract of the sale and purchase of the Sale Interest specified in the Purchase Notice free from all Encumbrances will be constituted between the Selling Shareholder and the Purchasers on those terms and conditions set out in the Sale Notice and providing for settlement to take place within 60 days from the date of giving of the Purchase Notice by the Purchasers to the Selling Shareholder or such other period of time as may be agreed on by the parties in writing.
- (f) If not all of the Sale Interest offered under paragraphs 19.1(b) and 19.1(d) has been accepted (**Unsold Sale Interest**), the Selling Shareholder will have the right within the period of three calendar months from the expiry of the 30 day period referred to in paragraph 19.1(b) or, if applicable, paragraph 19.1(d), to sell the Unsold Sale Interest to any other person as it thinks fit at a price not lower than the price offered under the Sale Notice and Second Sale Notice and on terms no more advantageous to the purchaser of the Unsold Sale Interest than the terms specified in the Sale Notice and the Second Sale Notice, subject to clause 19.6.
- (g) If after the expiration of the period referred to in paragraph 19.1(f) above, the Selling Shareholder wishes to sell the Unsold Sale Interest at a lower cash price or on different terms and conditions, it must first make a fresh offer to the Pre-emption Offerees at such lower price or on such different terms and conditions in accordance with this clause 19.1.



- (h) If the pre-emptive rights are not exercised by any one or more of the Pre-emption Offeree(s), the transfer of the Sale Interest may proceed in accordance with the Sale Notice subject to clause 23.

19.2 Change in Control

Subject to clauses 19.3 and 19.4, on the occurrence of a Change in Control in respect of a PML Shareholder:

- (a) that PML Shareholder will be deemed to have issued a Sale Notice in respect of all Shares held by that Shareholder to the other Shareholders in accordance with this clause 19; and
- (b) the provisions of clause 19 must otherwise apply with the same effect:
 - (1) subject to clause 19.5; and
 - (2) provided that the price of the Sale Interest will be determined in accordance with the requirements of Schedule 4 (at the cost of the PML Shareholder the subject of the Change in Control) and the independent valuation obtained in respect of the Sale Interest will be deemed to be the price of the Sale Interest contained in the Sale Notice.

19.3 Change in Control of PMPL

For the purposes of clause 19.2, a Change in Control in relation to PMPL will not be deemed to occur in circumstances where there is any change in the composition of the shareholdings as between any of the shareholders of PMPL that exist at the date of this Agreement (or their Related Entities).

19.4 Change in Control of GBR

Clause 19.2 will not apply in circumstances where there is a Change in Control in respect of GBR.

19.5 Completion of purchase

Completion of any purchase of Shares arising as a consequence of the operation of clause 19.2 must occur within six months after receipt of a Purchase Notice, unless the Transferor is agreeable to the provision of vendor finance terms to the Purchasers.

19.6 Deed of Accession

If the Selling Shareholder disposes of the Sale Interest to a person other than the Shareholders in accordance with paragraph 19.1(f), the transfer by the Selling Shareholder of the Sale Interest will have no force or effect until such time as the Selling Shareholder has caused the purchaser of the Sale Interest to enter into the Deed of Accession in accordance with clause 22.12.

19.7 Price

The determination of a price of the Sale Interest for the purposes of this clause 19 will be final and binding on each of the Shareholders, other than in the case of fraud or manifest error.

20. Protective covenants to apply in the event of sale of shares

20.1 Covenantors' obligations



Where an agreement for the sale of Shares comes into existence under the provisions of clauses 17 and 19, the PML Shareholder that is selling its Shares (**Covenantor**) covenants with any person receiving the Shares, the Company and the remaining PML Shareholders in the Company (**Covenantees**) that:

- (a) during the Restraint Period the Covenantor:
 - (1) will not carry on or be engaged, concerned or interested, directly or indirectly, in any Restrained Capacity in any Restrained Business within the Restraint Area;
 - (2) will not solicit, canvass or entice away or attempt to solicit, canvass or entice away persons, firms or corporations who were or have been at any time clients of the Business in respect of services which are identical to, similar to, or of the general nature or type of services provided by the Business at any time;
 - (3) will not accept business from persons, firms or corporations who were or have been at any time customers of the Business in respect of services which are identical to, similar to, or of the general nature or type of services provided by the Business at any time;
 - (4) will not canvass, solicit or entice away, or attempt to canvass, solicit or entice away any employee of the Business from continuing to be employed in the Business, on behalf of the Covenantor or any other person or company; and
 - (5) will not attempt, counsel, cause or otherwise assist any person to do any of the acts referred to in this paragraph 20.1(a); and
- (b) the Covenantor will not at any time after the date on which the agreement for the sale of Shares is completed:
 - (1) use, disclose, or permit any other person to use or disclose any Trade Secrets;
 - (2) use or register a business name or trade mark which includes all or part of any business name or trade mark used by the Business or any other business name or trade mark that is capable of or likely to be confused with any business name or trade mark used by the Business;
 - (3) in the course of carrying on any trade or business, claim, represent or otherwise indicate any present association with the Business for the purpose of obtaining or retaining any business or custom, or claim, represent or otherwise indicate any past association with the Business; or
 - (4) attempt, counsel, cause or otherwise assist any person to do any of the acts referred to in this paragraph 20.1(b).

20.2 Restraints

The Covenantor:

- (a) separately enters into each of the covenants in this clause 20 and in particular each of the covenants resulting from:
 - (1) in the case of paragraph 20.1(a)(1), combining separately each of the Restrained Capacities with each Restrained Business with each Restraint Area with each Restraint Period;



- (2) in the case of paragraph 20.1(a)(2), combining separately each of the Restraint Periods with the conduct described in paragraph 20.1(a)(2);
 - (3) in the case of paragraph 20.1(a)(3), combining separately each of the Restraint Periods with the conduct described in paragraph 20.1(a)(3);
 - (4) in the case of paragraph 20.1(a)(4), combining separately each of the Restraint Periods with the conduct described in paragraph 20.1(a)(4); and
 - (5) in the case of paragraph 20.1(a)(5), combining separately each of the Restraint Periods with the conduct described in paragraph 20.1(a)(5); and
- (b) acknowledges and agrees that:
- (1) each of the covenants in this clause 20 constitutes a separate, severable and independent restraint imposed on the Covenantor under this Agreement the validity of which must be considered separately; and
 - (2) if any of the covenants in this clause 20 is or will become wholly or partly void, invalid or unenforceable or is judged to go beyond what is reasonable in the circumstances then that does not affect the validity and enforceability of the other covenants imposed under this clause 20, which remain binding on the Covenantor.

20.3 Acknowledgements

The Covenantor acknowledges that each of the covenants given in this clause 20 is:

- (a) fair and reasonable as regards to the subject matter, area and duration of each restraint;
- (b) provided in return for good and valuable consideration; and
- (c) reasonably required by the Covenantees to protect the Business.

20.4 Exclusions

For the avoidance of doubt, nothing in clause 20 prevents the PML Shareholders from holding up to a maximum of 5% of all of the voting shares in a listed company which competes with the Business.

21. Drag along

21.1 Drag Purchaser

If:

- (a) any PML Shareholders together (holding an aggregate Respective Proportion of not less than 75%; or
- (b) one PML Shareholder holding a Respective Proportion of not less than 75%,

wish to Dispose of at the same time their aggregate Shares to an independent bona fide Third Party buyer (**Drag Purchaser**), the relevant PML Shareholder (**Drag Vendor**) (and where more than one Drag Vendor, the Drag Vendors jointly) may serve notice in writing on the Board (**Drag Along Notice**) stating its or their wish to sell its aggregate Share Interest and specifying:



- (c) the proposed cash price for the PML Shares;
- (d) the proposed completion date, which must be not less than 21 days after the date the Drag Along Notice is given (**Drag Completion Date**);
- (e) the other material terms and condition of the proposed sale of the Shares; and
- (f) the name of the proposed Drag Purchaser.

21.2 Board's obligations

If the Board receives a Drag Along Notice, the Board must send a copy of the Drag Along Notice within seven days of receipt, to each of the other PML Shareholders (**Drag Offerees**) requiring the Drag Offerees to sell all of their Shares in the Company to the Drag Purchaser on the terms contained in the Drag Along Notice (and set out in clause 21.1) at the same time as the Drag Vendor sells all of its Shares in the Company to the Drag Purchaser.

21.3 Shareholder's obligations

A PML Shareholder who is required by this clause 21 to sell its PML Shares must deliver to the Drag Purchaser, on the Drag Completion Date, title to all its Shares free from Encumbrances. Such a PML Shareholder is not required to provide warranties (other than as to their ownership, capacity and power to sell their Shares) as part of the sale.

21.4 Payment of price

On the Drag Completion Date:

- (a) each PML Shareholder must deliver title to their Shares, free from all Encumbrances, to the Drag Purchaser; and
- (b) the Drag Vendor must procure that that the consideration payable to each PML Shareholder is paid to the bank account nominated by that PML Shareholder (or, if the PML Shareholder does not nominate a bank account in accordance with this clause, is paid by bank cheque drawn in favour of that PML Shareholder sent to the address for that Drag Shareholder in the register of members of the Company).

21.5 Default

If a PML Shareholder fails to sell its Shares as required by this clause 21 within the time periods specified (**Defaulting Shareholder** for the purposes of this clause 21), the Company and its authorised representatives are jointly and severally irrevocably appointed as the joint and several attorneys of the Defaulting Shareholder to do all such acts, matters and things and to execute transfers and other documents on behalf of the Defaulting Shareholder to effect compliance by the Defaulting Shareholder of its obligations. The Defaulting Shareholder hereby ratifies and confirms all such actions carried out on its behalf by the attorney or attorneys.

21.6 No revocation or withdrawal

A Drag Along Notice once given cannot be revoked or withdrawn.

21.7 Pre-emptive rights do not apply

The sale of Shares to the Drag Purchaser under this clause is not subject to the pre-emptive rights contained in clause 19.



22. Tag along

22.1 Tag Purchaser

If:

- (a) any PML Shareholders together (holding an aggregate Respective Proportion of at least 15%); or
- (b) one PML Shareholder holding a Respective Proportion of at least 15%,

wish to Dispose of at the same time their Shares to an independent bona fide Third Party buyer (**Tag Purchaser**) and has not been served a Drag Along Notice under clause 21.1, the relevant PML Shareholder (**Majority Seller**) (and where more than one Majority Seller, the Majority Sellers jointly) will not be entitled to Dispose of their Shares to the Tag Purchaser unless and until they have complied with the terms of this clause 22.

22.2 Disposal by Majority Shareholder

Before the Majority Seller can Dispose of their Shares, the Majority Seller must issue to the remaining Seller (**Minority Seller**) a notice (**Tag Along Notice**) informing each Minority Seller of its right to require the Majority Seller to cause the Tag Purchaser or its nominee to purchase the Minority Seller's Shares on the terms set out in the Tag Along Notice.

22.3 Price and Terms of sale

The price must be no less and the terms on which the Minority Sellers may sell their Shares to the Tag Purchaser must be no less favourable than the price and terms on which the Majority Seller may sell its Shares to the Tag Purchaser.

22.4 Tag Along Notice

The Tag Along Notice must be dated and must specify:

- (a) the name of the proposed Tag Purchaser;
- (b) the Share Interest proposed to be sold by the Majority Seller;
- (c) the cash price (which must be a cash price denominated in AUD) payable by the Tag Purchaser for the Shares proposed to be sold;
- (d) the proposed completion date which must be not less than 21 days after the date the Tag Along Notice is given (**Tag Completion Date**);
- (e) that the Tag Along Notice applies to all the Shares held by the Minority Sellers; and
- (f) any other material terms and condition on which the Minority Seller's Shares may be sold under the Tag Along Notice.

22.5 Tag Along Exercise Period

With effect from the date of the Tag Along Notice and for a period of 21 days after that date (**Tag Along Exercise Period**), each Minority Seller has the right to require by notice in writing to the Majority Seller to cause the Tag Purchaser or its nominee to purchase all of the Minority Shareholder's Shares in accordance with the Tag Along Notice.

22.6 Required terms and conditions



The Majority Seller must not sell or otherwise transfer the Majority Seller's Shares to the Tag Purchaser if the Tag Purchaser or its nominee fails to buy all the Minority Seller's Shares at a price no less than is contained in the Tag Along Notice and otherwise on terms and conditions no less favourable than applied to the Majority Seller's Shares including on the same date as the date for completion of the sale of the Majority Seller's Shares.

22.7 Time for completion of sale

The Majority Seller must not complete or agree to complete the sale or transfer of the Majority Seller's Shares until after the expiry of the Tag Along Exercise Period.

22.8 No election by Minority Seller

If by 4.00pm on the last day of the Tag Along Exercise Period, a Minority Seller has not elected to sell their Shares under this clause 22, the Majority Seller may sell the Majority Seller's Shares for the price, and on the same terms and conditions specified, in the Tag Along Notice.

22.9 Tag Completion Date

On the Tag Completion Date:

- (a) each Minority Shareholder must deliver to the Tag Purchaser title to all of its Shares free from all Encumbrances; and
- (b) the Majority Shareholder must procure that that consideration payable to each Minority Shareholder is paid to the bank account nominated by that Minority Shareholder (or, if the Minority Shareholder does not nominate a bank account in accordance with this clause, is paid by bank cheque drawn in favour of that Minority Shareholder sent to the address for that Minority Shareholder in the register of members of the Company).

22.10 No revocation or withdrawal

A Tag Along Notice once given cannot be revoked or withdrawn.

22.11 Pre-emptive right do not apply

The sale of Shares to the Tag Purchaser under this clause is not subject to the pre-emptive rights contained in clause 19.

22.12 Continuing Shareholders

If a Tag Along Notice is not given by one or more of the Minority Shareholder(s), the relevant Minority Shareholder(s) must continue to hold their Shares in the Company, and the transfer of the Shares of the Majority Shareholder will proceed in accordance with the Tag Along Notice subject to clause 23.

23. Deed of Accession and Governmental Approvals etc.

The Board will not register a person (who at the time of registration is not a PML Shareholder) as a Shareholder whether occurring:

- (a) pursuant to an issue of additional Shares;
- (b) pursuant to a transfer of Shares; or
- (c) otherwise,

unless that transaction is authorised under this Agreement and:

- (d) the person has first entered into a Deed of Accession signed by the parties; and
- (e) any necessary approvals from Governmental Agencies, authorities and consents in connection with the transfer have been received.

24. Further capital

24.1 Additional Shares

If following Completion of the Stage 1 Interest, the Board determines in good faith and for a proper purpose in the interests of all PML Shareholders and by Super Majority Vote that the Company needs to raise further capital, it must do so by way of the issue of additional Shares (**Additional Shares**) on the following terms:

- (a) the Additional Shares must be first offered to all Shareholders (**Participants**) in their Respective Proportions (**First Round Offer**);
- (b) the First Round Offer must be in writing and must be dated;
- (c) the date of the First Round Offer must not be earlier than the date on which the First Round Offer is sent; and
- (d) the First Round Offer must remain open for acceptance by each Participant for at least 14 days from the date of the First Round Offer.

24.2 Acceptance of First Round Offer

Each Participant may accept the First Round Offer to subscribe for all or part of the Additional Shares offered by giving written notice to the Board on or before the closing date of the First Round Offer. Each acceptance of the First Round Offer is unconditional and irrevocable. If no acceptance is received by the expiry of the closing date of the First Round Offer, the Participants will be deemed to have rejected the First Round Offer.

24.3 Second Round Offer

Additional Shares for which no acceptance was received must be offered to those Participants who accepted the First Round Offer (**Accepting Participants**) in their Respective Proportions (excluding from this calculation the Shares held by those Participants who rejected or were deemed to have rejected the First Round Offer) (**Second Round Offer**). The Second Round Offer must be conducted in accordance with paragraphs 24.1(b), 24.1(c) and 24.1(d) and clause 24.2 such that references in those clauses to:

- (a) "First Round Offer" are replaced with "Second Round Offer"; and
- (b) "Participants" are replaced with "Accepting Participants".

24.4 Notice of allocation

Within five Business Days of the closing date of the Second Round Offer, the Board must notify each Participant who has accepted the First Round Offer and the Second Round Offer of the number of Additional Shares allocated to each Participant.

24.5 Subsequent Round



If after the First Round Offer and the Second Round Offer (if any) all Additional Shares have not been accepted, the procedure set out in clause 24.3 must be repeated (**Subsequent Round**) (on the basis that only a Shareholder who has accepted all of its entitlement under the First Round Offer, Second Round Offer and in each Subsequent Round constitutes an Accepting Participant) until the earlier of:

- (a) acceptances have been received for all Additional Shares; or
- (b) there are no further acceptances in a Subsequent Round.

24.6 Offer to third party

If after the final Subsequent Round (if any) all Additional Shares have not been accepted, the Company may offer the remaining Additional Shares to a third party on such terms as the Board may determine provided that:

- (a) the price offered to the third party is not lower than that offered to the Participants;
- (b) completion of the issue of the remaining Additional Shares to take place within ten Business Days following acceptance of any offer but otherwise on such terms are no more favourable than the terms offered to the Participants; and
- (c) the third party enters into a Deed of Accession under clause 22.12.

24.7 Completion of issue

Completion of the issue of the Additional Shares must take place within ten Business Days of the closing date of the final Subsequent Round at the Company's registered office. At completion:

- (a) each Participant under clause 24.2 must subscribe for the Additional Shares allocated to that Participant under this clause by delivering a bank cheque in payment of the issue price for the Additional Shares to the Company; and
- (b) the Company must deliver to each accepting Participant the certificates relating to the Additional Shares.

25. Operator

25.1 Appointment of Operator

- (a) Subject to clause 25.1(b), the Company on and from the Commencement Date appoints GBR as operator of the Project (**Operator**), including in respect of Exploration, Development, Mining, Treatment and operation of the Project (the **Appointment**). GBR hereby accepts the Appointment.
- (b) Legal operatorship of the Licences in Papua New Guinea shall be retained by PML in accordance with Relevant Legislation and shall not transfer to GBR by virtue of this Agreement, and to the extent required in accordance with Relevant Legislation, PML will be responsible for all communications with Governmental Agencies in relation to the Licences.

25.2 Term of appointment of Operator

The Appointment continues:

- (a) until this Agreement or the Option is terminated or expires for any reason;



- (b) until the Operator resigns, having given at least 90 days' notice to the parties of its intention to resign as Operator;
- (c) if:
 - (1) the Option in respect of the Stage 1 Interest:
 - (A) ceases, expires or is terminated for any reason; or
 - (B) is not exercised by GBR; or
 - (2) following the acquisition of the Stage 1 Interest, GBR ceases to hold the Stage 1 Interest for any reason,until the Board determines if and when a new Operator should be appointed; or
- (d) until the Operator suffers an Insolvency Event or commits a material breach or default in the performance of a material obligation under this Agreement and (if capable of remedy) fails to remedy the default within 30 days of receipt of a written notice of default served by a party.

25.3 Functions, powers and duties of Operator

- (a) The Operator reports to the Board and must:
 - (1) by itself or through its employees, agents or contractors manage, direct and control the Project Activities as agent for and on behalf of the Company;
 - (2) exercise and discharge its powers and duties under this Agreement in accordance with Work Programs and decisions made by the Board;
 - (3) conduct Project Activities in a good, workmanlike and commercially reasonable manner in accordance with Good Industry Practice;
 - (4) report to the Board at the places and times determined by Board; and
 - (5) act in utmost good faith in all its dealings with each party.
- (b) The functions, powers and duties of the Operator, pursuant to the Appointment, are set out in Schedule 6. To the extent that any such function, power or duty is inconsistent with the role of PML as operator of the Licences under Relevant Legislation, Schedule 6 shall be read down to the extent of the inconsistency, and that role will be undertaken by PML.
- (c) The Operator must procure the Company is the legal owner of all Project Property acquired from time to time.

25.4 Liability of Operator

The Operator is not liable to the Company for any loss or damage sustained or liability incurred in connection with the Company, even if arising from the negligence of the Operator or any person for whom the Operator may be vicariously liable, except where, in the circumstances of the particular case, the Operator (or that person) has committed fraud or Wilful Misconduct. In no circumstances, will the Operator be liable for consequential loss.

25.5 Full indemnity of Operator



Subject to clauses 25.7 and 25.10, the Company must indemnify and hold harmless the Operator, its directors, employees, agents and contractors (**Indemnified Persons**) from and against all damage, loss, expense or liability of any nature suffered or incurred by the Indemnified Persons (including any claims made by Third Parties but excluding consequential loss) in connection with Project Activities, including any personal injury, disease, illness or death, or physical loss of or damage to property, of the Indemnified Persons or any Third Party, except, in respect of an Indemnified Person, where that Indemnified Person has committed fraud or Wilful Misconduct.

25.6 Limited indemnity by Operator of Company

The Operator must indemnify and hold harmless the Company, and its directors, employees, agents and contractors (**Company Indemnified Persons**) from and against all damage, loss, expense or liability of any nature suffered or incurred by the Company Indemnified Persons (including any claims made by Third Parties, but excluding consequential loss) in connection with its management of Project Activities while it is the Operator, including any personal injury, disease, illness or death, or physical loss of or damage to property, of the Company Indemnified Persons or any Third Party, caused by the fraud or Wilful Misconduct of the Operator, its directors, employees, agents and contractors.

25.7 No gain or loss

Provided that no costs incurred by the Operator up until the date on which production of Product from the Licences commences will be recoverable, the Operator must not gain or, except where it has committed fraud or Wilful Misconduct, incur a loss as a result of acting as Operator in the conduct of Project Activities. However, the Operator will be entitled to, on and from the date on which production of Product from the Licences commences, overhead recovery on an industry standard basis to be agreed between the parties.

25.8 Limitations on Operator's obligations

The rights and obligations of the Operator under this Agreement do not extend outside the scope of the Project Activities and, in particular, do not apply to or in relation to marketing the Products, unless the parties and the Operator otherwise agree in accordance with clause 27.

25.9 Operator may delegate

The Operator may delegate any of its rights, remedies, powers, discretions and obligations, provided that:

- (a) the Operator may only delegate the whole of its rights, remedies, powers, discretions and obligations with the approval of the Board;
- (b) any delegation does not relieve the Operator of any of its obligations or responsibilities under this Agreement;
- (c) the Operator informs the Board at its next meeting of the identity of the delegate and the matter which has been delegated; and
- (d) the delegation is at no additional cost to the Company.

25.10 Costs incurred by Operator

All costs properly incurred by the Operator (in that capacity) in discharging its functions, powers and duties under this Agreement in respect of the period commencing on and from the date on which production from the Licences commences (but, for the avoidance of doubt, not in respect of the period prior to this) shall be paid or reimbursed by the Company, including all of the Operator's administrative expenses to the extent to which they relate to the Company or



the Licences, on a cost recovery basis plus overhead recovery on an industry standard basis to be agreed between the parties.

25.11 Agreement with a Related Entity

The Operator may not enter into an agreement with a Related Entity of the Operator for the supply of goods and/or services under this Agreement unless:

- (a) the proposed agreement is on terms and conditions which are no less favourable to the Operator than an arm's length commercial agreement with a Third Party supplier which is not a Related Entity of the Operator; and
- (b) the proposed agreement is approved by the Board.

25.12 Licences

The Company and GBR shall use all reasonable endeavours to keep the Licences in good standing in accordance with Good Industry Practice.

25.13 Appointment of new Operator

- (a) Upon the termination of the appointment of the Operator, the functions, duties and powers shall automatically revert to PML.
- (b) The previous Operator must immediately deliver to PML all Project Property and all documents, books, records and accounts relating to the Company or the Project Activities held by it or under its control.
- (c) If title to any Project Property is held in the name of the previous Operator, it must promptly transfer such title to PML.

25.14 No party may attempt to or frustrate Project Activities or act contrary to decisions duly made by the Company, generally or specifically through actions or written and/or oral communications with landowners or clan leaders associated with EI 2391 or EL 2560 and each party shall use all reasonable endeavours to cause its employees and contractors (and former employees and contractors) not to contravene this provision. Each party hereby acknowledges that any breach of this provision is liable to cause harm and injury to the parties, such harm to be remediable in the form of damages to be assessed by a court and/or injunctive relief.

26. Financials / reporting

26.1 Work Program

- (a) The Operator shall prepare and submit a proposed Work Program to the Board for approval on an annual basis at least 45 days prior to the end of each Financial Year.
- (b) Not less than 14 days after provision of the Work Program, the Board must meet (as many times as necessary) and discuss the proposed Work Program for the next Financial Year, or appropriate period and adopt, with or without amendment, the proposed Work Program for that Financial Year.
- (c) The parties acknowledge and agree that, subject to clause 26.2:
 - (1) the Work Program must at minimum satisfy any work and/or expenditure commitments on the Licences (**Core Program**) and must detail all of the proposed operations for the upcoming year including a budget for such operations;



- (2) the Work Program is indicative only and may change from time to time;
 - (3) the estimates in relation to certain key costs and line items in respect of the Project Activities, as set out in a Work Program, are a good faith estimate of the relevant costs associated with the proposed work against which it is detailed in the Work Program; and
 - (4) the estimates set out in a Work Program are not fixed prices or cost caps in relation to the prescribed Project Activities and that the Project Activities may cost more or less than the estimate of costs set out in the Work Program.
- (d) If the Board for any reason fails to approve a proposed Work Program, prior to the commencement of the Financial Year to which it relates, the Board must continue to meet and use all reasonable efforts to reach agreement. In the meantime, the Operator must continue to do (or, as appropriate, refrain from doing) whatever is necessary to maintain the Licences in good standing and other Project Property in good condition (including by discharging the Core Program).

26.2 Expenditure not covered by the Work Program

- (a) The Operator must not undertake any Project Activities which are not substantially in accordance with the Work Program except:
- (1) in case of an emergency, the Operator may make such immediate expenditure as the Operator deems necessary for the protection of life or property including the Project Property, in which case the Operator must promptly notify the Board of such expenditure; or
 - (2) if the Operator expects there will be a cost overrun in carrying out a Work Program which cannot be avoided by Good Industry Practice, the Operator may exceed a current Work Program by not more than 10%; or
 - (3) if otherwise permitted or required by this Agreement or by the Board.
- (b) The Operator must report to the Board as soon as reasonably practicable any unbudgeted expenditure incurred by the Operator for whatever reason.

26.3 Annual operating budget

At least 30 days prior to the end of each Financial Year, the Board shall determine the annual operating budget for the Company for the following Financial Year in consultation with the Operator and having regard to the Work Program.

26.4 Dividend policy

- (a) Subject to all applicable laws and the terms of this Agreement, the Board shall propose the distribution of all unrestricted retained earnings to each of the PML Shareholders, subject to any provision for the:
- (1) implementation of the Company's business plan;
 - (2) operating expenses and budget; and
 - (3) appropriate working capital reserves,
- (the **Dividend Policy**).



- (b) The Dividend Policy proposed by the Board shall be subject to the approval of the PML Shareholders. The Board may propose the form, opportunity and means of payment of the unrestricted retained earnings, however, all dividends must be issued and distributed based on a resolution passed at a meeting of PML Shareholders.
- (c) Each PML Shareholder shall procure that the Directors appointed by it effect the distribution of unrestricted, retained earnings to each of the PML Shareholders in compliance with the Dividend Policy, as approved by the PML Shareholders.

26.5 Financial reports

The PML Shareholders shall ensure that the Company:

- (a) keeps proper, true and correct books, records and accounts in accordance with International Financial Reporting Standards (**IFRS**) or such other appropriate accounting standards or principles as are agreed;
- (b) causes its financial affairs to be audited in accordance with applicable auditing standards at the end of each Financial Year (and at the end of each half Financial Year if the Directors so resolve);
- (c) makes available to each PML Shareholder as soon as possible any unaudited interim statements;
- (d) makes available to each PML Shareholder as soon as possible (and in any event within four months after the end of each Financial Year), a copy of the consolidated audited Financial Report, Auditor's Report of the Company and report from the legal representative of the Company, as at the end of that Financial Year in all reasonable detail prepared in conformity with applicable accounting standards or principles; and
- (e) provides relevant figures and confirmations to each Shareholder as may be reasonably required by that PML Shareholder, at the PML Shareholder's own cost, for inclusion in or for the preparation of its own accounts and reports within three weeks after the date on which the request is given (or, in the case of annual financial results, within two months after the end of the Financial Year) or within such other period as may be agreed upon by the PML Shareholders.

26.6 Inspection of records

- (a) Acting reasonably and taking into account the business requirements of the Company, any representative Director or PML Shareholder may (or may appoint an adviser(s) to), at any reasonable time during usual business hours on a Business Day and at its own cost, by giving no less than five Business' Days prior notice:
 - (1) inspect the assets of the Company;
 - (2) inspect documents relating to the Project or the Project Activities, including the accounts of the Company; and
 - (3) discuss the affairs, finances and accounts of the Company with the Company's officers and Auditor.
- (b) Each representative Director may disclose all information (confidential or otherwise) about the affairs, finances and accounts of the Company to the PML Shareholder which appointed the representative Director under this Agreement.
- (c) The Company shall provide timely reporting to each PML Shareholder of progress in respect of Project Activities.



27. Marketing

- (a) Subject to clause 27(b), from the making of a Decision to Mine, the Company will appoint GBR to market the Products on behalf of the Company on arm's length and appointment terms approved by the Board, such terms being customary and appropriate for such roles in light of the nature and scale of the Operating Mine and the Products to be produced (**Marketing Appointment**).
- (b) Commencement of the Marketing Appointment shall be subject to the parties entering into a separate agreement setting out the terms of the Marketing Appointment.

28. Dispute Resolution

28.1 Dispute Notice

If a dispute between the parties arises out of, or in connection with, this Agreement, each party must notify the other party, in writing, of the issues in dispute immediately (**Dispute Notice**).

28.2 Parties to confer

Within seven days of a party receiving a Dispute Notice, the parties must confer at least once to resolve the issues in dispute with, or without, the assistance of a mediator.

28.3 Referral to Expert

If the dispute has not been resolved within 14 days of service of the Dispute Notice, either party may immediately refer the dispute to an Expert appointed by:

- (a) agreement between the parties; or
- (b) in the absence of agreement between the parties within 14 days of service of the Dispute Notice, the President of the Resolution Institute (Australia), for determination.

28.4 Binding determination

The parties agree that the Expert's determination made pursuant to clause 28.3 will be final and binding upon the parties other than in the case of fraud or manifest error.

28.5 Adjudication as Expert

In adjudicating the dispute, the Expert must act as an expert and not as an arbitrator.

28.6 Procedure

The procedure to be followed by the Expert is to be in accordance with the Expert Determination Rules of the Resolution Institute (Australia).

28.7 Costs

Subject to any other determination by the Expert, the costs of obtaining the determination must be at the cost and expense of the parties equally (except that each party must pay its own advisers, consultants and legal fees and expenses) unless the parties otherwise agree.

28.8 Privilege

All discussions and correspondence between the parties of and incidental to any dispute or difference between them will be privileged.



28.9 Parties must continue to perform

Despite the existence of a dispute or difference between the parties arising out of, or in connection with, this Agreement, the parties must continue to perform this Agreement.

28.10 Interlocutory relief

The dispute resolution provisions in clause 28 do not prevent a party from seeking interlocutory relief from a court.

28.11 Survival

This clause 28 survives the termination or expiry of this Agreement.

29. Assignment

Subject to clause 4.3, and paragraph 10 of Schedule 3, no party may assign, transfer, mortgage, charge, subcontract, declare a trust over, novate or deal in any other manner with any of its rights or obligations conferred by this Agreement without the consent of the other parties, which consent will not be unreasonably withheld or delayed.

30. Governing Law

30.1 This Agreement is and will be governed by and must be construed in accordance with the laws in force in Queensland, Australia.

30.2 The parties irrevocably submit to the exclusive jurisdiction of the courts of Queensland and the courts competent to determine any appeals from those courts with respect to any proceedings which may be brought at any time relating to this Agreement.

30.3 Each party irrevocably waives any right it has to object to the venue of any legal process in the courts described in clause 30.2 on the basis that:

- (a) any proceeding arising out of or in connection with this Agreement has been brought in an inconvenient forum; or
- (b) the courts described in clause 30.2 do not have jurisdiction.

31. Force Majeure

31.1 Meaning of Force Majeure

In this Agreement, the term “**Force Majeure**” means any cause which is not reasonably within the control of the party claiming relief by reason of Force Majeure, which cause may include:

- (a) an act of God, earthquake, lightning, fire, flood, storm, heavy rains, cyclone, explosion or epidemic;
- (b) strike, lockout, stoppage, ban or other types of labour difficulty whether within the Licence Area or which may impact railways, roadways, ports or otherwise outside the Licence Area;
- (c) war (whether declared or undeclared), blockade, act of the public enemy, act of terrorism, revolution, insurrection, riot, or civil commotion, sabotage, malicious damage, radioactive contamination, toxic or dangerous chemical contamination;



- (d) action, inaction, embargo, seizure, appropriation or restraint by any Governmental Agency (including heritage related restraints and, refusal or failure to grant any Authorisation despite timely reasonable endeavours to obtain the same);
- (e) inability to access all or part of a Licence Area because of disputes with local landowners or otherwise;
- (f) unavailability or mechanical and electrical breakdown and failure of equipment, plant, pipelines, transmission lines or transport; or
- (g) any other cause whether specifically listed above or otherwise which is not reasonably within the control of the party claiming Force Majeure,

except where:

- (h) the cause is the inability to obtain, use or pay, moneys for any reason; or
- (i) the consequences of the cause could have been prevented, overcome or remedied by the exercise by the party affected of care and diligence normally exercised by duly qualified persons in the performance of comparable work.

31.2 Relief

- (a) If, as a direct result of an event or occurrence of Force Majeure (**Force Majeure Event**), a party becomes unable, wholly or in part, to perform an obligation (other than an obligation to obtain, use or pay money) under this Agreement (**Affected Party**):
 - (1) that Affected Party may give the other parties notice of the Force Majeure Event with full particulars and, insofar as is known to it, the probable extent to which it will be unable to perform, or be delayed in performing, that obligation;
 - (2) on giving the notice of the Force Majeure, that obligation is suspended but only to the extent that and for so long as it is affected by the Force Majeure Event;
 - (3) the Affected Party must use all reasonable diligence to remove, overcome or abate the effect of the Force Majeure Event as quickly as possible and, if possible, will perform its obligations under this Agreement as far as practical, but nothing herein will require such Affected Party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted court or Governmental Agency or to complete its obligations under this Agreement if the Force Majeure Event renders completion impossible; and
 - (4) notwithstanding the Force Majeure Event, the parties must continue to contribute funding to the Company as required by this Agreement in order to keep the Licences in good standing in accordance with Good Industry Practice.
- (b) All time periods to perform any obligation or pay any cash or issue shares under this Agreement shall be delayed and extended by the number of days which any valid Force Majeure Event lasts.
- (c) If the Force Majeure Event cannot be removed, overcome or abated to an extent that allows resumption of performance within 6 months (or such other period as the parties agree) from the date the parties first became so affected, the parties must consider and determine whether this Agreement must be modified or terminated.

31.3 Resumption



The Affected Party must resume performance of its obligations as soon as, and to the extent that, it is no longer affected by the Force Majeure Event.

32. Costs

- 32.1 Each party is responsible for all its own Costs incurred in the negotiation and execution of this Agreement including legal costs.
- 32.2 The Purchaser will be liable for any stamp or transfer duty in connection with the Transaction save for any re-transfer of shares in PML to PMPL pursuant to clause 6.5 which shall be borne by PMPL.

33. Notices

33.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 33.4 or to any other address as the recipient may have notified the sender; and
- (c) be signed by the party or by an authorised officer of the sender.

33.2 Manner

In addition to any other method of service authorised by law, the notice may be:

- (a) personally served on a party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail; or
- (d) sent by electronic mail to the party's electronic mail address.

33.3 Time

If a notice is sent or delivered in the manner provided in clause 33.1 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
 - (1) in Australia to an Australian address, the fourth Business Day after posting; or
 - (2) in any other case, on the tenth Business Day after posting; or
- (c) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.



33.4 Initial details

The addresses and numbers for service are initially:

Vendor:

Address: Central Plaza One, Level 30, 345 Queen Street, Brisbane, QLD, Australia
4000 Australia

Electronic Mail: andrew.morris@papuanminerals.com

Attention: Andrew Morris

Purchaser:

Address: Level 8, 55 Clarence Street, Sydney, NSW, Australia, 2000, having a
registered office at c/- Iain Martin, 140 Cook's Lake Road, Timmins ON P4R 0B7 Canada

Electronic Mail: alanmart@bigpond.net.au

Attention: Alan Martin

PML:

Address: Level 2, Brian Bell Plaza, Turnmu Street, Boroko, National Capital District,
Papua New Guinea

Electronic Mail: andrew.morris@papuanminerals.com

Attention: Andrew Morris

33.5 Changes

A party may from time to time change its address or numbers for service by notice to each other party.

34. Counterparts

34.1 Counterparts

This Agreement may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this Agreement may deliver it to, or exchange it with, another party by:

- (a) faxing; or
- (b) emailing a pdf (portable document format) copy of,

the executed counterpart to that other party.

35. Warranties

35.1 PML and Vendor Warranties



By execution of this Agreement, PML and the Vendor make the warranties set out in Schedule 2.

35.2 Purchaser Reliance

PMPL acknowledges that the Purchaser has entered into this Agreement in reliance on the warranties set out in Schedule 2.

35.3 Purchaser Warranties

By execution of this Agreement, the Purchaser makes the warranties set out in Schedule 2.

35.4 PMPL Reliance

The Purchaser acknowledges that PMPL has entered into this Agreement in reliance on the warranties set out in Schedule 2.

36. Confidentiality

36.1 Confidential

The parties acknowledge that the:

- (a) Agreement;
- (b) Transaction;
- (c) any discussions or negotiations in relating to the Agreement, including the fact that negotiations and discussions are taking place; and
- (d) all other information disclosed by the parties to each other,

other than information which is already within the public domain independently of any breach by a party of this Agreement (the **Confidential Information**) is confidential.

36.2 Undertaking

Each party undertakes to, and will cause its directors, officers, employees, advisors and agents to, keep the Confidential Information confidential and not disclose any of the Confidential Information without the prior and written approval of the other party, except:

- (a) as is necessary in the Purchaser's case to raise capital for the purposes of the Transaction (provided that the Purchaser will consult with the Vendor);
- (b) to the professional advisers or agents of that party;
- (c) to any Related Body Corporate or Related Entity of that party;
- (d) to any stock exchange pursuant to listing rules which require disclosure;
- (e) to a bona fide Third Party buyer and its advisers (subject to such Third Party buyer first covenanting in writing to the disclosing party to preserve confidentiality of information so disclosed);
- (f) where reasonably necessary for the purposes of any arbitration or administrative or legal proceedings involving only the parties; and



(g) except to the extent required by law, or by relevant regulatory authority of a party.

36.3 Reasonable Steps

A party making a permitted disclosure under clause 36.2 must take all reasonable steps to ensure that the person to whom disclosure is made keeps confidential all Confidential Information disclosed.

36.4 Publicity and disclosure

(a) Except for an announcement or other disclosure required by law or permitted by this Agreement, no public announcement naming a party or other public disclosure may be made in relation to Project Activities or Project Property unless the text of the announcement or disclosure has been approved by the other parties.

(b) To the extent that an announcement or other disclosure is required by law, the parties must use all reasonable endeavours to agree, as soon as reasonably practicable, the wording of such announcement or disclosure before it is made.

36.5 Obligations exist beyond termination

The obligations in relation to Confidential Information imposed by this Agreement continue until all the Confidential Information ceases to be confidential despite the termination of this Agreement for any reason.

37. GST

37.1 Fixed Amounts

Amounts specified in this Agreement have been fixed without regard to the impact of GST.

37.2 Pay Additional Money

If GST is or becomes payable on a Taxable Supply made under or in connection with this Agreement, the party providing consideration for that Taxable Supply must pay an additional amount equal to the GST payable on the Taxable Supply.

37.3 Payment Time

The additional amount payable under clause 37.2 must be paid at the same time as the consideration for the Taxable Supply or on the date on which the party making the supply delivers a Tax Invoice (whichever is later).

38. GENERAL

38.1 Entire agreement

This Agreement contains everything the parties have agreed and overrides and supersedes all earlier agreements in relation to the Project, including the Exclusivity Agreement and Term Sheet.

38.2 Amendment

No modification, variation or amendment of this Agreement is of any force unless it is in writing and has been signed by each of the parties.



38.3 Severability

If any provision of this Agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this Agreement.

38.4 Waiver

A waiver of any right, power or remedy under this Agreement must be in writing signed by the party granting it. A waiver is only effective in relation to the particular right, power or remedy in respect of which it is given. It is not to be taken as an implied waiver of any other right, power or remedy or as an implied waiver of that right, power or remedy in relation to any other occasion.

38.5 Further assurances

Each party must execute all documents and do all things reasonably necessary or desirable to give full effect to this Agreement and to any matter or thing contemplated pursuant to this Agreement.

38.6 Remedies cumulative

The rights and remedies provided in this Agreement are in addition to other rights and remedies given by law independently of this Agreement, except to the extent that they are expressly excluded.

38.7 Prompt Performance

If this Agreement specifies when the party agrees to perform an obligation, the party agrees to perform it by the time specified. Each party agrees to perform all other obligations promptly.

38.8 No partnership

Nothing contained or implied in this Agreement constitutes a party the partner, agent, or legal representative of another party for any purpose or creates any partnership, agency or trust, and no party has any authority to bind another party in any way.

38.9 Enurement

The provisions of this Agreement enure for the benefit of and are binding on each party and their respective successors and permitted assigns.

38.10 No merger

The rights and obligations of the parties do not merge on completion of the Transaction.



Signing page

Executed by Papuan Minerals Pty Ltd ACN 156 225 919

"Andrew Morris"

Director/Sole Director/Sole Director and Secretary

Andrew Morris

Print full name of Director/Sole Director

"Ian David Lindley"

Director/Secretary (if applicable)

Ian David Lindley

Print full name of Director/Secretary

Executed by Golden Birch Resources Inc

"Alan Martin"

Director/Sole Director/Sole Director and Secretary

Alan Martin

Print full name of Director/Sole Director

"Iain Martin"

Director/Secretary (if applicable)

Iain Martin

Print full name of Director/Secretary

Executed by Papuan Minerals Limited

"Andrew Morris"

Director/Sole Director/Sole Director and Secretary

Andrew Morris

Print full name of Director/Sole Director

"Ian David Lindley"

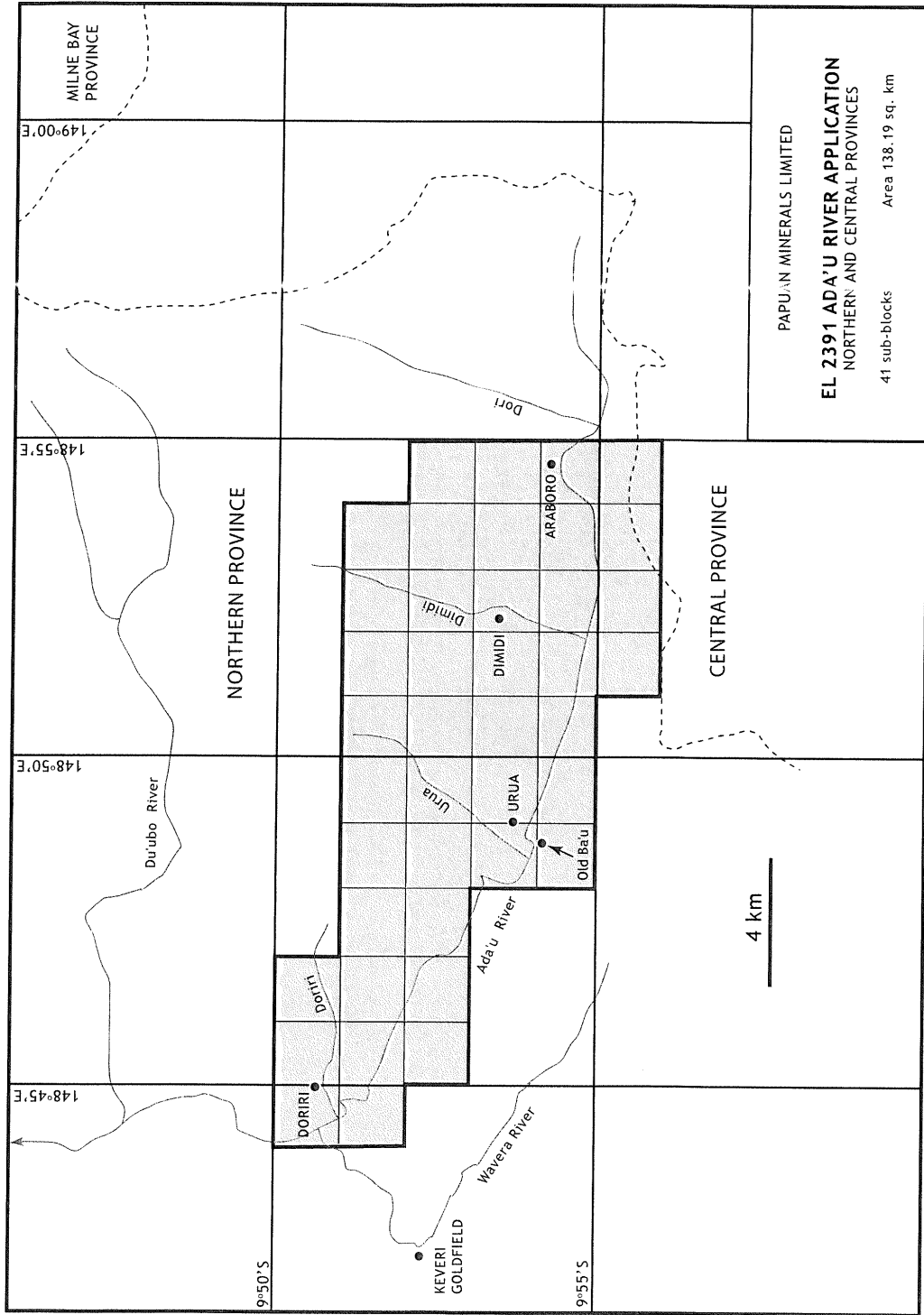
Director/Secretary (if applicable)

Ian David Lindley

Print full name of Director/Secretary

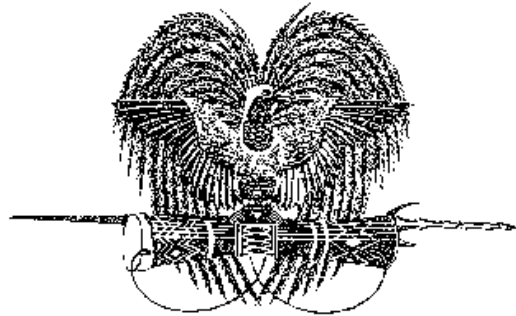


Schedule 1 - Licence Map and Identification



PAPUA NEW GUINEA
MINERAL RESOURCES AUTHORITY

OFFICE OF THE REGISTRAR
OF MINERAL TENEMENTS



NEW GRANT

EL 2391

HOLDER

MAC NO: 06/2015 Papuan Minerals Limited
PO Box 6861
BOROKO
National Capital District
Papua New Guinea

ITEM NO: 35



INDEPENDENT STATE OF PAPUA NEW GUINEA
Mining Act 1992
Mining Regulation 1992

Act, Sec. 20
Reg. Sec 1(1)

FORM 1

EXPLORATION LICENCE

I, Hon. Byron Chan MP, Minister for Mining by virtue of the powers conferred by the Mining Act 1992,

GRANT TO: **Papuan Minerals Limited**
PO Box 6861
BOROKO
National Capital District
Papua New Guinea

EXPLORATION LICENCE NO. 2391

situated over Doma - Central Province
and more particularly described in Schedule 1 attached hereto, as may be varied from time to time, but not including any portion of land comprising any existing exploration licence or any other tenement whether existing or granted subsequently, except a mining tenement, for which the area has not been excised, for a term of

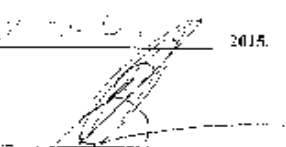
TWO (2) YEARS

FROM THIS DATE

for the purpose of carrying out EXPLORATION FOR MINERALS in accordance with the Act and subject to the following CONDITIONS:

- (1) The holder shall comply with the PROGRAMME described in SCHEDULE 2 attached hereto as varied from time to time.
- (2) Subject to any agreement made under Section 17 of the Act the State reserves the right to elect at any time, prior to the commencement of mining, to make a single purchase up to 30% equitable interest in any mineral discovery arising from this licence at a price pro-rata to the accumulated exploration expenditure and then to contribute to further exploration and development in relation to the lease on a pro-rata basis unless otherwise agreed.

Dated at Port Moresby this 17th day of October 2015.


MINISTER FOR MINING

Accompanying Schedules:
SCHEDULE 1 Description of the Area
SCHEDULE 2 Programme



SCHEDULE 1
BOUNDARY DESCRIPTION FOR S2 2391

The area of land over which the tenement has been applied for is bounded by a line commencing at:

	09° 50' S	148° 44' E
then to	09° 50' S	148° 47' E
then to	09° 51' S	48° 47' E
then to	09° 51' S	148° 54' E
then to	09° 52' S	148° 54' E
then to	09° 52' S	148° 55' E
then to	09° 56' S	148° 55' E
then to	09° 56' S	148° 51' E
then to	09° 55' S	148° 51' E
then to	09° 53' S	148° 48' E
then to	09° 53' S	148° 45' E
then to	09° 52' S	148° 45' E
then to	09° 52' S	148° 44' E
then to	09° 50' S	148° 44' E

being the point of commencement comprising 41 sub blocks that consists of a total area of 158.19 sq. km².

- NOTES**
1. All blocks are to be laid out and applied for in accordance with the provisions of the applicable mining legislation and the applicable provisions of the Mineral and Petroleum Resources Act, 2008 (Act No. 28 of 2008) and the Mineral and Petroleum Resources Regulations, 2009 (Regulation No. 109 of 2009).
 2. If the area application is approved, the area, extent and duration of the area must be as shown on the map to be provided.
 3. Diagrams indicating the layout of the blocks and the layout of the area must be provided to the relevant authorities for their approval.
- The total block layout and the layout of the area must be as shown in the attached maps and the layout of the area must be as shown on the map to be provided.



SCHEDULE 2

INDEPENDENT STATE OF PAPUA NEW GUINEA
Mining Act 1992
Mining Regulation 1992

Act, Sec. 24, 27

FORM 20

EXPLORATION LICENCE NO. 2201 PROGRAMME

MISCELLANEOUS		YEAR 1	YEAR 2	
		(man weeks)		
Access negotiations		5		
Library search and data review/analysis		8	6	
Exploration reconnaissance (not leading to the production of traps or evaluation of samples)		2		
MAPPING:				(Km ²)
Acquisition of new bathymetry imagery				Colour D & W SAX
Preparation of topographic maps by photogrammetry or Survey techniques				
Aerial photograph interpretation				
Imagery interpretation (land sat, SAR etc.)				
Reconnaissance geological mapping (detached traversing)		2	2	
Detailed geological mapping (grid or detailed traversing)			2	
GEOCHEMISTRY		(No. of samples)		(list target elements)
Drainage -	(Flow)	20	20	Au, Cu, Ag, Mo, As
	(Bulk load)			
	(Silt)			
	(Bar Con)			
	(Water)			
Surface sampling-	(Soil samples)	50	20	Au, Cu, Ag, Mo, As
	(Surface chip)			
Channel Sampling	(Biogeochemical)			
	(Channel chip)		40	Au, Cu, Ag, Mo, As
Bedrock sampling	(Wacker/RAD)			

To determine an application for grant or execution of an Exploration Licence under Section 24 of the Act or an application for a variation under Section 27 of the Act.

Note 1 - All figures should be noted in Sections 24(b), 27 and 28 of the Act.

Note 2 - Both year 1 and year 2 proposed programmes may be completed and if necessary these may be extended by seeking a variation under Section 27 of the Act. It is sufficient to indicate proposed activities and success in each case. Minimum cumulative activities per required area/programme of exploring or mining operations to be stated and when bulk sampling is intended, for the purposes of Section 27(b) of the Act, greater than 1000 (one thousand) number of geochemical samples to be taken.

Note 3 - Assents should provide evidence of authorization.



GEOPHYSICS		(Km ²)
Airborne geophysics and remote sensing	(Magnetic) (EM) (Gravity) (Other (type...))	
Ground geophysics	(Magnetic) (EM) (Gravity) (Other (type...))	(line Km)
ACCESS AND EXCAVATION		(Km)
Line cutting and grading		
New road and track development		
Trackway and clearing		(metres)
Airstrip		
DRILLING		(No. of Holes) (list target elements)
Core and gas core holes (includes a J.R.C. except alluvia drilling)		
Non-core holes (except alluvia drilling)		
Alluvia drilling		
BULK SAMPLING		(No. of samples) (list target elements)
Pits (acid etc.)	(type) (purpose)	(total weight) (if in tonnes)
SPECIALIST GEOLOGICAL STUDIES		(No. of samples)
Petrology		
Whole rock analysis		
Age determinations		
Isotope geochemistry		
Fluid inclusions		
Other (type...)		
PRE-FEASIBILITY/FEASIBILITY STUDIES		(man weeks)
Ore reserve calculations		
Financial evaluation		
Metallurgical investigation		
Geotechnical investigation		
Environmental investigation		
Land tenure investigation		
Engineering studies		
PROPOSED EXPENDITURE		(Kina)
	20,000,00	<u>20,000,00</u>



Mining House, Foreporena Highway
P.O. Box 1704
Port Moresby 151, NCD
Papua New Guinea

Regulatory Operations Division
Tel: +675 321 5311
Facsimile: +675 321 5711
Email: info@mra.gov.pg

Date: 8 January 2018
On file: 0009-0314-2560-14

Papuan Minerals Limited

Mr. Andrew Morris - Director
C/- Simon Spence Chartered Accountants
2nd Floor Brian Bell Plaza
Turumu Street, Port Moresby
National Capital District

By email: andrewmorris620@gmail.com, andrew.morris@papuanminerals.com

Dear Mr. Morris,

RE: **NEW APPLICATION – EL 2560, DOMA, NORTHERN PROVINCE**

Your application for the exploration license number 2560 (EL 2560) lodged on 24th November 2017 is acknowledged.

You may track your applications online through the FlexiCadastre PNG Mining Cadastre Portal system (Flexi) - PNG Mining Cadastre Portal - portal.mra.gov.pg. Please ensure you are registered with Flexi for this purpose. To inquire further about registration, which is currently free, please contact us at technicalinfo@mra.gov.pg.

In order to ensure that your applications may be assessed and processed as quickly as possible we highlight the following matters for your attention and action, if required (all section references are to the Mining Act):

Section 22 – area of exploration license

- The area shall be no more than 750 sub-blocks, where 1 sub-block is equivalent to 3.41 km².

Sections 24 & 25 – application requirements.

- **Work Programme:** Ensure you have submitted a work programme on the prescribed form and a statement that gives particulars of the technical and financial resources available to the applicant.
- **Proposed Expenditure:** Your related expenditure must not be less than the prescribed amount and invariably will need to be substantially more (the prescribed amounts are outdated) based on your work programme. Your expenditure should be connected with the acquisition and

Minerals for Life



Interpretation of exploration data from the area of the exploration license and may include related laboratory and feasibility work. Expenditure for the purchase of a tenement and purchase of land and building are not acceptable expenditure.

- **Technical & Financial Resources:** You must provide adequate, verifiable information to demonstrate you, or a parent or shareholder, or financier, has the "technical and financial resources available to effectively carry out the programme" (refer s26(1)(b)). You should note that where you hold other tenements we will consider your performance/compliance in relation to those tenements and will also take into account your total PNG tenement interests, especially financial obligations. You must satisfy MRA that you can afford to satisfy all your financial commitments across a portfolio of tenements.
- Financial information you must provide should include:
 - Company accounts, preferably audited, and no older than 90 days from the date of application;
 - Parent or associated company accounts if you rely on another company or entity to meet your tenement's financial commitments;
 - IPA registration extracts (or the overseas equivalent) no more than 30 days old, providing full details of the relevant company, including details of directors, shareholders, other officers, registered office address, contacts for communication including an email address and evidence that the company is compliant with any company reporting requirements;
 - A PNG bank account statement for the applicant, which gives a continuous 6 month history of transactions within the account relevant to the tenement exploration expenditure.
- In the event that we hold concerns about your ability to fund your tenement obligations we may request you to obtain a directors personal guarantee, or a parent company guarantee, or other company guarantee if funds are to be provided by a third party, subject to your circumstances. This will be the case whether the relevant director or entity is resident in PNG or an overseas jurisdiction.
- We will provide you with a copy of the necessary guarantee documents for completion and execution if required. The financial obligations to be guaranteed will include the total exploration expenditure for the tenement term, rental (year 2) and potential compensation payment obligations to landowners arising from the work intended to be undertaken within the tenement.
- With regard to compensation, please ensure you are familiar with your compensation obligations under Part VII Mining Act.
- Please note that promises of funding to be effective in the future will not be acceptable – we suggest you do not pursue your applications if you are not assured of funding to meet the commitments for the 2 year term at the time of application.

Minerals for Life



It is your obligation to provide all required information in support of your applications. Please enquire if you need assistance. Delays in providing information will result in delay to your application and therefore our ability to provide the assessment report to the Mining Advisory Council (MAC) for its recommendation to the Minister for Mining.

If you do not provide the necessary information within a reasonable time (i.e. 45 days from the date of this letter), you risk an incomplete assessment report being presented to MAC. Under section 110(4), (5) or (6) Mining Act, MAC may defer consideration of the application and request an applicant to amend the application or to provide further information or a revised programme within a specified time. Failure to provide the further information or a revised programme within the time given may result in a recommendation for refusal by MAC.

Shortly after lodgment of your applications you will receive a separate letter from the Chief Warden regarding the statutory requirement for a warden hearing, whose warden report is also a prerequisite for your application to proceed to the MAC. That letter will specify the separate requirements you will need to meet for the warden hearing to be scheduled, advertised and held under sections 105-109 Mining Act.

We trust this letter is of assistance to you with regard to our regulatory tenement process.

Yours faithfully,

.....
Tim Ricky
Manager, Technical Assessment Branch
Email: tricky@mra.gov.pg

Cc:

1. **Mark Hill, Director- Papuan Minerals Ltd**
Email: cxtran.eco@me.com, mark.hill@papuanminerals.com
2. **Margaret Aulda, D/ Manager- Technical Assessment Branch, MRA**
Email: maulda@mra.gov.pg
3. **Paul Poloka, Geologist- Technical Assessment Branch, MRA**
Email: ppoloka@mra.gov.pg
4. **Eddie Kaldong Jnr, Geologist- Technical Assessment Branch, MRA**
Email: ekaldongjnr@mra.gov.pg

.....
Minerals for Life

Schedule 2 - Warranties

1. PMPL and PML's Warranties

- 1.1 PMPL and PML each represents and warrants to the Purchaser that:
- (a) they have full power and authority to enter into this Agreement and to carry out the Transaction; and
 - (b) this Agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary stamping or registration.
- 1.2 Other than as disclosed in this Agreement or arising by way of statute, the Licences are not subject to any Encumbrances.
- 1.3 PML is the sole legal and beneficial owner of the Licences.
- 1.4 The Licences are in good standing.
- 1.5 PML is conducting, and, subject to the terms of this Agreement, will continue to conduct, its business and all activities relating to the Licences in the ordinary course.
- 1.6 There are no other agreements, arrangements or understandings in place with any other party in respect of the Licences other than that disclosed.
- 1.7 PMPL has not received notice of any and, to the best of its knowledge, there are no actual, alleged, potential or future adverse Licences, challenges, suits, actions, prosecutions, investigations or proceedings against the Licences or any portion thereof or which relate to title or ownership of or otherwise relate to or affect the Licences or any portion thereof, nor to the best of its knowledge, is there any basis thereof.
- 1.8 No litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, or as far as they are aware, pending or threatened which related in any way to the Licences or PMPL's right, title and interest in and to the Licences.
- 1.9 Neither PMPL's nor PML's execution of this Agreement nor the carrying out by it of the transactions contemplated by this Agreement, including the Transaction, does or will:
- (a) contravene any law to which PMPL or any of its Licences is subject or any order of any Governmental Agency that is binding on PMPL or any of the Licences;
 - (b) contravene any Authorisation;
 - (c) contravene any Relevant Legislation; or
- 1.10 PMPL agrees that if it becomes aware of a breach of any warranty set out this Schedule 2, it must immediately give notice to the Purchaser (such notice to give full and complete details of the breach and its consequences to the extent known by it).

2. Purchaser's Warranties

- 2.1 The Purchaser warrants to PMPL that:
- (a) the Purchaser has full power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement, including the Transaction other than as specified in this Agreement;



- (b) the Agreement constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary stamping or registration.



Schedule 3 - Net Smelter Return

1. Terms used in this Schedule 3 have the same meanings as defined in the Agreement, except as follows:

Adjustment has the meaning given at paragraph 6.4 of this Schedule 3.

Allowable Deductions means all costs actually paid or incurred by the Royalty Payer in Australian dollars, or in Australian Dollar Equivalent on An Arm's Length Basis and in accordance with the IFRS, in relation to the sale of Products extracted and recovered from the Licence Area, and includes:

- (a) road, sea and rail transportation costs, including insurance costs;
- (b) handling costs including assaying, sampling, umpire charges, weighing, loading, unloading, stockpiling and storage;
- (c) all smelting and refining costs including product impurity Penalties;
- (d) taxes (excluding taxes on net income), duties and like charges imposed on transport, export, distribution, stockholding or sale;
- (e) bank charges on sales receipts and payments and government charges on banking transactions;
- (f) any royalty paid to any Governmental Agency and any other royalty payable in respect of the Licences; and
- (g) all other outlays which are a direct incident of the marketing and sale of any smelted gold, copper or silver derived from ore mined from the Licences,

but do not include any exploration, development, construction, mining, crushing, treatment (not falling within (c)) or concentrating costs (not falling within (c)) incurred by the Royalty Payer within or adjacent to the Licences.

Arm's Length Basis means, for the purposes of calculating the Royalty, prices and terms no less favourable to the Royalty Payer than those which would be paid and agreed to by a Third Party in an arm's length transaction under similar circumstances.

Australian Dollar Equivalent means, where a sum to which this Schedule 3 relates is not stated in Australian dollars, the amount determined by converting the amount in foreign currency into Australian dollars at the Exchange Rate existing when the relevant revenue was earned or receivable or the relevant expenditure was incurred, by the Company.

Carried Forward Deduction means the amount of Allowable Deductions that exceeds the Gross Revenue in a Quarter, which may then be carried forward and deducted from Gross Revenue in subsequent Quarters.

Exchange Rate means, in respect of any foreign currency the average of the buy and sell rates for the foreign currency in Australian, as quoted in the Australian Financial Review, or where that publication does not quote the applicable rates(s), another rate(s) agreed by the Royalty Holder and Royalty Payer.

Expert means a person independent of the parties who is suitably qualified and capable of making an expert determination under this Schedule 3 in accordance with, and subject to, the Expert Determination Rules of the Resolution Institute (Australia).



Gross Revenue means the gross proceeds actually received by or applied to the benefit of the Royalty Payer in Australian dollars, or in Australian Dollar Equivalent, on an Arm's Length Basis from the sale of Products to the owner or operator of a Refinery or to any other purchaser (and shall be deemed to include proceeds (net of any excess paid in respect of that loss) received from an insurer in the case of loss of, or damage to, the Products).

IFRS means the International Financial Reporting Standards.

Minerals means any minerals, including gold, silver and copper.

Mining Operations means every kind of work and activity carried out on or in respect of the Licences including:

- (a) the acquisition, registration and maintenance of the Licences;
- (b) developing, designing, constructing and equipping all mining facilities;
- (c) extracting, mining, producing, improving, smelting, treating, refining, transporting and handling of ores and Tailings and disposing of Tailings and despatching ores, concentrates and other Products won from the Licences;
- (d) the construction and re-location of any roads, railway lines, telephone lines, waterways or other natural or man-made utilities required in order to facilitate any activity on or in respect of the Licences; and
- (e) the restoration of the Licences and all other work done after the completion of mining activities to comply with environmental and like requirements.

Net Smelter Return means, for a Quarter, the Gross Revenue of the Royalty Payer minus the Allowable Deductions of the Royalty Payer for that Quarter.

Penalty means a charge made by a Refinery, in addition to normal refining costs, for removing from the Product Minerals or other substances where the cost of the removal exceeds the value of those minerals or other substances.

Product means ore mined or concentrates or precipitates processed from ore mined from the Licence Area, including, without limitation, gold/silver bearing ore, and in the case of copper or other base metal deposits, concentrates or and/or unfinished products requiring further smelting or refining.

Quarter means a period of three months commencing on 1 January, 1 April, 1 July or 1 October.

Records has the meaning given by paragraph 4 of this Schedule 3.

Refinery means a smelter, refinery or other processing facility.

Revival has the meaning given by paragraph 10.7 of this Schedule 3.

Royalty means the royalty payable by the Royalty Payer to the Royalty Holder under this Schedule 3.

Royalty Payer means PML.

Royalty Holder means PMPL.

Royalty Percentage means 2.0%.



Statement means, for a Quarter, a statement setting out in reasonable detail:

- (a) the quantities and grades of Products recovered and sold during the Quarter;
- (b) the individual elements which make up the royalty calculation, being the Gross Revenue, Adjustments, Allowable Deductions, and Carried Forward Deductions (if any) for the Quarter;
- (c) the Royalty payable for that Quarter; and
- (d) any other material information which is relevant in explaining the calculation of the Royalty payment.

Tailings includes tailings, residues, waste rock, spoiled leach materials and other materials resulting from Mining Operations and activities conducted on or adjacent to the Licences.

Term means from when a Net Smelter Return royalty commences in accordance with this Schedule 3 until the date on which Product is no longer mined from the Licence Area.

2. Mining Operations

- 2.1 The Royalty Payer must use its best endeavours to conduct Mining Operations on the Licences safely and efficiently and in a good, workmanlike and commercially reasonable manner in accordance with Good Industry Practice.
- 2.2 The Royalty Holder must not unduly interfere with the conduct of Mining Operations on the Licences or the business carried on by the Royalty Payer in respect of the Licences.
- 2.3 The Royalty Payer acknowledges and agrees that the Royalty Payer is responsible, at the Royalty Payers' cost, for observing the provisions of Relevant Legislation affecting the Mining Operations conducted by the Royalty Payer for the duration of the Royalty, including in respect of all of the Licences:
 - (a) lodging in good time all required reports;
 - (b) paying all fees, rents, rates, royalties, taxes and other similar payments due;
 - (c) ensuring all Licence conditions are met or exemptions obtained; and
 - (d) making all necessary applications for renewals of the Licences.
- 2.4 If any Tailings extracted under or pursuant to any Licences are processed or reprocessed in the future and result in Products, those Products are subject to payment of the Royalty.

3. Calculation and payment of the Net Smelter Return

- 3.1 The Royalty commences on the date on which the extraction and recovery of any Product commences from the Licence Area.
- 3.2 The Royalty Payer will pay the Royalty Holder an amount of royalty (if any) calculated by multiplying the Royalty Percentage by the Net Smelter Return for each Quarter.
- 3.3 Within 30 days after the end of each Quarter, the Royalty Payer, must:
 - (a) calculate the Royalty payable for that Quarter, if any; and
 - (b) give to the Royalty Holder a Statement in respect of that Quarter, even if there is no Royalty payable in respect of that Quarter.



3.4 Payment of the Royalty (if any) for a Quarter must be made in Immediately Available Funds without demand, reduction or set-off (except any deduction or withholding required by law) by direct deposit into the bank account nominated by the Royalty Holder or where there is no current nomination, by Bank Cheque payable to the Royalty Holder or its nominee.

3.5 The obligation to pay the Royalty continues, with respect to each Licence, for the full term of the Licence, including any successor Licence and throughout the period that any Product can lawfully be extracted and recovered, unless the Royalty is previously determined in accordance with its terms.

4. **Records for audit**

4.1 A Royalty Payer must:

- (a) maintain true, accurate and adequate records in accordance with applicable accounting standards or principles (and generally accepted Australian mining practices) in respect of the calculation of the Net Smelter Return calculation in sufficient detail to enable an independent audit to be carried out that is capable of establishing the accuracy of the calculations referred to by paragraph 3 of this Schedule 3 (**Records**); and
- (b) keep such Records for a period of not less than 72 months after the end of each Quarter to which they relate.

5. **Access**

5.1 Each Royalty Payer must:

- (a) provide the Royalty Holder and the Royalty Holder's auditors access to the Records at all reasonable times upon receipt of reasonable prior notice; and
- (b) allow these persons the opportunity to photocopy any of the Records (at their cost).

6. **Inspection and audit of Royalty Records**

6.1 The Royalty Holder may, upon reasonable notice to the Royalty Payer and at reasonable times and at its own cost, within 60 days of receiving a Statement in respect of a Quarter, appoint a registered company auditor under the Corporations Act to inspect, audit and report on the Records of the Royalty Payer to the Royalty Holder in respect of that Quarter.

6.2 Each Royalty Payer must give the auditor appointed by the Royalty Holder full and free access to the Records of the Royalty Payer at its offices, or elsewhere as agreed, in respect of the payment of the Royalty for that Quarter.

6.3 The Royalty Holder must ensure that any audit undertaken by, or on behalf of, the Royalty Holder is conducted and concluded promptly and diligently.

6.4 If the Royalty Holder notifies the Royalty Payer of any underpayment or overpayment of the Royalty which the Royalty Holder's auditor, in its reasonable opinion, considers exists, or the audit determines that any Royalty paid has been calculated in error, the Royalty Payer must, on being provided with a copy of the report of the Royalty Holder's auditor, make an adjustment of the Royalty due for the next Quarter accordingly (**Adjustment**).

6.5 If the Royalty properly payable is established by audit to be more than 5% than the Royalty set out in a Statement provided by the Royalty Payer, the Royalty Payer must refund to the Royalty Holder forthwith the costs of the audit.

7. **Technical audit**



- 7.1 The Royalty Holder may, upon reasonable notice to the Royalty Payer and at reasonable times but not more frequently than once in every 6 months and at its own cost and risk, inspect any Mining Operations, provided that the Royalty Holder must ensure that it does not unduly interfere with Mining Operations or with the general conduct by the Royalty Payer of its business and complies with the reasonable requirements of the Royalty Payer and its safety officers.
- 7.2 The Royalty Payer must provide, at the Royalty Holder's cost, all reasonable access to the Royalty Holder and to the mining engineer appointed by the Royalty Holder sufficient and necessary to reasonably carry out such technical audit.
- 7.3 The Royalty Holder must ensure that any audit undertaken by, or on behalf of, the Royalty Holder is conducted and concluded promptly and diligently.
- 7.4 The Royalty Holder may give the Royalty Payer a copy of any technical report arising from a technical audit conducted under this clause 7 which raises, as a matter of concern, any matter concerning the weighing, sampling, assaying or any other measuring or testing practice which is not consistent with Good Industry Practice applied reasonably.
- 7.5 If the Royalty Payer does not accept that there is a matter of mining and metallurgical practice which it is prepared to, and does, correct, either party may refer the dispute to an Expert in accordance with paragraph 8 of this Schedule 3 within three months of receiving the technical report.
- 8. Disputes about the Net Smelter Return Royalty**
- 8.1 Notwithstanding any other clause of the Agreement, all disputes in connection with the calculation, payment or verification of the Net Smelter Return (dispute) will be determined by an Expert appointed by the parties.
- 8.2 Where a dispute is permitted or required by this Schedule 3 to be determined by an Expert, or the parties agree that a dispute should be determined by an Expert, the following provisions apply:
- (a) the reference to the Expert is made in accordance with, and subject to, the expert determination rules of the Resolution Institute (Australia);
 - (b) the Expert determination must be conducted by a person or body agreed to by the parties or failing agreement within 14 days by the person or body nominated by the Resolution Institute (Australia); and
 - (c) in making a determination:
 - (i) the Expert must act in that capacity and not as an arbitrator; and
 - (ii) the Expert may employ consultants to carry out his or her duties.
- 8.3 The determination of the Expert for a dispute is final and binding on the parties other than in the case of fraud or manifest error, and the parties must do everything reasonably required by the Expert to assist him or her to reach a decision.
- 8.4 Subject to any other determination by the Expert, the costs of obtaining the determination must be at the cost and expense of the Royalty Payer and the Royalty Holder equally (except that each must pay its own advisers, consultants and legal fees and expenses) unless they otherwise agree.
- 9. Caveat**



9.1 The Royalty Payer acknowledges that the Royalty Holder may lodge a caveat under the Mining Act in respect of the Licences to protect its interests under this Schedule 3, if the laws so permit or the practice allows, and hereby consents to any such lodgement.

9.2 Each Royalty Payer covenants that unless otherwise agreed by the Royalty Holder, it will not take any steps to seek the removal of any caveat lodged by the Royalty Holder.

10. Relinquishment

10.1 The Royalty Payer must give the Royalty Holder at least 30 days prior notice of its intention for any reason (including being compelled or required by law) to relinquish, surrender, withdraw from or not renew or extend the whole or any part of a Licence (**Relinquished Licence**), prior to relinquishing, surrendering, withdrawing from or failing to renew or extend the Licence.

10.2 Within 21 days of receiving a notice of intention to relinquish, surrender, withdraw from or not renew or extend the Relinquished Licence, the Royalty Holder may, if the Relinquished Licence is capable of being conveyed to the Royalty Holder, give notice to the Royalty Payer requiring them to convey the Relinquished Licence to the Royalty Holder, free of Encumbrances for no further consideration, and the Royalty Payer must do so forthwith, together with all Mining Information which the Royalty Payer has within its possession or control relating to the Relinquished Licence.

10.3 Upon the Royalty Payer conveying the Relinquished Licence to the Royalty Holder under this clause, then from the date of conveyance the Royalty Payer has no further obligation to pay the Royalty to the Royalty Holder under the Royalty in relation to that Relinquished Licence.

10.4 If the Royalty Holder does not exercise its right to acquire the Relinquished Licence, then the Royalty Payer may proceed to relinquish, surrender, withdraw from or not renew or extend the Relinquished Licence and, subject to the rights arising on Revival (as defined below), the Royalty no longer applies to the Relinquished Licence.

10.5 If the Royalty Payer is required by law to relinquish or surrender part of a Licence and that part Licence is not capable of being conveyed to the Royalty Holder, then the Royalty Payer may relinquish or surrender that part of the Licence and upon relinquishment or surrender, but subject to the rights arising on Revival, the Royalty no longer applies to the part of the Licence relinquished or surrendered.

10.6 Subject to the rights arising on Revival, if the Royalty Payer relinquishes, surrenders, withdraws from or conveys to the Royalty Holder all of the Licences, then the Royalty terminates on the latest of the date of the relinquishment, expiry or surrender of the last of the Licences or the date of the last conveyance to the Royalty Holder.

10.7 If any Licence or an interest in any Licence in respect of any part of the area of any Relinquished Licence is granted to or acquired by a Royalty Payer or a Related Entity or Related Body Corporate of a Payer within 3 years of its relinquishment or surrender (**Revival**), then upon such grant or acquisition the area of the Relinquished Licence or the relevant part of it again becomes subject to the Royalty and the obligation to pay the Royalty by the Royalty Payer as part of the Licence Area.

11. Assignment

11.1 A Royalty Payer may not sell, transfer, grant, assign or otherwise dispose of (**Transfer**) all, part of, or any interest or right in, any of the Licences, or any rights in relation to Products extracted and recovered or to be extracted and recovered from the Licence Area to a third party or a Related Body Corporate or a Related Entity without the prior written consent of the Royalty Holder provided that prior to any such Transfer becoming effective the Royalty Payer must deliver to the Royalty Holder an assumption deed executed by the assignee or other recipient of the interest and rights being the subject of the Transfer and executed by the



Royalty Payer and the Royalty Holder whereby the assignee assumes all the obligations of the Royalty Payer towards the Royalty Holder.

- 11.2 The Royalty Holder may sell, transfer, grant, assign or otherwise dispose of (an **Assignment**) all of its rights and interests under this Schedule 3 provided that prior to any such Assignment becoming effective the Royalty Holder must deliver to the Royalty Payer an assumption deed executed by the assignee or other recipient of the interest and rights being the subject of the Assignment and executed by the Royalty Holder and the Royalty Payer.

Schedule 4 - Valuation of Sale Interest

1. Application of Schedule

This schedule applies if a Shareholder is required to obtain an independent valuation of a Sale Interest under clauses 18.3 and 19.2 of this Agreement.

2. Valuation

- (a) An expert must be instructed to determine an independent valuation of the Sale Interest who is to be:
 - (1) the Accountants; or
 - (2) if the Company does not have Accountants engaged or the Accountants are not willing or able to provide such valuation, an expert appointed by the President of the Resolution Institute (Australia) (**Valuation Expert**).
- (b) The Valuation Expert must be instructed to determine the fair market value of the Sale Interest by valuing the Company (including any Subsidiary of the Company) as a whole and as a going concern as at the end of the month immediately preceding the date of the relevant Sale Notice. The fair market value of each Share the subject of the Sale Notice (**Sale Shares**) will be determined having regard to all generally accepted share valuation factors including the following assumptions:
 - (1) there is a willing but not anxious buyer and a willing but not anxious seller;
 - (2) a reasonable time is available in which to obtain a Disposal of the Sale Shares in the open market (and for that purpose three months is deemed a reasonable time); and
 - (3) the Sale Shares will be proportionate to the value of the Company and there is no discount for a minority shareholding nor a premium for a shareholding that will give the buyer a controlling shareholding.

3. Access to information

The Board must ensure that the Valuation Expert has a right of access at all reasonable times to the accounting records and other records of the Company (including any Subsidiary of the Company) and is entitled to require from any officer of the Company such information and explanation as the Valuation Expert requires to value the Company.

4. Period of determination

The Board must use its best endeavours to ensure that the Valuation Expert makes a determination as soon as practicable and in any event within 60 days after receiving instructions.

5. Process

The parties agree that, in determining a value for the Sale Shares under this Schedule 4, the Valuation Expert:

- (a) will act as an expert and not as an arbitrator;
- (b) may obtain or refer to any documents, information or material and undertake any inspections or enquiries as he or she determines appropriate;



- (c) must provide the Board and the Vendor with a draft of his or her determination and must provide them with at least one week to issue any comment on the draft determination before it is finalised; and
- (d) may engage such assistance as he or she reasonably believes is appropriate or necessary to make a determination.

6. Costs

Subject to any other determination by the Valuation Expert, the costs of obtaining the determination must be at the cost and expense of the PML Shareholders equally (except that each PML Shareholder must pay its own advisers, consultants and legal fees and expenses) unless the PML Shareholders otherwise agree.

7. Final and binding

The Valuation Expert's determination will be final and binding on the parties, in the absence of fraud or manifest error.



Schedule 5 Deed of Accession



HopgoodGanim

LAWYERS

Deed of Accession

Papuan Minerals Limited (**Company**)

[insert] (**Acceding Party**)

Contact - Brian Moller, Partner, b.moller@hopgoodganim.com.au

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Date

By: [insert name of Acceding Party] (Acceding Party)

In favour of: Papuan Minerals Limited (**Company**) and all of the Shareholders of the Company at the date of this deed poll

Background

This deed is supplemental to the option agreement dated [insert] between Papuan Minerals Pty Ltd ACN 156 225 919 (**PMPL**), Golden Birch Resources Inc (Corporation No. 1043482-5) (**GBR**) and the Company (**Option Agreement**).

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this deed:

Continuing Parties means all present parties to the Option Agreement (whether original or by accession).

Effective Date means the date on which the Acceding Party is registered as a holder of Shares in the Company.

Option Agreement means the agreement referred to in the background.

1.2 Interpretation according to Option Agreement

Where a term used in this deed is defined in the Option Agreement, unless the context requires otherwise, when the term is used in this deed it has the meaning given to it in the Option Agreement.

1.3 Interpretation

Clause 1 of the Option Agreement applies in the interpretation of this deed.

2. Acceding Party to be bound

The Acceding Party:

- (a) confirms that it has been supplied with a copy of the Option Agreement; and
- (b) covenants with all Continuing Parties to observe, perform and be bound by all the terms of the Option Agreement, so that the Acceding Party is deemed, from the Effective Date, to be a bound by the terms of the Option Agreement in its capacity as a Shareholder of the Company.



3. Enforcement of Option Agreement

By executing this deed, the Acceding Party agrees that the provisions of the Option Agreement will be enforceable against the Acceding Party as if the Acceding Party had been named as a party and executed the Option Agreement when the Option Agreement was executed.

4. Representations and warranties

The Acceding Party represents and warrants to the Continuing Parties that:

- (a) if the Acceding Party is a company:
 - (1) it is a company duly registered and validly existing under the laws of the country of its registration; and
 - (2) it has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transaction contemplated by this deed;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated in this deed;
- (c) this document is its valid and binding obligation;
- (d) neither the execution and performance by it of this deed nor any transaction contemplated under this deed will violate in any respect any provision of:
 - (1) if the Acceding Party is a company, its constituent documents; or
 - (2) any other document, agreement or other arrangement binding on it or its assets; and
- (e) if the Acceding Party is a trustee:
 - (1) it has power and lawful authority to enter into and perform this deed as trustee of the relevant trust and this deed constitutes a valid, legal and binding agreement on the trust enforceable in accordance with its terms;
 - (2) it enters into this deed as part of the proper administration of the trust and for the benefit of the beneficiaries of the trust;
 - (3) it, and any other person expressed in this deed to be a trustee of the trust, are the sole trustees of the trust; and
 - (4) entering into this deed does not constitute a conflict of interest or duty on the part of the trustee nor a breach of trust.

5. Address for notice

The address of the Acceding Party for the purposes of clause 33 of the Option Agreement is, until substituted in accordance with the Option Agreement, as set out in Schedule 1.



6. Governing law and jurisdiction

6.1 Governing law

This deed is governed by and construed in accordance with the laws of Queensland, Australia.

6.2 Jurisdiction

The Acceding Party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Queensland and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph 6.2(a).



Schedule 1

Name of Acceding Party	[insert name of Acceding Party]
Address of Acceding Party	[insert addressing of Acceding Party]
Electronic mail address of Acceding Party	[insert email address of Acceding Party]
Contact for Acceding Party	[insert contact of Acceding Party]



Signing page

Executed as a deed by [insert name of
Acceding Party]

Director

Director/Secretary

Print full name of Director

Print full name of Director/Secretary

OR

Signed sealed and delivered by [insert name
of Acceding Party] in the presence of

Signature of Witness

[insert]

Print full name of Witness

OR

Signed sealed and delivered by
as attorney for [insert name of Acceding
Party] under Power of Attorney registered
number _____ in the presence of

Signature of Witness

Signature of Attorney

Print full name of Witness



Schedule 6 Rights, powers and duties of Operator

In the course of managing, supervising and conducting the Project Activities, the Operator is entitled to have possession and control of all Project Property and must, either itself or through such Third Parties as it may engage:

- (a) **(Mine Plans and other management plans)** prepare and submit to the Board for approval mine plans and other management plans required by the Board for the life of the mine and such shorter periods as the Board determines;
- (b) **(Work Programs)** prepare and submit to the Board for approval all Work Programs, and all amendments and variations to any approved Work Programs;
- (c) **(Implement Work Programs)** carry out effectively and efficiently the work required to implement all approved Work Programs;
- (d) **(tenders and contracts)** obtain, evaluate and accept quotes and tenders (within the limits determined by the Board), and enter into, administer and enforce all contracts required for the performance of works and services necessary to perform this Agreement and undertake Project Activities;
- (e) **(personnel)** engage, dismiss, supervise and control all management, technical and labour personnel necessary for performance of its obligations under this Agreement including determining the terms and conditions of such engagement and conducting all industrial relations;
- (f) **(payment and bank accounts)** manage payment of all costs and expenses incurred by the Company in the conduct of Project Activities and for such purpose open, maintain and operate one or more separate bank accounts (within which its own funds are not commingled) on behalf of the Company for the purposes of the Project;
- (g) **(foreign currency)** with the prior unanimous approval of the Board, take forward cover for any obligations in foreign currencies or pre-pay or take any other appropriate action to avoid currency losses, but in no circumstances is the Operator responsible for or entitled to any currency gains and losses;
- (h) **(Laws and Authorisations)** comply with all laws and Authorisations applicable to the conduct of Project Activities, including those relating to health, safety and environmental protection, and ensure that all Authorisations required to conduct Project Activities are applied for, obtained and maintained;
- (i) **(Licences)** keep and renew those Licences in good standing (including paying all rents, taxes, expenditures and other outgoings by the due date), and manage, administer, protect and enforce the rights and obligations of the holders under the Licences;
- (j) **(Security)** provide such security deposits, performance bonds and guarantees and other instruments for the performance of the Company's obligations under any leases, contracts, service agreements or any other agreement which the Board has authorised;
- (k) **(statutory reports)** prepare, file and lodge all statutory reports as and when required under the Mining Act and any other applicable laws in respect of the Licence Area (other than reports required to be submitted by PML as operator of the Licences);
- (l) **(rehabilitation)** formulate a rehabilitation management plan and carry out rehabilitation obligations;



- (m) **(insurances)** effect and maintain all insurances appropriate in relation to Project Property and Project Activities, or as required by law, and any additional insurances which the Board requires to be effected;
- (n) **(no Encumbrances)** keep the Project Property free and clear of all Encumbrances, except for those Encumbrances specifically permitted under this Agreement or approved by the Board, or existing at the time of, or created concurrent with, the acquisition of such Project Property, or liens arising in the ordinary course of business which the Operator must arrange to be released or discharged in a diligent manner;
- (o) **(disposal of surplus equipment)** dispose of by sale, assignment, abandonment or other transfer Project Property which the Operator classifies as surplus and is no longer needed for Project Activities and which the Board approves for disposal;
- (p) **(litigation)** institute, defend, compromise or settle any court or arbitration proceedings or insurance claims commenced or threatened by or against the Operator relating to Project Activities or Project Property, provided that the Operator may not institute, compromise or settle any court or arbitration proceedings or insurance claims exceeding an amount determined by the Board without the prior approval of the Board;
- (q) **(emergencies)** take such action as the Operator may consider necessary or advisable to prevent or respond to an emergency; and
- (r) **(other incidental)** do all other acts and things that are reasonably necessary or desirable to fulfil its functions or are incidental to its powers and duties.