

## AGENCY AGREEMENT

July 17, 2012

**ADVANCED EXPLORATIONS INC.**

Simpson Tower  
401 Bay Street, Suite 2828  
Toronto, Ontario M5H 2Y4

Attention: Mr. John Gingerich, Chairman, President & CEO

Dear Sir:

The undersigned, Industrial Alliance Securities Inc., (the “**Agent**”), understands that Advanced Explorations Inc. (the “**Corporation**”) proposes to issue and sell up to 12,500,000 flow-through common share units of the Corporation at a price of \$0.24 per flow-through common share unit (a “**Flow-Through Unit**” and collectively, the “**Flow-Through Units**”) for gross proceeds of up to \$3,000,000 and up to 3,333,333 non-flow-through common share units of the Corporation at a price of \$0.21 per non-flow-through common share unit (a “**Unit**” and collectively, the “**Units**”) for gross proceeds of up to \$700,000.

Each Flow-Through Unit shall consist of one flow-through common share in the capital of the Corporation (a “**Flow-Through Share**” and collectively, the “**Flow-Through Shares**”) and one half (½) of one non-flow-through common share warrant (a whole common share purchase warrant, a “**FTU Warrant**” and collectively, the “**FTU Warrants**”). Each Flow-Through Share will qualify as a flow-through share as defined in subsection 66(15) of the Tax Act (hereinafter defined). Each FTU Warrant shall entitle the holder thereof to acquire one common share issued on a non-flow-through basis (a “**FTU Warrant Share**” and collectively, the “**FTU Warrant Shares**”) at a price of \$0.40 per FTU Warrant Share at any time and from time to time until 4:00 p.m. (Toronto time) on the date that is 24 months from the Closing Date (as hereinafter defined), provided, however, if the closing price of the Common Shares (as hereinafter defined) on the TSX Venture Exchange (or such other stock exchange on which the Common Shares may then be listed and forms the primary trading market for the Common Shares) is equal or greater than \$0.75 per Common Share for a period of five (5) consecutive trading days at any time after November 18, 2012, then the Corporation may, at its option, accelerate the expiry of the FTU Warrants by giving notice in writing to the holders of the FTU Warrants, and, in such case, the FTU Warrants will expire at 4:00 p.m. (Toronto time) on the earlier of: (i) the 30<sup>th</sup> day after the date on which such notice is given by the Corporation; and (ii) July 17, 2014.

Each Unit shall consist of one common share in the capital of the Corporation (a “**Unit Share**” and collectively, the “**Unit Shares**”) and one whole common share purchase warrant (a “**Unit Warrant**” and collectively, the “**Unit Warrants**”). Each Unit Warrant shall entitle the holder

thereof to acquire one common share issued on a non-flow-through basis (a “**Unit Warrant Share**” and collectively, the “**Unit Warrant Shares**”) at a price of \$0.30 per Unit Warrant Share at any time and from time to time until 4:00 p.m. (Toronto time) on the date that is 24 months from the Closing Date, provided, however, if the closing price of the Common Shares (as hereinafter defined) on the TSX Venture Exchange (or such other stock exchange on which the Common Shares may then be listed and forms the primary trading market for the Common Shares) is equal or greater than \$0.75 per Common Share for a period of five (5) consecutive trading days at any time after November 18, 2012, then the Corporation may, at its option, accelerate the expiry of the Unit Warrants by giving notice in writing to the holders of the Unit Warrants, and, in such case, the Unit Warrants will expire at 4:00 p.m. (Toronto time) on the earlier of: (i) the 30<sup>th</sup> day after the date on which such notice is given by the Corporation; and (ii) July 17, 2014.

The FTU Warrants and the Unit Warrants are sometimes collectively referred to herein as the “**Warrants**” and the FTU Warrant Shares and the Unit Warrant Shares are collectively referred to herein as the “**Warrant Shares**”.

The offering of the Flow-Through Units and Units is collectively referred to herein as the “**Offering**” and the Flow-Through Shares, the Unit Shares and Warrants are collectively referred to herein as the “**Offered Securities**”.

The Agent understands that the Corporation will: (i) use the gross proceeds from the offering of the Flow-Through Shares to incur Qualifying Expenditures (as hereinafter defined) on its Properties (as hereinafter defined) before December 31, 2013 and will, at the latest on March 1, 2013, renounce CEE incurred in favour of the FT Purchasers (as hereinafter defined), entitling them to deductions of 100% of the CEE amount incurred by the Corporation for federal income tax purposes and, except as disclosed in the Subscription and Renunciation Agreement and this Agreement, to the federal investment tax credit of 15%; and (ii) use the amount of the aggregate Commitment Amount (as hereinafter defined) to finance Canadian Exploration Expenses (as hereinafter defined) on the Properties (as hereinafter defined).

Upon and subject to the terms and conditions set forth herein, the Agent hereby agrees to act, and upon acceptance hereof, the Corporation hereby appoints the Agent, as the Corporation’s lead agent and sole book runner to offer for sale by way of private placement on a “commercially reasonable efforts” agency basis, without underwriter liability, the Offered Securities to be issued and sold pursuant to the Offering and the Agent agrees to arrange for purchasers of the Offered Securities in the Selling Jurisdictions (as hereinafter defined).

In consideration of the services to be rendered by the Agent in connection with the Offering, the Corporation shall pay to the Agent at the Closing Date (as hereinafter defined) the Compensation (as hereinafter defined). The obligation of the Corporation to pay the Compensation shall arise at the Closing Date and the Commission (as hereinafter defined) shall be fully earned by the Agent at the Closing.

The Agent has the right to appoint other registered dealers as sub-agents upon such terms and conditions as may be agreed between the Agent and the sub-agents, provided the terms and

conditions of such appointment are not inconsistent with the terms and conditions of this Agreement. The Agent may determine the remuneration payable by the Agent to such other registered dealers appointed by it out of the Compensation payable by the Corporation to the Agent, provided, however, in no case shall the Corporation be responsible for any compensation or other remuneration payable to the sub-agents retained by the Agent.

## DEFINITIONS

In this Agreement, in addition to the terms defined above, the following terms shall have the following meanings:

“**Act**” means the *Business Corporations Act* (Ontario);

“**affiliate**” and “**associate**” have the respective meanings ascribed thereto in the Act;

“**Affiliates**” means the affiliates of the Agent;

“**Agent**” has the meaning ascribed thereto on the face page of this Agreement;

“**Agent’s Compensation Option Certificate**” means the definitive form of certificate representing the Agent’s Compensation Options referred to in Section 12 hereof, and attached hereto as Schedule “B”;

“**Agent’s Counsel**” means Colby, Monet, Demers, Delage & Crevier L.L.P.;

“**Agent’s Shares**” means the Common Shares underlying the Agent’s Compensation Options issued to the Agent and referred to in Section 12 hereof;

“**Agreement**” means this agreement and the schedules attached hereto, being the agreement resulting from the acceptance by the Corporation of the offer made by the Agent hereby;

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business;

“**Canadian Exploration Expense**” or “**CEE**” shall have the meaning contained in paragraph (f) of the definition thereof in subsection 66.1(6) of the Tax Act or that would be described in paragraph (h) of such definition if the reference therein in paragraphs (a) to (d) and (f) to (g. 1) was a reference to paragraph (f), other than amounts which are prescribed to be “Canadian exploration and development overhead expense” of the Corporation for the purposes of the Tax Act, or the cost of acquiring or obtaining the use of “seismic data” described in paragraph 66(12.6)(b.1) of the Tax Act, or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period commencing on the Closing Date and ending on the Termination Date, as described in the definition “expense” in paragraph 66(15) of the Tax Act;

“**Closing**” means the completion in one or more closings of the purchase and sale of all or part of the Offered Securities as contemplated by this Agreement and the Subscription Agreements;

“**Closing Date**” means such date or dates on which a Closing occurs, as agreed to by the Corporation and the Agent, but not later than July 20, 2012;

“**Commission**” has the meaning ascribed to such term in Section 12 hereof;

“**Commitment Amount**” means the amount equal to \$0.2399 multiplied by the number of Flow-Through Units subscribed and paid for pursuant to the Subscription and Renunciation Agreement;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Compensation**” means the Commission and the Agent’s Compensation Options issued in favor of the Agent and referred to in Section 12 hereof;

“**Corporation**” means Advanced Explorations Inc. and any subsidiary thereof, except where the context requires otherwise;

“**CRA**” means the Canada Revenue Agency;

“**Debt Instrument**” means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability;

“**distribution**” has the meaning ascribed thereto in the *Securities Act* (Ontario) in effect on the date hereof;

“**Environmental Laws**” has the meaning ascribed to such term in paragraph 4.1.2(a) hereof;

“**Environmental Permits**” has the meaning ascribed to such term in paragraph 4.1.2(b) hereof;

“**Expenditure Period**” means the period commencing on the Closing Date and ending on the earlier of: (i) the date on which the Commitment Amount has been duly expended in accordance with the terms hereof and the applicable Subscription and Renunciation Agreements; and (ii) the Termination Date;

“**Financial Statements**” means the audited Consolidated Financial Statements of the Corporation for the years ended December 31, 2011 and 2010, and the unaudited Condensed Consolidated Interim Financial Statements of the Corporation for the three months ended March 31, 2012;

“**Flow-Through Mining Expenditures**” means “flow-through mining expenditures” as defined in subsection 127(9) of the Tax Act to the extent such expenditures are incurred or deemed to have been incurred on or before December 31, 2012;

“**Flow-Through Shares**” means the Common Shares underlying the Flow-Through Units being issued by the Corporation pursuant to the Offering, which are “flow-through shares” as defined in subsection 66(15) of the Tax Act in accordance with the terms and conditions of this Agreement and the applicable Subscription and Renunciation Agreement, and as described in the face page of this Agreement;

**“Flow-Through Unit”** and **“Flow-Through Units”** have the meaning ascribed thereto on the face page of this Agreement;

**“FT Purchasers”** herein means the persons who, as purchasers or beneficial purchasers, as the case may be, acquire the Flow-Through Units by duly completing, executing and delivering Subscription and Renunciation Agreements and any other required documentation;

**“FTU Warrant”** and **“FTU Warrants”** have the meaning ascribed thereto on the face page of this Agreement;

**“FTU Warrant Share”** and **“FTU Warrant Shares”** have the meaning ascribed thereto on the face page of this Agreement;

**“including”** means including without limitation;

**“Leased Property”** means the moveable and immovable property which is material to the Corporation and which the Corporation leases;

**“Material Agreement”** means any joint operating agreement, options, joint venture agreements, material notes, indenture, mortgage or other form of indebtedness and any other material contract, commitment, agreement (written or oral), instrument, lease or other document, including licence agreements and agreements relating to intellectual property, to which the Corporation is a party and which is material to the Corporation;

**“material change”, “material fact” and “misrepresentation”** have the respective meanings ascribed thereto in the Securities Laws in effect on the date hereof;

**“NI 45-106”** means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

**“Person”** includes any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

**“Prescribed Forms”** means the forms prescribed from time to time under subsection 66(12.7) of the Tax Act filed or to be filed by the Corporation within the prescribed times renouncing in favour of the FT Purchasers, the Qualifying Expenditures incurred pursuant to the applicable Subscription and Renunciation Agreements, and all parts or copies of such forms required by the CRA to be delivered to the FT Purchasers;

**“Prescribed Relationship”** means a relationship between the Corporation and the Subscriber where the Subscriber and the Corporation are related or otherwise do not deal at “arm’s length” for purposes of the Tax Act;

**“Principal Business Corporation”** means a principal business corporation as defined in subsection 66(15) of the Tax Act;

**“Properties”** means the mineral properties in which the Corporation holds an interest located on the Melville Peninsula, Nunavut, Canada, including, the Roche Bay Iron Project, the Tuktu Iron Prospect and the Anik Nickel Project, each as more particularly described in Schedule “A” attached hereto;

**“Public Disclosure Documents”** means, without limitation, prospectuses, annual information forms, information circulars, material change reports, press releases, technical reports and any other documents or reports filed by the Corporation with any applicable Canadian securities regulatory authority since January 1, 2011 and available to the public via the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com);

**“Purchasers”** herein means the persons who, as purchasers or beneficial purchasers, as the case may be, acquire the Units by duly completing, executing and delivering Subscription Agreements and any other required documentation;

**“Qualifying Expenditure”** (collectively, **“Qualifying Expenditures”**) means one or more expenses that are CEE at the date they are incurred and are incurred on or after the Closing Date and on or before the Termination Date and are expenses which may be renounced by the Corporation pursuant to subsection 66(12.6) of the Tax Act with an effective date not later than December 31, 2012 and in respect of which, but for the renunciation, the Corporation would be entitled to a deduction from income for income tax purposes, and on the date they are incurred are “flow-through mining expenditures” as defined in subsection 127(9) of the Tax Act;

**“Securities Laws”** means all applicable securities laws in each of the Selling Jurisdictions and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such provinces and all rules and policies of the TSX-V;

**“Securities Regulators”** means, collectively, the securities regulators or other securities regulatory authorities having jurisdiction over the Corporation;

**“Selling Jurisdictions”** means the Provinces of Canada and those other jurisdictions mutually agreed to by the Corporation and the Agent in which Offered Securities are issued and sold pursuant to the Offering;

**“Specified Purchasers”** means the Purchasers and the FT Purchasers identified by the Corporation to the Agent and which are named on a list agreed to between the Corporation and the Agent;

**“Subscription Agreements”** means collectively the Subscription Agreements and Subscription and Renunciation Agreements in the forms agreed upon by the Agent and the Corporation pursuant to which Purchasers and FT Purchasers agree to subscribe for and purchase Flow-Through Units and Units, respectively, pursuant to the Offering as herein contemplated and shall include, for greater certainty, all schedules thereto; and **“Subscription Agreement”** means any one of them, as the context requires;

“**Subscription Price**” means \$0.24 with respect to the Flow-Through Units and \$0.21 with respect to the Units;

“**subsidiary**” and “**subsidiaries**” shall have the meaning ascribed thereto in the Act;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, re-enacted or replaced from time to time and the regulations thereto, including all proposals to amend the Tax Act and the regulations thereto publicly announced by or on behalf of the Minister of Finance (Canada);

“**Taxes**” shall have the meaning ascribed in paragraph 4.1.5(b) hereof;

“**Termination Date**” means December 31, 2013;

“**to the knowledge**” or “**to the best of the knowledge**” (or any other similar phrase) means to the best of the declarant’s knowledge after having made reasonable enquiry of the matters in respect of which the representation is made;

“**Transfer Agent**” means Equity Financial Trust Company in its capacity as transfer agent and registrar of the Corporation at its principal office in Toronto;

“**TSX-V**” means the TSX Venture Exchange;

“**Unit**” and “**Units**” have the meaning ascribed to such terms on the face page of this Agreement;

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**Unit Warrant**” and “**Unit Warrants**” have the meaning ascribed thereto on the face page of this Agreement;

“**Unit Warrant Share**” and “**Unit Warrant Shares**” have the meaning ascribed thereto on the face page of this Agreement;

“**U.S. Person**” means a U.S. person as that term is defined in Regulation S under the U.S. Securities Act;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**Warrant**” and “**Warrants**” have the meaning ascribed to such term on page 2 of this Agreement;

“**Warrant Certificates**” means the definitive form of certificates representing the FTU Warrants or the Unit Warrants, as the case may be;

“**Warrant Share**” and “**Warrant Shares**” have the meaning ascribed to such term on the face page of this Agreement.

## TERMS AND CONDITIONS

### 1. Sale of the Offered Securities.

1.1 Sale on Exempt Basis. The Agent shall offer for sale and sell the Offered Securities pursuant to the Offering in the Selling Jurisdictions on a private placement basis in compliance with all applicable Securities Laws such that the offer and sale of the Offered Securities does not obligate the Corporation to file a prospectus, a registration statement or other offering document or deliver an offering memorandum or other offering document under applicable Securities Laws.

1.2 Filings. The Corporation undertakes to file, or cause to be filed, all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Offered Securities so that the distribution of the Offered Securities may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum in the Selling Jurisdictions, and the Agent undertakes to use its commercially reasonable efforts to cause Purchasers and FT Purchasers to complete any forms required by Securities Laws. All fees payable in connection with such filings shall be at the expense of the Corporation.

1.3 No Offering Memorandum. Neither the Corporation nor the Agent shall: (i) provide to prospective purchasers of the Offered Securities any document or other material that would constitute an offering memorandum or future oriented financial information within the meaning of Securities Laws; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Offered Securities, including but not limited to, causing the sale of the Offered Securities to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Offered Securities whose attendees have been invited by general solicitation or advertising.

### 2. Covenants.

2.1 Covenants of the Corporation. The Corporation hereby covenants with the Agent, the Purchasers, FT Purchasers and their permitted assigns as follows, and acknowledges that each of them is relying on such covenants in connection with the purchase of the Offered Securities contemplated herein:

- (a) the Corporation will use its best efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Securities Laws in each of the Provinces of British Columbia, Alberta and Ontario, until the date that is two years following the Closing Date; provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a “reporting issuer” so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the TSX-V;

- (b) the Corporation will allow the Agent and its representatives the opportunity to conduct all due diligence which the Agent may reasonably require to be conducted prior to the Closing Date, including access to its auditors and independent geologists;
- (c) the Corporation will duly execute and deliver this Agreement, the Subscription Agreements, the Flow-Through Shares, the Unit Shares, the Warrant Certificates and the Agent's Compensation Option Certificate at the Closing Date, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Corporation;
- (d) the Corporation will fulfill or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 6 of this Agreement;
- (e) the Corporation will ensure that the attributes of the Offered Securities will conform in all material respects with the description thereof in the Subscription Agreements;
- (f) all corporate action on the part of the Corporation, its directors, and its shareholders necessary for the authorization, execution and delivery of this Agreement, the Subscription Agreements, the Flow-Through Shares, the Unit Shares, the Warrant Certificates and the Agent's Compensation Option Certificate, and the performance of the transactions contemplated hereby and thereby, by the Corporation will be taken prior to the Closing;
- (g) this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent's Compensation Option Certificate, when executed and delivered by the Corporation, shall constitute a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies;
- (h) when issued in accordance with the terms and conditions of this Agreement, the Subscription Agreements, Warrant Certificates, and Agent's Compensation Option Certificates, as applicable, the Flow-Through Shares, the Unit Shares, the Warrant Shares and the Agent's Shares will be validly created and issued as fully paid and non-assessable and said shares will be duly listed on the TSX-V;
- (i) the certificates evidencing the Flow-Through Shares, and the Units Shares, and the Warrant Certificates and the Agent's Compensation Option Certificates will be delivered on the Closing Date;
- (j) the Purchasers and FT Purchasers shall have the benefit of the representations, warranties and covenants made by the Corporation to the Agent as set forth in this Agreement. Such representations, warranties and covenants, together with the flow-through specific covenants contained in subsection 2.2 hereof, shall form an integral part of the Subscription Agreements and shall survive the Closing of the purchase and sale of the Flow-Through Units and Units and shall continue in full force and effect for the benefit of the Purchasers and FT Purchasers in accordance with this Agreement.

- (k) all necessary corporate action has been taken or will have been taken prior to the Closing Date by the Corporation so as to: (i) validly issue the Flow-Through Shares and the Unit Shares on Closing as fully paid and non-assessable Common Shares on Closing; (ii) validly create, authorize and issue the Warrants on Closing; (iii) validly create, authorize and issue the Agent's Compensation Options on Closing; (iv) reserve and authorize the issuance of Warrant Shares, as fully paid and non-assessable Common Shares upon the due exercise of the Warrants in accordance with the terms of the Warrant Certificates; and (v) reserve and authorize the issuance of Agent's Shares, as fully paid and non-assessable Common Shares upon the due exercise of the Agent's Compensation Options in accordance with the terms of the Agent's Compensation Option Certificate;
- (l) at Closing, all consents, approvals, permits, authorizations or filings as may be required under Securities Laws and, as the case may be, the TSX-V, necessary for the execution and delivery of this Agreement, the Subscription Agreements, the Flow-Through Shares, the Unit Shares, the Warrant Certificates and the Agent's Compensation Option Certificate, and the consummation of the transactions contemplated hereby and thereby, have been made or obtained, as applicable, other than filings required to be submitted post-Closing within the applicable time frame pursuant to applicable Securities Laws and the policies of the TSX-V; and
- (m) the Corporation will comply with the Corporation's other covenants contained in the Subscription Agreements.

2.2 Covenants of the Corporation with respect to the Flow-Through Shares. The Corporation covenants and agrees with the Agent and the FT Purchasers (on their own behalf and, if applicable, on behalf of each person on whose behalf the FT Purchasers are contracting):

- (a) the Corporation will file with the CRA, before March of the year following a particular year, any return required to be filed under Part XII.6 of the Tax Act in respect of the particular year, and will pay any tax or other amount owing in respect of that return on a timely basis;
- (b) except as a result of any agreement to which the Corporation is not a party and of which it has no knowledge, upon issue, the FT Shares will be "Flow-Through Shares" as defined in subsection 66(15) of the Tax Act and are not and will not be "prescribed shares" within the meaning of section 6202.1 of the regulations to the Tax Act;
- (c) the Corporation is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act and will continue to be a "principal-business corporation" until such time as all of the Qualifying Expenditures required to be renounced under this Subscription and Renunciation Agreement have been incurred and validly renounced pursuant to the Tax Act;
- (d) the Corporation has the full corporate right, power and authority to incur and renounce to the FT Purchasers, Qualifying Expenditures in an amount equal to the Commitment Amount;

- (e) the Corporation has no reason to believe that it will be unable to incur, on or after the Closing Date and on or before the Termination Date or that it will be unable to renounce to the FT Purchasers effective on or before December 31, 2012, Qualifying Expenditures in an aggregate amount equal to the Commitment Amount and the Corporation has no reason to expect any reduction of such amount by virtue of subsection 66(12.73) of the Tax Act;
- (f) the Corporation hereby agrees to incur Qualifying Expenditures in an aggregate amount equal to the Commitment Amount on or before the Termination Date in accordance with the Subscription and Renunciation Agreements and agrees to renounce to the FT Purchasers, with an effective date no later than December 31, 2012, pursuant to subsection 66(12.6) of the Tax Act, and, in respect of Qualifying Expenditures incurred by the Corporation in 2012, pursuant to subsection 66(12.66) of the Tax Act, Qualifying Expenditures in an aggregate amount equal to the Commitment Amount;
- (g) the Corporation shall deliver to the FT Purchasers, within the time prescribed by the Tax Act, the relevant Prescribed Forms, fully completed and executed, renouncing to the FT Purchaser Qualifying Expenditures with an effective date of no later than December 31, 2012, such delivery constituting the authorization of the Corporation to the FT Purchaser to file such Prescribed Forms with the relevant taxation authorities;
- (h) the expenses to be renounced by the Corporation to the Purchaser:
  - (i) will constitute Qualifying Expenditures on the effective date of the renunciation;
  - (ii) will not include expenses that are either: (1) “Canadian exploration and development overhead expenses” (as defined in the regulations to the Tax Act for purposes of paragraph 66(12.6)(b) of the Tax Act) of the Corporation; (2) amounts which constitute specified expenses for seismic data described in paragraph 66(12.6)(b.1) of the Tax Act; or (3) any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of “expense” in subsection 66(15) of the Tax Act;
  - (iii) will not include any amount that has previously been renounced by the Corporation to the FT Purchasers or to any other person;
  - (iv) would be deductible by the Corporation in computing its income for the purposes of Part I of the Tax Act but for the renunciation to the FT Purchasers; and
  - (v) will not be subject to any reduction under subsection 66(12.73) of the Tax Act.

- (i) the Corporation will not knowingly renounce any of the Qualifying Expenditures to a trust, corporation or partnership with which the Corporation has a prohibited relationship as defined in subsection 66(12.671) of the Tax Act;
- (j) the Corporation shall not reduce the amount renounced to the FT Purchasers pursuant to subsection 66(12.6) of the Tax Act;
- (k) the Corporation shall not be subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Qualifying Expenditures to the FT Purchasers in an amount equal to the aggregate Commitment Amount;
- (l) if the Corporation receives, becomes entitled to receive, or may reasonably be expected to receive, any “assistance” as defined in subsection 66(15) of the Tax Act, at any time that may be reasonably related to the Qualifying Expenditures which could otherwise affect the amount that could be renounced to the FT Purchasers hereunder to less than the Commitment Amount, the Corporation shall incur additional Qualifying Expenditures using funds from other sources in an amount equal to any such assistance so that it will be able to renounce Qualifying Expenditures equal to the Commitment Amount to the FT Purchaser with an effective date of December 31, 2012;
- (m) the Corporation shall use the amount of the aggregate Commitment Amount to finance exploration expenditures on its Properties;
- (n) the Corporation shall file with CRA: (i) the form prescribed by subsection 66(12.68) of the Tax Act, together with a copy of this Subscription and Renunciation Agreements, within the time period prescribed by the Tax Act; and (ii) the Prescribed Forms on or before the last day of the first month after each month in which any renunciation is made pursuant to the terms of the Subscription and Renunciation Agreements and this Agreement;
- (o) if the Corporation does not renounce to the FT Purchasers, effective on or before December 31, 2012, Qualifying Expenditures which it has incurred or intends to incur, equal to the aggregate Commitment Amount, the Corporation shall indemnify and hold harmless the FT Purchasers and each of the partners thereof if the FT Purchaser is a partnership or a limited partnership (for the purposes of this paragraph, each an “Indemnified Person”) as to, and pay in settlement thereof to the Indemnified Person, an amount equal to the amount of any tax (as referenced in paragraph (c) of the proposed definition of an “excluded obligation” in subparagraph 6202.1(5) of the regulations to the Tax Act) payable under the Tax Act (and under any corresponding provincial legislation) by any Indemnified Person as a consequence of such failure. In the event that the CRA (or any similar provincial tax authority) reduces the amount renounced by the Corporation to the FT Purchasers pursuant to subsection 66(12.73) of the Tax Act (or any corresponding provincial legislation), the Corporation shall indemnify and hold harmless each Indemnified Person as to, and pay in settlement thereof to the

Indemnified Person, an amount equal to the amount of any tax (as referenced in paragraph (c) of the proposed definition of an “excluded obligation” in subparagraph 6202.1(5) of the regulations to the Tax Act) payable under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Person as a consequence of such reduction

- (p) to keep proper books, records and accounts of all Qualifying Expenditures and all transactions affecting the Commitment Amount and the Qualifying Expenditures, and upon reasonable notice, to make such books, records and accounts available for inspection and audit by or on behalf of the FT Purchasers;
- (q) to deliver to the FT Purchasers, within the time period required by the Tax Act, a statement (including T101 Forms) setting forth the aggregate amounts of such Qualifying Expenditures renounced to the FT Purchasers; and
- (r) the Corporation has not and will refrain from entering into transactions or taking deductions which would otherwise reduce its cumulative Qualifying Expenditures to an extent where it would preclude a renunciation of Qualifying Expenditures hereunder in an amount equal to the Commitment Amount as contemplated herein;
- (s) if the Corporation is required under the Tax Act or otherwise to reduce Qualifying Expenditures previously renounced to the FT Purchasers hereunder, such reduction shall, to the extent possible, be made pro rata based on the number of FT Shares issued pursuant to Subscription and Renunciation Agreements executed pursuant to the Offering, but only after it has first reduced to the extent possible all Qualifying Expenditures renounced to persons under any subsequent agreement; and,
- (t) the Corporation shall perform and carry out all acts and things to be completed by it as provided in the Subscription and Renunciation Agreements and this Agreement.

2.3 Covenants of the Agent. The Agent hereby covenants and agrees to conduct all activities in connection with the Offering in compliance with the Securities Laws and all other laws applicable to the Agent and the Offering, and to obtain from each Purchaser and FT Purchaser a completed and executed Subscription Agreement (including all certifications, forms and other documentation contemplated thereby or as may be required by the Securities Regulators) in a form acceptable to the Corporation and the Agent.

### 3. **Communications During Distribution.**

3.1 Material Changes During Distribution. During the period from the date hereof to the Closing Date, the Corporation shall promptly notify the Agent (and, if requested by the Agent, confirm such notification in writing) of any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation.

During the period from the date hereof to the Closing Date, the Corporation shall promptly, and in any event, within any applicable time limitation, comply with all applicable filing and other requirements under Securities Laws as a result of such change. During such period the Corporation shall in good faith discuss with the Agent any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt as to whether notice in writing needs be given to the Agent pursuant to this Section 3.

3.2 Press Releases. The Corporation agrees that it shall obtain prior approval of the Agent as to the content and form of any press release relating to the Offering, such approval not to be unreasonably withheld or delayed. In addition, if required by the relevant Securities Laws, any press release announcing or otherwise referring to the Offering shall include an appropriate notation on each page as follows: “Not for distribution to U.S. news wire services, or dissemination in the United States.”

#### 4. **Representations and Warranties.**

4.1 Representations and Warranties of the Corporation. In addition to any representations and warranties made by the Corporation in the Subscription Agreements, the Corporation represents and warrants to the Agent, the Purchasers and FT Purchasers, and acknowledges that each of them is relying upon such representations and warranties in purchasing the Offered Securities, that:

##### 4.1.1 General Matters

- (a) the Corporation (i) has been incorporated pursuant to the Act, and is and will at Closing be up-to-date in all material corporate filings and in good standing under such Act; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate the Properties and its assets; and (iii) has all requisite corporate power and authority to create, issue and sell the Offered Securities, to create and issue the Agent’s Compensation Options and to enter into and carry out its obligations under this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent’s Compensation Option Certificate;
- (b) since January 1, 2006, the resolutions of shareholders and directors of the Corporation have, to the Corporation’s knowledge, been legally adopted or passed;
- (c) no proceedings have been taken, instituted or, to the best of the knowledge of the Corporation, are pending for the dissolution or liquidation of the Corporation;
- (d) to the knowledge of the Corporation, the Corporation has conducted and is conducting the business thereof in compliance in all material respects with all applicable laws, rules, regulations, tariffs, orders and directives of each jurisdiction in which it carries on a material portion of its business and possesses all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, state, municipal, federal, national or other regulatory agency or body necessary to carry on the business currently carried on by it, is in compliance in all

material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses and with all laws, regulations, tariffs, rules, orders and directives material to the operations thereof, and the Corporation has not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, individually or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, could reasonably be expected to have a material adverse effect on the Corporation. All such material approvals, consents, certificates, registrations, authorizations, permits and licenses are and will at the time of Closing be valid, subsisting and in good standing;

- (e) the Corporation or its subsidiaries, is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance, in all material respects, with all applicable laws, rules and regulations of each such jurisdiction;
- (f) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as of the close of business on July 16, 2012, 151,945,153 Common Shares were outstanding as fully paid and non-assessable shares of the Corporation. Other than stock options exercisable to acquire an aggregate of 12,217,500 Common Shares and the convertible debenture described in the Financial Statements, there were no outstanding securities of the Corporation exercisable for, or convertible into, Common Shares as of the close of business on July 16, 2012.
- (g) the Corporation is not aware of any legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Corporation;
- (h) the currently issued and outstanding Common Shares are listed and posted for trading on the TSX-V and the Frankfurt Stock Exchange;
- (i) the Corporation has not taken any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the TSX-V, and the Corporation, to its knowledge, is currently in material compliance with the policies of the TSX-V;
- (j) the Corporation has filed all forms, reports, documents and information required to be filed by it pursuant to applicable Securities Laws with applicable Securities Regulators in Canada and as required by the policies of the TSXV. As of the time the Public Disclosure Documents were filed on SEDAR with the applicable Securities Regulators: (i) each of the Public Disclosure Documents complied in all material respects with the requirements of Securities Laws; and (ii) none of the Public Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact

required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

- (k) the Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles and accurately reflect, in all material respects, the financial position and liabilities of the Corporation as of the respective dates thereof, and no material adverse change in the financial position of the Corporation has taken place since December 31, 2011 that has not been publicly disclosed in the Public Disclosure Documents;
- (l) except as disclosed in the Public Disclosure Documents, no person has any agreement or option or right or privilege (whether at law, preemptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants, options or convertible obligations of any nature of the Corporation;
- (m) since December 31, 2011, and except as disclosed in the Public Disclosure Documents:
  - (i) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Corporation;
  - (ii) there has not been any material change in the capital stock or long-term debt of the Corporation; and
  - (iii) the Corporation has carried on its business in the ordinary course;
- (n) there is no "material fact" or "material change" (as those terms are defined in applicable Securities Laws) in the affairs of the Corporation that has not been generally disclosed in the Public Disclosure Documents;
- (o) the Corporation has not committed an act of bankruptcy and is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had a petition or a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceedings to have itself declared bankrupt or wound-up, has not taken any proceedings to have a receiver appointed for any of its direct or indirect interest in its properties and projects and has not had any execution or distress become enforceable or become levied upon the Properties;
- (p) the Corporation is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of the Corporation's knowledge no such actions, suits or proceedings are contemplated or have been threatened;
- (q) there are no judgments against the Corporation which are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation is subject;

- (r) to the best of its knowledge, the Corporation is not in default in any material respect of any of the requirements of any applicable Securities Laws or any rules, policies or notices of the TSX-V;
- (s) no order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of such securities has been issued and remains outstanding against the Corporation or, to the knowledge of the Corporation, its directors, officers or promoters and, to the knowledge of the Corporation, no investigations or proceedings for such purposes are pending or threatened;
- (t) each of the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent's Compensation Option Certificate, and the performance by the Corporation of its obligations hereunder or thereunder, including the issuance and sale of the Offered Securities and the Warrant Shares and Agent's Shares, do not and will not, to the Corporation's knowledge, conflict with or result in a breach or violation of any of the terms of or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (i) any statute, rule or regulation applicable to the Corporation including Securities Laws; (ii) the articles, by-laws or resolutions of the directors or shareholders of the Corporation which are in effect at the date hereof; (iii) any Debt Instrument or Material Agreement to which the Corporation is party or by which it is bound; or (iv) any judgment, decree or order binding the Corporation or the Properties or assets of the Corporation;
- (u) the Corporation is not in violation, in any material respect, of any term of the articles or by-laws thereof;
- (v) the Corporation is, and will at the Closing Date be, a "reporting issuer", not included in a list of defaulting reporting issuers maintained by the Securities Regulators in the Provinces of British Columbia, Alberta, and Ontario and in particular, without limiting the foregoing, the Corporation, to its knowledge, has at all times complied with its obligations to make timely disclosure of all material changes relating to it and there is no material change relating to the Corporation which has occurred and with respect to which the requisite material change report has not been filed with the Securities Regulators;
- (w) the auditors of the Corporation, are independent public accountants as required by the Securities Laws;
- (x) there has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators) with the present auditors of the Corporation;
- (y) the Corporation is not party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Corporation to compete in any line of business, transfer any of their assets or operations or which materially or adversely affects the business practices, operations or condition of the Corporation;

- (z) there is no person that is or will be entitled to the proceeds of this Offering under the terms of any Debt Instrument, Material Agreement, or other instrument or document (written or unwritten);
- (aa) the Corporation is not party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation;
- (bb) neither the Corporation, nor to the best of the Corporation's knowledge, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation to be performed by the Corporation or such other person under any Debt Instrument, Material Agreement, or other instrument, document or arrangement (including all joint venture agreements) to which the Corporation is a party or otherwise bound, and all such contracts, agreements or arrangements (including all joint venture agreements) are in full force and effect, enforceable in accordance with their respective terms and in good standing, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Corporation or, to the best of the Corporation's knowledge, any other party, and the Corporation is not aware of any material disputes with respect thereto;
- (cc) the Transfer Agent at its principal transfer office in Toronto, Ontario, has been duly appointed as the registrar and transfer agent of the Corporation in respect of the Common Shares;
- (dd) other than as disclosed in the Public Disclosure Documents, none of the directors, officers or employees of the Corporation, any known holder of more than ten percent (10%) of any class of shares of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies, has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction with the Corporation which, materially affected, is material to or will materially affect the Corporation;
- (ee) other than pursuant to this Agreement, there is no person acting or purporting to act at the request of the Corporation who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the Offering or transactions contemplated herein;
- (ff) other than as disclosed in the Public Disclosure Documents, the Corporation is not a party to any debt instrument or has any material loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them;
- (gg) the Corporation is insured with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and the Corporation has not failed to promptly give any notice or present any material claim thereunder; and,

- (hh) with respect to any Leased Property, the Corporation leases the Leased Property and has the exclusive right to occupy and/or use, as the case may be, the Leased Property and each of the leases pursuant to which the Corporation leases the Leased Property is in good standing and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of transactions described herein by the Corporation, will not afford any of the parties to such leases or any other person the right to terminate such leases or result in any additional or more onerous obligations under such leases.

#### 4.1.2 Environmental Matters

- (a) To the best of its knowledge, the lands covered by the Properties in which the Corporation has an interest or right are, as of the date hereof and except as disclosed in the Public Disclosure Documents, free and clear of any hazardous or toxic material, pollution, or other adverse environmental conditions which may give rise to any claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursement or expenses of any kind or of any nature whatsoever that are asserted against the Corporation or any other party alleging liability of any kind or of any nature whatsoever arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; (ii) physical disturbance of the environment; and (iii) the violation or alleged violation of all applicable laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment, protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural and historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including ambient air, surface water and groundwater; and all other applicable laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes (collectively, “**Environmental Laws**”); and, except as disclosed in the Public Disclosure Documents, all environmental approvals required pursuant to Environmental Laws with respect to activities carried out on any part of the lands covered by the Properties, have been obtained, are valid and in full force and effect and have been complied with; and there are no proceedings commenced or threatened to revoke or amend any such environmental approvals;
- (b) except as disclosed in the Public Disclosure Documents, the Corporation has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the “**Environmental Permits**”) necessary as at the date hereof for the operation of the business currently carried on by the Corporation, and each Environmental Permit is valid, subsisting and in good standing and the Corporation is not in material default or breach of any Environmental Permit and no proceeding has been threatened, or to the best knowledge of the Corporation, is pending to revoke or limit any Environmental Permit;

- (c) the Corporation has not used, except in material compliance with all Environmental Laws and Environmental Permits, the Properties to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any hazardous substance;
- (d) neither the Corporation nor, to its knowledge, any predecessor companies, have received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Laws, and neither the Corporation nor, to its knowledge, any predecessor companies, have settled any allegation of non-compliance short of prosecution. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Corporation, nor has the Corporation received notice of any of the same;
- (e) as of the date hereof, there are no past unresolved, pending or, to its knowledge, threatened claims, complaints, notices or requests for information received by the Corporation with respect to any alleged material violation of any Environmental Laws, and, to the Corporation's knowledge, no conditions exist at, on or under any property now or previously owned, operated or leased by the Corporation which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Laws that, individually or in the aggregate, has or could reasonably be expected to have a material adverse effect on the Corporation;
- (f) except as ordinarily or customarily required by applicable permit, the Corporation has not received any notice, which remains unresolved wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws. The Corporation has not received any request for information, which remains unresolved, in connection with any federal, state, municipal or local inquiries as to disposal sites; and
- (g) there are no environmental audits, evaluations, assessments, studies or tests relating to the Properties except for ongoing assessments conducted by or on behalf of the Corporation in the ordinary course.

#### 4.1.3 Mining Matters

- (a) The rights and interests of the Corporation in and to the Properties are accurately described in Schedule "A" attached hereto;
- (b) the rights and interests of the Corporation in and to the Properties are held free of all hypothecs, mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, except as disclosed in the Public Disclosure Documents;
- (c) the Corporation knows of no claim or basis for any claim that might or could adversely affect the right of the Corporation to use, transfer or otherwise exploit the rights and interests of the Corporation in and to the Properties and the Corporation has no responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person, except as disclosed in the Public Disclosure Documents;

- (d) any and all of the agreements and other documents and instruments pursuant to which the Corporation holds the rights and interests of the Corporation in and to the Properties (including, as may be applicable, any option agreement or any interest in, or right to earn an interest in any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof; the Corporation is not in default of any of the material provisions of any such agreements, documents or instruments, nor has any such default been alleged. Except as disclosed in the Public Disclosure Documents, none of the Properties (or, as may be applicable, any option agreement or any interest in, or right to earn an interest in, any property) of the Corporation are subject to any right of first refusal or purchase or acquisition rights, except for any buyback royalty rights in favor of the Corporation; and, to the knowledge of the Corporation, all such rights and interests have been validly located and recorded in accordance with all applicable laws;
- (e) except as disclosed in the Public Disclosure Documents, the Corporation has all necessary surface rights, access rights and other necessary rights and interests relating to the Properties necessary for the conduct of the business of the Corporation as currently conducted, and such right and ability to access such Properties and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the Corporation, as applicable;
- (f) the Corporation, to its knowledge, has conducted and is conducting its business in compliance in all material respects with all applicable mining laws, rules and regulations of each jurisdiction in which it carries on business and with all laws, regulations, rules, orders and directives material to its operation, and the Corporation has not received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the permits, licenses, leases or other instruments conferring mining exploration rights in respect of the Properties;
- (g) to the best knowledge of the Corporation, there are no claims with respect to First Nation's or Inuit's rights pending or threatened, with respect to the Properties and there are no community objections to the operations of the Corporation on the Properties; and
- (h) all exploration activities on the Properties have been conducted in all respects in accordance with good mining exploration and engineering practices and all applicable material workers' compensation and health and safety and workplace laws, regulations and policies have been complied with.

#### 4.1.4 Employment Matters

- (a) If any and as may be applicable, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Corporation for the benefit of any current or former director, officer, employee or consultant of the Corporation (the "**Employee Plans**") has been disclosed in the Public Disclosure Documents and has been

maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in each case in all material respects and has been publicly disclosed to the extent required by Securities Laws;

- (b) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the Financial Statements; and
- (c) there is not currently any labour disruption which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Corporation.

#### 4.1.5 Tax Matters

- (a) The Corporation has filed in a timely manner all necessary tax returns and notices and has paid all applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been alleged to be due;
- (b) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings, and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "Taxes") due and payable by the Corporation have been paid except for where the failure to pay such taxes would not constitute an adverse material fact of the Corporation or result in an adverse material change to the Corporation;
- (c) all tax returns, declarations, remittances and filings required to be filed by the Corporation, have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate, and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact of the Corporation or result in an adverse material change to the Corporation; and there are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of taxes with respect to the Corporation, and no examination of any tax return of the Corporation is currently in progress, and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact of the Corporation, or result in an adverse material change to the Corporation;

4.2 Representations and Warranties of the Agent. The Agent hereby represents and warrants to the Corporation and acknowledges that the Corporation is relying upon such representations and warranties, that:

- (a) in respect of the offer and sale of the Offered Securities, the Agent (and any sub-agent retained by it) will comply with all Securities Laws;

- (b) the Agent and its Affiliates and the Agent's representatives have not engaged in or authorized, and will not engage in or authorize, any form of general solicitation or general advertising in connection with or in respect of the Offered Securities in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio or television or otherwise or conduct any seminar or meeting concerning the offer or sale of the Offered Securities whose attendees have been invited by any general solicitation or general advertising;
- (c) the Agent (and any sub-agent retained by it) has not and will not solicit offers to purchase or sell the Offered Securities so as to require the filing of a prospectus, registration statement or offering memorandum with respect thereto or the provision of a contractual right of action under the laws of any jurisdiction;
- (d) the Agent (and any sub-agent retained by it) will use its commercially reasonable efforts to obtain from each Purchaser and FT Purchaser an executed Subscription Agreements and all other applicable forms, reports, undertakings and documentation required under the Securities Laws or required by the Corporation, acting reasonably;
- (e) the Agent (and any sub-agent retained by it) is duly registered pursuant to the provisions of the Securities Laws, is a member in good standing of the Investment Industry Regulatory Organization of Canada, and is duly registered or licensed as investment dealer in those jurisdictions in which it is required to be so registered in order to perform the services contemplated by this Agreement, or if or where not so registered or licensed, the Agent (and any sub-agent retained by it) will act only through members of a selling group who are so registered or licensed; and
- (f) the Agent and each selling group member to whom the Agent shall direct the Corporation to register an Agent's Compensation Option is an "accredited investor" as defined in Regulation 45-106 or NI 45-106, as applicable, and is acquiring the Agent's Compensation Options as principal for its own account and not for the benefit of any other Person.

5. **Closing Deliveries.** The purchase and sale of the Offered Securities shall be completed at the Closing Date at the offices of Wildeboer Dellelce LLP, 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1, or at such other place as the Agent and the Corporation may agree upon in writing. At the Closing Date, the Corporation shall duly and validly deliver to the Agent, certificates in definitive form representing the Offered Securities issued to the Purchasers and FT Purchasers under the Offering registered in the names of the Purchasers and FT Purchasers as indicated on their respective Subscription Agreement or as otherwise directed by the Agent, against payment to the Corporation of the aggregate Subscription Price therefor, in lawful money of Canada by certified cheque or bank draft payable at par in the City of Toronto, or by electronic money transfer, less the Commission as set out in Section 12 herein, the out-of-pocket expenses of the Agent and the fees and disbursements of the Agent's Counsel as set out in Section 8 herein.

6. **Closing Conditions.** Each Purchaser's and FT Purchaser's obligation to purchase any of the Offered Securities shall be conditional upon the fulfilment at or before the Closing Date of the following conditions:

6.1 The Agent shall have received at the Closing Date, a certificate addressed to the Agent and Agent's Counsel, dated as of the Closing Date, signed by the Chief Executive Officer and by the Chief Financial Officer of the Corporation, or such other officers of the Corporation as the Agent may agree, certifying for and on behalf of the Corporation, to the best of their knowledge, information and belief, that:

- (a) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened by any regulatory authority;
- (b) the Corporation has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Date; and
- (c) the representations and warranties of the Corporation contained in this Agreement and in the Subscription Agreements are true and correct as of the Closing Date with the same force and effect as if made at and as of Closing after giving effect to the transactions contemplated by this Agreement.

6.2 The Agent shall have further received at Closing, on the Closing Date:

- (a) certificates dated the Closing Date, signed by appropriate officers of the Corporation addressed to the Agent and the Agent's Counsel with respect to the articles and by-laws of the Corporation, all resolutions of the Corporation's board of directors relating to this Agreement and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers in the form of a certificate of incumbency;
- (b) certificates of status or similar certificate with respect to the jurisdiction in which the Corporation is incorporated and a copy of the lists confirming that the Corporation is not a reporting issuer in default in British Columbia, Alberta, and Ontario;
- (c) evidence that all requisite approvals, consents and acceptances of the appropriate regulatory authorities and the TSX-V required to be made or obtained by the Corporation in order to complete the Offering have been made or obtained; and
- (d) such certificates dealing with such other matters as the Agent and Agent's Counsel may reasonably require.

6.3 The Subscription Agreements, Flow-Through Shares, Unit Shares, Warrant Certificates and Agent's Compensation Option Certificate shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agent and Agent's Counsel, acting reasonably.

6.4 Confirmation from the Transfer Agent: (i) as to its appointment as transfer agent and registrar of the Common Shares; and (ii) as to the issued and outstanding Common Shares in the capital of the Corporation as at the close of business on the day prior to the Closing Date.

6.5 The Agent shall have received legal opinions, in substantially the form and with respect to the matters set out below, addressed to the Agent, the Purchasers, the FT Purchasers and Agent's Counsel, in form and substance satisfactory to the Agent's Counsel acting reasonably, dated the Closing Date, from Wildeboer Dellelce LLP, counsel to the Corporation and where appropriate, counsel in the other Selling Jurisdictions, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Corporation:

- (a) as to the existence of the Corporation under the laws of Ontario, Canada, and as to the corporate power and authority of the Corporation to carry out its obligations under this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent's Compensation Option Certificate and to issue the Flow-Through Shares, the Unit Shares, the Warrants, the Warrant Shares and the Agent's Compensation Options and the Agent's Shares;
- (b) as to the authorized and issued capital of the Corporation;
- (c) as to the requisite corporate power and capacity under the laws of Ontario to carry on its business as presently carried on and to own the Properties and other assets;
- (d) that, to its knowledge, neither the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent's Compensation Option Certificate nor the performance by the Corporation of its obligations hereunder and thereunder, nor the sale or issuance of the Offered Securities and the Warrant Shares and Agent's Shares will conflict with any applicable law or result in any breach of the articles or by-laws of the Corporation;
- (e) that each of this Agreement, the Subscription Agreements, the Warrant Certificates and the Agent's Compensation Option Certificate have been duly authorized and executed and delivered by the Corporation, and each constitutes a valid and legally binding obligation of the Corporation enforceable against it in accordance with its terms;
- (f) that the Flow-Through Shares and Unit Shares have been issued as fully paid and non-assessable Common Shares, subject to the payment therefor;
- (g) that the Warrants have been duly and validly created and issued and the Warrant Shares have been reserved and authorized for issuance to the holders thereof and, upon the due exercise of the Warrants in accordance with the provisions of the Warrant Certificates, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (h) that the Agent's Compensation Options have been duly and validly created and issued and the Agent's Shares have been reserved and authorized for issuance to the holders thereof and, upon the due exercise of the Agent's Compensation Options in accordance

with the provisions of the Agent's Compensation Option Certificate, the Agent's Shares will be validly issued as fully paid and non-assessable Common Shares;

- (i) that the issuance and sale by the Corporation of the Offered Securities to the Purchasers and FT Purchasers in accordance with the terms of this Agreement, the issuance of the Warrant Shares to the Purchasers and FT Purchasers in accordance with the terms of the Warrant Certificates, and the issuance by the Corporation of the Agent's Compensation Options to the Agent in accordance with the terms of this Agreement and the issuance of the Agent's Compensation Shares in accordance with the Agent's Compensation Option Certificate are exempt from the prospectus requirements of applicable Securities Laws in the Selling Jurisdictions and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws to permit such issuance and sale;
- (j) that the Flow-Through Shares, the Unit Shares, the Warrant Shares and the Agent's Shares have been conditionally approved for listing on the TSX-V, subject to the Corporation fulfilling all of the requirements of the TSX-V;
- (k) that no other documents will be required to be filed, proceedings, taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws in connection with the first trade of the Offered Securities, the Warrant Shares and the Agent's Shares by the Purchasers, the FT Purchasers or the Agent, as the case may be, subject to the satisfaction of the usual conditions under National Instrument 45-102 *Resale of Securities*;
- (l) that the Corporation is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act; and,
- (m) that the Flow-Through Shares are "flow-through shares" as defined in subsection 66(15) of the Tax Act and are not and will not be "prescribed shares" within the meaning of subsection 6202.1 of the regulations to the Tax Act.

6.6 The Agent shall have received, as applicable, acceptable title opinion or report, records, or copy of records of registration details, from the applicable governmental mining authorities and confirmation of the absence of litigation and liens concerning the Properties.

6.7 The Agent shall, in its sole discretion, be satisfied with their due diligence review with respect to the business, assets, financial condition, affairs and prospects of the Corporation.

## 7. **Rights of Termination.**

7.1 Due Diligence Out. In the event that the due diligence investigations performed by the Agent and/or the Agent's Representatives reveal any material information or fact not generally known to the public which might, in the Agent's sole opinion, acting reasonably, adversely affect the market price of the Flow-Through Shares and Unit Shares, quality of the investment or marketability of the Offering, the Agent shall be entitled, at its sole option and in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the

obligations of the Purchasers and FT Purchasers arranged by it to purchase the Offered Securities) by notice to that effect given to the Corporation any time prior to the Closing Date.

7.2 Litigation. If any inquiry, action, suit, investigation or proceeding, whether formal or informal, (including matters of regulatory transgression or unlawful conduct and including any inquiry or investigation by any securities commission or the TSX-V) is commenced, announced or threatened in relation to the Corporation or any of the officers or directors of the Corporation or any of its principal securityholders, which, in the sole opinion of the Agent, materially adversely affects or may materially adversely affect the Corporation and/or its business, operations or affairs, the Agent shall be entitled, at its sole option and in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and the FT Purchasers arranged by it to purchase the Offered Securities) by notice to that effect given to the Corporation any time prior to the Closing Date.

7.3 Disaster Out. In the event that prior to the Closing Date, there should develop, occur or come into effect any event of any nature, including terrorism, accident, a new or change in any governmental law or regulation, or other condition or major financial occurrence of national or international consequence, which, in the sole opinion of the Agent, materially adversely affects, or may materially adversely affect, the financial markets generally or the business, operations, affairs or profitability of the Corporation, or the market price or value of the Common Shares, the Agent shall be entitled at its sole option, in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and the FT Purchasers arranged by it to purchase the Offered Securities) by written notice to that effect given to the Corporation prior to the Closing Date.

7.4 Change in Material Fact. In the event that prior to the Closing Date, the Agent or the Agent's Representatives, through their due diligence investigations, or otherwise discover or there should occur a material change or a change in any material fact or new material fact shall arise, which, in the sole opinion of the Agent, has or could be expected to have a material adverse change or material adverse effect on the business, affairs or profitability of the Corporation or on the market price or value of the Flow-Through Shares and Unit Shares, the Agent shall be entitled, at its sole option, in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and the FT Purchasers arranged by it to purchase the Offered Securities) by written notice to that effect given to the Corporation prior to the Closing Date.

7.5 Profitably Marketed. In the event that prior to the Closing Date, the state of the Canadian financial markets is such that, in the sole opinion of the Agent, the Offered Securities cannot be profitably marketed, the Agent shall be entitled at its sole option, in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and FT Purchasers arranged by it to purchase the Offered Securities) by written notice to that effect given to the Corporation prior to the Closing Date.

7.6 Non-Compliance With Conditions. The Corporation agrees that all terms, conditions and covenants in this Agreement shall be construed as conditions and complied with so far as the same relate to acts to be performed or caused to be performed by the Corporation that it will use its commercially reasonable efforts (or all reasonable efforts, as applicable) and to cause such

conditions to be complied with, and any breach or failure by the Corporation to comply with any of such conditions or in the event that any representation or warranty given by the Corporation becomes false and is not rectified as at the Closing Date, shall entitle the Agent, at its sole option in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and the FT Purchasers arranged by it to purchase the Offered Securities) by notice to that effect given to the Corporation at or prior to the Closing Date. The Agent may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to its rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Agent only if the same is in writing and signed by it.

7.7 Cease Trade Order. In the event that any order to cease trading in securities of the Corporation is made or threatened by a Securities Regulator, which, in the sole opinion of the Agent, acting reasonably, operates or could operate to prevent or restrict trading in or distribution of the Offered Securities in any of the Selling Jurisdictions, the Agent shall be entitled, at its option, in accordance with subsection 7.8 of this Agreement, to terminate its obligations under this Agreement (and the obligations of the Purchasers and the FT Purchasers arranged by it to purchase the Offered Securities) by written notice to that effect given to the Corporation prior to the Closing Date.

7.8 Exercise of Termination Rights. The rights of termination contained in subsections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7 above may be exercised by the Agent at its sole discretion acting reasonably and are in addition to any other rights or remedies the Agent may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination by the Agent, there shall be no further liability on the part of the Agent to the Corporation or on the part of the Corporation to the Agent except in respect of any liability which may have arisen or may arise after such termination in respect of acts or omissions prior to such termination and except as provided for in Section 8 hereof.

8. **Expenses.** Whether or not the sale of the Offered Securities shall be completed, the Corporation will pay all reasonable expenses and fees and all applicable taxes in connection with the Offering, including all expenses of or incidental to the issue, sale or distribution of the Offered Securities, the fees and expenses of its counsel and all costs incurred in connection with the preparation of documents relating to the Offering, including all reasonable fees and disbursements of Agent's Counsel and the Agent's reasonable out-of-pocket expenses subject to a maximum aggregate of \$35,000 (plus all applicable taxes). All reasonable fees and expenses of the Offering (including all applicable taxes) shall be payable by the Corporation at the Closing Date, or at such other time and in such other manner as may be mutually agreed.

9. **Survival of Representations and Warranties.** All representations, warranties, covenants and agreements of the Corporation herein contained or contained in the Subscription Agreements or any documents submitted pursuant to this Agreement and in connection with the Offering shall survive Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Agent, the Purchasers or the FT Purchasers with respect thereto, shall continue in full force and effect for the benefit of the Agent, the Purchasers and FT Purchasers

for a period of two years following the Closing Date. The representations, warranties, covenants and agreements of the Agent herein contained and in connection with the Offering shall survive Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Corporation with respect thereto, shall continue in full force and effect for the benefit of the Corporation for a period of two years following the Closing Date.

10. **Indemnity.** The Corporation hereby agrees to indemnify and hold the Agent and/or its Affiliates and each of the directors, officers, employees, partners, shareholders and representatives of the Agent and/or Affiliates (hereinafter collectively referred to as the “**Personnel**”) harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages (other than consequential damages) or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of the Agent’s Counsel that may be incurred in advising with respect to and/or defending any claim that may be made against the Agent and/or Affiliates and/or the Personnel or to which the Agent and/or Affiliates and/or the Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Corporation by the Agent and/or Affiliates and the Personnel hereunder or otherwise in connection with the matters referred to in this Agreement, provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (a) the Agent and/or Affiliates or the Personnel have been grossly negligent or dishonest or have committed any willful misconduct or fraudulent act in the course of such performance; and
- (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the gross negligence, dishonesty, willful misconduct or fraud referred to in (a).

If for any reason the foregoing indemnification is unavailable to the Agent and/or Affiliates and/or the Personnel or insufficient to hold them harmless, then the Corporation and the Agent shall contribute to the aggregate of such losses, claims, costs, damages, expenses or liabilities (except loss of profit or consequential damage) of the nature provided for above such that the Agent and/or Affiliates shall be responsible for that portion represented by the percentage that the portion of the fees received bear to the gross proceeds realized by the sale of the Offered Securities and the Corporation shall be responsible for the balance, provided that, in no event, shall the Agent and/or Affiliates be responsible for any amount in excess of the amount of the fees actually received by it. In the event that the Corporation may be entitled to contribution from the Agent and/or Affiliates under the provisions of any statute or law, the Corporation shall be limited to contribution in any amount not exceeding the lesser of the portion of the amount of losses, claims, costs, damages, expenses and liabilities giving rise to such contribution for which the Agent and/or Affiliates are responsible and the amount of the fees received by the Agent and/or Affiliates. There shall be excluded from such indemnification any such claims, losses, damages, liabilities, costs or expenses that arise primarily out of or are based primarily upon any action or failure to act by the Agent and/or Affiliates, that is found in a final judicial

determination (or a settlement tantamount thereto) to constitute bad faith, wilful misconduct, fraud or gross negligence on the part of the Agent.

Notwithstanding the foregoing, a party guilty of fraudulent representation shall not be entitled to contribution from the other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against the other party under this provision, notify such party from whom contribution may be sought. In no case shall such party, from whom contribution may be sought, be liable under this agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this provision. The right of contribution provided herein shall be in addition and not in derogation of any other right to contribution which the Agent may have by statute or otherwise by law.

The Corporation agrees that in case any legal proceeding shall be brought against the Corporation and/or the Agent and/or Affiliates and/or the Personnel by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or any such authority shall investigate the Corporation and/or the Agent and/or Affiliates and any Personnel shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Corporation by the Agent and/or Affiliates under this Agreement, the Corporation shall be entitled but not obligated to participate in or assume the defence thereof; provided however, that the defence shall be through legal counsel acceptable to the Agent, acting reasonably. In addition, the Agent and/or Affiliates and/or Personnel shall have the right to employ their own counsel in connection therewith and participate in the defence thereof and the fees of such counsel shall be borne by the Agent unless:

- (i) the employment of separate counsel has been specifically authorized in writing by the Corporation;
- (ii) the Agent and/or the Personnel have been advised by counsel that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests;
- (iii) the Corporation has failed, within a reasonable period of time after receipt of notice, to assume the defense of such action or claim; or,
- (iv) there are one or more defenses available to the Agent and/or Affiliates and/or Personnel which are different from or in addition to those available to the Corporation.

provided that the Corporation shall not be required to assume the fees and expenses of more than one additional counsel. Neither party shall effect any settlement of any such action or claim or make any admission of liability without the written consent of the other party, such consent to be properly considered and not to be unreasonably withheld.

Promptly after receipt of notice of the commencement of any legal proceeding against the Agent and/or Affiliates or any of the Personnel or after receipt of notice of the commencement of any

investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Corporation, the Agent and/or Affiliates (or any one of them) will notify the Corporation in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Corporation, will keep the Corporation advised of the progress thereof and will discuss with the Corporation all significant actions proposed.

The indemnity and contribution obligations of the Corporation shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to those of the Agent and/or Affiliates and the Personnel who are not signatories hereto and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation, the Agent and/or Affiliates and any of the Personnel of the Agent and/or Affiliates. The foregoing provisions shall survive the completion of professional services rendered under this Agreement.

11. **Advertisements.** Except as may be required, the Corporation and the Agent each agree that they will not make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus and registration requirements of applicable Securities Laws in any of the Selling Jurisdictions in which the Offered Securities shall be offered or sold not being available.

12. **Agent's Compensation.** In consideration of the services to be rendered by the Agent in connection with the Offering, the Corporation shall, at the Closing Date: (i) pay the Agent a cash commission equal to 7.0% of the gross proceeds realized by the Corporation in respect of the sale of the Offered Securities sold pursuant to the Offering (the "**Commission**"); and (ii) grant to the Agent on Closing, non-assignable compensation options (the "**Agent's Compensation Options**") to purchase that number of Common Shares equal to 7.0% of the aggregate number of Flow-Through Units and Units sold pursuant to the Offering (the "**Agent's Shares**"), which Agent's Compensation Options shall be exercisable at a price of \$0.24 per Agent's Share for a period of 24 months from the Closing Date, in accordance with the Agent's Compensation Option Certificate attached as Schedule "B" hereto. Such Agent's Compensation Options may be delivered to sub-agents as directed by the Agent. In the case of Specified Purchasers, the Agent's Commission and number of Compensation Options issuable will be reduced to 3.5 % and 3.5 %, respectively.

13. **Standstill.** Provided that the Offering is completed for gross proceeds of not less than \$3,500,000, the Corporation shall not issue any Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares, for a period of 120 days after the Closing Date without the prior written consent of the Agent, which consent shall not be unreasonably withheld or delayed, except in conjunction with: (a) the grant or exercise of securities pursuant to currently existing securities-based incentive plans of the Corporation ; (b) any outstanding warrants or compensation options of the Corporation; (c) any outstanding debenture or other commitment to issue securities under existing agreements of the Corporation; and (d) any transaction with an arm's length third party whereby the Corporation, directly or indirectly, acquires an interest in a mineral property or any mineral rights or other property or assets.

14. **Notices.** Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a “**notice**”) shall be in writing addressed as follows:

14.1 In case of the Corporation:

Advanced Explorations Inc.  
Simpson Tower  
401, Bay Street, Suite 2828  
Toronto, Ontario, M5H 2Y4  
Attention: Mr. John Gingerich, Chairman, President & CEO  
Facsimile No.: 416-203-059  
[john@advanced-exploration.com](mailto:john@advanced-exploration.com)

with a copy to (for informational purposes only):

Wildeboer Dellelce LLP  
365, Bay Street, Suite 800  
Toronto, Ontario, M5H 2V1  
Attention: Mr. James Brown  
Facsimile No.: 416-361-1790  
[jbrown@wildlaw.ca](mailto:jbrown@wildlaw.ca)

14.2 in the case of the Agent:

Industrial Alliance Securities Inc.  
2200 McGill College, Suite 350  
Montreal, QC H3A 3P8  
Attention: Mr. John Karagiannidis, Director, Vice President, Investment Banking  
Facsimile No.: 514-284-4196  
[jkaragiannis@iagto.ca](mailto:jkaragiannis@iagto.ca)

with a copy to (for informational purposes only):

Colby, Monet, Demers, Delage & Crevier LLP  
1501 McGill College Avenue, Suite 2900  
Montréal, Québec H3A 3M8  
Attention: Mr. Michel G. Hudon  
Facsimile No.: 514-284-1961  
Email: [mhudon@colby-monet.com](mailto:mhudon@colby-monet.com)

or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by facsimile or electronic transmission to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is

delivered; and (ii) a notice which is sent by facsimile or electronic transmission shall be deemed to be given and received on the first Business Day following the day on which it is confirmed to have been sent.

15. **Time of the Essence.** Time shall, in all respects, be of the essence hereof.

16. **Canadian Dollars.** All references herein to dollar amounts are to lawful money of Canada.

17. **Headings.** The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

18. **Singular and Plural, etc.** Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

19. **Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings including any and all engagement letters between the Corporation and the Agent executed prior to the date hereof in respect of the Offering. This Agreement may be amended or modified in any respect by written instrument only.

20. **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

21. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

22. **Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation, the Agent, the Purchasers, the FT Purchasers and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by any party without the written consent of the others.

23. **Further Assurances.** Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

24. **Effective Date.** This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

25. **Counterparts and Facsimile.** This Agreement may be executed in any number of counterparts and by facsimile or emailed PDF, each of which so executed shall constitute an original and all of which taken together shall form one and the same agreement.

26. **Language.** The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressément demandé que la présente Convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

**REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK**

If the Corporation is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

Yours very truly,

**INDUSTRIAL ALLIANCE SECURITIES INC.**

*“Pierre Colas”* (Signed)

Per: \_\_\_\_\_  
Authorized Signatory

The foregoing is hereby accepted on the terms and conditions therein set forth.

**DATED** as of this 17<sup>th</sup> day of July 2012.

**ADVANCED EXPLORATIONS INC.**

*“John Gingerich”* (Signed)

Per: \_\_\_\_\_  
Authorized Signatory

## SCHEDULE "A"

### DESCRIPTION OF MINERAL PROPERTIES IN WHICH THE CORPORATION HOLDS AN INTEREST LOCATED ON THE MELVILLE PENINSULA, NUNAVUT, CANADA, INCLUDING, THE ROCHE BAY IRON PROJECT, THE TUKTU IRON PROSPECT AND THE ANIK NICKEL PROJECT

Master Mineral Claims, Mineral Leases and Prospecting Permit List							
Roche Bay							
Date: July 3, 2012							
Disposition	Area/ Project	NTS Sheet	Surface Rights	Claim Ownership	Area (acres)	Area (ha)	
AEI 1	F93846	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	1937.00	783.90
AE 2	F93843	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	1549.50	627.08
AEI 3	F93847	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	2582.50	1045.14
AEI 4	F93842	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	775.00	313.64
AEI 5	F93849	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	1059.00	428.58
AEI 6	F93848	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	1188.00	480.78
AEI 7	F93845	Pen nsula	47A06	Crown and	AEI <sup>1</sup>	129.50	52.41
						<b>9220.50</b>	<b>3731.54</b>
AEI 8	F93193	D Zone	47A05 / 06	ICL HB-04	AEI <sup>1</sup>	370.65	150.00
AEI 9	F93198	D Zone	47A05	ICL HB-04	AEI <sup>1</sup>	774.66	313.50
AEI 10	F93199	D Zone	47A05 / 06	ICL HB-04	AEI <sup>1</sup>	383.62	155.25
AEI 11	F93197	D Zone	47A06	ICL HB-04	AEI <sup>1</sup>	1926.45	779.63
AEI 12	F93195	C Zone	47A06	ICL HB-04	AEI <sup>1</sup>	2427.69	982.49
AEI 13	F93194	C Zone	47A06	ICL HB-04	AEI <sup>1</sup>	1532.64	620.26
AEI 14	F93196	C Zone	47A06	ICL HB-04	AEI <sup>1</sup>	654.82	265.01
AEI 15	F93200	D Zone	47A06	ICL HB-04	AEI <sup>1</sup>	844.46	341.75
ACI 10	F94129	D Zone	47A06	ICL HD-04	AEI <sup>1</sup>	2458.60	995.00
						<b>11373.59</b>	<b>4602.89</b>
RBN 1	F94141	D Zone west	017A05/06	ICL HB-04	AEI <sup>1</sup>	2558.60	1035.47
RBN 2	F94142	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
RBN 3	F94143	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
RBN 4	F94144	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	2428.00	982.61
RBN 5	F94145	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	1639.50	663.51
RBN 6	F94146	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	552.60	223.64
RBN 7	F94147	D Zone west	017A05	ICL HB-04	AEI <sup>1</sup>	880.70	356.42
						<b>13224.40</b>	<b>5351.91</b>
HALL 1	F94135	Hall Lake	017A06/A11	ICL HB-04	AEI <sup>1</sup>	975.60	394.83
HALL 2	F94136	Hall Lake	017A11	ICL HB-04	AEI <sup>1</sup>	2346.80	949.75
HALL 3	F94137	Hall Lake	017A11	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
HALL 4	F94138	Hall Lake	017A11	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
HALL 5	F94139	Hall Lake	017A11	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
HALL 6	F94140	Hall Lake	017A11	ICL HB-04	AEI <sup>1</sup>	2582.50	1045.14
HALL 7	F94148	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 8	F94149	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 9	F94150	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 10	F94151	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 11	F94152	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 12	F94153	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
HALL 13	F94154	Hall Lake	017A11	Crown Land	AEI <sup>1</sup>	956.20	386.97
						<b>30103.60</b>	<b>12182.93</b>



**ANIK**

ANIK							
Disposition	Area/ Project	NTS Sheet	Surface Rights	Claim Ownership	Area (acres)	Area (ha)	
<b>2010 Claims</b>							
GV	K13860	W Melv I e	47B/09	Crown Land	AEI	309.90	125.42
MM	K13848	W Melv I e	47B/02	Crown Land	AEI	2530.80	1024.21
SK	K13849	W Melv I e	47B/02	Crown Land	AEI	516.50	209.03
R4	K13850	W Melv I e	47B/02	Crown Land	AEI	2324.20	940.60
CR	K13859	W Melv I e	47B/02	HB-C8	AEI	1291.20	522.55
						<b>6977.60</b>	<b>2821.81</b>
<b>2011 Claims</b>							
CCD	F95562	W Melv I e	47B/09	Crown Land	AE <sup>1,2</sup>	2582.50	1045.14
TAR	F95563	W Melv I e	47B/09	Crown Land	AE <sup>1,2</sup>	2582.50	1045.14
OFR	F95564	W Melv I e	47B/09	Crown Land	AEI	2582.50	1045.14
						<b>7747.50</b>	<b>3135.41</b>
WM 1	F95556	W Melv I e	47B/02	Crown Land	AEI	2505.80	1014.10
WM 2	F95557	W Melv I e	47B/02	Crown Land	AEI	2244.30	908.27
WM 3	F95558	W Melv I e	47B/02	Crown Land	AEI	2531.00	1024.30
WM 4	F95559	W Melv I e	47B/02	Crown Land	AEI	1136.40	459.90
						<b>8417.50</b>	<b>3406.56</b>
WM 5	F95560	W Melv I e	47B/02	Crown Land	AEI	2324.40	940.68
WM 6	F95561	W Melv I e	47B/02	Crown Land	AEI	2582.50	1045.14
WM 7	F95552	W Melv I e	47B/02	Crown Land	AEI	2582.50	1045.14
WM 8	F95553	W Melv I e	47B/02	Crown Land	AEI	2582.50	1045.14
WM 9	F95554	W Melv I e	47B/02	Crown Land	AEI	2582.50	1045.14
WM 10	F95555	W Melv I e	47B/02	Crown Land	AEI	1920.60	777.27
						<b>14575.00</b>	<b>5898.50</b>
L2	F95565	W Melv I e	47B/07	Crown Land	AEI	2582.50	1045.14
						<b>2582.50</b>	<b>1045.14</b>
CC	F95566	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
MC	F95567	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
						<b>5165.00</b>	<b>2090.28</b>
DY 1	F95568	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
DY 2	F95569	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
DY 3	F95570	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
DY 4	F95571	W Melv I e	47B/10	Crown Land	AEI	2582.50	1045.14
						<b>10330.00</b>	<b>4180.55</b>
NI1	F94164	W Melv I e	47B/16	Crown Land	AE <sup>1,2</sup>	1297.80	525.22
NI2	F94165	W Melv I e	47B/16	Crown Land	AE <sup>1,2</sup>	2435.60	985.69
NI3	F94166	W Melv I e	47B/16	Crown Land	AE <sup>1,2</sup>	2582.50	1045.14
						<b>6315.90</b>	<b>2556.04</b>

WM 11	F94128	W Melv I e	47B/02	HB-C8	AEI	1192.90	482.77
WM 12	F94127	W Melv I e	47B/02	HB-C8	AEI	2582.50	1045.14
WM 15	F94126	W Melv I e	47B/02	HB-C8	AEI	1376.40	557.03
WM 17	F94125	W Melv I e	47B/02	HB-C8	AEI	2046.50	828.22
WM 18	F94124	W Melv I e	47B/02,07	HB-C8	AEI	1804.60	730.32
						<b>9002.90</b>	<b>3643.47</b>
WM 13	F94133	W Melv I e	47B/07	HB-C8	AEI	1624.80	657.56
WM 14	F94134	W Melv I e	47B/07	HB-C8	AEI	1231.30	498.31
						<b>2856.10</b>	<b>1155.86</b>
TAR 2	F94172	W Melv I e	47B/09	Crown Land	AEI <sup>1</sup>	2582.50	1045.14
LZ 2	F93202	W Melv I e	47B/07-02	Crown Land	AEI	2582.50	1045.14
						<b>5165.00</b>	<b>2090.28</b>
<b>Claims - total area</b>						<b>79130.00</b>	<b>32023.91</b>
<b>Prospecting Permits:</b>							
<b>Disposition</b>	<b>Area/ Project</b>	<b>NTS Sheet</b>	<b>Surface Rights</b>	<b>Claim Ownership</b>	<b>Area (acres)</b>	<b>Area (ha)</b>	
7811		W Melv I e	0'7B/07	Crown Land	AEI	63012.04	25500.97
7910		W Melv I e	0'7B/09	Crown Land	AEI <sup>1</sup>	70105.00	28371.49
<b>Permits - total area</b>						<b>133117.04</b>	<b>53872.47</b>
<b>Totals</b>						<b>337,125.17</b>	<b>136,434.56</b>

<sup>1</sup> These claims are currently held in the joint names of Advanced Explorations Inc. and Roche Bay PLC. The Corporation retains an irrevocable option to acquire up to 100% of the right, title, and interest to these properties pursuant to the Option Agreement entered into between Advanced Explorations Inc. and Roche Bay PLC on March 23, 2009. The company currently has an aggregate interest in these properties of 49.9%, but may acquire up to 100% interest upon completion of certain earn-in events as set out in the following table:

<b>Earn-in Event</b>	<b>Time For Completion</b>	<b>Interest Acquirable by the Corporation</b>	<b>Aggregate Interest Acquired</b>
Upon filing on SEDAR a completed 43-101 compliant Feasibility Study	Upon filing	25.1%	75%
AEI publicly announcing its decision for production of the Mining Property within the context of its obligation to so announce as a listed issuer on the TSX Venture Exchange, or a successor exchange ("Production Decision")	On or before December 31 <sup>st</sup> , 2015	25%	100%

<sup>2</sup> Claims are currently registered under ownership of Michael Dufresne. Although, the Corporation holds full interest, ownership, and right to these claims pursuant to a Transfer of Mineral Claim Form filed with Indian and Northern Affairs Canada (INAC) by Michael B. Dufresne on April 10, 2012. This change in ownership has been filed but not yet reflected in the INAC online records.

<sup>3</sup> The prospecting permit is currently incorrectly registered under the beneficial ownership of Kantanco Mining Developments Inc.; however, the Corporation holds full interest, ownership, and right to these claims pursuant to a

Property Acquisition Agreement entered into between Advanced Explorations Inc. and Kantanco Mining Developments Inc. on July 1, 2010.

**SCHEDULE "B"**  
**FORM OF AGENT'S COMPENSATION OPTION CERTIFICATE**

THE COMPENSATION OPTIONS REPRESENTED BY THIS CERTIFICATE ARE NON-ASSIGNABLE AND NON-TRANSFERABLE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE NOVEMBER 18, 2012.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL NOVEMBER 18, 2012.

THE COMPENSATION OPTIONS EVIDENCED BY THIS COMPENSATION OPTION CERTIFICATE ARE EXERCISABLE AT ANY TIME AND FROM TIME TO TIME UNTIL 4:00 P.M. (TORONTO TIME) ON JULY 17, 2014, AFTER WHICH TIME THEY SHALL EXPIRE AND BE OF NO FURTHER FORCE OR EFFECT.

**AGENT'S OPTION TO PURCHASE COMMON SHARES OF  
ADVANCED EXPLORATIONS INC.**

No.  

THIS CERTIFIES that, for value received, **NBCN INC. in trust for ITS INDUSTRIAL ALLIANCE SECURITIES INC.** (the "**Holder**"), is the registered holder of   non-assignable, non-transferable options (the "**Agent's Compensation Options**"). Each Agent's Compensation Option entitles the Holder, subject to the terms and conditions set forth in this certificate (the "**Agent's Compensation Option Certificate**"), to purchase from **ADVANCED EXPLORATIONS INC.** (the "**Corporation**"), one common share in the share capital of the Corporation (a "**Common Share**"), on payment of \$0.24 per Common Share (the "**Exercise Price**") at any time until 4:00 p.m. (Toronto time) on July 17, 2014 (the "**Expiry Date**"). The number of Common Shares which the Holder is entitled to acquire upon exercise of the Agent's Compensation Option and the Exercise Price are subject to adjustment as hereinafter provided.

1. Exercise of Agent's Compensation Options

- (a) Election to Purchase. The rights evidenced by this certificate may be exercised by the Holder in whole or in part and in accordance with the provisions hereof by delivery of an Election to Purchase in substantially the form attached hereto as Schedule 1 (an "**Election to Purchase**"), properly completed and executed, together with payment by certified cheque or bank draft payable to or to the order of the Corporation in the amount of the Exercise Price multiplied by the number of Common Shares specified in the Election to Purchase, to the head office of the Corporation or such other address in

Canada as may be notified in writing by the Corporation, Attention: Corporate Secretary, 401 Bay Street, Suite 2828, Toronto, Ontario, M5H 2Y4 (the “**Corporation Office**”). In the event that the rights evidenced by this Agent’s Compensation Option Certificate are exercised in part, the Corporation shall, contemporaneously with the issuance of the Common Shares issuable on the exercise of the Agent’s Compensation Options so exercised, issue to the Holder a new certificate on identical terms in respect of that number of Common Shares in respect of which the Holder has not exercised the rights evidenced by this Agent’s Compensation Option Certificate.

- (b) Exercise. The Corporation shall, within five Business Days (as hereinafter defined) after receiving a duly executed Election to Purchase and the Exercise Price for the number of Common Shares specified in the Election to Purchase (the “**Exercise Date**”), issue that number of Common Shares and register such Common Shares as specified in the Election to Purchase as fully-paid and non-assessable shares.

2. Exercise Procedure:

- (a) Delivery. The Holder may exercise the right to subscribe and purchase the number of Common Shares herein provided for by delivering to the Corporation prior to the Expiry Date to the Corporation Office, this Agent’s Compensation Option Certificate, with the Election to Purchase attached hereto duly completed and executed by the Holder or its legal representative or attorney, duly appointed by an instrument in writing in form and manner satisfactory to the Corporation, together with a certified cheque or bank draft payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price in respect of the Common Shares so purchased. Any Agent’s Compensation Option Certificate so surrendered shall be deemed to be surrendered only upon delivery thereof to the Corporation Office.
- (b) Issuance of Common Shares. Upon such delivery as aforesaid, the Corporation shall cause to be issued to the Holder hereof the Common Shares subscribed for not exceeding those which such Holder is entitled to purchase pursuant to this Agent’s Compensation Option Certificate and the Holder hereof shall become a shareholder of the Corporation in respect of the Common Shares subscribed for with effect from the date of such delivery and shall be entitled to delivery of certificates evidencing the Common Shares and the Corporation shall cause such certificates to be mailed to the Holder hereof at the address or addresses specified in the Election to Purchase as soon as practicable, and in any event within five Business Days of such delivery.
- (c) Certificates. As promptly as practicable after the Exercise Date, the Corporation shall issue and deliver to the Holder, registered in such name or names as the Holder may lawfully direct or if no such direction has been given, in the name of the Holder, certificates for the number of Common Shares specified in the Election to Purchase. To the extent permitted by law, such exercise shall be deemed to have been effected as of the close of business on the Exercise Date, and at such time the rights of the Holder with respect to the number of Agent’s Compensation Options which have been exercised as such shall cease, and the person or persons in whose name or names any certificates for Common Shares shall then be issuable upon such exercise shall be deemed to have

become the holder or holders of record of the Common Shares represented thereby. If required under applicable securities laws the certificates shall bear a legend respecting the applicable temporal resale restrictions.

- (d) Fractional Shares. No fractional Common Shares shall be issued upon exercise of any Agent's Compensation Option and no payments or adjustment shall be made upon any exercise on account of any cash dividends on the Common Shares issued upon such exercise.
- (e) Shares to be Reserved. The Corporation will at all times keep available, and reserve if necessary under applicable law, out of its authorized Common Shares, solely for the purpose of issue upon the exercise of the Agent's Compensation Options, such number of Common Shares as shall then be issuable upon the exercise of the Agent's Compensation Options. The Corporation covenants and agrees that all Common Shares which shall be so issuable will, upon issuance in accordance with the terms hereof, be duly authorized and issued as fully paid and non-assessable Common Shares.
- (f) Listing. The Corporation will, at its expense and as expeditiously as possible, use its reasonable commercial efforts to cause all Common Shares issuable upon the exercise of the Agent's Compensation Options to be duly listed on the TSX Venture Exchange (or such other stock exchange on which the Common Shares may then be listed and which forms the primary trading market for the Common Shares) prior to the issuance of such Common Shares.
- (g) Expiry Time: At the Expiry Date, all rights under the Agent's Compensation Options evidenced hereby shall cease and become null and void and of no further force and effect.
- (h) Not a Shareholder: Nothing in this Agent's Compensation Option Certificate or in the holding of an Agent's Compensation Option evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation.
- (i) No Obligation to Purchase: Nothing herein contained or done pursuant hereto shall obligate the Holder to subscribe for or the Corporation to issue any shares except those Common Shares in respect of which the Holder shall have exercised its right to purchase hereunder in the manner provided herein.

### 3. Adjustment of Number of Common Shares

The acquisition rights in effect at any date attaching to the Agent's Compensation Options shall be subject to adjustment from time to time as follows:

- (a) if and whenever at any time from the date hereof and prior to the Expiry Date, the Corporation shall:
  - i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

- ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or
- iii) issue Common Shares (or securities exercisable for or convertible into Common Shares) to all or substantially all of the holders of outstanding Common Shares by way of a stock dividend or other distribution of Common Shares or securities exercisable for or convertible into Common Shares ;

the Exercise Price in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend, as the case may be, shall be adjusted to equal the price determined by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction of which the numerator shall be the total number of Common Shares issued and outstanding immediately prior to such a date and the denominator shall be the total number of Common Shares issued and outstanding immediately after such date. Such adjustment shall be made successively whenever any event referred to in this subsection 3(a) shall occur, and any such issue of common shares by way of a stock dividend or other distribution shall be deemed to have been made on the record date for the stock dividend for the purpose of calculating the number of issued and outstanding Common Shares under subsection 3(a)(iii). Upon any adjustment of the Exercise Price pursuant to this subsection 3(a), the number of Common Shares subject to the right of purchase under the Agent's Compensation Options not previously exercised shall be contemporaneously adjusted by multiplying the number of Common Shares which theretofore may have been purchased under such Agent's Compensation Options by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustments;

- (b) if and whenever at any time after the date hereof and prior to the Expiry Date, the Corporation shall fix a record date for the distribution to all or substantially all of the holders of Common Shares of rights, options or warrants (other than the Agent's Compensation Options) entitling them for a period expiring not more than forty-five days after such record date to subscribe for or purchase Common Shares (or securities exercisable for or convertible into Common Shares) at a price (or having a conversion price or exchange price) less than 95% of the current market price (such price being the weighted average price per Common Share at which the Common Shares have traded during the period of 20 consecutive trading days (on which at least 500 Common Shares are traded in board lots) ending on the fifth business day before the relevant date, hereinafter the "**Current Market Price**") on such record date, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares issued and outstanding on such record date plus the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the securities so offered) by such Current Market Price, and of which the denominator shall be total number of Common Shares issued and outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the securities so offered are exercisable or convertible); any Common Shares owned by or held for the account of the

Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that any rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities exercisable for or convertible into Common Shares) actually issued upon the exercise of such rights, option or warrants, as the case may be;

- (c) if and whenever at any time from the date hereof and prior to the Expiry Date, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in subsection 3(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, the Holder, if it has not exercised its right of acquisition prior to the effective date of such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, for the same aggregate consideration, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation, arrangement or consolidation, or to which such sale or conveyance may be made, as the case may be, that the Holder would have been entitled to receive on such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, if, on the record date or the effective date thereof, as the case may be, the Holder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon exercise of the Agent's Compensation Options. If determined appropriate by the board of directors of the Corporation to give effect to or to evidence the provisions of this subsection 3(c), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an agreement which shall provide, to the extent possible, for the application of the provisions set forth in this Agent's Compensation Option Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Agent's Compensation Option Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which the Holder is entitled on the exercise of its acquisition rights thereafter.
- (d) if and whenever at any time from the date hereof and prior to the Expiry Date, the Corporation fixes a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) shares of any class other than Common Shares, or (ii) rights, options or warrants, or (iii) evidences of its indebtedness, or (iv) any property or other assets, including shares of other corporations, and if such issuance or distribution does not constitute: (A) a common share reorganization under

subsection 3(a); or (B), a rights offering under subsection 3(b), then, and in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the aggregate fair market value (as determined by the directors, which determination shall be conclusive) of such shares, rights, options, warrants, evidences of indebtedness or assets so distributed, and of which the denominator shall be that total number of Common Shares outstanding on such record date multiplied by such Current Market Price; any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares, rights, options, warrants, evidences of indebtedness or assets actually distributed, as the case may be;

- (e) the adjustments provided for in this section 3 in the Exercise Price and number of Common Shares and classes of securities which are to be received on the exercise of Agent's Compensation Options are cumulative. After any adjustment pursuant to this section, the term "Common Shares" where used in this Agent's Compensation Option Certificate shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this section, the Holder is entitled to receive upon the exercise of its Agent's Compensation Options, and the number of Common Shares indicated by any exercise made pursuant to Agent's Compensation Options shall be interpreted to mean the number of Common Shares or other property or securities the Holder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this section, upon the full exercise of Agent's Compensation Options;
- (f) [Intentionally Deleted].
- (g) in any case which this section 3 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder of the Agent's Compensation Options exercised after such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's rights to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such holder would, but for the provisions of this subsection (g), have become the holder of record of such additional Common Shares;
- (h) if the purchase price provided for in any right, warrant or option issued as described in subsection 3(b) or 3(d) is increased or decreased, or the price at which Common Shares

are issued as described in subsection 3(a) is increased or decreased or the rate of exercise or conversion at which any securities exercisable for or convertible into Common Shares which are issued as described in subsection 3(a) is increased or decreased, the Exercise Price shall, subject to subsection 3(g), forthwith be changed so as to decrease the Exercise Price to such Exercise Price as would have been obtained had the adjustment made in connection with the issuance of all such rights, warrants, options or securities been made upon the basis of such purchase price or rate as so decreased or increased;

- (i) no adjustment in the Exercise Price or in the number of shares to be issued pursuant to the exercise of the Agent's Compensation Options shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of shares to be issued would change by at least 1/100th of a share, provided, however, that any adjustments, which, except for the provisions of this subsection 3(i) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;
- (j) no adjustment in the Exercise Price shall be made in respect of any event described in subsections 3(a)iii, 3(b) or 3(c):
  - i) if the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if he had exercised his purchase rights prior to the effective date or record date or such event, subject to the prior approval of any applicable stock exchange or over the counter market to such participation if the Common Shares are then listed on such exchange or market; or
  - ii) in respect of any rights to acquire shares of the Corporation which are presently outstanding;
- (k) in determining at any time and from time to time the number of Common Shares outstanding at any particular time for purposes of this section 3, there shall be included that number of Common Shares which would be outstanding upon conversion of all convertible securities then outstanding, and upon exercise of all rights, options or warrants then outstanding to purchase Common Shares, and there shall be excluded any Common Shares (and Common Shares which would be outstanding upon conversion of securities exercisable for or convertible into Common Shares) held by or for the account of the Corporation;
- (l) upon the expiry of the period for conversion of convertible securities and the exercise period for rights, options, warrants (other than rights, options or warrants in respect of which the Holder is entitled to participate, as contemplated in subsection 3(j) to purchase Common Shares or securities exercisable for or convertible into Common Shares) the Exercise Price shall be adjusted to what it would have been if such unconverted convertible securities and unexercised rights, options or warrants had not been issued;
- (m) in case the Corporation, after the date hereof, shall take any action affecting the Common Shares other than actions described in section 3, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the number of Common Shares which may be acquired upon exercise of the Agent's Compensation Options shall

be adjusted in such manner and at such time, by action of the directors, as they determine, acting reasonably, to be equitable in the circumstances;

- (n) all shares of any class or other securities which the Holder is at the time in question entitled to receive on the exercise of its Agent's Compensation Options, whether or not as a result of adjustments made pursuant to this section 3 shall, for the purposes of the interpretation of this Agent's Compensation Option Certificate, be deemed to be shares or securities which the Holder is entitled to acquire pursuant to such Agent's Compensation Options;
- (o) notwithstanding anything to the contrary, in this section 3, no adjustment shall be made in the acquisition rights attached to the Agent's Compensation Options if the issue of Common Shares is being made pursuant to this Agent's Compensation Option Certificate or pursuant to any stock option or stock purchase plan in force from time to time or pursuant to any private placement or public offering of Common Shares or securities exercisable for or convertible into Common Shares of the Corporation;
- (p) in the event of any question arising with respect to the adjustments provided for in this section 3, such question shall be conclusively determined by the Corporation's auditors who shall have access to all necessary records of the Corporation, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action by the directors of the Corporation, acting reasonably and in good faith, and such determination, absent manifest error, shall be binding upon the Corporation, the Holder and all other persons interested therein;
- (q) as a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Agent's Compensation Options, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares which the holders of such Agent's Compensation Options are entitled to receive on the full exercise thereof in accordance with the provisions hereof;
- (r) the Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in section 3, deliver a certificate of the Corporation to the Holder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation;
- (s) If the Corporation sets a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, decides not to implement its plan to pay or deliver such dividend or distribution or take such other

action, then no adjustment in the Exercise Price will be required by reason of the setting of such record date;

- (t) the Corporation covenants with the Holder that, so long as any Agent's Compensation Options remains outstanding, it will give notice to the Holder of its intention to fix a record date that is prior to the Expiry Date for any event referred to in subsections 3(a), 3(b) or 3(d) (other than subdivision, consolidation or reclassification of its Common Shares) which may give rise to an adjustment in the Exercise Price. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given not less than 14 days prior to such applicable record date; and
- (u) the Corporation covenants with the Holder that it will not close its transfer books or take any other corporate action which might deprive the Holder of the Agent's Compensation Options of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in subsection 3(g) and 3(r).

#### 4. Replacement

Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of this Agent's Compensation Option Certificate and, if requested by the Corporation, upon delivery of a bond of indemnity satisfactory to the Corporation (or, in the case of mutilation, upon surrender of this Agent's Compensation Option Certificate), the Corporation will issue to the Holder a replacement certificate (containing the same terms and conditions as this Agent's Compensation Option Certificate).

#### 5. Covenant

So long as any Agent's Compensation Options remain outstanding, unless otherwise inconsistent with the fiduciary duties of the directors of the Corporation, the Corporation covenants that it shall use its commercially reasonable efforts to maintain its status as a reporting issuer not in default of securities laws in the provinces of British Columbia, Alberta and Ontario; provided, however, this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to exist or be a "reporting issuer" so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the TSX Venture Exchange (or such other stock exchange on which the Common Shares may then be listed and which forms the primary trading market for the Common Shares).

#### 6. Inability to Deliver Shares

If for any reason, other than the failure of the Holder, the Corporation is unable to issue and deliver the Common Shares as contemplated herein to the Holder upon the proper exercise by the

Holder of the right to purchase any of the Common Shares covered by this Agent's Compensation Option Certificate, the Corporation may pay, at its sole option and in complete satisfaction of its obligations hereunder, to the Holder, in cash for each Common Share so purchased, an amount equal to the difference between the Exercise Price and the Current Market Price of such Common Shares on the Exercise Date.

## 7. Defined Terms

All capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Agency Agreement dated July 17, 2012.

## 8. Governing Law

The laws of the Province of Ontario and the federal laws of Canada applicable therein shall govern the Agent's Compensation Options and this Agent's Compensation Option Certificate. Any and all disputes arising under this Agent's Compensation Option Certificate, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario and the Holder shall be deemed to have irrevocably attorned to the jurisdiction of the courts of such Province.

## 9. Successors

This Agent's Compensation Option Certificate shall enure to the benefit of the Holder and its successors or permitted assigns and shall be binding on the Corporation and its respective successors.

## 10. Severability

If any one or more of the provisions or parts thereof contained in this Agent's Compensation Option Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and: (i) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and (ii) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agent's Compensation Option Certificate in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agent's Compensation Option Certificate in any other jurisdiction.

## 11. Headings

The headings of the articles, sections, subsections and clauses of this Agent's Compensation Option Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Agent's Compensation Option Certificate.

## 12. Numbering of Articles, etc.

Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause, subclause or schedule refers to the article, section, subsection, clause, subclause or schedule bearing that number or letter in this Agent's Compensation Option Certificate.

## 13. Gender

Whenever used in this Agent's Compensation Option Certificate, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

## 14. Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Saturday, Sunday, or a civic or statutory holiday in Toronto, Ontario ("**Business Day**"), then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day. If the payment of any amount is deferred for any period, then such period shall be included for purposes of the computation of any interest payable hereunder.

## 15. Computation of Time Period

Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

## 16. Binding Effect

This Agent's Compensation Option Certificate and all of its provisions shall enure to the benefit of the Holder and his heirs, executors, administrators, legal personal representatives, permitted assigns and successors and shall be binding upon the Corporation and its successors and permitted assigns.

## 17. Notice

Unless herein otherwise expressly provided, a notice to be given hereunder will be deemed to be validly given if the notice is sent by telecopier tested prior to transmission or prepaid same day courier addressed as follows:

If to the Holder at the latest address of the Holder as recorded on the books of the Corporation;  
and

If to the Corporation at:

Advanced Explorations Inc.  
Simpson Tower

401, Bay Street, Suite 2828  
Toronto, Ontario, M5H 2Y4

Attention: Chief Executive Officer

Facsimile No.: 416-203-0059

Neither party shall mail any notice, request or other communication hereunder during any period in which applicable postal workers are on strike or if such strike is imminent and may reasonably be anticipated to affect the normal delivery of mail. Any party may from time to time notify the other in the manner provided herein of any change of address which thereafter, until change by like notice, shall be the address of such party for all purposes hereof.

**IN WITNESS WHEREOF** the Corporation has caused this Agent's Compensation Option Certificate to be signed by a duly authorized officer.

**DATED** as of July 17, 2012.

**ADVANCED EXPLORATIONS INC.**

Per: \_\_\_\_\_  
Authorized Signatory

## SCHEDULE "1"

### FORM OF ELECTION TO PURCHASE

TO: ADVANCED EXPLORATIONS INC.  
401 Bay Street, Suite 2828  
Toronto, Ontario M5H 2Y4  
Attention: Corporate Secretary

The undersigned holder of the within Agent's Compensation Option Certificate hereby irrevocably subscribes for \_\_\_\_\_ Common Shares of Advanced Explorations Inc. (the "**Corporation**") pursuant to the Agent's Compensation Option Certificate at the Exercise Price per share specified in the said Agent's Compensation Option Certificate and encloses herewith cash or a certified cheque, money order or bank draft payable to the order of the Corporation in payment of the subscription price therefor. Capitalized terms used herein have the meanings set forth in the within the Agent's Compensation Option Certificate.

The undersigned hereby acknowledges that the following legends will be placed on the certificates representing the Common Shares being acquired if the Agent's Compensation Options are exercised prior to November 18, 2012:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE NOVEMBER 18, 2012."

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL NOVEMBER 18, 2012."

If any Agent's Compensation Options represented by this Agent's Compensation Option Certificate are not being exercised, a new option certificate in respect of the balance of the Common Shares of which the Holder was entitled to purchase pursuant to this Agent's Compensation Option Certificate and which are not hereby purchased.

[Signature Page Follows]

Please check box if these Common Share certificates are to be delivered at the office where this Agent's Compensation Option Certificate is surrendered, failing which the Common Shares certificates will be mailed to the subscriber at the address set out above.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**NAME:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**[Signature Page to Form of Election to Purchase]**