JOINT VENTURE SHAREHOLDERS' AGREEMENT

between

ABACUS MINING & EXPLORATION CORPORATION

and

KGHM POLSKA MIEDŹ S.A

and

KGHM AJAX MINING INC.

October 12, 2010

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SHAREHOLDERS' AGREEMENT

THIS AGREEMENT made as of October 12, 2010,

BETWEEN:

ABACUS MINING & EXPLORATION CORPORATION, a British Columbia company having its office at 6th Floor, 800 West Pender Street, Vancouver, British Columbia V6C 2V6

(**"Abacus"**)

AND:

KGHM POLSKA MIEDŹ S.A, with the registered seat in 59-301 Lubin, ul. M. Skłodowskiej – Curie 48, registered in the Entrepreneurs' Register of the National Court Register in the District Court for Wrocław Fabryczna in Wrocław IX Economic Department of the National Court Register under the number KRS 0000023302, NIP: 692-000-00-13, having the initial capital and the initial capital paid in the amount of 2.000.000.000,00 PLN

(**"KGHM"**, and together with Abacus, the **"Shareholders"**, and each a **"Shareholder"**)

AND:

KGHM AJAX MINING INC., a British Columbia company having its office at 6th Floor, 800 West Pender Street, Vancouver, British Columbia V6C 2V6

(the **"Joint Venture Company"**, and together with the Shareholders, the **"Parties"**, and each a **"Party"**)

WHEREAS:

A. Abacus owns interests in certain mineral properties in the Province of British Columbia, as more particularly described in Part I of Exhibit A.

B. Pursuant to an Investment Agreement between Abacus and KGHM dated May 4, 2010 (the **"Investment Agreement"**), Abacus and KGHM agreed to enter into an incorporated joint venture to explore, develop and mine the Properties (the **"Joint Venture"**) and agreed that each would make specified contributions to a joint venture company and, as a result of those contributions, would hold such number of shares in the capital of that joint venture company as result in Abacus holding 49% of all outstanding shares of that joint venture company and KGHM holding 51% of all outstanding shares of that joint venture company.

C. Abacus has incorporated the Joint Venture Company for the purposes of being such joint venture company.

D. The Parties wish to enter into this Agreement in order to govern the terms of the Joint Venture, the manner in which the Joint Venture Company shall be funded and operated and the respective rights and obligations of the Shareholders in their capacity as shareholders of the Joint Venture Company.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions

In this Agreement, the following terms shall have the following meanings"

"Acquired Property" has the meaning ascribed thereto in Section 11.1.

"Acquiring Shareholder" has the meaning ascribed thereto in Section 11.1.

"Acquisition Notice" has the meaning ascribed thereto in Section 11.1(a).

"Additional Interest" has the meaning ascribed thereto in Section 5.5.

"Additional Interest Option" has the meaning ascribed thereto in Section 5.5.

"Affiliate" means any Person which, directly or indirectly, controls, is controlled by, or is under common control with, a Party, provided that for the purposes of this Agreement, the Joint Venture Company shall be deemed not to be an Affiliate of either Shareholder. For purposes of the preceding sentence, "**control**" means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

"Agreement" means this Joint Venture Shareholders' Agreement, including all amendments and modifications thereof, and all schedules and exhibits, which are incorporated herein.

"Area of Interest" means the Properties as they are comprised at Effective Date and all land within five (5) kilometres from the circumambient boundary of the Properties.

"Assets" means the Properties, the Confidential Information related thereto, the Equipment and Fixtures, Products and all other real and personal property, tangible and intangible, held by the Joint Venture Company.

"Assigned Agreements" means:

(a) the Iron Mask Royalty Agreement dated as of November 25, 2005, among Teck Cominco Limited, Afton Operating Corporation, Teck Cominco Metals Ltd. and Abacus Mining & Exploration Corporation;

(b) the "Rainbow Royalty Agreement dated as of November 25, 2005, between Teck Cominco Limited and Abacus Mining & Exploration Corporation;

(c) the Asset Purchase Agreement dated November 25, 2005, between Teck Cominco Limited, Afton Operating Corporation and Abacus Mining & Exploration Corporation; and

(d) the New Gold Option Agreement.

"Board" or **"Board of Directors"** means the board of directors of the Joint Venture Company.

"British Columbia Corporate Law" means the *Business Corporations Act* (British Columbia), as amended.

"Budget" means a detailed estimate of all costs to be incurred by the Joint Venture Company with respect to a Program and a schedule of cash advances to be made by the Shareholders with respect to such Program.

"Business Day" means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia or Warsaw, Poland.

"CEO" means the chief executive officer of the Joint Venture Company.

"CFO" means the chief financial officer of the Joint Venture Company.

"Chairman" means the chairman of the Board of Directors.

"Change in Scope" means a change or cumulative changes to the design of the Mine, including the method of mining or mineral processing, contemplated by the Feasibility Study with a cost or costs that differ by more than five percent (5%) from the total costs for construction of the Mine estimated in the Feasibility Study, including the cost contingency reflected therein (whether above or below such total costs).

"Closing Date" has the meaning ascribed thereto in Section 11.3(b).

"Commencement of Commercial Production" means the first day of the month following the first 30 consecutive days during which concentrates have been produced from the mill forming a part of the Joint Venture at an average rate of not less than eighty percent (80%) of the production rate contemplated by the Feasibility Study.

"Confidential Information" means:

(a) all information, data or other material relating to the Properties, any Mine or the Joint Venture Company obtained by either Shareholder, their Affiliates, or their representatives (each a **"Recipient"**), either before or after the effective date of this Agreement, whether written, oral or stored in electronic or other form or medium;

(b) all documents, copies, reproductions, summaries, extracts, notes, interpretations, memoranda, records, studies, forecasts, compilations, checks, evaluations or other data which pertain to, or derive, in whole or in part, from:

  (i) the information, data or other materials described in para. (a) of this definition; or

  (ii) any examination of any sample or core extracted from, or any site visit to, the Properties; and

provided that the following shall not constitute "Confidential Information":

(c) any information that:

(i) at any time forms part of the public domain, other than by reason of a Recipient's failure to comply with the terms hereof;

(ii) is lawfully obtained by a Recipient from a third party who is, to the best of the knowledge of the Recipient, not under an obligation of confidentiality with respect to such information;

(iii) if the Recipient is KGHM, that the Recipient can demonstrate was in the Recipient's possession prior to the date the same information is obtained hereunder;

(iv) the Recipient can demonstrate was ascertained or developed independently by the Recipient without reference to information that would otherwise constitute Confidential Information hereunder; or

(v) the Recipient is required to report or disclose by law, or pursuant to an order by any court or regulatory authority having jurisdiction, including any stock exchange, provided that the Recipient, shall, unless the Recipient is compelled to make the disclosure or would otherwise be subject to censure or penalty (in which case it shall disclose only such of the information as is required), give notice to the Joint Venture Company before any such report or disclosure is made in order to permit the Joint Venture Company the opportunity to contest or to otherwise restrict such disclosure or reporting.

"Constating Documents" has the meaning ascribed thereto in Section 3.6.

"Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, such as future monitoring, stabilization, or Environmental Compliance.

"COO" means the chief operating officer of the Joint Venture Company.

"Current Mine Plan" means the mine plan which is the subject of the map attached as Exhibit J.

"Development" means all preparation for the removal and recovery of Products, including the development, construction or installation of a Mine.

"Disposing Party" has the meaning ascribed thereto in Section 11.3.

"Director" means a director of the Board; and for greater certainty includes any Representative.

"Effective Date" means the date first written above.

"Effective Time" means 9:00 (Vancouver time) on the Effective Date.

"Encumbrance" or "Encumbrances" means all mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature applicable to the Properties other than Permitted Encumbrances.

"Environmental Compliance" means action performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws applicable to the Properties, any Mine or the Joint Venture Company.

"Environmental Laws" means 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 or historic resources; management, storage or control of hazardous materials and substances; releases or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including without limitation, ambient air, surface water and groundwater; and all other 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.

"Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, attorneys' fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against the Joint Venture Company, either Shareholder or the Operator, by any Person or entity other than the other Shareholder, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) 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; or (iii) the violation or alleged violation of any Environmental Laws.

"Equipment and Fixtures" means the following assets: a 20' x 30' office trailer, a 20' x 50' core lab facility, two (2) 12' x 16' core cutting shacks including rack saws, core shacks containing drill core from all drill programs (approximately 40), miscellaneous office and field supplies, and a weather station.

"Exploration" means all activities directed toward ascertaining the existence, location, quantity, grade or value of deposits of Minerals.

"Feasibility Study" means a comprehensive study establishing the economic feasibility on the assumptions set out in it of the development of a mining project in an area covered by the Properties to an extent likely to be acceptable to a commercial lender, which study must comply with the requirements of National Instrument 43-101.

"George Little Option" means an option agreement dated on or about October 12, 2010, between George Guy Little and Abacus.

"GST" means Goods and Services Tax, Harmonized Sales Tax, any replacement thereof or any other tax on goods or services in respect of which a person is entitled to recover or claim an input tax credit.

"Indemnified Party" has the meaning ascribed thereto in Section 4.6(f).

"Indemnifying Party" has the meaning ascribed thereto in Section 4.6(f).

"Initial Contribution" means the contribution of money or assets each Shareholder has made to the Joint Venture Company as described in Section 5.1.

"Initial Election Period" has the meaning ascribed thereto in Section 5.5.

"Initial Share Proportions" means the initial proportion, expressed as a percentage of the outstanding Shares, held by each of KGHM and Abacus, being 51% and 49%, respectively, as of the Effective Date.

"Investment Agreement" has the meaning ascribed thereto in Recital B.

"Joint Venture" has the meaning ascribed thereto in Recital B.

"Joint Venture Partner Loan" means a loan or other form of financing to be arranged at Abacus' request by KGHM to fund Abacus' pro rata contributions to the Joint Venture Company capital and other expenditures, such loan to be on commercially reasonable terms at the time of making such loan, which terms shall include the requirement that while any amounts remain owing to KGHM in respect of such loan or financing, 85% of any distributions payable to Abacus by the Joint Venture Company shall be paid instead to KGHM and applied to the outstanding obligations of Abacus under such loan or financing.

"Mine" means the workings, plant, facilities, infrastructure and improvements acquired, obtained or constructed in order to bring the Properties, or any portion thereof, into, and to maintain, the commercial production of Products.

"Minerals" means any minerals, precious or base, metallic or non-metallic, in, on or under the Properties which may lawfully be explored for, mined and sold.

"Mining" means the mining, extracting, producing, handling, milling or other processing of Products.

"National Instrument 43-101" means *National Instrument 43-101, "Standards of Disclosure for Mineral Projects"*, as issued by the Canadian Securities Administrators, as amended from time to time.

"Net Smelter Returns Royalty" means the royalty interest derived from commercial production of the Properties, which shall be payable to a Party pursuant to Section 5.8 as determined, calculated and paid in accordance with the provisions set out in Exhibit C.

"New Gold AAN Agreement" means the Assignment, Assumption and Novation Agreement dated June 29, 2010 between New Gold Inc., the Joint Venture Company and Abacus.

"New Gold Option Agreement" means an option agreement dated March 19, 2008, between New Gold Inc. and Abacus.

"Operations" means every kind of work done by, or under the direction of, the Operator on or in respect of the Properties pursuant to a Program and Budget approved by the Board of

Directors to carry out Exploration, to determine the feasibility of Development of a Mine, and, if approved by a Production Decision, carry out Development of a Mine and to operate and manage the Mine, in each case on behalf of or through the Joint Venture Company, including, without limitation:

(a) surveying, mapping, sampling (including bulk or underground sampling), trenching, drilling and exploring (including geochemical and geophysical exploration);

(b) establishing drill sites, sample/core preparation and sample/core storage areas, pilot plant areas, temporary building areas, lay down areas and constructing such roads, airstrips, and other access as may be necessary to conduct Operations;

(c) transporting to and installing on the Properties, and removing from time to time, buildings, plant, equipment, machinery, tools, appliances, camp facilities, materials and supplies;

(d) engaging and transporting employees or contractors to work on the Properties;

(e) supplying food, lodgings and other reasonable needs for any employees or contractors engaged to work on the Properties;

(f) preparing reports, estimates and studies in respect of the Properties as the Operator may deem necessary or as are required by terms set out herein;

(g) removing from the Properties reasonable quantities of rock and Minerals and to transport the same for purpose of sampling, testing, metallurgical testing, grading or assaying;

(h) designing a Mine;

(i) obtaining all permits, licences, approvals, government authorizations, rights of way and easements necessary in connection with Operations or the Development of a Mine, including environmental permits for tailings and waste disposal;

(j) securing all necessary ancillary lands, water rights and uses necessary in connection with Operations or the Development of a Mine, including local community negotiations and land and water purchases from individuals;

(k) preparing and presenting to the Board of Directors Programs and Budgets and carrying out approved Programs and Budgets;

(l) purchasing or otherwise acquiring all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made to the extent reasonably possible on the best terms available, taking into account all of the circumstances, and obtaining such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and

(m) caring for and maintaining the Mine during periods in which the Mine is not in operation.

"Operator" means the Person appointed pursuant to Article VII from time to time as the Operator of the Joint Venture Company.

"Operator's Indemnity" has the meaning ascribed thereto in Section 7.5.

"Parties" means Abacus, KGHM, their respective permitted successors and assigns and the Joint Venture Company, and **"Party"** means any one of them.

"Permitted Encumbrances" means:

(a) liens in favour of government authorities as reflected by the terms of the mineral claims, leases, licenses and permits existing on the Effective Date;

(b) the right reserved to or vested in any government or other public authority by the terms of any lease, licence, franchise, grant or permit or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(c) statutory exceptions to title, and the reservations, limitations, provisos and conditions in any original grants from the Crown of any of the mines and minerals within, upon or under the Properties; and

(d) in respect of Crown Granted Mineral Claims set forth in Part 1 of Exhibit A, all covenants, statutory rights of way, easements, mortgages, assignments of rent and other like encumbrances registered in the Land Titles Office against the surface parcels associated with such Crown Granted Mineral Claims which do not materially impair the use of the Crown Granted Mineral Claims affected thereby;

in each case existing as of the Effective Date.

"Permitted Overruns" has the meaning ascribed thereto in Section 5.9.

"Person" means an individual, corporation, limited liability company, unlimited liability corporation, partnership, limited partnership, joint venture, firm, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity or form of enterprise.

"Practical Completion" means completion of the Mine's construction as evidenced by the first introduction of ore from the Properties into the Mine's processing circuit.

"Pre-JV Losses" has the meaning ascribed thereto in Section 4.6(c).

"Prime Rate" means the interest rate quoted as its "Prime Lending Rate" by the Bank of Montreal, at its head office, as said rate may change from day to day (which quoted rate may not be the lowest rate at which such bank loans funds).

"Production Decision" means the decision of the Board of Directors regarding whether to proceed with construction of a Mine.

"Products" means all Minerals (including concentrates derived therefrom) produced from the Properties.

"Program" means a description in reasonable detail of Operations to be conducted and objectives to be accomplished by the Operator:

(a) over 12 months or such other period as is approved by the Board of Directors;

(b) up to an aggregate amount of expenditures as is approved by the Board of Directors; or

(c) to achieve technical milestones approved by the Board of Directors.

"Project Capital Expenditure" means expenditures incurred in connection with the Development and Mining of the Properties.

"Properties" means those interests in mineral properties and surface rights described in Part 1 of Exhibit A and all other interests in mineral properties or real property within the Area of Interest which are acquired and held subject to this Agreement and includes any lease, licence or other mineral tenure granted in respect of the foregoing or in substitution therefor, but does not include any mineral property, lease, license or other mineral tenure surrendered or abandoned in accordance with Article XVI.

"Recipient" has the meaning as ascribed thereto under the definition of "Confidential Information".

"Representatives" has the meaning ascribed thereto in Section 6.4.

"Right of First Refusal" has the meaning ascribed thereto in Section 11.3.

"ROFR Offer" has the meaning ascribed thereto in Section 11.3.

"Sale Transaction" has the meaning ascribed thereto in Section 11.3.

"Shareholder" and **"Shareholders"** means KGHM and Abacus and any other Person who acquires Shares in accordance with the terms of this Agreement.

"Shares" means the common shares in the capital of the Joint Venture Company with full voting rights and, where the context permits, includes: (a) any securities into which such common shares may be converted, reclassified, redesignated, subdivided, consolidated or otherwise changed; (b) any securities of the Joint Venture Company or of any other Person received by the holders of such common shares as a result of any merger, amalgamation, reorganization, arrangement or other similar transaction involving the Joint Venture Company; and (c) any security, other instrument or right that is exercisable, exchangeable or convertible into, or evidences the right to acquire, any common shares or other securities of the Joint Venture Company.

"Shareholding" means the number of Shares held by a Shareholder.

"Special Resolution" means a resolution of the Shareholders approved by at least 66 2/3% of the votes cast by the Shareholders.

"Split New Gold Claims" mean mineral claims 220268, 504878, 513983, 514055, 517214 and 521725 owned in part by the Joint Venture Company and registered in the name of New Gold Inc.

"Surface Rights Options" means option agreements entitling Abacus to acquire certain surface rights relevant to the Properties, each of which is identified in Exhibit I.

"Technical Committee" means the technical committee established by the Board of Directors pursuant to Article VIII.

"Teck Assets" means either of the Lot 2017 or the old Afton tailings pond, or both, which may be acquired by the Joint Venture Company.

"Third Amendment" means the Third Amendment Agreement dated effective July 31, 2010 to the Asset Purchase Agreement dated November 25, 2005, among Teck Resources Limited, Afton Operating Corporation, Abacus and the Joint Venture Company.

"Third Party Transfer" has the meaning ascribed thereto in Section 11.3.

"Transfer" means: (i) any transfer, sale, assignment, exchange, gift, donation or other disposition thereof whereby possession, legal title, direct ownership or the economic risk or return associated therewith passes directly or indirectly from one Person to another or to the same Person in a different legal capacity, whether or not for value, whether or not voluntary and however occurring; or (ii) any agreement, undertaking or commitment to effect any of the foregoing, but for greater certainty does not include the pledge by a Shareholder of its Shares to a creditor as security pursuant to a bona fide loan or similar agreement entered into by the Shareholder or any of its Affiliates.

ARTICLE II
REPRESENTATIONS AND WARRANTIES; TITLE TO PROPERTIES

2.1 Capacity of Shareholders

As of the Effective Date, each of the Shareholders and the Joint Venture Company represents and warrants as follows:

(a) it is duly organized and existing and in good standing in its respective jurisdiction of incorporation, and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

(b) it has the capacity to enter into and perform this Agreement and all transactions contemplated herein and that all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

(c) it shall not breach any agreement, arrangement or its constating documents by entering into or performing this Agreement;

(d) this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and

(e) this Agreement is enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of a court.

2.2 Representations and Warranties of Abacus

Abacus makes the following representations and warranties to KGHM as of the Effective Date, immediately following the Effective Time:

(a) the Joint Venture Company is a corporation duly organized and existing and in good standing in its jurisdiction of incorporation and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

(b) the Joint Venture Company has the capacity to enter into and perform this Agreement and all transactions contemplated herein and that all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

(c) the Joint Venture Company shall not breach any agreement, arrangement or its constating documents by entering into or performing this Agreement;

(d) this Agreement has been duly executed and delivered by the Joint Venture Company and is valid and binding upon it in accordance with its terms;

(e) this Agreement is enforceable against the Joint Venture Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of a court;

(f) the Joint Venture Company's share capital consists of an unlimited number of common shares with no par value and, following the transfers and issuances contemplated in Section 5.1, a total of 10,000 Shares shall be issued and outstanding, of which 5,100 shall have been issued to KGHM and 4,900 shall have been issued to Abacus;

(g) except for the rights of the Parties hereunder, no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Shares or other securities of the Joint Venture Company;

(h) the Joint Venture Company is in exclusive and peaceful possession of the Properties;

(i) the mineral claims and other rights comprising the Properties are the same as those identified in Part 1 of Appendix A to the Investment Agreement between Abacus and KGHM dated May 4, 2010 (the "**Investment Agreement Appendix**"), subject to changes in the claim numbers by which certain claims are identified due to the consolidation of certain mineral claims which are identified in the Investment Agreement Appendix;

(j) the Properties have been properly located and recorded in compliance with applicable British Columbia laws and are comprised of valid and subsisting exploration concessions;

(k) except as set forth in Part 1 of Exhibit A, the Joint Venture Company holds 100% of the legal and beneficial title in and to the Properties, free and clear of all Encumbrances;

(l) the only Encumbrances material to the Properties, Development and Mining are listed in Part 2 of Exhibit A;

(m) no Person, other than the Joint Venture Company, has any material interest in the Properties or any right to acquire such interest, other than as set forth in Part 2 of Exhibit A;

(n) there are no earn-in rights, rights of first refusal, royalty rights or similar rights that could materially affect the Joint Venture Company's interest in the Properties, other than as set forth in Part 2 of Exhibit A;

(o) prior to the Effective Time, Abacus has not received any notice, whether written or oral, from any government authority of any revocation or intention to revoke its interest in the Properties;

(p) the Properties are in good standing under applicable British Columbia law, and all work required under applicable British Columbia law to be performed thereon has been performed, all filings required to maintain the Properties in good standing have been properly and timely recorded or filed with appropriate governmental authorities, and all taxes, fees, expenditures and other payments in respect thereof have been paid or incurred, except where the failure to pay fees has been disclosed in writing to KGHM and would not reasonably be expected to cause any of Properties to no longer be in good standing;

(q) Abacus is in compliance with the terms of each of the Surface Right Options, each of which is in good standing and enforceable by Abacus in accordance with their respective terms;

(r) there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of Abacus and the Joint Venture Company after due inquiry, threatened against or which adversely affect Abacus or the Joint Venture Company or to which any of the Properties or the Equipment and Fixtures are subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and neither Abacus nor the Joint Venture Company are subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any governmental authority, which, either separately or in the aggregate, may affect the condition (financial or otherwise), capital, property, assets, operations or business of the Joint Venture Company or the ability of Abacus or the Joint Venture Company to perform its obligations under this Agreement;

(s) the Joint Venture Company has complied with and is not in violation of any applicable laws, injunctions, orders, arbitral awards, judgments or decrees. The Joint Venture Company holds, and is in material compliance with the terms of, all licenses, permits, authorizations or similar approvals of any government authority required in connection with the Joint Venture Company's ownership of and operations on, the Properties. The

Joint Venture Company has not received any notice that any such permit, license, authorization or approval shall be terminated or modified or cannot be renewed in the ordinary course of business, and to the knowledge of Abacus there is no reasonable basis for any such termination, modification or non-renewal;

(t) since its incorporation the Joint Venture Company:

(i) has not carried on any business other than taking transfers of the Properties from Abacus; and

(ii) has not entered into any agreements and or incurred any liabilities of any kind other than pursuant to the Assigned Agreements, including without limitation entering into any agreement, arrangement, commitment or understanding (whether written or otherwise) with respect to any of the Properties;

(u) the Joint Venture Company is not in default of any obligation under either of the Assigned Agreements;

(v) no tax elections have been made by Abacus in connection with the transfer of the Properties to the Joint Venture Company other than tax elections which have been consented to in writing by KGHM at or prior to the Effective Date, and any election under Section 2.8;

(w) the conditions existing on or with respect to the Properties and the Joint Venture Company's ownership and operation of the Properties are not in violation of any applicable laws, including without limitation any Environmental Laws, nor causing or permitting any damage or Environmental Liabilities or impairment to the health, safety, or enjoyment of any Person at or on the Properties or in the general vicinity of the Properties;

(x) there have been no past violations by the Joint Venture Company, Abacus, or to the knowledge of Abacus, by any of its predecessors in title, of any Environmental Laws or other Laws affecting or pertaining to the Properties, nor any past creation of damage or threatened damage to the air, soil, surface waters, groundwater, flora, fauna, or other natural resources on, about or in the general vicinity of the Properties;

(y) there are no liabilities under the Assigned Agreements other than those identified in Exhibit H;

(z) neither Abacus nor the Joint Venture Company is subject to any environmental remediation obligations in respect any of the Properties; and

(aa) with the exception of crown lands held by the Province of British Columbia, the Surface Rights Options cover the whole of the area which is required for the Development and Mining of the Properties.

The Parties acknowledge that subsequent to the Effective Date, the Joint Venture Company may acquire the Teck Assets from Teck Resources Limited and Afton Operating Corporation, and Abacus has disclosed to KGHM that such sites contain environmental contamination and are subject to remediation obligations imposed by the government on the owner of such sites.

2.3 Surface Rights

(a) Concurrently with the closing of the transactions contemplated hereby, on the Effective Date, Abacus shall assign the Surface Rights Options to the Joint Venture Company.

(b) To the extent that Abacus cannot obtain any third party consent required to permit the assignment of any Surface Rights Option on the Effective Date, Abacus hereby declares that it holds such Surface Rights Option in trust for the benefit of the Joint Venture Company.

(c) Notwithstanding that any third party consent required for the assignment of a Surface Rights Option has not been obtained at or prior to closing, Abacus shall continue to make its commercially reasonable best efforts to obtain such consent as soon as possible thereafter.

(d) At the request of the Joint Venture Company, Abacus shall exercise any Surface Right Option held by it in trust, and shall forthwith thereafter transfer the surface rights which are the subject of such Surface Rights Option to the Joint Venture Company without cost.

2.4 Additional Transfers

(a) Abacus will make its commercially reasonable best efforts to close the acquisitions contemplated by the Third Amendment Agreement.

(b) If subsequent to the Effective Date Abacus holds either

(i) the Teck Assets; or

(ii) any right to purchase any direct or indirect interest in the lands comprising the Sugarloaf Ranch from Teck Resources Limited or any of its affiliates (**"Sugarloaf Purchase Rights"**),

at the request of the Board of Directors, either or both of the Teck Assets or the Sugarloaf Purchase Rights will be transferred to the Joint Venture Company without cost.

(c) If subsequent to the Effective Date it is determined by the Joint Venture Company that Abacus holds as of the Effective Date any rights (including without limitation, mineral right, surface right, water right or other mining related assets) which are reasonably necessary for the Development and Mining of the Properties, at the request of the Board of Directors, these will be transferred to the Joint Venture Company without cost, together with any associated obligations which attach to or accompany such rights.

2.5 Disclosures

Each Shareholder represents and warrants to the other Shareholder that it is unaware of any material facts or circumstances which have not been disclosed in this Agreement, which should be disclosed to the other Shareholder in order to prevent the representations in this Article II from being materially misleading. Abacus has disclosed to KGHM (or its Affiliates) all information it believes to be relevant concerning the Assets and has provided to or made available for inspection by KGHM (or its Affiliates) all such information, but does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or as to the value of the Assets. Each Shareholder represents to the other that in negotiating and entering into this Agreement it has relied solely on its own appraisals and estimates as to the value of the Assets and upon its own geologic and engineering interpretations related thereto.

2.6 Record Title

During the term of the Joint Venture, title to the Assets shall be held by the Joint Venture Company.

2.7 Loss of Title

Any failure or loss of title to the Assets, and all costs of defending title, shall be the responsibility of the Joint Venture Company (subject to any indemnity by the Operator under Section 7.6 if applicable). In the event such costs and losses regarding loss or defence of title arise out of or result from any breach of the representations and warranties of Abacus in this Article II, Abacus shall immediately pay to the Joint Venture Company the amount of such costs and losses incurred by the Joint Venture Company.

2.8 Section 85(1) Elections

If Abacus wishes to make a Section 85(1) election under the *Income Tax Act* (Canada) in respect of its Initial Contribution of the Properties to the Joint Venture Company, it shall not do so at a value of less than US$35,549,019.61.

2.9 GST/HST

Abacus agrees that in the event the Joint Venture Company is obliged to pay GST/HST in respect of the transfer of any of the (a) Property, (b) Equipment and Fixtures, (c) the Surface Rights Options or any property acquired pursuant to the exercise of any Surface Right Option, (d) any amount specified in Exhibit K or (e) any asset which are described in the Third Amendment Agreement, and is unable to claim an input tax credit under the Excise Tax Act for the GST/HST paid or payable from the Canada Revenue Agency, Abacus will reimburse the Joint Venture Company for such GST/HST.

2.10 Survival

The representations and warranties contained in, and made as of the date of, this Agreement are conditions on which the Parties have relied in entering into this Agreement and shall survive the execution hereof.

ARTICLE III
PURPOSES AND TERM

3.1 General

The Shareholders agree that all of their rights with respect to the Joint Venture Company and all of the Operations shall be subject to and governed by this Agreement. To the fullest extent permitted by British Columbia Corporate Law, this Agreement shall control as to any conflict between this Agreement and British Columbia Corporate Law or as to any matter provided for in this Agreement that is also provided for under British Columbia Corporate Law.

3.2 Purposes

The Joint Venture is formed for the following purposes and for no others, and the Joint Venture Company shall serve as the exclusive means by which the Shareholders, or either of them, accomplish such purposes:

(a) to conduct Exploration within the Area of Interest;

(b) to acquire additional Properties within the Area of Interest;

(c) to evaluate the possible Development and Mining of the Properties;

(d) to engage in Development, Mining and Operations on the Properties;

(e) to complete and satisfy all Environmental Compliance obligations and Continuing Obligations affecting the Properties;

(f) to pursue such other projects within Canada and elsewhere as may be approved from time to time by the Board of Directors; and

(g) to perform any other activity reasonably necessary, appropriate, or incidental to any of the foregoing.

3.3 Limitation

Unless the Shareholders otherwise agree in writing, the Operations shall be limited to the purposes described in Section 3.2, and nothing in this Agreement shall be construed to enlarge such purposes.

3.4 Effective Date and Term

The Effective Date of this Agreement shall be the date first recited above. The Joint Venture and this Agreement shall continue from the Effective Date and for so long thereafter until all Operations have ceased, all materials, supplies, equipment and infrastructure have been salvaged and disposed of, and any required Environmental Compliance is completed and accepted, unless the Joint Venture and this Agreement are earlier terminated, pursuant to Section 19.1.

3.5 Registered Agent; Offices

The initial registered office and registered agent of the Joint Venture Company shall be Davis LLP, located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, provided that at all times the registered office and registered agent are located in British Columbia. The Operator may from time to time request from the Shareholders that the Shareholders designate a successor registered office and registered agent provided, however, that any such successor registered office or registered agent shall be in British Columbia. The location of the principal place of business of the Joint Venture Company shall be at such location as the Operator shall from time to time select; provided, however, that such principal place of business shall be in British Columbia.

3.6 Constating Documents

The notice of articles and articles of the Joint Venture Company are attached as Exhibit F (the "**Constating Documents**"). The Parties acknowledge and agree that not all of the terms contained in this Agreement relating to the relationship, rights and obligations of the Shareholders and the relationship, rights and obligations of the Shareholders vis-à-vis the Joint Venture Company are expressly provided for in the Constating Documents of the Joint Venture Company, and the Parties agree that where the Constating Documents are silent as to any matter, the provisions of this Agreement shall apply to, govern and prevail over such matter. In the event of a conflict between the provisions of this Agreement and the provisions of the Constating Documents, each Shareholder covenants and agrees at all times to:

(a) cause its Representatives on the Board of Directors to vote or take all steps;

(b) to vote, or cause to be voted, the Shares held or controlled by it;

(c) to otherwise exercise its rights as a shareholder of the Joint Venture Company; and

(d) to take all other steps,

as may reasonably be required under British Columbia Corporate Law and the Constating Documents to amend the Constating Documents to resolve such conflict so that the provisions of this Agreement shall, to the extent permitted by British Columbia Corporate Law, at all times prevail.

3.7 Agreement to be Bound

The Joint Venture Company covenants and agrees to carry on its business and operations in accordance with the provisions of this Agreement and to not take any action which would constitute a contravention of any of the terms or provisions hereof. Notwithstanding anything contained in this Agreement, however, the Joint Venture Company shall so conduct its business as to comply with British Columbia Corporate Law and any other applicable laws. Each Shareholder agrees to take all such steps as may reasonably be within such Shareholder's power (including without limitation exercising the voting rights attaching to their shares), so as to comply with and act, and to cause its Affiliates and the Joint Venture Company to comply with and act, in a manner contemplated by the provisions of this Agreement and so as to give effect to the terms, intent and meaning of this Agreement and shall cause its Representatives on the Board of Directors to act accordingly and, if one or more of such Representatives fails to act accordingly, each Shareholder shall forthwith take such steps as may be within such Shareholder's power to immediately remove the non-complying Representative(s) from such position.

3.8 Approval of Certain Matters

At or prior to the Effective Date, the Shareholders shall sign a consent resolution in compliance with the Joint Venture Company's Constating Documents and British Columbia Corporate Law and shall approve the following matters with effect as of the Effective Time:

(a) appointing James Excell, Thomas McKeever, Jarosław Romanowski and Krzysztof Kubacki as Directors of the Joint Venture Company and removing from office any other Director;

(b) appointing Marcin Mostowy as CEO of the Joint Venture Company;

(c) appointing Andrew Pooler as COO of the Joint Venture Company;

(d) terminating any powers of attorney granted by the Joint Venture Company;

(e) appointing Ernst & Young as auditors of the Joint Venture Company.

Abacus and the Joint Venture Company confirm that the Joint Venture Company has established bank accounts to be used by the Joint Venture Company, and confirm that any cheque or withdrawal from such accounts requires the signature of either the CEO or a Representative of KGHM plus one other signatory, which additional signatory must be a Director or officer of the Joint Venture Company. Abacus and the Joint Venture Company further confirm that no person who is not a Director or officer of the Joint Venture Company is authorized to sign cheques or make withdrawals from such bank accounts.

ARTICLE IV
RELATIONSHIP OF SHAREHOLDERS

4.1 No Partnership

Nothing herein contained shall be construed as creating a partnership of any kind or as imposing upon any Shareholder any partnership duty, obligation or liability to any other Shareholder hereto. Except pursuant to the authority expressly granted in Article VII or elsewhere herein or as otherwise agreed in writing by the Shareholders, neither Shareholder shall have any authority to act for the Joint Venture Company or another Shareholder or to assume any obligation or responsibility on behalf of the Joint Venture Company or the other Shareholder solely by virtue of being a Shareholder. Any Shareholder that takes any action or binds the Joint Venture Company in violation of this Section 4.1 shall be solely responsible for any loss and expense incurred by the Joint Venture Company or the other Shareholder as a result of the unauthorized action and shall indemnify and hold the Joint Venture Company and such other Shareholder harmless with respect to the loss or expense pursuant to Section 4.6 of this Agreement.

4.2 No Holding Out

No Shareholder shall, except when required by this Agreement or by any law, by-law, ordinance, rule, order or regulation, use, suffer or permit to be used, directly or indirectly, the name of any other Shareholder for any purpose related to the Properties or the Joint Venture.

4.3 No Fiduciary Duty

Nothing contained in this Agreement shall be construed as imposing any fiduciary duty to the Joint Venture Company or to any Shareholder on:

(a) any other Shareholder (in its capacity as a Shareholder of the Joint Venture Company); or

(b) the Operator with respect to any activities carried out or decisions made as contemplated in this Agreement.

4.4 Tax Returns

The Operator shall prepare and shall file, or cause to be prepared and filed, after approval by the Board of Directors, any tax returns, elections, designations or other tax forms required for the Joint Venture Company.

4.5 Other Business Opportunities

Except as expressly provided in this Agreement, each Shareholder and the Operator shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with the Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Shareholder or the Operator, and, except as otherwise provided in Article XI, neither Shareholder nor the Operator shall have any obligation to any Shareholder with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of the Joint Venture and this Agreement. Unless otherwise agreed in writing, no Shareholder nor the Operator shall have any obligation to mill, beneficiate or otherwise treat any Products in any facility owned or controlled by the Operator or any Shareholder.

4.6 Liabilities; Indemnification

No Shareholder or Operator shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Joint Venture Company, whether such liability or obligation arises in contract, tort or otherwise, solely by reason of being a Shareholder or Operator.

(a) The Joint Venture Company shall indemnify, defend and hold harmless each Shareholder (in its capacity as a shareholder), and their respective directors, officers, employees, agents and attorneys, from and against any and all third party losses, claims, damages and liabilities arising out of or relating to:

   (i) the Joint Venture Company or the Operations, including without limitation Environmental Liabilities and Continuing Obligations; and

   (ii) any Properties assigned to a Shareholder as an objecting Shareholder pursuant to Section 16.1, but only to the extent arising out of or relating to Operations, including without limitation Environmental Liabilities and Continuing Obligations, conducted prior to the date of such assignment;

   except in any case of clauses (i) and (ii) above to the extent such losses, claims, damages or liabilities arise out of or result from any conduct described in any of clauses (i) through (iii) of Section 4.6(b) below.

(b) Subject to Section 4.6(c) and 7.5, each Shareholder shall indemnify, defend and hold harmless the Joint Venture Company, the other Shareholder, and such other Shareholder's directors, officers, employees, agents and attorneys, from and against any and all losses, claims, damages and liabilities arising out of or relating to:

   (i) any unauthorized act or any assumption of liability by the indemnifying Shareholder (including in its capacity as an Operator), or any of its directors, officers, employees, agents and attorneys done or undertaken, or apparently done or undertaken, on behalf of the Joint Venture Company or the other Shareholder, except pursuant to the authority expressly granted herein or as otherwise agreed in writing between the Shareholders;

   (ii) any misrepresentation or inaccuracy in any of such Shareholder's representations or warranties set forth in this Agreement; or

   (iii) any material breach by such Shareholder of any covenant contained in this Agreement;

provided that no indemnification shall be made under this Section 4.6(b) in respect of matters referred to in Section 2.7, to the extent such matters are rectified and such rectification is funded by Abacus pursuant to Section 2.7.

(c) For so long as KGHM remains a Shareholder of the Joint Venture Company, Abacus agrees to indemnify and hold harmless KGHM from and against any loss, liability, claim, demand, damages, expense, including, without limiting the generality of the foregoing, legal fees suffered or incurred by KGHM (the "**Pre-JV Losses**") which are caused by, arise from, are incurred in connection with, or otherwise relate to any and all debts, claims, liabilities or other obligations of the Joint Venture Company which occurred during, or accrued in respect of, the period prior to the Effective Time; provided that the Pre-JV Losses shall exclude:

(i) any indirect or consequential damages suffered by KGHM; and

(ii) all obligations described in Exhibit H which arise in respect of the period after the Effective Time and are not related to a default existing at or prior to the Effective Time.

The amount of any and all Pre-JV Losses to be indemnified under this Section 4.6(c) shall be determined net of any amounts actually recovered by KGHM under insurance, policies, indemnities or other reimbursement arrangements with respect to such Pre-JV Losses.

(d) Without limiting any other right of indemnification hereunder, if the Joint Venture Company is obliged to pay any amounts to any person in respect of:

(i) an agreement dated April 30, 1980, between Morrison Ranches Ltd. and Cominco Ltd., to the extent that any amounts are required to be paid in respect of production from the Current Mine Plan;

(ii) an option agreement dated September 2, 1986, among Cominco Ltd., E & B Explorations Ltd., Geomex Minerals Limited Partnership No. 9, Geomex Development-Eighth Partnership, Geomex Development-Eleventh Partnership, and Afton Mining Company;

(iii) an exploration and option to purchase agreement dated February 24, 2006, between New Gold Inc. and David J. Piggin with respect to mineral claim number 504878, to the extent that any amounts are required to be paid in respect of production from the Current Mine Plan;

(iv) any Permitted Encumbrances;

(v) any builder's lien filed against any Property, including without limitation builders liens filed in favour of Multicrete Systems Inc. on certain lands held by the Joint Ventue Company which were formerly held by New Gold Inc.;

or

(vi) if New Gold successfully asserts any beneficial interest or other right, interest or entitlement in respect of the portions of the Split New Gold Claims which it holds for the Joint Venture Company pursuant to the option agreement dated March 19, 2008, between New Gold Inc. and Abacus or prevents or otherwise interferes with the ability of the Joint Venture Company to Develop and Mine such Properties or attempts to do so;

Abacus shall indemnify, defend and hold harmless the Joint Venture Company, from and against any and all losses, claims, damages and liabilities arising out of or relating to such matters.

(e) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PERSON OR ENTITY OTHER THAN A SHAREHOLDER SHALL HAVE THE RIGHT TO ENFORCE ANY REPRESENTATION OR WARRANTY OF A SHAREHOLDER HEREUNDER, OR ANY OBLIGATION OF A SHAREHOLDER TO CONTRIBUTE CAPITAL HEREUNDER, TO FUND CONTINUING OBLIGATIONS, TO REIMBURSE OR INDEMNIFY ANY OTHER SHAREHOLDER HEREUNDER, AND SPECIFICALLY NEITHER THE JOINT VENTURE COMPANY NOR ANY LENDER OR OTHER THIRD PARTY SHALL HAVE ANY SUCH RIGHTS, IT BEING EXPRESSLY UNDERSTOOD THAT THE REPRESENTATIONS AND WARRANTIES, AND THE CONTRIBUTION, REIMBURSEMENT AND INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLES II AND XI AND SECTIONS 5.1, 5.7, 9.5, 9.6 AND 19.5 SHALL BE ENFORCEABLE ONLY BY A SHAREHOLDER AGAINST ANOTHER SHAREHOLDER (WHICH, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, ARE IN ALL SUCH CASES FOR THE BENEFIT OF THE SHAREHOLDERS). FOR THE AVOIDANCE OF DOUBT, THE JOINT VENTURE COMPANY SHALL BE BOUND BY ARTICLES II AND XI AND SECTIONS 5.1, 5.7, 9.5, 9.6 AND 19.5, BUT SHALL HAVE NO RIGHT TO ENFORCE THOSE PROVISIONS AGAINST A SHAREHOLDER, SUCH RIGHTS BEING EXCLUSIVELY VESTED IN THE SHAREHOLDERS.

(f) If any claim or demand is asserted against an indemnified party under this Section 4.6 (an "**Indemnified Party**") in respect of which such Indemnified Party may be entitled to indemnification under this Agreement, written notice of such claim or demand shall promptly be given to the Party responsible hereunder for indemnification (the "**Indemnifying Party**"). The Indemnifying Party shall have the right, but not the obligation, by notifying the Indemnified Party within 30 days after its receipt of the notice of the claim or demand, to assume the entire control of (subject to the right of the Indemnified Party to participate, at the Indemnified Party's expense and with competent and experienced counsel of the Indemnified Party's choice), the defense, compromise, or settlement of the matter, including, at the Indemnifying Party's expense, employment of competent and experienced counsel of the Indemnifying Party's choice. Any losses, claims, damages or liabilities of the Indemnified Party caused by a failure by the Indemnifying Party to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Party, after the Indemnifying Party has given notice that it shall assume control of the defense, compromise, or settlement of the matter, shall be included in the losses, claims, damages and liabilities for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party. Any settlement or compromise of a matter by the Indemnifying Party shall include a full release of claims against the Indemnified Party which have arisen out of the indemnified claim or demand.

(g) Abacus agrees that in the event that it breaches any representation or warranty or breaches any covenant contained in this Agreement and is required as a result to indemnify KGHM hereunder, KGHM may require the Joint Venture Company to pay to KGHM, and the Joint Venture Company shall be obliged to pay to KGHM, any distributions otherwise payable to Abacus by the Joint Venture Company until such liabilities of Abacus have been satisfied. Abacus hereby grants a security interest in favour of KGHM in such distributions, and authorizes KGHM to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as KGHM may deem appropriate, to perfect on an ongoing basis and continue such security interest and to realize upon such security interest. Nothing in this subsection 4.6(g) shall limit or prevent KGHM from pursuing any other remedy available to it in respect of breaches of any representation or warranty or covenant contained in this Agreement.

(h) Without the prior written consent of KGHM, which shall not be unreasonably withheld, Abacus shall not pledge or otherwise encumber its Shares.

4.7 Extraordinary Resolutions

Except for matters or actions expressly authorized herein, the Joint Venture Company may not implement any of the following without obtaining a Special Resolution:

(a) amending or revoking the Constating Documents of the Joint Venture Company in whole or in part or enacting any additional by-law (or British Columbia equivalent), except to resolve any conflict in favour of this Agreement;

(b) increasing or reducing the authorized capital of the Joint Venture Company or increasing or reducing the issued capital of the Joint Venture Company by way of share split, share consolidation, conversion or exchange of securities or similar transaction;

(c) amalgamating, merging or entering into an arrangement or other reorganization involving the Joint Venture Company;

(d) purchasing, redeeming or acquiring any Shares or other securities of the Joint Venture Company, except as expressly contemplated in this Agreement; and

(e) any resolution required to be approved by the Shareholders under Section 5.10.

ARTICLE V
CONTRIBUTIONS BY SHAREHOLDERS

5.1 Shareholders' Initial Contributions

Prior to the date hereof, Abacus has contributed the Properties and the Equipment and Fixtures to the Joint Venture Company (with an agreed value of US$35,549,019.61) in exchange for a total of 4,900 Shares.

At the Effective Time, KGHM shall contribute a cash payment (by wire transfer to its account as specified by the Joint Venture Company) to the Joint Venture Company in the amount of US$37,000,000 in exchange for a total of 5,100 Shares, and the Joint Venture Company shall issue such shares to KGHM.

For greater certainty, in the event that the Teck Assets are acquired by Abacus, such Teck Assets shall be transferred to the Joint Venture Company without additional cost to the Joint Venture Company, and no additional Shares shall be issued to Abacus for such Teck Assets.

In the event that the Canada Revenue Agency (the "**CRA**") determines that the fair market value of Abacus' Initial Contribution is less than US$35,549,019.61, Abacus shall be required to pay to the Joint Venture Company the amount of any tax liability or any other obligations of the Joint Venture Company resulting from such assessment.

5.2 Expenditure of KGHM's Initial Contribution

KGHM's US$37,000,000 Initial Contribution shall be used by the Joint Venture Company to:

(a) pay the outstanding contingent liabilities owed to Teck Resources Limited in the amount of $2,750,000 (the "**Teck Liability**"), which Abacus confirms is the only amount which will be paid to Teck by the Joint Venture Company in connection with the transactions contemplated by the Third Amendment Agreement (except as contemplated by Section 5.2(b) and Exhibit E hereto);

(b) fund expenditures on the Properties in accordance with the Initial Program and Budget set out in Exhibit E (which includes payments related to the George Little Option), which expenditures shall be incurred principally for the purposes of Exploration and defining a measured and indicated mineral resource on the Properties and to prepare a Feasibility Study that, unless otherwise agreed by the Shareholders, contemplates the construction of a Mine in respect of one or more of the Properties; and

(c) reimburse Abacus for certain pre-closing expenses incurred by Abacus for the benefit of the Joint Venture Company, as described in Exhibit K.

The parties confirm that any part of KGHM's Initial Contribution which is not applied to payment of the Teck Liability as contemplated by Section 5.2(a) or applied to exploration expenses and Feasibility Study preparation as contemplated by 5.2(b) or (c) shall remain the property of the Joint Venture Company.

If before the completion of the Feasibility Study the Joint Venture Company requires more funds to complete the Feasibility Study or to complete any Program, the Operator shall prepare a Budget in respect of such additional funds required from time to time, and if such Budget is approved by the board of directors of each of Abacus and KGHM, in their sole discretion, and by the Board of Directors, each of the Parties shall contribute its pro-rata share of the funds required by the Budget. The Board of Directors shall determine whether such contributions shall be contributed to the Joint Venture Company by the Parties by way of the issuance of Shares (which for greater certainty shall not affect the proportionate shares of the Parties in the Shares of the Joint Venture Company), or by way of a Shareholder loan. Any Shareholder loans shall bear interest at an annual rate of interest equal to the Prime Rate plus two percent. If the Budget referred to in this paragraph is not approved by either the board of directors of Abacus or the board of directors of KGHM, either KGHM or Abacus, if its board of directors has approved such Budget, may fully fund completion of the Feasibility Study by Shareholder loan, in which case such Shareholder loan shall bear interest at an annual rate of interest equal to the Prime Rate plus six percent.

5.3 The Feasibility Study

The Feasibility Study shall be prepared by the Joint Venture Company in combination with one or more consulting or engineering firms and, for greater certainty, is required to be prepared by an independent "Qualified Person" within the meaning of National Instrument 43-101. The Feasibility Study shall include an industry standard cost estimate contingency. The Operator shall use its commercially reasonable efforts to complete, or cause the Feasibility Study to be completed, as soon as practicable, but in any event no later than December 31, 2011. If the Feasibility Study is not completed by December 31, 2011, at any time after December 31, 2011, KGHM may elect to immediately become the Operator or appoint a third party Operator.

5.4 Feasibility Study Delivery and Review.

(a) Upon delivery of the Feasibility Study to KGHM (which shall be delivered together with written notice from the Operator stating that the Feasibility Study is a final Feasibility Study being delivered pursuant to this Section 5.4(a)), KGHM shall, at its own cost, have 14 days to obtain an opinion of an independent third party chosen by KGHM confirming that the Feasibility Study complies with the requirements of National Instrument 43-101 (a "**Feasibility Study Reviewer**").

(b) If the Feasibility Study Reviewer determines that the Feasibility Study does not comply with such requirements, KGHM shall forthwith notify the Operator in writing, in which case the Feasibility Study shall be deemed not to have been delivered to KGHM.

(c) If the Feasibility Study Reviewer confirms to KGHM that the Report does comply with the requirements of National Instrument 43-101, KGHM shall forthwith notify the Operator in writing, in which case the Feasibility Study shall be deemed to have been delivered on the date of such notice to the Operator.

(d) If KGHM fails to inform the Operator of the results of the Feasibility Study Reviewer's review by the end of the 14 day review period, the Feasibility Study shall be deemed to have been delivered immediately following the conclusion of such 14 day period.

(e) In the event that a Feasibility Study is deemed not to have been delivered for the reasons set out in Section 5.4(b), the Operator may submit a revised Feasibility Study to KGHM at a later date, in which case the requirements of this Section 5.4 shall apply to such revised report, without prejudice to the obligation of the Operator to deliver the Feasibility Study by December 31, 2011, and to the right of KGHM to become or appoint the Operator as set forth in Section 5.3.

5.5 Additional Interest Option

Within 90 days following the date of deemed delivery of the Feasibility Study to KGHM pursuant to Sections 5.4(c) or (d) (the "**Initial Election Period**"), KGHM shall have the right, at its option (the "**Additional Interest Option**"), to acquire from Abacus an additional 29% interest in the Joint Venture Company (the "**Additional Interest**") to bring KGHM to an aggregate 80% interest in the Joint Venture Company in consideration for an aggregate price equal to US$0.025 per pound for 29% of the Proven & Probable Copper equivalent reserves as such terms are defined in the Feasibility Study, to a maximum of US$35,000,000. The consideration shall be forthwith transferred by KGHM on Abacus' behalf to the Joint Venture Company and held in trust by the Joint Venture Company to be used solely for the purpose of covering Abacus' attributable share of future Project Capital Expenditures, and may not be repaid to Abacus or otherwise used by the Joint Venture Company for any other purpose. Any amounts due to KGHM from Abacus can be deducted from the consideration payable by KGHM or from the amounts already deposited with the Joint Venture Company.

Upon exercising the Additional Interest Option, KGHM shall arrange financing for its attributable share (80%) of Project Capital Expenditures, and shall offer to arrange financing for Abacus' attributable share (20%) of Project Capital Expenditures as a Joint Venture Partner Loan, to be made either to the Joint

Venture Company or to each of the Shareholders. Abacus shall not be obligated to have KGHM make such arrangements on its behalf, and may obtain financing from third party sources.

5.6 Consequences of Non-Exercise of Additional Interest Option by KGHM

(a) If KGHM does not exercise the Additional Interest Option during the Initial Election Period, Abacus shall have the exclusive right for a period of 90 days following the expiration of the Initial Election Period to require KGHM to sell to Abacus all of KGHM's Shares for US$37,000,000. Concurrently with and as a precondition of such acquisition, the Joint Venture Company and Abacus must repay to KGHM any amounts owed to it under any loan agreements or other obligations. If Abacus elects to acquire KGHM's 51% interest in the Joint Venture Company, Abacus shall give notice, within such 90 day period, to KGHM, and such purchase and sale must then be completed within 90 days of receipt by KGHM of such notice.

(b) If KGHM does not exercise the Additional Interest Option and Abacus does not elect to purchase KGHM's Interest as contemplated in Section 5.6(a), upon expiry of the 90 day period following the Initial Election Period, KGHM shall transfer Shares representing a 2% interest in the Joint Venture Company to Abacus so that Abacus' interest in the Joint Venture Company is increased to 51% and KGHM's interest in the Joint Venture Company is reduced to 49%. The consideration to be paid by Abacus to KGHM for such transfer shall be US$1,450,980. Such purchase and sale must be completed within 60 days of the expiry of such 90 day period.

5.7 Funding of Joint Venture Company

(a) Following the completion of the Feasibility Study, each Shareholder shall fund its share of all costs, expenses and liabilities incurred by the Joint Venture Company in proportion to its Shareholding in the Joint Venture Company, and in accordance with the cash call schedule referred to in Section 5.7(c) below.

(b) If a Shareholder contributes funds pursuant to this Section 5.7 or in accordance with the cash call schedule referred to in Section 5.7(c) below or pursuant to Section 5.9 the Parties shall cause to be issued to such funding Shareholder the number of additional Shares as is necessary so that the Shareholders' respective Shareholdings in the Joint Venture Company reflect their then respective Shareholdings.

(c) Promptly following approval of a Program and Budget after completion of the Feasibility Study, the Operator shall prepare and provide to the Board of Directors for consideration and approval a proposed schedule of the quarterly cash calls the Operator anticipates making over the course of that Program and Budget. On the basis of each approved Program and Budget, the Operator shall submit prior to the last day of each quarter a cash call notice to the Shareholders for estimated cash requirements of the Joint Venture Company for the next quarter. Within 30 days after receipt of each such notice, each Shareholder shall advance its proportionate share of such cash requirements. The Operator shall record all funds received by the Joint Venture Company pursuant to such cash advances. The Operator may issue cash calls in order to maintain a cash balance in the Joint Venture Company approximately equal to the reasonably expected rate of the

Joint Venture Company's expenditures under an approved Program and Budget for a maximum of 90 days. All funds in excess of immediate cash requirements received by the Joint Venture Company pursuant to cash calls shall be invested by the Operator for the benefit of the Joint Venture Company in cash management accounts and investments selected at the discretion of the Operator, with the approval of the CEO, which accounts may include, but are not limited to, money market investments and money market funds;

Notwithstanding the above, within 20days of approval of a Program and Budget by the Board of Directors, following the completion of the Feasibility Study, each Shareholder shall have the opportunity to elect to contribute its share, a lesser amount or no amount to such Program and Budget. Failure of a Shareholder to provide an election to the Operator within such 20 day period shall be deemed to be an election to fund its share. If a Shareholder notifies the Operator that it elects not to fund its share (whether less than its share or none at all) of a Program and Budget within such 20 days of the Board of Directors approving such Program and Budget, the other Shareholder shall have the right, but not the obligation, to fund the unpaid portion of the advance by increasing its contribution or subscription, as the case may be, and the proportionate Shareholdings shall be adjusted accordingly.

If the other Shareholder does not wish to fund the elected shortfall, the Program and Budget may be sent back to the Board of Directors for amendment and re-approval.

5.8 Conversion to Net Smelter Royalty

If at any time, a Shareholder's Shareholding is less than ten percent (10%), that Shareholder shall forthwith surrender, free and clear of all encumbrances, all of its Shares for cancellation and such Shareholder shall have no further rights, interests or obligations in respect of the Joint Venture Company, its assets or the Properties, except that such Shareholder shall thereafter be entitled to receive from the Joint Venture Company, from time to time a 2% Net Smelter Returns Royalty as determined, calculated and paid in accordance with Exhibit C.

Upon a Shareholder surrendering its Shares pursuant to this Section 5.8, such Shareholder shall cause its Representatives to the Board of Directors and its members of the Technical Committee to immediately resign.

Following conversion of a Shareholder's Shareholding to a Net Smelter Return Royalty, the Joint Venture Company shall have the option to purchase the Net Smelter Return Royalty for a cash payment equal to its fair market value, which shall be determined by an independent Canadian national firm of chartered accountants mutually agreed by the remaining Shareholder and the royalty holder.

5.9 Cost Overruns

If the costs of bringing construction of the Mine to Practical Completion exceed the estimated costs in the Feasibility Study, including the cost contingency reflected therein (such excess costs, the "**Permitted Overruns**") and the funding of the Permitted Overruns by the Shareholders is approved by the Shareholder that has the largest Shareholding, in its sole discretion, and by the Board of Directors, such Permitted Overruns shall be funded by pro rata by KGHM and Abacus through subscriptions for treasury Shares. The amounts of such Permitted Overruns shall be advanced within 60 days of receiving notice from the Operator that such an advance is payable, which advance shall be required within the timeframes contemplated by the Budgets and Programs approved by the Board of Directors. Notwithstanding the foregoing, if funding its pro rata share of the Permitted Overruns is not approved by either the board of directors of Abacus or the board of directors of KGHM, either KGHM or Abacus, if its board of directors has approved funding its pro rata share of the Permitted Overruns, may fully fund the Permitted Overruns and the proportionate Shareholdings of the Shareholders shall be adjusted accordingly.

5.10 Return of Contributions

No Shareholder shall be entitled to the return of any part of its capital contributions from the Joint Venture Company or to be paid interest in respect of such capital contributions, except as approved by a Special Resolution. No unrepaid capital contribution shall constitute a liability of the Joint Venture Company, the Operator or any Shareholder. A Shareholder is not required to contribute or to lend cash or property to the Joint Venture Company to enable the Joint Venture Company to return any Shareholder's capital contributions. The provisions of this Section 5.10 shall not limit a Shareholder's rights or obligations under Article XIX.

5.11 Bankruptcy of a Shareholder

A Shareholder shall cease to have any power as a Shareholder or Operator or to exercise any voting rights under its Shares or rights of approval hereunder upon the bankruptcy, insolvency, dissolution or assignment for the benefit of creditors of such Shareholder, provided that such Shareholder shall continue to be liable for all obligations of the Shareholder under this Agreement. The foregoing shall continue to apply to any of the Shareholder's successors as a result of such bankruptcy, insolvency, dissolution or assignment for the benefit of creditors. In such event, the Shareholder shall cause its Representatives on the Board of Directors and members on the Technical Committee to immediately resign or be removed and such Shareholder (and any successor holding such Shareholder's Shares) shall cease to have a right to vote on the Board of Directors or Technical Committee and to nominate any director to the Board.

ARTICLE VI
BOARD OF DIRECTORS

6.1 General Responsibility and Authority

Subject to the terms and conditions set forth in this Agreement, the Board of Directors shall have the general responsibility and authority for the management of the affairs of the Joint Venture Company. Without limiting the generality of the foregoing, the Board of Directors shall:

(a) establish objectives, policies and strategies relating to the Joint Venture and its Operations, it being agreed that the Operator shall be responsible for the supervision and carrying out of such objectives, policies and strategies;

(b) receive and consider proposed Programs and Budgets submitted to it by the Operator and to approve the same, with or without such amendments, additions, deletions and/or changes thereto as the Board of Directors may consider advisable;

(c) review ongoing Programs and Budgets, notwithstanding the prior approval thereof by the Board of Directors, and amend or change such ongoing Programs and Budgets as it considers advisable; provided that, except as otherwise specified in this Agreement, the Operator shall have no power to increase the amount of moneys to be expended upon any Program or Budget unless the Board of Directors confirms that the increased amount may be expended as contemplated within the period of such Program and Budget; and

(d) review and consider data collected and reports produced by the Operator in connection with Operations.

6.2 Matters to be Decided by Board

The following matters shall require the approval of the Board of Directors:

(a) removal and appointment of the Operator as provided in Article VII;

(b) expenditures for unbudgeted individual line items exceeding $2,000,000 and contracts exceeding an annual expenditure of $5,000,000;

(c) any Change in Scope of a Mine from that contemplated by the Feasibility Study in respect thereof and on which a Production Decision has been made. For greater certainty, a cost overrun in the development or construction of the Mine that does not involve a change to the method of mining or mineral processing contemplated by the Feasibility Study does not constitute a Change in Scope;

(d) annual Programs and Budgets in respect of the Properties proposed by the Operator;

(e) upon the completion of the Feasibility Study, any Production Decision proposed by the Operator;

(f) requiring or permitting any additional capital contribution by a Shareholder except as expressly provided for herein;

(g) allotting, reserving, setting aside or issuing any Shares, except as expressly provided for herein (such exception including, without limitation, the issuance of any Shares to KGHM pursuant to the exercise of the Additional Interest Option, if applicable);

(h) determining the subscription price for Shares issued otherwise than in connection with a capital contribution or cash call contemplated in Section 5.7, and/or the value of any non-cash consideration contributed by a Shareholder;

(i) creating, assuming or incurring any debt (other than capital leases or trade payables arising in the ordinary course of business) of the Joint Venture Company exceeding

    (A) US$500,000, prior to a Production Decision; or

    (B) US$5,000,000, following a Production Decision;

    except as expressly provided herein;

(j) entering into any loan arrangement with a Shareholder, except for any loan agreement entered into pursuant to Section 5.2 of this Agreement;

(k) making any loan to any Person or guaranteeing the obligations of any Person; and

(l) entering into any contract or other transaction with any Person who is not at arm's length to the Joint Venture Company or the Shareholders, except as expressly provided for herein.

6.3 Voting

(a) Subject to subsection 6.3(b), the Board of Directors shall decide every question submitted to it by a vote requiring approval by a simple majority, with the Representatives of each Shareholder being entitled to cast (in the aggregate) that number of votes equal to such Shareholder's respective Shareholding at the time of the vote.

(b) Following the later of (i) the exercise by KGHM of the Additional Interest Option, and (ii) the acquisition by Abacus from KGHM of Shares representing a 2% interest in the Joint Venture Company under section 5.6(b), each of the matters identified in Section 6.2 shall require approval by Representatives of Shareholders holding at least 66⅔% of the Shares, with the exception of the matters described in subsection 6.2(a).

6.4 Appointment of Representatives

Each Shareholder shall appoint 2 nominees ("**Representatives**") to be directors of the Joint Venture Company, unless KGHM exercises the Additional Interest Option, in which case it shall be entitled to appoint 3 nominees to be directors of the Joint Venture Company, in which event Abacus shall continue to be entitled to appoint 2 nominees. Each Shareholder may replace its Representatives by written notice to the other Shareholder and a resolution removing the Shareholder's Representatives and appointing the Shareholder's new Representatives shall be adopted at the next Shareholders' meeting.

If a Shareholder Transfers all of its Shares under this Agreement (except to an Affiliate), the Representatives appointed by such Shareholder must resign or be removed (by vote of the Shareholders immediately prior to the Transfer) in accordance with the requirements of British Columbia Corporate Law. The new holder of the Shares shall be entitled to the same rights to nominate Representatives as the transferring Shareholder had prior to such Transfer.

6.5 Frequency of Meetings

The Board of Directors shall meet at least once each calendar quarter either on dates fixed at an earlier meeting or as called by the Chairman; provided that up to three of the quarterly meetings per year may be cancelled if each of the Representatives consents to each such cancellation. If any event occurs between quarterly Board meetings and deferring discussion of the matter to the next Board meeting is not reasonable in the circumstances, a Representative may request the Chairman to call a meeting and the Chairman shall, within 15 days of being requested, call a meeting. Notwithstanding the foregoing, the requirement to hold any meeting may be dispensed with by consent of a Representative of each Shareholder. At least five days prior to calling a meeting, the Operator shall circulate a draft agenda to each Representative. A Representative shall be entitled to have items added to the agenda upon delivering notice to the Chairman within two days of receiving the draft agenda. Otherwise, following the calling of a Board meeting, no item shall be added to the agenda nor dealt with at the Board meeting unless emergency items are brought forward by the Chairman, having given as much advance notice as reasonably possible or unless a Representative from each Shareholder is present and agrees to the addition.

6.6 Notice of and Place of Meetings

The Chairman shall give notice, specifying the time and place of, and the agenda for, each meeting of the Board of Directors, to all Representatives at least five days before the time appointed for the meeting. Notice of a meeting shall not be required if a Representative of each Shareholder is present, waives notice and agrees upon the agenda. The Board of Directors shall meet in a mutually agreeable place, and failing agreement, at the Joint Venture Company's principal office in British Columbia. Meetings of the Board of Directors may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such communications equipment shall constitute presence in person at the meeting.

6.7 Quorum

A quorum for any meeting of the Board of Directors shall consist of at least one Representative of each Shareholder present in person or by telephone. Subject to Section 6.6, if a quorum is present at the commencement of the meeting, the Board of Directors shall be competent to exercise all of the authorities, powers and discretion bestowed upon it.

6.8 Adjournment for Lack of Quorum

No business shall be transacted at any meeting of the Board of Directors unless a quorum is present. If a quorum is not present within half an hour from the time appointed for a meeting, the meeting shall, at the election of those Representatives who are present be dissolved or be adjourned to the same place but on a date and at a time to be fixed by the Chairman before the adjournment of the meeting, which shall be not less than 14 days following the original date for which the meeting was called. Notice of the adjourned meeting shall be given by the Chairman to all Representatives forthwith after the adjournment of the meeting. If a quorum is not present at the adjourned meeting within half an hour from the time appointed, the Representative or Representatives present and entitled to attend and vote at the meeting, shall constitute a quorum.

6.9 Chairman and Secretary

Any Shareholder with greater than 50% of the Shares, shall appoint the Chairman of the Board of Directors. The Chairman shall be entitled to appoint the secretary for each meeting of the Board of Directors. The secretary of the meeting shall prepare minutes of that meeting and circulate copies thereof to each Representative within ten Business Days after the meeting. The minutes, when signed by all Representatives, shall be the official record of the decision made by the Board of Directors and shall be binding on the Operator and the Shareholders.

6.10 CEO and COO/CFO

The Shareholder with greater than 50% of the Shares shall be entitled to nominate the person to be the CEO of the Joint Venture Company from time to time, and the Shareholder holding the next largest percentage of the Shares shall be entitled to nominate the person to be either the CFO or the COO of the Joint Venture Company from time to time. Each Shareholder shall cause its nominees on the Board of Directors to appoint the persons so nominated to the positions of CEO, and CFO or COO, of the Joint Venture Company, respectively. At the request of the Shareholder with greater than 50% of the Shares (in the case of the CEO), or at the request of the Shareholder holding the next largest percentage of the Shares (in the case of either the CFO or COO), or upon resignation of a person as CEO, CFO or COO, as the case may be, each Shareholder shall cause its nominees on the Board of Directors to appoint a replacement CEO nominated by the Shareholder with greater than 50% of the Shares, or either a replacement CFO or COO nominated by the Shareholder holding the next largest percentage of the Shares. The approval of both the CEO and either the CFO or COO who has been nominated by the Shareholder with next largest percentage of the Shares shall be required for all payments made by the Joint Venture Company.

6.11 Decision by Written Consent

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting and without prior notice if the action is evidenced by a written consent describing the action taken, signed by all of the Representatives. Action taken under this Section 6.11 shall be effective upon the signing by all Representatives of the consent, unless the consent specifies a different effective date.

6.12 Representatives' Expenses

The Joint Venture Company shall bear the expenses incurred by the Representatives, and any personnel that are not also Representatives and are employed in Operations required to attend a meeting of the Board of Directors (including without limitation the CEO and either the CFO or the COO nominated by the Shareholders pursuant to Section 6.10) in attending meetings of the Board of Directors.

6.13 Power to Establish Other Rules

The Board of Directors may, by agreement of all Representatives, establish such other rules of procedure, not inconsistent with this Agreement or with British Columbia Corporate Law, as the Board of Directors deems fit.

6.14 No Power to Bind

Except as set forth in this Agreement, no Representative (including the Chairman) shall have the power to bind the Joint Venture Company.

ARTICLE VII
OPERATOR

7.1 Operator

Abacus shall be the initial Operator of the Joint Venture with overall responsibility to manage and carry out all Operations on the Properties, subject to Section 7.7. KGHM may elect to remove Abacus as Operator and to become the Operator or to appoint a third party as Operator at any time after it exercises the Additional Interest Option,.

7.2 Standard of Care

The Operator shall conduct all Operations on the Properties, or cause all Operations on the Properties to be conducted, in a good and workmanlike manner in accordance with generally accepted mining industry practice and in material compliance with all applicable laws (as shall the Operator's employees, contractors, agents, Affiliates and its Affiliates' employees, contractors and agents) and with the terms and provisions of leases, licenses, permits, contracts and other agreements pertaining to the Assets, copies of which have been provided to the Operator by the Joint Venture Company or KGHM.

7.3 Powers and Duties of Operator

Subject to the terms and provisions of this Agreement, and subject to the prior written approval of the CEO (or any person to whom the CEO has delegated such right of approval, with notice to the Board of Directors) of any matter described in Exhibit G, the Operator shall have the following powers and duties which shall be discharged in all cases in accordance with Programs and Budgets that have been approved by the Board of Directors:

(a) as soon as reasonably possible following the Effective Time, the Operator shall ensure that the Joint Venture Company's beneficial title in the properties is registered or recorded so that the Joint Venture Company becomes the registered, legal holder of the Properties;

(b) the Operator shall manage, direct and control all Operations and shall prepare and present proposed Programs and Budgets in accordance with Section 9.3;

(c) the Operator shall implement the decisions of the Board of Directors, shall make from Joint Venture Company funds all expenditures necessary to carry out approved Programs, and shall promptly advise the Board of Directors if the Joint Venture Company lacks sufficient funds for the Operator to carry out its responsibilities under this Agreement;

(d) the Operator shall, or shall cause the Joint Venture Company to, procure, provide and pay for all materials, supplies, labour, tools, equipment, water, utility, transportation and other services required for Operations;

(e) the Operator shall conduct such title examinations and cure such title defects in respect of the Properties as may be advisable in the reasonable judgment of the Operator;

(f) the Operator shall: (i) make or arrange for all payments required by leases, licenses, permits, contracts and other agreements related to the Assets, including instruments of title under which the Properties are held; (ii) pay, or cause to be paid, from the Joint Venture Company's funds all fees, taxes, assessments and like charges levied by governmental authorities on Operations and Assets except taxes determined or measured by a Shareholder's sales revenue or net income. If authorized by the Board of Directors, the Operator shall have the right to contest in the courts or otherwise on behalf of the Joint Venture Company, the validity or amount of any taxes, assessments or charges if the Operator deems them to be unlawful, unjust, unequal or excessive, or to undertake such other steps or proceedings as the Operator may deem reasonably necessary to secure a cancellation, reduction, readjustment or equalization thereof before the Operator shall be required to pay them, or cause them to be paid by the Joint Venture Company, but in no event shall the Operator permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments or like charges other than as permitted by Article XVI; (iii) otherwise comply with, or cause to be complied with, the provisions of all leases, licenses, permits, contracts and other agreements related to the Assets; and (iv) shall do all other acts reasonably necessary to maintain the Assets;

(g) the Operator shall: (i) apply for all necessary permits, licenses and approvals on behalf of itself and the Joint Venture Company, as applicable; (ii) comply with applicable federal, provincial and local laws and regulations; (iii) notify promptly the Board of Directors of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations. The Operator shall not be in breach of this Section 7.3(g) if a violation has occurred in spite of the Operator's good faith efforts to comply, and the Operator has timely cured or disposed of such violation through performance, or payment of fines and penalties from Joint Venture Company funds;

(h) the Operator shall prosecute and defend on behalf of the Joint Venture Company, but shall not initiate without consent of the Board of Directors, all litigation or administrative proceedings arising out of Operations;

(i) the Operator shall obtain insurance for the benefit of the Joint Venture Company as provided in Exhibit D or as may otherwise be determined from time to time by the Board of Directors;

(j) the Operator may cause the Joint Venture Company to dispose of Assets, whether by abandonment, surrender or Transfer in the ordinary course of business, except that Properties may be abandoned or surrendered only as provided in Article XVI. However, without the affirmative vote of Representatives of Shareholders holding at least 66⅔% of the Shares, the Operator shall not: (i) enter into any sales contracts or commitments for Products; (ii) dissolve or begin a liquidation of the Joint Venture Company; or (iii) dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Joint Venture Company;

(k) the Operator shall have the right to carry out its responsibilities hereunder through agents, Affiliates (subject to Section 7.8) or independent contractors;

(l) the Operator shall perform or cause to be performed during the term of this Agreement all assessment and other work required by law in order to maintain the Properties in good standing. The Operator shall not be liable on account of any determination by any court or governmental agency that the work performed by the Operator does not constitute the required assessment work or occupancy for the purposes of preserving or maintaining ownership of the Properties, provided that the work done is in accordance with the approved Program and Budget. The Operator shall timely record and file with the appropriate governmental authorities all necessary documents attesting to the performance of assessment and other work or occupancy or otherwise required by law to maintain the Properties;

(m) the Operator shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable laws or contractual obligations and shall include in each proposed Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations;

(n) the Operator shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Joint Venture Company. The Operator shall have the right to delegate performance of Continuing Obligations to Persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submission, the Operator shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Operator shall keep the other Shareholder reasonably informed about the Operator's efforts to discharge Continuing Obligations. Authorized representatives of each Shareholder shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;

(o) the Operator (and the Operator's employees, contractors, agents, Affiliates and its Affiliates' employees, contractors and agents) shall enter the Properties at the Operator's sole risk;

(p) the Operator shall not by any action or inaction cause any Encumbrance to be placed upon or against the Properties or any part thereof, except for mechanic or materialmen's liens which shall be discharged in a diligent manner; provided that if the Operator, in good faith, disputes the validity or amount of any claim or liability asserted for work performed on the Properties it shall not be required to pay, or cause to be paid from the Joint Venture Company's funds the same until the amount and validity thereof have been finally determined;

(q) the Operator shall deliver to the Technical Committee monthly progress reports with respect to Operations, results of Operations and the initiation, scope and progress of technical reports, estimates and studies carried out with respect to the Properties during periods of active Operations within 30 days of the end of each calendar month;

(r) the Operator shall deliver to the Board of Directors promptly following the end of each calendar quarter a detailed summary of Operations, the results thereof, expenditures and variance with respect to Programs and Budgets for such quarter;

(s) upon reasonable request, provide a Shareholder with access to all technical information relating to Operations and the Properties within 30 days of such request, including such data that is necessary for Abacus to prepare its own technical reports in order to comply with its obligations under National Instrument 43-101. For greater certainty, neither the Operator nor any of its, or its Affiliates', employees or consultants is obligated to prepare technical reports on behalf of Abacus, or certify Abacus' public disclosure as a "qualified person", in compliance with National Instrument 43-101, nor is the Operator obligated by this Section 7.3(s) to undertake any additional Operations to obtain data, other than Operations provided for in Programs and Budgets approved by the Board of Directors;

(t) the Operator shall keep and maintain all required accounting and financial records of the Joint Venture Company and provide a monthly financial report, including expenditures incurred by the Joint Venture Company, within 30 days of the end of each month;

(u) the Operator shall make elections, and prepare and file all federal and provincial tax returns or other tax forms of the Joint Venture Company;

(v) the Operator shall keep and maintain all required corporate records of the Joint Venture Company;

(w) the Operator shall be reimbursed by the Joint Venture Company for all costs, payments, expenses, charges and outlays, direct and indirect, made or incurred by the Operator in the course of Operations thereafter, including GST and other taxes, duties and imposts thereon (but not including taxes on costs, payments, expenses, charges and outlays where such taxes can be recovered by the Operator and where the Operator actually recovers such taxes), pursuant to Programs and Budgets approved by the Board of Directors, and any costs, payments, expenses, charges and outlays, direct or indirect, made or incurred unilaterally in good faith by the Operator to protect life, limb or property. Costs, payments, expenses, charges and outlays in respect of Operations shall be incurred by the Joint Venture Company whenever practicable;

(x) the Operator shall cause the Joint Venture Company to reimburse every Shareholder, other than the Operator, for all costs, payments, expenses, charges and outlays, direct or indirect, made or incurred by such Shareholder that are directly related to the business of the Joint Venture Company, including GST and other taxes, duties and imposts thereon (but not including taxes on costs, payments, expenses, charges and outlays where such taxes can be recovered by such Shareholder and such Shareholder actually recovers such taxes); and

(y) the Operator shall undertake all other activities reasonably necessary to fulfill the foregoing.

The Operator shall not be in default of any duty under this Section 7.3 if its failure to perform results from the failure of the non-operator Shareholder to perform acts or to contribute amounts required of it by this Agreement.

7.4 Activities During Deadlock

If the Board of Directors for any reason fails to adopt:

(a) a Program and Budget; or

(b) any expansion or modification thereto,

the Operator shall continue Operations at levels sufficient to maintain the then current Operations and Properties in good standing. If the Board of Directors for any reason fails to adopt the initial Program and Budget or any expansion or modification thereto, the Operator shall continue Operations at levels sufficient to maintain the then current Program. If the Board of Directors for any reason fails to adopt Exploration Programs and Budgets subsequent to the initial Program and Budget, the Operator shall continue Operations at levels comparable with the last adopted Program and Budget. If the Board of Directors fails to adopt a Program and Budget following Practical Completion of a Mine on one or more of the Properties, the Operator shall continue Operations necessary to maintain levels of commercial production of Products estimated in the Feasibility Study in respect of such Mine. All of the foregoing shall be subject to the contrary direction of the Board of Directors and to receipt by the Operator of necessary funds from the Joint Venture Company.

7.5 Operator's Indemnity

The Operator shall receive an operator's indemnity (the "**Operator's Indemnity**") from the Joint Venture Company, which shall indemnify and save the Operator harmless from and against any loss, liability, claim, demand, damages, expense, injury or death, including, without limiting the generality of the foregoing, legal fees, but excluding indirect or consequential damages suffered by the Operator, resulting from any act or omission of the Operator or its officers, employees or agents done or omitted to be done:

(a) in connection with the Operations performed under a Budget or Program approved by the Board of Directors; or

(b) unilaterally and in good faith by the Operator to protect life, limb or property,

unless such loss, liability, claim, demand, damages, expense, injury or death was caused by the Operator's failure to comply with the standard of care as provided in Section 7.3, negligence or wilful misconduct. The Operator shall not be liable to the non-operating Shareholder or the Joint Venture Company for any such act or omission, provided that the Operator has otherwise performed its duties and obligations as contemplated in Section 7.2 and that such loss, liability, claim, demand, damages, expense, injury or death was not caused by the Operator's failure to comply with the standard of care as provided in Section 7.3, negligence or wilful misconduct. The Operator's Indemnity shall be determined net of any amounts actually recovered by the Operator under insurance policies, indemnities or other reimbursement arrangements (maintained by the Operator).

7.6 Indemnification by Operator

The Operator shall indemnify and save the Joint Venture Company and the non-Operator Shareholder harmless from and against any loss, liability, claim, demand, damages, expense, injury or death, including, without limiting the generality of the foregoing, legal fees, resulting from failure to comply with the standard of care as provided in Section 7.3, negligence or wilful misconduct by the Operator's or its employees or representatives (but excluding indirect or consequential damages suffered by the Joint Venture Company and the non-Operator Shareholder) or incurred as a result of any action or failure to act on the part of the Operator, its employees or representatives undertaken without any required approval of the CEO or the Board of Directors. Such indemnity shall be determined net of any amounts actually recovered by the Joint Venture Company and the non-Operator Shareholder under insurance policies, indemnities or other reimbursement arrangements maintained by the Joint Venture Company and the non-Operator Shareholder.

7.7 Removal of Operator

Without prejudice to the rights of KGHM under Section 7.1, if any of the following events shall occur, the Operator shall be deemed to have resigned upon the occurrence of such event, and its resignation shall be acknowledged and the successor Operator shall be appointed by the non-Operator Shareholder at a subsequently called meeting of the Board of Directors, at which the Operator's Representatives shall not be entitled to vote and the Operator's Shareholding shall be excluded for purposes of determining a majority pursuant to Section 6.3 (for greater certainty, the non-Operator Shareholder may appoint one of itself or a third party as the Operator):

(a) the Operator (together with its Affiliates) ceases to be a Shareholder or to hold at least a 10% Shareholding in the Joint Venture Company;

(b) the Operator fails to perform a material obligation imposed upon it under the Agreement and such failure continues for a period of 60 days after notice from a Shareholder demanding performance;

(c) a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for a substantial part of its assets is appointed and such appointment is neither made ineffective nor discharged within 60 days after the making thereof, or such appointment is consented to, requested by, or acquiesced to by the Operator;

(d) the Operator commences a voluntary proceeding under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary proceeding under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or

(e) entry is made against the Operator of a judgment, decree or order for relief affecting its ability to serve as Operator or affecting a substantial part of its Shares or Assets by a court of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under Sections 7.7(c), (d) or (e) above, the appointment of a successor Operator shall be deemed to pre-date the event causing a deemed resignation.

7.8 Transactions with Affiliates

If the Operator engages Affiliates of the Operator or causes the Joint Venture Company to engage Affiliates of the Operator to provide services hereunder, it shall do so on terms no less favourable than would be the case with unrelated Persons in arm's-length transactions or on terms that have been approved by the non-operating Shareholder.

7.9 Transition to New Operator

Upon ceasing to be Operator, the removed Operator shall forthwith deliver, or cause to be delivered, to the new Operator:

(a) custody of any books and records pertaining to the Mine, the Joint Venture Company and Properties which the resigned Operator prepared or maintained in its capacity as Operator; and

(b) such other documents and instruments relating to the Joint Venture Company as are reasonably necessary to transfer all of the rights responsibilities, duties and status as Operator held by the resigned Operator in its capacity as Operator.

The new Operator shall assume all of the rights, responsibilities, duties, and status of the previous Operator as provided in this Agreement. The new Operator shall have no obligation to hire any Person employed by the former Operator in connection with Operations at the date the former Operator resigns or is removed. Any employees of the Joint Venture Company shall not be affected by the change in Operator.

7.10 Non-Transferable Right

The Operator shall not be entitled to Transfer its interest as Operator under this Agreement to any Person that is not a successor Operator under Section 7.1 or Section 7.7 For certainty, a transferee of the Shares of the Operator, if a Shareholder, shall not be entitled to act as Operator without being appointed under Section 7.1 or Section 7.7.

ARTICLE VIII
TECHNICAL COMMITTEE

8.1 Establishment and Purpose

The Board shall promptly establish a Technical Committee. The Technical Committee shall act in an advisory role with respect to technical matters relating to the Joint Venture, the Properties and Operations and shall report to the Board of Directors. The Technical Committee shall be comprised of four members with two such members being appointed by each of the Shareholders. Each Shareholder may replace its Technical Committee representatives by written notice to the other Shareholder. If a Shareholder Transfers all of its Shares under this Agreement (except to an Affiliate), its Technical Committee members must resign or be removed (by vote of the Shareholders after the Transfer). The new holder of the Shares shall be entitled to the same rights to nominate members of the Technical Committee as the selling Shareholder had prior to the Transfer.

8.2 Frequency of Meetings

The Technical Committee shall meet at least once each calendar quarter either on dates fixed at an earlier meeting or as called by the chairman of the Technical Committee; provided that up to three of the quarterly meetings per year may be cancelled if a representative of each of the Shareholders consents to each such cancellation. If any event occurs between quarterly Technical Committee meetings and deferring discussion of the matter to the next Technical Committee meeting is not reasonable in the circumstances, a representative may request the chairman of the Technical Committee to call a meeting and the chairman of the Technical Committee shall, within 15 days of being requested, call a meeting. Notwithstanding the foregoing, the requirement to hold any meeting may be dispensed with by consent of a representative of each Shareholder. At least five days prior to calling a meeting, the chairman of the Technical Committee shall circulate a draft agenda to each representative. A representative shall be entitled to have items added to the agenda upon delivering notice to the chairman of the Technical Committee within two days of receiving the draft agenda. Otherwise, following the calling of a meeting of the Technical Committee, no item shall be added to the agenda nor dealt with at the meeting unless emergency items are brought forward by the chairman of the Technical Committee, having given as much advance notice as reasonably possible or unless a representative from each Shareholder is present and agrees to the addition.

8.3 Notice of and Place of Meetings

The chairman of the Technical Committee shall give notice, specifying the time and place of, and the agenda for, each meeting of the Technical Committee, to all representatives at least five days before the time appointed for the meeting. Notice of a meeting shall not be required if a representative of each of the Shareholders is present, waives notice and agrees upon the agenda. The Technical Committee shall meet in a mutually agreeable place. Meetings of the Technical Committee may be held by conference telephone or other communications by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such communications equipment shall constitute presence in person at the meeting; provided, however, that all resolutions passed at any such meeting are unanimous and subsequently confirmed in writing.

8.4 Quorum

A quorum for any Technical Committee meeting shall consist of at least one representative of each Shareholder present in person or by telephone. If a quorum is present at the commencement of the meeting, the Technical Committee shall be competent to exercise all of the authorities, powers and discretion bestowed upon it.

8.5 Chairman and Secretary

The Shareholder holding greater than 50% of the Shares shall be entitled to have one of its representatives appointed as the chairman of the Technical Committee. The chairman of the Technical Committee shall be entitled to appoint the secretary for the meeting. The secretary of the meeting shall take minutes of that meeting and circulate copies thereof to each representative.

8.6 Costs

The Joint Venture Company shall not be responsible for, or bear any costs, relating to the Technical Committee. Each of the Shareholders shall pay the costs associated with attendance by their respective appointees at meetings of the Technical Committee.

ARTICLE IX
PROGRAMS AND BUDGETS

9.1 Initial Program and Budget

The initial Program and Budget, which has been adopted by the Shareholders, is attached as Exhibit E.

9.2 Operations Pursuant to Programs and Budgets

Except as otherwise provided in Section 9.6 and Article XI, Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to approved Programs and Budgets.

9.3 Presentation of Programs and Budgets

The Operator shall from time to time prepare Programs and Budgets. Each Program and Budget, regardless of length, shall be reviewed at least once a year at a meeting of the Board of Directors. During the period encompassed by any Program and Budget, and at least two months prior to its expiration, a proposed Program and Budget for the succeeding period shall be prepared by the Operator and submitted to the Shareholders and the Board of Directors at least 30 days prior to the meeting of the Board of Directors to be held to approve such Program and Budget, for review and consideration and to be voted upon pursuant to Section 9.4. Each such proposed Program and Budget shall be in a form and degree of detail substantially similar to Exhibit E.

9.4 Initial Review and Approval of Proposed Programs and Budgets by Shareholders

Within ten days after submission of a proposed Program and Budget, each Shareholder (through its Representatives) shall submit to the Board of Directors:

(a) notice that the proposed Program and Budget is acceptable to the Shareholder;

(b) any proposed modifications to the proposed Program and Budget to be considered by the Board of Directors; or

(c) notice that the Shareholder rejects the proposed Program and Budget.

If a Shareholder makes a timely submission to the Board of Directors pursuant to Section 9.4(b) or (c), then the Board of Directors shall use its reasonable efforts to seek to develop a Program and Budget acceptable to the Shareholders. For greater certainty, however, nothing in this Section 9.4 shall require the Board of Directors to approve, modify or reject a proposed Program and Budget, based upon the acceptance, proposed modification or rejection of such Program and Budget by one or both Shareholders. Programs and Budgets shall be approved only by the Board of Directors at a duly called meeting and by voting in accordance with Section 6.3.

9.5 Budget Overruns; Program Changes

Following Practical Completion, the Operator shall immediately notify the Board of Directors of any material departure from an approved Program and Budget. If an approved Budget is exceeded by more than 5%, then the excess over 5%, unless directly caused by an emergency or unexpected expenditure made pursuant to Section 9.6 or unless otherwise authorized by any Shareholder with greater than 50% of the Shares, in its sole discretion and by the Board of Directors, shall be at the sole cost and expense of the Operator and the Operator's funding of such excess shall not be included in the calculations of the contributions and the proportionate Shareholdings. Budget overruns of 5% or less shall be funded by the Shareholders in proportion to their respective Shareholdings within 60 days after the Operator notifies the Board of Directors of the overrun (or such proportions as they may be funding of that Program and Budget pursuant to an election under Section 5.7). Notwithstanding the foregoing, if funding of any cash calls resulting from Budget overruns is not approved by either the board of directors of Abacus or the board of directors of KGHM, either KGHM or Abacus, if its board of directors has approved funding of Budget overruns in proportion to its Shareholding, may fully fund by shareholders loan the cash calls resulting from Budget overruns, in which case such shareholders loan shall bear interest at an annual rate of interest equal to the Prime Rate plus six percent.

9.6 Emergency or Unexpected Expenditures

In case of emergency, the Operator may take any reasonable action it deems necessary to protect life, limb or property, to protect the Assets or to comply with law or government regulation. The Operator may also make, or cause the Joint Venture Company to make, reasonable expenditures for unexpected events which are beyond its reasonable control and which do not result from a breach by it of its standard of care under Section 7.2. The Operator shall promptly notify the Shareholders of the emergency or unexpected expenditure, which costs shall be funded by the Shareholders making additional capital contributions to the Joint Venture Company in proportion to their respective Shareholdings at the time the emergency or unexpected expenditures are incurred. To the extent the Operator incurs any such costs itself, it shall be reimbursed by the Joint Venture Company for all resulting costs it incurs.

ARTICLE X
AUDITS

10.1 Audits

Upon request made by any Shareholder within 24 months following the end of any calendar year (or, if the Board of Directors has adopted an accounting period other than the calendar year, within 24 months after the end of such period), the Operator shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All written exceptions to and claims upon the Operator for discrepancies disclosed by such audit shall be made not more than three months after receipt of the audit report. Failure to make any such exception or claim within the three month period shall mean the audit is correct and binding upon the Shareholders and the Joint Venture Company. The audits shall be conducted by a firm of certified public accountants selected by the Operator, unless otherwise agreed by the Board of Directors.

The Operator shall, at a Shareholder's reasonable request and at the requesting Shareholder's own expense, grant access during regular business hours to the Joint Venture Company's books and records to satisfy the requesting Shareholder's own audit, reporting and regulatory requirements.

ARTICLE XI
RESTRICTIONS

11.1 Area of Interest

If any Shareholder or any of its Affiliates (the "**Acquiring Shareholder**") stakes, leases or otherwise acquires or becomes entitled to acquire any interest, directly or indirectly, alone or in concert with any other Person, in any mineral right, surface right, water right or other mining related assets within the Area of Interest (the "**Acquired Property**"), the following shall apply:

(a) the Acquiring Shareholder shall promptly give the other Shareholder written notice thereof (including with its notice all information and data in its possession or control regarding the Acquired Property and a statement of its acquisition costs for the Acquired Property) (the "**Acquisition Notice**") and unconditionally offer to transfer and assign the Acquired Property to the Joint Venture Company, free and clear of all liens or encumbrances (other than those arising under the terms of the mineral rights or by law). The other Shareholder may elect, by notice delivered within 30 days, to require the Acquiring Shareholder to assign and transfer all of its interest in the Acquired Property to the Joint Venture Company in consideration for a reimbursement of the Acquiring Shareholder's acquisition costs by the Joint Venture Company (other than any land transfer or other real property taxes, fees or charges paid by the Acquiring Shareholder on the original acquisition that the Joint Venture Company shall be required to pay on the acquisition from the Acquiring Shareholder). If the other Shareholder does not elect to deliver such a notice, the Acquiring Shareholder shall be entitled to retain its interest in the Acquired Property.

(b) if the consideration paid by the Acquiring Shareholder was other than cash or a work commitment in respect of the Acquired Property, the Acquisition Notice shall specify the cash equivalent of such consideration. The non-acquiring Shareholder may, within ten days of its receipt of the Acquisition Notice, if no mutual agreement between the Shareholders can be reached, require the determination of the cash equivalent of the consideration to be submitted to the dispute resolution process in Section 21.18, in which event the 30 day period specified in this Section 11.1 shall commence to run on the date of the binding resolution under such process. The cash value so determined and communicated in writing to the Shareholders shall be deemed to be the cash equivalent of the consideration;

(c) if the Acquired Property to be assigned to the Joint Venture Company hereunder is subject to an agreement with a third party which provides for the operation (including by earn-in) of such Acquired Property then the Acquiring Shareholder shall use its reasonable best efforts to:

(i) have the Joint Venture Company assigned or novated into such operating agreement as to its interest; and

(ii) if the Operator under this Agreement is not the operator pursuant to such operating agreement, to have the Operator appointed as operator pursuant to such Agreement.

Until such time as the Joint Venture Company is assigned or novated into such an existing operating agreement, the Acquiring Shareholder shall hold the Joint Venture

Company's interest in such Acquired Property in trust for the Joint Venture Company. During the period that such interest is held in trust, the Acquiring Shareholder shall promptly provide to the Operator any and all notices which the Acquiring Shareholder receives and the Operator, on behalf of the Joint Venture Company, shall have one-half (½) of the time period set forth in the applicable operating agreement to advise the Acquiring Shareholder whether or not it elects to participate in the operations set forth in any such notice. Failure to respond within the time period shall be deemed to be an election not to join in the proposed operation; and

(d) each Shareholder shall cause any of its Affiliates which acquire or become entitled to acquire an Acquired Property to comply with this Section 11.1.

This Section 11.1 shall not apply to the acquisition of any Acquired Property forming part of or material to any advanced exploration, development or production stage project other than the Mine contemplated by this Agreement.

11.2 Restriction on Sales of Shares

Except as required pursuant to the Agreement, neither Shareholder shall Transfer all or any part of its Shares unless:

(a) it complies with Section 11.3;

(b) the other Shareholder provides its prior written consent, waiving the requirement for the transferring Shareholder to comply with Section 11.3; or

(c) the Transfer is of all of its Shares to a wholly-owned subsidiary of such transferring Shareholder, provided that such wholly-owned subsidiary has committed in writing to assume and be bound by this Agreement to the same extent as the transferring Shareholder and such transferring Shareholder and such subsidiary have covenanted to Transfer all of such Shares to such transferring Shareholder immediately upon such subsidiary ceasing to be a wholly-owned subsidiary of such transferring Shareholder.

11.3 Right of First Refusal

Unless otherwise required or permitted under this Agreement, a Shareholder may not Transfer its Shares unless it complies with this Section.

(a) *Right of First Refusal* – Upon receipt by a Shareholder or its Affiliate of an offer from a third party to Transfer Shares to, or in favour of, such third party, which such Shareholder or such Affiliate (for the purposes of this Section, the "**Disposing Party**") intends to accept, the Disposing Party shall not accept the same unless its acceptance is made conditional upon and until the Disposing Party has first irrevocably offered, by notice in writing (the "**ROFR Offer**"), to Transfer such Shares to, or in favour of, the other Shareholder on the same terms and conditions as in the offer received (the "**Right of First Refusal**"). Such notice shall include a true and complete copy of the third party offer received by the Disposing Party, including the third party's identity. To the extent the third party offer consists, in whole or in part, of non-cash consideration, then the Disposing Party's notice to the other Shareholder shall include the Disposing Party's good faith estimate of the fair market value, in cash, of such non-cash consideration and the other Shareholder may match the offer by paying in cash the aggregate cash consideration, if any, and such estimate of the fair market value of the non-cash consideration. If the other Party (**"Objecting Party"**) objects as to the reasonableness of the Disposing Party's estimate of the market value of the non-cash consideration, the Objecting Party shall so advise the Disposing Party and the dispute shall be submitted for determination to an independent Canadian national firm of chartered accountants mutually agreed to by the Disposing Party and the Objecting Party. A Disposing Party may not Transfer Shares, unless all and not less than all of the Shares which are held by the Disposing Party or any of its Affiliates are being Transferred.

The other Shareholder shall have 30 days from receipt of the ROFR Offer to provide notice to the Disposing Party that it accepts the ROFR Offer (the **"Acceptance Period"**). Failure to provide any acceptance notice within the Acceptance Period shall be deemed to be a rejection of the ROFR Offer.

If the other Shareholder does not accept the ROFR Offer within the Acceptance Period after delivery of written notice of the ROFR Offer, the Disposing Party shall then have 120 days from the end of the Acceptance Period to complete the Transfer to, or in favour of, the third party originally making the offer of all but not less than all of the Shares, on the same terms or terms no more favourable to the third party (a **"Third Party Transfer"**). If the Disposing Party does not Transfer all of the Shares to, or in favour of, the third party on the same terms as offered to the other Shareholder or terms no more favourable to the third party within such 120 days, then the Disposing Party shall not proceed with any Transfer of such Shares without again complying with the Right of First Refusal.

If the other Shareholder delivers notice within the Acceptance Period that it accepts the ROFR Offer, such acceptance shall constitute a binding agreement of purchase and sale between the other Shareholder and the Disposing Party in respect of the Shares on the terms and conditions set out in the ROFR Offer (a **"Sale Transaction"**).

(b) *Closing of a Sale Transaction* –The closing of a Sale Transaction shall take place on the Closing Date. For purposes hereof, **"Closing Date"** means: (i) the date which is 30 days after the expiry of the Acceptance Period unless all filings, notices and authorizations necessary to complete the Sale Transaction have not been made, given or obtained by that date in which case the closing date shall be extended for up to 45 days in order to make, give or obtain the filings, notices and authorizations; or (ii) such earlier or later date as the parties to the Sale Transaction agree in writing. At 10:00 am (Vancouver time) on the Closing Date, the payment of the purchase price for the Shares (less any withholdings required by applicable law) shall be made by the other Shareholder against delivery by the Disposing Party of certificates representing its Shares, annotation of the Transfer in the Joint Venture Company's central securities register, and all such documents and instruments of transfer as may be required to effectively transfer the Shares from the Disposing Party to the other Shareholder and the purchase of the Shares shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Shares or the relevant part thereof shall be conclusively deemed to have been transferred to and become vested in the other Shareholder and all right, title, benefit and interest, both at law and in equity, of the Disposing Party, or of any third party purporting to have any interest, legal or equitable, thereon or thereto, shall cease in respect of the Shares.

To the extent that the Disposing Party fails to execute or deliver all such assignments, transfers, deeds and instruments as may be necessary to effect a Sale Transaction contemplated in this Section 11.3, the Disposing Party hereby irrevocably constitutes and appoints the other Shareholder as its true and lawful attorney-in-fact and agrees for, in the name of and on behalf of the Disposing Party to execute and deliver in the name of the Disposing Party all such assignments, transfers, deeds and instruments as may be necessary effectively to transfer the Shares to the other Shareholder. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of the Disposing Party and the Disposing Party hereby ratifies and confirms and agrees to ratify and confirm all that the other Shareholder may reasonably and lawfully do or cause to be done by virtue of the provisions hereof. If this power of attorney is exercised, the other Shareholder shall satisfy payment of the purchase price for the Shares by paying such purchase price (less any withholdings required by applicable law) to the Disposing Party. If the purchase price has been so paid, then from the date of deposit, the Transfer to the other Shareholder is deemed to have been completed and all right, title, benefit and interest, both at law and in equity in and to the Shares is deemed to have been transferred to and become vested in the other Shareholder and all right, title, benefit and interest of the Disposing Party (or of any transferee or assignee thereof), in and to the Shares, is deemed to immediately cease.

(c) *Closing of Third Party Transfer* – The other Shareholder shall, and shall cause its directors to provide all such approvals and authorizations on the part of the other Shareholder, the Joint Venture Company or its directors as are necessary or desirable to complete the Third Party Transfer, provided that the transferee, as of the effective date of the Transfer, has committed in writing to assume and be bound by this Agreement to the same extent as the Disposing Party.

11.4 Non-Compete Covenants

A Shareholder that withdraws from the Joint Venture Company pursuant to Section 19.2 or a Shareholder that Transfers or forfeits all of its Shares, shall for 12 months after the effective date of the withdrawal, resignation, forfeiture or transfer remain subject to Section 11.1 as if it were a continuing Shareholder and Section 11.1 shall survive any termination of this Agreement for such 12 months.

ARTICLE XII
NO OTHER SHAREHOLDERS

12.1 No Other Shareholders

The Joint Venture Company shall not be entitled to issue Shares or instruments convertible, exercisable or exchangeable into Shares to any third party without the prior written approval of all Shareholders.

ARTICLE XIII
DISTRIBUTIONS

13.1 Distributions

From and after the Commencement of Commercial Production, each of the Shareholders shall, and shall cause its Representatives on the Board of Directors, to act in good faith and on a commercially reasonable basis to cause the Joint Venture Company, not less frequently than quarterly, to distribute its available cash, after making provision for all necessary withholding requirements, by way of dividends or, with written approval of the Representatives appointed by the Shareholder(s) holding not less than 66 2/3% of the Shares , other distributions (e.g., return of capital or contributed surplus) to the Shareholders pro rata in accordance with their respective Shareholdings. Any distribution by the Joint Venture Company of proceeds from a Mine between the Shareholders (whether by return of capital or contributed surplus, dividend or such other method as the Shareholders may agree to) shall be made at the same time and in amounts in accordance with each Shareholder's respective Shareholding. Abacus' right to receive any payment pursuant to this Section 13.1 is subject to Section 4.6(g) and KGHM's entitlement to receive any amounts due to it under the terms of any Joint Venture Partner Loan.

ARTICLE XIV
SHAREHOLDER MEETINGS

14.1 Frequency of, Notice and Place of Meetings

The Shareholders shall meet at least once a year either on dates fixed at an earlier meeting or as called in accordance with the Articles of the Joint Venture Company.

ARTICLE XV
TAXATION

15.1 General

The Parties agree that each Party shall be responsible for the tax payments, rights and other tax issues that legally correspond to each Party, in accordance with the applicable British Columbia and Canada tax legislation and any applicable laws.

15.2 Royalties, Production Taxes and Other Payments Based on Production

All required payments of production royalties, taxes based on production of Products, and other payments out of production to private parties and governmental entities, shall be determined and made by the Joint Venture Company in a timely manner and otherwise in accordance with applicable laws and agreements. The Operator shall furnish to the Shareholders evidence of timely payment for all such required payments. In the event the Joint Venture Company fails to make any such required payment, any Shareholder shall have the right to make such payment and shall thereby become subrogated to the rights of such third party; provided, however, that the making of any such payment on behalf of the Joint Venture Company shall not constitute acceptance by the paying Shareholder of any liability to such third party for the underlying obligation.

ARTICLE XVI
ABANDONMENT AND SURRENDER OF PROPERTIES

16.1 Surrender or Abandonment of Property

The Board of Directors may authorize the Operator to surrender or abandon part or all of the Properties. If the Board of Directors authorizes any such surrender or abandonment over the written objection of a Shareholder, the Joint Venture Company shall assign to the objecting Shareholder or an Affiliate designated by the Shareholder, by appropriate legal documentation and without cost to the surrendering Shareholder, all of the Joint Venture Company's interest in the part of the Properties to be abandoned or surrendered, and the abandoned or surrendered part of the Properties shall cease to be part of the Properties for purposes of this Agreement and the Joint Venture Company shall have no further right, title or interest therein.

ARTICLE XVII
CONFIDENTIALITY

17.1 General

Each Shareholder and Operator shall keep confidential and not use, reveal, provide or transfer to any third party any Confidential Information it obtains or has obtained concerning the Joint Venture Company or the other Shareholder without the prior written consent of the other Shareholder, which consent shall not be unreasonably withheld.

17.2 Exceptions

The consent required by Section 17.1 shall not apply to a disclosure:

(a) to a consultant, contractor, subcontractor, officer, director or employee of the Joint Venture Company, the Operator or any Shareholder or any of their respective Affiliates that has a *bona fide* need to be informed;

(b) to any third party to whom the disclosing Shareholder contemplates a Transfer of all or any part of its Shares;

(c) to any actual or potential lender, underwriter or investors for the sole purpose of evaluating whether to make a loan to or investment in the disclosing Shareholder or the Joint Venture Company; or

(d) to a court, governmental agency or to the public which the disclosing Shareholder or Operator believes in good faith is required by pertinent law or regulation or the rules of any stock exchange on which its (or its Affiliate's) securities are listed.

In any case to which this Section 17.2 is applicable, the disclosing Shareholder or Operator shall give notice to the other Shareholder concurrently with the making of such disclosure. As to any disclosure pursuant to subsection 17.2 (a), (b) or (c), only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and such third party shall first agree in writing to protect the Confidential Information from further disclosure to the same extent as the Shareholders are obligated under this Article XVII, and the disclosing Shareholder or Operator shall be responsible and liable for any use or disclosure of the Confidential Information by such parties in violation of this Agreement and such other writing.

17.3 Duration of Confidentiality

The provisions of this Article XVII shall apply to a Shareholder or Operator until the earlier of: (i) the date that is two years after the winding-up or dissolution of the Joint Venture Company (notwithstanding the resignation of such Shareholder or Operator or the Transfer by such Shareholder of all of its Shares); and (ii) the date that is two years after the resignation of such Shareholder or Operator.

17.4 Press Releases

Subject to its obligations under securities laws and stock exchange requirements, each Shareholder shall consult with the other Shareholder before issuing any press release or other public statement disclosing information concerning this Agreement, the Joint Venture Company, the Properties or Operations, and shall obtain the approval of the other Shareholder for any press release or other public disclosure containing the other Shareholder's name, the name of any of the officers, directors or employees of the other Shareholder, or the name of the other Shareholder's subsidiaries. Such approval shall not be unreasonably withheld or delayed. Failure of a Shareholder to comment within three Business Days of receipt of a draft press release or disclosure document shall be deemed to constitute approval. However, such approval shall not be considered certification by the other Shareholder of the accuracy of the information in such press release or public disclosure, or a confirmation by it that the content of such press release or public disclosure complies with the rules, policies, by-laws and disclosure standards of the applicable regulatory authorities or stock exchange.

ARTICLE XVIII
SHAREHOLDER'S INSURANCE

18.1 Shareholder's Independent Insurance

Section 7.3(i) shall not preclude any Shareholder from placing, for its own account, insurance for greater or other coverage than that placed by the Operator.

ARTICLE XIX
RESIGNATION AND DISSOLUTION

19.1 Dissolution

The Joint Venture and this Agreement shall be terminated upon the occurrence of any of the following:

(a) on the later of the date that is 80 years from the date of this Agreement and the date that Products are no longer being commercially produced from the Properties, and all materials, supplies, equipment and infrastructure thereon have been salvaged and disposed of, and any required Environmental Compliance is completed and accepted;

(b) upon the unanimous written agreement of the Shareholders; or

(c) upon the withdrawal of the Shareholders from the Joint Venture pursuant to Section 19.2 or upon the bankruptcy, insolvency, dissolution or assignment for the benefit of creditors of the Shareholders;

whereupon, unless otherwise agreed by the Shareholders, the Parties shall promptly proceed to dissolve the Joint Venture Company in accordance with British Columbia Corporate Law and any other applicable law.

19.2 Withdrawal from Joint Venture

A Shareholder may elect to withdraw from the Joint Venture Company by giving notice to the other Shareholder of the effective date of withdrawal, which shall be the later of the end of the then current Program period or six months after the date of the notice. Subject to the foregoing sentence, 60 days following the withdrawal by a Shareholder, the withdrawing Shareholder shall be deemed to have Transferred to the remaining Shareholder all of its Shares. The withdrawing Shareholder shall execute and deliver all instruments as may be necessary in the reasonable judgement of the other Shareholder to effect the transfer of its Shares in the Joint Venture Company to the other Shareholder. If within a 60 day period both Shareholders elect to withdraw, then the Joint Venture shall instead be deemed to have been terminated by the written agreement of the Shareholders pursuant to Section 19.1 and the Parties shall proceed to take all necessary action to dissolve the Joint Venture Company in accordance with

British Columbia Corporate Law and any other applicable Law. Notwithstanding the foregoing, neither Shareholder may withdraw from the Joint Venture Company from the Effective Date until the end of the six month period following the conclusion of the period in which KGHM is entitled to exercise the Additional Interest Option.

19.3 Liquidation and Termination After Dissolution

Upon the dissolution of the Joint Venture Company under Section 19.1, the Shareholders give the Operator the authority to appoint in writing one or more liquidators who shall have the authority set forth in Section 19.5. The liquidator shall take all action necessary to wind up the activities of the Joint Venture Company, and all costs and expenses incurred in connection with the liquidation and termination of the Joint Venture Company shall be expenses chargeable to the Joint Venture Company. The liquidator may determine which Assets, if any, are to be distributed in kind, and shall sell or otherwise dispose of all other Assets of the Joint Venture Company. The Assets of the Joint Venture Company shall first be paid, applied, or distributed in satisfaction of all liabilities of the Joint Venture Company to third parties (or to making reasonable provision for the satisfaction thereof) and then to satisfy any debts, obligations, or liabilities owed to the Shareholders. Thereafter, any remaining cash and all other Assets shall be distributed to the Shareholders in accordance with the Constating Documents of the Joint Venture Company and British Columbia Corporate Law. Each Shareholder shall have the right to designate another Person to receive any property that otherwise would be distributed in kind to that Shareholder pursuant to this Section 19.3. Upon the completion of the winding up of the Joint Venture Company, the liquidator shall cancel the certificate of formation of the Joint Venture Company and take such other actions as may be reasonably necessary to terminate the continued existence of the Joint Venture Company.

19.4 Right to Data After Termination

After the termination of the continued existence of the Joint Venture Company pursuant to Section 19.3, each Shareholder shall be entitled to copies of all information acquired hereunder before the effective date of termination not previously furnished to it, but a resigning Shareholder, or a Shareholder that forfeits or Transfers all of its Shares, shall not be entitled to any such copies after any such resignation, forfeiture or Transfer, as the case may be.

19.5 Continuing Authority

From and after the dissolution of the Joint Venture Company under Section 19.1, the liquidator shall have the power and authority of the Operator and the Board of Directors to do all things on behalf of the Joint Venture Company which are reasonably necessary or convenient to: (i) wind up the Operations and the Joint Venture Company; (ii) continue to operate the Properties and other Assets of the Joint Venture Company during the winding up of the Operations and the Joint Venture Company; and (iii) complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such dissolution, if the transaction or obligation arises out of Operations prior to such dissolution. The liquidator shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of the Joint Venture Company, mortgage Assets, and take any other reasonable action in any matter with respect to the Joint Venture Company or the Operations.

ARTICLE XX
CLOSING AND CLOSING DELIVERIES

20.1 Closing and Closing Deliveries

(a) The following items shall be delivered at or prior to the closing of the transactions contemplated hereby on the Effective Date:

(i) The Third Amendment Agreement shall have been signed and delivered by each of the parties thereto;

(ii) the George Little Option shall have been signed and delivered by each of the parties thereto;

(iii) the Surface Rights Options (including, for greater certainty, the George Little Option) shall have been assigned to the Joint Venture Company, or if consents for such assignments have not been obtained, Abacus shall have so informed KGHM and have confirmed that it holds the unassigned Surface Rights Options in trust for the Joint Venture Company as contemplated by Section 2.3(b); and

(iv) KGHM shall have received from Davis LLP, counsel to Abacus, a title opinion respecting the Properties, and an opinion as to enforceability of the New Gold Option Agreement, each in form and substance satisfactory to KGHM;

(b) The $2,750,000 payment to be made to Teck and a $400,000 payment to be made to the George Little Option shall be made by Stikeman Elliott LLP, Canadian counsel to KGHM, on behalf of the Joint Venture Company from the US$37,000,000 to be paid to the Joint Venture Company at closing pursuant to Sections 5.2(a) and 5.2(b) pursuant to a direction received from the Joint Venture Company, and the balance of such amount shall be paid to the direction of the Joint Venture Company.

ARTICLE XXI
GENERAL PROVISIONS

21.1 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

21.2 Headings

The division of this Agreement into Articles, Sections, Subsections, other subdivisions and Appendices and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the interpretation of this Agreement.

21.3 Number and Gender

In this Agreement, words importing the singular number only shall include the plural and *vice versa*, and words importing gender shall include all genders.

21.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, including, without limitation, the Investment Agreement. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

21.5 No Assignment

Subject to Sections 11.2 and 11.3, no Party may assign this Agreement, whether by operation of law or otherwise.

21.6 Statutes

A reference to a statute, regulation or other legislation in this Agreement shall be deemed to extend to and include any amendments thereto and successor legislation.

21.7 "or" and "including"

In this Agreement the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language such as "without limitation", "but not limited to" or other words of similar import are used with reference thereto).

21.8 Business Days

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

21.9 Severability

If any provision of this Agreement is or shall become illegal, invalid or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and subsisting and such remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid or unenforceable provision.

21.10 Exhibits

The exhibits attached hereto form an integral part of this Agreement:

21.11 Force Majeure

A Shareholder may claim *force majeure* if such Shareholder is prevented from or delayed in performing any obligation under this Agreement, other than any payment or any reimbursement to which it is committed under this Agreement, by any cause beyond its reasonable control, excluding only lack of finances, but including, without limitation, acts of God, strikes, lockouts, or other industrial disputes, laws, rules and regulations or orders of any duly constituted court or governmental authority, acts of terrorism, acts of the public enemy, war, insurrection, riots, fire, storm, flood, unusually harsh weather causing delay, explosion, government restriction, failure to obtain any approvals required from regulatory authorities or unavailability of equipment, materials or transportation (provided the approvals were properly applied for and pursued in good faith and on a timely basis or the equipment, materials or transportation were sought in a timely way), interference by third party interest groups (including non-governmental organizations, environmental lobbyists or indigenous peoples' groups) or other causes whether of the kind enumerated above or otherwise, then the time for the performance of that obligation shall be extended for a period equivalent to the total period the cause of the prevention or delay persists regardless of the length of such total period. The Operator may also claim *force majeure*, if the Operator, acting reasonably, believes that social or political unrest in the region of the Properties or the threat of that unrest shall endanger the safety of its employees or the employees of its contractors if the Operator were to continue with the current Program unless such social or political unrest is caused by action or inaction by the Operator.

A Shareholder that claims *force majeure* shall promptly notify the other Shareholder and shall: (i) take all reasonable steps to remove or remedy the cause of the prevention or delay insofar as the Shareholder claiming *force majeure* is reasonably able to do so and as soon as possible; and (ii) endeavour to mitigate any effect which an occurrence of an event of *force majeure* might have on the performance of such Shareholder's obligations under this Agreement. The Shareholder claiming *force majeure* shall provide the other Shareholder with a regular written report summarizing events that have occurred and prospects for resolution. However, the party claiming *force majeure* by reason of any labour disturbance or dispute, strike or lockout shall not be required to accede to the demands of its opponents in any such labour disturbance or dispute, strike or lockout solely to remedy the *force majeure* thereby constituted. The extension of time for the observance of conditions or performance of obligations as a result of *force majeure* shall not relieve the Operator from its obligations to keep the Properties in good standing.

21.12 Notice

All notices or other communications to be given hereunder shall be in writing and delivered by hand, facsimile or electronic transmission, and if delivered by hand, shall be deemed to have been given on the date of delivery or, if sent by facsimile or electronic transmission, on the date of transmission if sent before 5:00 p.m. (local time) and such day is a Business Day or, if not, on the first Business Day following the date of transmission.

Notices to the Joint Venture Company shall be addressed to:

> KGHM AJAX Mining Inc.
> 615 - 800 West Pender Street
> Vancouver, B.C. V6C 2V6
> Attention: Chief Executive Officer
> Fax: (604) 682-0307
>
> with a copy to KGHM and Abacus at their addresses set out below

Notices to Abacus shall be addressed to:

> Abacus Mining & Exploration Corporation
> 615 - 800 West Pender Street
> Vancouver, B.C. V6C 2V6

Attention: James Excell, Chief Executive Officer
Fax: (604) 682-0307
E-mail: jexcell@amemining.com

with a copy (for informational purposes only) to:

Davis LLP
Suite 2800 Park Place
666 Burrard Street
Vancouver, B.C. Canada V6C 2Z7

Attention:	David Reid
Facsimile:	604 605-3534
Email:	drreid@davis.ca

Notices to KGHM shall be addressed to:

KGHM Polska Miedź S.A.
ul. Marii Sklodowskiej-Curie 48,
59-301 Lubin, Poland

Attention: Herbert Wirth, Chief Executive Officer
Fax: +48 76 7478 505
E-mail: h.wirth@kghm.pl

Attention: Krzysztof Kubacki, Business Development Manager
Fax: +48 76 7478 358
E-mail: k.kubacki@kghm.pl

with a copy (for informational purposes only) to:

Stikeman Elliott LLP
Suite 1700 – 666 Burrard Street
Vancouver, B.C. Canada V6C 2X8

Attention:	Neville McClure
Facsimile:	604-681-1324
Email:	nmcclure@stikeman.com

with a copy (for informational purposes only) to:

Chadbourne & Parke LLP
ul. Emilii Plater 53
00-113 Warsaw, Poland

Attention:	Dariusz Michalski
Facsimile:	+48 (22) 520-5001
Email:	dmichalski@chadbourne.com

and to:

Gide Loyrette Nouel
Metropolitan,
Pl. Piłsudskiego 1
00-078 Warsaw

Attention:	Dariusz Tokarczuk
Facsimile:	+48 (22) 344-0001
Email:	tokarczuk@gide.com

Any Party may change its address for service aforesaid by notice to the other party specifying its new address for service hereunder.

21.13 Waiver

No waiver of any breach of this Agreement shall be binding on a Party unless it is in writing and signed by that Party. Any waiver shall extend only to the particular breach so waived and shall not limit any rights with respect to any future breach.

21.14 Amendments

An amendment or variation of this Agreement shall only be binding upon a Party if evidenced in writing executed by that Party.

21.15 Time of Essence

Time shall be of the essence of this Agreement.

21.16 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

21.17 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to the conflicts of laws principles thereof.

21.18 Disputes

Any deadlock or dispute arising out of or in connection with this Agreement among Shareholders (other than in respect of the market value of non-cash consideration under Section 11.3(a), the Net Smelter Returns Royalty in accordance with Section 5.8, or the value of KGHM's 51% interest in the Joint Venture Company in accordance with Section 5.6(b) shall be referred to arbitration pursuant to the following rules. There shall be a three-member panel. Each of the Shareholders shall select one member of such panel and the third member shall be chosen by mutual agreement of the panel members chosen by the Shareholders. The place of arbitration shall be London, England. The language of the arbitration shall be English. The arbitration shall be administered by and conducted by a single arbitrator pursuant to the *Arbitration Act 1996* (England).

21.19 Counterparts and Facsimile

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. This Agreement and any counterpart thereof may be delivered by facsimile and when so delivered shall be deemed to be an original.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first above written.

ABACUS MINING & EXPLORATION CORPORATION	**KGHM POLSKA MIEDŹ S.A.**
By:______________________	By:______________________
	By:______________________

KGHM AJAX Mining Inc.

By:______________________

21.18 Disputes

Any deadlock or dispute arising out of or in connection with this Agreement among Shareholders (other than in respect of the market value of non-cash consideration under Section 11.3(a), the Net Smelter Returns Royalty in accordance with Section 5.8, or the value of KGHM's 51% interest in the Joint Venture Company in accordance with Section 5.6(b) shall be referred to arbitration pursuant to the following rules. There shall be a three-member panel. Each of the Shareholders shall select one member of such panel and the third member shall be chosen by mutual agreement of the panel members chosen by the Shareholders. The place of arbitration shall be London, England. The language of the arbitration shall be English. The arbitration shall be administered by and conducted by a single arbitrator pursuant to the *Arbitration Act 1996* (England).

21.19 Counterparts and Facsimile

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IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first above written.

ABACUS MINING & EXPLORATION CORPORATION

By:____________________

KGHM POLSKA MIEDŹ S.A.

By:____________________

By:____________________

KGHM AJAX Mining Inc.

By:____________________

EXHIBIT A

PROPERTY DESCRIPTION

Part 1 – Property Description

The Joint Venture Company holds 100% of the legal and beneficial title in the Properties, free and clear of all Encumbrances, except as disclosed herein:

Crown Granted Mineral Claims:

The following Crown Granted Mineral Claims are registered in the name of the Joint Venture Company:

	Claim Name	Deposit Registration Number	Property	Encumbrances
1.	"Grass Roots"	CG DD 69337E	Ajax	(1), (4)
2.	"Wheal Tamar"	CG 68368E	Ajax	(1)
3.	"Copper Star Fraction"	CG 76206E	Ajax	(1)
4.	"Forlorn"	CG 69338E	Ajax	(1)
5.	"Ajax"	CG DD 80183E	Ajax	(1), (4)
6.	"Neptune"	CG DD 80457E	Ajax	(1), (4)
7.	"Monte Carlo"	CG 80185E	Ajax	(1)
8.	"Sultan"	CG DD 80184E	Ajax	(1)
9.	"Black Beauty"	CG 52306E	Joker/Ace	(1), (2)
10.	"Admiral Dewey"	CG 52305E	Joker/Ace	(1), (2)
11.	"Cyclone"	CG DD 52304E	Joker/Ace	(1), (2)
12.	"Iron Mask"	CG 48604E	Comet Daven	(1), (3)
13.	"Sunrise"	55663E	Comet Daven	(1), (3)
14.	"Copper Queen"	CG 57617E	Comet Daven	(1), (3)
15.	"Lucky Strike"	CG 57614E	Comet Daven	(1), (3)
16.	"Emeroy"	CG 57958E and 27731E	Comet Daven	(1), (3)
17.	"Erin"	CG 27731E	Comet Daven	(1), (3)
18.	"Jumbo Fractional"	CG 27731E and CG 65659E	Comet Daven	(1), (3)
19.	"Civil"	CG 67754E	Comet Daven	(1), (3)
20.	"Earnscliff Fraction"	CG 67752E	Comet Daven	(1), (3)

	Claim Name	Deposit Registration Number	Property	Encumbrances
21.	"May Fractional"	CG 24258E	Comet Daven	(1), (3)
22.	"Sodium Fraction"	CG 28056E	Comet Daven	(1), (3)
23.	"Winty"	CG 28057E	Comet Daven	(1), (3)
24.	"Champion #1"	77224E	Comet Daven	(1), (3)
25.	"Champion #2"	77223E	Comet Daven	(1), (3)
26.	"L.S. # 6"	CG 77225E	Comet Daven	(1), (3)
27.	"L.S. # 7"	CG 77226E	Comet Daven	(1), (3)
28.	"L.S. # 11"	CG 77227E	Comet Daven	(1), (3)
29.	"L.S. # 10"	CG 77288E and 26230E	Comet Daven	(1), (3)
30.	"L.S. # 8"	CG 77229E	Comet Daven	(1), (3)
31.	"L.S. # 9"	CG 77230E	Comet Daven	(1), (3)

List of Unregistered Agreements and Associated Royalties pertaining to the Crown Granted Mineral Claims

Certain Crown Granted Mineral Claims set forth in the table above are subject to royalty interests granted by the following agreements not registered in the Land Titles Office:

(1) "Iron Mask Property Agreement" dated as of November 25, 2005, among Teck Cominco Limited, Afton Operating Corporation, Teck Cominco Metals Ltd., and Abacus Mining & Exploration Corporation, pursuant to which a 1.5% Net Smelter Return royalty was granted to Teck Cominco Limited and Afton Operating Corporation in respect of all of the Crown Granted Mineral Claims set forth in the table above, which Net Smelter Return royalty may be purchased by Abacus for $3,000,000 within two years of commencement of commercial production.

(2) a 10% Carried Net Profits Interest was granted to Norcen Energy Resources Limited pursuant to an underlying agreement to the Cominco Agreement dated April 25, 1983 between Norcen and Cominco

(3) Agreement dated August 27, 1987 among Afton Operating Corporation, Comet Industries Ltd., Davenport Industries Ltd. and Initial Developers Limited, pursuant to which a 25% Net Profits royalty was granted to Comet Industries Ltd., Davenport Industries Ltd., and Initial Developers Limited, and an advance royalty of $25,000 on the earlier of the first anniversary following delivery of a production commitment or the fifth anniversary of the date of the agreement, with annual advance royalties of $25,000 until the Net Profits royalty became payable, with the advance royalty payments being credited towards payments owing under the Net Profits royalty. According to Abacus Mining & Exploration Corporation the advance royalty and Net Profits royalty was paid when the property including such Crown Granted Mineral Claims was in production and no amounts are owing under such royalty.

List of Agreements Registered in the Land Titles Office and Associated Royalties pertaining to the Crown Granted Mineral Claims

Certain Crown Granted Mineral Claims set forth in the table above are subject to royalty interests granted by the following agreement registered in the Land Titles Office:

(4) Agreement dated April 30, 1980 between Morrison Ranches Ltd. and Cominco Ltd., pursuant to which a 10% Net Proceeds of Production royalty was granted on portions of the Ajax (PID number 011-800-997), Neptune (PID numbers 011-800-997, 011-800-895, 011-800-909, 011-800-917 and 011-801-085) and Grass Roots (PID numbers 011-800-992 and 011-801-000) Crown Granted Mineral Claims.

Mineral Claims and Leases

The following Mineral Claims and Mineral Leases are recorded in the name of the Joint Venture Company:

Tenure Number	Tenure Type	Claim Name	Good To Date	Encumbrances Recorded
216688	Mineral Claim	RAINBOW NE	2018/Oct/31	(2), (3)
216689	Mineral Claim	RAINBOW SE	2018/Oct/31	(2), (3)
216690	Mineral Claim	RAINBOW SW	2018/Oct/31	(2), (3)
216739	Mineral Claim	OR #13	2011/Feb/28	(1), (7)
216740	Mineral Claim	OR #14	2018/Oct/31	(1), (7)
216745	Mineral Claim	REFER TO LOT TABLE	2018/Oct/31	(1), (7)
216761	Mineral Claim	DELTA 1061	2018/Oct/31	(1), (7)
216768	Mineral Claim	WILDROSE 2	2011/Oct/31	(1)
217002	Mineral Claim	SUNNY	2011/Oct/31	(1), (6)
217859	Mineral Claim	BILL	2018/Oct/31	(2), (3)
219961	Mineral Lease	(none)	2011/Mar/02	(1), (2),(7)
219963	Mineral Lease	(none)	2011/Aug/10	(3)
220160	Mineral Claim	ACE NO. 1	2011/Jul/19	(1), (4)
220551	Mineral Claim	X #16	2018/Oct/31	(1), (5)
307650	Mineral Claim	JOKER	2011/Oct/31	(1)
320909	Mineral Claim	JAXD 8	2018/Oct/31	(3)
324308	Mineral Claim	INK 1	2018/Oct/31	(3)
324309	Mineral Claim	INK 2	2018/Oct/31	(3)
324310	Mineral Claim	INK 3	2018/Oct/31	(3)
324311	Mineral Claim	INK 4	2018/Oct/31	(3)
324312	Mineral Claim	INK 5	2018/Oct/31	(3)
324313	Mineral Claim	INK 6	2018/Oct/31	(3)
324337	Mineral Claim	ACE	2011/Oct/31	(1)
327091	Mineral Claim	ACE 2	2011/Oct/31	(1)
398532	Mineral Claim	DCE 1	2018/Oct/31	(3)

Tenure Number	Tenure Type	Claim Name	Good To Date	Encumbrances Recorded
398533	Mineral Claim	DCE 2	2018/Oct/31	(3)
398643	Mineral Claim	WIRE 1	2018/Oct/31	(3)
398644	Mineral Claim	WIRE 2	2018/Oct/31	(3)
398645	Mineral Claim	WIRE 3	2018/Oct/31	(3)
398646	Mineral Claim	WIRE 4	2018/Oct/31	(3)
505378 [(a)]	Mineral Claim	(none)	2018/Oct/31	(2), (3)
507097 [(b)]	Mineral Claim	(none)	2018/Oct/31	(1)
507852 [(c)]	Mineral Claim	(none)	2010/Oct/31	(1)
510019 [(d)]	Mineral Claim	(none)	2018/Oct/31	(1), (7)
522216	Mineral Claim	DAVES DREAM	2018/Oct/31	(8)
528528	Mineral Claim	522216 EXTRA	2018/Oct/31	(8)
705924	Mineral Claim	OR11	2011/Feb/10	(1), (7)

Notes:

(1) Subject to the unregistered "Iron Mask Property Agreement" dated as of November 25, 2005 ("**Iron Mask Agreement**"), among Teck Cominco Limited (now Teck Resources Limited), Afton Operating Corporation, Teck Cominco Metals Ltd., and Abacus Mining & Exploration Corporation, pursuant to which a 1.5% Net Smelter Return royalty was granted to Teck Cominco Limited and Afton Operating Corporation in respect of the claims, which Net Smelter Return royalty may be purchased by Abacus for $3,000,000 within two years of commencement of commercial production.

(2) Subject to a 2% Net Smelter Return royalty in favour of Deak Resources Corporation, pursuant to an agreement dated June 1, 1994 between Teck Corporation (now, Teck Cominco Limited) and Getchell Resources Incorporated (now, Discovery-Corp Enterprises Inc.)

(3) Subject to the unregistered "Rainbow Property Agreement" dated as of November 25, 2005, between Teck Cominco Limited and Abacus Mining & Exploration Corporation, pursuant to which a 1.5% Net Smelter Return royalty was granted to Teck Cominco Limited in respect of the claims, which Net Smelter Return royalty may be purchased by Abacus for $3,000,000 within two years of commencement of commercial production,

(4) Subject to a 10% Carried Net Profits Interest to Norcen Energy Resources Limited pursuant to the unregistered Underlying Agreement (to the Cominco Agreement) dated April 25, 1983 between Norcen and Cominco. (Source: Schedule "B" to the Iron Mask Agreement.)

(5) Subject to a 10% Net Proceeds of Production to Imperial Metals Corporation (formerly Western Rolling Hills Mines and Oils Limited) pursuant to the unregistered Underlying Agreement (to the Cominco Agreement) dated November 1, 1979 between Western Rolling Hills and Cominco. (Source: Schedule "B" to the Iron Mask Agreement.)

(6) Subject to a 10% Net Profits Royalty to Argenta Resources Ltd. pursuant to the unregistered Underlying Agreement (to the Cominco Agreement) dated April 4, 1986 between Agenta and Afton. (Source: Schedule "B" to the Iron Mask Agreement.)

(7) Subject to a 25% Net Profits royalty to Comet Industries Ltd., Davenport Industries Ltd., and Initial Developers Limited pursuant to an Agreement dated August 27, 1987 among Afton Operating Corporation, Comet Industries Ltd., Davenport Industries Ltd. and Initial Developers Limited.

(8) Subject to a 1% Net Smelter Return royalty to Darrel Davis pursuant to a purchase agreement in respect of such claims dated March 14, 2006 (including an addendum signed on March 27, 2006), which provides that Abacus may purchase one-half percent of such royalty for $500,000.

Notes regarding conversion/consolidation of certain claims:

(a) Event No. 4015012 - Tenure Number 216691 (Rainbow NW) issued March 31, 1976, was converted to Tenure Number 505378 on February 1, 2005.

(b) Event No. 4017891 - Tenure Number 216672 (Rod #4 Fr) issued on March 24, 1975, Tenure Number 216741 (Karen No. 1) issued on March 14, 1977, Tenure Number 216742 (Karen No. 2) issued on March 14, 1977, Tenure Number 216743 (Karen No. 3) issued on March 14, 1977 and Tenure Number 216744 (Karen No. 4) issued on April 1, 1977 were converted to Tenure Number 507097 on February 14, 2005.

(c) Event No. 4019603 - Tenure Number 216693 (Ned 1) issued on May 19, 1976, Tenure Number 216694 (Ned 2) issued on May 19, 1976, Tenure Number 216695 (Ned 3) issued on May 19, 1976, Tenure Number 216917 (Ned 4) issued on April 2, 1980, and Tenure Number 217422 (Amy 2) issued on April 22, 1985 were converted to Tenure Number 507852 on February 24, 2005.

(d) Event No. 4024676 - Tenure Number 217108 (CID-1) issued on July 4, 1983, Tenure Number 217109 (CID-2) issued on July 4, 1983, Tenure Number 217110 (CID-3) issued on July 4, 1983, Tenure Number 217111 (CID-4) issued on July 4, 1983 and Tenure Number 217112 (CID-5) issued on July 4, 1983 were converted to Tenure Number 510019 on April 1, 2005.

The following mineral claims ("**New Gold Claims**") are beneficially owned, in part, by the Joint Venture Company but are recorded in the name of New Gold Inc. ("**New Gold**") pursuant to the terms of the agreement between New Gold and Abacus Mining & Exploration Corporation dated as of March 19, 2008 (the "**New Gold Option Agreement**"):

Tenure Number[1]	Tenure Type	Claim Name	Good To Date	Encumbrances Recorded
220268	Mineral Claim	Jet No.1	2011/sep/26	(2), (3)
221619	Mineral Claim	Plane 19 Fr.	2018/jun/01	(2), (3)
504878	Mineral Claim	(none)	2018/jun/01	(2), (3), (4)
513983	Mineral Claim	(none)	2018/jun/01	(2), (3)
514055	Mineral Claim	Ajax	2018/jun/01	(2), (3)
517214	Mineral Claim	Ajax	2018/jun/01	(2), (3)
521725	Mineral Claim	Ajax	2018/jun/01	(2), (3)

Notes:

(1) Other than tenure number 221619 that is wholly owned by the Joint Venture Company, only the portion of the remaining claims fall within the definition of Mining Properties in the New Gold Option Agreement and such portion is beneficially owned by the Joint Venture Company and is held in trust for the Joint Venture Company by New Gold, the recorded holder of such claims. The remainder portion of the claims that are not within the definition of Mining Properties in the New Gold Option Agreement is beneficially owned by New Gold and hence, the royalty in (2) below does not apply to such portions.

(2) All New Gold Claims are subject to a 10% Net Profits Interest granted to New Gold pursuant to the New Gold Option Agreement, which is not recorded against title to the New Gold Claims.

(3) All New Gold Claims are subject to event number 4270763 (a claim of builders lien filed on March 23, 2009 in favour of Multicrete Systems Inc. for the construction, supply and installation of a shotcrete batch plant on certain lands held by New Gold) and event number 4281386 (a claim of builders lien filed on May 11, 2009 in favour of Multicrete Systems Inc. for the construction, supply and installation of ventilation raise #6 on certain lands held by New Gold).

(4) Subject to an option agreement between New Gold and David J. Piggin dated February 24, 2006, pursuant to which a 1.5% Net Smelter Return royalty is owed to David J. Piggin which may be purchased for $1,500,000 (or $100,000 for each 1/15 of the royalty).

The following mineral claims ("**Abacus Claims**") are beneficially owned by the Joint Venture Company and are recorded in the name of the Joint Venture Company pursuant to the New Gold Option Agreement:

Tenure Number[(1)]	Tenure Type	Claim Name	Good To Date	Encumbrances Recorded
220269	Mineral Claim	Jet No. 2	2011/sep/26	(3), (4)
415602	Mineral Claim	AJ 7	2012/nov/06	(3), (4)
415603	Mineral Claim	AJ 8	2012/nov/06	(3), (4)
514050	Mineral Claim	(none)	2018/jun/01	(3), (4)
517292	Mineral Claim	Ajax	2018/jun/01	(3), (4)
552948[(2)]	Mineral Claim	AJ	2018/jun/01	(3), (4)
559160	Mineral Claim	New Gold Option	2018/jun/01	(3), (4)

Notes:

(1) Other than claim 552948 (see note 2), the entirety of the claim falls within the definition of Mining Properties in the New Gold Option Agreement, is beneficially owned by the Joint Venture Company and, as such, was transferred to the Joint Venture Company.

(2) Claim 552948 substantially, by not wholly, falls within the definition of Mining Properties in the New Gold Option Agreement and such portion that does not fall within the definition of Mining Properties in the New Gold Option Agreement is held in trust for New Gold by the Joint Venture Company.

(3) All Abacus Claims are subject to a 10% Net Profits Interest granted to New Gold pursuant to the New Gold Option Agreement, which is not recorded against title to the Abacus Claims.

(4) All Abacus Claims are subject to event number 4270763 (a claim of builders lien filed on March 23, 2009 in favour of Multicrete Systems Inc. for the construction, supply and installation of a shotcrete batch plant on certain lands held by New Gold) and event number 4281386 (a claim of builders lien filed on May 11, 2009 in favour of Multicrete Systems Inc. for the construction, supply and installation of ventilation raise #6 on certain lands held by New Gold).

Part 2 – Royalties on Material Crown Granted Mineral Claims and Mineral Claims

A. Crown Granted Mineral Claims:

The material crown granted mineral claims in respect of the Current Mine Plan are as follows:

	Claim Name	Deposit Registration Number	Property
1.	"Grass Roots"	CG DD 69337E	Ajax
2.	"Wheal Tamar"	CG 68368E	Ajax
3.	"Copper Star Fraction"	CG 76206E	Ajax
4.	"Forlorn"	CG 69338E	Ajax
5.	"Ajax"	CG DD 80183E	Ajax
6.	"Neptune"	CG DD 80457E	Ajax
7.	"Monte Carlo"	CG 80185E	Ajax
8.	"Sultan"	CG DD 80184E	Ajax

All of the foregoing material crown granted mineral claims are subject to a 1.5% Net Smelter Return royalty granted to Teck Cominco Limited and Afton Operating Corporation pursuant to the "Iron Mask Property Agreement" dated as of November 25, 2005, among Teck Cominco Limited, Afton Operating Corporation, Teck Cominco Metals Ltd., and Abacus Mining & Exploration Corporation, which Net Smelter Return royalty may be purchased by Abacus for $3,000,000 within two years of commencement of commercial production.

B. Mineral Claims (under the *Mineral Tenure Act*, British Columbia)

The material mineral claims in respect of the Current Mine Plan are as follows:

Tenure Number	Tenure Type	Claim Name	Good To Date
220268	Mineral Claim	Jet No.1	2011/sep/26
221619	Mineral Claim	Plane 19 Fr.	2018/jun/01
504878	Mineral Claim	(none)	2018/jun/01
513983	Mineral Claim	(none)	2018/jun/01
514055	Mineral Claim	Ajax	2018/jun/01
517214	Mineral Claim	Ajax	2018/jun/01
521725	Mineral Claim	Ajax	2018/jun/01
220269	Mineral Claim	Jet No. 2	2011/sep/26
415602	Mineral Claim	AJ 7	2012/nov/06
415603	Mineral Claim	AJ 8	2012/nov/06

Tenure Number	Tenure Type	Claim Name	Good To Date
514050	Mineral Claim	(none)	2018/jun/01
517292	Mineral Claim	Ajax	2018/jun/01
552948	Mineral Claim	AJ	2018/jun/01
559160	Mineral Claim	New Gold Option	2018/jun/01

All of the foregoing mineral claims are subject to a 10% Net Profits Interest royalty granted to New Gold pursuant to the New Gold Option Agreement.

EXHIBIT B

ACCOUNTS AND REIMBURSEMENT

The financial and accounting procedures to be followed by the Operator, the Joint Venture Company and the Shareholders under the Agreement are set forth below. References in this Exhibit B to Sections and Articles are to those located in this Exhibit B unless it is expressly stated that they are references to the Agreement.

All capitalized terms used in this Exhibit B and not otherwise defined shall have the meanings ascribed thereto in the Joint Venture Shareholders' Agreement to which this Exhibit B is attached.

ARTICLE I
GENERAL PROVISIONS

1. **General Accounting Records**. The Operator shall maintain detailed and comprehensive accounting records of the Joint Venture Company in accordance with this Exhibit B, including general ledgers, supporting and subsidiary journals, invoices and other customary documentation, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Shareholders for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Shareholders.

2. **Bank Accounts**. The Operator shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all cash receipts for the Joint Venture Company. Any cheque or withdrawal from such accounts shall require the signature of either the CEO or a Representative of KGHM plus one other signatory, which additional signatory must be a Director or officer of the Joint Venture Company.

3. **Conflict with Agreement**. In the event of a conflict between the provisions of this Exhibit B and the provisions of the Agreement, the provisions of the Agreement shall prevail.

4. **Cash Call Notices, Statements and Reporting**.

   (a) The Operator shall prepare and deliver cash call notices to Shareholders as provided in Section 5.7(c) of the Agreement. Payment of any such cash calls by any Shareholder, including the Operator, shall not prejudice such Shareholder's right to protest or question the correctness thereof for a period not to exceed twelve (12) months following the calendar year during which such cash call notices were received by the Shareholder.

   (b) The Operator shall provide any Shareholder upon request, tax reporting information and status of cash calls.

   (c) Any report provided by the Operator (under this Exhibit B or Section 7.3 of the Agreement) to one Shareholder shall also be provided to the other Shareholder.

   (d) In addition to the specific reporting contemplated by Section 7.3 of the Agreement, the Operator shall prepare such accounting reports as are necessary from time to time to meet the requirements of the Board of Directors and the Technical Committee, to meet the statutory and regulatory requirements of the Shareholders, and to meet all other reasonable requirements of the Shareholders (as may be requested from time to time).

(e) The Joint Venture Company shall be entitled to make exceptions to and claims upon the Operator for incorrect changes, billings or statements within a 12 month period following the end of the calendar year in which any billing was received by the Joint Venture Company from the Operator.

ARTICLE II
LABOUR AND MATERIAL FURNISHED BY A SHAREHOLDER

Labour and Employment Benefits.

Subject to the prior written approval of the CEO required by Section 7.3, any Shareholder (including the Operator) shall be entitled to charge the Joint Venture Company for, and receive reimbursement therefor by the Joint Venture Company of salaries and wages of such Shareholder's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by same, and including without limitation the salary of the CEO and the CFO or COO nominated by the Shareholders pursuant to Section 6.10 of the Agreement. Such payments shall be in proportion to the time spent by such persons for the benefit of the Joint Venture Company.

Material Furnished by the Operator or a Shareholder.

Subject to the prior written approval of the CEO required by Section 7.3, any personal property, equipment or supplies for use in Operations ("**Material**") furnished by the Operator or any Shareholder from its stocks or distributed to any Shareholder by the Joint Venture Company (whether new or used) shall be priced F.O.B. the nearest reputable supply store or railway receiving point, where like Material is available, at the current market price for the same kind of Material, exclusive of any available cash discounts, at the time of the transfer.

EXHIBIT C

NET SMELTER RETURNS ROYALTY

1. **<u>Calculation of Net Smelter Returns Royalty</u>**. The Net Smelter Returns Royalty payable to a party (for the purposes of this Exhibit C, the "**Royalty Owner**") shall be equal to 2 percent (2%) of the Net Smelter Revenue (as defined herein) derived from the Royalty Properties and shall be paid by the Joint Venture Company and any subsequent owner of the Royalty Properties (for the purposes of this Exhibit C, the "**Producer**").

   The Net Smelter Revenue shall be equal to Gross Revenue (as defined herein) less Allowable Deductions (as defined herein).

2. **<u>Payment of Net Smelter Returns Royalty</u>**. Timing of Net Smelter Returns Royalty payments (for the purposes of this Exhibit "C", the "**Royalty**") and payment procedures shall be as follows:

   (a) Net Smelter Revenue shall be determined calendar monthly. The Royalty shall be paid on a calendar quarter basis and shall be comprised of the aggregate of the Royalty determined for each month of such calendar quarter. The Royalty shall be paid on the 60th day following the last day of the calendar quarter (or if such day is not a Business Day, the next Business Day) in which the same accrued (the "**Payment Date**"). At the time of payment of the Royalty, the Producer shall deliver to the Royalty Owner a statement showing in reasonable detail: the quantities and grades of the Products produced and sold by the Producer or its Affiliates for each month in the preceding quarter and the amount actually received by the Producer or its Affiliates for such sales; Allowable Deductions (defined below); and other pertinent information in reasonable detail to explain the calculation of the Royalty with respect to each month of each quarter;

   (b) where payment of the Royalty is made in cash, payment to the Royalty Owner shall be made in U.S. dollars by cheque on the Payment Date or upon not less than forty eight (48) hours prior written notice from the Royalty Owner (but no earlier than the Payment Date), by wire transfer, to an account specified by the Royalty Owner in such notice;

   (c) all payments of Royalty shall be considered final and in full satisfaction of all obligations of the Producer with respect thereto (absent fraud), unless the Royalty Owner gives the Producer written notice describing and setting forth a specific objection to the calculation thereof within six (6) months after the end of the calendar year in which the calendar quarter for which the payment was made occurs;

   (d) the Royalty Owner shall have the right, upon reasonable notice and at reasonable times, to have the Producer's accounts and records relating to the calculation of the Royalty with respect to any period in question audited by an independent chartered accountant. If such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Owner such deficiency or excess shall be resolved pursuant to Section 2(e) of this Exhibit C. The Royalty Owner shall pay all costs of such audit, unless the audit determines that the Royalty Owner has been underpaid by more than 5% of the amount actually owed, in which case the Producer shall pay all costs of such audit. Any claim for adjustment arising from an audit shall be subject to the time limit set forth in Section 2(c) of this Exhibit C; and

(e) in the event the Royalty Owner has been underpaid, the Producer shall pay the amount of the deficiency within 10 days after such deficiency has been determined. If the Royalty Owner has been overpaid, the Producer shall reduce subsequent Royalty payments as necessary to bring the Royalty Owner's Royalty into balance.

3. **Commingling**. The Producer may commingle or permit commingling of ores from the Royalty Properties or mineral bearing products obtained after the treatment thereof ("**Commingling Product**") with such ores or products from other properties. The Producer shall give written notice to the Royalty Holder prior to such commingling. Before any Commingling Product is commingled with Minerals from any other properties, the Commingling Product shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, mineral and other appropriate content and penalty substances of the Commingling Product. Representative samples of the Commingling Product and the results of the measuring and sampling (including penalty substances) shall be retained by the Producer. From this information, the Producer shall determine the quantity of the Commingling Product subject to the Royalty notwithstanding that the Commingling Product has been commingled with Minerals from other properties. The Royalty Owner shall have the right to conduct inspections of the Producer's operations and properties, and to inspect and copy all records, related to the determination of such mineral content in the Commingled Product. Following the expiration of the period for objections described above in Section 2(c), and absent timely objection, if any, made by the Royalty Owner, the Producer may dispose of the materials and data required to be kept and produced by this Section.

4. **Hedging Activities**. The gross proceeds actually received by the Producer or any of its Affiliates from the sale of Products (the "**Gross Value**") shall be determined in respect of Products regardless of any actual hedging or price protection arrangements ("**Hedging Activities**") entered into by the Producer or its Affiliates with respect to production thereof from the Royalty Properties including, but not limited to, forward sales, futures trading or commodity options trading, and any other price hedging, price protection, and speculative arrangements on or off commodity exchanges that may involve the possible delivery of Products produced from the Royalty Properties. Such Hedging Activities, and the profits and losses generated from the Hedging Activities, shall not be taken into account in the calculation of Net Smelter Revenue. All Hedging Activities by the Producer or Operator and all profits or losses associated therewith, if any, shall be solely for the Producer's account. Hedging Activities may result in the Producer or its Affiliates obtaining more revenue or greater losses than does the Royalty Holder. If Products produced from the Royalty Properties are subject to Hedging Activities, then such Products shall be deemed to have been sold at the price of the applicable Product on the day of sale, as determined in the case of gold by the London PM Fix for such date, in the case of silver for the London Fix for such date and for all other Products the London Metals Exchange official cash buyer price for such date (all in United States dollars).

5. **Interest**. The amount of any underpayment of Royalty shall bear interest at the Prime Rate plus one percent (1%), provided, however, that the determination of such interest rate shall not limit any remedies otherwise available to the Royalty Owner in respect of fraud.

6. **Records, Annual Reports and Inspections**

6.1 **Records**. The Producer shall keep accurate records of data necessary for the computation of the Royalty. The Producer's records, books, and accounts that are related to the computation and payment of the Royalty shall be open to the inspection of and copying by the Royalty Owner or its designated representatives at times selected by the Royalty Owner upon not less than three

Business Days notice to the Producer during normal business hours. The Royalty Owner shall honour and comply with any reasonable confidentiality restrictions placed upon such information by the Producer.

6.2 **Annual Reports.** Within 90 days following the end of each calendar year, the Producer shall provide the Royalty Owner with an annual report of Products mined, Products milled, recoveries, grades, Allowable Deductions (as defined below) and capital and development expenses with respect to the Royalty Properties during such calendar year. Such annual report shall include estimates of anticipated production from and estimated remaining reserves on the Royalty Properties for the succeeding calendar year. If requested in writing, the Producer shall provide the Royalty Owner, at the Royalty Owner's expense, with such data or reports regarding mineral resources that are subject to the Royalty as may be reasonably required by the Royalty Owner to comply with the requirements of National Instrument 43-101, but no officer or employee of the Producer or any of its Affiliates shall be required to act as a "qualified person" (as that term is defined in National Instrument 43-101) of the Royalty Owner in respect of any publicly disclosed information. No representation or warranty is made by the Producer with respect to the accuracy of the conclusions drawn by the Royalty Owner with respect to such reports.

6.3 **Inspections**. Upon not less than three Business Days notice to the Producer, the Royalty Owner, at the Royalty Owner's expense, may have a representative present at any stage when ores or Products derived after the treatment thereof are mined, hauled, stored, weighed, sampled, assayed, tested, and processed, and shall upon request be furnished with a part of any sample taken. Upon not less than three Business Days notice to the Producer, the representative of the Royalty Owner shall also have access to and the right to inspect all production records and data pertaining to all production activities and operations on or with respect to the Royalty Properties, including without limitation, records and data that are electronically maintained. The Royalty Owner, or its authorized agents or representatives, shall enter upon the Royalty Properties at its or their own risk and expense and shall not hinder the operations and activities on or relating to the Royalty Properties.

7. **Tailings**

7.1 **Tailings**. All tailings resulting from the Producer's operations and activities on the Royalty Properties shall be the sole and exclusive property of the Producer, but shall be subject to the Royalty if such tailings are processed by the Producer and result in the production of Products. If commingling of the tailings occurs, Section 2 of this Exhibit C shall apply to the tailings and the tailings shall be deemed to be Commingling Product.

8. **Sale of Royalty Properties**

8.1 **Sale of Royalty Properties**. The Producer may, at any time, sell or transfer all or a portion of the Royalty Properties, subject to the following conditions:

(a) the Producer, including any party who is a successor to Producer hereunder, shall cause any assignee of any of the Royalty Properties to assume in writing the obligations to the Royalty Owner hereunder with respect to such Royalty Properties and to cause an original of such writing to be delivered to the Royalty Owner. Notwithstanding that such assumption in writing has been obtained and delivered to the Royalty Owner, the Producer shall not be relieved of its obligations under this Exhibit C (nor under the Agreement) upon the assignment, foreclosure, or other transfer of such Royalty Properties without the prior written consent of the Royalty Owner, acting reasonably.

Nothing in this Section 8.1 shall prevent:

(b) a sale, transfer or assignment of all or a portion of the Royalty Properties to an Affiliate of the Producer, provided that the Producer shall cause any such Affiliate to assume in writing the obligations to the Royalty Owner hereunder with respect to such Royalty Properties and to retransfer all or such portion of the Royalty Properties to the Producer before ceasing to be an Affiliate of the Producer; and

(c) an amalgamation or corporate reorganization involving the Producer which has the effect at law of the amalgamated or surviving entity possessing all of the property, rights and interests and being subject to all of the debts, liabilities and obligations of each amalgamating or predecessor corporation.

9. **Defined Terms**. For the purposes of this Exhibit C:

(a) **"Allowable Deductions"** means the aggregate of the following charges (to the extent they are not deducted by any purchaser in computing payment) that are incurred with respect to the Royalty Properties in the same calendar month in which Gross Revenue is earned for the purposes of calculating the Net Smelter Returns Royalty for such month:

(i) sales charges levied by any sales agent on the sale of Products;

(ii) transportation costs for Products from the Royalty Properties to the place of beneficiation, processing or treatment and thence to the place of delivery of Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses;

(iii) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Producer in connection with the refinement or beneficiation of Products after leaving the Royalty Properties, including all smelter and refinery charges and all weighing, sampling, assaying, representation and storage costs, metal losses and umpire charges, and any penalties charged by the processor, refinery or smelter; and

(iv) all insurance costs on Products and any government royalties, third party royalties, production taxes, severance taxes and sales and other taxes levied on Products or on the production value thereof (other than income taxes of the Producer).

(b) **"Gross Revenue"** means the aggregate of the following amounts (without duplication) accruing in each calendar month following Commencement of Commercial Production:

(i) where the ores or concentrates derived therefrom are sold as ores or concentrates, the gross amount received from the purchaser following sale thereof, less Allowable Deductions; and

(ii) where the ores or concentrates are treated in a smelter and metals recovered therefrom are delivered to, and sold by the Producer, the gross amount received from the purchaser following sale of the metals so delivered less Allowable Deductions.

(c) "**Royalty Properties**" mean the Properties held by the Joint Venture Company pursuant to the Agreement as of the date the Royalty Holder actually becomes entitled to the Royalty pursuant to the terms of the Agreements; and

(d) All other capitalized terms used in this Exhibit C shall have the meanings ascribed thereto in the Agreement to which this Exhibit C is attached.

EXHIBIT D

INSURANCE

The Operator shall, at all times while conducting Operations, comply fully with the applicable worker's compensation laws and purchase, or provide through self-insurance, protection for the Joint Venture Company comparable to that provided under standard form insurance policies for (i) comprehensive public liability and property damage with combined limits of $5,000,000 for bodily injury and property damage; (ii) automobile insurance with combined limits of $2,000,000; and (iii) adequate and reasonable insurance against risk of fire and other risks ordinarily insured against in similar operations. If the Operator elects to self-insure, it shall charge to the Joint Venture Company an amount equal to the premium it would have paid had it secured and maintained a policy or policies of insurance on a competitive bid basis in the amount of such coverage. Each Shareholder shall self-insure or purchase for its own account such additional insurance as it deems necessary.

EXHIBIT E

INITIAL PROGRAM AND BUDGET

Frontier Property Work Program
May 2010 to December 2011

The Frontier Property Work Program for the period May 2010 to December 2011 includes, but is not limited to, the following principal areas of activity and should be read in conjunction with the Budget for the applicable period:

Feasibility (May '10 – Dec '11)	
Engineering	
Metallurgy	$250,000
Geotechnical	$1,008,784
Engineering studies	$6,799,844
Trade-off studies	$500,000
Permitting	$2,272,108
Condemnation and Ajax extension drilling	$4,500,000
Teck Asset payment	$2,750,000
Teck Land purchase	$6,500,000
Land Acquisitions	$932,923
Community relations	$351,000
Corp/G&A	$3,277,558
Contingency	$1,764,358
Sub-total	$30,906,575
Exploration costs	
Ajax East extension, Rainbow zone, DM zone drilling	$6,093,425
Total	**$37,000,000**

EXHIBIT F

CONSTATING DOCUMENTS

BRITISH COLUMBIA
The Best Place on Earth

Number: BC0884663

CERTIFICATE
OF
INCORPORATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that KGHM AJAX MINING INC. was incorporated under the Business Corporations Act on June 28, 2010 at 12:10 PM Pacific Time.

Issued under my hand at Victoria, British Columbia
On June 28, 2010

RON TOWNSHEND
Registrar of Companies
Province of British Columbia
Canada

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Cover Sheet

KGHM AJAX MINING INC.

Confirmation of Service

Form Filed:	Notice of Change of Directors
Date and Time of Filing:	August 5, 2010 01:44 PM Pacific Time
Name of Company:	KGHM AJAX MINING INC.
Incorporation Number:	**BC0884663**

This package contains:

- Certified Copy of the Notice of Articles

Check your documents carefully to ensure there are no errors or omissions. If errors or omissions are discovered, please contact the Corporate Registry for instructions on how to correct the errors or omissions.

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
August 5, 2010

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: August 5, 2010 01:44 PM Pacific Time

Incorporation Number: **BC0884663**

Recognition Date and Time: Incorporated on June 28, 2010 12:10 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

KGHM AJAX MINING INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
2800 PARK PLACE, 666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

Delivery Address:
2800 PARK PLACE, 666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2800 PARK PLACE, 666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

Delivery Address:
2800 PARK PLACE, 666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
EXCELL, JAMES DOUGLAS

Mailing Address:
1860 DEWDNEY ROAD
KELOWNA BC V1V 2C3
CANADA

Delivery Address:
1860 DEWDNEY ROAD
KELOWNA BC V1V 2C3
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

KGHM AJAX MINING INC.

(the "Company")

The Company has as its articles the following articles.

Full name and signature of each incorporator	Date of Signing
Abacus Mining & Exploration Corporation	June 28, 2010

Incorporation number: Incorporation Number BC0884663

KGHM AJAX MINING INC.

(the "Company")

ARTICLES

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

"Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"appropriate person" has the meaning assigned in the *Securities Transfer Act*;

"board of directors", **"directors"** and **"board"** mean the directors or sole director of the Company for the time being;

"chair" means the chair of the board of directors, if any;

"*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"legal personal representative" means the personal or other legal representative of the shareholder;

"protected purchaser" has the meaning assigned in the *Securities Transfer Act;*

"registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

"registered address" of a director means his or her address as recorded in the Company's register of directors;

"seal" means the seal of the Company, if any;

"securities legislation" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; **"Canadian securities legislation"** means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and **"U.S. securities legislation"** means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act of 1933* and the *Securities Exchange Act of 1934*;

"*Securities Transfer Act*" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"Statutory Reporting Company Provisions" has the meaning assigned in the Act.

1.2 Applicable Definitions and Rules of Interpretation

The definitions in the Act and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the Act and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the Act will prevail in relation to the use of the terms in these Articles. If there is a conflict between these Articles and the Act, the Act will prevail.

ARTICLE 2 – SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Act.

2.3 Shareholder Entitled to Certificate or Acknowledgement

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail, or stolen or is otherwise undelivered.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgement on such other terms, if any, as they think fit, cancel the share certificate or acknowledgement and issue a replacement share certificate or acknowledgement, as the case may be.

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

(a) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;

(b) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and

(c) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the surrendered share certificate, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the Act.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

ARTICLE 3– ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Act, the rights of the holders of issued shares of the Company, if any, and any shareholders' agreement in effect at such time, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a par value share must be equal to or greater than the par value of the share and may include a premium.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure buyers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Act, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

(i) past services performed for the Company;

(ii) property;

(iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the Act, the Company may issue share purchase warrants, options and rights (with or without other securities issued or created by the Company) upon such terms and conditions as the directors determine.

ARTICLE 4 – SHARE REGISTERS

4.1 Central Securities Register

The Company must keep or cause to be kept a central securities register in accordance with the Act. The directors may, subject to the Act, appoint an agent to maintain and keep the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as (a) transfer agent for any class or series of its shares, and (b) as registrar for any class or series of its shares. The directors may terminate the appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

ARTICLE 5 – SHARE TRANSFERS

5.1 Registering Transfers

Subject to Article 27, and the Act, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

(a) a duly signed instrument of transfer in respect of the share;

(b) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(c) in the case of a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(d) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(e) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of shares to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors or the transfer agent for the class or series of shares to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his, her or its duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Inquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered. No liability will arise relating to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

The directors may impose a transfer registration fee payable to the Company.

ARTICLE 6 – TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company.

ARTICLE 7 – ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series of shares and the Act, the Company may, by a directors' resolution, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

7.4 Redemption

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed are to be selected.

ARTICLE 8– BORROWING POWERS

8.1 Powers of Directors

The Company, if authorized by the directors, may:

(a) borrow money in the manner and amount on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

ARTICLE 9 – ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Act, the Company may, by special resolution:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any class or series of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights or Restrictions

Subject to the Act, the Company may by special resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by special resolution authorize an alteration to its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

9.4 Other Alterations

Subject to any shareholders' agreement in effect at such time if the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may resolve to alter these Articles by a special resolution.

ARTICLE 10 – MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Annual General Meeting by Consent Resolutions

If all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date selected in the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article select, as the Company's annual reference date, a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The shareholders shall meet at least once a year either on dates fixed at an earlier meeting or as called by the chair of the board of directors.

10.4 Notice of Meetings of Shareholders

The Company must send notice to each shareholder entitled to attend the meeting, specifying the date, time and place of, and the agenda for, each meeting of the shareholders at least ten (10) days before the time appointed for the meeting, except for annual general meetings called to deal with year-end results, in respect of which the Company shall give such notice at least 15 days before the date appointed for the meeting.

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered that specifies the date of the meeting and contains a statement advising of the right to send a notice of dissent and a copy of the proposed resolution.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, and the record date must not precede the date on which the meeting is to be held by more than two months (or four months if the meeting is requisitioned), or by fewer than:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Notice of a meeting of shareholders shall not be required if all of the shareholders are present at the meeting, waive notice and agree upon the agenda.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

  (i) at the Company's records office, or at such other reasonably accessible location in British Columbia or by electronic access as is specified in the notice; and

  (ii) during statutory business hours on any one or more specified days before the day set for holding the meeting.

10.10 Location of Shareholder Meetings

The Shareholders shall meet in a mutually agreeable place in British Columbia and failing agreement, at the Company's registered office in British Columbia.

10.11 Notice of Dissent Rights

The minimum number of days, before the date of a meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered, by which a copy of the proposed resolution and a notice of the meeting specifying the date of the meeting and advising of the right to send a notice of dissent is to be sent pursuant to the Act to all shareholders of the Company, whether or not their shares carry the right to vote, is:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

10.12 Meetings by Telephone or Other Communications Medium

Meetings of the shareholders may be held by means of conference telephone or other communications facilities by means of which all persons participating in the meeting can communicate with each other, and participation in a meeting by such communications facilities shall constitute presence in person at the meeting; provided, however, that all resolutions passed at any such meeting are subsequently confirmed by all shareholders in writing.

ARTICLE 11– PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting; and

(b) at an annual general meeting, all business is special business except for the following:

 (i) business relating to the conduct of or voting at the meeting;

 (ii) consideration of any financial statements of the Company presented to the meeting;

 (iii) consideration of any reports of the directors or auditor;

 (iv) the setting or changing of the number of directors;

 (v) the election or appointment of directors;

 (vi) the appointment of an auditor;

 (vii) the setting of the remuneration of an auditor;

 (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

 (ix) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder; and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.8 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present by the directors or by the chair of the meeting and any persons entitled or required under the Act to be present at the meeting, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at that meeting.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(a) the chair of the board, if any;

(b) if the chair of the board has not been appointed or is absent or unwilling to act as chair of the meeting, the president, if any; or

(c) if the chair of the board and the president have not been appointed or are unwilling, unable or unavailable to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the provisions of the Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. Unless a poll is directed or demanded, a declaration of the chair that a resolution is carried by the necessary majority or is defeated is conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

(i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(ii) in the manner, at the time and at the place that the chair of the meeting directs; and

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Shareholder Voting Multiple Shares

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of the meeting for a transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

ARTICLE 12 – VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter, has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of the Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a personal or other legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(ii) be received, at the meeting, by the chair of the meeting or to a person designated by the chair of the meeting; and

(b) if a representative is appointed under this Article:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Provisions Do Not Apply to the Company

If and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.16 apply only insofar as they are not inconsistent with any applicable legislation or any Canadian securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;

(c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or

(d) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified in the notice calling the meeting, for the receipt of proxy, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be received, at the meeting, by the chair of the meeting or by a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

M

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed *[month, day year]*

____

[Signature of shareholder]

____

[Name of shareholder – printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxies Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her personal or other legal representative or trustee in bankruptcy; or

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

ARTICLE 13 – DIRECTORS

13.1 Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Act. The number of directors, excluding additional directors appointed under Article 14.7, is:

(a) subject to paragraphs (b) and (c), the number of directors that is equal to the Company's first directors;

(b) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given) of the shareholders or set in any shareholders' agreement in effect at such time; or

(c) the number of directors set under Article 14.4.

If the Company is a public company, the number of directors must not be less than three.

13.2 Change in Number of Directors

If the number of directors is set under Article 13.1:

(a) the shareholders may elect the directors needed to fill any vacancies in the board of directors that result from that change; and

(b) subject to Article 14.7, if the shareholders do not elect the directors needed to fill any vacancies in the board of directors that result from that change, the directors may appoint additional directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors required by Article 13.1 are in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the Act to become, to act or continue to act as a director.

13.5 Remuneration and Expenses of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director. The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company. If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration, fixed by the directors, or, at the opinion of that director, fixed by ordinary resolution and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive. Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

ARTICLE 14 – ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting or in the unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors are entitled to elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the Act;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(c) with respect to the first directors, the designation is otherwise valid under the Act.

14.3 Failure to Elect or Appoint Directors

If the Company fails to hold an annual general meeting in accordance with the Act, or if the Company fails, at an annual general meeting or in a unanimous resolution contemplated by Article 10.2, to elect or appoint any directors, each director then in office continues to hold office until the earlier of:

(a) when his or her successor is elected or appointed; and

(b) when he or she otherwise ceases to hold office under the Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set, pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Vacancies on Board

Any casual vacancy occurring in the board of directors may be filled by the directors or director. If the Company has no directors or fewer directors in office than the number set by these Articles as the necessary quorum for the directors the shareholders may by ordinary resolution appoint or elect directors to fill the vacancies of the board.

14.6 Remaining Directors' Power to Act

The remaining directors may act notwithstanding any vacancy in the board, but if and so long as the number is reduced below the number fixed pursuant to these Articles as the necessary quorum of directors, the remaining directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

14.7 Additional Directors

Notwithstanding Articles 13.1 and 13.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article.

Any director so appointed ceases to hold office immediately before the election or appointment of directors under Article 14.1(a), but is eligible for election at the meeting or appointment by unanimous resolution contemplated under Article 14.1(a). If the appointment or election of such directors is made as an additional director, the number of directors is deemed increased accordingly.

14.8 Ceasing to be a Director

A director will cease to be a director when:

(a) the term of office of the director expires;

(b) the director dies, or resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(c) the director is removed from office pursuant to Article 14.9.

14.9 Removal of Director

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event the shareholders may appoint another individual as director by ordinary resolution to fill the resulting vacancy. If the shareholders do not appoint a director to fill the vacancy thereby created at the meeting at which, or in the consent resolution by which, the director was removed, then either the directors or the shareholders by ordinary resolution may appoint an additional director to fill that vacancy. The directors may remove any director before the expiration of his or her period of office if the director is convicted of an indictable offence or otherwise ceases to qualify as a director and the directors may appoint another person in his or her stead.

ARTICLE 15 – ALTERNATE DIRECTORS

15.1 Appointment of Alternate Directors

Any director (an "appointor") may by notice in writing received by the Company appoint any person (or "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointing director is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to the appointor within a reasonable time after the delivery of the notice of appointment received by the Company.

15.2 Notice of Meetings

Every alternate director is entitled to notice of meetings of directors or committees of the directors, of which his or her appointor is a member and to attend and vote as a director at a meeting at which his or her appointor is not personally present.

15.3 Alternate for More Than One Director Attending Meeting

A person may be appointed as an alternate director by more than one director, and an alternate director:

(a) will be counted in determining the quorum for a meeting of directors once for each appointor and. in the case of an appointor who is also a director, once more in that capacity;

(b) has a separate vote at a meeting of directors for each appointor and, in the case of an appointor who is also a director, an additional vote in that capacity;

(c) will be counted in determining the quorum for a meeting of a committee of directors once for each appointor who is a member of that committee and, in the case of an appointor who is also a member of that committee as a director, once more in that capacity; and

(d) has a separate vote at a meeting of a committee of directors for each appointor who is a member of that committee and, in the case of an appointor who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the instrument appointing him or her, may sign in place of the director who appointed him or her any resolutions submitted to the directors to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of a director appointing him or her.

15.6 Revocation of Appointment of Alternate Director

A director may at any time by notice in writing to the Company, revoke the appointment of an alternate appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(a) his or her appointor ceases to be a director (and is not promptly re-elected or re-appointed);

(b) the alternate director dies, or resigns as an alternate director by notice in writing provided to the Company;

(c) the alternate director ceases to be qualified to act as a director; or

(d) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

An alternate director may be reimbursed by the Company for such expenses as might properly be repaid to him or her if he or she were a director and he or she is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

ARTICLE 16 – POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to any shareholders' agreement in effect at such time, the Act and these Articles, manage, or supervise the management of, the affairs and business of the Company and will have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument under the seal, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the powers of the directors relating to the constitution of the board of directors and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors think fit, and any such appointment may be made in favour of any corporation, firm or person or body of persons, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

ARTICLE 17 – INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who has a disclosable interest in a contract or transaction and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as seller, buyer or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

ARTICLE 18 – PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

Subject to any shareholders' agreement in effect at such time, the directors may meet together for the conduct of business. adjourn and otherwise regulate their meetings as they see fit and meetings of the board held at regular intervals may be held at the place, and the time and on the notice, if any, as the board may by resolution from time to time determine.

18.2 Voting at Meetings

Subject to any voting specifications set forth in any shareholders' agreement in effect at such time, questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meeting

Meetings of directors may be chaired by:

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

  (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

  (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

  (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

Meetings of the directors or any committee of directors may be held by means of conference telephone or other communications facilities by means of which all persons participating in the meeting can communicate with each other, and participation in a meeting by such communications facilities shall constitute presence in person at the meeting; provided, however, that all resolutions passed at any such meeting are subsequently confirmed in writing. A director participating in a meeting in accordance with this Article will be deemed to be present at the meeting and to have so agreed and will be counted in the quorum therefor and be entitled to speak and vote and otherwise participate in the meeting in accordance with the Act. A director who participates in a meeting in a manner contemplated by this Article is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Notice of Meetings

The chair shall give notice, specifying the time and place of, and the agenda for, each meeting of the directors at least five days before the date appointed for the meeting to each of the directors and if a director so requires in writing, the alternate director appointed by that director:

(a) by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose;

(b) by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose;

(c) orally or by telephone, or by delivery of written notice; or

(d) if agreed by the intended recipient, by e-mail, fax or any other method of legibly transmitting messages agreed to by the intended recipient.

18.6 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director is present at the meeting, waives notice and agrees upon the agenda.

18.7 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

18.8 Waiver of Notice of Meeting

Any director or alternate director of the Company may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until such waiver is withdrawn, no notice need be given to such director or, unless the director otherwise requires in writing to the Company, to his or her alternate director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of entitlement to notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.9 Quorum

Subject to any shareholders' agreement in effect at such time, the quorum necessary for the transaction of the business of the directors is two directors, or, if the number of directors is one, is one director, and that director may constitute a meeting. No business, other than the appointment of the chair of the meeting and the adjournment of the meeting, shall be transacted at any meeting of the directors unless a quorum is present. If a quorum is present at the commencement of the meeting, the directors shall be competent to exercise all of the authorities, powers and discretion bestowed upon it. If a quorum is not present within half an hour from the time appointed for a meeting, the meeting shall, at the election of those directors who are present, be dissolved or be adjourned to the same place but on a date and at a time to be fixed by the chair before the adjournment of the meeting, which shall be not less than 14 days following the original date for which the meeting was called. Notice of the adjourned meeting shall be given by the chair to all directors forthwith after the adjournment of the meeting. If a quorum is not present at the adjourned meeting within half an hour from the time appointed, the director(s) present and entitled to attend and vote at the meeting, shall constitute a quorum.

18.10 Validity of Acts Where Appointment Defective

Subject to the provisions of the Act, all acts done by any director or officer will, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such director or officer, or that they or any of them were disqualified, be as valid as if each such person had been duly elected or appointed and was qualified to be a director or officer.

18.11 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who has not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 18.11 may be by any written instrument, fax, email or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

ARTICLE 19 – COMMITTEES

19.1 Appointment and Powers of Committees

The directors may, by resolution:

(a) appoint one or more committees consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:

(i) the power to fill vacancies of the board;

(ii) the power to remove a director;

(iii) the power to change the membership of, or fill vacancies in, any committee of the board; and

(iv) the power to appoint or remove officers appointed by the board; and

(c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

19.2 Obligations of Committees

Any committee formed under Article 19.1, in the exercise of the powers delegated to it, must:

(a) conform to any rules that may from time to time be imposed on it by any shareholders' agreement, in effect at such time;

(b) conform to any rules that may from time to time be imposed on it by the directors; and

(c) report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done or at such time as the directors may require.

19.3 Powers of Board

The board may, at any time:

(a) revoke or alter the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, a committee; and

(c) fill vacancies in a committee.

19.4 Committee Meetings

Subject to Article 19.1:

(a) the members of a directors' committee may meet and adjourn as they think proper;

(b) a directors' committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(c) a majority of the members of a directors' committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of a directors' committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

ARTICLE 20 – OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time. appoint such officers, if any, as the directors will determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The board may, for each officer:

(a) determine the functions and duties the officer is to perform;

(b) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors determine; and

(c) from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer will be appointed unless that officer is qualified in accordance with the provisions of the Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director will be a director. The other officers need not be directors.

20.4 Remuneration

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits, pensions, gratuity, or otherwise) that the board thinks fit and are subject to termination at the discretion of the board.

ARTICLE 21 – INDEMNIFICATION

21.1 Definitions

In this Article:

(a) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a person to be indemnified under this Article (an "eligible party") or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director, officer, employee or agent of the company or an associated corporation:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and

(c) "expenses" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding.

21.2 Mandatory Indemnification of Directors

Subject to the Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article.

21.3 Permitted Indemnification

Subject to any restrictions in the Act, the Company may indemnify any person.

21.4 Non-Compliance with the Act

The failure of a director or officer of the Company to comply with the provisions of the Act or of the Notice of Articles, these Articles or, if applicable, any former *Companies Act* or former articles will not invalidate any indemnity to which he or she is entitled under this Article 21.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, alternate director, officer, employee or agent of the Company;

(b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

21.6 Indemnification of Directors

The directors must cause the Company to indemnify its directors and former directors and their respective heirs and personal or other legal personal representatives to the greatest extent permitted by the Act.

21.7 Deemed Contract

Each person specified in Article 21.2 is deemed to have contracted with the Company on the terms of the indemnity referred to in that Article.

ARTICLE 22 – DIVIDENDS AND RESERVES

22.1 Declaration of Dividends

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends, the directors may from time to time declare and authorize payment of such dividends, if any, in accordance with the distribution specifications of any shareholders' agreement, in effect at such time.

22.2 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.1.

22.3 Manner of Paying Dividend

Subject to any shareholders' agreement in effect at such time, a resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of paid up shares or fractional shares, bonds, debentures or other debt obligations of the Company or any other corporation, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they think expedient, and, in particular, may set the value for distribution of specific assets.

22.4 Basis and Payment

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends:

(a) any dividend declared on shares of any class or series by the directors may be made payable on such date as is fixed by the directors; and

(b) all dividends on shares of any class or series will be declared and be paid according to the number of such shares held.

22.5 Reserves

The directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves which may, at the discretion of the directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which such funds of the Company may be properly applied, and pending such application such funds may, in the discretion of the directors, either be employed in the business of the Company or be invested in such investments as the directors may from time to time think fit.

22.6 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other monies payable in respect of the share.

22.7 Dividend Bears No Interest

No dividend will bear interest against the Company.

22.8 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.9 Payment of Dividends

Any dividend, bonuses or other distribution payable in money in respect of shares may be paid by cheque sent through the post directed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of that one of the joint shareholders who is first named on the central securities register, or to such person and to such address as the shareholder or joint shareholders may direct in writing. Every such cheque must be made payable to the order of the person to whom it is sent. The mailing of such cheque will, to the extent of the sum represented thereby (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend, unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.10 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus on hand of the Company and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Company as a dividend representing part or all of such retained earnings or surplus so capitalized or any part thereof.

ARTICLE 23 – ACCOUNTING RECORDS AND AUDITOR

23.1 Keeping Documents, Minutes, Etc.

The Company must keep at its records office, or at such other place as the Act may permit, the documents, copies, registers, minutes and other records which the Company is required by the Act to keep at such places. The shareholders, by ordinary resolution, may set restricted hours for access to records in the records office in accordance with the Act.

23.2 Keeping Books of Account

The Company must keep or cause to be kept proper books of account and accounting records in respect of all financial and other transactions of the Company and in compliance with the provisions of the Act.

23.3 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by an ordinary resolution, no shareholder of the Company is entitled to inspect the accounting records of the Company.

23.4 Remuneration of Auditor

The directors may set the remuneration of the auditor.

ARTICLE 24 – NOTICES

24.1 Method of Giving Notice

Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

(i) for a record mailed to a shareholder, the shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or

(iii) in any other case the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a shareholder, the shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or

(iii) in any other case, the delivery address of the intended recipient;

(c) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) unless the intended recipient is the auditor of the Company, sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or

(e) physical delivery to the intended recipient.

24.2 Deemed Receipt

(a) A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(b) a record that is faxed to a person referred to in Article 24.1 is deemed to be received by that person on the day it was faxed; and

(c) a record that was emailed to a person referred to in Article 24.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement. report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

  (i) by name, by the title of the legal representative of the deceased or incapacitated shareholder by the title of trustee of the bankrupt shareholder or by any similar description; and

  (ii) at the address. if any. supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in Article 24.1(a)(ii) has been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company will not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his, her or its new address.

ARTICLE 25 – RECORD DATES

25.1 Fixing Record Date

The directors may fix in advance a date, which must not be more than the maximum number of days permitted by the Act, preceding the date of any meeting of shareholders or any class or series thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of shareholders, as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only shareholders of record on the date so fixed are deemed to be shareholders for the purposes aforesaid.

25.2 If No Record Date Fixed

If no record date is fixed for the determination of shareholders, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, is the record date for such determination.

ARTICLE 26 – SEAL

26.1 Custody and Use of Seal

The directors may provide a seal for the Company and, if they do so, will provide for its safe custody and it will not be impressed on any instrument except when such impression is attested by the signature or signatures of:

(a) any two directors;

(b) any officer together with any director;

(c) if the Company has one director, that director; or

(d) such one or more directors or officers or persons as may be prescribed from time to time by resolution of the directors.

For the purpose of certifying under seal true copies of any resolution or other document, the seal may be impressed on such copy attested by the signature of any one director or officer.

26.2 Signing Authority

In the event that the Company does not have a seal or wishes to execute a document without affixing the seal, any documents requiring signature on behalf of the Company may be signed by any one of the directors or officers of the Company, unless a contrary intention is expressed in a directors' resolution.

26.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be affixed by third parties to bonds, debentures, share certificates or other securities of the Company as they may determine appropriate from time to time.

ARTICLE 27 – PROHIBITIONS

27.1 Definitions

In this Article:

(a) "security" has the meaning assigned in the *Securities Act* (British Columbia); and

(b) "transfer restricted security" means:

  (i) a share of the Company;

  (ii) a security of the Company convertible into shares of the Company;

  (iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

27.2 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security of the Company may be transferred without:

(a) the previous consent of the directors expressed by a resolution of the board of directors, and

(b) complying with the provisions relating to restrictions on transfer set out in any shareholders' agreement in effect at such time, and with respect to Article 27.2(a), the directors are not required to give reasons for refusing to consent to such proposed transfer. The foregoing provision does not apply if and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its articles or to which the Statutory Reporting Company Provisions apply.

EXHIBIT G

CEO APPROVAL MATTERS

Without prejudice to the other provisions of this Agreement regarding performance of the Operator's activities, the Operator shall obtain prior written consent of the CEO for the following actions:

(a) establishment and liquidation of the Joint Venture's branches and subsidiaries;

(b) acquisition and any Transfer of any Properties and any real estate assets and granting the right of their usage;

(c) establishment of any Encumbrances on the Properties and real estate;

(d) acquisition and any Transfer of any Assets other than Properties and real estate assets of a value exceeding $20,000 in a single transaction;

(e) acquisition and any Transfer of any Assets other than Properties and real estate assets exceeding in aggregate $20,000 in respect of Transfers or acquisitions performed in several transactions of the same type;

(f) establishment of any Encumbrances on the Assets;

(g) entering into any sales contracts or commitments for Products of a value exceeding $20,000 in a single transaction;

(h) entering into any sales contracts or commitments for Products of a value exceeding $20,000 performed in several transactions of the same type;

(i) entering into any contracts with Shareholders and Shareholders' Affiliates,

(j) entering into any contracts with members of the governing bodies of the Joint Venture, Shareholders and Shareholders' Affiliates;

(k) disposal of rights and incurring liabilities of a value exceeding $20,000 in single transaction;

(l) disposal of rights and incurring liabilities of a value exceeding $20,000 performed in several transactions of the same type;

(m) entering into any contracts for specific time period exceeding 12 months or contracts where the notice period is longer than 3 months;

(n) granting or incurring by the Joint Venture of loans, guarantees and warranties, and entering into any financial arrangements pertaining to the Joint Venture and Operations;

(o) giving notice of employment contract to employees;

(p) concluding and amending employment contracts;

(q) concluding and amending insurance contracts;

(r) making an arrangement, recognition of an action, waiver of a claim in relation to court and arbitration proceedings,

(s) initiating litigation or administrative proceedings arising out of Operations and the Joint Venture's business activity;

(t) performing Continuing Obligations or delegating performance of Continuing Obligations;

(u) reimbursing the Operator by the Joint Venture Company for costs as provided for in Section 7.3 (x);

(v) reimbursing Shareholder for costs as provided for in Section 7.3 (y);

(w) issuance of any bonds or other securities by the Joint Venture Company;

(x) acquisition, assumption and any Transfer of shares/stocks held by the Joint Venture Company in other entities;

(y) acquisition by the Joint Venture of intellectual property rights, as well as Transfer of such rights to a third party; granting and acquiring by the Joint Venture of licences and sub-licences for the usage of intellectual property rights;

(z) dissolving or beginning a liquidation of the Joint Venture Company;

(aa) entering into any agreement relating to the preparation of the Feasibility Study as set forth in Section 5.3;

(bb) incurring by the Operator of any costs that are subject to reimbursement to the Operator by the Joint Venture Company in accordance with the Shareholders Agreement; and

(cc) making elections, and preparing and filing all federal and provincial tax returns or other tax forms of the Joint Venture Company.

EXHIBIT H

ASSIGNED AGREEMENT OBLIGATIONS

Capitalized terms used in this Exhibit not otherwise defined herein will have the meanings ascribed to them in the respective agreement or the Agreement to which this Exhibit H is attached.

This Exhibit H sets out all of the covenants and obligations~~,~~ including royalty payments Abacus and KGHM have agreed to transfer assign or convey to the Joint Venture Company. The list of agreements to be assigned and underlying obligations contained therein or related thereto include those which are material, non-material and, in certain instances, for ease of reference and completeness, include or refer to agreements, royalties or obligations which no longer exist or are applicable. For the purposes of this Exhibit "H", the term "material" means those obligations which relate to a mineral tenure which is located within the proposed Ajax pit or current mine plan; "non-material" means those obligations which relate to a mineral tenure which is not located within the proposed Ajax pit or current mine plan. The "material" mineral tenures means the "Ajax Property" and includes only the Ajax, Forlorn, Copper Star Fraction, Grass Roots, Monte Carlo, Neptune, Sultan and Wheal Tamar crown granted mineral claims. **The only mineral claims that are "material" for the proposed Ajax pit and Current Mine Plan (as set out in Exhibit K of this Agreement) are the Ajax, Forlorn, Copper Star Fraction, Grass Roots, Monte Carlo, Neptune, Sultan and Wheal Tamar crown granted mineral claims ("8 Material Crown Grants") and the 14 mineral claims acquired under the 2008 New Gold Agreement (defined below)**. The "non-material" mineral tenures means all of the other claims and mineral tenures (in other words, those lying outside of the Ajax Pit and not comprising a part of the current mine plan).

1. New Gold AAN Agreement

Under the New Gold AAN Agreement, the Joint Venture Company is assigned the obligations, covenants and liabilities of Abacus under the option agreement ("**2008 New Gold Agreement**") between New Gold Inc and Abacus dated March 19, 2008. The following are the obligations, covenants and liabilities of the Joint Venture Company under the 2008 New Gold Agreement:

(a) the Joint Venture Company must pay a 10% Net Profits royalty on production of the claims ("**New Gold Claims**") subject the 2008 New Gold Agreement (the New Gold Claims are material to the Current Mine Plan);

(b) the Joint Venture Company may conduct condemnation drilling on the Dump Area;

(c) the Joint Venture Company may have the Lay Back Area included in the Mining Properties for the purpose of using the surface area as a lay back area for the open pit lay back up to a depth of 500 metres;

(d) the Joint Venture Company may commingle ores from the option area with ores from other properties, provided the Joint Venture Company and New Gold agree to protocols to determine the weight, grade, metallurgical recovery and other pertinent data for both the ores removed from the Mining Properties and the ores from the other properties in accordance with sound mining and metallurgical practices;

(e) the Joint Venture Company has the right to enter in, under or upon the Mining Properties, have quiet possession of the Mining Properties, carry out Work on the Mining Properties, and remove ore, minerals and metals from the Mining Properties;

(f) New Gold may continue to carry out exploration activities on the Mining Properties, the Dump Area and the Lay Back Area and shall have full right of access thereto provided that such activities by New Gold will not unreasonably impede with those of the Joint Venture Company and if it does so, New Gold will provide reports on the results of its exploration activities and New Gold will indemnify the Joint Venture Company from all claims and damages arising out of the negligent acts or omissions of New Gold;

(g) the Joint Venture Company agrees not to oppose any application by New Gold for any permit related to New Gold's Afton Project or the awarding of such permits so long as such permit would not have a material adverse effect on the Joint Venture Company's proposed mining and related operations in the area contiguous to New Gold's New Afton Project. This provision survives termination of the 2008 New Gold Agreement;

(h) the Joint Venture Company and New Gold agree to use best efforts to survey the boundaries of the Mining Properties, the Dump Area and the Lay Back Area as soon as reasonably practicable on the request of either party and the costs of such survey shall be shared equally;

(i) the Joint Venture Company agrees to indemnify New Gold, from the date of the New Gold AAN Agreement, from all claims and damages arising out of the negligence of the Joint Venture Company and possession or use under the 2008 New Gold Agreement of the Mining Properties, the Dump Area or the Lay Back Area;

(j) New Gold or the Joint Venture Company shall hold title to the Mining Properties, Dump Area and Lay Back Area subject to the terms and conditions of the 2008 New Gold Agreement;

(k) the parties agree that information provided under the 2008 New Gold Agreement is confidential and each party agrees not to disclose any information without the prior consent of the other party. This provision survives termination of the 2008 New Gold Agreement;

(l) each party agrees to inform the other party in advance if it intends to make any public announcement or disclosure in sufficient time to permit the other party to jointly or simultaneously make a similar announcement if the other party wishes to and with sufficient opportunity to request that reasonable changes be made in such proposed announcement;

(m) if a party proposes to assign any or all of its Interest in the 2008 New Gold Agreement, the other party shall have a right of first refusal to purchase such Interest;

(n) if an assigning party wishes to assign any part of its Interest to an assignee who is not party to the 2008 New Gold Agreement, the assigning party shall require the assignee to enter into an agreement with the other parties to the 2008 New Gold Agreement containing a covenant to be bound by the 2008 New Gold Agreement, and a provision subjecting any further sale or transfer of Interest to the right of first refusal contained in the 2008 New Gold Agreement;

(o) a party may assign its interest to an affiliate without complying with the right of first refusal provisions provided that the affiliate delivers an agreement setting out the provisions listed above and the assigning party continues to remain principally liable to the other party for the performance of its obligations under the 2008 New Gold Agreement; and

(p) all terms of the 2008 New Gold Agreement run with and are binding upon the lands and estates affected thereby during the term of the 2008 New Gold Agreement.

2. Third Amendment

Under the Third Amendment, the Joint Venture Company is assigned the obligations, covenants and liabilities of Abacus with respect to royalties under: (i) the Iron Mask Royalty Agreement (as defined therein); (ii) the Rainbow Royalty Agreement (as defined therein); and (iii) under the Asset Purchase Agreement (as defined therein) to the extent that the Asset Purchase Agreement relates to the foregoing two agreements and the Iron Mask Back-In Rights and the Rainbow Back-In Rights (as defined therein). The following are the obligations, covenants and liabilities of the Joint Venture Company under the agreements noted above in this paragraph 2 of Exhibit "H":

Iron Mask Royalty Agreement (dated November 25, 2005)

(a) Teck and Afton are entitled to a 1.5% Net Smelter Return Royalty. Any royalties payable run with the mineral tenures and are not merely contractual in nature;

(b) The Joint Venture Company has the right at any time, within 2 years after the date of commencement of commercial production from the Iron Mask Property_(consisting of Group A and Group B properties), to purchase the 1.5% NSR from Teck and Afton for $3,000,000;

(c) Teck and Afton are entitled to place a lien on the Iron Mask Property for any unpaid royalty owed to them;

(d) The Joint Venture Company agrees to make any royalty payments pursuant to the following underlying agreements:

   (i) Agreement (**"Comet Agreement"**) dated August 27, 1987, between Afton Operating Corporation, Comet Industries Ltd., Davenport Industries Ltd. and Initial Developers Limited in respect of the mineral claims that form part of Group A properties under the Iron Mask Royalty Agreement and none of which are material to the Ajax pit or Current Mine Plan;

   (ii) Option Agreement (**"E&B Agreement"**) dated September 2, 1986, between Cominco Ltd. ("Cominco") and E&B Explorations Ltd., Geomex Minerals Limited Partnership Number 9, Geomex Development, Eighth Partnership, and Geomex Development, Eleventh Partnership and Afton Mining Company (collectively, **"E&B"**), in respect of which the royalty has been extinguished in its entirety, including for greater certainty with respect to claims that form a part of Group B properties under the Iron Mask Royalty Agreement;

   (iii) Agreement (**"Norcen Agreement"**) made April 25, 1983 between Norcen Energy Resources Limited and Cominco Ltd. in respect of claims that form a part of

Group B properties under the Iron Mask Royalty Agreement and none of which are material to the Ajax pit or Current Mine Plan;

(iv) Agreement ("**Morrison Agreement**") dated April 30, 1980 between Morrison Ranches Ltd. and Cominco Ltd. in respect of claims that form a part of Group B properties under the Iron Mask Royalty Agreement and none of which are material to the Ajax pit or Current Mine Plan;

(v) Agreement ("**Imperial Agreement**") dated November 1, 1979 between Western Rolling Hills Mines and Oils Limited (now, Imperial Metals Corporation) and Cominco Ltd., in respect of a claim that forms part of Group B properties under the Iron Mask Royalty Agreement and is not material to the Ajax pit or Current Mine Plan;

(vi) Order ("**New Minex Order**") from the Supreme Court of British Columbia dated February 16, 1983 with Cominco Ltd. as Plaintiff and New Minex Resources Ltd. as Defendant in respect of certain claims, none of which are part of the Iron Mask Property;

(vii) Agreement ("**Argenta Agreement**") dated April 4, 1986 between Argenta Resources Ltd. and Afton in respect of one claim that forms a part of Group B properties under the Iron Mask Royalty Agreement and which is not material to the Ajax pit or Current Mine Plan; and

(viii) Letter ("**Notice of Exercise of Option**") dated October 27, 1988 from Afton Mining Company to Cominco Ltd. and E&B Explorations Ltd in respect of claims that form a part of Group B properties under the Iron Mask Royalty Agreement and none of which are material to the Ajax pit or Current Mine Plan;

(e) Parties agree that all information obtained under the Iron Mask Royalty Agreement is to be kept confidential;

(f) The Joint Venture Company will consult with Teck and obtain Teck's approval prior to issuing any public statement regarding the Iron Mask Property or activities of the parties with respect thereto until the date on which the Net Smelter Return royalty is purchased by the Joint Venture Company;

(g) The Joint Venture Company will obtain the prior approval of Teck before issuing any press release using Teck's name;

(h) The Joint Venture Company agrees not to acquire any form of interest in property or minerals located wholly or in part within the area lying within a distance of 3 kilometers from the external perimeter of the Iron Mask Property unless the Joint Venture Company complies with the applicable provisions contained therein regarding the requirement to first offer such property or minerals for inclusion under the Iron Mask Royalty Agreement;

(i) The Joint Venture Company covenants to at all times retain any and all liabilities arising from the handling, treatment, storage, transportation or disposal of environmental or similar contaminants on or near the Iron Mask Property by the Joint Venture Company;

(j) The Joint Venture Company covenants to remove or take remedial action with regard to any materials released by the Joint Venture Company into the environment at, on or near the Iron Mask Property for which any removal or remedial action is required pursuant to any law provided that reasonable advance written notice of such action has been given to Teck and such action is taken in a manner so as to minimize any impact to the Iron Mask Property;

(k) The Joint Venture Company agrees not to disturb or conduct work on any areas of the Iron Mask Property or within the area of interest which has undergone reclamation without the prior approval of Teck and the Ministry of Energy and Mines;

(l) Prior to the Net Smelter Return royalty being purchased by the Joint Venture Company, if the Joint Venture Company wants, at any time before or after the commencement of commercial production, to abandon any one or more of the mineral claims or crown grants that comprise the Iron Mask Property, it must give notice to Teck and Teck may elect to have such abandoned claims and grants transferred to Teck;

(m) Each party needs the written consent of the other party to assign any right or interest in the Iron Mask Royalty Agreement;

(n) Schedule A to Iron Mask Royalty Agreement states that claims that comprise the Comet-Davenport property are subject to a 25% Net Profit Interest pursuant to the Comet Agreement;

(o) Schedule B to Iron Mask Royalty Agreement states that certain claims listed in Schedule B are subject to certain of the following royalties:

   (i) 30% Net Proceeds of Production pursuant to the E&B Agreement;

   (ii) 10% Carried Net Profits Interest pursuant to the Norcen Agreement;

   (iii) 10% Net Proceeds of Production pursuant to the Imperial Agreement;

   (iv) 10% Net Profits Royalty pursuant to the Argenta Agreement; and

   (v) 25% Net Proceeds of Production pursuant to the E&B Agreement.

Underlying Agreements to the Iron Mask Royalty Agreement:

Comet Agreement

(a) In respect of Property B (that is comprised of certain claims that form a part of Group A properties under the Iron Mask Royalty Agreement), the Joint Venture Company has to pay an advance royalty of $25,000 on each anniversary of the Comet Agreement following the delivery of the production commitment. Any such advance royalties are to be deducted from any other royalties payable under the Comet Agreement. Abacus has confirmed that since no production decision has been delivered, no advance royalties are payable and the claims acquired pursuant to the Comet Agreement are not material to the Ajax pit or Current Mine Plan;

(b) If Property A is placed into production, Comet is entitled to 25% of the net profits derived from mining operations in respect of Property A. None of the crown grants comprising Property A are part of the Iron Mask Property under the Iron Mask Royalty Agreement and hence, are not part of the Joint Venture;

(c) The Joint Venture Company is only responsible to pay the royalty under the Comet Agreement to Comet and Comet is responsible to direct the payment accordingly between the other parties who are entitled to receive this royalty; and

(d) Comet grants to the Joint Venture Company the exclusive and ongoing right of first refusal in respect of any proposed disposition by Comet of the royalty under the Comet Agreement.

E&B Agreement

(a) The Joint Venture Company shall fund all costs necessary to develop and operate the Ajax Property and Cominco/E&B shall be entitled to receive a 30% Net Proceeds of Production royalty from the Ajax Property (**"E&B Royalty"**). Under the E&B Agreement, the "Ajax Property" was defined to include, among others, the 8 Material Crown Grants, being, Ajax, Forlorn, Copper Star Fraction, Grass Roots, Monte Carlo, Neptune, Sultan and Wheal Tamar crown granted mineral claims. The 8 Material Crown Grants are material to the Ajax pit and Current Mine Plan. The E&B Royalty was extinguished, which such extinguishment was confirmed in writing to Abacus by Teck in 2002. The E&B Royalty was, and remains, unregistered. Accordingly, as of the date hereof, as it was during its existence prior to being extinguished, the E&B Royalty does not run with the mineral tenures and, at all times prior to its extinguishment, was a royalty merely contractual in nature.

(b) Cominco/E&B shall be entitled to a royalty of 25% Net Proceeds of Production royalty as and when available from the Afton Property. This royalty no longer exists and applied to claims that are not material to the Ajax pit or Current Mine Plan. The only claims that form part of the claims under the Joint Venture, the Iron Mask Royalty Agreement and the E&B Agreement are Rod 4 Fraction and Sunny, neither of which are material to the Ajax pit and Current Mine Plan.

(c) The underlying agreements to the E&B Agreement are the Norcen Agreement, the Imperial Agreement, the Morrison Agreement, the New Minex Order and the Argenta Agreement.

Norcen Agreement

(a) Norcen is entitled to a 10% Carried Net Profits Interest in respect of certain claims. The only claims that form part of the claims under the Joint Venture, the Iron Mask Royalty Agreement, and the Norcen Agreement are, the Ace-1 mineral claim and the Black Beauty, Admiral Dewey and Cyclone crown granted mineral claims, none of which are material to the Ajax pit and Current Mine Plan.

Imperial Agreement

(a) Western Rolling Hills Mines and Oils Limited (now, Imperial Metals Corporation) is granted a 10% Net Proceeds of Production royalty in respect of certain claims. The only claim that forms part of the claims under the Joint Venture, the Iron Mask Royalty Agreement and the Imperial Agreement is the "X-16" claim and this claim is not material to the Ajax pit and Current Mine Plan.

Morrison Agreement

(a) Morrison Ranches Ltd. is granted a 10% Net Proceeds of Production royalty in respect of certain mineral rights underlying several Lots that comprise District Lots 411 and 412 (located south of the proposed mine plan), which claims are not material to the Ajax pit and Current Mine Plan.

New Minex Order

(a) Cominco was transferred a 60% interest in certain mineral claims from New Minex Resources Ltd. pursuant to Order No. C820463 of the Supreme Court of British Columbia dated February 16, 1983. These claims are not part of the Iron Mask Property under the Iron Mask Royalty Agreement and hence, are not part of the Joint Venture.

Argenta Agreement

(a) Argenta Resources Ltd. is granted a 10% Net Profits royalty with respect to certain claims. The only claim that forms part of the claims under Joint Venture, the Iron Mask Royalty Agreement and the Argenta Agreement is the "Sunny" claim and this claim is not material to the Ajax pit and Current Mine Plan; and

(b) The Joint Venture Company is granted a first right of refusal with respect to the purchase of such 10% Net Profits royalty.

Rainbow Royalty Agreement (dated November 25, 2005)

(a) Teck is entitled to a 1.5% Net Smelter Return royalty in respect of the Rainbow Property, which consists of mineral claims that are not material to the Ajax pit and Current Mine Plan;

(b) Teck is entitled to record its royalty against title to the Rainbow Property and the royalty is intended to run with the mineral tenures and not be merely contractual in nature;

(c) The Joint Venture Company has the right at any time within two years after the date of commencement of commercial production from the Rainbow Property to purchase the 1.5% Net Smelter Return royalty owed on the Rainbow Property from Teck for $3,000,000;

(d) Teck is entitled to a lien on the Rainbow Property for any amount of unpaid royalty owed to Teck;

(e) The Joint Venture Company agrees to make all royalty payments due to Deak Resources Corporation pursuant to the underlying agreement, being, an option joint venture agreement between Teck Corporation and Getchell Resources Incorporated (now, Discover-Corp. Enterprises Inc.) (**"Discovery Agreement"**);

(f) Parties agree that all information obtained under the Rainbow Royalty Agreement is to be kept confidential;

(g) The Joint Venture Company will consult with Teck and obtain Teck's approval prior to issuing any public statement regarding the Rainbow Property or activities of the parties with respect thereto until the date on which the Net Smelter Return royalty is purchased by the Joint Venture Company;

(h) The Joint Venture Company will obtain the prior approval of Teck before issuing any press release using Teck's name;

(i) Each party agrees not to acquire any form of interest in property or minerals located wholly or in part within the area lying within a distance of 3 kilometers from the external perimeter of the Rainbow Property unless each party first offers such property or minerals for inclusion under the Rainbow Royalty Agreement;

(j) The Joint Venture Company covenants to at all times indemnify Teck in respect of any and all liabilities arising from the handling, treatment, storage, transportation or disposal of environmental or similar contaminants on or near the Rainbow Property by the Joint Venture Company;

(k) The Joint Venture Company covenants to remove or take remedial action with regard to any materials released by the Joint Venture Company into the environment at, on or near the Rainbow Property for which any removal or remedial action is required pursuant to any law provided that reasonable advance written notice of such action has been given to Teck and such action is taken in a manner so as to minimize any impact to the Rainbow Property;

(l) The Joint Venture Company agrees not to disturb or conduct work on any area of the Rainbow Property or within the area of interest which has undergone reclamation without the prior approval of Teck and the Ministry of Energy and Mines;

(m) Prior to the Net Smelter Return royalty being purchased by the Joint Venture Company, if the Joint Venture Company wants, at any time before or after the commencement of commercial production, to abandon any one or more of the mineral claims or crown grants that comprise the Iron Mask Property, it must give notice to Teck and Teck may elect to have such abandoned claims and grants transferred to Teck;

(n) Each party needs the written consent of the other party to assign any right or interest in the Rainbow Royalty Agreement.

Underlying Agreement to the Rainbow Royalty Agreement:

<u>Discovery Agreement</u>

(a) Discovery represents that no other person other than Deak Resources Corporation ("**Deak**") has any royalty or other interest in the Property;

(b) Deak is entitled to a 2% Net Smelter Return royalty to the Property granted pursuant to an Option Agreement dated July 6, 1990, between Getchell Resources Incorporated ("**Discovery**") and Deak Resources Corporation ("**Deak Agreement**"), which Property is

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comprised of the following claims: "Rainbow S.E.", "Rainbow N.E.", "Rainbow S.W.", "Rainbow N.W.", "Bill" and "ML219963", which claims are not material to the Ajax pit and Current Mine Plan;

(c) Under the Deak Agreement, Deak was granted a 3% Net Smelter Return royalty which was reduced to a 2% Net Smelter Return royalty pursuant to an Addendum dated April 26, 1994, Deak and Discovery which stated that if Getchell concludes an arm's length agreement with a third party for the joint exploration and development of the Property involving the assignment of a proportionate interest in the Property to such third party Deak agrees to reduce its royalty to a reserved 2% Net Smelter Return. In addition, under the Addendum, Deak granted to Discovery and the third party involved in the joint exploration and development of the Property jointly the option to purchase half of the 2% Net Smelter Return royalty for $500,000, which would reduce the royalty to a 1% Net Smelter Return.

Asset Purchase Agreement

(a) The Joint Venture Company will obtain the prior approval of Teck before issuing any press release using Teck's name;

(b) If the Joint Venture Company wishes to transfer any interest in the Asset Purchase Agreement or the Assets it must ensure that the prospective purchaser will first enter into a written agreement with Teck agreeing to the bound by the terms of the Asset Purchase Agreement;

(c) The Joint Venture Company agrees to indemnify Afton from all losses arising from any assertion by the Joint Venture Company of any Losses or Liabilities in connection with the Iron Mask Back-In Rights and the Rainbow Back-In Rights, including any Historical Liabilities (means, any Environmental Liabilities arising in connection with Historical Activities); and

(d) Other than the foregoing, and the $2,750,000 payment to Teck (which payment occurs on or at the Effective Date and, accordingly, prior to or concurrent with the assignments contemplated under this Exhibit "H"), there are no other obligations, covenants or liabilities which have been or will be, as of the Effective Date, assigned to and assumed by the Joint Venture Company, including any Historical Liabilities, under the Asset Purchase Agreement.

EXHIBIT I

SURFACE RIGHTS OPTIONS

1. Guy Little Option: option agreement dated on or about October 12, 2010 between George Guy Little and Abacus.

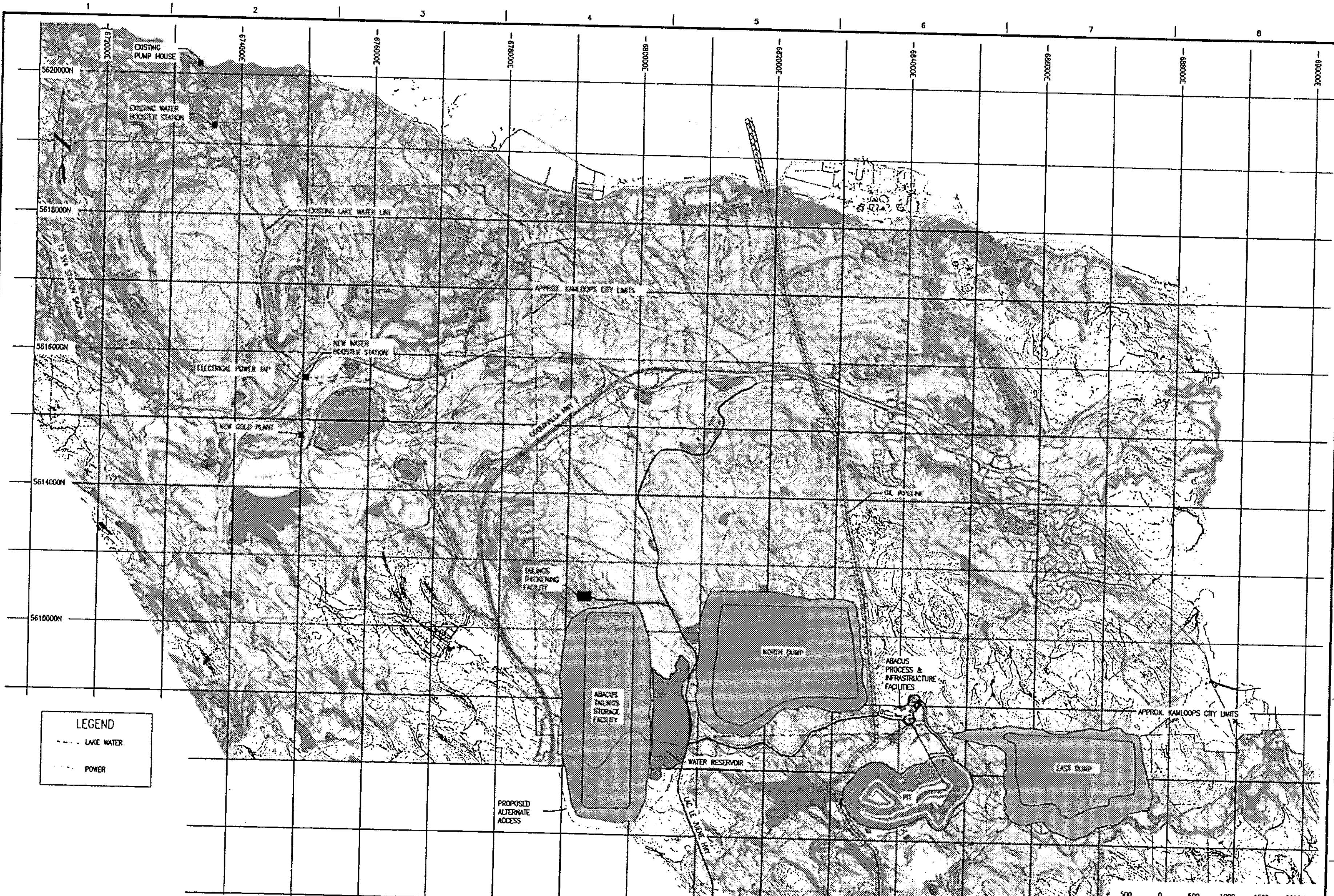
2. Straw House Option: option agreement dated May 14, 2010, between Robert Laing Shimmin and Stephanie Carla Lawrence and Abacus.

3. Afton Option Agreement: option agreement dated July 3, 2009, between Afton Operating Corporation and Abacus.

4. Sugarloaf Option: option agreement dated July 3, 2009, between Sugarloaf Ranches Limited and Abacus.

EXHIBIT J

CURRENT MINE PLAN



REV. No.	ISSUE No.	DESCRIPTION	DATE	BY
B	1	ISSUED FOR INFORMATION	21APR10	JTR
A	1	ISSUED FOR HPGR TRADE-OFF STUDY	04FEB10	JTR

DWG. NO. | REFERENCE DRAWINGS

SECTION: LAYOUT
SCALE: AS SHOWN | DATE
DESIGN BY: JTR | 01FEB10
DRAWN BY: JTR | 01FEB10
CHECK BY:
APP. BY:

Abacus MINING & EXPLORATION CORP.
BRITISH COLUMBIA
WARDROP Engineering Inc.

TITLE: AJAX PROJECT (PREFEASIBILITY STUDY)
OVERALL SITE GENERAL ARRANGEMENT PLAN

FILENAME	PROJECT NUMBER	DRAWING NUMBER	REV
A0020001.DWG	0954610.00	A00-20-001	B

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EXHIBIT K

PRE-CLOSING EXPENSES

KGHM Ajax Mining Inc. - Expenditures (May 2010 - October 8, 2010)

	May *Actual*	June *Actual*	July *Actual*	August *Actual*	Sept Est *Forecast*	Oct 1-8 Est *Forecast*
GENERAL & ADMIN						
Accounting	-	-	-	2,500	25,000	-
Contract wages	26,933	36,213	36,401	50,000	45,000	11,250
KGHM executive compensation	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Legal	8,362	42,461	32,776	-	10,000	2,500
Office & misc.	14,157	14,607	3,640	4,848	6,500	1,625
Rent (pender/apt/wh)	9,073	9,152	10,145	4,176	5,000	1,250
Regulatory	-	-	-	-	3,000	750
Telephone	2,737	1,665	217	751	2,000	500
Transfer Agent	-	-	-	-	2,000	500
Travel & promotion	53,245	28,167	27,941	13,792	20,000	5,000
Subtotal	114,507	132,265	111,121	76,068	118,500	23,375
Contingency @ 9.0%			-	-	10,665	2,104
TOTAL	114,507	132,265	111,121	76,068	129,165	25,479
ASSETS						
Computers	-	11,837	1,913	3,023	2,000	500
Office furniture & vehicles	26,833	6,559	-	-	1,500	375
Ajax mill & equipment	17,352	-	-	-	3,000	750
Little ground	-	-	-	-	-	-
Strawhouse land	-	232,923	-	-	-	-
Teck asset payment	-	-	-	-	-	-
Sugarloaf/Afton Op ground	-	-	31,292	-	-	-
Sugarloaf Ranch (remainder)	-	-	-	-	-	-
TOTAL	44,185	251,320	33,205	3,023	6,500	1,625
PERMITTING						
Knight Piesold environmental	59,145	130,167	65,765	103,691	77,367	38,683
Knight Piesold EAC application	-	-			20,418	4,144
Knight Piesold EAC Follow Up (est)	-	-	-	-	-	-
Subtotal	59,145	130,167	65,765	103,691	97,785	42,827
Contingency @ 9.0%					8,801	3,854
TOTAL	59,145	130,167	65,765	103,691	106,586	46,681
FEASIBILITY ENGINEERING						
Wardrop	107,599	118,730	61,682	29,163	137,723	34,431
AMEC	24,701	49,845	41,538	1,586	108,064	27,016
Golder	13,528	-	75,449	16,673	72,714	18,179
BGC	8,105	37,503	148,899	119,395	123,449	30,862
BC Hydro		54,776	-	-	33,333	8,333
Subtotal	151,933	260,854	327,569	166,816	475,285	118,821
Contingency @ 9.0%	-	-	-		42,776	10,694
TOTAL	151,933	260,854	327,569	166,816	518,060	129,515
FEASIBILITY SERVICES						
Community relations	-	-	50,000	-	19,500	4,875
Polysuis	-	-	-	-	22,833	5,708
G&T	-	-	-	108,643	73,333	18,333
Financial	-	-	-	-	-	-
Project Mgt	-	-	-	-	-	-
Geotech	-	-	-	6,125	201,757	50,439
Orica	-	-	-	-	150,000	-
Subtotal	-	-	50,000	114,768	467,423	79,356
Contingency @ 9.0%	-	-	-	-	44,405	7,539
TOTAL	-	-	50,000	114,768	511,829	86,895
DEVELOPMENT TEAM						
Andy/Jim/Gordon/Diana	69,798	81,939	88,143	76,587	85,000	21,250
JV Consulting (D. Fulcher)	-	-	-	10,000	10,000	2,500
TOTAL	69,798	81,939	88,143	86,587	95,000	23,750
EXPLORATION						
Drilling (Condemnation)	-	-	59,478	394,297	-	-
Ajax East/DM/Rainbow drilling	-	-	-	133,521	382,500	95,625
Field Supplies	3,927	11,229	8,690	4,097	-	-
Camp Supplies	7,943	6,733	7,319	7,250	-	-
Telephone	-	-	-	-	-	-
Rentals	4,132	2,582	9,654	2,821	-	-
Contract Wages	43,422	49,100	70,885	72,187	-	-
Project Travel	11,371	6,182	9,345	8,647	-	-
Recording Fees	849	-	974	4,201	-	-
Exploration outside Ajax	10,333	848	307	7	-	-
Subtotal	81,977	76,673	166,654	627,026	382,500	95,625
Contingency @ 9.0%			-	-	34,425	8,606
TOTAL	81,977	76,673	166,654	627,026	416,925	104,231
GRAND TOTAL	521,545	933,219	842,455	1,177,979	1,784,065	418,176

Total Expenditures to October 8 , 2010: $ 5,677,439