JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT dated as of the 30th day of July, 2013.

BETWEEN:

DUNCAN PARK HOLDINGS CORPORATION, a company duly incorporated under the laws of the Province of Ontario, having its principal business office located at 372 Bay Street., Suite 406, Toronto, Ontario M5H 2W9 Canada

("**Duncan Park**")

OF THE FIRST PART

- and -

SPHERE RESOURCES INC., a company duly incorporated under the laws of the Yukon, having its principal business office located at 88 Lawley Crescent, Mt. Lawley, 6050, Western Australia, Australia

("**Sphere**")

OF THE SECOND PART

WHEREAS Sphere entered into an option agreement with Global Minerals Inc. ("**Global**") dated November 18, 2009 (the "**Global Option Agreement**") pursuant to which Global granted Sphere an option to earn a 75% interest in certain properties known as the Dome Claims (as defined herein) which are included in Appendix "A" hereof as part of the "**Properties**";

AND WHEREAS Sphere and Duncan Park entered into an option agreement dated March 7, 2010 pursuant to which Sphere granted to Duncan Park its option to earn that 75% interest in the Dome Claims subject to Sphere's option to a back-in right in the Property (the "**Dome Agreement**");

AND WHEREAS Sphere, Global and Duncan Park entered into an agreement dated March 7, 2010 to clarify the relationship between such parties (the "**Global Clarification Agreement**"):

AND WHEREAS Sphere acquired four additional mining claims (the "**Additional Claims**") which, pursuant to the area of interest clause in the Dome Agreement, became incorporated into that agreement and are included in Appendix "A" hereof as forming part of the Properties;

AND WHEREAS Sphere and Global entered into a sale and purchase agreement dated January 21, 2011 (the "**Global Purchase Agreement**") pursuant to which Sphere purchased the Dome Claims from Global and terminated the Global Agreement thereby becoming the owner of the Dome Claims, subject to the Original Property Owners' Royalty (as defined herein);

AND WHEREAS the Global Purchase Agreement provides that such agreement shall have no effect on the Dome Agreement and the relationship between Sphere and Duncan Park;

AND WHEREAS Sphere did not exercise its option to acquire a 51% interest in the Properties pursuant to its back-in right within the time specified in the Dome Agreement;

AND WHEREAS the Global Clarification Agreement provides that within 60 days of the date of the earn-in, the Parties (as defined herein) shall form an unincorporated joint venture to carry on the exploration of the Dome Claims;

AND WHEREAS the Parties are desirous of executing and delivering this Agreement in order to set forth their understanding and agreement regarding the unincorporated joint venture they shall form with respect to the Properties, all on and subject to the terms and conditions herein contained;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, and of the mutual covenants and agreements herein contained, and the sum of TWO DOLLARS now paid by each of the Parties to the other and for other good and valuable consideration (the receipt and sufficiency whereof being hereby acknowledged), the Parties hereto have agreed as follows:

ARTICLE 1
DEFINITIONS, SCHEDULES, GENDER AND CANADIAN DOLLARS

1.1 **Definitions**. Capitalized terms when not otherwise defined in this Agreement shall have the respective meanings ascribed thereto in Schedule "C" attached hereto and forming a part hereof.

1.2 **Representations and Warranties**. The Parties do hereby make those representations and warranties set forth in Schedule "B" attached hereto and forming a part hereof.

1.3 **Representations and Warranties as Conditions**.

(a) **Condition.** Each of the Parties acknowledges and agrees that the other Party is entering into this Agreement relying upon the representations and warranties made by it herein and the correctness of each such representation and warranty is a condition upon which each such other Party is relying upon in entering into this Agreement, each of which conditions may be waived in whole or in part solely by such other Party in writing and all such representations and warranties shall survive the execution, delivery and termination of this Agreement and the completion of the transactions contemplated hereby notwithstanding any independent investigations a Party may make.

(b) **Indemnification.** Each of the Parties agrees to indemnify and hold harmless the other Party from all Losses actually incurred by such other Party in connection with a breach of any representation or warranty made by it and contained herein, provided that such representations and warranties shall only have a survival period that terminates two years following the termination of the Agreement.

1.4 **Schedule.** The following Schedules are attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule "A" – Property
Schedule "B" – Representations and Warranties
Schedule "C" – Definitions
Schedule "D" – Net Profits Interest

1.5 **Gender and Extended Meanings.** In this Agreement all words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to as each case may require and the verb shall be construed as agreeing with the required word and pronoun. In this Agreement words importing the singular number include the plural and vice versa.

1.6 **Canadian Dollars.** All dollar amounts or "$" referred to in this Agreement are in Canadian funds.

1.7 **Business Days.** All references in this Agreement to business days are to days excluding Saturdays, Sundays and banking holidays in Toronto, Ontario.

1.8 **Period of Time.** When calculating the period of time within which or following which any act is to be done or step is to be taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

1.9 **Section Headings.** The section and other headings contained in this Agreement or in the Schedules are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE 2
NAME, PURPOSES AND TERM

2.1 **General**. The Parties hereby enter into this Agreement for the purposes herein stated. All of the Parties' rights with respect to the Property and all of the Operations on or in connection with the Property shall be subject to and governed by this Agreement.

2.2 **Name**. The name of the Venture shall be "The Duncan Park / Sphere Dome Joint Venture" or such other name as determined by mutual agreement of the Participants. The Operator shall accomplish any registration required by applicable assumed or fictitious name statutes and similar statutes.

2.3 **Purposes**. The Venture shall be entered into for the following purposes and shall serve as the exclusive means by which the Participants or either of them accomplish such purposes:

(a) to conduct Exploration within the Property;

(b) to engage in Development and Mining Operations on the Property;

(c) to evaluate the possible further Development of the Property;

(d) to engage in marketing Products; and

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

Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in this section.

2.4 **Term of the Venture**. The term of the Venture shall be for 25 years from the date of execution of this Agreement and for so long thereafter as Products are produced from the Property unless this Agreement is terminated earlier as herein provided.

2.5 **Fiscal Year-End of the Venture**. The fiscal year of the Venture shall end on November 30 of each year.

ARTICLE 3
RELATIONSHIP

3.1 **No Partnership**. Nothing contained in this Agreement shall be deemed to constitute either Participant to be the partner of the other nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other nor to create any fiduciary relationship between the Participants. It is not the intention of the Participants to create nor shall this Agreement be construed to create any mining, commercial or other partnership. Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein, it being the express purpose and intention of the Participants that their ownership of the Property and the rights acquired hereunder shall be as tenants in common**.** Each Participant shall indemnify, defend and hold harmless the other Participant, its directors, officers, employees, agents and attorneys from and against any and all Losses, arising out of any act or any assumption of liability by the indemnifying Participant or any of its directors, officers, employees, agents and attorneys done or undertaken or apparently done or undertaken on behalf of the other Participant except pursuant to the authority expressly granted herein or as otherwise agreed in writing between the Participants.

3.2 **Tax Returns**. The Operator shall prepare and shall file, after approval of the Management Committee, any tax returns or other tax forms required on behalf of the Venture.

3.3 **Other Business Opportunities**. Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities whether or not competitive with Operations without consulting the other Participant. The doctrines of "**corporate opportunity**" or "**business opportunity**" shall not be applied to any other activity, venture or operation of either Participant and neither Participant shall have any obligation to the other with respect to any opportunity to acquire property at any time. Unless otherwise agreed in writing neither Participant shall have any obligation to mill, beneficiate or otherwise treat any Products or any other Participant's share of Products in any facility owned or controlled by such Participant.

3.4 **Title**. Forthwith upon execution of this Agreement, Sphere shall deliver to Duncan Park, as Operator of the Venture, duly executed transfers for the Property in recordable form in favour of Duncan Park, free and clear of all liens, charges, encumbrances, security interests and adverse claims other than the Original Property Owners' Royalty. Title to the Property shall remain in the name of Duncan Park and shall be held in the name of Duncan Park for the benefit of the Participants in accordance with their Participating Interests. Title to all other property shall be held in the name of the Operator for the benefit of the Participants provided however that the non-Operator shall be entitled to require the Operator to execute, file and record such documents as may be required by the non-Operator to document or provide notice of the non-Operator's Participating Interest in any or all of the Property.

3.5 **Waiver of Right to Partition**. The Participants hereby waive and release all rights of partition or of sale in lieu thereof or other division of Property including any such rights provided by statute.

3.6 **Transfer or Termination of Rights to Property**. Except as otherwise provided in this Agreement, neither Participant shall Transfer all or any part of its interest in this Agreement or the Property or otherwise permit or cause such interests to terminate.

3.7 **Implied Covenants**. There are no implied covenants contained in this Agreement other than those of good faith and fair dealing.

3.8 **Purpose**. Following formation of the Venture the Participants shall use their commercially reasonable efforts to bring about Commercial Production.

3.9 **Further Assurances and Property Maintenance**. From and after the constitution of the Venture, each Participant shall do any and all acts and things and shall execute any and all documents necessary in order to maintain the Property in good standing.

ARTICLE 4
AREA OF INTEREST

4.1 **Area of Interest.** Except for the McManus Claims in respect of which the Parties have entered into a separate agreement dated March 29, 2011 with Camp McMan Red Lake Gold Mines Ltd., during the Venture Period there shall be an Area of Interest. If either Party directly or indirectly stakes or acquires any surface or water rights or mineral properties within the Area of Interest, it will offer to have those rights or property included in this Agreement. The Parties shall consult with each other prior to making any acquisitions of lands held by third Persons within the Area of Interest**.** The other Party shall have 20 days to elect whether to accept the said offer and, where appropriate, pay its share of the costs of acquisition based upon its Participating Interest in which case such rights shall be deemed to become part of the Property and be registered in the name of the Operator; failing which election and payment, the acquiring Party may retain the rights or properties so acquired free of the terms of this Agreement. This section shall not restrict the rights of either Party to acquire surface or water rights or mineral properties outside the Area of Interest nor shall it apply to rights or interests in surface or water rights or mineral properties that may be acquired incidental to the other Party’s *bona fide* direct or indirect merger with or acquisition of a third Person holding a right or interest within the Area of Interest during the Venture Period.

ARTICLE 5
INTERESTS OF PARTICIPANTS

5.1 **Initial Contributions**. The deemed value of Duncan Park's initial contribution shall be $183,278, being the amount spent on property acquisition and exploration during the option earn-in period in the Dome Agreement in excess of the amount required to effect the earn-in. The deemed value of Sphere's initial interest shall be Nil.

5.2 **Initial Participating Interests**. Effective as of the date of this Agreement, the Participants shall have the following "Initial Participating Interests" in the Venture: Duncan Park - 75% and Sphere - 25%.

5.3 **Changes in Participating Interests**. Subject to section 5.7, a Participant's Participating Interest shall be changed thereafter as follows:

(a) upon an election by a Participant pursuant to section 5.4 to contribute to Capital Expenditures which are a part of an approved Program and Budget less than the percentage reflected by its Participating Interest; or

(b) in the event of default by a Participant in making its agreed-upon contribution to an approved Program and Budget, followed by an election by any other Participant to invoke section 5.5(c); or

(c) acquisition of less than all of the Participating Interest of the other Participant, however arising.

5.4 **Voluntary Reduction in Participation**. Except with respect to a Participant's obligation to make contributions toward the Venture's operating cost requirements under the most recent approved Program and Budget (as to which no election is permitted), a Participant may elect to limit its contributions toward the Venture's Capital Expenditures which are a part of an approved Program and Budget as follows:

(a) to some amount less than its respective Participating Interest; or

(b) not at all.

Subject to section 5.7, if a Participant then elects to contribute to an approved Program and Budget some amount toward Capital Expenditures less than its respective Participating Interest, or not at all, the Participating Interest of that Participant shall be recalculated at the time of such election by dividing the sum of, (i) such Participant's initial contribution set forth in section 5.1; (ii) the total of all of such Participant's contributions toward the Venture's Capital Expenditures to the date of such election; and (iii) the amount, if any, that such Participant elects to contribute toward the Venture's Capital Expenditures in the approved Program and Budget, by the sum of (i), (ii) and (iii) above for both Participants; and then multiplying the result by 100. The Participating Interest of the other Participant shall thereupon become the difference between 100% and the recalculated Participating Interest of the Participant that made such election pursuant to this section 5.4. This resulting Participating Interest shall be contingent upon the actual expenditures incurred for that approved Program and Budget being equal to at least 90% of the amount initially required of the other contributing Participant.

5.5 **Default in Meeting Cash Calls**

(a) Subject to section 5.6, if a Participant defaults in paying a Cash Call pursuant to this Agreement, in its sole discretion, the non-defaulting Participant may advance the defaulted amount on behalf of the defaulting Participant and may treat the same together with any accrued interest as a demand loan bearing interest from the date of the advance at the Prime Rate plus 1%. Failure to repay the loan upon demand shall be a default.

(b) If a default in paying a Cash Call or loan is not cured within 15 days after notice to the defaulting Participant of such default, the defaulting Participant shall have until 30 days after the date of receipt of notice of such default to cure the default by paying to the Venture or, in the event that the non-defaulting Participant has advanced the default amount on behalf of the defaulting Participant pursuant to section 5.5(a) above, to the non-defaulting Participant, an amount equal to the amount of the Cash Call for which the Participant is in default including accrued interest at the Prime Rate plus 1% multiplied by 1.25 (the "**Damages Amount**"). The Damages Amount less the applicable Cash Call shall be credited to the non-defaulting Participant’s capital account. During the period of default commencing after the initial 15-day period, the Venture or the non-defaulting Participant, shall be entitled to the proceeds from the Participant's share of Products to fund the required cash call up to a maximum of the Damages Amount. If such proceeds are sufficient to pay the entire Damages Amount, the defaulting Participant shall be deemed to have cured the default and shall owe nothing further to the non-defaulting Participant. If such proceeds are insufficient to pay the entire Damages Amount, the defaulting Participant may cure the default by paying to the Venture or to the non-defaulting Participant, as the case may be, the difference between the Damages Amount and the amount received from such proceeds within the 30-day period by the non-defaulting Participant.

(c) The Participants acknowledge that if a Participant defaults in paying a Cash Call or in repaying a loan or paying the Damages Amount as required hereunder, it will be difficult to measure the damages resulting from any such default. In the event of any such default, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured as provided for in section 5.5(b) above, elect to treat such default as a deemed withdrawal from the Venture, in which event the defaulting Participant's Participating Interest shall terminate and shall be automatically relinquished to the non-defaulting Participant.

5.6 **Elimination of Minority Interest.** Upon the reduction of a Participant's Participating Interest to 10% or less, such Participant's Participating Interest shall convert to a 10 year, 5% Net Profits Interest, on the terms and conditions set forth in Schedule "D" hereto, with the term of such Net Profits Interest expiring on that date which is the tenth (10th) anniversary of the date upon which such Participant's Participating Interest was first reduced to 10% or less, and the other Participant's Participating Interest shall be increased by the same amount, free and clear of all encumbrances, except as otherwise provided for in this Agreement**.**

5.7 **Continuing Liabilities Upon Adjustments of Participating Interests**. Any reduction of a Participant's Participating Interest under this Article 5 shall not relieve such Participant of its share of any liability, cost, penalty or fine whether it accrues before or after such reduction arising out of Operations conducted prior to such reduction. For the purposes of this Article 5, such Participant's share of the said liability, cost, penalty or fine shall be equal to its Participating Interest at the time the liability, cost, penalty or fine was incurred. Thereafter each Participant's share of such penalty or fine shall be equal to its Participating Interest at the time such penalty or fine was incurred. The increased Participating Interest accruing to a Participant as a result of the reduction of another Participant's Participating Interest shall be free of Encumbrances arising by, through or under such other Participant other than those existing at the date of this Agreement or those to which both Participants have given their written consent. At any time upon the request of the other Participant, a Participant whose Participating Interest has been adjusted, shall execute and acknowledge instruments and perform such acts necessary to evidence such adjustment in form sufficient for recording in the jurisdiction where the Property is located.

ARTICLE 6
MANAGEMENT COMMITTEE

6.1 **Organization and Composition**. Effective on signing of this Agreement, the Parties hereby establish a management committee (the "**Management Committee**") to serve as a forum through which the Parties can be engaged in the design and implementation of the Programs and Budgets for the Property and to review results therefrom from time to time. The Management Committee shall consist of four members, two appointed by each of the Participants. Each Participant may appoint one or more alternates to act in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by notice to the other Party or Participant.

6.2 **Decision**. Each Party acting through its appointed members shall have the number of votes on the Management Committee equal to its Participating Interest. Unless otherwise provided in this Agreement, decisions of the Management Committee shall be determined by a majority vote. No question submitted to the Management Committee need be seconded and the Chairman, if any, of the Management Committee shall be entitled to submit questions. The Operator shall be entitled to appoint the Chairman of the Management Committee**,** who shall at all times have a casting vote.

6.3 **Meeting**. The Management Committee shall hold regular meetings at least semi-annually in Toronto or at other locations agreed to by the Participants. The Operator shall give seven days' notice to the Participants of such regular meetings. For these purposes, Participants may attend such meeting in person or by telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Additionally, either Participant may call a special meeting upon 15 days' notice to the Operator and the other Participant. In the case of emergency, reasonable notice of a special meeting shall suffice. Participants may attend the meeting in person or by any form of telecommunication. There shall be a quorum if at least one member representing each Participant is present. No business other than the adjournment or termination of the meeting and the appointment of the Chairman of the Management Committee shall be transacted at any meeting unless a quorum is present at the commencement of the meeting but a quorum need not be present throughout the meeting**.** If within half an hour from the time appointed for a meeting of the Management Committee a quorum is not present, it shall stand adjourned to the same day in the next week, at the same time and place, at which time the quorum shall be at least one member representing a Participant with at least a 51% interest in the Venture. Each notice of a meeting shall include an itemized agenda prepared by the Operator in the case of a regular meeting or by the Participant calling the meeting in the case of a special meeting, but any matters may be considered with the consent of both Participants. The Operator shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within 30 days after each meeting. Failure by a Participant to sign or furnish written detailed notice of objection to the minutes within 20 days after receipt from the Operator shall be deemed acceptance of such minutes by the Participants. When signed or deemed accepted by both Participants, the minutes shall be the official record of the decisions made by the Management Committee and shall be binding on the Operator and the Participants.

6.4 **Matters Requiring Approval**. Except as otherwise provided by this Agreement, the Management Committee shall have the exclusive authority to determine all management matters related to this Agreement.

ARTICLE 7
OPERATOR

7.1 **Appointment**. Commencing on the signing of this Agreement, Duncan Park shall be entitled to be and is hereby appointed to be the Operator with overall management responsibility for Operations.

7.2 **Powers and Duties of Operator**. Subject to the general oversight and direction of the Management Committee, the Operator is vested with the full authority to manage and carry out the day to day management of the Property and to conduct all Operations pursuant to the terms of this Agreement and the last approved Program and Budget. The Operator agrees, by itself or through its employees, agents or contractors, to carry out its duties in accordance with the terms and intent of this Agreement, on behalf of and for the account of the Participants pursuant to this Agreement. Without limiting the generality of the foregoing, the Operator shall have the following powers and duties:

(a) The Operator shall manage, direct and control Operations.

(b) The Operator shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out approved Programs and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement.

(c) The Operator shall: (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep the Property free and clear of all Encumbrances except for those existing at the time of or created concurrent with the acquisition of such Property or as contemplated in this Agreement or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner or Encumbrances specifically approved by the Management Committee.

(d) The Operator shall conduct such title examinations and cure such title defects as may be advisable in the reasonable judgment of the Operator.

(e) The Operator shall: (i) make or arrange for all payments required by leases, licenses, permits, contracts and other agreements related to the Property; (ii) pay all taxes, assessments and like charges on Operations and Property except taxes determined or measured by a Party's or a Participant's sales revenue or net income. If authorized by the Management Committee, the Operator shall have the right to contest in the courts or otherwise, 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 but in no event shall the Operator permit or allow title to the Property to be lost as a result of the nonpayment of any taxes, assessments or like levies; and (iii) do all other acts reasonably necessary to maintain the Property.

(f) The Operator shall: (i) apply for all necessary permits, licenses and approvals; (ii) use reasonable best efforts to comply with applicable federal, provincial, local laws and regulations; (iii) notify promptly the Management Committee of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations.

(g) The Operator shall prosecute and defend, but shall not initiate without the consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The other Participant shall have the right to participate in such litigation or administrative proceedings at its own expense. The other Participant shall approve in advance any settlement involving payments, commitments or obligations in excess of $1,000,000, which approval shall not unreasonably be withheld.

(h) The Operator shall provide insurance customary for such types of joint venture operations for the benefit of the Participants.

(i) The Operator shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors.

(j) Subject to the availability of funds to carry out an approved Program and Budget, the Operator shall perform or cause to be performed during the term of this Agreement all assessment and other work required by law and shall pay all rental fees or other charges required to maintain the Property.

(k) The Operator shall keep and maintain all required accounting and financial records in accordance with customary accounting practices in the mining industry.

(l) The Operator shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: (i) quarterly progress reports concerning Operations which include statements of Expenditures and comparisons of such Expenditures to the adopted Program and Budget and all pertinent data, including without limitation, drill and assay results, survey results, geological and reserve figures and production reports; (ii) copies of reports concerning Operations; (iii) a detailed final report within 90 days after completion of each Program and Budget which shall include comparisons between actual and budgeted expenditures and comparisons between the objectives and results of Programs; and (iv) such other reports as the Management Committee may reasonably request. At all reasonable times the Operator shall provide the Management Committee or the representative of any Participant upon the request of any member of the Management Committee, access to and the right to inspect and copy all maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records and other information acquired in Operations. In addition, the Operator shall allow the other Participant at the latter's sole risk and expense and subject to reasonable safety regulations to inspect the Property and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations.

(m) The Operator shall undertake all other activities reasonably necessary to fulfill the foregoing enumerated powers and shall undertake and is hereby empowered on behalf of the Venture to take all such other actions and do all such other things as are reasonably necessary to advance and foster the business of the Venture.

(n) The Operator shall cause to be paid from the bank account established by the Operator for the Venture, all workmen and wage earners employed by it or its contractors in connection with the Property and/or the Venture, as applicable and for all materials and services purchased in connection therewith, except for claims for, without limitation, wages or materials which the Operator is contesting in good faith.

7.3 **Standard of Care**. The Operator shall conduct all Operations in a good, workmanlike and efficient manner in accordance with sound mining and other applicable industry standards and practices and in material compliance with the terms and provisions of leases, licenses, permits, contracts and other agreements pertaining to the Property.

7.4 **Environmental Matters.** The Operator shall:

(a) receive, handle, use, store, treat, ship and dispose of any and all environmental contaminants (as established from time to time by applicable legislation or regulation or by-law) in strict compliance with all applicable environmental, health or safety laws, regulations, order or approvals and will remove prior to the lapse or termination of the Option, from and off the Property all environmental contaminants;

(b) not release into the environment, or deposit, discharge, place, or dispose of at, on or near the Property any hazardous or toxic materials, substances, pollutants, contaminants or wastes as a result of the Mining Operations conducted by it; and

(c) not use the Property, nor permit any other person to use the Property as a landfill or waste disposal site.

7.5 **Resignation; Deemed Offer to Resign**. The Operator may resign upon two months' prior written notice to the other Participant in which case the other Participant may elect to become the new Operator by notice to the resigning Participant within 30 days after the notice of resignation. If any of the following shall occur the Operator shall be deemed to have offered to resign which offer shall be accepted by the other

Participant (if at all) within 90 days following such deemed offer and in the absence of written acceptance by the other Participant, the Operator shall continue to be Operator:

(a) the Participating Interest of the Operator becomes less than 50%; or

(b) the Operator becomes bankrupt or is placed in receivership, it shall be deemed to have resigned without any action by the other Participant.

7.6 **Payments to Operator**. The Operator shall be reimbursed for its costs hereunder, including the costs associated, without limitation, of administering the Venture.

7.7 **Transactions with Affiliates**. If the Operator engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions.

7.8 **Activities Pending Adoption of New Program and Budget**. If the Management Committee for any reason fails to adopt a Program and Budget subject to the contrary direction of the Management Committee and to the receipt of necessary funds from the Participants, the Operator may continue Operations at levels comparable with the last adopted Program and Budget. For the purposes of determining the required contributions of the Participants the last adopted Program and Budget shall be deemed extended.

ARTICLE 8
PROGRAMS AND BUDGETS

8.1 **Operations Pursuant to Programs and Budgets**. Except as otherwise provided in section 7.8 and section 8.8, Operations shall be conducted, expenses shall be incurred and property shall be acquired only pursuant to approved Programs and Budgets.

8.2 **Presentation of Annual Programs and Budgets**. Within 60 days of the date of this Agreement, the Operator shall deliver to the Participants an Annual Program and Budget (the "**Annual Program Budget**") covering the period ending December 31, 2013. In each year (12 month period) thereafter throughout the term of this Agreement, the Operator shall submit to the other Participant a proposed annual Program and Budget on or before December 15 of each calendar year, covering the following calendar year. Each annual Program and Budget shall be reviewed at least once a year at a regular meeting of the Management Committee.

8.3 **Presentation of Operating Programs and Budgets**. At least 30 days prior to the commencement of Operations the Operator shall submit to the Participants a Program and Budget covering the upcoming Operations.

8.4 **Review and Approval of Proposed Programs and Budgets**. Within 30 days after submission of a proposed Program and Budget, each Participant shall submit to the Management Committee:

(a) notice that the Participant approves the proposed Program and Budget; or

(b) proposed modifications of the proposed Program and Budget; or

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

If a Participant fails to give any of the foregoing responses within the allotted time, the failure shall be deemed to be an approval by the Participant of the Operator's proposed Program and Budget. If a Participant makes a timely submission to the Management Committee pursuant to section 8.4(b) or (c), then the Management Committee shall meet to consider and develop a Program and Budget acceptable to the Participants. If the Management Committee does not unanimously approve a proposed Program and Budget within 30 days after the Operator's receipt of a notice pursuant to section 8.4(b) or (c), a proposed Program and Budget may be approved by a majority vote of the Management Committee.

8.5 **Budget Overruns; Program Changes**. The Operator shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. During the Venture Period, the Operator may not exceed an approved Program and Budget without the approval of the Management Committee. If the Operator exceeds an approved Program and Budget without the approval of the Management Committee; (i) during the Exploration phase of the Venture, the Operator shall, if requested by the non-Operator, be solely responsible for the costs associated with exceeding the approved Program and Budget; (ii) during the Development phase of the Venture, the Operator shall advance the non-Operator's *pro rata* share of the costs associated with exceeding the approved Program and Budget together with its own *pro rata* share, such advance to bear interest at an annual rate equal to one percentage point above the Prime Rate, to be repaid within one year from the date of the advance; and (c) during the Operation phase, the Participants shall be responsible for the costs associated with exceeding the approved Program and Budget in accordance with their Participating Interests.

8.6 **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 Property or to comply with law or government regulation. The Operator may also 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. The Operator shall promptly notify the Participants of the emergency or unexpected expenditure and the Operator shall be reimbursed for all resulting costs by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditures are incurred.

8.7 **Operator as Marketing Agent**. The Operator shall act as marketing agent for the sale of all Products from the Project and shall account to the Management Committee in respect of sales agreements and revenues collected for the Participants.

8.8 **Pay Own Taxes**. Each Participant shall be individually responsible for the payment of all taxes owed by law, whether in the Province of Ontario or elsewhere, emerging from income derived from the Property.

ARTICLE 9
ACCOUNTS AND SETTLEMENTS

9.1 **Quarterly Statements**. During the Venture Period, the Operator shall promptly submit to the Management Committee, quarterly statements of account reflecting in reasonable detail the charges and credits to the bank account (established by the Operator for the Venture) during the preceding three months.

9.2 **Cash Calls**. During the Venture Period, on the basis of an approved Program and Budget, the Operator shall submit to each Participant prior to the last day of each month, a billing for estimated cash requirements for the next month (the"**Cash Call**"). Within ten days after the said estimate or receipt of each said billing, each Participant shall advance to the Operator its proportionate share of the estimated amount based on its Participating Interest. The Operator shall promptly submit to each Participant billings for all other authorized expenditures as they are incurred. Time is of the essence in payment of such billings.

ARTICLE 10
FIRST RIGHT OF FIRST REFUSAL

10.1 **Grant of Right**. During the Venture Period, neither Party shall Transfer its interest (the "**Offered Interest**") under this Agreement or in the Property except in compliance with this Article.

10.2 **Notice of Offer Received or Desire to Transfer**. If a Party receives from an arm's length third person, a *bona fide* written offer (the "**Offer**") to purchase all (but not less than all) of the Party's Participating Interest and the Offer is acceptable to the Party (the "**Offering Party**"), prior to accepting the Offer, the Offering Party shall deliver to the other Party a notice of the Offer (the "**Offer Notice**"), setting forth the terms thereof, including the name and address of the offeror and the price and other terms and conditions of the Offer.

10.3 **Offer to Sell.** The Offer Notice shall be deemed to constitute an offer to the other Party to purchase all of the Offered Interest on the terms and conditions specified therein. Within 30 days following the date of the Offer Notice, the other Party may by further notice to the Offering Party (the "**Offer Notice Acceptance**") elect to purchase from the Offering Party all (but not less than all) of the Offered Interest, upon the terms and conditions specified in the Offer Notice. Upon receipt of the Offer Notice Acceptance, there shall be constituted between the Parties, a binding agreement of purchase and sale in respect of the Offered Interest, at the same price and upon the same terms and conditions as specified in the Offer Notice.

10.4 **Sale by the Owners**. If the Offering Party has not received an Offer Notice Acceptance from the other Party within 30 days of the date of the Offer Notice, the Offering Party shall thereafter be at liberty to accept the Offer and to sell the Offered Interest at a price and upon terms and conditions no more favourable to the purchaser thereof than those specified in the Offer Notice.

10.5 **Sale Period**. If the Offering Party does not complete the sale of the Offered Interest subject to the Offer Notice within a further 60 day period from the date of the Offer Notice, the provisions of this right of first refusal shall thereupon once again be applicable.

10.6 **Closing of Purchase**. Closing of the transactions embodied in the Offer Notice Acceptance shall be completed at the offices of Duncan Park on the 15th business day after the date the other party elects to accept the Offer.

ARTICLE 11
WITHDRAWAL AND TERMINATION

11.1 **Withdrawal**. A Participant may elect to withdraw as a Participant from this Agreement by giving written notice to the other Participant of the effective date of withdrawal, which shall be the later of the end of the then current Program and Budget or at least 30 days after the date of the notice. Upon any such withdrawal, this Agreement shall terminate and the withdrawing Participant shall be deemed to have transferred its Participating Interest and Capital Account to the remaining Participant *pro rata* without cost and free and clear of any and all Encumbrances arising by through or under such withdrawing Participant, except those to which both Participants have given their written consent after the date of this Agreement or those existing at the date of this Agreement, all of its Participating Interest in the Property and in this Agreement. No withdrawal under this section 11.1 shall relieve the withdrawing Participant of its share of liabilities, costs, penalties or fines to federal, provincial or local government or to third persons (whether such accrues before or after such withdrawal) arising out of Operations conducted prior to such withdrawal. For the purposes of this section 11.1, the withdrawing Participant's share of such liabilities shall be equal to its Participating Interest at the time such liability, cost, penalty or fine was incurred.

11.2 **Termination by Expiration or Agreement**. This Agreement shall terminate as expressly provided herein and additionally shall terminate by written agreement of both Participants.

11.3 **Disposition of Assets on Termination of the Venture**. Promptly after termination of the Venture, as provided for in section 11.2, the Operator shall take all action necessary to wind up the activities of the Venture and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture. Any Participant that has a negative Capital Account balance when the Venture is terminated for any reason shall contribute to the Venture an amount sufficient to raise such balance to zero. The property shall first be paid, applied or distributed in satisfaction of all liabilities of the Venture to third persons and then to satisfy any debts, obligations or liabilities owed to the Participants. Before distributing any funds or Property to the Participants, the Operator shall have the right to segregate amounts which are necessary to discharge continuing obligations or to purchase for the account of Participants, bonds or other securities for the performance of such obligations in the Operator's reasonable judgment. The foregoing shall not be construed to include the repayment of any Participant's capital contributions. Thereafter any remaining cash and all other property shall be distributed (in undivided interests unless otherwise agreed) to the Participants in proportion to their respective Participating Interests, first in the ratio and to the extent of their respective capital accounts and then in proportion to their respective Participating Interests subject to any dilution, reduction or termination of such Participating Interests as may have occurred pursuant to the terms of this Agreement. No Participant shall receive a distribution of any interest in Products or proceeds from the sale thereof if such Participant's Participating Interest therein has been terminated pursuant to this Agreement.

11.4 **Continuing Obligations**. On termination of this Agreement under section 11.1, the Participants shall each remain liable for continuing obligations hereunder as set out herein until final settlement of all accounts and for any liability whether it accrues before or after termination if it arises out of Operations during the term of the Agreement.

11.5 **Right to Data After Termination**. After termination of the Venture, each Participant shall be entitled to copies of all information acquired hereunder before the effective date of termination not previously furnished to it but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or any withdrawal.

11.6 **Continuing Authority**. On termination of the Venture, the Operator shall have the power and authority, subject to the control of the Management Committee, if any, to do all things on behalf of the Participants which are reasonably necessary or convenient to; (a) wind up Operations; and (b) complete any transaction and satisfy any obligation, unfinished or unsatisfied at the time of such termination if the transaction or obligation arises out of Operations prior to such termination. The Operator 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 Participants and the Venture, mortgage property and take any other reasonable action in any matter with respect to which the former Participants continue to have or appear or are alleged to have, a common interest or a common liability.

ARTICLE 12
CONFIDENTIALITY

12.1 **General**. All information received by a Party as a result of or in connection with this Agreement shall be confidential, shall be treated as confidential and shall not be disclosed to any other Person (other than such Party's agents, counsel and representatives, on a need to know basis) without the prior written consent of the other Party, such consent not to be unreasonably withheld. Where disclosure is required by law or a regulatory authority having jurisdiction, a copy of the information required to be disclosed, including without limitation, any press release, shall be provided to the other Party in advance of its disclosure.

12.2 **Exceptions**. The consent required by section 12.1 shall not apply to a disclosure:

(a) To an Affiliate, consultant, contractor or subcontractor that has a *bona fide* need to be informed.

(b) To any third person to whom the disclosing Participant contemplates a Transfer of all (but not less than all) of its indirect or direct interest in or to this Agreement, the Venture, its Participating Interest or the Property.

(c) To a governmental agency or to the public which the disclosing Participant believes in good faith is required by pertinent law or regulation or the rules of any stock exchange.

As to any disclosure pursuant to section 12.2(a) or (b) only such confidential information as such third person shall have a legitimate business need to know shall be disclosed and the disclosing Party shall use its commercially reasonably efforts to ensure that such third person shall protect the confidential information from further disclosure to the same extent as the Participants are obligated under this Article 12.

12.3 **Duration of Confidentiality**. The provisions of this Article 12 shall apply during the Venture Period and for the greater of: (i) two years following termination of this Agreement or following termination of the Venture and (ii) such period as may be required under applicable securities law, and shall continue to apply to any Participant that withdraws, that is deemed to have withdrawn or that Transfers its Participating Interest for three years following the date of such occurrence.

ARTICLE 13
GENERAL PROVISIONS

13.1 **Notices**. Any notice, payment or other communications ("**Notice**") required or permitted to be given hereunder or for the purposes hereof to any Party shall be sufficiently given if delivered personally, if sent by prepaid registered mail or if transmitted by email or facsimile transmission. A Party hereto may change its address by Notice to the other parties hereto. Initially the respective addresses are:

to Duncan Park at:

372 Bay Street
Suite 406
Toronto, ON M5H 2W9

Attention: Mr. Ian McAvity
Facsimile No: (416) 364-7256
Email: info@duncanpark.com

to Sphere at:

88 Lawley Crescent
Mt. Lawley, 6050
Western Australia, Australia

Attention: Malcolm L. Stevens
Email: mstevens@sphereresources.com

Any Notice delivered to the Party to whom it is addressed as provided herein shall be deemed to have been given and received on the day it is so delivered at such address, provided it is delivered during normal business hours on a business day and further provided that if such day is not a business day or it is not delivered during normal business hours, then the notice shall be deemed to have been given and received on the business day next following such day. Any notice mailed as aforesaid shall be deemed to have given and received on the third clear business day next following the date of its mailing. Any notice transmitted by facsimile or email transmission shall be deemed to have been given and received on the first business day after its transmission. Provided, in the event that there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal delivery by Canada Post, then such notice shall be effective only if actually delivered as aforesaid.

13.2 **Waiver**. The failure of a Participant to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the right of the Participant thereafter to enforce any provision or exercise any right.

13.3 **Modification**. No modification of this Agreement shall be valid unless made in writing and duly executed by the Participants.

13.4 **Force Majeure**. The obligations of a Participant shall be suspended to the extent and for the period that performance is prevented or delayed by any cause whether foreseeable or unforeseeable beyond its reasonable control, including without limitation, lack of access to the Property, labour disputes (however arising and whether or not employee demands are reasonable or within the power of the party to grant); acts of God; laws, regulations, orders, proclamations, instructions or requests of any government or governmental entity, judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of federal, provincial or local environmental standards; acts of war or conditions arising out of or attributable to war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of or inability to obtain, labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; or any other cause whether similar or dissimilar to the foregoing. The affected Participant shall promptly give notice to the other Participant of the suspension of performance stating therein the nature of the suspension, the reasons therefor and the expected duration thereof. The affected Party shall resume performance as soon as reasonably possible. During the period of suspension the obligations of the Parties to advance funds pursuant to this Agreement shall be reduced to levels consistent with Operations and time frames set forth in this Agreement shall be deemed to be amended accordingly.

13.5 **Arbitration.**

(a) If there is a dispute between the Parties with respect to this Agreement, or the interpretation of this Agreement, the Parties shall, firstly, be obligated to use best efforts to reconcile and settle each and every dispute.

(b) In the event that a settlement or agreement cannot be reached between the Parties, then any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, interpretation, validity, breach or termination or the business relationship created by it shall be referred to and finally resolved by arbitration under the ADR Chambers Arbitration Rules. Each Party irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario to support and assist the arbitration process pursuant to this arbitration clause, including, if necessary, the grant of interlocutory relief pending the outcome of that process. The seat of the arbitration shall be Toronto, Ontario. The number of arbitrators shall be one. The language of arbitration shall be English.

(c) The arbitrator shall conduct the arbitration in such manner as he/she considers appropriate, pursuant to the ADR Chambers Arbitration Rules, and in determining the conduct of proceedings, may take into consideration: (i) the fact that any of the Parties, or their respective Affiliates may be reporting issuers, as that term is described in applicable securities legislation, and; (ii) the seasonality of the mining operations and what correlative effects the process may have on logistics.

(d) The award made by the arbitrator shall be final and binding upon the Parties and shall in all respects be kept and observed. The arbitrator shall have the authority to award and direct that the Parties, or either of them, execute and deliver such releases, conveyances, deeds, assurances and other documents as the arbitrator thinks fit, and these releases, conveyances, deeds, assurances and other documents shall be executed and delivered accordingly.

(e) All costs of the arbitral proceedings shall be in the discretion of the arbitrator who may direct to and by whom, and in what manner, (including allocation between the Parties) the costs or any part of them shall be paid, it being the intention of the Parties that the first principle in the exercise of the arbitrator's discretion shall be that the costs of the arbitral proceedings shall follow the event of the award. The costs of the arbitral proceedings and the award shall include, but not be limited to, the sum of: (i) the arbitrator's fees and applicable taxes; and (ii) all reasonable legal fees and disbursements of the arbitrator and the parties to the dispute;

(f) The arbitrator may proceed *ex parte* in case any Party, or any of their witnesses, shall at any time neglect or refuse to attend the arbitration proceedings after seven days' notice in writing under the hand of the arbitrator given to each party or to the parties' solicitor, unless the Party, prior to the time fixed to attend, presents to the arbitrator what the latter considers sufficient cause for failure to attend.

(g) Any potential arbitrator must be a resident of the Province of Ontario and be a practicing notary, lawyer, advocate, accountant, professor, in the Province of Ontario, or a retired justice of any of the courts of Ontario. An arbitrator selected outside of the jurisdiction of the Province of Ontario may only be effective if agreed to in writing by the parties.

(h) Any award made by the arbitrator may, at the instance of either of the Parties to the dispute and without notice to the other of them, be made an Order of the Superior Court of Ontario.

13.6 **<u>Transfer - Affiliates</u>.** During the Venture Period, the Parties shall be entitled to Transfer all (but not less than all) of their interest in the Property and this Agreement to an Affiliate upon 15 days' prior written notice to the other Party. If such Affiliate ceases to be an Affiliate of the Party during the Venture Period, such interest must be forthwith re-Transferred. In any event, the transferor shall remain bound by this Agreement as the guarantor of the obligations of any such Affiliate.

13.7 **Further Assurances**. Each Party shall from time to time shall take such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement including for greater certainty and without limitation, any and all powers of attorney and documents as counsel for the Operator shall deem necessary to deal with ongoing title and operational matters with respect to the Property during the Venture Period.

13.8 **Entire Agreement; Successors and Assigns**. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof. The execution of this Agreement has not been induced by nor do the Parties rely upon or regard as material, any covenants, representations or warranties whatsoever not incorporated herein and made a part hereof. This Agreement shall be binding upon and enure to the benefit of the respective successors and permitted assigns of the Parties hereto, but no other Person.

13.9 **Acts in Good Faith.** Each Party shall at all times during the currency of this Agreement act in good faith with respect to the other Party and shall do or cause to be done all things within their respective powers which may be necessary or desirable to give full effect to the provisions hereof.

13.10 **Severability.** Any provision of this Agreement which is invalid or unenforceable shall not affect any other provision and shall be deemed to be severable herefrom.

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

13.12 **Amendment.** This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties.

13.13 **<u>Counterparts</u>.** This Agreement may be executed in several counterparts by original or telefacsimile signature, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same document.

IN WITNESS WHEREOF the Parties have executed these presents as of the date and year first above written.

DUNCAN PARK HOLDINGS CORPORATION.

Per: (signed) Ian McAvity
Name: Ian McAvity
Title: President and CEO

SPHERE RESOURCES INC.

Per: (signed) Malcolm L. Stevens
Name: Malcolm L. Stevens
Title: Executive Chairman and President

SCHEDULE "A"

DESCRIPTION OF THE PROPERTY

Mining Claims					
Claim #	**Township**	**# of Mining Units**	**Land / Lake**	**Holder of Record**	**Due Date**
1. Dome Claims					
1234520	Dome	1	Lake	Sphere Resources Inc.	August 10, 2018
1234521	Dome	1	Lake	Sphere Resources Inc.	August 10, 2018
1234522	Dome	3	Lake	Sphere Resources Inc.	August 10, 2018
1234240	Dome	2	Lake	Sphere Resources Inc.	June 7, 2018
1234241	Dome	3	Lake	Sphere Resources Inc.	June 7, 2019
1184340	Dome	4	Both	Sphere Resources Inc.	September 26, 2018
3004443	Heyson	1	Both	Sphere Resources Inc.	February 25, 2018
3004404	Dome	1	Lake	Sphere Resources Inc.	February 25, 2018
1247884	Dome	1	Both	Sphere Resources Inc.	June 16, 2018
1248071	Heyson	1	Land	Sphere Resources Inc.	October 17, 2018
1248398	Byshe	13	Land	Sphere Resources Inc.	August 13, 2018
1185118	Dome	1	Lake	Sphere Resources Inc.	August 4, 2018
4205246	Byshe	2	Land	Sphere Resources Inc.	August 21, 2018
2. Additional Claims					
4200380	Dome	1	Land	Sphere Resources Inc.	March 3, 2018
4241230	Dome	2	Lake	Sphere Resources Inc.	March 31, 2018
4252901	Dome	1	Both	Sphere Resources Inc.	September 10, 2017
4224887	Heyson	1	Land	Sphere Resources Inc.	February 24, 2018

SCHEDULE "B"

REPRESENTATIONS AND WARRANTIES

1.1 Representations and Warranties of Duncan Park.

Duncan Park represents and warrants to Sphere as follows and acknowledges that Sphere is relying on such representations and warranties in entering into this Agreement:

(a) **Due Incorporation and Organization.** Duncan Park is duly incorporated, organized, validly subsisting and in good standing under the laws of its jurisdiction of incorporation with full capacity.

(b) **Corporate Power.** Duncan Park has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder.

(c) **Corporate Approvals.** Duncan Park has duly obtained all requisite corporate and regulatory authorizations for the execution, delivery and performance of this Agreement, and such execution, delivery and performance and the consummation of the transactions herein contemplated, will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under or result in the creation of any Encumbrance under the provisions of its constating documents or any shareholders' or directors' resolution.

(d) **No Conflicts.** The execution and delivery of this Agreement by Duncan Park and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under any indenture, agreement or other instrument whatsoever to which Duncan Park is a party or by which Duncan Park is bound and do not contravene any applicable laws.

(e) **Due Execution and Delivery.** This Agreement has been duly executed and delivered by Duncan Park and is valid, binding and enforceable against Duncan Park in accordance with its terms, subject to the customary limitations.

(f) **No Acts of Bankruptcy.** Duncan Park has not committed an act of bankruptcy, has not proposed a compromising arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

(g) **Brokerage or Finder's Fee.** There is no Person acting or purporting to act at the request of Duncan Park who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

1.2 Representations and Warranties of Sphere.

Sphere does represent and warrant to Duncan Park as follows and acknowledges that Duncan Park is relying on such representations and warranties in entering into this Agreement:

(a) **Due Incorporation and Organization.** Sphere is duly incorporated, organized, validly subsisting and in good standing under the laws of its jurisdiction of incorporation with full capacity and is qualified to do business and hold property, mining concessions and assets in the Province of Ontario.

(b) **Corporate Power.** Sphere has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder.

(c) **Corporate Approvals.** Sphere has duly obtained all requisite corporate and regulatory authorizations for the execution, delivery and performance of this Agreement, and such execution, delivery and performance and the consummation of the transactions herein contemplated, will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under or result in the creation of any Encumbrance under the provisions of its constating documents or any shareholders’ or directors’ resolution.

(d) **Approvals.** The execution and delivery of this Agreement by Sphere and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under any indenture, agreement or other instrument whatsoever to which Sphere is a party or by which Sphere is bound and do not contravene any applicable laws.

(e) **Due Execution and Delivery.** This Agreement has been duly executed and delivered by Sphere and is valid, binding and enforceable against Sphere in accordance with its terms, subject to the customary limitations.

(f) **No Acts of Bankruptcy.** Sphere has not committed an act of bankruptcy, is not insolvent, has not proposed a compromising arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

(g) **Brokerage or Finder's Fee.** There is no Person acting or purporting to act at the request of Sphere who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

(h) **Interest.** Sphere is the beneficial owner of a 100% undivided interest in the Property**,** free and, clear of any and all Encumbrances, subject only to the Original Property Owner's Royalty. Sphere has the full power to hold its interest in the Property. The Property is in good standing pursuant to all applicable laws and will be for at least the next three years.

(i) **Adverse Claims**. There are no existing, pending or threatened adverse claims or challenges against or to the ownership of, possession, operation, control, management or title to the Property or substances thereon or therefrom nor is there any basis therefor.

(j) **Compliance with Laws.** Sphere and all other persons that have held an interest in the Property have fully complied with all laws with respect to the Property and neither Sphere, or any other Person, have not received notice of any breach, violation or default with respect to the Property. Conditions on and relating to the Property are in compliance with all applicable laws.

(k) **Mining Practices**. The prospecting work, processes, undertaking and other operations carried on or conducted by or on behalf of Sphere or in respect of the Property have been carried on or conducted in a sound and workmanlike manner and in compliance with sound geological and geophysical exploration and mining, engineering and metallurgical practices. All such work, processes, undertaking and other operations are in compliance with all applicable national, provincial and local laws, by-laws, ordinances, permits, rules, regulations and orders or decisions rendered by any governmental or quasi-governmental ministry, department or administrative or regulatory agency.

(l) **Litigation**. There is no legal, administrative, arbitration or other proceeding, claim or action of any nature or investigation pending or threatened against or involving the Property or which questions or challenges the validity of this Agreement or any action taken or to be taken by Sphere pursuant to this Agreement or any other agreement or instrument to be executed and delivered by Sphere in connection with the transactions contemplated hereby and Sphere does not know and does not have any reason to know of any valid basis for any such legal, administrative, arbitration or other proceeding, claim, action of any nature or investigation. Sphere is not subject to any judgment, order or decree entered in any lawsuit or proceeding which has had or may be expected to have an adverse effect on the Property or the completion of the transactions herein contemplated.

1.3 Construction. The representations and warranties herein before set out in Sections 1.1 and 1.2 of this Schedule "B" are conditions on which each Party has relied in entering into this Agreement, are to be construed as both conditions and warranties and regardless of any investigation which may have been made by or on behalf of either Party as to the accuracy of such representations and warranties and shall survive the closing of the transactions contemplated hereby. Each Party shall jointly and severally indemnify and save the other Party harmless from all Losses, arising out of or in connection with any breach of any representation or warranty contained in this Agreement and either Party shall be entitled to set off any such Losses, suffered as a result of any such breach against any payment or expenditure required to be made by it pursuant to the terms hereof.

SCHEDULE "C"

DEFINITIONS

1. DEFINITIONS

1.1 **Definitions.** In this Agreement the defined terms shall have the meanings ascribed thereto.

"**this Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions shall mean or refer to this Agreement and any and all agreements or instruments supplemental or ancillary hereto and the expression "**section**" followed by a number means and refers to the specified section of this Agreement.

"**Additional Claims**" shall mean the four unpatented mining claims covering 5 units in the Dome and Heyson Townships in the Red Lake Gold District of Ontario, as more particularly set forth in Schedule "A" attached hereto and forming part of this Agreement.

"**Affiliate**" shall mean any person, partnership, joint venture, corporation or other form of enterprise which directly or indirectly Controls, is controlled by or is under common Control with a Party.

"**Agents**" shall mean servants, employees, agents, workmen, consultants and contractors.

"**Annual Program and Budget**" shall have the meaning set forth in section 8.2.

"**Area of Interest**" shall mean an area of five (5) kilometers around the outer-most boundaries of the Property as comprised on the date of this Agreement.

"**Back-In Period**" shall have the meaning set forth in the definition of Back-In Right.

"**Back-In Right**" shall mean the right of Sphere pursuant to the Dome agreement to have re-acquired from the Duncan Park a 51% undivided interest in the Property, which right was exercisable by written notice delivered by the Sphere to the Duncan Park within a period of 30 days following the Option Earn-In Date (the "**Back-In Period**") in consideration for a sum (with payment to be made within a further period of 30 days) payable in cash in an amount equal to four times the Duncan Park's Expenditures in respect of the Property together with the cash payments pursuant to this Agreement.

"**Budget**" shall mean a budget prepared by the Operator pertaining to a Program. For greater certainty and without limitation, each Budget shall allow for Canadian HST and GST and include a contingency for amounts related to necessary reclamation work as a result of Mining Operations and administrative costs of the Operator.

"**Capital Account**" means the balance shown in the accounts of the Venture with respect to the contributions and withdrawals of the Participant plus the Participant's share of the profits or losses of the Venture.

"**Capital Expenditures**" means all costs and expenditures not included in Operating Costs, in accordance with generally accepted accounting principles applicable in Canada or such other accounting rules implemented by the Canadian Institute of Chartered Accountants (hereinafter "**GAAP**"), made in connection with the Properties in respect of which depreciation or amortization is ordinarily taken or allowed for pursuant to GAAP;

"**Cash Call**" shall have the meaning set forth in section 9.2.

"**Claimant**" shall have the meaning set forth in section 13.5.

"**Commercial Production**" means the commercial exploitation of Products but does not include milling for the purpose of testing or milling or leaching by a pilot plant or during an initial tune-up period of a plant. Commercial Production shall be deemed to have commenced:

(a) If a plant is located on the Property, on the first day of the month following the first period of 60 consecutive days during which Products have been processed through such plant at an average rate of not less than 80% of the initial rated capacity of such plant; or

(b) If no plant is located on the Property, on the first day of the month following the first period of 60 consecutive days during which Products have been shipped from the Property on a reasonably regular basis for the purpose of earning revenue.

"**Control**" shall mean 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.

"**Development**" means all preparation for the removal and recovery of Products including the construction or installation of a mill, processing plant, leach pads or any other improvements to be used for the mining, handling, milling, treatment, processing or other beneficiation of Products and the preparation of feasibility studies and financing plans.

"**Dome Claims**" shall mean the 13 unpatented mining claims covering 34 units in the Dome, Byshe and Heyson Townships, in the Red Lake Gold District of Ontario, as more particularly set forth in Schedule "A" attached hereto and forming a part of this Agreement.

"**Encumbrances**" shall mean any and all mortgages, pledges, security interests, liens, charges, encumbrances, prohibitions, options, promises and other contractual obligations and claims of others, recorded and unrecorded, registered and unregistered.

"**Expenditures**" shall mean all expenses, obligations and liabilities of whatever kind or nature spent or incurred directly or indirectly by the Operator with respect to the exploration and/or development of the Property, including without limitation, moneys expended in maintaining the Property in good standing, including without limitation, to the extent applicable, legal fees, option payments, mining licenses, acquisition payments and taxes, expenditures incurred in connection with the preparation of National Instrument 43-101 compliant technical reports as well as all other studies with respect to the Property, expenses paid for or incurred in connection with any program of surface or underground prospecting, exploring, geological, geophysical and geochemical surveying, diamond drilling and drifting, raising and other underground work, assaying and metallurgical testing, environmental studies, submissions to government agencies with respect to production permits, moneys expended in acquiring or constructing facilities and in developing the Property and all field costs incurred by employees and consultants with respect to the Property.

"**Exploration**" means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of Products.

"**General Contractor**" shall mean such party that may be appointed by the Operator to act as general contractor.

"**Government or Regulatory Authority**" shall mean any federal, provincial, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern a business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a party are listed for trading.

"**Initial Participating Interests**" means the initial Participating Interest of each Participant as set forth in section 5.2**.**

"**Laws**" shall mean collectively, all federal, provincial, territorial, municipal or local statutes, regulations and by-laws applicable to the Parties or the Property or to any activities thereon, including without limitation, all orders, notices, rules, decrees, decisions, codes, guidelines, policies, directions, permits, approvals, licenses and similar authorizations issued, rendered or imposed by any level of government including any ministry, department or administrative or Regulatory Authority or agency.

"**Losses**" shall mean actual losses, liabilities, damages, injuries, costs or expenses.

"**Management Committee**" means the management committee constituted in accordance with Article 6 to manage or supervise the management of the business and affairs of the Property in accordance with this Agreement.

"**McManus Claims**" means the 17 patented mining claims and 11 licenses of occupation located in Dome, Township, in the Red Lake Gold District of Ontario, as more particularly set forth on Schedule "A" of the option agreement dated March 29, 2011 between Camp McMan Red Lake Gold Mines Ltd., Sphere and Duncan Park.

"**Mine and Plant**" means a mine, whether one or more, shafts, mine workings and access thereto located on the Property and all other facilities constructed or installed on the Property or otherwise, including without limitation, all buildings, plants, structures, facilities for open pit mining, underground mining, machinery, equipment, housing, townsite, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and all other facilities relating thereto or which may be required for use in connection therewith, provided that where there is more than one Mine and Plant on the Property, the provisions hereof shall apply *mutatis mutandis* to each Mine and Plant.

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

"**Mining Operations**" shall mean every kind of work done on or in respect of the Property or the products derived therefrom and includes, without limitation, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Property for the due carrying out of such prospecting, exploration, development and mining work.

"**Net Profits Interest**" shall have the meaning set forth in Schedule "D".

"**NSR**" means net smelter returns royalty.

"**Notice of Arbitration**" shall have the meaning set forth in section 13.5.

"**Operating Costs**" means all costs and expenditures normally included in operating costs, in accordance with GAAP, made in connection with the Properties;

"**Operations**" means Exploration, Development, Mining and all other activities carried out pursuant to this Agreement.

"**Operator**" shall mean that person or company appointed to have the overall responsibility for the management and operations (including, without limitation, Mining) of the Venture pursuant to this Agreement.

"**Original Property Owners**" shall mean 1304850 Ontario Inc. and Perry English.

"**Original Property Owners' Agreements**" shall mean; (i) the agreement dated March 25, 2004 between Global (formerly Consolidated Global Minerals Ltd.) and 1304850 Ontario Inc. with respect to seven of the claims comprising the Property and providing for, among other things, a 2% NSR and a one percent royalty buy-back for $750,000; and (ii) the agreement dated March 16, 2002 between Global (formerly Consolidated Global Minerals Ltd.) and Perry English covering six of the claims comprising the Property and providing for, among other things, a 2% NSR and a one percent royalty buy-back for $1,000,000.

"**Original Property Owners' Royalty**" shall mean a 2% NSR in favour of the Original Property Owners with respect to the Dome Claims, pursuant to the Original Property Owners' Agreements.

"**Participant**" and "**Participants**" mean the Persons that from time to time have Participating Interests.

"**Participating Interest**" shall mean an undivided percentage interest representing the operating ownership interest of a Participant in the Venture and all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder.

"**Parties**" shall mean Duncan Park and Sphere.

"**Party**" shall mean Duncan Park or Sphere.

"**Person**" shall mean any individual, partnership, company, corporation, unincorporated association, person, government or governmental agency, authority or entity howsoever designated or constituted.

"**Prime Rate**" means the commercial interest rate charged in Toronto, Ontario by the Bank of Nova Scotia to its most favoured customers, as published by the bank.

"**Products**" means all ores, metals, and minerals, mined or extracted from the Properties or any portion thereof and any concentrates produced therefrom, excluding bulk test samples.

"**Program and Budget**" shall mean a program of Mining Operations prepared by the Operator as well as a budget in connection with Expenditures to be made with respect thereto.

"**Properties**" shall have the meaning ascribed thereto in the preambles to this Agreement.

"**Respondent**" shall have the meaning set forth in section 13.5(a).

"**Transfer**" when used as a verb, shall mean to sell, grant, assign, encumber, pledge or otherwise commit or dispose of, directly or indirectly, including through mergers, consolidations or asset purchases. When used as noun, "**Transfer**" shall mean a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, consolidations or asset purchases.

"**Venture**" means the business arrangement of the Participants under this Agreement.

"**Venture Period**" means the period during which the Venture is in force.

SCHEDULE "D"

NET PROFITS INTEREST

A former Participant whose Participating Interest has been converted pursuant to Article 5.6 of the Agreement may become a "**Royalty Holder**" and become entitled to a royalty equal to a percentage of net profits as set out in Section 5.6 of the Agreement (hereinafter called the "**Net Profits Interest**"). The non-Royalty Holder(s) (the "**Owner**") shall be entitled to a 100% beneficial interest in the Property, subject to the aforesaid Net Profits Interest.

Subject to the percentage and term of the Net Profit Interest set out in Section 5.6 of the Agreement, the Net Profits Interest payable to the Royalty Holder by the Owner shall be governed by the terms of, and calculated and paid as set forth in this Schedule “D” (the "**Net Profits Agreement**").

(a) The terms which are defined in the Agreement shall have the same meanings in this Net Profits Agreement unless the context otherwise requires or is inconsistent therewith and in this Net Profits Agreement the following words, phrases and expressions shall have the following meanings:

(i) "**Capital Expenditures**" means, since the day that a Production Decision is made, all costs and expenditures not included, in accordance with generally accepted accounting principles applicable in Canada or such other accounting rules implemented by the Canadian Institute of Chartered Accountants (hereinafter "**GAAP**"), in Operating Costs made in connection with the Properties in respect of which depreciation or amortization is ordinarily taken or allowed for pursuant to GAAP;

(ii) "**Exploration and Development Costs**" means the cumulative total of all deemed or actual costs, expenditures, liabilities, obligations and charges incurred by the Owner in connection with exploration work and development work (but only where such costs associated with development work are not already included as Capital Expenditures) performed on the Properties;

(iii) "**Net Profits**" for any period means the cumulative amount calculated by deducting from Net Revenues for such period:

(A) all Operating Costs incurred in such period;

(B) all Exploration and Development Costs incurred in such period;

(C) all Capital Expenditures incurred in such period;

(D) all royalty or other payments paid or payable by or on behalf of the Owner to any third party from the sale of Product or from the Properties for such period;

(E) all Operating Costs, Exploration and Development Costs, Capital Expenditures and royalty or other payments incurred in all previous periods to the extent such have exceeded Net Revenues for all such previous periods; and

(F) such amount of working capital as, in the reasonable opinion of the Owner, is required for the carrying out of producing operations on the Properties (including a reasonable reserve for maintenance costs and expenses during any period of suspension of producing operations) provided that this amount shall be added to Net Revenues in calculating the Net Profits for any subsequent period.

(iv) "**Net Revenues**" for any period means, subject to section (e) of this Schedule “D”, the cumulative net proceeds and revenues received by the Owner during such period from the sale of Products plus any insurance proceeds, any government grants referable to the Properties and any proceeds received by the Owner during such period from the sale or other disposition of any assets the cost of which has been included as Exploration and Development Costs, Operating Costs and/or Capital Expenditures. For greater certainty, revenues (or costs) shall not include profits (or losses) of the Owner derived from futures trading by the Owner in any Products;

(v) "**Operating Costs**" for any period means the cumulative total of all costs, expenses, liabilities, obligations and charges incurred by the Owner in connection with producing operations and the production of Products from the Properties, including, without limiting the generality of the foregoing:

(A) all costs attributable to the mining, milling, concentrating, production, smelting, refining, treating, processing, transportation, marketing, handling and delivering of Products;

(B) all costs of repairing, maintaining, replacing, expanding or modifying buildings, plants, equipment and facilities relating to producing operations;

(C) all taxes (excluding income taxes), rates, assessments, fees and duties (whether federal, provincial or municipal) levied or imposed upon the Properties or payable on or in respect of or measured by the Products thereof, including all government royalties, mining duties or mining taxes (even though based on profits payable on or in respect of or measured by the Products of the Properties) payable to any government authority;

(D) all costs for management and supervision at the Properties and all costs of labour, including salaries, wages and benefits of whatsoever nature and the cost of technical personnel such as engineers, geologists and others who are employed or retained in connection with the production from or operation of the Properties, whether located on-site or elsewhere;

(E) the cost of all equipment and facilities, including housing, for the use and welfare of employees at the Properties;

(F) all sums payable for hospital and medical attention, accident benefits and other sums payable on account of death or injury to employees, and all sums payable as compensation for damages arising in any manner out of the production from or operation of the Properties;

(G) all costs of consulting, legal, accounting and other professional fees relating to production from or the operation of the Properties;

(H) all costs for pollution control, reclamation, rehabilitation or any other similar costs incurred or to be incurred as a result of any governmental regulations or requirements related to the Properties;

(I) all costs of insurance placed or carried upon the Properties or any part thereof or the Products produced therefrom or in compliance with requirements of compensation laws or for any other purpose;

(J) all costs incurred or to be incurred relating to the termination of production from or the operation of the Properties;

(K) an amount to be established by estimating the cost of rehabilitation which will have to be spent after producing operations on the Properties have terminated and charging a portion of the cost quarterly over a period of time commencing no sooner than five years prior to the estimated termination of producing operations on the Properties;

(L) all interest costs and other financing charges, including standby and commitment fees, on all funds borrowed from banks, trust companies and other financial institutions for any purpose directly pertaining to production from or the operation of the Properties or to the carrying out of exploration work and development work thereon;

(M) an interest cost allocated on any net funds advanced by the Owner pertaining to production from or the operation of the Properties or to the carrying out of exploration and development work thereon and/or for Capital Expenditures (and including working capital), all calculated from the date such funds were advanced at the Prime Rate;

(N) all costs and expenses directly and indirectly incurred by the Owner in marketing Product or incurred at the site in processing any Ore to the state of its most advanced stage of handling or beneficiation, including assaying, representation charges, umpire fees, agency and sales fees and commissions; and

(O) reserves for contingencies (not included in item (K) hereof) that are confirmed by the auditors of the Owner to be reasonable; and

for greater certainty, Operating Costs shall not include any charges or costs representing depreciation or amortization or depletion of assets;

(vi) "**Production Decisions**" means a decision to place a "mineral resource" (as defined in National Instrument 43-101) located on the Properties into commercial production.

(b) Nothing herein shall be interpreted so as to result in any duplication of all or any part of any charge or credit to either of or more than one of Capital Expenditures, Operating Costs, Exploration and Development Costs, or royalty or other payments.

(c) All calculations and computations relating to the Net Profits Interest shall be carried out in accordance with GAAP.

(d) At the end of each calendar quarter, the Net Profits, if any, for such quarter shall be allocated between the Owner and the Royalty Holder. If the calculation of Net Profits for such quarter results in a negative amount, the Royalty Holder will not be required to contribute or advance its share of any loss, but such loss shall be carried forward and deducted in the calculation of Net Profits for future periods, it being the intention of the Owner and the Royalty Holder that until the Net Profits from the sale of Product from the carrying out of all operations on the Properties exceed the aggregate of all Capital Expenditures, Operating Costs, Exploration and Development Costs and royalty and other payments incurred to such date and the Owner has recouped its entire investment in and expenditures on the Properties, all as herein provided, no Net Profits Interest shall be due and owing to the Royalty Holder hereunder.

(e) If ore mined or extracted from the Properties or any portion thereof ("**Ore**"), after having been concentrated, is processed by the Owner or if Products are sold to any entity in which the Owner does not deal with at arm's length, the Products shall for purposes hereof be deemed to have been sold at the net posted price offered to other shippers for Ore or concentrates of like grade and quality F.O.B. the smelter, refinery or other place of treatment, less the costs of transporting such Ore or concentrates from the mine or mill plant to the smelter, refinery or other place of treatment. If no net posted price exists, then the term "Net Revenues" means the average net amount which other purchasers are ready, willing and able to pay for such concentrates of like grades and quality F.O.B. the smelter, refinery or other place of treatment, less the aforesaid transportation costs. If the Owners uses its own or leased equipment to transport such concentrates, the costs of transporting such concentrates for the purpose of determining the amount of the Net Profits shall not exceed the firm rates quoted by other competent and reliable haulers who are ready, willing and able to transport such concentrates.

(f) If any mine developed on the Properties extends into Ore on other lands and such Ore is developed or mined through mining facilities used for a mine or mines on the Properties, there shall be a fair and equitable allocation of all costs involved. If Ore from the Properties is milled or concentrated by facilities of the Owner which are also used for the milling or concentrating of Ore from lands other than the Properties, there shall be a fair and equitable allocation of the cost of operating, constructing, renting or obtaining the use of such jointly used facilities.

(g) The Owner shall have the right to commingle Ore mined from the Properties, or Products derived therefrom, with Ores or Products produced from other lands; provided, that the Owner shall adopt and employ reasonable practices and procedures for weighing, determination of moisture content, sampling and assaying such Ore or Products and recording such data and utilize reasonably accurate recovery factors in order to determine the amount of economically recoverable Products derived from such Ore or Products derived therefrom. The Owner shall maintain accurate records of the results of such sampling, weighing and analysis and the Royalty Holder shall be permitted the right to examine, at all reasonable times and at its own cost, such records relating to any commingling of Ores or Products.

(h) The Owner shall cause to be kept proper books of account, records and supporting materials covering all matters relevant to the calculation of the share of Net Profits payable to the Royalty Holder hereunder, and the reasonable verification thereof. Net Profits for each calendar quarter shall be calculated by the Owner as at the end of such quarter and, except for the last calendar quarter in the Owner's fiscal year, the Owner shall submit to the Royalty Holder within 45 days after the end of the quarter a detailed statement describing the calculation of the Net Profits from the Property. The calculation for the last calendar quarter shall be submitted to the Royalty Holder by the Owner within 60 days after the end of the fiscal year end of the Owner.

(i) The year end calculation of Net Profits and the records relating thereto shall be audited by a national firm of chartered accountants designated by the Owner (which may be the auditor of the Owner), and:

(i) copies of the audit report shall be delivered to the Owner and the Royalty Holder by the chartered accounting firm; and

(ii) either party shall have 90 days after receipt of any audit report to object thereto in writing to the other party and, failing such objection, such report shall be deemed correct.

If a party shall object to any audit report and request a review and re-audit, the chartered accounting firm shall be directed to review and re-audit the records for the period in question and all costs relating to such review and re-audit shall be paid by the Owner if the original audit is found to be in error to the benefit of the Owner and, if not, by the Royalty Holder. In addition, either party may, on reasonable notice and at its own cost, ask for and carry out an independent audit. The Owner shall, for such purpose and at all reasonable times, at the Royalty Holder's sole cost, permit agents of the Royalty Holder to inspect and audit and make copies from all such books of account, record and supporting materials relevant thereto to its said share of Net Profits.

(j) The Royalty Holder's Net Profits Interest is a contractual right only and the Royalty Holder shall have no right, title or interest in the Properties, save for those rights granted in the Agreement. Nothing in this Net Profit Agreement or the Agreement shall in any way limit the Owner's rights as the owner or lessee of the Properties or its interest therein, including without limitation its right to set up such mining organization as it sees fit to bring the Properties into production (in partnership with others or otherwise), to manage and operate such mining organization, to commence, curtail, expand or terminate production from time to time and to market and sell Product in such manner, but in accordance with good business practice, as it may in its sole discretion decide, including the right to pre-sell any Products. Upon the assignment of all or any part of the Owner's interest by the Owner, the Owner (but not the assignee) shall be relieved of any obligation to the Royalty Holder with respect to the future Net Profits attributable to the interest in the Properties so assigned and any proceeds received by the Owner from such assignment shall not for the purposes of determining the Net Profits Interest royalty hereunder be considered to be part of Net Revenues hereunder. Similarly, the Owner may mortgage or charge the Properties or any portion thereof or any mill or other fixed assets or property located thereon (and the Royalty Holder shall cooperate with the Owner in executing all documentation reasonably required in connection therewith) provided that it shall be a term of each mortgage or charge that the holder thereof or any Person acquiring title to the Properties upon enforcement of such mortgage or charge shall hold the same subject to the rights of the Royalty Holder hereunder. For greater certainty, a floating charge on the general corporate assets of an Owner shall be deemed not to be subject to the foregoing restriction.

(k) If there is more than one Owner, the obligation of each separate Owner to pay its pro rata share of the Net Profits Interest to the Royalty Holder shall be joint and several.

(l) The Owner shall not transfer or sell its interest in the Properties unless the transferee or purchaser covenants (in writing) to the Royalty Holder to be bound by the provisions or this Net Profit Agreement and in particular to pay the Net Profit Interest to the Royalty Holder.

(m) Any dispute as to the calculation of Net Profits under this Net Profits Agreement shall be submitted to arbitration as provided for in the Agreement.

(n) The Owner shall, upon the written request of the Royalty Holder, execute and deliver such documents as may be necessary to permit the Royalty Holder to record its Net Profits Interest against the Properties.

(o) Notwithstanding anything to the contrary herein contained, if any part of the right to receive the Net Profits Interest royalty is assigned, it shall be a further condition of such assignment that the assignee(s) agree with the Owner and all other royalty holders as follows:

(i) the amount of any Net Profits Interest royalty payable hereunder shall be settled only with a duly authorized nominee of all royalty holders (the "**Nominee**") the identity of which shall be set forth in a written notice to the Owner executed by all royalty holders; any such settlement shall be final and binding upon all royalty holders and the Owner shall not be required to make any accounting to any Person save such Nominee;

(ii) payment of the Net Profits Interest royalty shall be made only to or to the order of the Royalty Holder or as directed by the Royalty Holder;

(iii) the Owner may settle disputes arising hereunder with the Nominee and such settlement shall be final and binding upon all interested parties; and

(iv) the Owner may rely upon any direction, advice or authorization signed by the Nominee and may act thereon as if the same was signed by all royalty holders and any other interested parties; and

the Owner shall not be required to deal with any Person except the Nominee and each of the interested parties shall exercise their respective rights only through the Nominee and shall require any of their respective assignees to agree in writing to be bound by the provisions hereof.