

ALEXANDRIA MINERALS CORPORATION

AND

PROSPER GOLD CORP.

OPTION AND JOINT VENTURE AGREEMENT

February 25, 2016

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SCHEDULE A – WYDEE AND MATACHEWAN CLAIMS

SCHEDULE B – FORM OF JOINT VENTURE

OPTION AGREEMENT

THIS AGREEMENT is made as of the 25th day of February, 2016,

BETWEEN:

ALEXANDRIA MINERALS CORPORATION, a corporation incorporated pursuant to the *Canada Business Corporations Act*

(“**Alexandria**”)

AND:

PROSPER GOLD CORP., a company continued under the *Business Corporations Act* (British Columbia)

(“**Prosper**”)

WHEREAS:

- A. Alexandria is the sole legal and beneficial owner of certain mineral claims known as the “Wydee property” and the “Matachewan property”, each located in Ontario and each as more particularly described in Schedule “A” hereto (each, a “**Property**”, and together, the “**Properties**”).
- B. Alexandria wishes to grant Prosper the exclusive right and option to acquire up to a 75% interest in and to each Property, plus an Additional Interest (as defined herein), that will form the basis of a joint venture between Alexandria and Prosper with respect to each Property, as set forth herein.
- D. Alexandria and Prosper entered into a letter of intent dated February 1, 2016 that sets out the general terms of such rights and options.
- E. The Parties wish to enter into this Agreement to provide for such rights and options and other matters relating to the exploration and development of the Properties.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which is acknowledged, that the parties hereto mutually agree and covenant as follows:

1. DEFINITIONS

- 1.1 In this Agreement and in the Schedules and the recitals hereto, unless the context otherwise requires, the following expressions will have the following meanings:
 - (a) “**Additional Interest**” has the meaning ascribed thereto in Section 2.2;
 - (b) “**Additional Option**” has the meaning ascribed thereto in Section 2.2;
 - (c) “**affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;
 - (d) “**Alexandria**” has the meaning set forth in the recitals hereto;

- (e) **“Bulk Sampling”** means the collection and removal of a reasonable quantity of representative material from a zone or zones on a Property for the sole purpose of assaying and testing the same to determine the quality, grade, continuity or mineability of a zone all in accordance with standard mining industry practice;
- (f) **“CAABC”** means the *Commercial Arbitration Act* (British Columbia);
- (g) **“Defaulting Party”** has the meaning ascribed thereto in Section 11.1;
- (h) **“Development”** means all preparation (other than Exploration and Mining) for the removal and recovery of ores, minerals and mineral resources from a Property, including the construction or installation of a mill or any other improvements to be used for the mining, handling, milling, processing or other beneficiation of ores, minerals and mineral resources, related environmental compliance and financing;
- (i) **“Effective Date”** means February 25, 2016, the effective date of this Agreement;
- (j) **“Encumbrances”** means all interests, mortgages, charges, royalties, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or however arising and any rights or privileges capable of becoming any of the foregoing;
- (k) **“Environmental Laws”** means all applicable national, federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws, regulations, orders, directives and decisions, rendered by any ministry, department or administrative or regulatory agency relating to the protection of the environment, or pollutants, contaminants, chemicals, or industrial, toxic or hazardous wastes or substances;
- (l) **“Expenditures”** means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred directly or indirectly by Prosper or its affiliates in respect of a Property up to the Operative Date including, without limiting the generality of the foregoing, monies expended in connection with:
 - (i) maintaining a Property in good standing and fulfilling any of the requirements of any title documents, permits or applicable mining or environmental laws in Ontario with respect to a Property, including the costs of any discussions or negotiations with governmental authorities in connection therewith;
 - (ii) mobilization and de-mobilization of work crews, supplies, Facilities and equipment to and from a Property, including all transportation, insurance, customs brokerage and import and export taxes, fees and charges and all other governmental levies in connection therewith;
 - (iii) implementing and carrying out any program of surface or underground prospecting, exploring or mapping or of geological, geophysical or geochemical surveying;
 - (iv) trenching or other surface or near surface sampling;
 - (v) reverse circulation, diamond or other drilling;
 - (vi) drifting, raising or other underground work;

- (vii) assaying and metallurgical testing;
- (viii) carrying out environmental studies and preparing environmental impact assessment reports;
- (ix) carrying out all required restoration and reclamation of a Property required as a result of activities thereon hereunder, and posting any bond (whether cash or surety) required in that regard by any applicable governmental authority;
- (x) preparing and making submissions to government agencies with respect to substitute or successor title to any of a Property and test and production permits;
- (xi) the securing of good relations with communities in the area surrounding a Property, including, without limitation, all costs associated with the negotiation and implementation of any impact and benefit agreement or access agreement and any services provided in aid of consultation between aboriginal people and governmental authorities relating to operations;
- (xii) acquiring, constructing and transporting Facilities; and
- (xiii) fees, wages, salaries and traveling expenses (whether or not required by law) of all persons engaged in work with respect to and for the benefit of a Property and the food, lodging and other reasonable needs of such persons.

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

- (m) **“Exploration”** means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of mineral deposits on a Property, including additional drilling required after discovery of mineral deposits, and includes related environmental compliance;
- (n) **“Facilities”** means all mines and plants including, without limitation, all pits, shafts, haulageways and other underground workings, and all buildings, plants and other structures, fixtures and improvements, and all other property, whether fixed or moveable, as the same may exist at any time in, or on a Property or outside a Property if for the exclusive benefit of that Property only;
- (o) **“First Option”** has the meaning ascribed thereto in Section 2.1;
- (p) **“Indicated Mineral Resource”** has the meaning ascribed thereto by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as amended;
- (q) **“Inferred Mineral Resource”** has the meaning ascribed thereto by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as amended;
- (r) **“Initial Interest”** means has the meaning ascribed thereto in Section 2.1;
- (s) **“Interest”** means a legal undivided beneficial interest of a Party in a Property;

- (t) **“Intervening Event”** has the meaning ascribed thereto in Section 16.1;
- (u) **“Joint Venture”** means a joint venture with respect to a Property deemed to be formed between the Parties upon the date the Post First Option Interests are first determinable with respect to that Property;
- (v) **“Joint Venture Agreement”** means the joint venture agreement in respect of the Joint Venture to be entered into by the Parties with respect to a Property, substantially in the form attached as Schedule “B” hereto, which will govern the Joint Venture;
- (w) **“Mineral Resource Estimate”** means an technical report prepared by an independent qualified person in accordance with NI 43-101 outlining a mineral resource estimate for a Property;
- (x) **“Mining”** means the mining, extracting, producing, handling, milling or other processing or beneficiation of ores, minerals and mineral resources, disposal of overburden and the filling and rehabilitation of mined areas and includes all related environmental compliance;
- (y) **“NI 43-101”** means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;
- (z) **“Operations”** means all activities carried out pursuant to this Agreement and the applicable Joint Venture Agreement or in respect of a Property including without limitation Exploration, Development and Mining (as all such terms are defined in the Joint Venture Agreement);
- (aa) **“Operative Date”** means the date upon which the Post First Option Interests are first determinable and the Joint Venture is formed with respect to a Property;
- (bb) **“Operator”** has the meaning ascribed thereto in Section 7.1;
- (cc) **“Option”** means Prosper’s option to acquire up to an 90% interest in and to each Property;
- (dd) **“Party”** means any of Alexandria or Prosper and their respective successors and permitted assigns and **“Parties”** means, together, Alexandria and Prosper and their successors and permitted assigns;
- (ee) **“Post First Option Interests”** means the respective Interests of Prosper and Alexandria in a Property as a result of Prosper exercising the First Option, which shall be deemed to be a 75% Interest in that Property with respect to Prosper and a 25% Interest in that Property with respect to Alexandria;
- (ff) **“Property”** and **“Properties”** have the meanings set forth in the recitals hereto;
- (gg) **“Prosper”** has the meaning set forth in the recitals hereto;
- (hh) **“Prosper Shares”** means common shares in the capital of Prosper;
- (ii) **“Rules”** has the meaning ascribed thereto in Section 15.1;

- (jj) **“Transfer”** has the meaning ascribed thereto in Section 14.1;
- (kk) **“TSXV”** means the TSX Venture Exchange; and
- (ll) **“Underlying Royalties”** means:
 - (i) with respect to the Wydee property, a 1.0% net smelter returns royalty from the sale of production on certain of the mineral claims that comprise the Wydee property; and
 - (ii) with respect to the Matachewan property, a 2% production royalty (either net smelter returns or gross-overriding) from the sale of production on certain of the mineral claims that comprise the Matachewan property.

1.2 In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (a) all references in this Agreement to “articles”, “sections” and other subdivisions or Schedules are to the designated articles, sections or other subdivisions or Schedules of or attached to this Agreement;
- (b) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section or other subdivision;
- (c) the headings are for convenience only and do not form part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement;
- (d) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, a body corporate, the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language is used with reference thereto);
- (e) the words “written” or “in writing” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including facsimile or e-mail;
- (f) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force from time to time and any statute or regulation that has the effect of supplementing or superseding such statute or regulation;
- (g) a “day” shall refer to a calendar day and in calculating all time periods the first day of a period is not included and the last day is included and references to a “business day” shall refer to days on which banks are ordinarily open for business in Vancouver, British Columbia, but if a period ends on a day on which the banks are not open for business in Vancouver, British Columbia, the period will be deemed to expire on the next calendar day on which banks are open for business in Vancouver, British Columbia; and
- (h) all references to currency are references to Canadian dollars unless otherwise indicated.

2. **OPTION**

- 2.1 Alexandria hereby grants to Prosper the exclusive irrevocable right and option to acquire a 75% Interest in and to each Property, free and clear of all Encumbrances (the “**First Option**”), other than the Underlying Royalties. Prosper may exercise the First Option and, if applicable, the Additional Option (as defined below) with respect to one or both Properties. In order for Prosper to exercise the First Option with respect to a Property, Prosper shall:
- (a) on or before five business days after the receipt of the required approvals of the TSXV for the listing of the Prosper Shares to be issued pursuant to this Agreement, issue to Alexandria 75,000 Prosper Shares;
 - (b) on or before six months after the Effective Date, incur Expenditures on that Property in the amount of \$60,000, which Expenditures shall include an airborne survey of the Property;
 - (c) on or before 24 months after the Effective Date, issue to Alexandria an additional 75,000 Prosper Shares;
 - (d) on or before 36 months after the Effective Date, issue to Alexandria an additional 75,000 Prosper Shares;
 - (e) on or before 48 months after the Effective Date, issue to Alexandria an additional 75,000 Prosper Shares; and
 - (f) on or before 60 months after the Effective Date:
 - (i) issue to Alexandria an additional 75,000 Prosper Shares; and
 - (ii) incur additional Expenditures on that Property in the amount of \$2,440,000.
- 2.2 Subject to Prosper exercising the First Option in respect of a Property, Alexandria hereby grants to Prosper the exclusive irrevocable right and option to acquire an additional 15% Interest in and to that Property (the “**Additional Interest**”), and, subject to any prior adjustment to the Interests of the Parties pursuant to the terms and conditions of the applicable Joint Venture Agreement, thereby increase its Interest in that Property to 90%, free and clear of all Encumbrances (the “**Additional Option**”), other than the Underlying Royalties. In order for Prosper to exercise the Second Option in respect of a Property, Prosper shall prepare and deliver to Alexandria a Mineral Resource Estimate that delineates a minimum Indicated Mineral Resource plus Inferred Mineral Resource of 1,500,000 ounces of gold on that Property within 7 years (84 months) of the Effective Date and Alexandria shall have 30 calendar days to either accept and approve the Mineral Resource Estimate, or issue to Prosper a notice that Alexandria does not believe the Mineral Resource Estimate to be compliant. If the parties cannot reach agreement regarding compliance within 30 calendar days thereafter, the dispute shall be resolved in accordance with Section 15. Alexandria shall be deemed to accept the report if it does not respond to Prosper within 30 calendar days of having received the Mineral Resource Estimate from Prosper.
- 2.3 Notwithstanding Section 2.1, if Prosper exercises the First Option with respect to a Property but fails to exercise the First Option with respect to the other Property, Prosper shall, on or before 60 months after the Effective Date, issue to Alexandria an additional 125,000 Prosper Shares,

thereby increasing the aggregate number of Prosper Shares issued by Prosper to Alexandria to 500,000 Prosper Shares in respect of that Property.

- 2.4 All Expenditures required to be made by Prosper pursuant to paragraph 2.1(b) or 2.1(f)(ii) may be made on a “make or pay” basis (meaning Prosper may either make the required Expenditures or pay Alexandria in cash for any shortfall, such cash payment to be made within 30 days of the end of the period for which such Expenditures are required to be made pursuant to this Agreement) in order to maintain the Option in good standing. For the avoidance of doubt, other than the Expenditures set forth in paragraph 2.1(b) for each Property, the Expenditures are not firm commitments but are to be made by Prosper in its sole discretion. Expenditures incurred in any one period in excess of the minimum amounts can be carried over to the next period and count toward the Expenditures in the subsequent period. All subsequent eligible Expenditures will be applied as assessment credits toward the applicable Property with applicable governmental authorities.
- 2.5 Alexandria hereby acknowledges that the issuance of the Prosper Shares hereunder is subject to applicable securities laws and the rules and policies of the TSXV, or any other stock exchange that the securities of Prosper are listed on. In particular, the Prosper Shares issued hereunder are being issued pursuant to an exemption from the prospectus and registration requirements of applicable securities law and will carry a legend indicating that the Prosper Shares may not be transferred or sold for a period of four months and one day from the date of issuance, unless permitted under applicable securities law. Alexandria agrees to comply with any resale restrictions that may be imposed by the TSXV, or any other stock exchange that the securities of Prosper are listed on, or any applicable securities laws with respect to any Prosper Shares that may be held by Alexandria. Alexandria further acknowledges that it will be prohibited under applicable securities law from trading in securities of Prosper when it is in possession of any undisclosed information relating to the Properties or relating to Prosper and will be prohibited under applicable securities laws from disclosing such information to third parties before it is generally disclosed.

3. **EXERCISE OF OPTION**

- 3.1 Once Prosper has satisfied its obligations in accordance with Section 2.1 with respect to a Property, Prosper will have exercised the First Option and acquired an undivided 75% right, title and interest in and to that Property and will give notice to Alexandria to that effect, which notice shall include a statement signed by a senior officer of Prosper (without personal liability).
- (a) certifying the aggregate amount of funds incurred by Prosper as Expenditures on that Property;
 - (b) specifying the amount and nature of each item of expense comprising the Expenditures required to exercise the First Option in respect of a Property; and
 - (c) specifying the amount of cash payments, if any, made to Alexandria, in lieu of Expenditures pursuant to Section 2.4.
- 3.2 Subject to completion of any Audit undertaken pursuant to paragraph Section 8.3(b), following the exercise by Prosper of the First Option with respect to a Property, Alexandria will take the necessary actions to transfer to and record in the name of Prosper an undivided 75% legal and beneficial interest in and to that Property in accordance with applicable laws.

- 3.3 Upon acceptance by Alexandria of the Mineral Resource Estimate in accordance with Section 2.2 and with respect to a Property, Prosper will have exercised the Additional Option and acquired an additional 15% right, title and interest in and to that Property, for a total interest of 90% in and to that Property, subject to any prior adjustment to the interests of the Parties in and to that Property pursuant to the terms and conditions of the applicable Joint Venture Agreement, and will give notice to Alexandria to that effect.
- 3.4 Following the exercise by Prosper of the Additional Option with respect to a Property, Alexandria will take the necessary actions to transfer to and record in the name of Prosper an additional undivided 15% legal and beneficial interest in and to that Property to increase Prosper's legal and beneficial interest to 90%, subject to any prior adjustment to the interests of the Parties in and to that Property pursuant to the terms and conditions of the applicable Joint Venture Agreement, in accordance with applicable laws.

4. **REPRESENTATIONS AND WARRANTIES**

- 4.1 Alexandria represents and warrants to Prosper that, as of the date of this Agreement:

- (a) it is a valid and subsisting corporation duly incorporated under the laws of Canada, has full corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate proceedings and obtained all necessary approvals in respect thereof and, upon execution and delivery of this Agreement by it, this Agreement will constitute a legal, valid and binding obligation of it enforceable against it in accordance with its terms except that:
 - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) a court may stay proceedings before them by virtue of equitable or statutory powers; and
 - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
- (b) the execution of this Agreement and the consummation of the transactions contemplated hereby will not conflict with, result in a breach of or accelerate the performance required by any agreement to which it is a party;
- (c) the execution of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach of any laws of a jurisdiction applicable to it or its constating documents;
- (d) it is the sole registered, legal and beneficial holder of the claims comprising the Properties as listed in Schedule "A" hereto, which are free and clear of all Encumbrances, other than the Underlying Royalties, and has all necessary right, title and authority to grant or transfer to Prosper the rights and interest in the Properties provided for in this Agreement;

- (e) it has not granted any other person any agreement or other right to acquire the Properties or any portion thereof;
- (f) Schedule "A" hereto accurately sets out all of the interests of Alexandria in the mineral claims comprising the Properties set forth therein;
- (g) all of the mineral claims or other interests constituting the Properties set forth in Schedule "A" hereto have been validly located and are validly held by Alexandria as set forth in Schedule "A" hereto, in accordance the *Mining Act* (Ontario) and applicable laws;
- (h) there are no existing defaults by Alexandria relating to the Properties, including any amendments to or modifications to such agreements;
- (i) there has been no act or omission by Alexandria that could result by notice or lapse of time, or both, in the breach, termination, abandonment, forfeiture, relinquishment or other premature termination of any of the right, title and interest of Alexandria in the Properties;
- (j) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrator, jury or other tribunal or government authority, whether current, pending or threatened, which directly or indirectly relate to or affect the Properties nor is Alexandria aware of any acts that would lead it to reasonably suspect that any of the same might be initiated;
- (k) the rights comprising the Properties are in good standing and Alexandria has not been advised of any proceedings to invalidate or assert an adverse claim or challenge against or to the ownership of or title to the Properties;
- (l) there does not exist any royalty or other interest whatsoever, in the minerals contained in or any production from any part of the Properties, other than the Underlying Royalties;
- (m) it has full and free legal access to and rights to conduct exploration activities on the Properties;
- (n) there are no accrued and/or unpaid taxes, assessments and other payments in respect of the Properties;
- (o) all work carried out by Alexandria on the Properties has been carried out in compliance with all applicable laws, including Environmental Laws, and Alexandria has not received any notice of any breach of any such law;
- (p) it has provided Prosper with access to all information in respect of the claims comprising the Properties, including any scientific and technical data, assays, drill logs, samples, geological, geophysical, geochemical and engineering data;
- (q) all information made available by Alexandria to Prosper in respect of the claims comprising the Properties is true and correct and no material information has been withheld from Prosper by Alexandria;

- (r) no consent or approval that has not been obtained is required to permit the execution and delivery of this Agreement by Alexandria or the performance of its obligations hereunder; and
- (s) Alexandria is or is deemed to be, pursuant to National Instrument 45-106 – *Prospectus Exemptions*, purchasing the Prosper Shares which may be issued hereunder as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Prosper Shares which may be issued hereunder.

4.2 Prosper represents and warrants to Alexandria that as of the date of this Agreement:

- (a) it is a valid and subsisting corporation duly continued under the laws of British Columbia and has full corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate proceedings and obtained all necessary approvals in respect thereof and, upon execution and delivery of this Agreement by it, this Agreement will constitute a legal, valid and binding obligation of Prosper enforceable against it in accordance with its terms except that:
 - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) a court may stay proceedings before them by virtue of equitable or statutory powers; and
 - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
- (b) no proceedings are pending for, and Prosper is unaware of any basis for the institution of any proceedings leading to, the dissolution or winding up of Prosper or the placing of Prosper in bankruptcy or subject to any other laws governing the affairs of insolvent persons; and
- (c) the execution of this Agreement and the consummation of the transactions contemplated hereby will not conflict with, result in a breach of or accelerate the performance required by any agreement to which Prosper is a party.

4.3 The representations and warranties herein set out are conditions on which the Parties have relied in entering into this Agreement and each of the Parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it and contained in this Agreement. The representations and warranties set out herein shall survive the Effective Date.

5. **EXPENDITURES**

- 5.1 Prior to the Operative Date, Alexandria shall not be required to contribute to Expenditures with respect to a Property. After the Operative Date, all benefits, rights, profits, obligations, expenses,

losses and liabilities to be derived from a Property shall be allocated pursuant to the terms of the applicable Joint Venture Agreement. Notwithstanding any other provision of this Article 5, Prosper shall pay all Expenditures incurred in connection with the preparation of a Mineral Resource Estimate pursuant to Section 2.2.

6. **FORMATION OF JOINT VENTURE**

- 6.1 Upon the date that the Post First Option Interests in a Property are first determinable, the Parties shall be deemed to have automatically formed the Joint Venture for the further exploration and development of that Property and the Parties shall, as soon as reasonably practicable thereafter, enter into the Joint Venture Agreement substantially in the form attached hereto as Schedule "B"; notwithstanding the foregoing, the Parties agree to work together expeditiously and in good faith to determine the structure of the Joint Venture having regard to applicable legal and tax requirements and so as to achieve the most advantageous tax treatment for both Parties, and may make such modifications to the attached Joint Venture Agreement to achieve such purposes. If the Parties do not execute the Joint Venture Agreement within a 30 day period from the date that the Post First Option Interests in a Property are first determinable, then the terms of Schedule "B" shall constitute the Joint Venture Agreement (including such amendments as may be agreed to by the parties) with respect to that Property.
- 6.2 Upon formation of the Joint Venture with respect to a Property, the applicable Joint Venture Agreement (subject to any modifications made to it pursuant to Section 6.1) shall govern the relationship between Alexandria and Prosper with respect to the further Exploration, Development and Mining of that Property.
- 6.3 The Parties shall conduct the Joint Venture deemed pursuant to the terms of this Agreement in accordance with the terms contained in the form of Joint Venture Agreement attached hereto as Schedule "B" until the applicable Joint Venture Agreement is signed and effective. Subject to Section 6.4, the executed Joint Venture Agreement will supersede this Agreement with respect to any matters that conflict between this Agreement and the executed Joint Venture Agreement with respect to the applicable Property, provided that all rights and liabilities of each Party in existence on the date on which that Joint Venture Agreement is entered into shall continue thereafter.
- 6.4 Notwithstanding Section 6.3 and for the avoidance of doubt, if Prosper exercises the First Option with respect to a Property but has not exercised the First Option with respect to the other Property, the terms of this Agreement will continue to govern the rights and obligations of the Parties with respect to the other Property unless and until Prosper exercises the First Option with respect to the other Property in accordance with Section 2.1 or this Agreement is terminated pursuant to Article 12.
- 6.5 Upon the formation of a Joint Venture with respect to a Property, each of Prosper and Alexandria will have an initial participating interest in that Property equal to its Post First Option Interest.

7. **OPERATOR**

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

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

8. **AUTHORITY, DUTIES AND OBLIGATIONS**

- 8.1 For so long as Prosper has the Option to acquire an Interest in a Property, Prosper, as the Operator, shall:

- (a) maintain the Properties in good standing and pay all costs in respect thereof and not in any way encumber the Properties;
- (b) conduct Exploration in a professional, good and workmanlike manner in accordance with good mining practice and comply with all applicable laws with respect to its activities on the Properties. Prosper shall be responsible for the remediation of all surface and environmental disturbances resulting from its activities on a Property;
- (c) deliver any Exploration plans on the Properties to Alexandria within 90 days of such plans being in final form and approved by Prosper's management;
- (d) provide Alexandria with an annual report on the Properties summarizing Exploration activity within 90 days of the end of the programs conducted in each year;
- (e) allow the employees, agents and contractors of Alexandria to conduct site visits on the Properties on reasonable prior notice to Prosper;
- (f) maintain true and correct books, accounts and records of Expenditures; and
- (g) provide Alexandria at Alexandria's own cost, upon reasonable request and within five business days thereof, all Property-related exploration information, including any notices, demands or other material communications Prosper receives relating to the Properties.

- 8.2 For so long as Prosper has the Option to acquire an Interest in a Property, Alexandria shall:

- (a) Subject to complying with Sections 3.2 and 3.4, remain the registered owner of the Properties and not in any way encumber the Properties;
- (b) to refrain from any conduct or activity, including any omission or failure to act, that might jeopardize title to or the status of the Properties or hinder the obligations of Prosper to fulfil its obligations and rights under this Agreement;
- (c) allow the employees, agents and contractors of Prosper to: (i) enter upon the Properties; (ii) have exclusive and quiet possession thereof; (iii) do such prospecting and exploration work thereon and thereunder as Prosper in its sole discretion may deem advisable; (iv) bring and erect upon the Properties such Facilities as Prosper deems advisable; and (v) remove from the Properties and sell or otherwise dispose of reasonable amounts of mineral products, but only for the purpose of Bulk Sampling or other testing;
- (d) co-operate as reasonably necessary with Prosper in obtaining any surface, water or other rights on or related to the Properties as Prosper deems necessary or desirable;

- (e) make available to Prosper and its representatives all records and files in its possession relating to the Properties and permit Prosper and its representatives, at their own expense, to take abstracts therefrom and make copies thereof;
- (f) other than a Transfer in accordance with Section 14.1, not solicit offers or engage in any discussions with a third party relating to the ownership or development of the Properties;
- (g) provide Prosper access to all Property-related information, including financial information and any notices, demands or other material communications they receive relating to the Properties; and
- (h) indemnify and save Alexandria and its Affiliates harmless in respect of any and all costs, claims, liabilities and expenses suffered by Alexandria or its Affiliates (excluding any indirect or consequential damages) that result from:
 - (i) the negligence or wilful misconduct of Prosper or its Affiliates in connection with Prosper's activities on the Property during the term of this Agreement;
 - (ii) any labour related claims by any employee or consultant of Prosper or by any employee or sub-contractor of such consultants that are attributable to Prosper or its Affiliates and their activities in respect of the Option and which relate to matters arising during the period from the Effective date to the date of such termination;

8.3 Alexandria shall have the right to audit, at its expense:

- (a) the information contained in each annual report delivered pursuant to paragraph 8.1(d); and
 - (b) information regarding Expenditures incurred set forth in a notice delivered to Alexandria pursuant to Section 3.1;
- (each, an "Audit")

Alexandria shall complete an Audit as soon as is reasonably practicable following delivery of the items set forth in paragraph 8.3(a) and (b) and in any event no later than 30 days following receipt by Alexandria of the applicable notice or report. If, as a result of an Audit, Alexandria disputes any of the Expenditures or exploration works that have been incurred and described in the applicable notice or report, Alexandria will provide written notice of the same (the "Dispute Notice") to Prosper upon completion of the Audit. The Dispute Notice will identify any disputed amounts, expenditures or works in reasonable detail and provide any additional explanation necessary to allow Prosper to understand the nature and specifics of the dispute. Where available, Prosper will provide Alexandria with additional reasonable evidence relating to any Expenditures or works so disputed, and Alexandria and Prosper will use reasonable commercial efforts to resolve such dispute. In the event that the dispute is resolved and it is determined that Expenditures were not properly incurred, Prosper may pay Alexandria an amount equal to the deficient Expenditures in cash in accordance with Section 2.4. In the event that the deficient Expenditures are in excess of 10% of the total Expenditures, then Prosper shall promptly reimburse Alexandria for the cost of the Audit. In the event the dispute cannot be resolved by the Parties under this Section 2.5, the dispute will be resolved in accordance with Section 15 of this Agreement.

- 8.4 Any obligations of Prosper under the Option with respect to payments to Alexandria or the incurrence of Expenditures may be satisfied in whole or in part by an affiliate of Prosper.
- 8.5 This Agreement is an option only and except as herein specifically provided otherwise, nothing herein contained shall be construed as obligating Prosper to do any acts or make any expenditures or payments hereunder, and any act or expenditure or payment as shall be made hereunder shall not be construed as obligating Prosper to do any further act or make any further issuance or expenditure or payment. Prosper shall have no obligation to complete the exercise of the Option and may allow any such option to lapse without notice.
- 8.6 If by reason of any Intervening Event, Prosper is prevented or delayed from completing the exercise of the Option within the required time, such time within which Prosper is required to complete the exercise of the applicable option shall be extended by the duration of such Intervening Event.
- 8.7 Forthwith after execution of this Agreement, Prosper may, at its expense, register on title to the Properties, or elsewhere as permitted by applicable law, notice of its interest in this Agreement and its right to acquire an Interest in the Properties.
- 8.8 As soon as reasonably practicable following the Effective Date, Prosper shall use commercially reasonable efforts to obtain the approval of the TSXV of this Agreement and the transactions contemplated hereunder on or before the day that is 90 days after the Effective Date, after which time unless the TSXV has approved the transactions contemplated by this Agreement, this Agreement will be terminated and of no further force or effect. If requested by Prosper, Alexandria shall assist Prosper with obtaining such approval by providing additional information or documentation as may be required by the TSXV.

9. **SHARING OF INFORMATION & CONFIDENTIALITY**

- 9.1 Except as otherwise required by law or securities regulatory authorities, each Party will obtain prior comments from the other Party before issuing any press release or public statement: (a) using the other Party's name or the names of the other Party's assignees or of its officers, directors or employees or of its assignees, or (b) which contains confidential information. Where a request is made for such comments, a reply thereto will be made within 24 hours after receipt of such request, failing which the Party requesting will be entitled to issue its press release or public statement as if the other Party had given its consent thereto. If the Parties fail to agree upon the text of the press release or public statement, the Party making the disclosure will make only such public statement or release as its counsel advises in writing is legally required to be made or is otherwise reasonable in the circumstances.
- 9.2 The Parties further agree that this Agreement, the transactions contemplated herein and any information relating to the Properties and the other Party will not be provided to any third party or used other than for the activities contemplated hereunder, except as required by law or by the rules and regulations of any regulatory authority (including stock exchange) having jurisdiction (in which case the Party required to disclose such information shall to the extent practical give the other Party an opportunity to review and provide reasonable comments on the disclosure), or with the written consent of the other Party, such consent not to be unreasonably withheld.
- 9.3 Consent to disclosure of information pursuant to this Article 9 will not be unreasonably withheld where a Party wishes to disclose any such information to a third party for the purpose of arranging financing, entering into a corporate transaction or for the purpose of selling its Interest

or its rights as contemplated in this Agreement or in any Joint Venture Agreement, as applicable, provided that such third party first enters into a written agreement with the other Party that any such information not theretofore publicly disclosed will be kept confidential and not disclosed to others on terms satisfactory to the other Party acting reasonably.

10. **ASSOCIATION OF PARTIES**

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

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

10.3 Except as specifically provided hereunder:

- (a) each Party shall be at liberty to engage, for its own account and without duty to account to the other Party, in any mining or other business or activity outside the boundaries of the Properties, including the ownership and operation of any other mining concessions, permits, licenses, claims and leases wherever located;
- (b) no Party shall be under any fiduciary or other duty or obligation to the other Party which will prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Parties hereunder outside of the Properties; and
- (c) the legal doctrines of “corporate opportunity” or “business opportunity” sometimes applied to persons occupying a relationship similar to that of the Parties will not apply outside of the boundaries of the Properties with respect to participation by any Party in any mining or other business activity or endeavour.

11. **DEFAULT**

11.1 If any Party (a “**Defaulting Party**”) is in default of any requirement herein set forth, the Party affected by such default will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement, unless within 30 days after the giving of the first notice of default by an affected Party the Defaulting Party has failed to take reasonable steps to cure the default by the appropriate performance and if the Defaulting Party fails within such period to take reasonable steps to cure any such default, the affected Party will be entitled to seek any remedy it may have on account of such default including terminating this Agreement and/or seeking the remedies of specific performance, injunction or damages.

12. **TERMINATION**

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

- (a) upon the written agreement of the Parties hereto;
- (b) if Prosper fails to complete the First Option with respect to either Property in accordance with Section 2.1; or
- (c) at the election of an affected Party in accordance with Section 11.1.

12.2 Upon termination of this Agreement, Prosper shall have no further obligations, financial or otherwise, nor be subject to any environmental or other liabilities caused on or related to the Properties prior to the Effective Date.

12.3 Notwithstanding the termination of this Agreement, the indemnities contained in Section 4.3 and 8.1, the confidentiality provisions contained in Article 9 and all other provisions hereof necessary for the interpretation and enforcement thereof will remain in full force and effect.

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

13. **OBLIGATIONS AFTER TERMINATION OF OPTION**

13.1 If Prosper fails to exercise the First Option with respect to a Property, Prosper shall:

- (a) leave that Property:
 - (i) free and clear of all liens, charges and encumbrances arising from this Agreement or its operations hereunder;
 - (ii) with sufficient assessment credit to maintain such Property in good standing for a period of no less than 12 months; and
 - (iii) in a safe and orderly condition, including by removing from such Property all Facilities erected or installed at such Property and by completing such remediation or reclamation necessary to leave such Property in compliance with applicable mining rules and regulations and applicable environmental law.
- (b) deliver to Alexandria copies of all information regarding Expenditures and activities in respect of such Property.

13.2 Subject to Section 12.3, if this Agreement is terminated for any reason whatsoever prior to the exercise of the First Option with respect to either of the Properties but excluding this Article 13 (which will continue in full force and effect for so long as is required to give full effect to the same) this Agreement will be of no further force and effect except that Prosper will leave each Property in compliance with subsections 13.1(a)(i), 13.1(a)(ii) and 13.1(a)(iii).

14. **TRANSFERS**

- 14.1 Until the Post First Option Interests are first determinable with respect to a Property, no party shall transfer, convey, assign, mortgage, grant an option in respect of, grant a right to purchase or in any other manner dispose of or alienate any or all of its direct or indirect Interest in that Property or transfer or assign any of its rights under this Agreement (a “**Transfer**”) without the prior written consent of the other party, which consent shall not be unreasonably withheld.
- 14.2 Nothing in Section 14.1 applies to or restricts in any manner:
- (a) a disposition by the transferring party of all or a portion of its interests to an affiliate of the transferring party, provided that such affiliate first assumes and agrees to be bound by the terms of this Agreement and agrees with the other party in writing to retransfer the interests to the transferring party before ceasing to be an affiliate of the transferring party;
 - (b) an amalgamation, merger or other form of corporate reorganization involving or the acquisition of shares or assets of the transferring party which is a bona fide business transaction that has the effect in law of the amalgamated or surviving corporation possessing, directly or indirectly, substantially all the property, rights and interests and being subject to substantially all the debts, liabilities and obligations of the transferring party; or
 - (c) a sale, forfeiture, charge, withdrawal, transfer or other disposition or Encumbrance which is otherwise specifically required or permitted under this Agreement.
- 14.3 As a condition of any Transfer, the transferee must covenant and agree in writing to be bound by this Agreement, including this Article 14, and, prior to the completion of any such Transfer, the transferring party will deliver to the non-transferring party evidence thereof in a form satisfactory to the other party, acting reasonably, in which case the transferring party will be released from its obligations hereunder with the exception of any outstanding obligations arising prior to the Transfer and to the indemnities contained in Section 4.3 and the confidentiality provisions contained in Article 9, for which the transferring party will remain subject to and liable.

15. **DISPUTE RESOLUTION**

- 15.1 Any dispute, controversy or claim arising out of or relating to this Agreement or the reach, termination or invalidating thereof, shall be settled by arbitration of a single arbitrator in accordance with the rules of the CAABC (the “**Rules**”).
- 15.2 Except as specifically provided in this Article 15, an arbitration hereunder will be conducted in accordance with the Rules. The arbitrator will fix a time and place for the purpose of hearing the evidence and representations of the parties and he or she will preside over the arbitration and determine all questions of procedure not provided for under such Rules or this Article 15. After hearing any evidence and representations that the parties may submit, the arbitrator will make an award and reduce the same to writing and deliver one copy thereof to each of the parties. The decision of the arbitrator will be made within 30 days after his or her appointment, subject to any reasonable delay due to unforeseen circumstances. The decision of the arbitrator may be entered into any court.
- 15.3 The expense of the arbitration, including travel costs and attorney’s fees and costs of the prevailing party, will be paid as specified in the award.

15.4 The award of the single arbitrator will be final and binding upon each of the parties.

16. **FORCE MAJEURE**

16.1 The obligations of a Party shall be suspended to the extent and for the period that performance is prevented by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including without limitation, acts of God; laws, instructions or requests of any government or governmental entity; judgments or orders of any court; acts of war or conditions arising out of or attributable to war, whether declared or undeclared; riot; civil strife, terrorism, insurrection or rebellion; acts or claims of natives or aboriginals, or environmental or other activist group; flood, fire, explosion, earthquake, or subsidence; access or title to a Property; or any other cause similar to the foregoing (an “**Intervening Event**”). For greater certainty, in the case of an Intervening Event, Prosper shall be permitted to suspend payment of any amounts required to be paid to Alexandria under this Agreement to the extent and for the period that the performance of the activities to be funded with such amounts is prevented by an Intervening Event.

16.2 A Party relying on the provisions of Section 16.1 will promptly give written notice to the other Party of the particulars of the Intervening Event and all time limits imposed by this Agreement will be extended from the date of delivery of such notice by a period equivalent to the period of delay resulting from an Intervening Event.

16.3 A Party relying on the provisions of Section 16.1 will take all reasonable steps to eliminate any Intervening Event and, if possible, will perform its obligations under this Agreement as far as commercially practical, but nothing herein will require such Party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders completion commercially impracticable. A Party relying on the provisions of Section 16.1 will give written notice to the other Party as soon as such Intervening Event ceases to exist.

17. **EXPENSES**

17.1 Each Party shall be responsible for the payment of its own costs and expenses, including legal fees and disbursements, incurred by it in connection with the negotiation and execution of this Agreement and any Joint Venture Agreement.

18. **NOTICES**

18.1 Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by mail, e-mail, facsimile or other similar form of communication, in each case addressed as follows:

(a) If to Alexandria at:

1 Toronto Street, Suite 201
Toronto, Ontario, M5C 3B2

Attention: Eric Owens, President and CEO
Email: eowens@azx.ca
Facsimile: 416-363-6872

with a copy (which shall not constitute notice) to:

Miller Thomson LLP
1000 – 840 Howe Street
Vancouver, British Columbia, V6Z 2M1

Attention: Kevin Sorochan
E-mail: ksorochan@millerthomson.com
Facsimile: 604-643-1200

(b) If to Prosper at:

468 B Reid Street
Quesnel, BC V2J 2M6

Attention: Peter Bernier, President and CEO
Email: pete@prospergoldcorp.com
Facsimile: 250-992-6643

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver, British Columbia, V7X 1L3

Attention: Bob Wooder
E-mail: bob.wooder@blakes.com
Facsimile: 604-631-3330

18.2 Any notice, direction or other instrument will:

- (a) if delivered, be deemed to have been given and received on the day it was delivered; and
- (b) if sent by e-mail, facsimile or other similar form of communication, be deemed to have been given and received on the business day following the day it was so sent.

18.3 A Party may at any time give to the other Party notice in writing of any change of address of the Party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such Party for the purposes of giving notice hereunder.

19. **PERSONAL INFORMATION AUTHORIZATION**

19.1 Alexandria acknowledges: (i) the delivery to the Ontario Securities Commission and British Columbia Securities Commission, as applicable, of Alexandria's full name, residential address and telephone number, the number and type of securities acquired by Alexandria hereunder, the total purchase price, the exemption relied on, and the date of distribution(s) (and Alexandria's insider or registrant status, in the case of the British Columbia Securities Commission); (ii) that such information is being collected indirectly by the Ontario Securities Commission and British Columbia Securities Commission under the authority granted to it in securities legislation; (iii)

that such information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario and British Columbia; and (iv) that the Administrative Support Clerk at the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, telephone (416) 593-3684 and the British Columbia Securities Commission, Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2, telephone at (604) 899-6500 or 1-800-373-6393 can be contacted to answer questions about the Ontario and British Columbia Securities Commissions' indirect collection of such information. Alexandria hereby authorizes the indirect collection of such information by the Ontario Securities Commission and British Columbia Securities Commission, as applicable.

20. **GENERAL TERMS**

- 20.1 The Parties shall execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.
- 20.2 Time will be of the essence in the performance of this Agreement.
- 20.3 This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. No Party may sell, assign, pledge or mortgage or otherwise encumber all or any part of its interest herein without the prior written consent of all the other Parties; provided that either Party may at anytime at its sole discretion and without the prior approval of the other Party assign and transfer any benefit or right herein to an affiliate of such transferring Party, subject at all times to the requirement that any such affiliate remain affiliated with such transferring Party failing which any such interest shall be immediately transferred back to such transferring Party; and provided further that any transfer of all or any part of a Party's interest herein to its affiliate will be accompanied by the written agreement of any such affiliate to assume the obligations of such transferring Party hereunder and to be bound by the express terms and conditions hereof.
- 20.4 This Agreement (including the Schedules hereto) constitutes the entire agreement between the Parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the Parties with respect to the subject matter herein, including, without limitation, the letter of intent between Prosper and Alexandria dated February 1, 2016.
- 20.5 This Agreement shall be governed by and construed according to the laws of Ontario and the federal laws of Canada applicable therein.
- 20.6 This Agreement may only be amended by the written agreement of all the Parties hereto and their permitted successors and assigns.
- 20.7 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but each of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the Effective Date.

ALEXANDRIA RESOURCES INC.

Per:

/s/ Eric O. Owens

Name: Eric O. Owens

Title: President, Chief Executive Officer

PROSPER GOLD CORP.

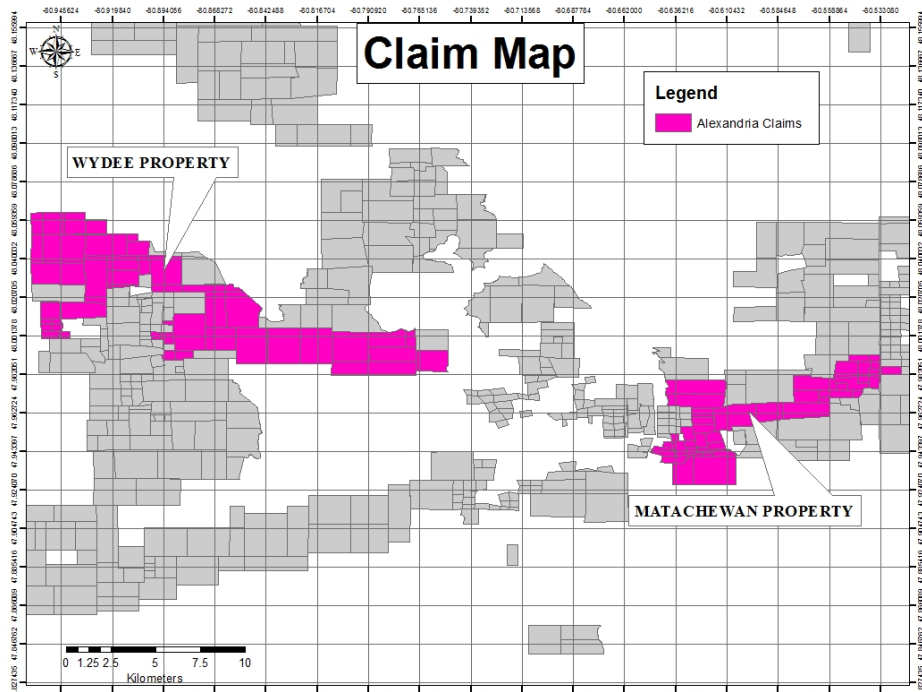
Per:

/s/ Peter Bernier

Name: Peter Bernier

Title: President, Chief Executive Officer
and Chairman

SCHEDULE "A"



Township/ Area	MTO Number	Recording Date	Claim Due Date	Status	Percent Option	Work Require	Total Applied	Total Reserv	Claim Bank	Township/ Area	MTO Number	Recording Date	Claim Due Date	Status	Percent Option	Work Require	Total Applied	Total Reserv	Claim Bank
ARGYLE	4276298	2034-Apr-23	2036-Apr-23	A	300	\$1,600	\$0	\$0	\$0	CAIRO	3083141	2002-Oct-21	2017-Oct-21	A	300	\$4,800	\$62,400	\$0	\$0
ARGYLE	4276299	2034-Apr-23	2036-Apr-23	A	300	\$4,000	\$0	\$0	\$0	CAIRO	3083142	2002-Oct-21	2017-Oct-21	A	300	\$4,800	\$62,400	\$0	\$0
ARGYLE	4274020	2034-Apr-35	2036-Apr-35	A	300	\$4,800	\$0	\$0	\$0	CAIRO	3083143	2003-Sep-30	2017-Sep-30	A	300	\$3,200	\$38,400	\$0	\$0
ARGYLE	4274022	2034-Apr-35	2036-Apr-35	A	300	\$1,600	\$0	\$0	\$0	CAIRO	3083796	2004-Apr-27	2017-Apr-27	A	300	\$400	\$4,400	\$0	\$0
ARGYLE	4274023	2034-Apr-35	2036-Apr-35	A	300	\$400	\$0	\$0	\$0	CAIRO	3088971	2003-Dec-01	2017-Dec-01	A	300	\$1,600	\$3,200	\$0	\$0
ARGYLE	4274024	2034-Apr-35	2036-Apr-35	A	300	\$2,400	\$0	\$0	\$0	CAIRO	3088972	2003-Dec-01	2017-Dec-01	A	300	\$400	\$5,200	\$0	\$0
ARGYLE	4274025	2034-Apr-35	2036-Apr-35	A	300	\$2,400	\$0	\$0	\$0	CAIRO	3089279	2003-Jun-30	2017-Jun-30	A	300	\$400	\$4,800	\$0	\$0
ARGYLE	4274026	2034-Apr-35	2036-Apr-35	A	300	\$4,800	\$0	\$0	\$0	CAIRO	4207664	2006-Feb-28	2017-Feb-28	A	300	\$1,200	\$3,800	\$0	\$0
ARGYLE	4274027	2034-Apr-35	2036-Apr-35	A	300	\$1,200	\$0	\$0	\$0	CAIRO	4211883	2006-Nov-03	2017-Nov-03	A	300	\$800	\$7,200	\$0	\$0
ARGYLE	4275409	2034-Apr-36	2036-Apr-36	A	300	\$1,200	\$0	\$0	\$0	CAIRO	4211884	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
ARGYLE	4275408	2034-Mar-24	2036-Mar-24	A	300	\$1,200	\$0	\$689	\$0	CAIRO	4211892	2006-Nov-03	2017-Nov-03	A	300	\$800	\$7,200	\$0	\$0
ARGYLE	4275439	2034-Apr-23	2036-Apr-23	A	300	\$800	\$0	\$0	\$0	CAIRO	4211893	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
ARGYLE	4275444	2034-Apr-23	2036-Apr-23	A	300	\$5,600	\$0	\$459	\$0	CAIRO	4211894	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
BANNOCKBURN	4259438	2032-May-04	2036-May-04	A	300	\$5,600	\$11,200	\$0	\$0	CAIRO	4211899	2006-Nov-03	2017-Nov-03	A	300	\$1,600	\$14,400	\$0	\$0
BANNOCKBURN	4271278	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0	CAIRO	4217276	2007-Mar-22	2017-Mar-22	A	300	\$400	\$3,200	\$0	\$0
BANNOCKBURN	4271362	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217579	2006-Nov-14	2017-Nov-14	A	300	\$800	\$7,200	\$0	\$0
BANNOCKBURN	4271363	2032-Apr-13	2036-Apr-13	A	300	\$6,400	\$12,800	\$0	\$0	CAIRO	4217586	2006-Nov-14	2017-Nov-14	A	300	\$5,600	\$50,400	\$0	\$0
BANNOCKBURN	4271364	2032-Apr-13	2036-Apr-13	A	300	\$1,200	\$2,400	\$0	\$0	CAIRO	4217581	2006-Nov-14	2017-Nov-14	A	300	\$1,600	\$14,400	\$0	\$0
BANNOCKBURN	4271387	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217789	2007-Jan-08	2017-Jan-08	A	300	\$800	\$6,400	\$0	\$0
BANNOCKBURN	4271388	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217724	2007-Jan-08	2017-Jan-08	A	300	\$400	\$3,200	\$0	\$0
BANNOCKBURN	4275401	2034-Mar-24	2036-Mar-24	A	300	\$3,600	\$0	\$0	\$0	CAIRO	4217725	2007-Jan-08	2017-Jan-08	A	300	\$1,200	\$9,600	\$0	\$0
BANNOCKBURN	4275402	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$0	\$0	FLAVELLE	4217198	2007-Mar-09	2017-Mar-09	A	300	\$800	\$6,400	\$0	\$0
BANNOCKBURN	4275403	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$0	\$0	HINCKS	4270296	2034-May-21	2036-May-21	A	300	\$1,600	\$0	\$0	\$0
BANNOCKBURN	4275404	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$8,765	\$0	HINCKS	4270297	2034-May-21	2036-May-21	A	300	\$1,200	\$0	\$0	\$0
CAIRO	1186199	1993-Jun-21	2017-Jun-21	A	300	\$1,600	\$35,200	\$2,044	\$0	HINCKS	4271279	2032-Apr-13	2036-Apr-13	A	300	\$5,200	\$10,400	\$0	\$0
CAIRO	1199669	2002-Oct-09	2017-Oct-09	A	300	\$6,400	\$83,200	\$0	\$0	HINCKS	4271286	2032-Apr-13	2036-Apr-13	A	300	\$3,200	\$6,400	\$0	\$0
CAIRO	1208214	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4271281	2032-Apr-13	2036-Apr-13	A	300	\$2,000	\$4,000	\$0	\$0
CAIRO	1208215	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4274817	2034-Apr-15	2036-Apr-15	A	300	\$2,400	\$0	\$0	\$0
CAIRO	1202597	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4274818	2034-Apr-15	2036-Apr-15	A	300	\$2,400	\$0	\$0	\$0
CAIRO	1202601	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4274819	2034-Apr-15	2036-Apr-15	A	300	\$1,600	\$0	\$0	\$0
CAIRO	1202602	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4275437	2034-May-21	2036-May-21	A	300	\$6,400	\$0	\$1,148	\$0
CAIRO	1202753	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4275633	2034-Jun-06	2036-Jun-06	A	300	\$6,000	\$0	\$939	\$0
CAIRO	1202754	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271282	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202834	1994-Aug-02	2017-Aug-02	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271283	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202835	1994-Aug-02	2017-Aug-02	A	300	\$5,200	\$39,200	\$0	\$0	MONTROSE	4271284	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202874	1994-Jun-22	2017-Jun-22	A	300	\$400	\$8,400	\$0	\$0	MONTROSE	4271285	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202876	1994-Jun-30	2017-Jun-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271286	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0
CAIRO	1202877	1994-Jun-30	2017-Jun-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271287	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202878	1994-Jun-22	2017-Jun-22	A	300	\$800	\$3,600	\$0	\$0	POWELL	4271122	2013-Jun-19	2036-Jun-19	A	300	\$2,400	\$2,400	\$0	\$0
CAIRO	1239118	2002-Apr-30	2017-Apr-30	A	300	\$800	\$30,400	\$0	\$0	POWELL	4275077	2034-Jul-15	2036-Jul-15	A	300	\$3,600	\$0	\$0	\$0
CAIRO	3082195	2002-Oct-09	2017-Oct-09	A	300	\$2,800	\$36,400	\$0	\$0	POWELL	4275405	2034-Mar-24	2036-Mar-24	A	300	\$6,400	\$0	\$459	\$0
CAIRO	3082196	2002-Oct-09	2017-Oct-09	A	300	\$1,600	\$20,800	\$0	\$0	POWELL	4275406	2034-Mar-24	2036-Mar-24	A	300	\$3,600	\$0	\$4,823	\$0
CAIRO	3082196	2002-Oct-09	2017-Oct-09	A	300	\$1,600	\$20,800	\$0	\$0	POWELL	4275407	2034-Mar-24	2036-Mar-24	A	300	\$1,200	\$0	\$939	\$0

SCHEDULE "B"
FORM OF JOINT VENTURE AGREEMENT
(see attached)

FORM OF JOINT VENTURE AGREEMENT

between

ALEXANDRIA MINERALS CORPORATION

and

PROSPER GOLD CORP.

[date]

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Schedules:

Schedule A – [Wydee / Matachewan] Property

Schedule B – Accounting Procedure

JOINT VENTURE AGREEMENT

This Joint Venture Agreement entered into as of the [•] day of [•]

BETWEEN:

ALEXANDRIA MINERALS CORPORATION, a corporation
incorporated under the laws of Canada

(“**Alexandria**”)

AND:

PROSPER GOLD CORP., a company continued under the laws of
British Columbia

(“**Prosper**”)

WHEREAS:

- A. Alexandria and Prosper are each the legal and beneficial owner of a [•]% and [•]% interest, respectively, in and to the Property (as defined below).
- B. The Parties previously entered into the Option Agreement (as defined below), pursuant to which Prosper exercised its option thereunder and acquired a [•]% interest in the Property.
- C. The Parties wish to participate in the exploration and evaluation, and if feasible, the development and mining of mineral resources within the Property or any other properties acquired pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained and upon and subject to the terms and conditions hereafter set out, the parties agree as follows:

1. DEFINITIONS

1.1 Defined Terms

In this Agreement, the following words, phrases and expressions will have the following meanings:

- (a) “**Accounting Procedure**” means the procedure set forth in Schedule B to this Agreement as the same may be amended from time to time by the Management Committee pursuant to subsection 5.1(f) of this Agreement.
- (b) “**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*.
- (c) “**Agreement**” means this joint venture agreement, together with the schedules attached hereto, as amended or supplemented from time to time.
- (d) “**Applicable Law**” means any and all federal, provincial, territorial or municipal laws, statutes, regulations, by-laws, ordinances, rules, guidelines, policies, notices, orders and

directions, or other requirements of any Governmental Authority having jurisdiction over the parties, the Joint Venture or the Property.

- (e) **“Appraiser”** has the meaning ascribed thereto in Section 24.3.
- (f) **“Area of Interest”** means that area which is within two kilometres from the outermost boundaries of the Property as at the date hereof (but, for greater certainty, excludes any claims or any interest in mineral claims or any other form of mineral tenure held by JCML Resources Inc. or Randall W. Salo, Jacques E. Robert, David M. Lefort and Andrew B. McLellan).
- (g) **“Assets”** mean all tangible and intangible goods, chattels, improvements or other items including, without limitation, land, buildings and equipment, acquired by or on behalf of a party with respect to the Property or the Mine.
- (h) **“Bank”** has the meaning ascribed thereto in Section 11.3.
- (i) **“BCICAC”** has the meaning ascribed thereto in Section 28.1.
- (j) **“Budget”** has the meaning ascribed thereto in Section 7.7.
- (k) **“Business Day”** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Vancouver, British Columbia.
- (l) **“Cash Calls”** has the meaning ascribed thereto in Section 8.4 of this Agreement.
- (m) **“Commercial Production”** means the commercial exploitation of Minerals and operation of the Property or any part thereof as a Mine; but does not include milling for the purpose of testing or milling by a pilot plant. Commercial Production shall be deemed to have commenced:
 - (i) if a plant is located on the Property, on the first day following the first period of 45 consecutive days during which Minerals have been produced from the Property at an average rate not less than 75% of the initial design rated capacity of the Mine, or
 - (ii) if no plant is located on the Property, on the first day of the month following the first period of 45 consecutive days during which Minerals have been shipped from the Property on a reasonably regular basis for the purpose of earning revenue.
- (n) **“Completion Date”** means the date of completion of the Construction Program and attainment of Commercial Production of Minerals from a Mine.
- (o) **“Construction”** means every kind of work or activity carried out or performed during the Construction Period by the Operator to implement a Production Notice.
- (p) **“Construction Period”** means the period beginning on the date a Production Notice is given and ending on the Completion Date.

- (q) **“Construction Program”** means a Program of Construction to bring the Property or any part thereof into Commercial Production pursuant to the Feasibility Study and to be carried out during the Construction Period.
- (r) **“Costs”** means all costs and expenses whatsoever, direct or indirect (including, without limitation, any indirect charges of the Operator permitted under Section 2.4 and any costs associated with the Underlying Royalties), with respect to the Property and, except for Non-Discretionary Costs, that are pursuant to an approved Construction Program, Exploration Program, Operating Plan, Mine Maintenance Plan or Mine Closure Plan, recorded by the Operator in accordance with this Agreement. Without limitation, the following categories of Costs will have the following meanings:
 - (i) **“Construction Costs”** means, in relation to any Mine, those Costs incurred by or on behalf of the Operator on Construction during the Construction Period pursuant to an approved Construction Program and any Costs associated with any capital expansion of such Mine that has been approved pursuant to Section 13.7;
 - (ii) **“Exploration Costs”** means those Costs incurred by or on behalf of the Operator during the Exploration Period pursuant to an approved Exploration Program together with those deemed Costs or expenditures, if any, of the parties specified in this Agreement;
 - (iii) **“Non-Discretionary Costs”** means the non-discretionary costs contemplated in Section 16.2 of this Agreement; and
 - (iv) **“Production Costs”** means those Costs incurred by or on behalf of the Operator pursuant to an approved Operating Plan, Mine Maintenance Plan or Mine Closure Plan subsequent to the Completion Date.
- (s) **“Dilution Royalty”** means the royalty of 1.0% of the net smelter returns payable to the Dilution Royalty Holder following the commencement of Commercial Production.
- (t) **“Dilution Royalty Holder”** has the meaning ascribed thereto in Section 10.2.
- (u) **“Effective Date”** means the date of this Agreement.
- (v) **“Encumbrances”** means all interests, mortgages, deeds of trust, pledges, charges, net profits interests, royalties or overriding royalty interests, other payments out of production, leases, options, security interests, liens, encumbrances, actions, claims, demands, equities or other rights titles, interests, claims or burdens of any nature whatsoever or however arising and any rights or privileges capable of becoming any of the foregoing.
- (w) **“Entitled Participant”** has the meaning ascribed thereto in Section 14.2.
- (x) **“Environmental Laws”** means all Applicable Laws currently in effect relating to, regulating or which provides for liabilities with respect to, pollution or protection of the environment, health, safety or natural resources, including, without limitation, the use, consumption, handling, transportation, storage or Release of Hazardous Substances.

- (y) **“Environmental Order”** means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made by any Governmental Authority in connection with Environmental Laws or environmental orders.
- (z) **“Exploration Operations”** means those Operations conducted on the Property during the Exploration Period directed towards ascertaining the existence, location, quantity or commercial value of Minerals.
- (aa) **“Exploration Period”** means the period beginning on the Effective Date and ending on the date a Production Notice is given.
- (bb) **“Exploration Program”** means a Program of proposed Exploration Operations during the Exploration Period.
- (cc) **“Fair Market Value”** means the value of the property or interest that would be obtained in an arm’s-length transaction between an informed and willing seller, under no compulsion to sell, and an informed and willing purchaser under no compulsion to purchase, as determined by the Appraiser. In determination of the Fair Market Value, the Appraiser shall:
 - (i) disregard any discount attributable to absence of a liquid market for the property or interest; and
 - (ii) in the case of an interest in a company or business, value the business or company as a going concern, on the assumption that the business will continue to be carried on.
- (dd) **“Feasibility Study”** means a detailed report prepared in accordance with NI 43-101 prepared at the direction of the Operator recommending placing the Property or any part thereof into Commercial Production by establishment of a Mine, to be in such form and substance as is normally required by substantial, internationally recognized financial institutions for the purposes of deciding whether or not to lend funds for the development of mineral properties, and which will include at least the following information:
 - (i) a description of that part of the Property to be covered by the proposed Mine;
 - (ii) the estimated recoverable reserves of minerals and the estimated composition and content thereof;
 - (iii) the proposed procedure for the development and mining of a Mine and transportation;
 - (iv) the results of ore processing and amenability tests;
 - (v) the nature and extent of the facilities proposed to be acquired or constructed, which may include mill facilities if the size, extent and location of the ore body makes such mill facilities feasible, in which case the study shall also include a preliminary design for such mill;
 - (vi) the total Construction Costs, including a capital costs budget, that are reasonably required to purchase, construct and install all structures, machinery and

- equipment required for the proposed Mine, to construct a Mine and related facilities and to commence Commercial Production, including a schedule of timing of such requirements;
- (vii) all necessary environmental impact studies and costs;
 - (viii) the period in which it is proposed that the Property will be brought to Commercial Production;
 - (ix) Production Costs and working capital requirements for the initial 12 months of operation of the Property as a Mine or such longer period as may be reasonably justified in the circumstances;
 - (x) projected Production Costs and cash flows and an economic forecast for the life of the Mine; and
 - (xi) such other data and information as are reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify development of a Mine, taking into account all relevant business, tax and other economic considerations including those with respect to funding of costs and repatriation of capital and profits.
- (ee) **“Governmental Authority”** means any government or governmental, administrative, regulatory or judicial body, department, commission, authority, tribunal, agency or entity.
- (ff) **“Hazardous Substance”** means any substance, combination of substances or by-product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws or Environmental Orders.
- (gg) **“Information”** has the meaning ascribed thereto in Section 31.3.
- (hh) **“Interest”** means an undivided beneficial interest in the Property, Mine and the Assets located thereon, but does not include the Dilution Royalty.
- (ii) **“Joint Account”** means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.
- (jj) **“Joint Venture”** will has the meaning ascribed thereto in Section 2.1.
- (kk) **“Losses”** means actual losses, liabilities, damages, injuries, costs or expenses, including legal costs as expenses, suffered or incurred by the respective party.
- (ll) **“Management Committee”** means the committee established pursuant to Article 5 of this Agreement.
- (mm) **“Mandatory Program”** has the meaning ascribed thereto in Section 16.2.

- (nn) **“Mine”** means the workings established and Assets acquired, obtained or constructed in order to bring the Property, or any portion thereof, into, and to maintain, Commercial Production in accordance with a Production Notice and Construction Program, including, without limitation, mine development openings, pits, shafts, haulage ways and other underground workings, and all buildings, plants, concentrator and other metallurgical installations, tailings impoundments, infrastructure, fixtures and improvements, housing and other related facilities and all other property, whether fixed or moveable, as the same may exist at any time, in or on the Property and relating to the operation of the Property as a mine, or outside of the Property for the exclusive benefit of the Property only.
- (oo) **“Mine Maintenance Plan”** means a plan submitted to the Participants by the Operator pursuant to Section 15.1 of the Agreement.
- (pp) **“Mine Closure Plan”** means a plan submitted to the Participants by the Operator pursuant to Section 15.2 of the Agreement.
- (qq) **“Minerals”** means any and all ores (and concentrates or metals derived therefrom) and precious, base or industrial minerals, in any form, in, on or under the Property or at any time extracted therefrom or derived from tailings or waste rock extracted from the Property which may lawfully be explored for, mined and sold by the parties pursuant to the instruments of title under which the Property is held.
- (rr) **“Mining Operations”** means those Operations conducted on the Property, or any portion thereof, directed towards the mining, extracting, producing, handling, milling, concentrating, processing or other beneficiation of Minerals.
- (ss) **“NI 43-101”** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
- (tt) **“Non-Discretionary Cost”** has the meaning ascribed thereto in Section 16.2.
- (uu) **“Operating Plan”** means a plan submitted to the Participants by the Operator pursuant to Section 13.2 of the Agreement.
- (vv) **“Operating Year”** means, unless the Management Committee approves any other period, a calendar year except that the first Operating Year will comprise the period from the Completion Date to the end of that calendar year.
- (ww) **“Operations”** means every kind of work done, or activity performed, by the Operator on or in respect of the Property to carry out or complete work contemplated by an approved Program, Production Notice, Construction Program, Operating Plan, Mine Maintenance Plan or Mine Closure Plan, or as otherwise directed by the Management Committee, or pursuant to a Mandatory Program contemplated in Section 16.2 of this Agreement, including, without limitation, investigating, prospecting, exploring, and developing; property maintenance; preparing reports, estimates and studies (including environmental studies); signing, equipping, improving and surveying; Construction; mining, milling, concentrating, rehabilitation, reclamation, and environmental protection; and the management and administration necessary to conduct the work or activity aforesaid.
- (xx) **“Operator”** means, Prosper or the party acting as the Operator of the Joint Venture pursuant to Section 6.1 of this Agreement.

- (yy) **“Option Agreement”** means the option agreement dated February ____, 2016 between Alexandria and Prosper referred to in Recital B.
- (zz) **“Other Tenements”** means all surface, water, access and other non-mineral rights of and to any lands within or outside the Property including surface rights held in fee or under lease, licence, easement, right of way or other rights of any kind (and all renewals, extensions and amendments thereof or substitutions therefor) acquired by or on behalf of the Participants with respect to the Property or the Mine.
- (aaa) **“Participant”** means a party that is contributing, or entitled to contribute funding for Costs.
- (bbb) **“party”** or **“parties”** means Alexandria and Prosper and their respective successors and permitted assigns which become parties pursuant to the Agreement.
- (ccc) **“Prime Rate”** means at any particular time, the reference rate of interest, expressed as a rate per annum that the Canadian Imperial Bank of Commerce, at its main office in Vancouver, establishes as its prime rate of interest in order to determine interest rates that it will charge for demand loans in Canadian dollars to its most credit worthy customers.
- (ddd) **“Production Notice”** means a notice given by the Operator pursuant to subsection 9.5(a) of this Agreement.
- (eee) **“Production Recommendation”** has the meaning ascribed thereto in Section 9.2.
- (fff) **“Products”** means all ores, minerals and mineral resources produced from the Property under this Agreement.
- (ggg) **“Program”** means a plan and budget of proposed Operations.
- (hhh) **“Property”** means, at the date hereof, the mineral claims known as the **[Wydee property / Matachewan property]** as set forth in Schedule A attached hereto, the Minerals thereon, all information obtained from Operations and those rights and benefits appurtenant to the Property, other than royalties but including, without limitation, the Other Tenements, and shall include any renewal or replacement thereof and any other form of successor or substitute rights or title thereto, or any other present or subsequently acquired mineral claims, leases or other mineral or mining rights or titles or appurtenant rights or Other Tenements within the present boundaries of the minerals claims set out in Schedule A attached hereto.
- (iii) **“Proportionate Share”** means that share which is equal to a party’s Interest expressed as a percentage.
- (jjj) **“Release”** includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release or spill.
- (kkk) **“Shutdown and Reclamation Costs”** has the meaning ascribed thereto in Section 15.6.
- (lll) **“Shutdown and Reclamation Fund”** has the meaning ascribed thereto in Section 15.6.

- (mmm) “**Simple Majority**” means a decision made by the Management Committee by a majority in excess of 50% of the votes present at a meeting and entitled to be cast.
- (nnn) “**Special Majority**” means the decision made by the Management Committee by a majority in excess of 75% of the votes present at a meeting and entitled to be cast.
- (ooo) “**Technical Data**” has the meaning ascribed thereto in Section 25.2.
- (ppp) “**Underlying Royalties**” means a [1.0/2.0]% net smelter returns or gross-overriding royalty, as applicable, from sale of production on the mineral claims on the Property.
- (qqq) “**Underlying Royalty Buy-back**” means a buy-back right held by the holder of an Underlying Royalty.

1.2 General

In this Agreement, words importing gender will include all genders, words importing the singular number only will include the plural and vice versa, and any reference to any statute will be deemed to extend to and include any amendment or re-enactment of such statute.

1.3 Headings, etc.

The division of this Agreement into Articles, Sections, subsections and other subdivisions and the insertion of headings are for convenience of reference only and will not affect or be utilised in the construction or interpretation of this Agreement.

1.4 Currency

All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian dollars.

1.5 Severability

Any Article, Section, subsection or other subdivision of this Agreement and any other provision of this Agreement which is, or becomes, illegal, invalid or unenforceable will be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability and will not affect or impair the spirit or intent of the remaining provisions hereof.

1.6 Schedules

The following schedules and appendices are incorporated by reference into this Agreement:

<u>Schedules:</u>	<u>Description:</u>
A	[Wydee / Matachewan] Property
B	Accounting Procedure

2. JOINT VENTURE

2.1 Establishment of Joint Venture

- (a) The joint venture constituted hereby will be known as the Prosper-Alexandria Joint Venture (the “**Joint Venture**”) for the purpose of further exploring the Property and, if deemed warranted, bringing all or a portion of the Property into Commercial Production by establishing and operating a Mine or Mines thereon. Each party shall provide technical knowledge and expertise to the Joint Venture for the purpose of exploring the Property. Each party will carry out any other activity in connection with or incidental to any of the foregoing.
- (b) Upon the formation of the Joint Venture, all transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or act undertaken on behalf of the Participants in connection with the Assets, the Mine and the Property shall be done, transacted, undertaken or performed in the name of the Operator only, and no Participant shall do, transact, perform or undertake anything in the name of the other Participants or in the joint names of the Participants.

2.2 Several Rights and Obligations

The rights and obligations of each party will be in every case several and not joint or joint and several, the intent being that the parties hold their respective Interests as tenants in common.

2.3 No Partnership and Other Business Opportunities

- (a) The parties have not created a partnership and nothing contained in this Agreement will constitute any party the partner, agent or legal representative of any other party, or create any fiduciary relationship between them for any purpose whatsoever. No party will have any authority to act for, or to assume any obligation or responsibility on behalf of, any other party except as otherwise expressly provided herein.
- (b) Without limiting the generality of subsection 2.3(a), the parties confirm that each of them has the right:
 - (i) to engage in any other business activity outside the Joint Venture, including the ownership and operation of any other mining permits, licenses, claims and leases and to mine and market production from other sources;
 - (ii) to market its Proportionate Share of any Minerals all in competition with the other party;
 - (iii) to stake or acquire lands or mineral properties outside the Property;
 - (iv) not to disclose to the other party information and data relating to lands and mineral properties outside the Property; and
 - (v) to develop, at its own expense, utilizing its own or other proprietary technology, such opinions or conclusions, based on information which is available to the other party to this Agreement, as it wishes without the obligation to disclose those opinions or conclusions to any other party.

- (c) The legal doctrines of “corporate opportunity” or “business opportunity” sometimes applied to persons occupying a relationship similar to that of the parties shall not apply with respect to participation by any party in any business activity or endeavour outside the Joint Venture constituted hereby, and, without implied limitation, a party shall not be accountable to any other party for participation in any such business activity or endeavour outside the Joint Venture constituted hereby which is in direct competition with the business or activity undertaken by the Joint Venture.

2.4 Administrative Services and Operator’s Fees

- (a) Following the Effective Date, the Operator will arrange for the provision of (i) technical staff and services, and (ii) accounting staff and services for the Joint Venture.
- (b) On and after the Effective Date, the Operator will be entitled to include in the budget for a Program a charge for management fees (on a cost recovery basis) based on the following percentages:
 - (i) in the case of Exploration Programs, 10.0% of Exploration Costs;
 - (ii) in the case of Construction Programs, 2.0% of Construction Costs;
 - (iii) in the case of Mining Programs, 2.0% of Mining and/or Operating Costs; and
 - (iv) in the case of ongoing sustaining capital Costs that are necessary for the proper conduct of Operations, 2.0% of such Costs.
- (c) The parties may agree to waive such management fees or a portion thereof in the event both parties are engaged in providing project management and administration to the Joint Venture.

2.5 Proportionate Costs

Each party shall be liable solely for its Proportionate Share of Costs at such time as the liability is incurred by the Operator. Notwithstanding the foregoing and for the avoidance of doubt, Prosper shall pay all Costs incurred in connection with the Mineral Resource Estimate (as defined in the Option Agreement) that Prosper may prepare pursuant to Section 2.2 of the Option Agreement.

2.6 Area of Interest

If at any time during the term of this Agreement, any of the parties (or any affiliate thereof) stakes or otherwise acquires any interest in mineral claims or any other form of mineral tenure located wholly or partly in an area within the Area of Interest, other than claims or any interest in mineral claims or any other form of mineral tenure held by JCML Resources Inc. or Randall W. Salo, Jacques E. Robert, David M. Lefort and Andrew D. McLellan, the following shall apply:

- (a) the acquiring party shall forthwith give notice to the other party of the acquisition, the total cost thereof and all details in the possession of that party with respect to the details of the acquisition, the nature of the property and the known mineralization; and

(b) the other party may, within 30 days of receipt of such notice, elect, by notice to the acquiring party, to require that the mineral claims and the right or interest acquired be included in and thereafter form part of the Property for all purposes of this Agreement.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Parties

Each party represents and warrants to the other as follows and acknowledges and confirms that the other is relying on such representations and warranties in entering into this Agreement:

- (a) it is a corporation duly incorporated, organized, validly existing and in good standing under the laws of its incorporating jurisdiction or under the laws of the jurisdiction into which it was continued, as applicable, and is qualified to do business in those jurisdictions where necessary in order to carry out its purposes;
- (b) it has full power, capacity and authority to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) the execution and delivery of this Agreement will not violate or result in the breach of any Applicable Law to which it is subject or the terms of its constating documents;
- (d) neither the execution and delivery of this Agreement, nor the performance of the transactions contemplated hereunder, conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (e) this Agreement and all other agreements or instruments to be executed and delivered by such party hereunder have been duly executed and delivered by such party and constitute, legal, valid and binding obligations of such party enforceable against such party in accordance with their respective terms except that:
 - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief are available only in the discretion of the applicable court;
 - (iii) a court may stay proceedings before them by virtue of equitable or statutory powers; and
 - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
- (f) no consent from a lender or any third party is necessary to authorize such party to execute, deliver and perform its obligations under this Agreement;
- (g) there is no judgment, decree, injunction, ruling or order of any court, Governmental Authority, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent such party from entering into this Agreement; and

- (h) it has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or 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.

4. INTERESTS

4.1 Contribution and Respective Interests

Except as otherwise provided in this Agreement, the parties will severally bear all Costs and all liabilities arising under this Agreement in proportion to their respective Interests. The parties' respective Interests in the Property, the Assets and any Mine will be determined in accordance with this Agreement.

4.2 Initial Interests

Prosper shall have an initial Interest of [•]% and Alexandria shall have an initial Interest of [•]%.

4.3 Deemed Contributions

Each of Prosper and Alexandria will be deemed to have made an initial contribution of Cdn\$[•] and Cdn\$[•], respectively, in Costs to the Joint Venture, calculated based on the amount of expenditures incurred on the Property by Prosper as a pro rata amount to its earned interest in the Property pursuant to the Option Agreement. For example, if Prosper exercises the First Option (as defined in the Option Agreement) on the Property pursuant to the Option Agreement, it will be required to incur expenditures of not less than \$2.5 million on the Property. If this is the case, it will have earned a 75% interest in the Property and so its deemed contribution will be \$2.5 million and Alexandria's deemed contribution will be \$833,333.33. For the avoidance of doubt, if Prosper completes the Mineral Resource Estimate (as defined in the Option Agreement) pursuant to Section 2.2 of the Option Agreement, Prosper will be deemed to have made an additional contribution of \$500,000 in Costs to the Joint Venture.

4.4 Adjustment of Interests

The Interests of the parties will be subject to adjustment from time to time in accordance with Articles 8, 9, 10 and 16 of this Agreement and Section 3.3 of the Option Agreement. Subject to Section 17.1, any adjustment to a party's Interest need not be evidenced during the term of this Agreement by the execution and delivery of any instrument, but each party's Interest will be determined from time to time by using the books of the Joint Venture kept by the Operator.

5. MANAGEMENT COMMITTEE

5.1 Establishment of Management Committee

The affairs of the Joint Venture will be under the direction and control of the Management Committee, which, without limitation, will have the exclusive right and authority to:

- (a) except as otherwise contemplated in Section 16.2, consider and approve all Programs, Feasibility Studies, Production Notices and Construction Programs, Operating Plans, Mine Maintenance Plans, Mine Closure Plans and any amendments thereto;
- (b) review and approve all exploration, construction, operating and financial reports on the Operations;
- (c) consider and approve any sale, assignment, transfer, abandonment, surrender or other disposition of all or any part of the Property including any Crown grant, patent, lease, mineral or mining claim, mining lease, permit, licence to prospect, mineral disposition or other right to or interest in Minerals which is comprised in the Property;
- (d) consider and approve any major change in the mining plan established for any Mine or any plan for the installation of additional milling, concentrating or refining capacity or of additional plant, facilities or infrastructure at any Mine;
- (e) review and approve the annual mineral resource and mineral reserve estimates prepared by the Operator and delivered to the Participants pursuant to subsection 13.2(b) and Section 31.1;
- (f) consider and approve changes in the Accounting Procedure;
- (g) cause the party which is acting as the Operator to be removed as Operator in the events described in Section 6.3, and, in that event, or if the party which is the Operator resigns as contemplated in Section 6.2 or a party elects to become Operator as a result of the events described in Section 6.4, to select another party to become Operator;
- (h) make the Production Recommendation;
- (i) approve or reject the sale, assignment, transfer, abandonment, surrender or other disposition of any part of the Assets or Mine, in the case of any asset or series of related assets having a value in excess of \$750,000;
- (j) establish and modify its own rules of procedure, which is only permitted in a manner not inconsistent with this Agreement; and
- (k) decide upon all other matters not expressly delegated to the Operator.

5.2 Representation on Management Committee

The Operator shall have the right to appoint two representatives and the non-Operator party shall have the right to appoint one representative to the Management Committee. Each party may appoint one or more alternate representatives to act in the absence of its representatives and any alternate representative so acting will be deemed to be that party's representative in respect of the matter upon which he or she acts. Each party may change its representative(s) and any alternate representatives at any time. Notice of any appointment or change will be given to the other party in accordance with Section 31.1.

5.3 Meetings of Management Committee

The Operator will call a Management Committee meeting at least once every three months and, in any event, within 10 Business Days of being requested to do so by a representative of the other party. Unless

otherwise agreed, all meetings of the Management Committee will be held, prior to the Completion Date in Vancouver, British Columbia (or such other mutually agreed to location).

5.4 Notice of Meetings

The Operator will give notice, specifying the time and place of, and the agenda for, each Management Committee meeting to all representatives at least 14 days before the time appointed for the meeting. Notice of a meeting may be waived if each party is represented at the meeting by at least one of its representatives and all the representatives present at the meeting agree upon the waiver and upon the proposed agenda.

5.5 Conduct of Management Committee Meetings

A quorum for any Management Committee meeting will be present if one representative of each party is present or participating by telephone. If a quorum is present at the meeting, then the Management Committee will be competent to exercise all of the authorities, powers and discretions bestowed upon it under this Agreement. No business other than the election of a chairman, if any, and the adjournment or termination of the meeting will be transacted at any meeting unless a quorum is present. If within 30 minutes from the time appointed for a meeting, a quorum is not present, then the meeting will, at the election of those representatives who are present:

- (a) be dissolved; or
- (b) be adjourned to the same place but on a date and at a time to be fixed by the chairman of the meeting before the adjournment, which will be not less than seven days following the date for which the meeting was called.

Notice of the adjourned meeting will be given to the representatives of all parties forthwith after the adjournment of the meeting. If at the adjourned meeting, a quorum is not present within 30 minutes from the time appointed, then the representative or representatives present and entitled to attend and vote at the meeting, will constitute a quorum. No material item of business will be transacted at a Management Committee meeting unless the item appears on the agenda or at least one representative of each party is present and those representatives unanimously agree to the item being added to the agenda.

5.6 Decisions of the Management Committee

Except as otherwise contemplated in Sections 5.7, 7.7, 8.1, 9.2, 9.6, 11.1, 13.7, 15.1, 15.2 and 17.2, the Management Committee will decide every question submitted to it by Simple Majority with the representative or representatives of each party being entitled to cast collectively that number of votes which is equal to the percentage Interest of the party they represent. In the event of a tie vote, the chair appointed pursuant to Section 5.8 will have a second, additional or casting vote. If the matter requires Special Majority approval which is not obtained, the party which proposed the defeated resolution may elect to have the matter determined in accordance with the deadlock resolution procedures under Article 27.

5.7 Unanimous Consent of the Management Committee

The following decisions shall require the unanimous approval of the Management Committee:

- (a) termination of the Joint Venture;

- (b) any change in the Operator (including subcontracting the role of Operator) of the Joint Venture, other than to a direct or indirect wholly-owned subsidiary of the Operator, and provided that the Operator shall covenant to make available to such Affiliate the employees, assets and technical knowledge of the Operator that are necessary to enable such Affiliate to fully perform the duties and obligations of the Operator hereunder and other than a change in accordance with Section 6.4 of this Agreement;
- (c) the approval of the occupational health and workplace safety and environmental protection and compliance policies and plans of the Management Committee;
- (d) the decision to commence any litigation on behalf of the Joint Venture seeking damages in excess of \$1,000,000 or to settle any suit, claim or demand in an aggregate amount in excess of \$1,000,000;
- (e) the decision to suspend or terminate Mining Operations other than in accordance with Article 15;
- (f) the approval of any agreement with an Affiliate of a party with respect to the Operations in aggregate amount in excess of \$100,000; and
- (g) the approval of any sale, assignment, transfer, abandonment, surrender or other disposition of all or any part of the Property including any Crown grant, patent, lease, mineral or mining claim, mining lease, permit, licence to prospect, mineral disposition or other right to or interest in Minerals which is comprised in the Property.

5.8 Chairman and Secretary

Meetings of the Management Committee will be chaired, at any time when the Proportionate Share of the parties are equal, by the senior representative of the Operator and, at any time when the Proportionate Share of the parties are not equal, by the senior representative of the party having the greater Proportionate Share. A representative of the Operator will be the secretary of the Management Committee meetings. The wording for any resolution to be passed by the Management Committee at a meeting will be circulated to each representative prior to such meeting and, if passed at the meeting, the wording will be agreed at the meeting and initialled by the representatives in attendance thereat. The secretary for the meeting will take minutes of each meeting and will circulate draft copies of the minutes to each representative within 15 days of the meeting. Representatives will discuss and, if appropriate, approve the draft minutes within 15 days of the next meeting, after which the secretary will circulate the approved minutes for execution (and return) by the chairman and secretary. Copies of the executed minutes will be distributed by the secretary to each representative.

5.9 Consent Resolutions

Any decision made by obtaining the consent in writing of the representatives on the Management Committee of each party will be as valid as a decision made at a duly called and held meeting of the Management Committee.

5.10 Expenses and Other Rules

Each party will bear the expenses incurred by its representatives in attending meetings of the Management Committee. The Management Committee may establish such other rules of procedure, not inconsistent with this Agreement, as the Management Committee deems fit.

5.11 Decisions Binding on Parties

Management Committee decisions made in accordance with this Agreement shall be binding upon the parties.

6. OPERATOR

6.1 Operator

The Management Committee will appoint Prosper as the initial Operator, unless Prosper gives prior notice in writing that it wishes to decline such appointment. Prosper will act as Operator of the Joint Venture until such time as it resigns pursuant to Section 6.2, is removed as Operator pursuant to Section 6.3 or Alexandria becomes the Operator pursuant to Section 6.4.

6.2 Resignation

The party acting as Operator may resign on at least 90 days' notice to all the other parties. If a party resigns as Operator, then the Management Committee will thereupon select another party to become Operator effective on and from the date established by the Management Committee.

6.3 Removal

The party acting as Operator will be deemed to have resigned as Operator if:

- (a) that party withdraws from the Joint Venture;
- (b) an attachment in respect to any material liability of that party which is not related to the business of the Joint Venture is made on the Property;
- (c) that party admits in writing its inability to pay its debts as they become due other than indebtedness for money borrowed or guaranteed where the recourse of the holder thereof is restricted to realization upon specific assets none of which consist of any Interest, and where failure to pay the indebtedness does not result in the creation of an unsecured obligation of the Operator;
- (d) that party makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver for all or substantially all of its property, or files a petition in bankruptcy or for a reorganization under the appropriate bankruptcy legislation, or is adjudicated bankrupt or insolvent;
- (e) a court order is entered, without that party's consent:
 - (i) appointing a receiver or trustee for all or substantially all of its property; or
 - (ii) approving a petition in bankruptcy or for a reorganization pursuant to the appropriate bankruptcy legislation or any other legislation providing for judicial modification or compromise of the rights of creditors; or
- (f) the Operator is in default under this Agreement and fails to cure such default or commence bona fide curative measures within 30 days of receiving written notice of the default from the other party.

In the event of the deemed resignation of the Operator, the Management Committee will appoint another party (which will not be the party which is deemed to have resigned) as Operator.

6.4 Entitlement to Become Operator

In the event that the Interest of the party acting as Operator is reduced to less than 50% then the non-Operator party shall have the right to become the Operator of the Joint Venture or to maintain the same Operator. Such election is to be made at the subsequent meeting of the Management Committee.

6.5 Transitional Provisions

Upon ceasing to be Operator, the former Operator will forthwith deliver to the new Operator custody of all Assets, the Mine and the Property, all bank accounts maintained by it as Operator, and all books and records pertaining to the Assets, the Mine or the Property which it prepared or maintained in its capacity as Operator. The new Operator will assume all of the rights, responsibilities, duties, and status of the previous Operator as provided in this Agreement. The new Operator will have no obligation to hire any of the employees or consultants of the former Operator.

As soon as practicable after the effective date of resignation or removal of the Operator, the Management Committee shall have the accounts of the Operator relating to the Joint Venture, the Assets, the Mine and the Property audited by an independent auditor (who may be the auditor of a Participant), and shall conduct an inventory of all Assets, the Mine and the Property and such inventory shall be used in the return of and the accounting for the Assets, the Mine and the Property by the Operator who has resigned or has been removed. All costs and expenses incurred in connection with such audit and inventory shall be deemed to be Costs.

If the Operator resigns or is removed and no other party consents to act as Operator nor are the parties able to agree upon the engagement of a third party to be the project operator, then the Operations will be terminated in accordance with this Agreement. The party which holds the largest single Interest will be obligated to assume the role of Operator for the limited purpose of the management and control of the Assets, the Mine and the Property to effect the termination, and will prepare and submit to the other party a Mine Closure Plan and such Mine Closure Plan may be approved by the Management Committee without the unanimous approval of the parties.

7. RIGHTS, DUTIES AND STATUS OF OPERATOR

7.1 Rights and Powers of Operator

Subject to the decisions of the Management Committee, the Operator will have full, complete and exclusive control, charge and supervision of the Assets, the Mine and the Property and the sole and exclusive right and authority to supervise, manage and carry out all Operations and to incur the Costs required for that purpose and shall do so in accordance with good mining practices. The Operator will manage and carry out the Operations in accordance with the terms and conditions of Programs, Construction Programs, Production Notices and Operating Plans approved by the Management Committee and in connection therewith will, in advance, if reasonably possible, notify the Management Committee of any change in Operations which the Operator considers material. If it is not reasonably practicable to give notice in advance, then the Operator will notify the Management Committee as soon thereafter as is reasonably practicable. The Operator shall provide the administrative services and shall be entitled to the fees set forth in Section 2.4.

7.2 Status of Operator

The Operator in the conduct of its activities under this Agreement will be deemed to have the status of an independent contractor. The Operator will not act or hold itself out as an agent for any of the parties nor make any commitments on behalf of any of the parties unless specifically permitted by this Agreement or directed in writing by a party.

7.3 Specific Duties and Obligations of Operator

Unless the Operator obtains the approval of the Management Committee to the contrary, the Operator will have the following specific duties and obligations:

- (a) to prepare and submit to the Management Committee draft Programs, Construction Programs, Production Notices and Operating Plans on a minimum of at least one Program on an annual basis;
- (b) to employ and engage such employees, agents, consultants and independent contractors as the Operator may consider necessary or advisable to carry out its duties and obligations;
- (c) subject to any specific provision of this Agreement and subject to it having the right to reject any direction on reasonable grounds by virtue of its status as an independent contractor, to implement, at the expense and on behalf of the Joint Venture, using such contractors, if any, as the Operator deems appropriate, all Programs, Production Notices and Construction Programs and Operating Plans approved by the Management Committee;
- (d) to account to the Participants for all contributions to Costs and to use all reasonable efforts to limit or curtail Program budget overruns;
- (e) to the extent that funds of the Joint Venture are available, to pay all Costs properly incurred promptly as and when due;
- (f) to pay the Underlying Royalties;
- (g) to pay any Underlying Royalty Buy-back;
- (h) to comply with the provisions of all agreements or instruments of title under which the Assets, the Mine and the Property are held;
- (i) subject to Section 17.2, to perform such assessment work or make payments in lieu thereof and pay such rentals, taxes or other payments and do all such other things as may be necessary to maintain the Assets, the Mine and the Property in good standing, including, without limitation, staking and restaking mining claims, and applying for licences, leases, grants, concessions, permits, patents and other rights to and interests in the Minerals;
- (j) to keep the Assets, the Mine and the Property free of all Encumbrances (other than those, if any, in effect on the date hereof or the creation of which is permitted pursuant to this Agreement) arising out of its conduct of Operations and, in the event of any lien being filed as aforesaid, to proceed with diligence to contest or discharge the same;

- (k) to arrange for and maintain appropriate insurance coverage as approved by the Management Committee in accordance with Section 20.1;
- (l) to arrange for and maintain workers' compensation or equivalent coverage for all eligible employees engaged by the Operator in accordance with local statutory requirements;
- (m) maintain, in accordance with industry standards, accurate records of information regarding the Assets, the Mine and the Property and including, without limitation, geological, geochemical, geophysical and engineering data, maps, available drill core, drill logs, surveys, assays, analyses, technical, accounting and financial information and other information acquired in Operations;
- (n) to perform its duties and obligations hereunder in a sound and workmanlike manner, in accordance with sound mining and engineering practices and in compliance with all Applicable Laws applicable to the Operations; and
- (o) to prosecute claims or, where a defence is available, defend litigation arising out of the Operations, provided that any Participant may join in the prosecution or defence at its own expense.

7.4 Maintenance of Accounts

The Operator, at the expense of the Joint Venture, will maintain true and correct books, accounts and records of the Joint Venture in accordance with the Accounting Procedure; provided, that the reasonable judgment of the Operator as to matters related to the accounting, for which provision is not made in the Accounting Procedure, will govern if the Operator's accounting practices are not inconsistent with joint venture accounting practices generally accepted in the mining industry in Canada. The Operator will maintain one or more bank accounts with a Canadian chartered bank to which all payments and receipts with respect to the Joint Venture will be credited and from which all Costs will be paid.

7.5 Access Obligations

At all reasonable times and with reasonable prior notice to the Operator, the Operator will provide the representatives of the parties and their consultants and advisors access to, and the right to inspect and copy all geological, geochemical, geophysical and engineering data, maps, available drill core, drill logs, surveys, assays, analyses, technical, accounting and financial records and other information acquired in Operations at the other party's sole risk and expense. In addition, the Operator will allow representatives of the parties and their consultants and advisors, at their own sole risk and expense and subject to reasonable safety regulations, to inspect the Property and Operations at all reasonable times and with reasonable prior notice to the Operator so long as the inspecting representatives do not unreasonably interfere with Operations.

7.6 Reporting Obligation

During active Exploration Operations, the Operator will, in respect of Programs it is conducting, prepare and submit to the Management Committee:

- (a) quarterly reports, with such reports to be delivered within 45 days following the end of each quarter; and

- (b) an annual financial report, with such report to be delivered within 90 days following the end of each calendar year.

The quarterly and annual reports will include all necessary data, analyses, the then current mineral resource and mineral reserve estimate, if any, projections, studies, evaluations and other reports sufficient to provide the Management Committee with an accurate summary of all relevant Operations and the results of those Operations and will include a statement of Costs and comparisons of such Costs to approved Budgets. During periods of active Exploration Operations, the Operator will prepare and submit to the Management Committee monthly reports within five days of the end of each month. In addition, the Operator will, on becoming aware of any material information regarding the Assets, the Mine and the Property and including, without limitation, geological, geochemical, geophysical and engineering data, maps, available drill core, drill logs, surveys, assays, analyses, technical, accounting and financial information and other information acquired in Operations, notify the parties as soon as possible, and in any event, before such information is publicly disclosed, with a report to follow within 24 hours of the Operator becoming aware of such information.

During the Construction Period, the implementation of an Operating Plan and thereafter so long as Operations have not been suspended or terminated pursuant to this Agreement, the Operator will provide monthly progress reports to the other party, which reports will include all necessary data, analyses, projections, studies, evaluations and other reports sufficient to provide the Management Committee with an accurate summary of all relevant Operations and the results of those Operations. In addition, the Operator will, on becoming aware of any material information regarding the Assets, the Mine and the Property, and a statement of Costs, notify the parties as soon as possible, and in any event, before such information is publicly disclosed, with a report to follow within 24 hours of the Operator becoming aware of such information.

7.7 **Budget Overruns**

The Operator will immediately notify the Management Committee of any material departure from an adopted Program and its related budget (the “**Budget**”). If the Operator exceeds an adopted Budget (taken as a whole) by more than 10%, then the excess over 10% will be for the sole account of the Operator unless:

- (a) the overrun is a Non-Discretionary Cost incurred in accordance with Section 16.2; or
- (b) the overrun has been approved by the Management Committee provided that, if the overrun exceeds an adopted Budget (taken as a whole) by more than 10%, the Program shall be terminated unless such approval by the Management Committee is unanimous.

Overruns for the sole account of the Operator will not be included in the calculations of the Interests of the parties. Budget overruns of 10% or less will be borne by the parties in proportion to their respective Interests.

7.8 **Rejection of Directions**

Any rejection of a direction of the Management Committee by the Operator under subsection 7.3(c) will be resolved in accordance with the provisions of Section 27.1 and Article 28.

7.9 **Obligations of Operator Regarding Personal Information**

- (a) The Operator shall ensure that, unless otherwise exempted by law, it has the consent of its employees to the collection, use and disclosure of all Personal Information required by the Operator or the Management Committee to determine the suitability of each employee for work on the Property or for any other reasonable and necessary purpose related to this Agreement.
- (b) For the purpose of this Section 7.9, “**Personal Information**” means information about an identifiable individual collected or created by the Operator as a result of this Agreement, but does not include the name, title or business address or telephone number of an employee of the Operator.
- (c) Unless this Agreement or Applicable Laws otherwise specify or the Management Committee otherwise directs in writing, the Operator shall only collect, create, use and disclose Personal Information in respect of its own employees or in respect of the employees of contractors which is necessary for the due performance of the Operator’s obligations or for the exercise of the Operator’s rights under this Agreement.
- (d) Unless this Agreement or Applicable Laws otherwise specify or the Management Committee otherwise directs in writing, the Operator shall not collect, use or disclose Personal Information about an individual without the consent of the individual to whom the information relates.
- (e) The Operator agrees to protect all Personal Information collected or stored by it pursuant to paragraph (c) above by taking reasonable security measures, in accordance with the sensitivity of the information in question, to protect the Personal Information against loss, unauthorized access thereto, theft, and any unauthorized collection, use, disclosure, copying, modification or disposal thereof.
- (f) The Operator further agrees to comply with all Applicable Laws and with all Management Committee instructions or directives that relate to the collection, use, disclosure, storage and disposal of Personal Information.
- (g) Unless the Agreement specifies otherwise, the Operator shall retain all Personal Information arising in respect of or relating to this Agreement until directed by the Management Committee in writing to dispose of it.
- (h) The Operator agrees to immediately rectify, delete or update all Personal Information in its possession or control arising in respect of or relating to this Agreement on receiving written instructions to such effect from the Management Committee.
- (i) The Operator shall defend and hereby indemnifies and holds the Participants and their respective parent, affiliated and subsidiary companies, officers, directors, employees, agents, contractors and representatives free and harmless from and against any and all losses, claims, liens, demands, liabilities and causes of action, including without limitation legal fees and disbursements, resulting from or arising in respect of the Operator’s alleged or actual breach of this Section 7.9.

8. EXPLORATION PROGRAMS

8.1 Draft Programs

Within 60 days following the Effective Date, the Operator will prepare and submit an initial draft Exploration Program (or Exploration Programs to reflect the diversity of the geography and technical opportunities of the claims comprising the Property) for the balance of that calendar year for consideration by the Management Committee. On or before **[January 1]**, **[•]** and **[January 1]** of each year thereafter, the Operator will prepare and submit a draft Exploration Program for the following calendar year for consideration by the Management Committee. The term of an Exploration Program will not exceed 12 months unless the Management Committee otherwise unanimously approves. Every draft Exploration Program will contain a statement in reasonable detail of the proposed Exploration Operations and estimates of all Exploration Costs to be incurred. The Operator will be entitled to include in the Budget for each draft Program an allowance of up to 10% for contingencies. All Exploration Operations will be conducted, Exploration Costs will be incurred and Assets will be acquired only pursuant to approved Exploration Programs.

8.2 Approval of Exploration Programs

The Management Committee will review and consider the initial Exploration Program within 30 days and, if it deems fit, approve such Exploration Program with such modifications, if any, as the Management Committee deems desirable. Prior to **[January 1]** of each year, the Management Committee will review and consider all Exploration Programs submitted and, if it deems fit, approve an Exploration Program with such modifications, if any, as the Management Committee deems desirable.

8.3 Election to Contribute

Forthwith after approval of each Exploration Program, the Operator will submit it to the parties. Subject to Section 8.6, each party will, within 15 days after the date on which the Management Committee approves an Exploration Program, give notice to the Operator whether it elects:

- (a) to contribute its Proportionate Share of the Exploration Costs of that Exploration Program; or
- (b) not to contribute.

If a party does not give such notice within such period, then that party will be deemed to have elected not to contribute. If any party elects or is deemed to have elected not to contribute to an Exploration Program, then the Operator will forthwith give notice thereof to the other parties who will be entitled to elect, within 10 days of the Operator's notice, to increase their contributions by the amount of the shortfall (if more than one electing party then in proportion to their respective Interests). If, after the operation of this Section 8.3, Exploration Costs are not fully committed, then the Exploration Program will be deemed to be withdrawn. If an Exploration Program is deemed to have been withdrawn:

- (i) the Operator may prepare and submit a revised Exploration Program;
- (ii) the Operator will implement a mandatory program as contemplated in Section 16.2; and
- (iii) either party may invoke the deadlock and dispute resolution procedures under Article 27.

A party that elects to contribute to the Exploration Program shall pay its contribution to the Operator in accordance with Section 8.4.

8.4 Contributions to Exploration Programs

The Operator will be entitled to request cash advances from the parties (“**Cash Calls**”) at the beginning of each month in respect of Costs expected to be incurred by or on behalf of the Operator during such month in connection with an approved Exploration Program, and each party will comply with such request within five Business Days of receipt thereof. Each such request will include a statement of account reconciling amounts previously advanced by the parties against actual Costs incurred and paid by the Operator, and appropriate adjustments will be made as required to the amount of cash requested by the Operator in respect of the then current month. Payments from the parties (including the Operator) will be deposited in one or more bank accounts maintained by the Operator. If the Operator suspends or prematurely terminates an Exploration Program, then any funds advanced by a party in excess of that party’s Proportionate Share of Exploration Costs actually incurred in connection with that Exploration Program will be refunded forthwith.

8.5 Suspension or Termination of Exploration Programs

If any Exploration Program is suspended or terminated prematurely so that the Exploration Costs incurred on the Exploration Program so suspended or terminated are less than 80% of the Exploration Costs originally proposed, then any party which elected or is deemed to have elected not to contribute to that Exploration Program will be given written notice by the Operator of the suspension or termination and will be entitled to contribute its Proportionate Share of the Exploration Costs incurred on that Program by payment thereof to the Operator within 30 days after receipt of the notice. If payment is not made by that party within the 30 days aforesaid, then it will be deemed to have elected not to fully contribute to that Exploration Program without any further demand for payment being required.

8.6 Dilution for Non-Contribution

If a party elects or is deemed to have elected not to contribute to the Exploration Costs of any Exploration Program, then the Interest of that party expressed as a percentage will be diluted and determined by the following formula:

Party’s Interest =

$$\left[\frac{(A + B) \times 100}{C} \right]$$

Where:

A = the sum of all deemed contributions of the diluting party;

B = the sum of all actual contributions of the diluting party;

C = the total deemed and actual contributions of the parties; and

“**Relevant Program**” means, in this Section 8.6, a Program to which the diluting party elected not to contribute and the Program is subsequently funded by the other party increasing its contribution by the amount of the shortfall.

The non-diluting party's Interest will be adjusted accordingly and, if there is more than one non-diluting party, then the Interests of the non-diluting parties will be adjusted in proportion to their respective Interests prior to the start of the Relevant Program. A party whose Interest has been reduced but is still greater than 7% will be entitled to receive details of and to contribute to future Programs to the extent of its then Interest. A party whose Interest has been reduced to 7% or less will have its Interest converted to a Dilution Royalty, in accordance with Section 10.2, with no further opportunity or obligation to contribute to any Program. The diluting and non-diluting parties' Interests will be adjusted upon the expenditure of the Exploration Costs to which the non-diluting party contributed.

9. PRODUCTION NOTICE

9.1 Preparation and Consideration of Feasibility Study

An Exploration Program may provide for a Feasibility Study to be prepared. Upon completion of a Feasibility Study, the Operator will call a Management Committee meeting to consider any Feasibility Study for a date no sooner than 60 days and no later than 120 days after the Feasibility Study has been provided to each of the parties or such other date as the representatives of all the parties agree.

9.2 Production Recommendation

The Management Committee will consider any Feasibility Study prepared and may, by Special Majority, approve the Feasibility Study, with such modifications or subject to such conditions, if any, as it considers necessary or desirable. Upon approval of the Feasibility Study, the Management Committee will cause the Operator to give notice (the "**Production Recommendation**") to each of the parties stating that the Management Committee recommends that a Mine be established and brought into production in conformity with the Feasibility Study as so approved. Following the sending of the Production Recommendation, the Operator shall prepare and submit a draft Construction Program for consideration by the Management Committee in accordance with Sections 12.1 and 12.2.

9.3 Election to Contribute

Each party may, within 120 days of receipt of the Production Recommendation, give the Operator notice committing itself to:

- (a) contribute its Proportionate Share of the Construction Costs to be incurred in respect of the Mine; or
- (b) not contribute thereto.

If a party does not give notice of that commitment within the 180 day period, then it will be deemed to have elected not to contribute to the Construction Costs.

9.4 Election to Increase Contribution

If any party elects or is deemed to have elected not to contribute to the Construction Costs, then the Operator will give notice thereof to those parties that elected to contribute and those latter parties may thereupon elect, by notice to the Operator within 30 days of the Operator's notice, to increase their contributions to the Construction Costs (if more than one electing party then in proportion to their respective Interests) by the amount which any party has declined to contribute.

9.5 **Production Notice**

Forthwith after the operation of Sections 9.3 and 9.4, the Management Committee will cause the Operator to give notice to the parties indicating either that the Construction Costs:

- (a) are fully committed, in which case the notice (the “**Production Notice**”) will state that the Participants have agreed to establish and bring a Mine into production in conformity with the Construction Program and Feasibility Study approved by the Management Committee pursuant to Section 9.2; or
- (b) are not fully committed, in which case the notice will state that the Production Recommendation is thereby withdrawn.

If the Production Recommendation is deemed to have been withdrawn, either party may invoke the deadlock and dispute resolution procedures under Article 27.

9.6 **Further or Revised Feasibility Study**

Notwithstanding subsection 9.5(b), the Management Committee will be entitled by Special Majority, at any time after the withdrawal of a Production Recommendation, to approve another or a revised Feasibility Study and cause another Production Recommendation to be issued.

9.7 **Dilution for Non-Contribution**

If a party elects or is deemed to have elected not to contribute to the Construction Costs or the Production Costs of any Construction Program or the Operating Plan, then the Interest of that party expressed as a percentage will be diluted and determined by the following formula:

Party’s Interest =

$$\left[\frac{(A + B) \times 100}{C} \right]$$

Where:

A = the sum of all deemed contributions of the diluting party;

B = the sum of all actual contributions of the diluting party;

C = the total deemed and actual contributions of the parties; and

“**Relevant Program**” means, in this Section 9.7, a Construction Program or Operating Plan, as the case may be, to which the diluting party elected not to contribute and the Construction Program or Operating Plan, as the case may be, is subsequently funded by the other party increasing its contribution by the amount of the shortfall.

The non-diluting party’s Interest will be adjusted accordingly and, if there is more than one non-diluting party, then the Interests of the non-diluting parties will be adjusted in proportion to their respective Interests prior to the start of the Relevant Program. A party whose Interest has been reduced but is still greater than 7% will be entitled to receive details of and to contribute to future Programs to the extent of its then Interest. A party whose Interest has been reduced to 7% or less will have its Interest converted to a Dilution Royalty, in accordance with Section 10.2, with no further opportunity or obligation to

contribute in any Program. The diluting and non-diluting parties' Interest will be adjusted upon the expenditure of the Construction Costs or Production Costs, as the case may be, to which the non-diluting party contributed.

10. EFFECT OF NON PARTICIPATION

10.1 Reduction of Interest Below 7%

If, prior to the Completion Date, a party has its Interest reduced to 7% or less as a result of the operation of any one or more of Sections 8.6, 9.7 or 16.3 of this Agreement or by Section 3.3 of the Option Agreement, then it will be deemed to have irrevocably assigned and conveyed its Interest to the other Participant (if more than one then in proportion to their respective Interests). An assignment and conveyance pursuant to this Section 10.1 will not relieve the party whose Interest is being assigned and conveyed from any obligations and liability accruing to it prior to the date of the assignment and conveyance in respect of unfunded decommissioning and shut down costs and expenses including all required environmental clean-up, reclamation and rehabilitation, unless such party's Interest was reduced to 7% or less prior to the commencement of Construction.

10.2 Entitlement to Dilution Royalty

Upon any assignment and conveyance pursuant to Section 10.1, the party whose Interest is deemed to have been assigned and conveyed will cease to be a party and will cease to have any further right or Interest under this Agreement and, except as to any payment of the Dilution Royalty to which that party (the "**Dilution Royalty Holder**") is entitled under this Section 10.2, all obligations or liabilities of the other parties to the Dilution Royalty Holder will terminate. When the Dilution Royalty Holder is so deemed to have assigned and conveyed to the Participants its Interest, the Dilution Royalty Holder, in consideration of that assignment and conveyance, will be entitled to receive the Dilution Royalty, as and when available. Upon or prior to a Participant becoming entitled to a Dilution Royalty, the parties hereto shall settle the terms of the royalty agreement and each party hereto agrees to negotiate in good faith the final terms of such royalty agreement; provided, however, that the failure of the parties to enter into a royalty agreement shall in no way affect, delay or otherwise restrict the formation of the Joint Venture or the Operations in connection therewith, which shall continue in the ordinary course.

11. MINE FINANCING

11.1 Restrictions on Encumbrances

Except as permitted by Section 11.3, no party will at any time place any lien, pledge, mortgage, lease, sublease, charge or other Encumbrance on the whole or any part of its Interest without Special Majority approval.

11.2 Contribution of Construction Costs and Production Costs

Each Participant will contribute its Proportionate Share of the Construction Costs and Production Costs.

11.3 Entitlement to Pledge

Solely in order to secure loans to contribute their respective Proportionate Share of the Construction Costs and Production Costs, the Participants will each be entitled to pledge, mortgage, charge or otherwise encumber, as security for financing their respective contributions, the Assets, the Mine and the Property to the extent of their respective Interests; provided, however, that security will not be given by any

Participant unless the proposed pledgee, mortgagee or holder of the charge or Encumbrance (the “**Bank**”) is a bank or other financial institution acceptable to the other Participants acting reasonably and the Bank first undertakes in writing with all the other Participants, in form satisfactory to counsel acting reasonably for those other Participants and binding upon the Bank, that:

- (a) the Bank will not enter into possession or institute any proceedings for foreclosure or partition of an encumbering Participant’s Interest and that the security will be subject to the provisions of this Agreement; and
- (b) the Bank’s remedies under that security will be limited to the sale of the whole (but only of the whole) of the encumbering Participant’s Interest held under that security. Before selling the encumbering Participant’s Interest, the Bank must first offer it to the other Participants in accordance with Article 24 and, if the other Participants do not exercise their rights under Article 24, then the Bank may sell the encumbering Participant’s Interest by a sale at a public auction to be held after 90 days prior notice to the other Participants; provided, however, that, as a condition of sale, the purchaser will, prior to completing the purchase, deliver to the parties notice, in form reasonably satisfactory to counsel for the Operator, that the purchaser:
 - (i) assumes all the obligations of the encumbering Participant in connection with this Agreement; and
 - (ii) will be bound by this Agreement.

11.4 Entitlement to Pledge Proportionate Share of Minerals

Notwithstanding any other provisions of this Article 11, each party shall be free to pledge, assign, grant a security interest in or otherwise encumber its Proportionate Share of Minerals produced from the Mine, subject to the lien contemplated in Article 18.

12. CONSTRUCTION

12.1 Draft Construction Program

Within [90] days following the sending of the Production Recommendation, the Operator will prepare and submit an initial draft Construction Program for consideration by the Management Committee. The draft Construction Program will contain a statement in reasonable detail of the proposed Construction activities and estimates of all Construction Costs to be incurred. The Operator will be entitled to include in the Budget for each draft Program an allowance of up to 15% for contingencies. All Construction will be conducted, Construction Costs will be incurred and Assets will be acquired only pursuant to an approved Construction Program.

12.2 Approval of Construction Program

The Management Committee will review and consider the initial Construction Program within 30 days and, if it deems fit, approve such Construction Program with such modifications, if any, as the Management Committee deems desirable.

12.3 **Conduct of Construction**

The Management Committee will cause the Operator to, and the Operator will, proceed with Construction with all reasonable dispatch after a Production Notice has been given. Construction will be substantially in accordance with the Construction Program subject to the right of the Management Committee to cause such reasonable variations in the Construction Program to be made as the Management Committee deems appropriate from time to time.

12.4 **Completion Date**

The Operator may, of its own initiative, and will, forthwith upon request by a Participant, call a Management Committee meeting to consider establishing a Completion Date. The Management Committee will meet to consider specifying a Completion Date. Forthwith upon a Completion Date being established, the Operator will give notice of that date to the parties.

13. **OPERATION OF THE MINE**

13.1 **Operating Year**

Commencing with the Completion Date, all Mining Operations will be planned and conducted and all estimates, reports and statements will be prepared and made on the basis of an Operating Year.

13.2 **Operating Plan**

The Operator will prepare and submit an Operating Plan for each Operating Year, except the first Operating Year, to the Management Committee not later than **[January 1]** in the year immediately preceding the Operating Year to which the Operating Plan relates. The Operating Plan for the first Operating year will be prepared and submitted by the Operator prior to establishment of the Completion Date. Each Operating Plan will contain the following:

- (a) a plan of the proposed Mining Operations;
- (b) a mineral resources and reserve statement in accordance with NI 43-101 as at the end of the immediately preceding year;
- (c) a detailed estimate of all Production Costs including an amount for Shutdown and Reclamation Costs plus a reasonable allowance for contingencies;
- (d) an estimate of the quantity and quality of the ore to be mined and the concentrates or metal to be produced;
- (e) a reconciliation of the quantity and quality of the ore mined and the concentrates or metals produced in the preceding Operating Year against the estimate contained in the Operating Plan for that Operating Year; and
- (f) such other facts as may be necessary to reasonably illustrate the results intended to be achieved by the Operating Plan.

Upon request of any Participant, the Operator will meet with that Participant to discuss the Operating Plan and provide any additional information as a party may reasonable request.

13.3 Adoption of Operating Plan

The Management Committee will consider and adopt each Operating Plan, with such changes as it deems necessary, by November 15 in the year immediately preceding the Operating Year to which the Operating Plan relates or, in the case of the first Operating Plan, by the Completion Date; provided, however, that the Management Committee may propose and approve amendments to any Operating Plan.

13.4 Election to Contribute

Each party may, within 90 days of the adoption of the Operating Plan by the Management Committee, give the Operator notice committing itself to:

- (a) contribute its Proportionate Share of the Production Costs to be incurred in respect of the Mine; or
- (b) not contribute thereto.

If a party does not give notice of that commitment within the 90 day period, then it will be deemed to have elected not to contribute to the Production Costs.

13.5 Election to Increase Contribution

If any party elects or is deemed to have elected not to contribute to the Production Costs, then the Operator will give notice thereof to those parties that elected to contribute and those latter parties may thereupon elect, by notice to the Operator within 30 days of the Operator's notice, to increase their contributions to the Production Costs (if more than one electing party then in proportion to their respective Interests) by the amount which any party has declined to contribute.

13.6 Dilution for Non-Contribution

If a party elects or is deemed to have elected not to contribute to the Production Costs of any Operating Plan, then the Interest of that party expressed as a percentage will be diluted and determined by the formula set forth in Section 9.7.

13.7 Expansion of Facilities

If, following the Completion Date, a proposed Operating Plan provides for an expansion in facilities, the cost of which exceeds 25% of the capital costs of the facilities (as set forth in the Feasibility Study upon the basis of which they were constructed), then the Operating Plan will be deemed to be in two parts with:

- (a) the part of the Operating Plan providing for the significant expansion of facilities requiring Special Majority approval; and
- (b) the other part of the Operating Plan requiring Simple Majority approval.

14. DISTRIBUTION IN KIND

14.1 Delivery in Kind

Subject to Section 14.4 and Article 18 hereof, each Participant may elect to take delivery in kind and if so will separately dispose of its Proportionate Share of the Minerals produced from the Mine. Unless otherwise unanimously agreed by the representatives of all Participants, the terms of delivery to the

Participants will be f.o.b. transport carrier at the concentrator or refinery, as Minerals are produced. Any costs and expenses incurred by reason of the Participants taking in kind and making separate dispositions will be paid by each Participant directly and not through the Operator.

14.2 **Failure to Take in Kind**

If either: (i) a Participant elects to receive its Proportionate Share of Minerals produced from the Mine in cash or (ii) within 30 days of the receipt of a notice from the Operator to this effect, any Participant shall fail to make the necessary arrangements to take in kind or separately dispose of its Proportionate Share of Minerals produced from the Mine (in either case, an “**Entitled Participant**”), the Operator shall have the right, subject to revocation at will by the Entitled Participant, to purchase such share or sell the same to others at not less than the market price prevailing in the area. The proceeds realized from such purchase or sale by the Operator shall be distributed to the Entitled Participant forthwith. Any revocation shall not apply to commitments existing at the time of such revocation.

14.3 **Entitlement to Use or Dispose Minerals**

Each Participant will be entitled to use, dispose of or otherwise deal with its Proportionate Share of Minerals produced as it sees fit. From the time of delivery, each Participant will have ownership of and title to its Proportionate Share of Minerals separate from, and not as tenant in common with, the other Participants.

14.4 **Entitlement to Enter Forward Sales and Hedging Transactions**

Nothing herein contained will be deemed to restrict the right of a Participant to enter into forward sales or other hedging contracts affecting any part or all of its Proportionate Share of Minerals produced or to be produced.

15. **SUSPENSION AND TERMINATION OF MINING OPERATIONS**

15.1 **Mine Maintenance Plan**

The Operator may, at any time subsequent to the Completion Date, on at least 30 days’ notice to all Participants, recommend that the Management Committee approve the suspension of Mining Operations. In considering whether to make such a recommendation, the Operator will take into account good and reasonable mining, environmental and commercial reasons for making the recommendations but will not make a recommendation on the basis of matters particular to the party acting as Operator. The Operator’s recommendation will include a plan and budget (in this Article 15 called the “**Mine Maintenance Plan**”), in reasonable detail, of the activities to be performed to maintain the Assets, the Mine and the Property during the period of suspension and the Costs to be incurred. The Management Committee may:

- (a) if the Mine Maintenance Plan provides for a suspension of 180 days or less, then by Simple Majority; or
- (b) if the Mine Maintenance Plan provides for a suspension of more than 180 days, then by Special Majority,

approve the Mine Maintenance Plan with such changes as the Management Committee deems necessary. If the Management Committee approves the Mine Maintenance Plan, with or without modifications, then the Participants will be committed to contribute their respective Proportionate Share of the Costs incurred in connection with the Mine Maintenance Plan. The Operator will call a meeting of the Management

Committee upon the reasons for the suspension of Mining Operations ceasing to have effect and, in any event, within 90 days of approval of the Mine Maintenance Plan. The Management Committee may cause Mining Operations to be resumed at any time (for greater certainty, by Special Majority if the suspension has lasted for more than 180 days) and will take all reasonable steps to cause Mining Operations to be resumed upon the reasons for the suspension of Mining Operations ceasing to have effect.

15.2 Mine Closure Plan

The Operator may, at any time following a period of at least 90 days during which Mining Operations have been suspended, upon at least 30 days' notice to all Participants, recommend that the Management Committee approve the permanent termination of Mining Operations. The Operator's recommendation will include a plan and budget (in this Article 15 called the "**Mine Closure Plan**"), in reasonable detail, of the activities to be performed to close the Mine and reclaim the Property and the estimated Costs to implement the Mine Closure Plan. The Management Committee may approve the Operator's recommendation by Special Majority with such changes to the Mine Closure Plan as the Management Committee deems necessary.

15.3 Implementation of Mine Closure Plan

If the Management Committee approves the Mine Closure Plan, then the Operator will:

- (a) implement the Mine Closure Plan, whereupon the Participants will be committed to pay their Proportionate Share of the Costs required to implement that Mine Closure Plan;
- (b) remove, sell and dispose of such Assets as may reasonably be removed and disposed of profitably and such other Assets as the Operator may be required to remove pursuant to applicable environmental and mining laws; and
- (c) sell, abandon or otherwise dispose of the Assets, the Mine and the Property.

15.4 Disposal Price for Assets, the Mine and the Property

The Operator will obtain an independent valuation of the Assets, the Mine and the Property. The disposal price for the Assets, the Mine and the Property will be the best price obtainable and the net revenues, if any, from such disposal will be credited to the Participants in proportion to their respective Interests. The net revenues, if any, will not be distributed to the Participants until all Shutdown and Reclamation Costs have been paid.

15.5 Non-Approval of Mine Closure Plan

If the Management Committee does not approve the Mine Closure Plan, then the Operator will, unless obliged to implement the Mine Closure Plan by order or direction of applicable Governmental Authorities, maintain Mining Operations in accordance with the Mine Maintenance Plan as approved pursuant to Section 15.1. If the Mining Operations have been suspended for a period of one year or more and the Management Committee does not approve a Mine Closure Plan, either party may refer the matter to the deadlock resolution provisions in Section 27.4.

15.6 **Shutdown and Reclamation Fund**

The Operator will establish a cash fund (the “**Shutdown and Reclamation Fund**”) from which all costs and expenses relating to the final shutdown of Operations on the Property, including without limitation, costs associated with employees’ severance pay, as well as costs associated with the reclamation of the Property and with regulatory compliance in that respect (the “**Shutdown and Reclamation Costs**”) will be paid. Any interest income will accrue to the Shutdown and Reclamation Fund. The Operator will, during the period commencing on the earlier of the date on which an Exploration Program providing for significant surface disturbances is adopted by the Management Committee or the date on which a Production Notice is given and expiring on the Completion Date, estimate the Shutdown and Reclamation Costs and bill the parties quarterly for their Proportionate Share of any contribution to the Shutdown and Reclamation Fund so that, at any particular time, the Shutdown and Reclamation Fund is sufficient to meet the estimated Shutdown and Reclamation Costs. The Operator will, at any time after the Completion Date, estimate the additional Shutdown and Reclamation Costs and will include in the annual Operating Plan an amount for Production Costs, calculated on a per tonne of production basis, to be contributed to the Shutdown and Reclamation Fund. To the extent to which Programs adopted following the giving of a Production Notice include a requirement for contributions to the Shutdown and Reclamation Fund, the part of the Program requiring such a contribution is mandatory and each of the parties will be obliged to contribute its Proportionate Share of that part of the Program. The Management Committee will annually review the calculation of the Shutdown and Reclamation Fund and will make any adjustments to the calculation thereof and the contribution by the parties thereto as considered necessary.

16. **PAYMENT OF COSTS, MANDATORY PROGRAMS AND DEFAULTS IN PAYMENT**

16.1 **Invoices**

The Operator will invoice each Participant for its Proportionate Share of Costs or advances in accordance with the Accounting Procedure. Payments from the Participants (including the Operator) will be deposited in one or more of the bank accounts maintained pursuant to Section 7.4.

16.2 **Non-Discretionary Costs and Mandatory Programs**

Notwithstanding Sections 8.1, 8.2 and 8.3, if in any year in which there is no approved Program circumstances require the Operator to incur Costs in order to maintain tenure to the Property, to satisfy contractual or other obligations imposed by law, to prevent waste or to protect life and property (in this Section 16.2 called a “**Non-Discretionary Costs**”), then the Operator will forthwith propose a Program (in this Section 16.2 called a “**Mandatory Program**”) to incur those Non-Discretionary Costs and provide each party with a copy thereof. The Mandatory Program will be deemed to be approved by the Management Committee and each of the parties will be obligated to contribute its Proportionate Share of the Non-Discretionary Costs incurred within 45 days of the receipt of the Operator’s invoice, failing which Section 16.3 will apply. Non-Discretionary Costs will be deemed to be Exploration Costs for all purposes of this Agreement.

16.3 **Default in Making a Contribution**

If a party elects to contribute to an approved Program and then fails to do so and the shortfall is subsequently funded by a non-defaulting party, the Interest of the defaulting party expressed as a percentage will be diluted and determined by the following formula:

Party’s Interest =

$$\left[\frac{(A + B) \times 100}{C} \right]$$

Where:

A = the sum of all deemed contributions by the defaulting party;

B = the sum of all actual contributions by the defaulting party;

C = the total amount actually contributed by the parties to the Relevant Program; and

“**Relevant Program**” means, in this Section 16.3, a Program to which the defaulting party elected to contribute and then failed to do so.

The non-defaulting party’s Interest will be adjusted accordingly and, if there is more than one non-defaulting party, then the Interests of the non-defaulting parties will be adjusted in proportion to their respective Interests prior to the start of the Relevant Program. A party whose Interest has been reduced to 7% or less will have its Interest converted to a Dilution Royalty in accordance with Section 10.2.

17. THE PROPERTIES

17.1 Title to the Property

- (a) Title to the Property shall be held by the Operator which will hold it in trust and for the benefit of the parties in accordance with the provisions of this Agreement. Any additional Property, Assets or parts of the Mine subsequently acquired by the parties will be recorded in the name of the Operator, which shall hold the same for the benefit of the parties in accordance with this Agreement.
- (b) For the purposes of enabling a Participant to provide security pursuant to Section 11.3, a Participant may request that the Property be transferred and assigned to the Participants in accordance with their respective Interests.
- (c) Other than as may be required under paragraph (b), any adjustment to a party’s Interest need not be evidenced during the term of this Agreement by the execution and delivery of any instrument, but each party’s Interest will be determined from time to time by using the books of the Joint Venture kept by the Operator.
- (d) The Operator will be the attorney and agent of all parties having an Interest and will be authorized and empowered to act on their behalf by executing all documents, performing all acts and doing all such other things as it in its sole discretion may deem necessary or desirable in respect of all matters relating to this Section 17.1 and in fulfilling its obligations under subsections 7.3(g), (i), (j) and (k), each party agreeing to execute and deliver all such documents as are required to evidence that authorization from time to time.

17.2 Surrender or Lapse

Notwithstanding Section 17.1 and subsection 7.3(i), the Operator will be entitled, at any time, to surrender all or any part of the Property or to permit the same to lapse, upon first obtaining the unanimous approval of the Management Committee. The other party will be entitled to acquire such Property on

payment of the recording fees prior to the date of surrender or lapse. In such event, the Operator shall provide a conveyance of that portion of the Property intended for surrender or lapse, together with copies of any plans, assay maps, diamond drill records and factual engineering data in the Operator's possession and relating solely thereto. Any such part of the Property will cease to be subject to this Agreement.

18. OPERATOR'S LIEN

Following the Completion Date, the Operator will have a lien on the Participants' Interests to secure their respective obligations under this Agreement. If the Operator invokes the lien for a failure by a Participant to fund its Proportionate Share of Production Costs or other obligations, the Operator may recoup from that Participant's Proportionate Share of Minerals produced from the Mine 100% of the amount owed by that Participant plus an amount of interest calculated annually and payable on demand on the amount owed at the Prime Rate plus 3% based on a year of 365 days and taking into account the number of days for which the defaulted payment is outstanding. If the Operator invokes the lien more than three times in any two year period, the Interest of the Defaulting Participant will be subject to dilution in accordance with the formula in Section 16.3.

19. LIABILITY OF THE OPERATOR

19.1 Operator's Indemnity

Subject to Section 19.2, each party will indemnify and save the Operator, in its capacity as such, harmless from and against any loss, liability, claim, demand, damage and expense in connection with loss of life, personal injury or damage to property (including, without limiting the generality of the foregoing, legal fees) arising out of any acts or omissions of the Operator or its officers, employees or agents, contractors, licensees and invitees, as applicable. The obligation of each of the parties to indemnify and save the Operator harmless pursuant to this Section 19.1 will be in proportion to its Interest as at the date that the loss of life, personal injury or damage to property occurred.

19.2 Negligence or Wilful Misconduct

Notwithstanding Section 19.1, the Operator, in its capacity as such, will not be indemnified nor held harmless by the parties for its negligence, failure to obtain insurance as required under this Agreement, wilful misconduct or material breach of this Agreement or of Applicable Law or that of its officers, employees or agents. An act or omission of the Operator done or omitted to be done:

- (a) at the direction, or with the express concurrence, of the Management Committee; or
- (b) in good faith to protect life or property,

will be deemed not to be negligence or wilful misconduct.

20. INSURANCE

20.1 Operator to Obtain Insurance

The Management Committee will cause the Operator to place and maintain with a reputable insurer or insurers such insurance as the Management Committee in its discretion deems advisable in order to protect the parties in accordance with industry standards, including, without limitation, adequate insurance coverage with a bodily injury, death and property damage limit of not less than \$5,000,000 per

occurrence. The Operator will, upon the written request of any Participant, provide it with evidence of that insurance.

20.2 Parties May Obtain Insurance

Notwithstanding Section 20.1, each party may purchase, at its own expense, any other insurance that it wishes for its own protection.

21. PARTITION

Each of the parties waives any right to partition of the Assets, the Mine and the Property or any part thereof and no party will seek or be entitled to partition of the Assets, the Mine and the Property whether by way of physical partition, judicial sale or otherwise.

22. TAXATION

All Costs incurred hereunder will be for the account of the party or parties who funded the making or incurring of the same (if more than one then in proportion to their respective contribution to those Costs), and each party on whose behalf any Costs have been incurred will be entitled to claim all tax benefits, write-offs and deductions with respect thereto.

23. FORCE MAJEURE

23.1 Suspension of Timing of Obligation

Time shall be of the essence of this Agreement provided, however, that, notwithstanding anything to the contrary contained herein, if any party should at any time or times during the currency of this Agreement be delayed in or prevented from complying with this Agreement by any cause beyond its reasonable control and despite the party taking all reasonable steps to fulfill its obligations under this Agreement, including wars, acts of God, strike, lockouts or other industrial disputes, inability to access its place of business, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from regulatory authorities including environmental protection agencies, unavailability of equipment or qualified personnel, delays of transportation, breakdown of machinery, interference of persons primarily concerned about environmental issues or native rights pressure groups or other causes whether of the kind enumerated above or otherwise, excluding for greater certainty and without limitation, unavailability of funds, the period of all such delays resulting from such causes or any of them, shall be excluded in computing the time within which anything required or permitted by the applicable party to be done, is to be done hereunder, it being understood that the time within which anything is to be done hereunder shall be extended by the total period of all such delays. Nothing contained in this Article 23 shall require the applicable party to test the constitutionality of any enacted law.

23.2 Notification of Force Majeure

In the event that a party asserts that an event or events of force majeure has occurred, such party shall give notice in writing to the other party specifying the following:

- (a) the commencement date and the cause and nature of the alleged event of force majeure;

- (b) a summary of the action such party or its representatives, agents, contractors or employees have taken to the date of such notice to correct the alleged event of force majeure;
- (c) confirmation as to all acts, actions and things done by such party or its representatives, agents, contractors or employees to terminate the event of force majeure; and
- (d) the reasonably expected duration of the period of force majeure.

A party claiming an event or events of force majeure shall provide ongoing periodic notice in writing to the other party with respect to event or events of force majeure, including the matters set out above, within 15 days of the end of each calendar month during the period of force majeure and shall provide prompt notice in writing to the other party upon the termination of the event or events of force majeure.

23.3 Labour Disturbance or Dispute

Notwithstanding Sections 23.1 and 23.2, the terms of settlement of any labour disturbance or dispute, strike or lock-out will be wholly in the discretion of the Operator or the party claiming suspension of its obligations by reason thereof and the Operator or that party will not be required to accede to the demands of its opponents in any such labour disturbance or dispute, strike or lock-out solely to remedy or remove the cause of the prevention or delay.

23.4 Exemption

The extension of time for the observance of conditions or performance of obligations as a result of force majeure will not relieve the Operator from its obligations under subsection 7.3(i) or the parties of their obligations under Section 16.2.

24. TRANSFER RIGHTS AND RIGHT OF FIRST OFFER

24.1 No Transfer Except in Accordance With This Agreement

Unless otherwise permitted or required by this Agreement, no party may sell, transfer, assign, dispose or grant an Encumbrance or option in respect of, in whole or in part, directly or indirectly, its Interest.

24.2 No Transfer without Consent

No party may sell, transfer, assign, dispose or grant an option in respect of, in whole or in part, directly or indirectly, its Interest without the consent of the other party, which consent cannot be unreasonably withheld, and subject to the transferee agreeing to be bound by the terms of this Agreement. In addition, if the transferee is an Affiliate, the transferee must comply with subsection 24.5(a).

24.3 Notice and Exercise of Right of First Offer

If any party intends to sell, transfer, assign or dispose of all or a portion of its Interest other than to an Affiliate (in this Article 24 called the “**Disposing Party**”) it will, prior to selling or disposing of the Interest, first offer to sell the Interest to the other party (in this Article 24 called the “**Remaining Party**”) at the Fair Market Value and upon such other terms and conditions as the Disposing Party deems fit. The Remaining Party shall be entitled to elect, upon notice to the Disposing Party, within 30 days of its offer, to purchase the Interest to be disposed of, in which case the closing of the sale and purchase shall take place at a mutually agreeable time and place within 10 business days after all conditions to such sale have

been satisfied or waived. If, within 30 days of the Disposing Party's offer to sell, the Remaining Party does not elect to purchase the Interest upon those terms and conditions the Disposing Party will be free to dispose of that Interest to a third party at any time within six months of the Remaining Party's election but only for consideration equal to or greater than the cash consideration stated in the Disposing Party's offer to sell to the Remaining Party, and upon no more favourable terms and conditions as the offer to sell to the Remaining Party, provided, however, that the sale of the Interest to the third party shall be subject to the third party entering into an agreement with the Remaining Party whereby it agrees to be bound by the provisions of this Agreement. Any Interest not disposed of by the Disposing Party as aforesaid will remain subject to the provisions of this Section.

The Fair Market Value shall be determined by third party valuation by appraisal (the "**Appraiser**"). The Disposing Party shall propose to the Remaining Party for its consent the names of three different independent investment banks with international reputations and experience in the gold mining industry to serve as the Appraiser, and the Remaining Party shall be entitled to withhold its consent to up to two of such investment banks. The investment bank to which the Remaining Party did not withhold consent shall be appointed as the Appraiser.

24.4 Acquisition by Purchaser of Portion of Costs

Upon a party or a third party acquiring all or a portion of the Disposing Party's Interest, the party or the third party will be deemed to have acquired the Disposing Party's Costs (if more than one then in proportion to their Interest). The third party will be entitled to all the rights and benefits accruing, and be subject to the same duties and obligations attributable, to the Interest which it has purchased from the Disposing Party, including, without limiting the generality of the foregoing, the right to participate in any further Exploration Costs and the right to have its Interest increased or reduced in the same manner as the Disposing Party in the event a party does not participate in Exploration Costs.

24.5 Exempt Transfers

Sections 24.1 and 24.3 hereof will not apply to a transfer which is:

- (a) made by any party to an Affiliate of such party of all or part of such party's Interest, provided that: (i) the transferor will deliver notice of the transfer in writing to the other parties at least 10 days prior to the transfer; (ii) concurrently with such transfer, the transferee Affiliate will do or cause to be done all such acts as are reasonably required for the transferee Affiliate to become a party to this Agreement, and assume all obligations of the transferring party hereunder; (iii) the transferor executes such documents as the other parties may reasonably require to guarantee the performance of the obligations of the Affiliate hereunder; and (iv) the transferee Affiliate agrees in writing with the other parties to retransfer such Interest to the original party before ceasing to be an Affiliate of such original party; or
- (b) made by any party of all or part of such party's Interest as a result of a corporate merger, consolidation, amalgamation or reorganization by which the surviving entity will possess substantially all of the stock, or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of that party.

25. INVENTIONS AND TECHNICAL DATA

25.1 Inventions

All inventions developed by, or acquired for the benefit of the Joint Venture, the cost of which is included as a Cost under this Agreement, will be the property of the parties. Each party hereby grants to the other party for use by the latter and its Affiliates in their own operations and in the Joint Venture a non-exclusive, world-wide, royalty-free licence under any patents which issue on those inventions, which licence will survive the termination of this Agreement.

25.2 Technical Data

Information, know-how, data, technical records, engineering trade secrets, maps, plans and drawings (collectively, “**Technical Data**”), developed or acquired by the Joint Venture in the course of Operations, the cost of development or acquisition of which has been included as a Cost under this Agreement, will be jointly owned by the Participants and may be used without payment of royalties by each of them and their Affiliates in their own operations and in the Joint Venture. Such Technical Data shall be subject to the confidentiality provisions in Section 31.3.

25.3 Disclosure of Technical Data and Inventions

A party or its Affiliates may disclose Technical Data and inventions to third parties to allow the latter to conduct services for the disclosing party or its Affiliates if the third parties have entered into a confidentiality agreement in form and substance satisfactory to the other parties.

26. AMENDMENTS AND WAIVER

26.1 Entire Agreement

This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior discussions and agreements with respect thereto including, without limitation, the letter of intent dated February 1, 2016 between Prosper and Alexandria.

26.2 Amendments

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

26.3 Waiver

The waiver by a party of any breach of this Agreement will only be binding upon that party if evidenced in writing and executed by that party. Any waiver will extend only to the particular breach so waived and will not limit any rights of such party with respect to any future breach.

27. DEADLOCKS AND DISPUTES

27.1 Referral to Chief Executive Officers

Any deadlock or dispute arising out of this Agreement will be referred initially by the parties to their respective chief executive officers (or such other persons as may be designated by the chief executive officer) for settlement in good faith. The chief executive officers or designees will meet within seven days of the date on which the deadlock or dispute is so referred. If the deadlock or dispute cannot be

resolved, then the chief executive officers will, within 14 days of the initial meeting, meet again in the presence of a mediator (whose expenses shall be paid by the parties in proportion to their respective Interests) to attempt to settle the deadlock or dispute. The unanimous decision of the chief executive officers will be binding on the parties. If the deadlock or dispute is not resolved within 21 days of the initial referral to the chief executive officers, the remainder of this Article 27 will apply.

27.2 Resolution during Exploration Programs

Subject to Section 27.1, if one party wishes to proceed with an Exploration Program (in this Section 27.2 called the “**Participating Party**”) and the other party does not wish to proceed with the Exploration Program (in this Section 27.2 called the “**Non-Participating Party**”), then the Participating Party may elect in writing to proceed with the Exploration Program by funding 100% of the Budget for the Exploration Program. The Non-Participating Party’s interest will be adjusted in accordance with Section 8.6.

27.3 Resolution during Construction Program or Operating Plans

Subject to Section 27.1, if one party wishes to proceed with a Construction Program or Operating Plan, as the case may be, (in this Section 27.3 called the “**Participating Party**”) and the other party does not wish to proceed with the Construction Program or Operating Plan, as the case may be, (in this Section 27.3 called the “**Non-Participating Party**”), then the Participating Party may elect in writing to proceed with the Construction Program or Operating Plan, as the case may be, by funding 100% of the Budget for such Program or Plan, as the case may be. The Non-Participating Party’s Interest will be adjusted in accordance with Section 9.7.

27.4 Resolution for Failure to Approve a Mine Closure Plan

Subject to Section 27.1, if, in accordance with Section 15.5, Mining Operations have been suspended for a period of one year or more and the Management Committee does not approve a Mine Closure Plan, then the Mine Closure Plan will be determined by arbitration according to the procedures established under Article 28 and this Section 27.4. In such arbitration, each Participant will be entitled to submit to the arbitrator its proposal for the Mine Closure Plan and the arbitrator will be entitled to choose from among the submissions received but will not be entitled to make any other award. The Mine Closure Plan chosen by the arbitrator will be deemed to be a Mine Closure Plan approved by the Management Committee.

27.5 Resolution of Other Matters

Subject to Section 27.1, any deadlock or dispute under any provision of this Agreement that is not resolved by or dealt with in this Article 27 (including a matter which requires Simple Majority approval or Special Majority approval which is not obtained) shall be determined by arbitration according to the procedures established under Article 28.

28. ARBITRATION

28.1 Arbitration of Disputes

Subject to Article 27, all disputes arising out of or in connection with this Agreement will be referred to and finally resolved by arbitration under the rules of the British Columbia International Commercial Arbitration Centre (“**BCICAC**”) by a sole arbitrator.

28.2 Notice to Arbitrate

Any party may refer any such matter to arbitration by written notice to the other parties and, within 30 days after receipt of such notice, the parties will endeavour to agree on the appointment of an arbitrator, who will be capable of commencing the arbitration within 21 days of his or her appointment. The arbitrator will be a person who by a combination of education and experience is competent to adjudicate the matter in dispute and who has indicated his or her willingness and ability to act as arbitrator in accordance with this Article 28. If the parties are unable to agree on an arbitrator, a three person panel will be appointed, consisting of one arbitrator appointed by Alexandria, one arbitrator appointed by Prosper and a third arbitrator selected by such two appointees.

28.3 BCICAC Arbitration

The appointing authority for the arbitration will be the BCICAC. The case will be administered by the BCICAC in accordance with its Rules of Procedure. The place of arbitration will be Vancouver, British Columbia, Canada and the language of the arbitration will be English.

28.4 Arbitration Award

The award of the arbitrator will be final and binding upon each of the parties and will not be subject to appeal or judicial review.

29. AGREEMENT TERMINATION AND SURRENDER

29.1 Termination of Joint Venture and Agreement

Except as contemplated in Section 10.2 and Section 29.2, the Joint Venture and this Agreement will terminate:

- (a) by agreement of all parties having an Interest;
- (b) if one party acquires a 100% Interest; or
- (c) upon notification from the Operator that a Mine Closure Plan has been completed and the other duties of the Operator in relation thereto have been fulfilled as contemplated in Section 15.3.

29.2 Withdrawal

Any party may at any time upon written notice, withdraw from this Agreement by surrendering its entire Interest to the other parties in accordance with this Section. A party that wishes to withdraw (in this Section 29.2 called the “**Withdrawing Party**”) will give notice of surrender to the other parties, which notice of surrender will:

- (a) indicate a date for surrender not less than three months after the date on which the notice is given;
- (b) contain an undertaking that the Withdrawing Party will:
 - (i) satisfy its Proportionate Share, based on its then Interest, for all amounts chargeable to it in respect of Operations performed prior to the date of surrender; and

- (ii) pay its Proportionate Share, based on the Interest which it surrendered, of the Costs of rehabilitating and reclaiming the Mine site and the Property that are in excess of the Shutdown and Reclamation Costs contributed by the Withdrawing Party up until the date of notice as such excess Costs are estimated by the Operator at the time of the notice of surrender, acting reasonably, and provided that the Withdrawing Party is entitled to dispute such assessment promptly after receiving such estimate; and
- (c) include with it a release in writing, in form acceptable to counsel for the other parties, releasing the other parties from all claims and demands hereunder, except for those which arose or accrued or were accruing due on or before the date of surrender.

A party to whom a notice of surrender has been given as contemplated in this Section 29.2 may elect, by notice given within 90 days to the Withdrawing Party, to accept the surrender or to join in the surrender. The Withdrawing Party will execute and deliver all such documents as are required to convey its Interest to the parties that elect to accept the surrender (if more than one then in proportion to their respective Interests). If all of the parties join in the surrender, then the Joint Venture will terminate in accordance with Article 15, the party which was the Operator being obligated to continue as Operator to give effect to the termination and the other parties being obligated to fund their respective Proportionate Shares of the Costs incurred in respect thereof. Upon the surrender of its entire Interest as contemplated in this Section 29.2, the Withdrawing Party will be relieved of all obligations and liabilities hereunder except for those contemplated in subsection 29.2(a) to (c).

29.3 Effect of Termination

The termination of this Agreement will not relieve the parties from any obligations or liability accruing to them under this Agreement including an obligation to pay the Dilution Royalty or in consequence of Operations performed pursuant to this Agreement prior to the termination date and, without limitation, each party will be and remain liable for its Proportionate Share as at the date of termination of unfunded decommissioning and shut down costs and expenses, including all required environmental clean-up, reclamation and rehabilitation.

29.4 Winding up of Joint Venture

Promptly after termination of the Joint Venture under this Article 29, the Operator under the supervision of the Management Committee will take all action necessary to wind up the activities of the Joint Venture, provided that all costs and expenses incurred in connection with the termination of the joint Venture will be Costs chargeable to the Joint Venture.

29.5 Distribution of Assets, the Property and the Mine

If the Joint Venture is terminated by mutual agreement, its affairs will be settled, its obligations paid or provided for and its remaining Assets, the Property and the Mine will be distributed to the parties in proportion to their Interests as follows:

Unless otherwise mutually agreed, the Assets, the Property and the Mine shall be sold on the open market by the Operator for the best price reasonably obtainable. Any moneys received by the Operator pursuant to such sale shall be deposited in trust for the parties and shall be applied in the following order of priority:

- (a) firstly, to discharge all debts, liabilities and obligations with respect to the Property other than such as owed to any of the parties;
- (b) secondly, to repay to the parties their respective share of Costs made pursuant to this Agreement; and
- (c) thirdly, to divide any surplus of such money between the parties in accordance with their respective Interests.

If the moneys realized are insufficient to satisfy the first priority, the deficiency shall be made up by the parties in proportion to their Interests immediately prior to the termination.

29.6 Continuing Authority

On termination of this Agreement under Section 29.1, the Operator will have the power and authority to do all things on behalf of the parties which are reasonably necessary or convenient to wind up Operations, and 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, under the supervision of the Management Committee, will 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 parties and the Joint Venture and take any other reasonable action in any matter with respect to which the parties continue to have, or appear or are alleged to have, a common interest or a common liability.

29.7 Right to Data After Termination

The Operator will, if requested in writing by a party within 60 days after termination, make available for inspection and copying by that party, all factual geological, geochemical, geophysical and engineering data (not including interpretive data) and maps and available drill core, and the books and records pertaining to the Property, the Assets and the Mine which the Operator has obtained from or maintained for the Operations and which are then in the Operator's possession or control. The Operator will not be required to make any representation or warranty as to the accuracy or completeness of the data, maps, drill core, books and records and will not be liable on account of the use of the data, maps, drill core, books and records by that Participant or any other person.

30. ADDITIONAL COVENANTS

30.1 Further Assurances

The parties hereto covenant and agree to do or cause to be done all acts or things necessary to implement and carry into effect the provisions and intent of this Agreement. Without limitation, each of the parties will from time to time execute and deliver all such further documents and instruments and do all such further acts and things as another party may reasonably require effectively to carry out or better evidence or perfect the full intent and meaning of this Agreement.

30.2 Indemnities

- (a) Subject to Article 19, each party shall indemnify and hold the other (and its directors, officers, employees and agents) harmless against and in respect of any and all Losses arising from, relating to or in any way connected with a breach or inaccuracy of any representation or warranty given by the indemnifying party or any failure of the

indemnifying party to perform or fulfil any of its covenants or obligations under this Agreement.

- (b) Notwithstanding the generality of paragraph (a) above, Prosper shall indemnify and hold Alexandria and its directors, officers, employees and agents harmless against and in respect of any and all Losses arising from, relating to or in any way connected with the following:
 - (i) any loss of life, injury to persons or property or damage to the Property or any part thereof, the natural environment or natural resources arising out of Prosper's operations conducted on the Property prior to the date of this Agreement including, without limitation, the actual, alleged or threatened disposal, release, storage, transportation, treatment, generation or escape of Hazardous Substances generated, stored, used, disposed of, treated, handled or shipped by Prosper in connection with Prosper's operations on the Property; and
 - (ii) any clean up and remediation including, without limitation, all studies, tests, reports and investigations associated with the clean-up and remediation of Hazardous Substances released, disposed of or discharged by Prosper in connection with Prosper's operations on the Property prior to the date of this Agreement.
- (c) Notwithstanding the generality of paragraph (a) above, Alexandria shall indemnify and hold Prosper and its directors, officers, employees and agents harmless against and in respect of any and all Losses arising from, relating to or in any way connected with the following:
 - (i) any loss of life, injury to persons or property or damage to the Property or any part thereof, the natural environment or natural resources arising out of Alexandria's operations conducted on the Property prior to the effective date of the Option Agreement including, without limitation, the actual, alleged or threatened disposal, release, storage, transportation, treatment, generation or escape of Hazardous Substances generated, stored, used, disposed of, treated, handled or shipped by Alexandria in connection with Alexandria's operations on the Property; and
 - (ii) any clean up and remediation including, without limitation, all studies, tests, reports and investigations associated with the clean-up and remediation of Hazardous Substances released, disposed of or discharged by Alexandria in connection with Alexandria's operations on the Property prior to the effective date of the Option Agreement.

31. GENERAL

31.1 Notices

Any notice, direction or other instrument required or permitted to be given hereunder will be in writing and given by personal delivery or by delivering or sending it by facsimile or other similar form of communication addressed:

- (a) If to Alexandria at:

1 Toronto Street, Suite 201
Toronto, Ontario, M5C 3B2

Attention: Eric Owens, President and CEO
Email: eowens@azx.ca
Facsimile: 416-363-6872

with a copy (which shall not constitute notice) to:

Miller Thomson LLP
1000 – 840 Howe Street
Vancouver, British Columbia, V6Z 2M1

Attention: Kevin Sorochan
E-mail: ksorochan@millerthomson.com
Facsimile: 604-643-1200

(b) If to Prosper at:

468 B Reid Street
Quesnel, BC V2J 2M6

Attention: Peter Bernier, President, CEO and Chairman
Email: pete@prospergoldcorp.com
Facsimile: 250-992-6643

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver, British Columbia, V7X 1L3

Attention: Bob Wooder
E-mail: bob.wooder@blakes.com
Facsimile: 604-631-3309

Any such notice, direction or other instrument given as aforesaid will be deemed to have been effectively given, if sent by facsimile or other similar form of telecommunication, on the next Business Day following such transmission or, if delivered, to have been received on the date of such delivery. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice will be sent to such party at its changed address.

31.2 Public Statements

Except as otherwise required by Applicable Law or securities regulatory authorities or any stock exchange, each party will use commercially reasonable efforts to obtain prior comments from the other party before issuing any press release or public statement: (a) using the other party's name or the names of the other party's assignees or of its officers, directors or employees or of its assignees, or (b) which contains confidential information. Where a request is made for such comments, a reply thereto will be made within 24 hours after receipt of such request, failing which the party requesting will be entitled to

issue its press release or public statement as if the other party had given its consent thereto. If the parties fail to agree upon the text of the press release or public statement, the party making the disclosure will make only such public statement or release as its counsel advises in writing is legally required to be made or is otherwise reasonable in the circumstances.

31.3 Confidentiality

Except as otherwise provided hereunder, the parties agree to treat all information, data, reports and other records (including the terms and existence of this Agreement, the identity of the parties and the Technical Data) (collectively, the “**Information**”) relating to the business of the Joint Venture as confidential and will not disclose such Information to any person other than their legal advisers or auditors without the prior written consent of the other party; provided, however, that no party will be liable for any such disclosure if such Information:

- (a) becomes generally available to the public other than as a result of a disclosure by a party or its representatives in violation of this Agreement;
- (b) was available to a party on a non-confidential basis without violation of this Agreement prior to its disclosure by any party;
- (c) becomes available to a party on a non-confidential basis without violation of this Agreement from a source other than another party or any representative of another party provided that such source is not bound by a duty of confidentiality to the Joint Venture;
- (d) is made to any contractor, consultant, surety or any entity which provides financing for a Participant, where any such person reasonably needs to know such Information in the course of providing services to or otherwise dealing with the party making such disclosure and has executed a confidentiality undertaking containing provisions at least as onerous as in this Section 31.3;
- (e) is made to a potential buyer in contemplation of a sale of such party’s Interest, provided such buyer executes a confidentiality undertaking containing provisions at least as onerous as in this Section 31.3, excluding this paragraph (e); or
- (f) is required to be disclosed by Applicable Laws, applicable securities regulatory authorities or stock exchange, provided that a party first notifies the other parties that it believes it is required to disclose such Information and it allows a reasonable period of time for the disclosure of such Information to be contested.

The provisions of this Section 31.3 shall survive the termination of this Agreement for a period of one year.

31.4 Expenses

Each party will pay its own legal and other costs and expenses incurred in connection with the drafting of this Agreement and agrees to save harmless each other party from and against any and all claims whatsoever for any commissions or other remuneration payable or alleged to be payable to anyone acting on its behalf.

31.5 Time of Essence

Subject only to Article 23, time is of the essence of this Agreement.

31.6 Successors and Assigns

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns under Article 24.

31.7 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario. Each of the parties agrees to submit and attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario on any actions commenced between the parties or any of them that are not subject to arbitration under Article 28.

[Remainder of page left intentionally blank.]

31.8 Counterparts

This Agreement may be executed by facsimile or electronic means and in any number of counterparts, each of which will be considered to be an original and together will constitute one and the same document.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the year and date set forth on the first page of this Agreement.

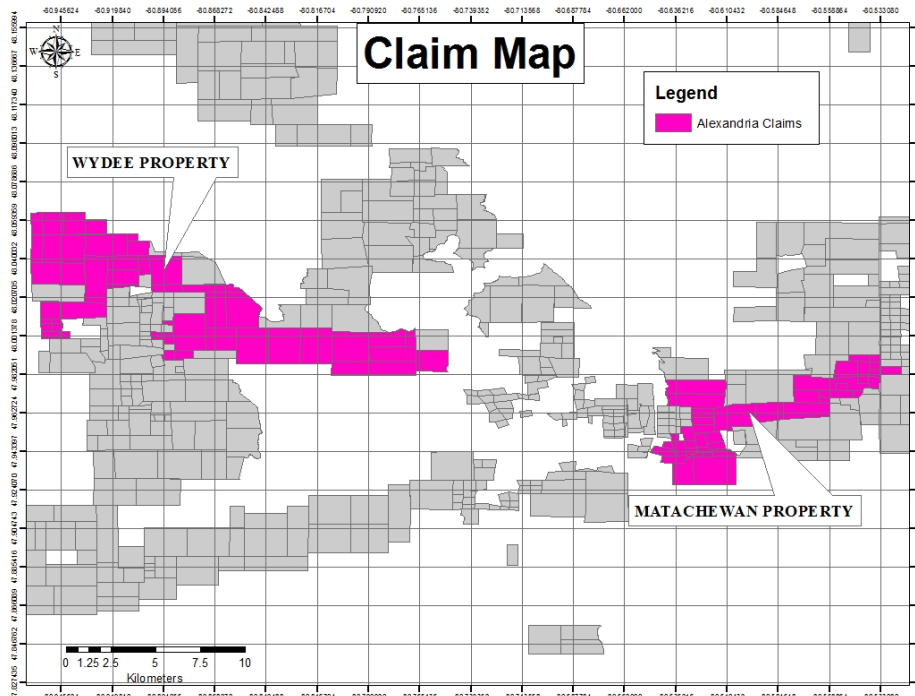
ALEXANDRIA MINERALS CORPORATION

By: _____
Name:
Title:

PROSPER GOLD CORP.

By: _____
Name:
Title:

SCHEDULE A TO THE JOINT VENTURE AGREEMENT



Township/ Area	MTO Number	Recording Date	Claim Due Date	Status	Percent Option	Work Require	Total Applied	Total Reserv	Claim Bank	Township/ Area	MTO Number	Recording Date	Claim Due Date	Status	Percent Option	Work Require	Total Applied	Total Reserv	Claim Bank
ARGYLE	4276298	2034-Apr-23	2036-Apr-23	A	300	\$1,600	\$0	\$0	\$0	CAIRO	3003141	2002-Oct-21	2017-Oct-21	A	300	\$4,800	\$62,400	\$0	\$0
ARGYLE	4276299	2034-Apr-23	2036-Apr-23	A	300	\$4,000	\$0	\$0	\$0	CAIRO	3003142	2002-Oct-21	2017-Oct-21	A	300	\$4,800	\$62,400	\$0	\$0
ARGYLE	4274020	2034-Apr-35	2036-Apr-35	A	300	\$4,800	\$0	\$0	\$0	CAIRO	3003143	2003-Sep-30	2017-Sep-30	A	300	\$3,200	\$38,400	\$0	\$0
ARGYLE	4274022	2034-Apr-35	2036-Apr-35	A	300	\$1,600	\$0	\$0	\$0	CAIRO	3003796	2004-Apr-27	2017-Apr-27	A	300	\$400	\$4,400	\$0	\$0
ARGYLE	4274023	2034-Apr-35	2036-Apr-35	A	300	\$400	\$0	\$0	\$0	CAIRO	3008971	2003-Dec-01	2017-Dec-01	A	300	\$1,600	\$3,200	\$0	\$0
ARGYLE	4274024	2034-Apr-35	2036-Apr-35	A	300	\$2,400	\$0	\$0	\$0	CAIRO	3008972	2003-Dec-01	2017-Dec-01	A	300	\$400	\$5,200	\$0	\$0
ARGYLE	4274025	2034-Apr-35	2036-Apr-35	A	300	\$2,400	\$0	\$0	\$0	CAIRO	3009279	2003-Jun-30	2017-Jun-30	A	300	\$400	\$4,800	\$0	\$0
ARGYLE	4274026	2034-Apr-35	2036-Apr-35	A	300	\$4,800	\$0	\$0	\$0	CAIRO	4207664	2006-Feb-28	2017-Feb-28	A	300	\$1,200	\$1,800	\$0	\$0
ARGYLE	4274027	2034-Apr-35	2036-Apr-35	A	300	\$1,200	\$0	\$0	\$0	CAIRO	4211883	2006-Nov-03	2017-Nov-03	A	300	\$800	\$7,200	\$0	\$0
ARGYLE	4275409	2034-Apr-36	2036-Apr-36	A	300	\$1,200	\$0	\$0	\$0	CAIRO	4211884	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
ARGYLE	4275408	2034-Mar-24	2036-Mar-24	A	300	\$1,200	\$0	\$689	\$0	CAIRO	4211892	2006-Nov-03	2017-Nov-03	A	300	\$800	\$7,200	\$0	\$0
ARGYLE	4275439	2034-Apr-23	2036-Apr-23	A	300	\$800	\$0	\$0	\$0	CAIRO	4211893	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
ARGYLE	4275444	2034-Apr-23	2036-Apr-23	A	300	\$5,600	\$0	\$459	\$0	CAIRO	4211894	2006-Nov-03	2017-Nov-03	A	300	\$400	\$3,600	\$0	\$0
BANNOCKBURN	4259438	2032-May-04	2036-May-04	A	300	\$5,600	\$11,200	\$0	\$0	CAIRO	4211899	2006-Nov-03	2017-Nov-03	A	300	\$1,600	\$14,400	\$0	\$0
BANNOCKBURN	4271278	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0	CAIRO	4217276	2007-Mar-22	2017-Mar-22	A	300	\$400	\$3,200	\$0	\$0
BANNOCKBURN	4271362	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217579	2006-Nov-14	2017-Nov-14	A	300	\$800	\$7,200	\$0	\$0
BANNOCKBURN	4271363	2032-Apr-13	2036-Apr-13	A	300	\$6,400	\$12,800	\$0	\$0	CAIRO	4217586	2006-Nov-14	2017-Nov-14	A	300	\$5,600	\$50,400	\$0	\$0
BANNOCKBURN	4271364	2032-Apr-13	2036-Apr-13	A	300	\$1,200	\$2,400	\$0	\$0	CAIRO	4217581	2006-Nov-14	2017-Nov-14	A	300	\$1,600	\$14,400	\$0	\$0
BANNOCKBURN	4271387	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217789	2007-Jan-08	2017-Jan-08	A	300	\$800	\$6,400	\$0	\$0
BANNOCKBURN	4271388	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0	CAIRO	4217724	2007-Jan-08	2017-Jan-08	A	300	\$400	\$3,200	\$0	\$0
BANNOCKBURN	4275401	2034-Mar-24	2036-Mar-24	A	300	\$3,600	\$0	\$0	\$0	CAIRO	4217725	2007-Jan-08	2017-Jan-08	A	300	\$1,200	\$9,600	\$0	\$0
BANNOCKBURN	4275402	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$0	\$0	FLAVELLE	4217198	2007-Mar-09	2017-Mar-09	A	300	\$800	\$6,400	\$0	\$0
BANNOCKBURN	4275403	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$0	\$0	HINCKS	4270296	2034-May-21	2036-May-21	A	300	\$1,600	\$0	\$0	\$0
BANNOCKBURN	4275404	2034-Mar-24	2036-Mar-24	A	300	\$6,000	\$0	\$8,765	\$0	HINCKS	4270297	2034-May-21	2036-May-21	A	300	\$1,200	\$0	\$0	\$0
CAIRO	1186199	1993-Jun-21	2017-Jun-21	A	300	\$1,600	\$35,200	\$2,044	\$0	HINCKS	4271279	2032-Apr-13	2036-Apr-13	A	300	\$5,200	\$10,400	\$0	\$0
CAIRO	1199669	2002-Oct-09	2017-Oct-09	A	300	\$6,400	\$83,200	\$0	\$0	HINCKS	4271286	2032-Apr-13	2036-Apr-13	A	300	\$3,200	\$6,400	\$0	\$0
CAIRO	1200214	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4271281	2032-Apr-13	2036-Apr-13	A	300	\$2,000	\$4,000	\$0	\$0
CAIRO	1200215	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4274817	2034-Apr-25	2036-Apr-25	A	300	\$2,400	\$0	\$0	\$0
CAIRO	1202597	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4274818	2034-Apr-25	2036-Apr-25	A	300	\$2,400	\$0	\$0	\$0
CAIRO	1202601	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	HINCKS	4274819	2034-Apr-25	2036-Apr-25	A	300	\$1,600	\$0	\$0	\$0
CAIRO	1202602	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4275437	2034-May-21	2036-May-21	A	300	\$6,400	\$0	\$1,148	\$0
CAIRO	1202753	1994-May-30	2017-May-30	A	300	\$400	\$8,400	\$0	\$0	HINCKS	4275633	2034-Jun-06	2036-Jun-06	A	300	\$6,000	\$0	\$939	\$0
CAIRO	1202754	1994-May-30	2017-May-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271282	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202834	1994-Aug-02	2017-Aug-02	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271283	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202835	1994-Aug-02	2017-Aug-02	A	300	\$5,200	\$39,200	\$0	\$0	MONTROSE	4271284	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202874	1994-Jun-22	2017-Jun-22	A	300	\$400	\$8,400	\$0	\$0	MONTROSE	4271285	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202876	1994-Jun-30	2017-Jun-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271286	2032-Apr-13	2036-Apr-13	A	300	\$800	\$1,600	\$0	\$0
CAIRO	1202877	1994-Jun-30	2017-Jun-30	A	300	\$800	\$3,600	\$0	\$0	MONTROSE	4271287	2032-Apr-13	2036-Apr-13	A	300	\$400	\$800	\$0	\$0
CAIRO	1202878	1994-Jun-22	2017-Jun-22	A	300	\$800	\$3,600	\$0	\$0	POWELL	4271122	2013-Jun-19	2036-Jun-19	A	300	\$2,400	\$2,400	\$0	\$0
CAIRO	1239118	2002-Apr-30	2017-Apr-30	A	300	\$800	\$30,400	\$0	\$0	POWELL	4275077	2034-Jul-15	2036-Jul-15	A	300	\$3,600	\$0	\$0	\$0
CAIRO	3002195	2002-Oct-09	2017-Oct-09	A	300	\$2,800	\$36,400	\$0	\$0	POWELL	4275405	2034-Mar-24	2036-Mar-24	A	300	\$6,400	\$0	\$459	\$0
CAIRO	3002196	2002-Oct-09	2017-Oct-09	A	300	\$1,600	\$20,800	\$0	\$0	POWELL	4275406	2034-Mar-24	2036-Mar-24	A	300	\$3,600	\$0	\$4,823	\$0
CAIRO	3002196	2002-Oct-09	2017-Oct-09	A	300	\$1,600	\$20,800	\$0	\$0	POWELL	4275407	2034-Mar-24	2036-Mar-24	A	300	\$1,200	\$0	\$939	\$0

**SCHEDULE B
TO THE JOINT VENTURE AGREEMENT**

ACCOUNTING PROCEDURE

1. GENERAL PROVISIONS

1.1 *General Accounting Records.* The Operator shall maintain accounting records, prepared in accordance with this Accounting Procedure and generally accepted accounting principles consistently applied, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.2 *Bank Accounts.* The Operator shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all cash receipts.

1.3 *Statements and Billings.* The Operator shall prepare statements and bill the Participants as provided in the Agreement. Payment of any such billings by any Participant, including the Operator, shall not prejudice its right to protest or question the correctness thereof for a period not to exceed 24 months following the calendar year during which such billings were received by the Participant. All written exceptions to and claims upon the Operator for incorrect charges, billings or statements shall be made upon the Operator within such 24 month period. The time period permitted for adjustments hereunder shall not apply to adjustments resulting from periodic inventories as provided in Article 5.

1.4 *Audit.* A party upon notice in writing to the Operator, shall have the right to audit the Operator's accounts and records made for the Joint Venture for any calendar year within the 12 month period following the end of such calendar year. Any claims of discrepancies disclosed by such an audit shall be made within the two month period following the Operator's receipt of the notice of such audit. The cost of the audit shall be borne by the party requesting the audit.

2. CHARGES TO JOINT ACCOUNT

The Operator shall charge the Joint Account with and the Participants will pay all costs and expenses incurred or paid by the Operator pursuant to, and to the extent permitted by, the Agreement to carry out approved and adopted Programs, including without limitation:

2.1 *Rentals, Royalties and Other Payments.* All property acquisition and holding costs, including filing fees, license fees, costs of permits and assessment work, production royalties, including any required advances, and all other payments made by the Operator which are necessary to acquire or maintain title to the Assets, the Property and the Mine.

2.2 *Labour and Employee Benefits.*

- (a) Salaries and wages of the Operator's or the Operator's affiliates' employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to the Operator.
- (b) The Operator's costs of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Sections

2.2(a) and 2.12. Such costs may be charged on a “when and as paid basis” or by “percentage assessment” on the amount of salaries and wages.

- (c) The Operator’s actual cost of established, establishing or participating in plans for employees’ group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus and other benefit plans of a like nature applicable to salaries and wages chargeable under Sections 2.2(a) and 2.12.
- (d) Cost of assessments imposed by governmental authority which are applicable to salaries and wages chargeable under Sections 2.2(a) and 2.12, including all penalties.

2.3 *Fixed Assets, Materials, Equipment and Supplies.*

- (a) All capital costs of developing and operating the Mine including all costs of land, construction, equipment and mine development including maintenance, repairs and replacements, and any capital expenditures relating to an improvement, expansion, modernization or replacement of the facilities.
- (b) The cost of materials, equipment and supplies purchased from unaffiliated third parties or furnished by the Operator.

2.4 *Equipment and Facilities Furnished by Operator.* The cost of machinery, equipment and facilities owned by the Operator and used in Operations or used to provide support or utility services to Operations charged at rates no less favourable than those reasonably available from arm’s length third parties.

2.5 *Transportation.* Reasonable transportation costs incurred in connection with the transportation of employees and material necessary for the Operations.

2.6 *Contract Services and Utilities.* The cost of contract services and utilities procured from outside sources. If contract services are performed by the Operator or an affiliate thereof, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market within the vicinity of the Operations.

2.7 *Insurance Premiums.* Net premiums paid for insurance required to be carried for Operations for the protection of the Operator and the Participants.

2.8 *Damages and Losses.* All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause. The Operator shall furnish the Management Committee with written notice of damages or losses as soon as practicable after a report thereof has been received by the Operator.

2.9 *Legal and Regulatory Expenses.* All legal and regulatory costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets, including the salary and benefits of Operator’s legal staff.

2.10 *Audit.* Cost of annual audits.

2.11 *Taxes.* All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the

Operator for the benefit of the Participants. Each Participant is separately responsible for income taxes attributable to its participating Interest.

2.12 *District and Camp Expenses (Field Supervision and Camp Expenses).* A *pro rata* portion of (i) the salaries and expenses of the Operator's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, (ii) the costs of maintaining and operating an office and any necessary sub-office for Operations and (iii) all camps including housing facilities for employees used for Operations. The expense of those facilities less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. The total of such charges for all Property served by the Operator's employees and facilities shall be apportioned to the Joint Account on the basis of the Operator's best estimate of the proportionate amount of such expenses incurred for the benefit of the Joint Venture.

2.13 *Shutdown and Reclamation Fund.* Amounts required by Section 15.6 of the Agreement to be contributed to the Shutdown and Reclamation Fund.

2.14 *Management Fees.* The management fees required by Section 2.4(b) of the Agreement.

2.15 *Other Expenditures.* Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Operator for the necessary and proper conduct of Operations.

3. BASIS OF CHARGES

3.1 *Purchases.* Material purchased and services procured from third parties shall be charged to the Joint Account by the Operator at invoiced cost, including applicable transfer taxes, less all discounts taken. In the case of material purchased or services acquired from a Participant or an affiliate of the Operator, the same shall be transferred or acquired on a fair market value basis as reasonably determined by the Operator, including any premiums for short supply or remote location or other special factors.

3.2 *Warranty of Material Furnished by the Operator.* The Operator does not warrant the material furnished beyond any dealer's or manufacturer's warranty and no credits shall be made to the Joint Account for defective material until adjustments are received by the Operator from the dealer, manufacturer or their respective agents.

4. DISPOSAL OF MATERIAL

4.1 *Distribution to Participants.* Any material to be distributed to the Participants shall be made in proportion to their respective participating Interests, and corresponding credits shall be made to the Joint Account as determined by the Operator, in accordance with generally accepted accounting principles.

4.2 *Sales.* Sales of material to third parties shall be credited to the Joint Account at the net amount received. Any damages or claims by the purchaser shall be charged back to the Joint Account if and when paid.

5. INVENTORIES

5.1 *Periodic Inventories, Notice and Representations.* At reasonable intervals, and in any event at least once in each fiscal year, inventories shall be taken by the Operator, which shall include all such material as is ordinarily considered controllable by operators of the mining property and the expense of

conducting such periodic inventories shall be charged to the Joint Account and the Operator shall provide all parties with a report of such inventory.

5.2 *Reconciliation and Adjustment of Inventories.* Inventory adjustments shall be made by the Operator for averages and shortages, but the Operator shall be held accountable to the Joint Venture only for shortages due to lack of reasonable diligence.

5.3 *Special Inventory.* Each party shall be entitled to request in writing the taking of a special inventory of such material as is ordinarily considered controllable by operators of the mining property, which inventory shall be commenced within 30 days of receipt of the written notice. The requesting party shall be entitled to be represented at the taking of the special inventory and all expenses incurred by the Operator in conducting the special inventory shall be borne by the requesting party.

6. CREDITS

6.1 The Operator will credit the Joint Account with revenues received by the Operator as such including, for example:

- (a) collection of insurance proceeds related to the Operations when the insurance premiums have been charged to the Joint Account;
- (b) sales of property, plant, equipment and materials of the Operations in the normal course of the day-to-day business;
- (c) rentals received, refunds of custom duties or transportation claims, rebates, and other credits pertaining to Operations;
- (d) credits received from third parties for the use of facilities or services of the Operations;
- (e) refunds for defective equipment when the Operator receives the corresponding payments from the manufacturers or agents; and
- (f) any other credits for materials recovery or from other sources which correspond to the Joint Account.