

OPTION AND JOINT VENTURE SHAREHOLDERS' AGREEMENT

THIS OPTION AND JOINT VENTURE SHAREHOLDERS' AGREEMENT ("Agreement") is made and entered into on the 11th day of November 2017.

BETWEEN:

EZANA MINING DEVELOPMENT plc, a company incorporated under the laws of Ethiopia (Company Registration No. YK/AA/2/0006319/2008), Guna Building 1st Floor, Hadinet Sub-City, Mekelle, Tigray, Ethiopia (hereinafter referred to as "EZANA");

AND:

SUN PEAK METALS CORP., a company incorporated under the laws of British Columbia (Company Registration No: BC1077876) and whose registered address is at Unit 1, 15782 Marine Drive, White Rock, B.C. V4B 1E6 Canada (hereinafter referred to as "SPMC")

each a "Party", and together "the Parties".

RECITALS

EZANA holds an interest in certain mineral properties situated in Tigray Regional State, Ethiopia, which are described in Exhibit A and defined further in Article 1 below (collectively, the "Properties").

SPMC wishes to participate with EZANA in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Properties, and EZANA desires to grant such rights to SPMC.

The Parties have agreed to realize their joint venture in the Properties through the vehicle of a share company organized under the corporate laws of the Federal Democratic Republic of Ethiopia, to be named Axum Metals S.C., or some variation thereof (the "Company").

EZANA has agreed to transfer the Properties to the Company to enable the Parties to realize their joint ownership and joint venture in the Properties, and shall grant to SPMC an option to acquire up to 70% of the common shares of the Company on the terms and conditions set out in this Agreement.

EZANA will retain the Mele Mining License for its own account and SPMC will co-operate with the Company to allow EZANA to apply for Mining Licenses on the Adi Ekele, Mai Argab areas and the north-east extension of Adi Ekele on the Terer License.

The sole purpose of the Company is to provide the Parties with a means to control, manage and fund the Properties in accordance with this Agreement, and subject to this Agreement, to establish work Programs and Budgets.

In anticipation of the incorporation of the Company, the Parties wish to determine the rights and obligations relating to their shareholdings and the administration of the Company.

NOW THEREFORE, in consideration of the covenants and terms contained herein, the Parties agree as follows:

1 DEFINITIONS.

As used in this Agreement, the following terms shall have the meanings specified in this clause. Cross-references in this Agreement to Articles, clauses, schedules and exhibits refer to Articles, clauses, schedules and exhibits of this Agreement, unless specified otherwise.

"Auditors" means the auditors of the Company from time to time as approved by the Board and as appointed by the Shareholders.

"Affiliate" of a Person means an entity or person that Controls, is Controlled by, or is under common Control with such Person.

"Agreement" means this Option and Joint Venture Shareholders' Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.

"Area of Interest" means the area inside the exterior boundaries of the Properties as of the date of this Agreement, as further described in Exhibit B.

"Articles" means the Articles and Memorandum of Association of the Company to be established by the Parties in the form, or substantially in the form, set out in Exhibit C.

"Assets" means the Properties, Products, and any other assets, tangible or intangible, held by or for the benefit of the Company hereunder.

"Board" means the board of directors of the Company.

"Budget" means a detailed estimate of all costs to be incurred by the Company (and where required, its Shareholders) with respect to a Program and a schedule of cash advances to be made.

"CIM Standards" means the terms and definitions for the reporting of the Mineral Resources and Mineral Reserves as adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council in the document "CIM Definition Standards – for Mineral Resources and Mineral Reserves", with an effective date of May 10, 2014, as such document may be updated or amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum Council.

"Confidential Information" has the meaning described in clause 18.8.1

"Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, including, but not limited to, Environmental Compliance.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through (i) the legal or beneficial ownership of voting securities or membership interests; (ii) the right to appoint managers, directors or corporate management; (iii) contract; (iv) operating agreement; (v) voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise.

"Decision to Mine" means a decision made by the majority of the Board to proceed to Development and Mining of a mineral deposit located within an Area of Interest.

"Definitive Feasibility Study" means a study of the technical, commercial and economic feasibility of Development and Mining in the Properties or a portion thereof, and producing Minerals in significant commercial quantities, prepared or confirmed by a recognized and independent firm of mining engineering consultants, which includes summaries of all available exploration, geological, engineering and other relevant data and capital and operating cost estimates and (if appropriate) marketing studies in sufficient detail to enable options for optimum Development and Mining to be identified in reasonable detail, including:

- (a) exploration results and estimates of Mineral Resources, and, if applicable, Proven and Probable Mineral Reserves (all as defined in the CIM Standards and National Instrument 43-101, or, if applicable, any other internationally accepted codes and standards);
- (b) the proposed methods of Development and Mining, including the extraction, beneficiation and transportation of the ore and the production of Minerals, including waste disposal;
- (c) an estimate of operating levels, environmental and social costs, shutdown and rehabilitation costs, including an estimate of required capital expenditure and operating costs;
- (d) an economic evaluation of the proposed Development and Mining and the marketing and sale of the Minerals including a comparative analysis of the effect of various assumptions, financing methods, operating costs and taxation; and
- (e) a schedule of relevant authorizations required to be obtained before Mining may commence,

and which is in the form required pursuant to NI 43-101, and is of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of the Mining activities contemplated in the study.

"Development" means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the Mining, handling, milling, beneficiation or other processing of Products.

"Directors" mean the directors of the Company from time to time.

"Disposal" means the disposal by the Company of all, or a substantial part of, its business and assets.

"Due Diligence" has the meaning in clause 2.1.

"Effective Date" means the date that SPMC delivers notice to EZANA that it has completed Due Diligence and upon receipt of the approval of this Option and Joint Venture Shareholders' Agreement and draft Loan Agreement by the CEO of EFFORT.

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

"Environmental Compliance" means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws.

"Environmental Laws" means Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes as enacted by the laws of the Federal Democratic Republic of Ethiopia and all bylaws, regulations, international, multilateral and bilateral treaties and international obligations of the Federal Democratic Republic of Ethiopia.

"Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against either Shareholder, the Company or the Manager, by any person or entity other than the other Shareholder, the Company or the Manager, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; (ii) physical disturbance of the environment caused by or relating to Operations; or (iii) the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

"Existing Data" means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other material or information relating to the Properties, which is owned by the EZANA or to which EZANA otherwise has access.

"Exploration" means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products, and any other activities reasonably necessary in order to make a Decision to Mine.

"Exploration Expenditures" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration and which were expended on or for the benefit of the Properties, computed in accordance with internationally accepted accounting principles consistently applied, including, without limiting the generality of the foregoing, the following: (i) actual salaries, benefit and fringe costs and wages (whether or not required by Law) of employees or contractors of SPMC or the Manager or their respective Affiliates directly assigned to and actually performing Exploration and related activities within or benefiting the Properties. Employees and contractors may include geologists, geophysicists, engineers, surveyors, engineering assistants, technicians, draftsmen, engineering clerks and other personnel performing technical services connected with Exploration of the Properties; (ii) monies expended associated with aerial flights; (iii) monies expended associated with drilling, site preparation and road construction; (iv) monies expended for the use of machinery, vehicles, equipment and supplies required for Exploration; (v) monies expended for reasonable travel expenses and transportation of employees and contractors, materials, equipment and supplies necessary for the conduct of Exploration; (vi) any other payments to contractors for work on Exploration; (vii) monies expended for metallurgical and engineering work; geophysical, geochemical and geological surveys and assays and other costs incurred to determine the quality and quantity of Products within the Properties; (viii) monies expended to obtain permits, rights-of-ways and other similar rights as may be required or necessary in connection with Operations regarding the Properties; (ix) monies expended in preparation and acquisition of

environmental permits necessary to commence, carry out or complete Exploration, and otherwise spent on or accrued for activities required for Environmental Compliance; (x) monies expended in performing pre-feasibility and feasibility studies to evaluate the economic feasibility of Mining on the Properties, including expenditures for metallurgical test work, preliminary design work and hydrology studies; (xi) monies expended for taxes levied against the Properties and paid by SPMC or its Affiliates and the cost of any insurance premiums, performance bonds or other forms of sureties required by the terms of this Agreement or any Law; (xii) monies expended in order to maintain the Properties in good standing, including land holding costs, lease payments, assessment work, claim location, amendment and relocation costs, Government Fees, and other necessary expenditures incurred or made to preserve in good standing the status and title of the Properties; (xiii) monies expended for curing any title defects or Encumbrances pertaining to the Properties; and (xiv) reasonable administrative charges attributable to the Properties or Exploration activities thereon.

“EZANA Director” means a director, or its alternate, appointed and/or removed by EZANA.

“Gold Cap Miner” has the meaning described in clause 13.1.

“Gold Cap Work Plan” has the meaning described in clause **Error! Reference source not found.**

“Government Fees” means all rentals, holding fees, location fees, maintenance payments or other payments required by any law, rule or regulation to be paid to a federal, state, provincial, territorial or other governmental authority, in order to locate or maintain any licenses, permits, claims, concessions, fee lands, mining leases, surface leases or other tenures included in the Properties.

“Initial Contribution” means that contribution each Shareholder agrees to make, or is deemed to have made, pursuant to Article 7.

“Indemnified Party” has the meaning described in clause 3.4.1.

“Indemnifying Party” has the meaning described in clause 3.4.1.

“Initial Contribution Commencement Date” means the date that the Licenses are transferred to the Company;

“Joint Funding Commencement Date” means the date that SPMC ceases to solely fund Exploration Expenditures pursuant to Phase 2 Earn-in and in accordance with clause-7.2.2

“Law” or “Laws” means all federal, state, provincial, territorial and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Properties, the Area of Interest, or Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the Parties during periods when the laws are not applicable by their terms or the timing of their enactment.

“Licenses” means the licenses identified in Exhibit A.

“Loan Facility – Phase 1” means a loan facility from SPMC to the Company to be used to fund the Phase 1 Earn-In of US\$5,000,000, with zero interest and to be drawn against by the Company as needed to fund the Phase 1 Earn-in.

“Loan Facility Phase 2” means a loan facility from SPMC to the Company to be used to fund the Phase 2 Earn-In of the amount required to complete the Phase 2 Earn-In, with zero interest and to be drawn against by the Company as needed to fund the Phase 2 Earn-in.

"Manager" means the person appointed under clause 10 to manage Operations, or any successor Manager also designated as "General Manager" under the local administrative structure.

"Meli Minor Deposit" are those areas that have the potential to become an Oxide Gold Cap that are identified by the Company while conducting exploration. If after the Company has drilled such a potential area and has determined the area to not have exploration potential for underlying economic Sulphide Zones and is not of a sufficient size to be economic to the Company but may have the potential to become an Oxide Gold Cap, then the Company will notify EZANA of the area and will include the identified areas as an Oxide Gold Cap subject to the Oxide Gold Cap Mining Right and EZANA will notify the Company if they exercise that right to continue exploration of the identified area for potential mining as an Oxide Gold Cap.

"Minerals" means any and all metals, minerals and mineral rights of whatever kind and nature in, under or upon the surface or subsurface of the Properties or that may otherwise be developed as part of the Properties (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals).

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

"Mining License" means the Mining License(s) anticipated to be granted to the Company over some or all of the Properties in accordance with the Mining Proclamation.

"Mining Proclamation" means Mining Proclamation 678-2010 and includes any amendments, modifications, additions or extensions made thereto and any regulations and directives promulgated hereunder, or its successor legislation.

"NI 43-101" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, as adopted by the Canadian Securities Administrators.

"Notice" or "Notices" has the meaning described in clause 18.1.

"Operations" means the activities carried out under this Agreement.

"Oxide Gold Cap" is the strong near-surface oxidation of massive sulfide mineralization of dark-brown to reddish or yellowish colors, mainly composed of iron-rich oxide, silica and clay minerals and sulphate zones or (acidified zone).

"Oxide Gold Caps" are those areas on the Terer License known as "Adi Ekele", the north-east extension of "Adi Ekele" and "Mai Argab", and those areas on the Meli License known as the "Meli Gold Cap" which is within EZANA's Meli Mining License, and central and western Oxide Gold Cap, each as more particularly set out on Exhibit B (subject to correction of co-ordinates), in each case from surface level to the depth where the Oxide Gold Cap makes contact with the Sulphide Zone.

"Oxide Gold Cap Mining Right" has the meaning described in clause 13.1.

"Person" is to be construed broadly and includes any natural person, corporation, joint venture, partnership, limited liability partnership, limited partnership, limited liability limited partnership, limited liability company, trust, estate, business trust, association, governmental authority or other entity.

"Phase 1 Earn-In" has the meaning set out in clause 7.2.1.

"Phase 2 Earn-In" has the meaning set out in clause 7.2.2.

"Products" means all metals, ores, concentrates, Minerals, and mineral resources, including materials derived from the foregoing, produced (or likely to be produced) from the Properties under this Agreement.

"Program" means a description in reasonable detail of Operations to be conducted by the Manager, as described in clause 8.2.

"Properties" means the licenses, permits, claims, concessions, fee lands, mining leases, surface leases, water rights or other tenures or rights or interests (as applicable) described in Exhibit A and expressed in the License as granted by law or acquired by the Company.

"Share" or "Shares" means ordinary shares in the Company having a par value to be determined by agreement between the Parties.

"Shareholder" and "Shareholders" mean the persons or entities that from time to time own Shares in the Company.

"Shareholding" means such number of Shares owned by each Shareholder in the capital of the Company representing the ownership interest of that Shareholder in the Company and the Venture as such interest may from time to time be adjusted hereunder. The initial shareholdings of the Shareholders are set forth in Exhibit E.

"SPMC Director" means a director, or its alternate, appointed and/or removed by SPMC.

"Sulphide Zone" is the sulphide-rich mineralized zone below the Oxide Gold Caps mainly composed of different sulphide minerals and phases of iron, copper, zinc and lead.

"Transaction Documents" means this Agreement and the Articles.

"Venture" means the joint venture relationship of the Shareholders under this Agreement.

2 CONDITIONS PRECEDENT TO AGREEMENT

- 2.1 This Agreement will take effect upon the completion of SPMC's 30 day technical and legal due diligence (the "Due Diligence") to allow SPMC to complete its review of the status of the licenses in Exhibit A and upon receipt of the approval of this Option and Joint Venture Shareholders' Agreement and draft Loan Agreement by the CEO of EFFORT (the "Effective Date").

3 REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

3.1 Representations and Warranties.

- 2.1.1. Capacity of the Parties. Each Party represents and warrants to the other Party as follows: (i) it is an entity duly organized, qualified to transact business, and in good standing under the Laws of its jurisdiction; (ii) it has the full right, power and capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors, shareholder and other actions required to authorize it to enter into and perform this Agreement have been properly taken; (iii) it will not breach any applicable Law or other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and (iv) it has relied solely on its own appraisals and estimates as to the mineral potential of the Properties, and upon its own geologic, engineering and other interpretations related thereto.

2.1.2. Representations and Warranties by EZANA. EZANA represents and warrants to SPMC the following:

- (a) With respect to the Licenses, (i) the Licenses were properly applied for; (ii) all required location and validation work was properly performed; (iii) all necessary documents were properly recorded/filed with appropriate governmental agencies; (iv) all Government Fees required to hold or maintain the Licenses have been paid through as at the date of this Agreement; (v) all documents required to maintain the Licenses in good standing have been properly and timely recorded with appropriate governmental agencies; (vi) EZANA is the sole legal and beneficial holder of the Licenses, free and clear all Encumbrances and the interests of others. (vii) EZANA is in compliance with all obligations in relation to the License(s) and (viii) the exploration work carried out on the Licenses to the date of this Agreement is in accordance with the approved work plan.
- (b) EZANA represents and warrants (i) it is in exclusive possession of the Properties; (ii) it has not received any notice of default of any of the terms or provisions of such leases or other contracts other than those notices received from East Africa Metals; (iii) it has the authority under such leases and other contracts to perform fully its obligations under this Agreement; (iv) such leases or other contracts are valid and in good standing; (v) it has no knowledge of any act or omission or any condition on the Properties which could be considered or construed as a default under any such lease or other contract other than those issues in relation to East Africa Metals; (vi) the Properties are free and clear of all Encumbrances or defects in title; and (vii) all mineral or property interests comprising the Properties are fully described in Exhibit "A" hereto and (viii) it is not legally prohibited from transferring the License(s) to the Company.
- (c) There is no outstanding action, adverse claim or challenge against or to the ownership of the Properties nor, to the best of EZANA's knowledge, after due enquiry, is there any basis therefor, and no Person has any proprietary or possessory interest in the Properties other than EZANA, and no other person is entitled to any royalty or other payment in the nature of rent or royalty or of any kind whatsoever on any Products or in respect of the Properties.
- (d) No person has any right, agreement, option or understanding, commitment or privilege capable of becoming an agreement for the purchase from EZANA of any interest in or to the Properties.
- (e) There is no public or private litigation, arbitration, proceeding, suit, judgment, enforcement of security proceedings, bankruptcy, insolvency, receivership proceedings or other governmental investigation, whether current, pending or threatened, involving any of the Properties or EZANA which may, if adversely determined, materially and adversely affect the Properties or the interest of EZANA therein or which seeks to or would, if successful, prevent, restrain or prohibit any of the transactions contemplated in this Agreement.
- (f) EZANA has not received any notice of expropriation of all or any part of the Properties nor does EZANA have knowledge of any expropriation proceeding pending or threatened against or affecting the Properties nor of any discussions or negotiations which could lead to any such expropriation.

- (g) EZANA has complied with all existing Laws in conducting its operations on the Properties, including all applicable Environmental Laws, and to the best of its knowledge, after reasonable enquiry, no other person has violated any applicable Laws, including Environmental Laws, in connection with activities on the Properties,—and there are no current or threatened investigations with respect to any violation of Environmental Laws on the Properties.
- (h) EZANA has no knowledge of conditions on the Properties that could result in any Environmental Liabilities or other type of enforcement proceeding, or any recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs, expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment. There is no agreement or consent order to which EZANA is a party relating to any environmental matter relating to any of the Properties and to the best of EZANA's knowledge, after due enquiry, no such agreement is necessary for the continued compliance with Environmental Laws.
- (i) EZANA has delivered to SPMC all Existing Data in its possession or control, and true and correct copies of all leases or other agreements relating to the Assets.
- (j) Representations, warranties and disclosures given by EZANA are limited to the period from its acquisition of the Properties until the transfer of the Properties to the Company and also to those representations, warranties and disclosures that are within the actual knowledge of EZANA. Liabilities arising from Government and third party actions or inactions that are not within the actual knowledge of EZANA are excluded.

3.2 Disclosures. Each of the Shareholders represents and warrants to each other Shareholder that it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to the other Shareholder in order to prevent the representations and warranties in this Agreement from being materially misleading.

3.3 Record Title. Title to the Properties included in the Assets shall be held in the name of the Company. Each Shareholder agrees to execute appropriate documents to give full legal title to the Company in the Assets.

3.4 Indemnities.

3.4.1 Each Party shall indemnify the other Party, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Parties") from, and save such Indemnified Parties harmless against, any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Party ("Indemnifying Party") of any representation, warranty or covenant contained in this Agreement.

3.4.2 EZANA shall indemnify the Company, SPMC and the Manager, and their respective directors, officers, employees, agents and attorneys or Affiliates, from any loss, cost, expense, damage or liability (including legal fees and other expenses) arising directly or indirectly out of or based on past mining activities carried on the Properties carried out by EZANA, its Affiliates, or their respective agents.

3.4.3 EZANA shall indemnify the Company, SPMC and the Manager, and their respective directors, officers, employees, agents and attorneys or Affiliates, from any loss, cost, expense, damage or liability (including legal fees and other expenses) arising directly or indirectly out of or based on the exercise of the Oxide Gold Cap Mining Right, or any act of the Gold Cap Miner or its agents.

3.4.4 If any claim or demand is asserted against an Indemnified Party in respect of which such Indemnified Party may be entitled to indemnification under this Agreement, written Notice of such claim or demand shall promptly be given to the Indemnifying Party. The Indemnifying Party shall have the right, but not the obligation, by notifying the Indemnified Party within thirty (30) days after its receipt of the Notice of the claim or demand, to assume the entire control of (subject to the right of the Indemnified Party to participate, at the Indemnified Party's expense and with counsel of the Indemnified Party's choice), the defence, compromise, or settlement of the matter. If the Indemnifying Party declines to assume the defence of any claim, the Indemnifying Party shall advance to the Indemnified Party sufficient funds to cover all costs associated with the conduct of its defence. Any damages to the Assets or business of the Indemnified Party caused by a failure by the Indemnifying Party to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Party, after the Indemnifying Party has given Notice that it will assume control of the defense, compromise, or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party. Any settlement or compromise of a matter by the Indemnifying Party shall include a full release of all claims against the Indemnified Party which have arisen or may arise out of the indemnified claim or demand.

3.5 Partnering Against Corruption. (i) Each Party represents, warrants and covenants to the other Parties that, as of the date hereof, no Party, nor any of its officers, directors, employees or agents, shall, directly or indirectly, offer, pay, promise to pay, or authorize the payment of any money, or offer, give, promise to give, or authorize the giving of any financial or other advantage or anything else of value: (A) to (1) any official or employee of any government, or any department, agency, or instrumentality thereof, (2) any political party or official thereof, or to any candidate for political office, (3) any official or employee of any public international organization or (4) any person acting in an official capacity for or on behalf of such government, department, agency, instrumentality, party, or public international organization, in each case for the purpose of influencing any act or decision of such party, or of such official, employee or candidate in his official capacity, or inducing such official, employee, party or

candidate to do or omit to do any act in violation of the lawful duty of such official, employee, party or candidate, or securing any improper advantage, or inducing such official, employee, party or candidate to use his or its influence with a government or instrumentality thereof to improperly or illegally affect or influence any act or decision of such government or instrumentality; or (B) to an officer, employee, agent, or representative of another organization, with the intent to influence or reward the recipient's action(s) with respect to his organization's business, or to gain a commercial benefit to the detriment of the recipient's organization, or to induce or reward the improper performance of the recipient's duties. (ii) Upon receipt of Notice by a Party under this clause 3.5 or upon receipt by a Party of information which, in its sole discretion, it determines to be evidence of a breach by any other Party of any undertakings in this clause 3.5, the Parties promptly shall meet to discuss the effect of such Notice or breach of the other Party's obligations under this Agreement, including its representations and warranties hereunder, and to attempt to resolve any concerns raised by such Party. The Parties further represent and warrant that no payment, authorization, promise, or gift of the sort described in this clause has been made prior to the date of execution of this Agreement.

4 NAME, PURPOSES, AND TERM

- 4.1 General. The Parties hereby enter into this Agreement for the purposes hereinafter stated. All of the Parties' rights and obligations in connection with the Assets, the Area of Interest and all Operations shall be subject to and governed by this Agreement.
- 4.2 Name. The Manager shall oversee and conduct the business of the Venture in the name of the Company and in accordance with this Agreement and any instructions given by the Board. The Manager shall accomplish any registration required by applicable, statutes and similar statutes.
- 4.3 Purposes. This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Parties, or either of them, accomplish such purposes: (i) to conduct Exploration within the Properties; (ii) to acquire additional property and other interests in relation to exploration and mining development only within the Area of Interest; (iii) to evaluate the possible Development and Mining of the Properties or a portion thereof, and if justified, to engage in Development and Mining; (iv) to engage in Operations within the Properties; and (v) to perform any other operation or activity necessary, appropriate, or incidental to the objectives of this joint venture.
- 4.4 Limitation. Unless the Parties otherwise agree in writing, Operations shall be limited to the purposes described in clause 4.3, and nothing in this Agreement shall be construed to enlarge such purposes.
- 4.5 Term. Unless terminated as provided in this Agreement, the term of this Agreement is for so long as the Company has any interest in the Properties and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting and tax returns have been made and filed by the Company and a tax clearance certificate has been received by the Company, and any required Environmental Compliance and accepted by the appropriate governmental agencies and all other Continuing Obligations have been satisfied.

5 RELATIONSHIP OF THE PARTICIPANTS

- 5.1 No Partnership. Nothing contained in this Agreement shall be deemed to constitute either Party the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Party the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Parties do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax or other partnership. No Party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Party, except as

otherwise expressly provided herein. Each Party shall be responsible only for its obligations as herein set out.

- 5.2 Taxes. Each Party shall be directly responsible for and shall directly pay all taxes applicable to revenues received by that Party through Operations under this Agreement. In particular, each Party shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits.
- 5.3 Other Business Opportunities. Except as expressly provided in this Agreement, each Party shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other Party. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of any Party, and, no Party shall have any obligation to the other with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of this Agreement. Additionally, EZANA or its nominee will exclusively benefit from its exercise of the Oxide Gold Cap Mining Right in accordance with Article 13.
- 5.4 Implied Covenants. The implied covenants of good faith and fair dealing are the only implied covenants in this Agreement. No other implied covenants recognized under applicable Law shall be valid or enforceable with respect to this Agreement.
- 5.5 No Third Party Beneficiary Rights. This Agreement shall be construed to benefit the Parties and their respective successors and permitted assigns only, and, other than the obligations to Indemnified Parties as set out in clause 3.4, shall not be construed to create third party beneficiary rights in any other party.

6 INCORPORATION OF THE COMPANY AND OPERATION DURING EARN-IN

- 6.1 Incorporation of the Company. Immediately following the execution of this Agreement, EZANA shall take all necessary steps in accordance with the applicable Laws including the Commercial Code form, incorporate, register and establish the Company in the form and nature of a share company, as follows
- (a) the Company will be named Axum Mining SC;
 - (b) the Memorandum and Articles of the Company shall be substantially in the form attached hereto as Exhibit C;
 - (c) the authorized share capital of the Company shall be Birr 8 billion;
 - (d) the issued share capital of the Company shall be 2,200 Shares, registered in the name of EZANA and its four nominee shareholders;
 - (e) the par value of the common shares shall be Birr 10,000.

Prior to the completion of the incorporation of the Company, EZANA shall give SPMC reasonable opportunity to review and comment on the documents that will be used to effect such incorporation, and following such incorporation EZANA shall provide SPMC with all documents necessary to confirm the completion of such incorporation in accordance with the terms of this clause.

- 6.2 Transfer of Property. As soon as practicable following the incorporation of the Company, EZANA shall transfer the Licences and any other Assets related to the Properties to the

Company. Prior to the completion of such Transfer, the Company shall be deemed to be the beneficial owner of the Assets, and EZANA shall hold the Assets in trust for the Company.

6.3 Operation of the Company during the Earn-In. During the Phase I Earn-in, except as otherwise agreed by SPMC in writing in advance, the Company shall, and EZANA in its capacity as shareholder of the Company shall cause the Company to:

- (a) constitute the Board only as set out in clause 9.1;
- (b) provide the Manager with exclusive and quiet possession of the Properties, to complete Exploration activities in accordance with the terms of this Agreement;
- (c) co-operate as reasonably necessary with the Manager in obtaining any surface, water or other rights on or related to the Properties as may be required to conduct Exploration on the Properties;
- (d) promptly provide the Manager with any and all notices and correspondence received by the Company or EZANA from relevant governmental authorities in respect of the Properties and request such governmental authorities to copy the Manager on all correspondence and notices;
- (e) not transfer any of the Shares or any interest therein;
- (f) not acquire any assets other than the Assets;
- (g) not transfer any interest in or grant any Encumbrances on all or any part of the Assets;
- (h) not enter into any contracts or other agreements;
- (i) not incur any debts or other liabilities; and
- (j) not do any act or thing which would in any way adversely affect the rights or economic interests of SPMC hereunder.

7 GRANT OF OPTION AND RIGHTS

7.1 EZANA's Initial Contribution. Immediately after the execution of this Agreement, EZANA will then contribute by way of an absolute transfer of legal title to the Company all of its right, title and interest in and to the Properties, together with all of its respective right, title and interest in and to any licenses, permits or other property or mineral rights relating to the Properties, or other assets relating to the Properties, and all Existing Data, free and clear of any Encumbrances. The BIRR 1 million value of the Existing Data will be deemed to be contributed in kind as capital in the formation of the Company.

EZANA hereby grants to SPMC the sole and exclusive option to earn up to a 70% Shareholding in the Company in accordance with this Clause 7.

7.2 SPMC Earn-In

7.2.1 Phase I Earn-in.

To acquire a 51% Shareholding in the Company, SPMC must solely fund the Company's Exploration Expenditures on the Licenses totaling US\$5,000,000 within three years after the Initial Contribution Commencement Date, with at least US\$2,000,000 of such Exploration Expenditures being incurred within the first 18

months after the Effective Date (the "Phase 1 Earn-in"). During the Phase 1 Earn-in the Company will draw advances from the Loan Facility-Phase 1.

SPMC will give notice to EZANA as soon as practicable after it has incurred Exploration Expenditures totaling US\$2,000,000 and US\$5,000,000, and within 30 days after incurring US\$5,000,000 of Exploration Expenditures, it will provide EZANA with a detailed "wrap-up" report on the Exploration, including a summary of the Exploration and SPMC's conclusions arising from it including its rationale for deciding whether to continue or discontinue.

SPMC may withdraw from its obligations under this Agreement during the Phase 1 Earn-in period. If SPMC withdraws prior to completing the Phase 1 Earn-in the Loan Facility-Phase 1 will be forgiven in its entirety.

Upon completion of the Phase 1 Earn-in, SPMC will convert the amount drawn against the Loan Facility-Phase 1 to that number of treasury Shares representing fifty one percent (51%) of the issued capital of the Company as set out in Column (2) of Exhibit E.

Within 30 days of completing the Phase 1 Earn-in, SPMC must give notice to EZANA whether it wishes to proceed to exercise the Phase 2 Earn-in, in accordance with clause 7.2.2.

If SPMC does not elect to proceed to exercise the Phase 2 Earn-in, the Venture is deemed to be terminated and the provisions of the withdrawal and termination clause 16 shall apply.

7.2.2 Phase 2 Earn-In.

If SPMC elects to proceed with the exercise of the Phase 2 Earn-in, SPMC will continue to solely fund the Company's Exploration Expenditures by way of the Loan Facility-Phase 2 at a minimum rate of US\$1,000,000 for each one year period following the date of SPMC's election to exercise the Phase 2 Earn-in, to advance the Properties through to completion of a Definitive Feasibility Study and the completion of any other studies required to apply for a Mining License including, but not limited to, a summary program of employment and training, details of infrastructure requirements and an environmental impact assessment report, the Manager shall, on behalf of the Company, apply for the Mining License (the "Phase 2 Earn-in").

Upon receipt of a Definitive Feasibility Study, the Manager will deliver the Definitive Feasibility Study to the Board and subsequently the Board will convene a meeting to take place not earlier than 30 days but not more than 90 days after delivery of the Definitive Feasibility Study to permit discussion of whether the Company intends to proceed with Development. At that meeting each Shareholder must commit his or her appointed Director to a decision whether or not it wishes the Venture to (a) proceed with Development on the Properties by making a Decision to Mine or (b) not proceed with a Development. The Decision to Mine will be made by a majority vote of the Directors.

Upon completion of the Phase 2 Earn-in, SPMC will convert the amount drawn against the Loan Facility-Phase 2 to that number of treasury Shares representing sixteen and one-half percent (16.5%) of the issued capital of the Company as set out in Column (2) of Exhibit E. The value of SPMC's Initial Contribution will be deemed to be the aggregate Exploration Expenditures incurred by SPMC in connection with the exercise of the Phase 1 Earn-in and the Phase 2 Earn-in, and the value of

EZANA's Initial Contribution of BIRR 1,000,000, deemed for this Agreement to be equal to US\$37,000, will be deemed to be equal to the value of the aggregate Exploration Expenditures incurred by SPMC in connection with the exercise of the Phase 1 Earn-in and the Phase 2 Earn-in. The Joint Funding Commencement Date shall be after SPMC provides Notice that it has completed the Phase 2 Earn-in and a mining license is granted.

Option Only. The Phase 1 Earn-in and Phase 2 Earn-in are options only, and may be completed or not completed by SPMC in its sole discretion.

7.2.3 Phase 3 Earn-In.

Within 60 days of the Company being granted a Mining License, SPMC will have an option to purchase two and one-half percent (2.5%) of EZANA's Shares in the Company for a purchase price of US\$6,000,000 to be paid within ten (10) days of delivering the notice of exercise in writing to EZANA. EZANA will be responsible for all costs, stamp duty and other taxes attracted to this transfer.

8 SHAREHOLDINGS

8.1 Shareholdings

8.1.1 Shareholdings.

- (a) Upon completion of the Phase 1 Earn-In, the Shareholders shall have the Shareholdings set out in as set out in Column (2) of Exhibit E.
- (b) Upon completion of Phase 2 Earn-In, the Shareholders shall have the Shareholdings as set out in Column (3) of Exhibit E.
- (c) Upon the exercise of the Phase 3 Earn-In, the Shareholders shall have the Shareholding as set out in Column (4) of Exhibit E.

8.1.2 Changes in Shareholdings. A Shareholding shall only be changed as follows:

- (a) as a result of an adjustment pursuant to clause 11.8;
- (b) as a result of clause 11.9;
- (c) pursuant to a Sale Transaction in accordance with Articles 14 and 15; or
- (d) upon acquisition by either Shareholder of part or all of the Shares of the other Shareholder, however arising.

9 DIRECTORS, MANAGEMENT AND MEETINGS

- 9.1 The Board. Completion of this Agreement shall occur immediately upon execution of the Transaction Documents, whereupon the Company shall be incorporated pursuant to clause 6.1, and from time to time the Parties shall procure that the necessary corporate changes will be made to the Company to achieve the corporate structure set out in Exhibit E.

Unless otherwise determined by unanimous Shareholder resolution, at all times the Board shall be comprised of not be less than four (4) Directors, two of which shall be SPMC Directors nominated by SPMC, and two of which shall be EZANA Directors nominated by EZANA.

One of the Directors comprising the Board shall be nominated Chairman of the Company in accordance with clause 9.2.

A Director appointed under clause 9.1 may be removed by the party who appointed them, by giving notice in writing to the Company and to the Director being removed. The appointment or removal takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date. Each party will consult with the other prior to any appointment or removal of a Director.

The party removing a Director shall indemnify and keep indemnified the Company against any claim connected with the Director's removal from office.

Each Director may appoint an alternate to act and vote in the absence of that director. Appointments shall be made or changed by prior written Notice to the Company.

9.2 Chairman. The Chairman of the Company shall be one of the Directors selected by:

- (a) SPMC prior to the Joint Funding Commencement Date; and
- (b) the Shareholder that holds a majority (over 50%) Shareholding at any time after the Joint Funding Commencement Date.

The Chairman shall have a casting vote if there is an equality of votes cast on an issue which requires a resolution by the Board.

9.3 Meetings. The Board shall hold regular meetings at least annually during the Phase 1 Earn-In and bi-annually during the Phase 2 Earn-In. Meetings of the Board shall be held in Mekelle, Ethiopia or Addis Ababa, Ethiopia, or at other mutually agreed places on the following terms. The Company shall give thirty (30) days' Notice to the Shareholders of such regular meetings (unless such Notice is waived by the Shareholders). Additionally, any Shareholder may call a special meeting upon ten (10) days' Notice to the Company and the other Shareholder (unless such Notice is waived by the Shareholders). In case of emergency, reasonable Notice of a special meeting shall suffice. With respect to a regular or special meeting of the Board, there shall be a quorum of at least one member representing each Shareholder is present; but if a quorum does not exist at any such meeting, any Shareholder may reschedule the meeting, at a time at least one (1) day following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Shareholder is present. Each Notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Shareholder calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Shareholders. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Shareholders within thirty (30) days after the meeting. The Shareholders shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Shareholder timely submits written comments on such minutes, the Board shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Shareholders. At the end of such period, failing agreement by the Shareholders on revised minutes, the minutes of the meeting shall be the original minutes as prepared by the Manager, together with the comments on the minutes made by the other Shareholder. These documents shall be placed in the minute book maintained by the Manager. All other costs associated with Board meetings shall be paid for by the Shareholders individually.

9.4 Action Without Meeting. Subject to the Notice and quorum requirements under clause 9.3, the Directors may attend meetings by telephone or video conferences in lieu of meetings in person,

so long as minutes are prepared in accordance with clause 9.3. The Board may also take actions in writing signed by all the Shareholders.

- 9.5 Matters Requiring Approval. Except as otherwise delegated to the Manager in clause 10.2 or as otherwise provided in this Agreement (specifically Exhibit F), the Board shall have exclusive authority to determine all management matters related to this Agreement.
- 9.6 Restricted Business. Except as is required or permitted by this Agreement, each of the Company and the Shareholders undertake to each other to procure (so far as they are lawfully able) that the Company shall not take any of the actions set out in Exhibit F without the unanimous consent of the Shareholders, and that in any event (i) the business of the Company shall be as set out in clause 4.3, (ii) any expansion, development or evolution of the Company's business will only be effected through the Company or its subsidiaries (as the case may be) from time to time, (iii) the Company shall use all reasonable and proper means to maintain, improve and extend the Business in accordance with the Budget, (iv) the business of the Company shall be managed in accordance with normal commercial principles and shall comply in all material respects with all applicable Laws and the Company shall maintain all licences, consents and authorisations of whatever nature that may be necessary or desirable to carry on the business of the Company from time to time, and (v) the Company shall take all reasonable steps within its powers to protect its Confidential Information. Further, the Shareholders shall (i) promote the best interests of the Company, (ii) procure that the Company performs and complies in accordance with sound and good business practice and ethical standards and in accordance with the Program and the Budget, and (iii) procure that the Company performs and complies in accordance with such Laws, regulations and rules as may be relevant to the Company and its business.

10 MANAGER

- 10.1 Appointment. The Shareholders and the Company hereby appoint the SPMC nominee as the Manager with overall management responsibility for Operations and to remain as Manager until s/he resigns pursuant to clause 10.4.
- 10.2 Powers and Duties of Manager. Subject to the terms and provisions of this Agreement, the Manager shall have the following powers and duties:
- 10.2.1 the Manager shall manage, direct, and control Operations, and shall prepare and present to the Board proposed Programs and Budgets in accordance with clause 11;
- 10.2.2 the Manager shall implement the decisions of the Board, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Board if it lacks sufficient funds to carry out its responsibilities under this Agreement;
- 10.2.3 the Manager shall use reasonable efforts to: (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made in the best terms available, taking into account all of the circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep the Assets free and clear of all Encumbrances, except for Encumbrances being contested in good faith, those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Board;

- 10.2.4 the Manager shall have the power to conduct such title examinations and cure such title defects relating to the Properties as may be advisable in the reasonable judgment of the Manager;
- 10.2.5 the Manager shall: (i) make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; (ii) pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Shareholder's sales revenue or net income. If authorized by the Board, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and (iii) do all other acts reasonably necessary to maintain the Assets;
- 10.2.6 the Manager shall: (i) apply for all necessary permits, licenses and approvals; (ii) comply with Laws; (iii) notify promptly the Board of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses, Laws or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, or both, and the cost thereof shall be charged to the Company;
- 10.2.7 the Manager shall notify the Shareholders and the Company promptly of any litigation, arbitration, or administrative proceeding commenced against the Company. The Manager shall prosecute and defend, but shall not initiate without consent of the Board, all litigation or administrative proceedings arising out of Operations. The Board shall approve in advance any settlement involving payments, commitments or obligations in excess of US\$100,000 in cash or value;
- 10.2.8 the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors;
- 10.2.9 the Manager shall select and employ at competitive rates all supervision and labor necessary or appropriate to all Operations hereunder. All persons employed hereunder, the number thereof, their hours of labor and their compensation shall be determined by the Manager after giving proper consideration of the financial interests of the Shareholders, and they shall be employees of the Manager;
- 10.2.10 the Manager shall keep the Board advised of all Operations by submitting in writing to the Board: (i) quarterly progress reports with applicable data by the 30th day following the end of each calendar quarter and an annual report for the previous calendar year by each January 31, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; (ii) periodic summaries of data acquired; (iii) copies of reports concerning Operations; (iv) a detailed final report within ninety (90) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and (v) such other reports as the Board may reasonably request. At all reasonable times, the Manager shall provide the Board, upon the request of any member of the Board, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the Shareholders, at their sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all

reasonable times, so long as the inspecting Shareholder does not unreasonably interfere with Operations;

- 10.2.11 the Manager shall arrange insurance for the benefit of the Company, in such amounts and of such nature as directed by the Board and, in the absence of any direction, then as the Manager deems necessary to protect the Assets and Operations of the Company;
- 10.2.12 the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all licenses, permits, claims, concessions, fee lands, mining leases, surface leases and other tenures included within the Properties. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other properties. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements;
- 10.2.13 the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations;
- 10.2.14 to the extent that funds are required to be deposited into the Environmental Compliance fund then such funds shall be maintained by the Manager in a separate, interest bearing cash management account, which may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Board. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Properties, and for other Environmental Compliance requirements;
- 10.2.15 the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of this Agreement (but for clarity, not after the insolvency or liquidation of the Company). The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the Manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the Company and the Shareholders informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of the Company and each Shareholder shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto; and
- 10.2.16 the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.
- 10.3 Standard of Care. The Manager shall discharge its duties under clause 10.2 and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining,

environmental and other applicable industry standards and practices, and in material compliance with the terms and provisions of licenses, permits, claims, concessions, leases, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the Company nor any Shareholder for any act or omission resulting in damage, loss cost, penalty or fine to the Company or any Shareholder, except to the extent caused by or attributable to the Manager's willful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of any Shareholder or the Company to perform acts or to contribute amounts required of it by this Agreement.

10.4 Resignation; Deemed Offer to Resign. The Manager may offer to resign upon not less than thirty (30) days prior Notice to the Company, in which case the Board may select the successor Manager within thirty (30) days after the Notice of resignation, and may appoint itself or a third party as the successor Manager. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the Company who shall proceed with the appointment of a successor Manager within ninety (90) days following such deemed offer:

10.4.1 the Manager fails to pay the Company's bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or

10.4.2 the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment is neither made ineffective nor discharged within thirty (30) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Manager; or

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

10.4.4 entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect; or

10.4.5 SPMC ceases to hold at least a 50% Shareholding following the Joint Funding Commencement Date.

Under clause 10.4.1 to 10.4.4 10.4.5 above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

10.5 Removal: The Manager may be removed by the decision of the Board if s/he fails to perform a material obligation imposed upon him/her under this Agreement, and s/he fails to cure such default, or to commence bona fide curative measures, within sixty (60) days after Notice from the Company or any Shareholder demanding performance; or if s/he is in breach of his/her fiduciary duties and damages the interest of the Shareholders or if clause 10.4.3 through to 10.4.5 occur.

10.6 Manager's Fees and Expenses.

- 10.6.1 The Manager shall be entitled to a fee of 5% of the Exploration Expenditures incurred by the Manager or SPMC in carrying out Operations. During the Phase 1 Earn-in and Phase 2 Earn-in, the management fee shall be deemed to be Exploration Expenditures incurred by SPMC during the Phase 1 Earn-in and Phase 2 Earn-in.
- 10.6.2 The Company shall reimburse all reasonable expenses properly and necessarily incurred by the Manager in the course of its appointment as the Manager subject to production of receipts or other appropriate evidence of payment and at all times the level of expenditures are determined by the Programs and Budget approved by the Board.
- 10.6.3 The Company may enter into a technical services agreement with SPMC or an affiliate. The fee for the technical services agreement will be equal to the management fee in clause 10.6.1.
- 10.7 Transactions With Affiliates. If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions.

11 PROGRAMS AND BUDGETS

- 11.1 Operations Pursuant to Programs and Budgets. Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to an initial Program and Budget under clause 11.2, or subsequently, to a Program and Budget approved pursuant to clause 11.3. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all Operations contemplated under the Program and Budget.
- 11.2 Initial Program and Budget. The initial Program and Budget shall commence as soon as practicable following the incorporation of the Company and the transfer of the Properties to the Company, and shall be substantially in the form set out in Exhibit G hereto.
- 11.3 Presentation of Programs and Budgets. After the completion of the initial Program and Budget in accordance with clause 11.3, Proposed Programs and Budgets shall be prepared by the Manager and shall be for six (6) month periods or any longer periods not to exceed one (1) year. Each adopted Program and Budget, regardless of length, shall be reviewed at least once per year at the annual meeting of the Board. At least fifty (50) days prior to the annual meeting of the Board, a proposed Program and Budget for the succeeding period shall be prepared by the Manager and submitted to the Board. Each Program and Budget shall contain an allowance for a 25% cost overrun in addition to any planned Exploration Expenditures, which cost overrun allowance shall be added to the final total anticipated budget for such Program, and refunded to the Shareholders if not expended on Exploration Expenditures. Each Budget shall include a schedule of cash advances from the Shareholders to fund the applicable Program. Within thirty (30) days of receipt of the proposed Program and Budget, the Board may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the Board, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to the majority of the Board. The Manager shall submit any revised proposed Program and Budget to the Board at least five (5) days prior to the annual meeting of the Board.
- 11.4 Adoption of Proposed Programs and Budgets. At the annual meeting, the Board shall consider and vote on the proposed Program and Budget, and upon approval, the copies of the Program and Budget will be provided to the Shareholders.

- 11.5 Joint Funding Commencement Date. During the Phase 1 Earn-in and, the Phase 2 Earn-in, all Programs shall be solely funded by SPMC. Following the Joint Funding Commencement Date, Programs shall be funded pursuant to clause 11.7
- 11.6 Joint Funding. Commencing on the Joint Funding Commencement Date, the Shareholders shall jointly seek funding from financial institutions for the development of a mine. The Parties agree to use all their resources and means to obtain joint funding for that portion of the Development that can be financed by debt arrangements. The remaining equity portion of the Development Program shall be funded by the Shareholders in accordance with Clause 11.7
- 11.7 Election to Contribute. Commencing on the Joint Funding Commencement Date, Programs shall be funded by the Shareholders on a pro rata basis in proportion to each Shareholder's Shareholding (the "Proportionate Share"). Each Shareholder may, within 30 days of receipt of the Program and Budget, give notice to the Manager committing to contribute its Proportionate Share of the Development expenditures for that Program. Each Shareholder may elect to contribute at some lesser amount than its Proportionate Share of the Development Program. A party that fails to give such notice within the 30 day period will be deemed to have elected not to contribute to that Program,
- 11.8 Dilution. If a Shareholder has elected or has been deemed to have elected not to contribute to a Program, or has elected to contribute to some lesser amount than its Proportionate Share, the Shareholding of that party will be decreased and the Shareholding of the Shareholder that has contributed to the Program will be increased so that, subject to clause 11.9, each Shareholder's Shareholding will be that percentage which is equivalent to: (i) the value of its Initial Contribution pursuant to clause 7.2.1 or 7.2.2, as applicable, plus its aggregate contribution or deemed contribution to all Programs following the Joint Funding Commencement Date, divided by (ii) the aggregate value of both Shareholders' Initial Contributions plus the total contributions or deemed contributions of the Shareholders to all Programs following the Joint Funding Commencement Date. The Shareholders and the Board will approve and take all necessary actions with respect to the issuance or transfer of Shares to reflect any changes to the Shareholders' respective Shareholdings pursuant to this provision.
- 11.9 Reversion to Net Profits Interest. If the effect of the application of clause 11.8 is to reduce the Shareholding of any Shareholder to less than 10%, such Shareholder will, at the Company's election the Shareholder will either forfeit its shares to the Company for cancellation or then be deemed to have transferred and assigned its remaining Shareholding to the other Shareholder, and will be entitled to receive as its sole remuneration and benefit in consideration of that forfeiture, assignment and conveyance a carried 7.5% Net Profits Interest, in the form attached hereto in Exhibit H. Upon such forfeiture, or transfer, the diluted Shareholder will forthwith execute and deliver to the remaining Shareholder all such documents as may, in the opinion of counsel for the remaining Shareholder, be necessary to forfeit to the Company for cancellation, or transfer to the remaining Shareholder all Shareholding of the diluted Shareholder, subject to the right of the diluted Shareholder to receive the Net Profits Interest.
- 11.10 Emergency Expenditures. In case of emergency, the Manager may take reasonable action it deems necessary to protect life, limb or property, to protect the Assets or to comply with the Law. The Manager may also make reasonable expenditures on behalf of the Company for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Shareholders of the expenditure, and the Manager shall be reimbursed therefor by the Shareholders on a pro rata basis based on their respective Shareholdings at the time the emergency or unexpected expenditure is incurred, and such amounts shall be deemed to be contributions to a Program for the purposes of 11.8. The Shareholders have the right to challenge the necessity of such budget overruns and in such circumstances the Manager has the duty to explain and evidence the events that led to budget overrun and program changes.

- 11.11 Quarterly Statements. The Manager shall submit to the Board quarterly statements of account by the 30th day of following the end of each calendar quarter, reflecting in reasonable detail the charges, expenses and credits to the agreed Program and Budget for that financial year.
- 11.12 Audits. Upon request of any Shareholder made within twenty-four (24) months following the end of any calendar year (or, if the Board has adopted an accounting period other than the calendar year, within twenty-four (24) months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Shareholder that requested the audit. A Shareholder's failure to make such exceptions or claims within the three (3) month period shall (i) mean that the audit is correct and binding and (ii) result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by an international firm of certified public/chartered accountants selected by the Board. In addition, each Shareholder shall have the right to engage an international firm of certified public/chartered accountants to conduct an independent audit of all books, records and accounts, at the expense of the requesting Shareholder, and which audit right will be limited to the period not more than twenty-four (24) months prior to the calendar year in which the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.
- 11.13 Construction Financing. Following a Decision to Mine, and subject to Clause 10.6 Development Costs shall be paid by the Shareholders on a pro rata basis in proportion to their respective Shareholdings, or may elect to participate at some lesser amount pursuant to Clause 11.7 to the portion that is not financed through third party debt. Any Shareholder that does not pay its pro rata share, or such lesser amount as it elected, of Development costs will be subject to straight-line dilution substantially in the form set out in clause 11.8.
- 11.14 Government Carried Interest. The Parties will cooperate to obtain any necessary Government approvals for this Agreement. The Ethiopian Government's carried interest (if any) shall be borne by the Company. The Parties acknowledge that the Ethiopian Government will be entitled to receive five percent (5%) of the net cash flow from operations under this Agreement, and a further royalty payment as required by the applicable law and that these payments (or any other Government shares required by applicable law) will be made by the Manager and paid by the Company.

12 SURRENDER OF PROPERTY

- 12.1 The Manager will be entitled, at any time and from time to time to surrender all or any part of the Properties or to permit the same to lapse, if it determines that continuing to hold such portions of the Properties is no longer in the best interests of the Venture, but only upon first either obtaining the unanimous consent of the Board, or giving 60 days notice of its intention to do so to the Shareholders. In this latter event, EZANA and the Shareholders will be entitled to receive from the Company, for no value on request prior to the date of the surrender or lapse, pro rata in accordance with their respective Shareholdings, a conveyance of that portion of the Properties intended for surrender or lapse, together with copies of any plans, assay maps, diamond drill records and factual engineering data in the Manager's possession and relevant thereto. Any part of the Properties so acquired will cease to be subject to this Agreement.

13 OXIDE GOLD CAP MINING RIGHT

- 13.1 EZANA, or its nominee (the "Gold Cap Miner") shall be granted, upon acquiring the necessary licenses, the right to exclusively conduct precious metals mining activities on the Oxide Gold

Caps (the "Oxide Gold Cap Mining Right"), for its exclusive benefit, on the terms and conditions set out in this Article 13. For greater certainty, the Oxide Gold Cap Mining Right shall apply only to Oxide Gold Cap located above the massive Sulphide Zone.

14 RIGHT OF FIRST REFUSAL ON TRANSFER OF SHARES

14.1 Third Party Offer.

If any Shareholder (the "Offeror") receives a bona fide written offer (a "Third Party Offer") from any Person dealing at arm's length with the Shareholders (the "Buyer") to purchase all but not less than all of the Shares owned by the Offeror (the "Purchased Shares") for consideration consisting of cash or securities payable in full on closing, which Third Party Offer is irrevocable for a period of ninety (90) days and is acceptable to the Offeror, then the Offeror will, by notice in writing to the other Shareholder(s) (the "Offerees"), make an offer (the "Offer") within the following thirty (30) days to sell the Purchased Shares to the Offerees at the same price and upon the same terms and conditions as are contained in the Third Party Offer. A Shareholder may not transfer Shares to a third party except in accordance with a Third Party Offer that complies with this Article 14.

14.2 Form of Offer.

The Offer must:

- (a) identify in reasonable detail the Buyer and, if the Buyer is not an individual, identify those Persons who, together with their Associates and Affiliates, Control the Buyer;
- (b) be accompanied by a true copy of the Third Party Offer setting forth all of the terms and conditions of the Third Party Offer;
- (c) provide such other information concerning the Buyer and its financial condition as is reasonably available to the Offeror, including evidence that the Person making the Third Party Offer has the technical and financial resources to meet its obligations under this Agreement, and is of good standing and reputation;
- (d) indicate that the purchase price for the Purchase Shares shall be payable by the accepting Offerees in cash, or alternately in the form of other consideration having equivalent value mutually acceptable to the Offeror and such Offerees; and
- (e) will not be revocable except with the consent of the Offerees.

14.3 Time for Acceptance.

The Offerees will have the irrevocable right, exercisable by written notice given to the Offeror within a period of sixty (60) days from the date the Offer is received (the "Offer Period"), to accept the offer to purchase all but not less than all of the Purchased Shares of the Offeror on a pro rata basis based on the Offeree's Shareholding (or such other proportions as the Offerees may agree among themselves), on the terms and conditions and for the amount set forth in the Offer.

14.4 Pro-Rata Acceptance.

In the event that one or more of the Offerees elects to purchase its Shareholding (or such other proportion) of the Purchased Shares and one or more of the Offerees declines to elect to so purchase, the Offerees electing to so purchase shall have the further right and option, exercisable by notice in writing within thirty (30) days of being notified by the Offeror that

one or more of the Offerees has declined to so purchase, to purchase the remaining Purchased Shares on the same terms and conditions and for the amount set forth in the Offer on a pro rata basis based on its Shareholding (or in such other proportions as such Offerees may agree among themselves). The foregoing procedure will be repeated as often as is necessary until either one or more of the Offerees have elected to acquire all of the Purchased Shares or until there remain Purchased Shares which no Offeree has elected to purchase.

14.5 Closing of Purchase and Sale.

Where one or more of the Offerees have elected to purchase all of the Purchased Shares, the closing of the sale transaction resulting from such election (the "Sale Transaction") shall take place on the date which is thirty (30) days after the expiry of the Offer Period (the "Date of Closing") at such place and of such time as the Offeror and Offeree agree. Such Sale Transaction shall be effected in accordance with the general sale provisions of Article 15.

14.6 Unpurchased Shares.

If Purchased Shares remain which no Offeree has elected to purchase, notwithstanding that one or more Offerees have elected to purchase Purchased Shares pursuant to clause 14.3, the right of any Offeree to acquire the Purchased Shares will be null and void and the provisions of clause 14.7 will apply.

14.7 Third Party Sale.

If after compliance with clauses 14.3 and 14.4, there shall remain Purchased Shares which no Offeree has elected to purchase, then the Offeror will be entitled, within a period of sixty (60) days after the expiry of the Offer Period, to sell all Purchased Shares to the Buyer in accordance with the Third Party Offer.

The closing of the Sale Transaction pursuant to such Third Party Offer will take place on the date which is not later than thirty (30) days after the expiry of the Offer Period (the "Date of Closing") at such place and at such time as the Buyer and Offeror agree. The Sale Transaction shall be effected in accordance with the general sale provisions of clause 15.

14.8 Failure to Complete.

If the Sale Transaction is not completed within thirty (30) days after the expiry of the Offer Period, then the provisions of this clause 14 will again apply to any sale of Shares.

14.9 Proof of Sale.

The Board of Directors before consenting to the transfer of the Purchased Shares to the Buyer will be entitled to require proof that the sale to the Buyer took place in accordance with the Third Party Offer and the Board of Directors will refuse to permit the recording of the transfer of the Purchased Shares if they may have been sold otherwise than in accordance with the provisions of the Third Party Offer.

14.10 Buyer to Adopt Agreement.

No disposition to any Buyer pursuant to any Third Party Offer will be valid or effective until the Buyer has executed a counterpart copy of this Agreement or a written agreement in form and substance satisfactory to the Company, the Manager, and the other Shareholders agreeing to be bound by the terms and conditions hereof formerly applicable to the transferor.

14.11 Tag-Along Rights.

If an Offeror is entitled to and proposes to sell its Shares in accordance with a Third Party Offer pursuant to clause 14.7 and if the sale of the Purchased Shares would result in a change of Control of the Company, the Offeror, will, at least thirty (30) days prior to the date specified for completion of the Third Party Offer, give notice in writing (a "Disposition Notice") to the Offerees. The Disposition Notice will specify the name of the Buyer, the purchase price, the intended closing date and place and all other material terms and conditions of the intended sale.

The Offerees shall have the right, exercisable within fifteen (15) days of receipt of a Disposition Notice, upon notice in writing to the Offeror and the Buyer (a "Tag- Along Notice"), to require the Buyer to purchase all but not less than all of the Shares held by such Offeree, directly or indirectly, at the time of completion of, and upon the same terms and conditions as those contained in, the Third Party Offer which is the subject of the Disposition Notice. The closing of such sale shall take place concurrently with the sale of the Shares which is the subject of the Disposition Notice.

15 GENERAL PROVISIONS ON TRANSFER OF SHARES

15.1 Transfer of Shares.

Except as otherwise expressly provided in this Agreement, the provisions of this Article shall apply to any transfer of Shares of the Company between or among Shareholders.

15.2 Defined Terms.

For the purpose of this Article, the terms "Offeror", "Offeree", "Buyer", "Date of Closing", "Purchase Price" and "Purchased Shares" with respect to any Sale Transaction shall have the meanings attributed to them in Articles 1 or 14, as applicable. In this Article 15, "Vendor" shall refer to the Offeree in a Sale Transaction pursuant to clause 14.5, or the Buyer in a Sale Transaction pursuant to clause 14.7, and "Purchaser" shall refer to the Offeree in any such sale Transaction.

15.3 Obligations of Vendor.

At or prior to the closing of any Sale Transaction, the Vendor will:

- (a) assign and transfer to the Purchaser the Purchased Shares and deliver the share certificate(s) representing the Purchased Shares duly endorsed for transfer to the Purchaser or as directed by it;
- (b) deliver to the Company signed resignations of the Vendor and its nominees, if any, as Directors, officers and employees of the Company as the case may be;
- (c) do all other things required in order to deliver good and marketable title to the Purchased Shares to the Purchaser free and clear of any Encumbrances whatsoever;
- (d) deliver to the Company a release by each of the Vendor and its nominees, if any, of all claims against the Company with respect to any matter or thing up to and including the closing of the Sale Transaction in their capacities as a Director, officer, Shareholder, employee or creditor of the Company, as the case may be; and
- (e) deliver to the remaining Shareholders a release by the Vendor and its nominees in their capacity as a Director, officer and Shareholder of the Company of all of

their claims against each remaining Shareholder and their respective nominees, if any, in their capacities as a Shareholder, Director or officer of the Company.

15.4 Release of Guarantees, etc.

If, at the closing of any Sale Transaction, the Vendor or any other Person for and on behalf of the Vendor, has any guarantees, securities or covenants lodged with any Person to secure any indebtedness, liability or obligation of the Company or the remaining Shareholders, then the remaining Shareholders will use their commercially reasonable efforts to deliver up or cause to be delivered up to the Vendor or cancel or cause to be cancelled all of such guarantees, securities and covenants at the closing of the Sale Transaction. If, notwithstanding such commercially reasonable efforts, the delivery up or cancellation of any such guarantee, security or covenant is not obtained, the remaining Shareholders will deliver to the Vendor and such other Person an indemnity in writing, in form reasonably satisfactory to counsel for the Vendor, indemnifying them against any and all claims which may be paid, suffered or incurred by them with respect to such guarantee, security or covenant.

15.5 Deliveries to Vendor.

At or prior to the closing of the Sale Transaction, each of the remaining Shareholders will:

- (a) deliver to each of the Vendor and its nominees, if any, a release by it, in its capacity as a Director, officer and Shareholder of the Company, of all of its claims against the Vendor and its nominees in its capacity as a Shareholder, Director or officer of the Company; and
- (b) cause the Company to deliver to each of the Vendor and its nominees a release by the Company of all its claims against each of the Vendor and its nominees with respect to any matter or thing arising as a result of the Vendor or its nominees being a Shareholder, Director or officer of the Company.

15.6 Payment of Purchase Price.

The Purchase Price shall be paid by the Purchaser in full by cash, certified cheque or other form agreed by the parties to the Sale Transaction at the closing of the Sale Transaction.

15.7 Non-Completion by Vendor.

If, at the closing of the Sale Transaction, the Vendor fails to complete the Sale Transaction, the Purchaser shall have the right, if not in default under this Agreement, without prejudice to any other rights which it may have, upon payment of the Purchase Price payable to the Vendor at the closing of the Sale Transaction, to execute and deliver, on behalf of and in the name of the Vendor, such deeds, transfers, share certificates, resignations or other documents that may be necessary to complete the Sale Transaction and each Shareholder, to the extent it may be a Vendor hereunder, hereby irrevocably appoints any Shareholder who becomes a Purchaser in a Sale Transaction its attorney in that behalf with no restriction or limitation in that regard and declaring that this power of attorney may be exercised during any subsequent legal incapacity on its part. This power of attorney is coupled with an interest and is therefore irrevocable.

15.8 No Joint Liability.

For greater certainty, the Parties acknowledge and agree that where a Sale Transaction involves more than one Purchaser, the Purchasers in such Sale Transaction are not jointly

liable for the payment of the Purchase Price for the Purchased Shares, but are only liable for their proportionate share thereof.

15.9 Consents.

The Parties acknowledge that the completion of any Sale Transaction shall be subject, in any event, to the receipt of all necessary governmental and regulatory consents and approvals to the transfer of Shares contemplated thereby.

16 WITHDRAWAL AND TERMINATION

16.1 Termination by Agreement. The Shareholders (but not the Manager) may terminate this Agreement at any time by mutual written agreement.

16.2 Termination Where No Program Proposed. If neither Participant proposes a Program and Budget for a period of twelve (12) months following the completion of the immediately preceding Program, then unless the Shareholders agree in writing to maintain the Agreement, this Agreement shall terminate, and the Shareholders shall procure the necessary winding up of the Company and to the distribution of the Assets.

16.3 Continuing Obligations. On termination of this Agreement the Company shall remain liable for Continuing Obligations, including Environmental Liabilities, until final settlement of all accounts and for any liability, whether it accrues before or after termination, if it arises out of Operations during the term of the Agreement.

16.4 Disposition of Assets on Termination. Promptly after termination under clauses 16.1 or 16.2, then the Board shall take all action necessary to wind up the activities of the Company and to dispose of or distribute the Assets, and all costs and expenses incurred in connection with the termination of the Company shall be expenses chargeable to the Company.

16.5 Right to Data After Termination. After termination of the Agreement under clauses 16.1 or 16.2, each Shareholder shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it.

16.6 Continuing Authority. On termination of this Agreement, the Manager shall have the power and authority to do all things on behalf of the Company which are reasonably necessary or convenient to:

16.6.1 wind-up Operations; and

16.6.2 complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or withdrawal, if the transaction or obligation arises out of Operations prior to such termination or withdrawal. The Manager shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of the Company, encumber Assets, and take any other reasonable action in any matter with respect to which the Company continues or appears to have.

16.7 Survival of Ingress and Egress After Termination. After termination of this Agreement each of the Parties shall continue to have rights of ingress and egress to the Properties for purposes of ensuring Environmental Compliance.

17 RESTRICTION ON ALLOTMENT OF SHARES

Subject always to any other restriction which may be imposed under the Articles or this Agreement relating to the allotment of Shares, no Shares may be allotted and issued as new Shares to any person without the approval of the Board (such approval must also include the unanimous consent of the Shareholders), which approval shall be deemed to be provided in the case of any adjustment of Shareholdings pursuant to the provisions of this Agreement.

18 GENERAL PROVISIONS

- 18.1 Legal Expenses. Each Party will be responsible for its own legal costs in connection with the Agreement. As soon as practicable following the Effective Date, SPMC agrees to reimburse EZANA for the costs incurred prior to the Effective Date to a maximum of GBP 28,000 for EZANA's London based counsel. SPMC will assist and fund the costs incurred in Ethiopia to organize the Company and to transfer the Licenses all of which will be considered to be Exploration Expenditures and a part of the Phase I Earn-In.
- 18.2 Notices. All Notices, payments and other required communications ("Notice" or "Notices") to the Parties shall be in writing, and shall be given (i) by personal delivery to the Party, or (ii) by electronic communication. All Notices shall be effective and shall be deemed delivered (i) if by personal delivery on the date of delivery, (ii) if by electronic communication on the date of confirmation of receipt of the electronic communication, provided that any Notice received outside of normal business hours or on a day that is not a business day in the place of receipt shall be deemed to be received on the next following business day. A Party may change its address from time-to-time by Notice to the other Parties.

Notice to EZANA shall be sent to:

Ezana Mining Development plc
Guna building 1st floor,
Hadinet Sub-City, Mekelle, Tigray, Ethiopia
Attn: General Manager Atakilil Araya Beyene

Notice to SPMC shall be sent to:

Sun Peak Metals Corp.
Unit 1 – 15782 Marine Drive
White Rock, B.C. V4B 1E6
Attn: Mr. Greg Davis
Fax: 1-604-536-2788

Notice to the Company shall be sent to:

Axum Metals S.C.
Addis Ababa, Ethiopia
Bole Sub city
Wereda 03
House No. New/ 301

- 18.3 Waiver. The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof must be given in writing, and shall not constitute a waiver of any provision of this Agreement or limit that Party's right thereafter to enforce any provision or exercise any right. No waiver of any provision of this Agreement extends beyond the period specifically set out for such waiver, or, if no specific duration is set out in such waiver, then such waiver may be revoked at any time by the party which granted it.



- 18.4 Modification. No modification of this Agreement shall be valid unless made in writing and duly executed by the Parties.
- 18.5 Construction. This Agreement has been negotiated and approved by counsel for each of the Parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any Party hereto by reason of the authorship of any of the provisions hereof.
- 18.6 Force Majeure. The obligations of a Party, other than the payment of money provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, without limitation, labor disputes (however arising and whether or not employee demands are reasonable or within the power of the Party to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of war or terrorism or conditions arising out of or attributable to war or terrorism, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing. The affected Party shall promptly give Notice to the other Party of the suspension of performance, stating therein the nature of the suspension, the reasons therefor, and the expected duration thereof. Immediately upon the cessation of force majeure the affected Party shall notify the other Party in writing and shall take steps to recommence and or continue the performance that was suspended as soon as reasonably possible. During the period of suspension, the obligations of the Parties to advance funds pursuant to this Agreement shall be reduced to levels consistent with Operations. If a Party affected by an event of force majeure has obligations to perform within specific time frames then those time frames shall be extended for a period equal to the duration of the force majeure event. In the event of natural disaster, state of war and other related events of force majeure, the declaration by the Ethiopian Government that such event ceases to exist shall be conclusive evidence for the resumption of Operations.
- 18.7 Survival of Terms and Conditions. The provisions of this Agreement shall survive termination of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run.
- 18.8 Confidentiality and Public Statements.
- 18.8.1 Except as otherwise provided in this clause 18.8.1, the terms and conditions of this Agreement, and all non-public data, reports, records, and other information of any kind whatsoever developed or acquired by any Party in connection with this Venture shall be treated by the Parties as confidential (hereinafter called "Confidential Information") and, subject to the provisions of this clause 18.8, no Party shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the Company. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Party, shall no longer be treated as Confidential Information.

- 18.8.2 The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Parties may engage and to employees and consultants of the Parties or to any third party to which a Party contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Shares or to a third party which may provide financing to such Party or the Company; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or entity to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the Parties are obligated under this clause 18.8.2 subject to 18.8.3 below.
- 18.8.3 In the event that a Party or an Affiliate thereof is required to disclose Confidential Information to or by any government, any court, agency or department thereof, or any stock exchange, to the extent required by applicable law, rule or regulation, or in response to a legitimate request for such Confidential Information, the Party so required shall immediately notify the Company hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. The Company shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as the Company shall, in its sole discretion, determine.
- 18.8.4 The provisions of this clause 18.8 shall apply during the term of this Agreement and shall continue to apply to (i) the Parties for a period of six (6) months following the effective date of any termination of this Agreement, and (ii) any Party who withdraws, who is deemed to have withdrawn, or which forfeits, surrenders, assigns, transfers or otherwise disposes of its Shares for a period of twelve (12) months following the occurrence of such event or (6) six months from the effective date of any termination of this Agreement, whichever is sooner.
- 18.8.5 A Party shall not issue any press release relating to the Venture or this Agreement without the unanimous consent of the Shareholders and after giving the Company not less than seven (7) days advance written Notice of the contents thereof provided that any press release complies to the local and international regulatory provisions, and the Party proposing such press release shall make any reasonable changes to such proposed press release as such changes may be timely requested by the Company, provided, however, the Party proposing such press release may include in any press release any information previously reported by the Party proposing such press release. A Party shall not, without the consent of the Company, issue any press release that implies or infers that the Company or any non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release. Notwithstanding the foregoing, either Party may make any press release or other public disclosure or filing that is required pursuant to applicable Laws or the policies of any applicable stock exchange.
- 18.9 Entire Agreement; Successors and Assigns. This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Parties relating to the subject matter hereof and any and all other prior negotiations, representations, offers or understandings between them whether written or oral. No Party was induced to enter into this Agreement in reliance on, and therefore there will be no liability assessed, either in tort, in contract or otherwise, with respect to any warranty, representation, opinion, advance or assertion of fact, except to the extent it has been reduced to writing and included as a term of this Agreement. Exhibits referred to herein are incorporated

AA

JD

herein by reference and form part of the Agreement. This Agreement and the obligations and rights created herein shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.

- 18.10 Dispute Resolution. Disputes arising under or in connection with this Agreement, or the construction or enforcement thereof shall be attempted to be resolved by negotiation accordance with this clause. In the event of any such dispute, a Participant may provide a Notice to the other Participant summarizing the grounds for the dispute. The Parties shall endeavor to resolve any dispute amicably by negotiation between a member of senior management of each Party who has authority to settle the dispute, each of whom is at a higher level of management than the persons with direct responsibility for administration or performance of this Agreement. Any dispute that is not resolved by such negotiation shall be finally referred to arbitration in accordance with the ICC arbitration Rules. The seat of the arbitration shall be London, UK and the language to be used in the proceedings shall be English.
- 18.11 Remedies. Each of the Parties agrees that its failure to comply with the covenants and restrictions set out in this Agreement would constitute an injury and damage to the other Parties impossible to measure monetarily and, in the event of any such failure, the other Parties shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance. This clause shall not prevent a Party from seeking injunctive relief for any other breach of this Agreement in accordance with applicable Laws.
- 18.12 Further Assurances. Each Party shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.
- 18.13 Headings. The headings to the clauses of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.
- 18.14 Currency. All dollar amounts expressed herein refer to lawful currency of the United States of America, unless otherwise specified.
- 18.15 Severability. If any provision of this Agreement is or shall become illegal, invalid, or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and enforceable and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid, or unenforceable portion.
- 18.16 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of Ethiopia and all the Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Ethiopia as regards any claim, dispute or matter arising out of or relating to this Agreement or any of the documents to be executed pursuant to it.
- 18.17 Interaction with the Articles. As between the Parties in the event of any ambiguity or conflict arising between the terms of this Agreement and those of the Articles, to the extent of any such ambiguity or conflict the terms of this Agreement shall prevail.
- 18.18 Deed of Adherence. Any Person (who is not already a party) acquiring any Shares (whether by allotment or transfer or transmission) shall not be allotted those Shares or registered as their holder unless and until such Person has entered into and delivered a Deed of Adherence in a legally binding manner, and any party which transfers any shares shall procure the transferee (if not already a party) shall, by the time of transfer, enter into and deliver a Deed of

Adherence. This Agreement may not be assigned except in connection with a transfer of Shares completed in accordance with the provisions of this Agreement.

[The remainder of this page is intentionally blank.]

A handwritten signature in blue ink, appearing to be a stylized 'A' or 'B'.A handwritten signature in blue ink, appearing to be 'BD'.

18.19 Counterparts. This Agreement may be entered into by each of the Parties signing one or more counterparts, which taken together shall constitute a complete agreement. This Agreement may be executed and delivered by facsimile or other means of electronic reproduction.

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

SUN PEAK METALS CORP.

By: 
Name: Greg Davis
Title: President and Chief Executive Officer
Its Authorized Representative

In the presence of:

David Daoud 

Scott Ansell 

EZANA MINING DEVELOPMENT PLC

By: 
Name: Atakilit Araya Beyene
Title: General Manager
Its Authorized Representative

In the presence of:

Kiros Negash 

Dr. Kassa Amare 

EXHIBIT A
(to Option and Joint Venture Agreement)

PROPERTIES

PART 1 – (x) Licenses

Exploration License No. MOM\EL\86\2015) – dated March 30, 2015 named Terer comprising 241.8814 KM² as appended

The area identified as the Meli 100 KM2 block within the Rahwa Exploration License No. TIG\EL\344\2008 as appended

AA

SR



በአዲስ አበባ ከተማ አስተዳደር ንግድ ቢሮ
Addis Ababa City Administration Trade
Bureau



ሴ.ቁ. N° 1749316



የንግድ ምዝገባ ምስክር ወረቀት
በንግድ ምዝገባ የፈቃድ አዋጅ ቁጥር 686/2002 መሰረት የተሰጠ

Commercial Registration Certificate
Issued under Commercial Registration and Business license
proc No. 686/2010

1. የግለሰብ/ድርጅቱ ስም የዘጋጅ ማይኒንግ ዴቪሎፕመንት ኃላ የተ ማህበር
2. ዜግነት በኢትዮጵያ የተመዘገበ
4. የሥራ አስኪያጅ ስም አቶ አትከልት አርአያ በየነ
5. የንግድ ድርጅቱ አድራሻ
ክልል አዲስ አበባ ክ/ከተማ ሃይማኖት ዞን 06
ከተማ አዲስ አበባ ወረዳ 06
ቀበሌ የቤት ቁጥር 050 ቀበሌ 28
ፖ.ሳ.ቁ ስልክ ቁጥር 0914300057
ፋክስ ኢ-ሜል
6. ካፒታል በኢት. ብር 28,000,000.00
7. የተስማራባቸው የንግድ ሥራዎች
በጀርባው ገፅ ይመልከቱ

1. Owner/ Company Name EZANA MINING DEVELOPMENT PLC
2. Nationality Registered in Ethiopia
4. General Manager Name Mr. ATAKILT ARAYA BEYENE
5. Business Address
Region Addis Ababa Zone/sub City Yeka
City Addis Ababa Woreda 06
Kebele House No. 050 28
P.O.Box Tel. No 0914300057
Fax E-mail
6. Capital in ETB 28,000,000.00
7. Type of activities engaged See Back Page

በግብር ከፋይ መለያ ቁጥር 0000047467 የተመዘገበ መሆኑን እናረጋግጣለን ።
ይህ የምዝገባ የምስክር ወረቀት ዛሬ 26/7/2008 ዓ. ም
በ አዲስ አበባ ተሰጠ ።

has duly been registered under TIN 0000047467
This Registration Certification is issued in 4/4/2016
on Addis Ababa

የኃላፊ ስም
Official's Name

ማህተም
Seal

ፊርማ

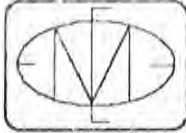
Signature

ማሳሰቢያ፡ ይህ የንግድ ምዝገባ በአዋጅ ቁጥር 686/2002 መሰረት በየዘገየት ዓመቱ ከሰኔ 1 ቀን እስከ ጥቅምት 30 ቀን ድረስ መገኘቱን ሲሆን በህዚ ገደቡ ያልተገኘ የንግድ ምዝገባ ይሰረዛል።

N.B. This License Shall be renewed annually in accordance with Regulation no.686/2002 from July 1 to October 30 E.C with out penalty otherwise Commercial Registration Certificate would be Cancelled
2. ይህ የንግድ ምዝገባ የምስክር ወረቀት በዋስትና ወይም በሌላ ሊያዝ አይችልም።
The holder of this License is forbidden for surety ship or debt

AT

910



EZANA MINING DEVELOPMENT PLC

Mekele, Ethiopia

Date 1-5-15 / 08 / 2015
Our Ref 2/7983/2015

በማዕድን ሚኒስቴር

ለማዕድን ፈቃድና አስተዳደር ዳይሬክተሪየት ፅ/ቤት አዲስ አበባ

ጉዳዩ፡- ከኒውሞንት ኩባንያ ጋር በአሽሙር (Joint-Venture) ለመስራት የማዕድን ፈቃድ

ቦታዎች ማስተላለፍን ይመለከታል

ኩባንያችን በትግራይ ክልል በአስገደ ዕምብላ፣ ወልቃይትና መረብለሽ ወረዳዎች የሚገኙ አለጌን፣ ሕፁይ፣ራሕዋ፣ ሩባአስላም፣ ደብረዓባይ-ደደቢት በተባሉ ቦታዎች የወርቅና ቤዝ ሜታልስ የምርመራ ፈቃዶች ከተከበረው መ/ቤታችሁ ወስዶ እየሰራ መቆየቱ ይታወቃል። እነዚህ ከላይ የተጠቀሱት የምርመራ ፈቃዶች በላቀ ደረጃ ተጠንተው ወደ ምርት ለማሸጋገር የተሻለ የቴክኒክና ፋይናንስ አቅም ባላቸው የውጭ የማዕድን ኩባንያዎች መስራት አስፈላጊ ሆኖ በመገኘቱ ኒውሞንት ኩባንያ በዓለማችን ግዙፍ የወርቅ አምራች ከሆነው የአሜሪካ ኩባንያ አብረን ለመስራት የሚያስችሉ ስራዎችን ከመስከረም 2012 ጀምሮ እየሰራን እንደቆየን ይታወቃል።

በዚህም መሰረት በኒውሞንት በኩል የአካባቢውን የማዕድን ሃብት አለጃታ ለመገምገም የሚያስችል የመጀመሪያ ደረጃ የጂኦሎጂ መረጃዎች የማሰባሰብ እንድሁም በኢትዮጵያ ውስጥ በማዕድን ዘርፍ መዋዕለ ንዋይ ለማፍሰስ እንዲወስን የሚያግዝው የDue Diligence ስራዎች በማካሄድና እንዲሁም በሁለታችን በኩል አብሮ ለመስራት የሚያስችሉ ድርድሮች ሲደረጉ ቆይተው በJoint-Venture አብረን ለመስራት የሚያስችሉ ቅድመ ሁኔታዎች በሙሉ አጠናቀቀን በSeptember 03, 2014 የስምምነት ውል ያደረግን መሆናችንን በአክብሮት እየገለፅን ከዚህ በታች በተቀመጠው ሰንጠረዥ መሰረት ኩባንያችን በባለቤትነት ይዛቸው የቆዩት የፈቃድ ቦታዎች ከኒውሞንት ጋር በJoint-Venture አብረን ለመስራት እንድንችል ወደ ኢዛና ኒውሞንት Joint-Venture ኩባንያ እንዲዛወርልን በማክበር እንጠይቃለን። የእንዳስላሴና (ሸፊ) መንጠብጠብ የብረት ማዕድን ምርመራ ፈቃድ በኢዛና ስር እንዳለ ሆኖ የፕሪሽየስና ቤዝ ሜታልስ ምርመራ ብቻ ለማካሄድ ከኒውሞንት ጋር በJoint-Venture አብረን ለመስራት የተስማማን መሆናችንና የፕሪሽየስና ቤዝ ሜታልስ ምርመራ ብቻ ወደ Joint-Venture ኩባንያ እንዲዛወሩልን ካሁን በፊት ለተከበረው ሚኒስቴር ፅህፈት ቤታችሁ ጥያቄ ማቅረባችን ይታወቃል።



90

እነዚህ ወቅት የማዕድን ፍለጋ ስራ በአለም ደረጃ በተቀዛቀዘበት ወቅት ሂውሞንት ትልቅ ኩባንያ እድንመሆኑ መጠን በኢትዮጵያ ውስጥ ገብቶ በማዕድን ጥናትና ልማት የራሱ አስተዋፅኦ ይኖረዋል በሚል ፅኑ እምነት ብዙ ወጣ ውረድና ብዙ ጊዜ ከወሰደ ድርድር በኋላ የስምምነት ውሉ በቅርብ የተደረገ ሲሆን ይህም ሂደት ከቡር ሚኒስቴር ፅህፈት ቤት ያውቀዋል። የተከበረው ሚኒስቴር መ/ቤታችሁ ይህ ትልቅ ዓቅም ያለው ኩባንያ ኢትዮጵያ ውስጥ ገብቶ መስራቱ ለግብረቱ የሚኖረው ጥቅም ግምት ውስጥ በማስገባት መ/ቤታችሁ ላሳየን ትእዛዝት እያመሰገን ወደ ኢዛና ሂውሞንት JV ኩባንያ የሚዛወሩት አምስቱ የምርመራ ፈቃድ የሚከተሉት ናቸው።

ተ.ቁ	የፈቃድ ስም	የፈቃድ ቁጥር	አስተያየት
1	አለጌን የወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ	TIG/EL/342/2008	
2	ሕፁይ የወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ	TIG/EL/343/2008	
3	ራህዋ ወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ	TIG/EL/344/2008	በዚህ ፈቃድ ውስጥ የሚገኘው ሚሊ ተብሎ የሚጠራው ቦታ በኢዛና ስም ይቆያል
4	ሩባ አስገም የወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ	TIG/EL/371/2008	
5	ደብረአባይ፣ ማይዲማ፣ ደደቤት፣ ደንድጉኝና ዓዲሰርዶ ፈቃድ	TIG/EL/362/2008	

በሌላ በኩል በራህዋ የፈቃድ ቦታ (TIG/EL/344/2008) ሚሊ ተብሎ በሚጠራው 109.4 ካ.ኪ.ሜትር ያካተተ ቦታ (ከታች ያለው ሰንጠረዥ ይመልከቱ) ውስጥ ኢዛና ወ/ት ለማምረት ከመ/ቤታችሁ ፈቃድ ወስዶ ለማምረት በዝግጅት ሲሆን ይህንን ቦታ በኩባንያችን ስም ብቻ እንዲቆይ በትህትና እንገልጻለን። በኢዛና ስም የሚቆየው ሚሊ የተባለው ቦታ UTM Coordinate የሚከተሉት ናቸው፡

<u>Longitude</u>	<u>Latitude</u>
UTM 37N East	UTM 37N North
400974.3	1550009.3
401023.4	1539096.2
391806.2	1539096.2
391781.6	1545806.3
386988.7	1545806.3
386988.7	1547723.5
391806.2	1547698.9
391781.6	1550033.9



40

የፌዴራል ዲሞክራሲያዊ ሪፐብሊክ የ2014 ዓመታዊ ሪፖርት፣ የሰብአዊ ምጣኔ የስራ ፕሮግራምና ከኒውሞንት ጋር
ያደረገው የውል ስምምነት ከዚህ ደብዳቤ ጋር አያያዘን የላክን መሆናችንን በአክብሮት እየገለፅን
ሚኒስቴር መስሪያ ቤታችሁ ለሚያደርግልን የዘወትር ትብብር ለማመስገን እንወዳለን።

ከሰላምታ ጋር

አታክልተ አርአያ
ዋና ስራ አስኪያጅ



AA

HR



EZANA MINING DEVELOPMENT PLC

Mekelle, Ethiopia.

Date March 11/2015
Our Ref Ξ/8009/2015

በማዕድን ሚኒስቴር

ለማዕድን ፈቃድና አስተዳደር ዳይሬክቶሬት

አዲስ አበባ

ጉዳዩ፡- የራህዋ ምርመራ ፈቃድ እንዲታደስልን መጠየቅን ይመለከታል

ኩባንያችን በትግራይ ክልል በአስገደ ዕምብላ ወረዳ ሚሊ በሚባል የራህዋ ወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ TIG/EL/344/2008 በተከበረው መ/ቤታችሁ ለሁለተኛ ጊዜ መታደስ ይታወቃል፡፡

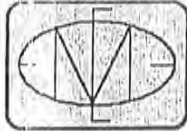
በዚህ ፈቃድ ክልል ውስጥ የወርቅ ማምረት ፈቃድ በወሰድንበት ሚሊ በሚል አካባቢ የሚገኘውን ቦታ ሙሉ በሙሉ በኢዛና ባለቤትነት እንዲቆይ በማድረግ የቀሩት 5 የወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ ቦታዎች ግን ኒውሞንት ከተባለ የአሜሪካ የወርቅ አምራች ኩባንያ ጋር አብረን መስራት እንደምንፈልግ Feb/21/2015 ቁጥር E/7982/2015 በፃፍነው ደብዳቤ የተከበረው መ/ቤታችሁን መጠየቃችን ይታወቃል፡፡ ስለሆነም በራህዋ ፈቃድ ቦታ ክልል ውስጥ ሚሊ ተብሎ በሚጠራ 109.4 ኪ.ሜ² ላይ የወርቅ ማምረት ፍቃድ ያካተተ ቦታ ሙሉ በሙሉ በኢዛና ባለቤትነት እንዲቆይ የተደረገውን ቦታ ከ 2015/2016 ጀምሮ እንዲታደስልን በአኩባቢ አጠቃቀም ይህንን ቦታ በተመለከተ የ2013-2014 ዓመታዊ ሪፖርትና የ2015 የስራ እቅድና በጀት የሚያሳዩ ሁለት ጥራዝና አንድ ሲዲ ሶፍት ኮፒ በተጨማሪም የሽፌ -መንጠብጠብ የብረት ማዕድን (Iron) ፕሮጀክት የፊዚካሊቲ ፕላን ከሚያዝያ 2014-መጋቢት 2015 እ.ኤ.አ የስራ አፈፃፀም ሪፖርት 1 ጥራዝ ከዚህ ደብዳቤ ጋር አያይዘን የላክን መሆናችንን ለመግለፅ እንወዳለን፡፡

ለሚደረግልን የዘወትር ትብብራችሁን ማመልከት እንወዳለን፡፡

ከሰላም ታ. ጋር

አታክልት አርአያ
ዋና ሰራሕ አስኪያጅ





EZANA MINING DEVELOPMENT PLC

Mekelle, Ethiopia.

Date March 11/2015

Our Ref Σ 18009/2015

በማዕድን ሚኒስቴር

ለማዕድን ፈቃድና አስተዳደር ዳይሬክቶሬት

አዲስ አበባ

ጉዳዩ፡- የራህዋ ምርመራ ፈቃድ እንዲታደስልን መጠየቅን ይመለከታል

ኩባንያችን በትግራይ ክልል በአስገደ ዕምብላ ወረዳ ሚሊ በሚባል የራህዋ ወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ TIG/EL/344/2008 በተከበረው መ/ቤታችሁ ለሁለተኛ ጊዜ መታደሱ ይታወቃል፡፡

ዚህ ፈቃድ ክልል ውስጥ የወርቅ ማምረት ፈቃድ በወሰድኝበት ሚሊ በሚል አከባቢ የሚገኘውን ቦታ ሙሉ በሙሉ በኢዛና ባለቤትነት እንዲቆይ በማድረግ የቀሩት 5 የወርቅና ቤዝ ሚታልስ የምርመራ ፈቃድ ቦታዎች ግን ኒውሞንት ከተባለ የአሜሪካ የወርቅ አምራች ኩባንያ ጋር አብረን መስራት እንደምንፈልግ Feb/21/2015 ቁጥር E/7982/2015 በፃፍነው ደብዳቤ የተከበረው መ/ቤታችሁን መጠየቃችን ይታወቃል፡፡ ስለሆነም በራህዋ ፈቃድ ቦታ ክልል ውስጥ ሚሊ ተብሎ በሚጠራ 109.4 ኪ.ሜ² ላይ የወርቅ ማምረት ፍቃድ ያካተተ ቦታ ሙሉ በሙሉ በኢዛና ባለቤትነት እንዲቆይ የተደረገውን ቦታ ከ 2015/2016 ጀምሮ እንዲታደስልን በአክብሮት እየጠየቅን ይህንኑ ቦታ በተመለከተ የ2013-2014 ዓመታዊ ሪፖርትና የ2015 የስራ እቅድና በጀት የሚያሳዩ ሁለት ጥራዝና አንድ ሲዲ ሶፍት ኮፒ በተጨማሪም የሽፌ -መንጠብጠብ የብረት ማዕድን (Iron) ፕሮጀክት የፊዚኬሊቲ ጥናት ኮሚሽን 2014-መጋቢት 2015 እ.አ.አ የስራ አፈፃፀም ሪፖርት 1 ጥራዝ ከዚህ ደብዳቤ ጋር አያይዘን የላክን መሆናችንን ለመግለፅ እንወዳለን፡፡

ለሚደረግልን የዘወትር ትብብራችሁን መጠየቅን እንወዳለን፡፡

ከሰላም ጋር

አታክልት አርአያ

ዋና ስራ ስራ አስኪያጅ



90

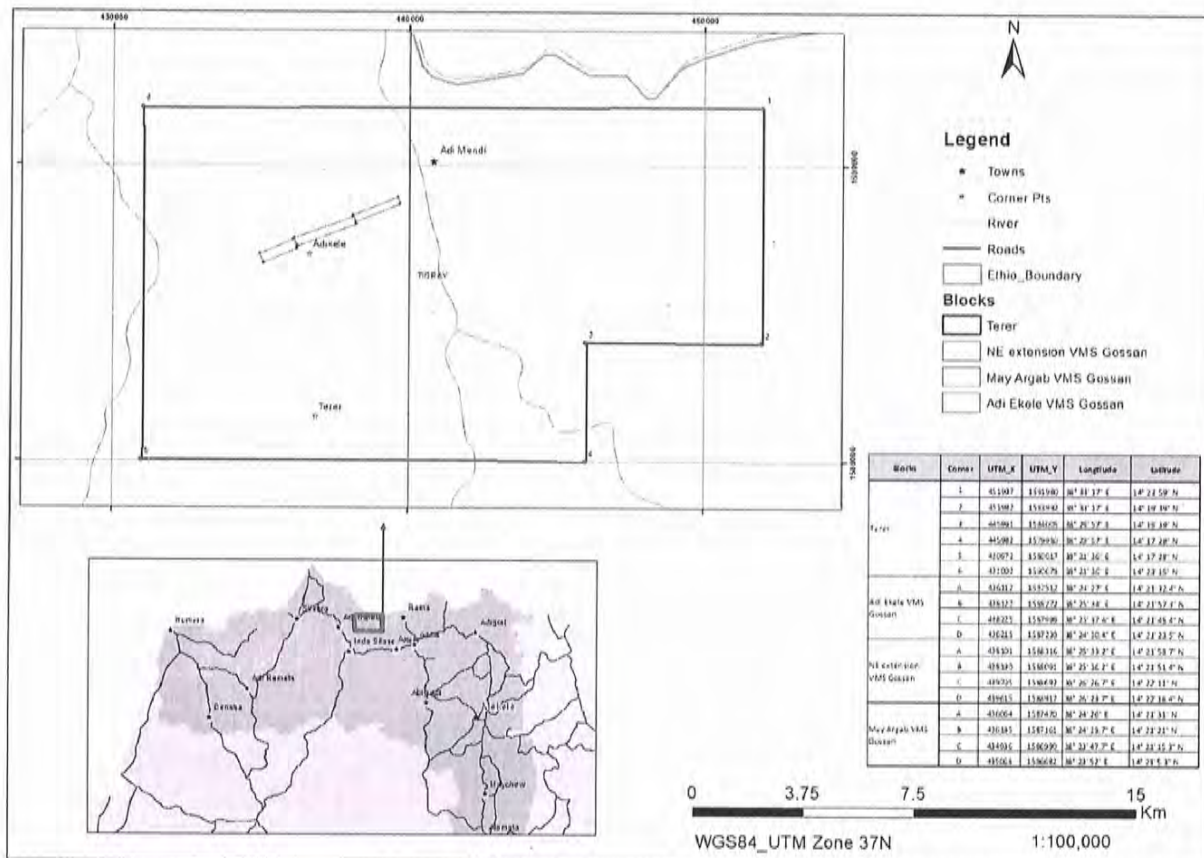
EXHIBIT B
(to Option and Joint Venture Agreement)

AREA OF INTEREST

Terrer Block			Datum WGS 1984 UTM 37N		
Longitude	Latitude	License Name	UTM East	UTM North	corner
38° 33' 17'' E	14°23'59'' N	Terrer Exploration license	451997	1591980	1
38° 33' 17'' E	14°19'39'' N	Terrer Exploration license	451982	1583992	2
38° 29' 57'' E	14°19'39'' N	Terrer Exploration license	445991	1584005	3
38° 29' 57'' E	14°17'28'' N	Terrer Exploration license	445982	1579980	4
38° 21' 36'' E	14°17'28'' N	Terrer Exploration license	430972	1580017	5
38° 21' 36'' E	14°23'15'' N	Terrer Exploration license	431002	1590678	6

AA

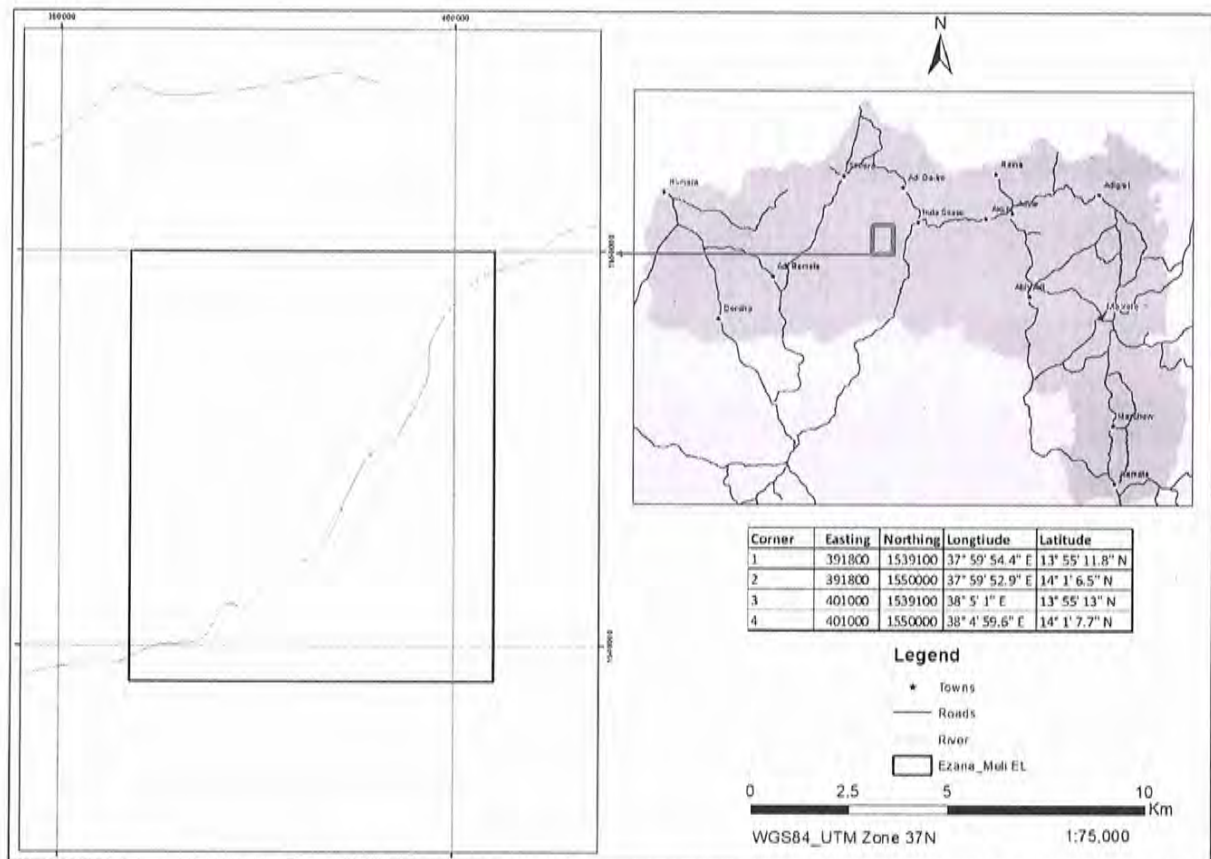
JD



AA

AD

Meli Block



			Datum WGS 1984 UTM 37N		
Longitude	Latitude	License Name	UTM East	UTM North	Corner
37° 59' 54.4" E	13° 55' 11.8" N	Meli Exploration Block	391800	1539100	1
37° 59' 52.9" E	14° 1' 6.5" N	Meli Exploration Block	391800	1550000	2
38° 5' 1" E	13° 55' 13" N	Meli Exploration Block	401000	1539100	3
38° 5' 59.6" E	14° 1' 7.7" N	Meli Exploration Block	401000	1550000	4

ARTICLES AND MEMORANDUM OF ASSOCIATION

**ARTICLES OF ASSOCIATION OF
AXUM METALS SHARE COMPANY.**

We, the undersigned shareholders of Axum Metals Share Company have approved the following Articles of Association in accordance with the provisions of the Commercial Code of Ethiopia of 1960 and shall be deemed to form part of the Memorandum of Association.

ARTICLE 1
NAME OF THE COMPANY

- 1.1 The name of the company shall be Axum Metals Share Company (hereafter referred to as "the Company")
- 1.2 The General Manager shall ensure that the name and capital of the Company appear on all documents of the Company.

ARTICLE 2
CAPITAL OF THE COMPANY

- 2.1 The authorized capital of the Company is Birr 8,000,000,000.
- 2.2 The subscribed capital of the Company is Birr 22,000,000.
- 2.3 The shareholders of the Company may increase the capital of the Company by issuing of new shares or by increasing the par value of existing shares.
- 2.4 The shareholders of the Company may decide to decrease the capital of the Company without prejudice to the minimum legal requirement of the capital for share companies.
- 2.5 The provisions of Articles 482 and 483 of the Commercial Code shall mutatis mutandis apply to capitalization of reserves of the company.
- 2.6 Any increase or reduction of capital shall be duly recorded in the account of the Company and shall be publicized in accordance with Article 224 of the Commercial Code.

ARTICLE 3
SHARES

- 3.1 All shares of the Company shall be of one class of ordinary registered shares which shall have the same par value and same right.
- 3.2 The shares of the Company shall be of one class and indivisible.
- 3.3 Each share shall carry one vote.

ARTICLE 4
SHARE CERTIFICATES

- 4.1 Share certificates shall be issued for all shares whose par value has been fully paid up and shall indicate all the data contained under Article 330 of the Commercial Code and be numbered.
- 4.2 The share certificates shall be signed by the Chairperson of the Board of Directors and shall bear the official seal of the Company.
- 4.3 If a share certificate be defaced, lost or destroyed, it may be renewed or replaced upon payment of fee to be determined by the Board of Directors.

ARTICLE 5
REGISTER OF SHAREHOLDERS

- 5.1 The Company shall keep, at its head office, a register of shares required by Article 331 of the Commercial Code, which shall show:
- a. The name and addresses of the shareholders.
 - b. The value of contributions made by the shareholders.
 - c. The transfer of shares; and
 - d. All amendments to these particulars.
- 5.2 The share register shall be open for inspection by the shareholders free of charge.
- 5.3 The share register may be inspected by any other interested parties outside the Company, upon payment of fee fixed by the Board of Directors.

ARTICLE 6
ISSUANCE OF ADDITIONAL SHARES

Resolution to issue additional shares shall be decided by an Extraordinary Shareholders Meeting where not less than 2/3 of shareholders are present or represented. A resolution regarding increase of investments by a shareholder shall only be adopted where the shareholders of all shares having voting rights are present or represented and the vote is unanimous.

ARTICLE 7
TRANSFER OF SHARES

- 7.1 Any shareholder may transfer his shares to another shareholder in the Company subject to the restrictions provided under sub-article 7.2 and the Option and Joint Venture Shareholders Agreement of *** 2017 and its amendments thereto.
- 7.2 All share transfers if any shall be in accordance with the Option and Joint venture Shareholders Agreement of *** 2017 and its amendments thereto.
- 7.3 The Board of Directors shall refuse registration of any transfer of shares that contravenes any option or pre-emption agreement between shareholders of which it shall have notice.
- 7.4 Any transfer of shares shall be in writing and shall be recorded in the share register in accordance with the Commercial Code of Ethiopia.

ARTICLE 8
RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Each shareholder of the Company shall have the following rights and obligations to:

- 8.1 Participate in the General and Extraordinary Meetings of the Shareholders and vote therein or any resolution in proportion to the number of paid-up shares held;
- 8.2 The right to share in the annual net profit in accordance with the Option and Joint Venture Shareholders Agreement of *** 2017, and its amendments thereto;
- 8.3 The right to a share in the net proceeds upon the winding up of the Company in proportion to his/its shareholdings;
- 8.4 The right to participate in the management of the Company, in particular to take part in the General Meeting, to vote, elect and be elected as member of the Board of Directors, receive copies of the financial statements of the Company, seek explanation and submit proposals subject to the terms of the Option and Joint Venture Shareholders Agreement of *** 2017 and its amendments thereto;
- 8.5 The obligation to abide by the provision of the Ethiopian Law, the Memorandum and Articles of Association of the Company, the Option and Joint Venture Shareholders Agreement as well as the resolutions adopted by the Ordinary and Extraordinary General Meetings.

ARTICLE 9
GENERAL MEETING

The General Meeting of Shareholders is the highest organ of the Company and as such its decision shall bind all shareholders in accordance with Article 388 of the Commercial Code of Ethiopia.

ARTICLE 10
TYPES OF MEETINGS

- 10.1 Ordinary General Meetings and
- 10.2 Extraordinary General Meetings.

ARTICLE 11

MODE OF CALLING OF MEETINGS

- 11.1 An Ordinary General Meeting shall be called by the Board of Directors within 3 /Three/ months from the end of each financial year.
- 11.2 An Extraordinary General Meeting of the shareholders may be called by the Board of Directors, Auditors, liquidators or where appropriate by the competent court, at any time.
- 11.3 Shareholders shall be called to the General Meeting in writing specifying the time, place and agenda of the meeting and shall be delivered at least 15 /Fifteen/ business days before the date of the meeting.
- 11.4 Notice of Meetings shall contain the particulars specified under Article 396 of the Commercial Code of Ethiopia.
- 11.5 Where no quorum has been attained at first meeting, the second or subsequent meetings shall be convened on eight days' notice after the first or subsequent meeting.

ARTICLE 12 **AGENDA**

The agenda of the meeting shall be prepared by the organ or person calling the meeting.

ARTICLE 13 **QUORUM FOR ORDINARY GENERAL MEETING**

- 13.1 There shall be a quorum in an Ordinary General Meeting when first called where shareholders who represent not less than 25% /Twenty Five Percent/ of the voting shares are present or represented.
- 13.2 When called for a second time, the meeting may be held without regard to the number of voting shares represented.
- 13.3 Decisions are taken by a simple majority, abstentions and blank ballots /if any/ being disregarded.

ARTICLE 14 **QUORUM FOR AN EXTRAORDINARY GENERAL MEETING**

- 14.1 There shall be a quorum where at first meeting, shareholders who represent not less than 2/3 /Two third/ of the voting shares are present or represented.
- 14.2 The second and third calls shall be valid where shareholders who represent not less than 1/3 /One third/ and 1/4 /One fourth/ of the shareholders having voting rights are respectively present or represented.
- 14.3 Decisions are taken by 2/3 /Two third/ majority, abstentions and blank ballots /if any/ being disregarded. However, decisions on change of nationality of the company or requiring shareholders to increase their investments in the company shall be given in unanimity.
- 14.4 Notwithstanding the above, a decision on the following matters shall require unanimous consent of the shareholders.

- 1. The appointment and removal of the Manager and the Auditor.

2. The borrowing of money by the Company.
3. The creation of any charge or other security over any assets or property of the Company.
4. The giving of any guarantee or indemnity other than in the normal course of its business of the Company.
5. The making of any loan or advance by the Company to any person, firm, body corporate or other business.
6. Any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, holders of Shares.
7. The authorization, creation or issuance of any class or series of Shares.
8. Any repurchase or redemption of Shares by the Company.
9. Any amendment or repeal of any provision of the Articles of the Company or any of its subsidiaries, other than changes required pursuant to applicable corporate Laws that do not materially adversely impact the rights of the Shareholders.
10. The voluntary winding-up or dissolution of the Company.
11. The submission to any general meeting of any resolution to voluntarily wind-up or dissolve the Company.
12. The entry into any compromise or arrangement with the Company's shareholders or creditors.
13. The sale of all or substantially all the Company's assets or the purchase of all or substantially all of the assets of another entity.
14. The declaration or payment of a dividend on Shares of the Company other than as specifically provided for in this Agreement or the Articles.
15. Any change in the size of the Board of Directors, which shall be set at four (4) directors.
16. Any material change in the nature of the business of the Company.
17. Any transaction between the Company and any of its shareholders, directors, officers, employees or other insiders and any of their family members or affiliates other than on an arms-length basis and upon full disclosure to shareholders.
18. Incur any capital expenditure outside of the agreed Budget or agreed Exploration Expenditures, other than expenditures.
19. The surrender or abandonment of some or all of the Properties.
20. A change to any Area of Interest as defined in the Option and Joint Venture Shareholders' Agreement.

ARTICLE 15

PROXIES

A shareholder may nominate, in writing, only one proxy to represent him in a General Ordinary and an Extraordinary Meeting.

ARTICLE 16 **ATTENDANCE SHEET**

- 16.1 An attendance sheet shall be kept for each Ordinary or Extraordinary Meeting.
- 16.2 The attendance sheet shall indicate the names and addresses of the shareholders present or represented by proxy and the number of shares held by each shareholder.
- 16.3 The attendance sheet shall be signed by the shareholders or their proxies.

ARTICLE 17 **MINUTES**

- 17.1 Discussions at meetings and resolutions adopted shall be recorded in a minute.
- 17.2 The minutes of a meeting shall include the particulars enumerated under Article 411 of the Commercial Code of Ethiopia.
- 17.3 The entry in the minute book shall be certified as correct by the chairperson of the Board of Directors.
- 17.4 Company must archive resolutions of the Board of Directors during the entire existence.

ARTICLE 18 **POWERS OF THE GENERAL MEETING OF THE SHAREHOLDERS**

The Ordinary General Meeting shall have the following powers and duties:

- 18.1 Appoint or remove the Board of Directors and determine their remuneration, allowances and benefits;
- 18.2 Appoint and remove the Auditors of the company and fix their remuneration;
- 18.3 Approve the balance sheet, profit and loss statements of the Company's account, the reports of the Board of Directors and the Auditors, if any;
- 18.4 Decide on the declaration of dividends or profit distribution which shall be paid to the shareholders on the recommendation of the Board of Directors;
- 18.5 Decide on the settlement of losses and the application of any reserve funds;
- 18.6 Appoint the Chairperson of the Board from among the members;
- 18.7 Decide on the issuance of new shares, preferred shares, dividend shares or other securities or instruments giving any right to any share in the Company, or the granting of any rights to

subscribe for any shares or any acquisitions of shares by the Company and amending rights attached to any class of shares;

- 18.8 Decide on the division, merger, transformation or dissolution of the Company and opening of branch offices;
- 18.9 Decide on the appointment of liquidators;
- 18.10 Decide on any increase or decrease of the registered capital of the Company provided;
- 18.11 Decide on the sale of the whole or all the assets of the Company or a substantial part thereof;
- 18.12 Amend the Memorandum of Association and these articles of Association;
- 18.13 Decide on all matters entrusted to the General Meeting by relevant legal regulations, Memorandum and Articles of Associations of the Company.

ARTICLE 19 **BOARD OF DIRECTORS**

- 19.1 The Company shall be managed by a Board of Directors comprising four members appointed in accordance with the Option Joint Venture Shareholders Agreement of **** day and as amended. Each member of the Board of Directors shall have the expertise and qualifications required to carry out their duties as members.
- 19.2 The Board shall elect a natural person as a Chairperson from among its members, where no chairperson has been elected by the General Meeting of the Shareholders.
- 19.3 Subject to re-appointment, the term of office of the directors shall be 3 /Three/ years.

ARTICLE 20 **MEETING OF THE BOARD OF DIRECTORS**

- 20.1 Meeting of the Board of Directors shall be convened twice a year.
- 20.2 Notice of meetings, signed by the Chairperson, enclosing the date, time, place, the agenda and related documents of the meeting shall be sent to Directors 15 /Fifteen/ business days prior to the meeting, unless all members of the Board waive such right in writing.
- 20.3 Meetings of the Board of Directors shall be chaired by the chairperson and in his/her absence by a member elected by the Board of Directors.
- 20.4 A quorum shall be attained if an absolute majority of the members of the Board of Directors are present or represented.
- 20.5 A decision shall be deemed adopted if an absolute majority or 2/3 of the attending members of the Board of Directors votes in its favor. The Chairperson of the Board of Directors shall have the casting vote in the event that the Board is evenly divided on any decision.
- 20.6 The Board may appoint a secretary from the Company's officers and shall fix his/her remuneration.

- 20.7 Decisions by the Board shall be drawn up as minutes and shall be signed by the Board members and a secretary. The minutes shall be kept in a minute book.
- 20.8 Copies of decisions shall be signed by the Chairperson and the secretary.
- 20.9 The Board shall determine its rules of procedure.

ARTICLE 21
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 21.1 All powers and duties except those specifically reserved for other organs of the Company by law, or the Memorandum and Articles of Association and Option and Joint Venture agreement of *** and any amendments thereto, shall be vested in the Board of Directors.
- 21.2 Without prejudice to the generality of the foregoing and the quorum requirement to pass a decision, the powers and duties of the Board shall include the following.
- a. Act on behalf of the General Meeting of the Shareholders in all matters and represent same with respect to third parties;
 - b. Manage the operations and organization of the Company and decide on all matters that affect the interest of the Company;
 - c. Approve the appointment, transfer and dismissal of department heads, secretary of the Board and agents of the Company upon the recommendation of the General Manager and fix their remuneration;
 - d. To set up any reserve funds required by law or others and decide on their utilization, upon approval by the General Meeting of shareholders;
 - e. Ensure the preparation of annual, quarterly, extraordinary consolidated financial statements /audited and un-audited/ and submit the same to the General Meeting.
 - f. Convene the Shareholders' Meeting and be present at the meeting to ensure the due conduct of the meeting.
 - g. Prepare and submit the proposal on issues pertaining to division, merger, liquidation or dissolution of the Company and opening of branches;
 - h. To prepare and submit proposals on profit distribution and the amount and form of dividends;
 - i. Prepare and submit the revised, expansion business plan and annual budget of the Company for approval by the Shareholders Meeting.
 - j. Approve the principles and policies for internal control systems, the organizational structure of the Company and any changes thereto and control the operation of the Company;
 - k. To ensure that accounting, business books and regular records of the management and Board meetings are properly kept;
 - l. To submit annual reports on the operations including financial reports and performance of the Company and implement the resolutions of the shareholders' meeting;
 - m. Discharge all other duties and assume responsibilities required by Article 362 and 363 of the Commercial Code of Ethiopia, including taking all steps necessary for achieving the business objectives of the Company.

ARTICLE 22
RESIGNATION AND REPLACEMENT OF DIRECTORS

- 22.1 A member of the Board of Directors may resign only upon delivery of a written resignation notice submitted to the Board. A signature of the resigning member of the Board of Directors

shall be officially verified, and the Board is obliged to accept the resignation notice and shall confirm acceptance of the resignation in writing.

- 22.2 In the event of resignation by one or more members of the Board of Directors during the financial year, the remaining members may appoint other persons until the next Shareholders' Meeting. The appointments of new members of the Board of Directors shall be submitted to the next General Meeting of the Shareholders for conformation and the General Meeting may confirm their appointments or appoint other members in their place.
- 22.3 Where the remaining members of the Board of Directors are less than three, they may not appoint new members but shall convene a General Meeting to appoint other members.
- 22.4 Where there are no remaining members of Board of Directors, the Auditors shall convene a General Meeting without unnecessary delay for members of the Board of Directors to be elected.

ARTICLE 23 **LIABILITY OF DIRECTORS**

Directors shall be jointly and severally liable to the company for damages caused by failure to carry out their responsibilities.

ARTICLE 24 **THE GENERAL MANAGER**

- 24.1 Mr. Dan O'Brien, Canadian National, Passport No. HH088297 has been appointed to be the first General Manager of the company.
- 24.2 Notwithstanding the powers provided in the Memorandum of Association and the Option and Joint Venture agreement of *** and any amendments thereto, the General Manager shall have the following powers:
- a. Be an employee of the Company and may be a Director.
 - b. Participate in meetings of the Board of Directors.
 - c. Manage the day-to-day affairs of the Company.
 - d. Execute documents for and on behalf of the Company.
 - e. Implement resolutions passed by the Board of Directors.
 - f. Employ, dismiss, promote, transfer the necessary staff and determine their salaries and allowances in accordance with the directives issued by the Board of Directors.
 - g. Open a Bank Account in the name of the Company;
 - h. Deposit money and Company funds therein and withdraw the same;
 - i. Collect all payments due to the Company and make payment to third parties;

- j. Affix the Company's signature to all documents, deeds, receipts, cheques, drafts, contracts, agreements, orders, indentures, transfers assignments, and generally all negotiable instruments relating to the business of the Company upon approval in accordance with Option and Joint Venture agreement of *** and any amendments thereto;
- k. Negotiate and conclude contracts, demand and enforce performance of same;
- l. Keep regular records of the management, accounts and books of the Company;
- m. Represent the Company either personally or by employing the service of a legal counsel before third parties, any judicial or quasi-judicial forum, central and local administrative bodies;
- n. To prepare and submit for approval to the Board the work plan and budget of the Company at least two months before the beginning of the financial year;
- o. To prepare and submit quarterly activity reports, annual report of the Company's operations including financial statement to the Board;
- p. To perform all such other duties as the Board of Directors may, from time to time authorize him to perform;
- q. The General Manager is empowered to delegate temporarily some of or all the powers enumerated under this Article to third parties;
- r. The general Manager shall have the power to appoint agents and lawyers to the company.

ARTICLE 25 **AUDITOR**

- 25.1 The company shall have one or more Auditor/s who shall be appointed by the General Meeting of the shareholders or by the Board of Directors if delegated by the Shareholders' Meeting.
- 25.2 Subject to re-appointment, the term of office of the Auditor/s shall be 1 /one/ year.
- 25.3 The remuneration of the Auditor/s shall be fixed by the General Meeting of the Shareholders.

ARTICLE 26 **POWERS AND DUTIES OF THE AUDITOR**

The auditor/s shall have the following powers and duties:

- 26.1 To audit the books and securities of the Company in accordance with International Auditing Standards;
- 26.2 To verify the correctness and accuracy of the inventories, balance sheets, profit and loss accounts;
- 26.3 To certify that the report of the Board of Directors reflects the correct state of the Company's affairs;

- 26.4 To submit to the General Meeting of the Shareholders a written report on the manner in which he has carried out his duties and his comments on the report of the Board of Directors;
- 26.5 To inform the Board of Directors or the General Meeting of the Shareholders where he finds irregularities of breaches of legal or statutory requirements;
- 26.6 To call a meeting of the shareholders where the Board of Directors fail to do so;
- 26.7 To carry out such other duties as may be authorized by law or entrusted to him by the General Meeting of the Shareholders.

ARTICLE 27
LIABILITY OF THE AUDITOR

The Auditor/s shall be liable to the company and third parties for any fault in the exercise of his duties.

ARTICLE 28
ACCOUNTS

- 28.1 The company shall maintain its books of accounts as provided for in the Commercial Code and at the end of each financial year the General Manager shall:
- a) draw up a balance sheet and a profit and loss accounts; and
 - b) Prepare a report on the state of the Company's activities and affairs during the last financial year.
- 28.2 The provisions of article 446 and 448 of the Commercial Code shall apply.
- 28.3 The balance sheet, profit and loss account, the Board of Directors' and auditors' reports shall be submitted to the General Meeting of the Shareholders annually.

ARTICLE 30
RESERVE FUNDS

- 30.1 No less than one twentieth of the annual net profit of the Company shall be transferred to the legal reserve fund until such fund amount to one-fifth of the capital of the company.
- 30.2 The Legal Reserve Fund may be utilized, upon a decision of the shareholders meeting
- a) to cover losses incurred by the Company; and
 - b) to expand the activities of the Company

ARTICLE 31
DISSOLUTION AND WINDING-UP

- 31.1 The Company may be dissolved for any of those reasons specified under Article 495 of the Commercial Code.
- 31.2 The liquidators of the company shall be appointed by the General Meeting of the Shareholders that decide the dissolution.

ARTICLE 32
AMENDMENT

The Extraordinary General Meeting of the Shareholders may from time to time alter or add to any of these Articles of Association or the Memorandum of Association in accordance with relevant provision of the Commercial Code of Ethiopia.

ARTICLE 33
DISPUTE SETTLEMENT

- 33.1 If any dispute or differences of any kind whatsoever arising out of or relating to Axum Mining S.C. or among the shareholders of the Company, it shall be settled as much as possible amicably between themselves.
- 33.2 If the dispute or difference could not be solved amicably within 45 days of the notice to amicably resolve the matter, then the dispute or the difference shall be referred to an arbitration panel composed of three arbitrators at the Dubai International Arbitration Center, in accordance with the following provisions:
- a) Each shareholder shall appoint one arbitrator and these two arbitrators shall jointly appoint a third arbitrator, who shall chair the arbitration panel. If the arbitrators named by the shareholders do not succeed in appointing a third arbitrator, at the request of either shareholder, be appointed by the Secretary General of the Dubai International Arbitration Center.
 - b) If the shareholder fails to appoint its arbitrator within 30 calendar days after the other shareholder has appointed its arbitrator; the shareholder who has named the arbitrator may apply to the Dubai International Arbitration Center to appoint an arbitrator.
 - c) If for any reason an arbitrator is unable to perform his function, substitute shall be appointed in the same manner as the original arbitrator.
- 33.3 Such arbitration shall be conducted in London in the English language in accordance with the ICC arbitration rules. The substantive laws of Ethiopia shall be applicable.
- 33.4 The decision of the arbitration shall be final and binding.

ARTICLE 34
GOVERNING LAWS

Matters that are not expressly covered by the Memorandum and these Articles of Association shall be governed by the Option and Joint Venture Shareholders Agreement Commercial Code of Ethiopia, and other relevant laws of Ethiopia.

ARTICLE 35
DURATION

The Company is established for an indefinite period of time.

ARTICLE 36
ENTRY INTO FORCE

This Article of Association shall become effective on the date they are authenticated.

IN WITNESS THEREOF, WE THE UNDERSIGNED has affixed our signatures hereto and has caused this Article of Association to be authenticated the -----, at Addis Ababa.

NAMES

SIGNATURES

1.
(Represented by)
2.
(Represented by)
3.
(Represented by)
4.
(Represented by)
5.
(Represented by)



**MEMORANDUM OF ASSOCIATION
AXUM METALS SHARE COMPANY**

WHEREAS, the undersigned, whose names, nationalities and addresses appear on this Memorandum of Association are desirous of forming Axum Metals Share Company; and

WHEREAS, the Law requires the Company to be formed by the Memorandum of Association and governed by the Articles of Association;

NOW THEREFORE, the General Meeting of Shareholders of the Company held at the head office in Addis Ababa, Ethiopia hereby after reading and deliberating on this Memorandum of Association established the Company as a Share Company in accordance with the Commercial Code of Ethiopia of 1960 by the founders whose names and addresses are specified hereafter.

**ARTICLE 1
NAMES, ADDRESSES AND NATIONALITIES OF MEMBERS AND NUMBER OF SHARES**

S. No	Name	Nationality	Address
1			
2			
3			
4			
5			

**ARTICLE 2
THE NAME OF THE COMPANY**

The name of the Company is Axum Metals Share Company- hereinafter referred to as the "Company."

**ARTICLE 3
HEAD OFFICE**

The head office of the Company is Addis Ababa, Ethiopia. The Company may have branches within or outside Ethiopia in different places or countries as may be decided in accordance with the Memorandum and Articles of Association.

ARTICLE 4
BUSINESS PURPOSES

The Company's business purposes are the following;

1. To engage in the exploration and mining of precious and base metals

ARTICLE 5
CAPITAL

1. The Company's initial capital is 1 Million Birr out of which 100% is contributed in kind.
2. Each share has a par value of Birr 10,000 (Ten thousand).
3. All shares are of the same class registered in the names of the Shareholders and numbered.
4. The capital of the Company may increase in accordance with Article 464 of the Commercial Code of Ethiopia.

Therefore, the share of each Shareholder shall be as follows:

S. No	Shareholders	No. of Shares	Par value	Paid up
				In Kind
1	Ezana	96	10,000	960,000
2		1	10,000	10,000
3		1	10,000	10,000
4		1	10,000	10,000
5		1	10,000	10,000
		100		1,000,000

ARTICLE 6
DISTRIBUTION OF PROFITS OF THE COMPANY

1. Unless the Shareholders otherwise agree, at the end of each financial year, financial statements (balance sheet and profit and loss account) prepared in accordance with the International Financial Reporting Standards (IFRS) showing the assets and liabilities as well as the profits or losses of the Company shall be submitted, along with a Board of Directors' Report, to the General Meeting of Shareholders.
2. The net profit of the Company set aside for distribution by the Shareholders' Meeting shall be distributed among the Shareholders in proportion to their contributions and in accordance with the Option and Joint Venture Shareholders Agreement of *** 2017 and any amendments thereto.
3. Registered shares shall be entitled to such dividends as are determined by the Ordinary General Meeting of the Shareholders at the end of each financial year after allocation of required reserves, if need be.

ARTICLE 7
ORGANS OF THE COMPANY

The following constitute organs of the Company:

1. General Meeting of the Shareholders;
2. Board of Directors;
3. General Manager; and
4. Auditors.

ARTICLE 8
GENERAL MEETING OF THE SHAREHOLDERS

1. The General Meeting of the Shareholders shall be the supreme organ of the Company.
2. Subject to the Option and Joint Venture agreement of *** 2017, and any amendments thereto, the powers and duties of the General Meeting shall be the following:
 - a. Approval of any amendment to the Memorandum or Articles of Association of the Company.
 - b. Approval of the voluntary winding-up or dissolution of the Company.
 - c. Approval of any merger or other corporate reorganization of the Company.
 - d. Appointment or removal of the members of the Board of Directors of the Company and the determination of their remunerations.
 - e. Appointment of the Auditors of the Company and fixing their remunerations.
 - f. Considering the financial statements and the Board of Directors' Annual Report.
 - g. Considering the Auditor's Annual Report.
 - h. Deciding on the distribution of the profits of the Company.
 - i. Alteration of the Company's capital.

ARTICLE 9
BOARD OF DIRECTORS

1. The Company shall be administered by a Board of Directors, consisting of four (4) members to be elected by the General Meeting of Shareholders in accordance with the Option and Joint Venture agreement of ***, 2017 and any amendments thereto; provided always that no Shareholder shall be represented by more than 1 (one) member of the Board of Directors.
2. The following are the first members of Board of Directors:

No	Full Name	Address	Position
1			Member
2			Chairman
3			Member
4			Member

3. One of the members of the Board of Directors shall be appointed as Chairperson by the Board of Directors.
4. Members of the Board of Directors can be elected for second terms upon the end of their current term.



5. Where there is a need to change a member of the Board of Directors, Article 351 of the Commercial Code of Ethiopia shall apply.
6. Each member of the Board of Directors shall deposit a share as a guarantee with the Company until the expiry of his/her term.
7. The Board of Directors shall have a Secretary, and all decisions and minutes of Board meetings shall be registered and deposited with the Secretary.

ARTICLE 10

POWER AND DUTIES OF THE BOARD OF DIRECTORS

1. Members of the Board of Directors shall exercise the duties necessary to carry out the powers and responsibilities entrusted to them by the virtue of the Law, the Memorandum and Articles of Association of the Company, the Option and Joint Venture shareholders agreement of **** day and any amendments there to and the decisions passed by the General Meeting of the Shareholders (except for matters reserved by the Law, or the Memorandum or Articles of Association of the Company, for the General Meeting of Shareholders.)
2. The Board of Directors shall hold meetings in accordance with the terms agreed in the Option and Joint Venture shareholders agreement of **** 2017, and any amendments thereto.
3. Without prejudice to the generality of the foregoing, the powers and duties of the Board shall include the following:
 - a) Act on behalf of the General Meeting of the Shareholders in all matters and represent same with respect to third parties;
 - b) Set up any reserve funds required by Law or otherwise and decide on their utilization, upon approval by the General Meeting of Shareholders;
 - c) Review the financial statements of the Company and submit the Report to the General Meeting of Shareholders;
 - d) Approve the formation of committees of the Board of Directors or changing the composition thereof;
 - e) Approve the granting of authorities in accordance with the internal policy on behalf of the Company (without prejudice to the Memorandum of Association);
 - f) Attend General Meetings of Shareholders as and when invited thereto;
 - g) Prepare and submit to the General Meeting of Shareholders the proposal on issues pertaining to division, merger, liquidation or dissolution of the Company;
 - h) Prepare and submit to the General Meeting of Shareholders proposals on profit distribution and the amount and form of dividends;
 - i) Hire an internal auditor(s);
 - j) Ensure that the regular records of Board meetings are properly kept;
 - k) Approve the establishment of subsidiaries of the Company;
 - l) Discharge all other duties and assume responsibilities required by Article 362 and 363 of the Commercial Code of Ethiopia.

ARTICLE 11
THE MANAGEMENT OF THE COMPANY

1. The day-to-day management of the Company shall be carried out by the General Manager, to be appointed and whose remuneration and duties shall be fixed by the Board of Directors.
2. Mr. Daniel O'Brien, Canadian National, Passport No. HH088297 has been appointed to be the first General Manager of the company.

ARTICLE 12
POWERS OF THE GENERAL MANGER

The General Manager shall have the following powers and duties:

1. The General Manager shall direct the business objectives of the Company entrusted to him by the Law, the Memorandum and the Articles of Association of the Company, and directives of the Board of Directors.
2. The General Manager shall represent the Company before courts of law, government departments, municipal authorities, domestic and foreign companies and third parties.
3. The General Manager is accountable to the Board of Directors and is responsible for proposing strategy to the Board of Directors and heading the management team to execute the approved strategy. He/she may delegate all or part of his/her powers and decision-making authorities to executive members of the management team (including the Financial Manager).
4. The General Manager shall approve all necessary contracts, agreements documents, receipts, charges and any other instruments relating to the Company's business for or on behalf of the Company within the limits set in the Company's internal policy approved by the Board of Directors and the Option and Joint Venture Shareholders' Agreement dated *** 2017, and any amendments thereto.
5. The General Manager shall open accounts with banks.
6. The General Manager shall sign in the name of the Company all cheques, drafts, orders, transfers, assignments, customs declarations, tax returns, and foreign exchange applications, whenever necessary within the limits set in the Company's internal policy approved by the Board of Directors.
7. The General Manager shall keep or cause to be kept accounts, records and books of the Company in accordance with the requirements of Law and sound business practice.
8. The General Manager shall ensure the preparation of annual, quarterly, extraordinary consolidated financial statements (audited and un-audited) and submit the same to the General Meeting of Shareholders.
9. The General Manager shall prepare and submit the business plan and annual budget of the Company and any revisions thereof for approval by the Board of Directors.
10. The General Manager shall submit annual reports on the operations including financial reports and reports on the performance of the Company to the Board of Directors and implement the resolutions of the Board of Directors.
11. The General Manager shall have additional powers as provided in the Option and Joint Venture agreement of *** 2017, and any amendments thereto.

ARTICLE 13

AUDITORS

1. The Company shall have one or two Auditors appointed by the General Meeting of the Shareholders as per Articles 373-380 of the Commercial Code of Ethiopia governing the duties, powers, and responsibilities of the Auditors.
2. The number and remunerations of the Auditors shall be determined by the General Meeting of the Shareholders.
3. The appointed Auditors shall serve for one full financial year and their appointment may be renewed.

ARTICLE 14

THE FINANCIAL YEAR

1. The financial year of the Company is the Gregorian calendar year. The first financial year of the Company shall start on its date of its establishment and lapse on the 31st of December of the following calendar year.
2. The following financial years shall commence on the 1st of January and end on 31st of December.
3. The financial statements of the Company shall be drawn-up at the end of its financial year.

ARTICLE 15

DURATION OF THE COMPANY

The Company is established for an indefinite period of time. It can, however, be dissolved at any time for the reasons provided under Article 495 of the Commercial Code of Ethiopia, or any relevant law.

ARTICLE 16

GENERAL

All affairs of the Company, which are not covered in this Memorandum of Association and the Articles of Association attached shall be governed by the Commercial Code of Ethiopia and the Option and Joint Venture Shareholders Agreement of ***** day or any amendments thereto, and the internal policy of the Company to be approved by the Board of Directors.

ARTICLE 17

NOTICE AND REGISTRATIONS

The Company shall have legal personality after it is publicized to the general public and registered in the concerned government office.

The founding members of the Company have read and approved this Memorandum of Association on this [] day of [] 2017, in Addis Ababa, Ethiopia.

NAMES

SIGNATURES

1

2.

3.



4.

5.

AP

HR

EXHIBIT D

FORM OF DEED OF ADHERENCE

THIS DEED is made the day of 201•

BETWEEN:

(1) [] of []

(“the New Shareholder”); and

(2) [] of []

(“the Existing Shareholders”); and

(3) [] of []

(“the Transferor”)

WHEREAS:-

(A) By an Agreement dated [] 2017 (“the Shareholders’ Agreement”) made between Axum Metals S.C. (“the Company”) and the Existing Shareholders, the Transferor and the Company

Option A [to be used where shares are to be transferred]

and to which the Transferor is a party [by virtue of a D’eed of Adherence dated [insert date]], the Transferor has agreed to sell and transfer to the New Shareholder [insert number and class of shares] conditional upon the New Shareholder entering into this Deed of Adherence.

Option B [to be used when shares are to be subscribed]

the Company will issue to the New Shareholder [insert number and class of shares] conditional upon the New Shareholder entering into this Deed of Adherence.

The New Shareholder wishes to acquire those shares, subject to such condition and to enter into this Deed of Adherence pursuant to the Shareholders Agreement.

THE PARTIES AGREE as follows:-

The New Shareholder hereby undertakes to and covenants with all the parties to the Shareholders Agreement from time to time (including any person who enters into a Deed of Adherence pursuant to the Shareholders Agreement whether before or after this Deed is entered into) to comply with the provisions of and to perform all the obligations in the Shareholders Agreement in so far as they remain to be observed and performed, as if the New Shareholder had been an original party to the Shareholders Agreement in place of the Transferor in relation to the Shareholders Agreement. The New Shareholders also assume all of the past, present and future obligations, responsibilities and liabilities arising from the transfer of the shares.

The Transferor hereby assigns to the New Shareholder its share of its rights, under the Shareholders Agreement in proportion to the number of shares transferred as against the number of shares retained by the Transferor (if any).

Except as expressly varied by this Deed, the Shareholders Agreement shall continue in full force and effect, and the Shareholders Agreement shall be interpreted accordingly.

The interpretation provisions and the provisions of clause 18.1 (Notices), clause 18.8 (Confidentiality and Public Statements), clause 18.9 (Entire Agreement), clause 18.10 (Dispute Resolution), clause 18.16 (Governing Law and Jurisdiction), clause 18.19 (Counterparts), of the Shareholders Agreement shall apply to this Deed as if those provisions had been set out expressly in this Deed, which shall take effect from the date set out above.

EXHIBIT E
Company Details Pre and Post Completion

Shareholders and Shareholding:

Shareholder	(1) Effective Date	(2) Phase 1 – Earn-in completion	(3) Phase 2 – Earn-in completion	(4) Phase 3 – Earn-in completion
EZANA	100%	49%	32.5%	30%
SUN PEAK METALS CORP.	0%	51%	67.5%	70%
	100%	100%	100%	100%

EXHIBIT F

Matters requiring the unanimous consent of the Shareholders

1. The adoption and amendment to the Development program.
2. The appointment and removal of the Manager and the Auditor.
3. The borrowing of money by the Company.
4. The creation of any charge or other security over any assets or property of the Company other than in the normal course of its business of the Company.
5. The giving of any guarantee or indemnity other than in the normal course of its business of the Company.
6. The making of any loan or advance by the Company to any person, firm, body corporate or other business, other than in the normal course of its business of the Company.
7. Any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, holders of Shares.
8. The authorization, creation or issuance of any class or series of Shares.
9. Any repurchase or redemption of Shares by the Company.
10. Any amendment or repeal of any provision of the Articles of the Company or any of its subsidiaries, other than changes required pursuant to applicable corporate Laws that do not materially adversely impact the rights of the Shareholders.
11. The voluntary winding-up or dissolution of the Company.
12. The submission to any general meeting of any resolution to voluntarily wind-up or dissolve the Company.
13. The entry into any compromise or arrangement with the Company's shareholders or creditors.
14. The sale of all or substantially all the Company's assets or the purchase of all or substantially all of the assets of another entity.
15. The declaration or payment of a dividend on Shares of the Company other than as specifically provided for in this Agreement or the Articles.
16. Any change in the size of the Board of Directors, which shall be set at four (4) directors.
17. Any material change in the nature of the business of the Company.
18. Any transaction between the Company and any of its shareholders, directors, officers, employees or other insiders and any of their family members or affiliates other than on an arms-length basis and upon full disclosure to shareholders.
19. Incur any capital expenditure outside of the agreed Budget or agreed Exploration Expenditures, other than expenditures pursuant to clause 11.10.



20. The surrender or abandonment of some or all of the Properties.

21. A change to any Area of Interest.

A handwritten signature in blue ink, appearing to be a stylized 'A' or 'B' with a crossbar.A handwritten signature in blue ink, appearing to be 'GQ' or similar initials.

EXHIBIT G

Initial Program and Budget for Meli and Terer Projects

Objective from the first 6 month exploration program

The total estimated budget for the Initial 6 month program is USD \$ 767,970

The objective for this initial 6 month work program is to gain an understanding of the Arabian-Nubian Shield VHMS trends across the Mele and Terer projects. This work will be the foundation for the management team to then to further plan and apply more aggressive exploration work on the areas.

The initial six month work program will establish an office and an exploration camp at Shire. Initial geological work will focus on understanding results from previous exploration programs by re-logging and re-assaying existing drill core from the Mele and Terer VHMS Projects. Project rock code and libraries will be established based on the previous experiences in the ANS. Exploration crews will be deployed to the main VHMS trends at Adi Ekele, Mai Argab and Meli to conduct detailed structural and geological mapping under the supervision of experienced ANS geologists.

Initial geophysical surveys consisting of detail ground deep electromagnetic survey and accompanied by ground gravity surveys over the main VHMS trends will help to establish an exploration model. An initial 500 meter diamond drill program is proposed to test models developed from the ground geophysical surveys and for due diligence purposes on existing zones.

Training of local geologists and geotechnicians will be done throughout the initial 6 month program in anticipation of ramped up programs to follow.

Upon completing of this initial six month exploration program at Meli and Terer VHMS projects, it is expected that project will be ready for a much more aggressive exploration program to better define the VHMS trends and their economic potential on the Meli and Terer Projects.

Proposed work program:

- Setting up an appropriate office and an exploration camp in or near Shire.
- Re-surveying old drill hole collars and trenches from previous operators with total station or RTK GPS system.
- Re-logging and re-assaying of the pre-existing drill core from previous operators from Terer and Meli VHMS projects.
- Establishing project rock codes and library based on previous experience in the ANS.
- Detail geological and structural mapping at 1:2,000 scale of the Main VHMS trends at Meli, Adi Ekele and Mai Argab exploration projects.
- Conducting detailed ground gravity survey at 20 by 100 meters grid spacing over the VHMS main trends at Meli and Terer projects.
- Conducting a detail ground deep electromagnetic survey at 200 meters line spacing as a follow up of the gravity survey.
- An Initial 500 meter diamond drill program.



Proposed Initial Budget for Exploration Programs at Meli and Terer Projects

SUMMARY	
COUNTRY:	
Item	Total Budget
Total Budget	\$ 767,970
Head Office Charges	\$ -
Social	\$ -
Capital Cost	\$ -
Head Office Mngt 5% Total Ext + Total Local	\$ 36,570
Subtotal Local and External cost	\$ 731,400
Local Office	\$ 571,400
Fixed Monthly Cost	\$ 131,400
Office & Administration	\$ 10,500
Office & Admin Personnel	\$ 20,400
Office & Admin Vehicles	\$ 16,500
Exploration Personnel	\$ 84,000
Variable Monthly Cost	\$ 440,000
Daily labour	\$ 12,000
Local Consultancies and Contractors	\$ 50,000
Exploration - Administration (permits)	\$ -
Exploration Vehicles and Equipment (plus Diesel)	\$ 91,000
Drilling, Support and Diesel - locally paid	\$ 82,000
Analytical	\$ 100,000
Withholding Tax	\$ 24,000
Camp Costs	\$ 45,000
Equipment and supplies + other costs	\$ 21,000
Travel costs - In Country	\$ 15,000
Amounts Paid by External Office	\$ 160,000
Monthly Cost	\$ 160,000
Expat/Other Office Payroll	\$ -
Geophysics Contractors	\$ 160,000
Equipment (HW/SW plus Other Office purchase)	\$ -
Consultants	\$ -

EXHIBIT H

Carried 7.5% Net Profits Interest

"Net Profits" means, with respect to each period of calculation, the Gross Receipts minus allowable deductions of the amount of those Gross Receipts, of the then unrecovered amounts of the following classes of Costs made in the following itemized order:

Marketing Costs;
Distribution Costs;
Operating Costs;
Taxes and Royalties;
Interest Costs; and
Capital Costs.

For greater certainty, in calculating Net Profits at any time, each of the classes of Costs shall constitute a separate pool from which all Costs deducted on any previous annual calculation shall be removed or since the date of the late annual quarterly calculation shall be added.