

INUIT OWNED LANDS MINERAL EXPLORATION AGREEMENT

MADE EFFECTIVE THE FIRST DAY OF NOVEMBER 2024

BETWEEN:

NUNAVUT TUNNGAVIK INCORPORATED

AND:

1501253 NUNAVUT LTD.

CONFIDENTIAL

Agreement Number and Name:

CO54CO58-24-001

[COPPERMINE]

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INUIT OWNED LANDS MINERAL EXPLORATION AGREEMENT

THIS AGREEMENT dated and made effective the first day of **November 2024**

BETWEEN:

NUNAVUT TUNNGAVIK INCORPORATED,
a corporation under the laws of Canada
(“NTI”)

OF THE FIRST PART

AND:

1501253 NUNAVUT LTD.,
a corporation incorporated under the laws of the Province of **BRITISH COLUMBIA**, CANADA
(the “Holder”)

OF THE SECOND PART

WITNESSES THAT WHEREAS:

- A. NTI owns the Minerals within, upon, and under the Exploration Area; and
- B. The Holder wishes to obtain exclusive rights to:
 - (i) explore for Minerals within, upon and under the Exploration Area; and
 - (ii) subject to the terms and conditions of this Agreement, acquire an Inuit Owned Lands Mineral Production Lease;

IN CONSIDERATION OF the covenants and agreements herein, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, NTI and the Holder covenant and agree as follows:

1. INTERPRETATION

1.01 Definitions

Except where defined differently for purposes of another specific provision of this Agreement, each of the following capitalized terms, and the word “including”, has the meaning attributed to it in this section 1.01:

“Advance Royalty Payment” means a payment made or payable by the Holder to NTI in accordance with section 5.09 of this Agreement or section 4.07 of the Production Lease.

“Affiliate” or **“Affiliated Party”** means a corporation that, directly or indirectly, controls or is controlled by or is under common control with the Holder or NTI, as the case may be, where control means sufficient voting control to elect a majority of the board of directors or an interest that allows the holder or holders thereof either directly (by way of agreement or otherwise) or indirectly to direct or cause the direction of management and policies of the corporation through contract, voting trust or otherwise.

“Agreement” means this Inuit Owned Lands Mineral Exploration Agreement, including its Recitals and each of its Schedules.

“Anniversary Date” means, subject to section 4.02, the anniversary of the Effective Date.

“Annual Exploration Report” has the meaning given in paragraph 6.01(a).

“Annual Exploration Work Value” means the value of the Exploration Work that the Holder has carried out in a Term and has described in the corresponding Annual Exploration Report, as that value is finally determined pursuant to sections 6.02 and 6.03

“Annual Fees” means the annual fees listed in the table that appears in section 1 of Schedule “B”.

“Applicable Surface Right” means a Surface Right required to carry out Exploration Work.

“Application” means an Application for an Inuit Owned Lands Mineral Exploration Agreement as amended by NTI from time to time.

“Bonus Payment” means a payment of the kind described in section 5.08.

“Business Day” means a day on which chartered banks in Nunavut are open for the transaction of business with the general public.

“Carving Stone” means serpentinite, argillite and soapstone where those substances are available for use for carving purposes.

“CIM Definition Standards” means the *CIM Definition Standards for Mineral Resources and Mineral Reserves* prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on November 27, 2010.

“Commencement Date” has the meaning given in Rule 2 of Schedule “F”.

“Consolidated Exploration Agreement” has the meaning given in paragraph 7.03(b).

“Consolidated Exploration Area” has the meaning given in paragraph 7.03(a).

“Default Notice” has the meaning given in section 10.01.

“Deficiency” has the meaning given in paragraph 5.03(f).

“Deficiency Notice” has the meaning given in paragraph 5.03(g).

“Designated Inuit Organization” has the meaning given in the NLCA.

“Effective Date” means **November 1, 2024.**

“Enlarged Exploration Area” has the meaning given in paragraph 7.02(c).

“Excluded Exploration Area” has the meaning given in paragraph 5.06(b).

“Exclusive Right” has the meaning given in section 3.02.

“Existing Mineral Right” means

- (a) a lease acquired pursuant to the NMR; or
- (b) any right to Minerals that NTI has granted

that is in effect on the Effective Date.

“Exploration Agreement” means an Inuit Owned Lands Mineral Exploration Agreement.

“Exploration Area” means the area encompassed by the Inuit Owned Lands described in Schedule “A” as that area is reduced, added to, consolidated or subdivided from time to time pursuant to

- (a) this Agreement; or
- (b) where the context so requires, another Exploration Agreement,

provided that the Exploration Area does not include any area that is subject to an Existing Mineral Right.

“Exploration Work” means the following work, subject to Schedule “C”, done by or for the Holder for the purpose of determining the existence, location, boundaries, strike length, geographic extent, quality, grade, tonnage or economic potential of a Mineral deposit situated within, upon or under the Exploration Area:

- (a) searching, prospecting, exploring, stripping, drilling, trenching, sinking shafts, driving adits or drifts, and sampling for Minerals, including bulk sampling, within the Exploration Area;
- (b) geological, geophysical and geochemical investigations of the Exploration Area made on the ground, from aircraft or using remote sensing techniques;
- (c) a survey of all or part of the boundary of the Exploration Area carried out by a Canada Lands Surveyor for the purpose of preparing a legal description of the property that constitutes the Exploration Area;
- (d) work done in constructing roads or airstrips to provide access to a work site or to the Exploration Area;

- (e) work done in order to construct a camp or related facilities within the Exploration Area;
- (f) conducting studies, including environmental and socio-economic impact studies and consultations carried out in connection with such studies, and monitoring of environmental and socio-economic conditions;
- (g) conducting the work necessary to prepare a Study;
- (h) preparing estimates of a Mineral Resource or Mineral Reserve, including metallurgical, environmental, geotechnical and engineering studies;
- (i) compiling historical geoscience data in respect of the Exploration Area;
- (j) interpreting exploration data and other results in respect of the Exploration Area and preparing reports with respect thereto; and
- (k) any other work of a kind and to the extent approved by NTI as Exploration Work,

but does not include any work performed for the purpose of bringing a Mine into production.

“Exploration Work Account” has the meaning given in paragraph 5.03(a).

“Exploration Work Account Balance” has the meaning given in paragraph 5.03(d).

“Feasibility Study” has the meaning given in section 1.01 of the Production Lease.

“Financial Fiduciary” means a receiver, receiver-manager, liquidator, custodian, trustee in bankruptcy or similar fiduciary having the legal right to exercise authority over the interest of the Holder pursuant to this Agreement or over all or substantially all of the Holder’s assets.

“Five-Year Cap” has the meaning given in paragraph 5.03(b).

“Fixed Mineral Rent” has the meaning given in section 1.01 of the Production Lease.

“Gross Revenues” has the meaning given in section 1.01 of Schedule “D” of the Production Lease.

“Holder” has the meaning given in section 1.02.

“including” means including without limitation where the context so requires.

“Indicated Resource” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“Institute” has the meaning given in paragraph 15.07(b).

“Inuit Owned Lands” has the meaning given in the NLCA.

“Inuit Owned Lands Parcel” has the meaning given in the NLCA and **“IOL Parcel”** means Inuit Owned Lands Parcel **CO-54, and CO58.**

“Laws” means all applicable statutes, regulations, by-laws, rules or orders of any federal, territorial, municipal, or other governmental authority, including any institutions of public government, having jurisdiction and **“Law”** means any one of them.

“Material Default” means a default in the performance of an obligation established under any of the following provisions of this Agreement: section 6.01, paragraphs 8.02(b) and 8.02(c), and sections 8.04, 8.05, 9.01, 11.01, 11.03, 14.02, 14.03 and 14.04.

“Measured Resource” means, subject to paragraph 5.08(a), that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“Mine” means any land, work or undertaking wherein Minerals are removed from the earth or from talus on the Exploration Area or a Production Lease Area by any method for commercial purposes, and includes all lands, works, mills, concentrators, non-mobile machinery, roads, airstrips, tailings facilities, plant and buildings and other undertakings on the IOL Parcel below or above ground belonging to or used in connection therewith.

“Mineral Reserve” means the economically mineable part of a Measured Resource or Indicated Resource demonstrated by a Prefeasibility Study or a Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material constituting the Mineral Reserve is mined.

“Mineral Resource” means a concentration or occurrence of Minerals in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. A Mineral Resource is either an Indicated Resource or a Measured Resource.

“Minerals” means precious and base metals and other non-living naturally occurring substances whether solid, liquid or gaseous, including coal, Precious Stones and Semi-precious Stones, within, upon, or under the Exploration Area, but excluding Specified Substances, water, petroleum, natural gas and related hydrocarbons.

“Minimum Annual Work Requirement” means the annual per-hectare value of Exploration Work set out in column 2 of the table in section 1 of Schedule “C”.

“National Instrument 43-101” means National Instrument 43-101, Standards of Disclosure for Mineral Projects established by the Canadian Securities Administrators as amended or replaced from time to time.

“NI 43-101-Compliant Report” means a report prepared by or for the Holder that satisfies the requirements of National Instrument 43-101 provided that such report shall adopt the definition of “Mineral Resource” that appears in this section 1.01 in place of the definition of “Mineral Resource” that appears in the CIM Definition Standards.

“NLCA” means the Nunavut Land Claims Agreement, also known more formally as the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada* as ratified by the *Nunavut Land Claims Agreement Act*, S.C. 1993, c. 29 and by vote of Inuit.

“NMR” means the Nunavut Mining Regulations (SOR/2014-69), as amended or replaced from time to time, including any statute or legislation of Canada or Nunavut that replaces the NMR in Nunavut.

“NTI Grid System” means the mapping grid system that NTI uses to administer its mineral tenure on Inuit Owned Lands.

“Original Exploration Agreement” has the meaning given in paragraph 7.04(d).

“Original Exploration Area” has the meaning given in paragraph 7.04(a).

“Payment-in-lieu” has the meaning given in subparagraph 5.04(a)(i).

“PL Exploration Work” has the meaning given in section 1.01 of the Production Lease.

“Precious Stone” means a diamond, sapphire, emerald or ruby.

“Prefeasibility Study” means a comprehensive study of the viability of a mineral project that

- (a) has been prepared by, or under the supervision of, and certified by, one or more Qualified Persons, based on reasonable assumptions of technical, engineering, operating, economic and other relevant factors;
- (b) demonstrates or confirms that a Mineral Resource exists within, upon, or under the Exploration Area or a proposed or actual Production Lease Area and that production of Minerals from the Mineral Resource at a profit is or may be possible under economic conditions that are specified and generally accepted as reasonable by the mining industry; and
- (c) without limiting the generality of the foregoing, meets the requirements of Schedule “D”. For greater certainty, a Prefeasibility Study may be in respect of an area that includes, but is not limited to, a proposed or actual Production Lease Area.

“Product” has the meaning given in section 1.01 of the Production Lease.

“Product Payment” has the meaning given in paragraph 11.03(c).

“Production Lease” means, as the context requires, either

- (a) the form of Inuit Owned Lands Mineral Production Lease shown in Schedule “E” that has not been executed; or
- (b) if NTI and the Holder have executed the form of Inuit Owned Lands Mineral Production Lease described in paragraph (a) in relation to a Production Lease Area, whether with or without amendments, the Inuit

Owned Lands Mineral Production Lease that NTI and the Holder have so executed.

“Production Lease Area” means that part of the IOL Parcel which is determined under sections 9.03 and 9.05 as the portion of the Exploration Area to be leased to the Holder pursuant to the Production Lease and as it may be subsequently modified under the Production Lease.

“Property Tax” means “property tax” as defined in “Official Consolidation of Property Assessment and Taxation Act C.S.Nu.c. P-130”, this consolidation referred to herein as **“PATA”**.

“Qualified Person” has the meaning given in National Instrument 43-101.

“Recipient” means a person who acquires an interest in this Agreement from a Holder in accordance with Article 14.

“Reduced Exploration Area” has the meaning given in paragraph 7.01(a).

“Regional Inuit Association” and **“RIA”** mean the **Kitikmeot** Inuit Association or its successor.

“Royalty” has the meaning given in section 1.01 of the Production Lease.

“Rules” has the meaning given in paragraph 15.07(b) and **“Rule”**, when followed immediately by a number or by a number and an alphabetical letter in parentheses, refers to the provision of the Rules identified by that number or by that number and the alphabetical letter in parentheses, as the case may be.

“Semi-precious Stone” means a stone valued for use in jewellery, artwork or ornaments, but having less commercial value than a Precious Stone, applied especially to such stones as amethyst, garnet, jade and tourmaline.

“Specified Substances” means construction stone, sand and gravel, limestone, marble, gypsum, shale, clay, volcanic ash, earth, soil, diatomaceous earth, ochre, marl, peat and Carving Stone.

“Statement of Costs” has the meaning given in subsection 2(1) of Schedule “C”.

“Study” means a Prefeasibility Study or Feasibility Study.

“Subdivided Exploration Agreement” has the meaning given in paragraph 7.04(d).

“Subdivided Exploration Area” has the meaning given in paragraph 7.04(a).

“Surface Right” means a right granted by the RIA to use, occupy or possess Inuit Owned Lands, excluding Minerals, but including the surface thereof and Specified Substances.

“Term” has the meaning given in section 4.01.

“Tribunal” has the meaning given in Rule 2.

“Work Requirement” means the product obtained by multiplying the Minimum Annual Work Requirement for the applicable Year by the number of hectares that comprise the Exploration Area.

“Year” means, subject to section 4.02, the twelve-month period beginning on the Effective Date and ending at midnight, Mountain Time, on the day before the first Anniversary Date, and thereafter, the period beginning on each subsequent Anniversary Date and ending at midnight, Mountain Time, on the day before the Anniversary Date that next follows.

1.02 Holder

Notwithstanding any other provision of this Agreement, the term **“Holder”** includes, as the context requires:

- (a) the person or persons who have executed this Agreement as the Holder;
- (b) any person who has acquired an interest in this Agreement; and
- (c) any person who has agreed to assume and perform, in whole or in part, the covenants and obligations of a Holder under this Agreement.

1.03 Entire Agreement

- (a) This Agreement constitutes the entire agreement between the parties regarding the matters herein referred to and supplants and replaces all prior negotiations, arrangements and agreements between the parties, whether express or implied, relating to the Exploration Area.
- (b) Where this Agreement provides that NTI may exercise any right or power or consent or agree to any application or request from the Holder, NTI may act in its sole and absolute discretion except where this Agreement provides that NTI shall act reasonably.

1.04 Inflation Increases

- (a) NTI may, at any time, but not more frequently than once every five (5) Years following the first inflation increase, by notice to the Holder increase any amount expressed in dollars in this Agreement, including Annual Fees and any other fees to be paid, Exploration Work to be completed or any insurance to be obtained hereunder, such increase to be effective as of the next Anniversary Date, provided that no increase shall be effective unless NTI has given the Holder advance notice of not less than one hundred and eighty (180) days.
- (b) The amount of any increase at any time shall not exceed the amount of the increase in the Consumer Price Index for Canada published by Statistics Canada from the Effective Date or from the date of the most recent increase to that time as applicable.
- (c) Provided that it does so before the execution of the Production Lease, NTI shall be entitled to adjust the Fixed Mineral Rent, fees, insurance and other amounts required pursuant to the Production Lease in the same manner as described in paragraphs 1.04(a) and 1.04(b). If NTI does so, the adjusted amounts shall be the amounts included in the Production Lease.

1.05 Schedules

The following Schedules are incorporated into and made part of this Agreement:

- Schedule “A” - Exploration Area
- Schedule “B” - Fees
- Schedule “C” - Exploration Work
- Schedule “D” - Prefeasibility Study
- Schedule “E” - Form of Inuit Owned Lands Mineral Production Lease
- Schedule “F” - Arbitration Rules

1.06 Area of the Exploration Area

The parties agree that, subject to any adjustments made to the Exploration Area in accordance with this Agreement, the area of the Exploration Area that is shown in Schedule “A” shall be the basis for calculating the fees and determining the Work Requirement under this Agreement, unless this area is less than five hundred (500) hectares, in which case the area of the Exploration Area shall be conclusively deemed to be five hundred (500) hectares for all purposes of this Agreement.

1.07 Economic Viability

For the purpose of this Agreement, the terms “economic”, “economic viability” and “economically viable” shall be interpreted on the basis of conditions that are reasonable and are generally accepted by the mining industry in Canada. The meaning of these terms may be determined by reference to the Exploration Area or Production Lease Area taken as a whole, the interest of the Holder or, if the Holder is comprised of more than one person, the interest of each such person, and a reasonable debt/equity structure. In addition, if a Mineral Resource that is situated within the boundaries of the Exploration Area or Production Lease Area is contiguous with a “mineral resource” as defined in National Instrument 43-101 that is situated within adjacent lands administered pursuant to the NMR, reference may be made to the total of the Mineral Resource and the mineral resource situated on the lands administered pursuant to the NMR.

1.08 Business Days

If the date for satisfying any condition or performing any obligation herein falls on a day that is not a Business Day, the time for satisfying the condition or performing the obligation shall be extended to the next following Business Day.

1.09 Singular/Plural

The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits.

1.10 Calculations

All calculations required in this Agreement shall be calculated to three places following the decimal point and rounded to two places (e.g., 1.519% shall be rounded to 1.52%). If the third decimal place is “5” or greater, the number shall be rounded up, and if the third decimal place is less than “5”, the number shall be rounded down.

1.11 Sections, Headings, Table of Contents and Cross-References

- (a) The division of this Agreement into Articles, sections, subsections, paragraphs, subparagraphs and clauses, the insertion of headings and the provision of a Table of Contents are for convenience and ease of reference and shall not affect the construction or interpretation of this Agreement.
- (b) Except where otherwise specifically indicated,
 - (i) a cross-reference in the first 15 Articles and Schedule “B” that is made to another provision is a cross-reference to the corresponding Article, section, paragraph, subparagraph or clause within the first 15 Articles of this Agreement;
 - (ii) a cross-reference in Schedule “C” that is made to another provision is a cross-reference to the corresponding section, subsection or paragraph within Schedule “C”, except for the references to “section 6.01” in subsection 3(1) and section 4 of Schedule “C”, which are references to section 6.01 of Article 6 as that Article first appears in this Agreement;
 - (iii) the cross-references in Schedule “E” are governed by paragraph 1.08(b) of that Schedule; and
 - (iv) the cross-references in Rule 6(a) and Rule 8 to “section 15.04 of this Agreement” and in Rule 49(c) to “paragraph 15.07(e) and 15.07(f) of this Agreement” are references to the applicable provisions of Article 15 as that Article first appears in this Agreement.

2. REPRESENTATIONS AND WARRANTIES

2.01 Mutual Representations and Warranties

Each of NTI and the Holder represents and warrants to the other that

- (a) it has been duly incorporated or amalgamated and validly exists as a corporation under the laws of Canada or a province or territory thereof;
- (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate proceedings; and
- (c) this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms.

2.02 Representations, Warranties and Covenants as to Minerals

NTI represents, warrants and covenants that:

- (a) it is the owner of an estate in fee simple of and in the Minerals, subject only to (i) such rights and interests as are provided in the NLCA and all other terms thereof; and (ii) the provisions of the *Land Titles Act*, R.S.N.W.T. (Nu.) 1988, c. 8 (Supp.); and
- (b) there are no encumbrances registered against the title for the estate in fee simple of and in the Minerals.

2.03 Survival

The representations and warranties set forth in sections 2.01 and 2.02 shall survive the execution and delivery of this Agreement. A breach by either party of any representation or warranty may be waived by the other party in whole or in part without prejudice to its rights in respect of a subsequent breach of the same or any other representation or warranty.

3. GRANT OF RIGHTS

3.01 Initial Payment

NTI acknowledges that it has received the initial Annual Fees due from the Holder as set out in Schedule “B”.

3.02 Grant

NTI hereby grants to the Holder the exclusive right to carry out Exploration Work on the Exploration Area in compliance with Laws and the terms and conditions of any Applicable Surface Right, including the right to remove from the Exploration Area reasonable quantities of Minerals and rock containing Minerals for assay and testing purposes (the “**Exclusive Right**”).

3.03 Limitations on Surface Access Rights

NTI acknowledges that the Exclusive Right includes, to the full extent of its power and authority:

- (a) the right to use, enter, and occupy the surface of the Exploration Area;
- (b) the right to remove, work and use all or any of the Minerals; and
- (c) the non-exclusive right to remove, work and use Specified Substances (including waste rock or the host rock for Minerals) and other naturally occurring substances within the Exploration Area,

provided that the Holder exercises those rights in the course of exercising the Exclusive Right, or for a purpose strictly incidental thereto, and provided that NTI does not warrant or represent the extent of its power and authority to grant those rights.

3.04 Surface Right and Consent – RIA or Other Party

Despite sections 3.02 and 3.03, the Holder shall not enter the Exploration Area unless the Holder has an Applicable Surface Right or the entry is authorized pursuant to the NLCA. In addition, if another person holds an exclusive Surface Right to part of the lands that constitute the Exploration Area, the Holder must have the consent of that person before entering upon the lands subject to that exclusive Surface Right.

3.05 Inspection and Access

- (a) A representative of NTI who is:
 - (i) an employee or professional advisor of NTI and authorized in writing by the Director of NTI's Department of Lands and Resources, the Chief Executive Officer of NTI or their respective successors exercising similar functions; or
 - (ii) another individual who is authorized by NTI and acceptable to the Holder, acting reasonably,may, at reasonable times and at his or her own risk and expense, enter upon the Exploration Area and other lands and premises to which the Holder controls access (excluding the Holder's head office) to inspect and observe the activities of the Holder relating to this Agreement and examine workings, diamond drill core and data resulting from Exploration Work, including maps, drill logs, plans, cross-sections, and longitudinal sections of drilling results and underground workings. The foregoing right to inspect and observe shall include the right to collect, in reasonable amounts, samples of materials, including any rock, ore, Product other than gold or doré bars, tailings, and any other materials that may be relevant to the determination of the Product Payment or for other purposes under this Agreement.
- (b) The Holder shall give reasonable assistance to the NTI representative in gaining access to the lands and premises and information described in paragraph 3.05(a) and shall explain the Holder's relevant site safety, environmental protection and security-related policies and procedures.
- (c) An NTI representative described in paragraph 3.05(a) shall give prior notice of the time and purpose of entry and during such entries shall comply with the Holder's relevant site safety, environmental protection and security-related policies and procedures.
- (d) NTI shall indemnify the Holder against any expenses, fines or damages to which the Holder may be subject (including reasonable legal fees and costs on a solicitor-client basis) that arise in respect of the actions of any of NTI's representatives while they are on the Exploration Area or on any other lands and premises to which the Holder controls access, including any breach by an NTI representative of the terms of any Applicable Surface Right, or in respect of any injury or property damage sustained by NTI's representatives, unless the injury or damage occurs during a visit in respect of which the NTI representative complied

with the requirements of paragraph 3.05(c) and the injury or damage resulted from the negligence or wilful misconduct of the Holder or its employees, agents, or independent contractors.

4. TERM

4.01 Term

- (a) The Term of this Agreement shall be one (1) Year provided that the Term shall be renewed for one (1) Year on the first and each subsequent Anniversary Date to a maximum of twenty (20) Terms, including the initial Term, unless this Agreement terminates by virtue of section 5.01 or is terminated pursuant to Article 10.
- (b) Each Term shall end at 12 o'clock midnight, Mountain Time, on **October 31**. The initial Term shall begin on the Effective Date and end on **October 31, 2025**.
- (c) Unless extended or renewed pursuant to this Agreement, the twentieth (20th) Term shall end at midnight, Mountain Time, on **October 31, 2044**.

4.02 Anniversary Date and Amendment Thereof

- (a) The Anniversary Date shall be **November 1**. The first Anniversary Date shall be **November 1, 2025**.
- (b) At the request of the Holder, NTI may change the Anniversary Date and the length of a Year by up to one hundred and eighty (180) days, provided that:
 - (i) the Holder agrees to the corresponding changes to the Annual Fees and the Minimum Annual Work Requirement for the Term in which the Anniversary Date is amended; and
 - (ii) the parties confirm the change of date in writing.

5. PAYMENTS AND EXPLORATION WORK

5.01 Annual Fees, Exploration Work Requirement, Bonus Payments and Advance Royalty Payments

- (a) The Holder has no obligation to renew any Term, pay any fees to NTI, or carry out any Exploration Work, but this Agreement shall terminate in accordance with paragraph 5.01(b) unless the Holder:
 - (i) pays the Annual Fees; and
 - (ii) carries out Exploration Work sufficient to maintain the Exploration Work Account Balance at an amount not less than zeroduring the initial and each renewal Term; and

- (iii) makes the Bonus Payments described in section 5.08 and the Advance Royalty Payments described in section 5.09.
- (b) This Agreement shall terminate at 12 o'clock midnight, Mountain Time, on the earliest of:
 - (i) subject to section 5.02, the last day of the Term then in existence, unless the Holder has, on or before that time, paid to NTI the Annual Fees for the next Term;
 - (ii) if there is a Deficiency, but subject to sections 5.04 and 6.02, the ninetieth (90th) day after the final day of the Term then in existence; and
 - (iii) each date set out in sections 5.08 and 5.09, unless the Holder has made the payment set out in those sections within the time specified therein.

5.02 Notice and Limited Exemption

- (a) This Agreement will not terminate under paragraph 5.01(b)(i) unless:
 - (i) NTI has given the Holder notice of non-payment of Annual Fees and the Holder has not paid the Annual Fees within fifteen (15) days of the date notice is given; or
 - (ii) the Holder has given notice to NTI that it is surrendering the Agreement.
- (b) Notwithstanding subparagraphs 5.01(a)(i) and 5.01(b)(i), where the Holder is an individual who has been exempted by NTI from the requirement to pay Annual Fees for an area defined in Schedule "A" for the first two Terms of this Agreement, the Holder is not required to pay any fees with respect to the first renewal Term for the area which is exempted.

5.03 Exploration Work Account

- (a) NTI shall establish and maintain an account (the "Exploration Work Account") to record, on an on-going basis, the amount of the Annual Exploration Work Value that this Agreement requires NTI to apply against the Work Requirement for the corresponding Term, taking into account any adjustment that this Agreement requires NTI to make to either the Annual Exploration Work Value or the applicable Work Requirement.
- (b) NTI shall add each Annual Exploration Work Value to the Exploration Work Account provided that neither the amount of the Annual Exploration Work Value that NTI adds to the Exploration Work Account in respect of the applicable Term, nor the Exploration Work Account Balance when determined in accordance with paragraph 5.03(d), shall exceed the product determined by multiplying:
 - (i) the sum of the Minimum Annual Work Requirements for the five (5) Years that immediately follow, by
 - (ii) the number of hectares in the Exploration Area at that time,

(the “**Five-Year Cap**”), irrespective of the arithmetic sum of the Annual Exploration Work Values that have been determined in accordance with sections 6.02 and 6.03.

- (c) For greater certainty,
 - (i) each Annual Exploration Work Value shall be added to the Exploration Work Account only in respect of the Term during which the corresponding Exploration Work was carried out; and
 - (ii) any amount included in an Annual Exploration Work Value that exceeds the applicable Five-Year Cap shall not be added to the Exploration Work Account or taken into account when determining the Exploration Work Account Balance in respect of the corresponding Term or any other Term.
- (d) Not later than thirty (30) days after the Annual Exploration Work Value has been determined pursuant to section 6.02, NTI shall calculate the balance of the Exploration Work Account (the “**Exploration Work Account Balance**”) as at the end of the applicable Term and report it to the Holder as the result obtained by calculating:
 - (i) the aggregate of:
 - (A) the Annual Exploration Work Value for that Term and all previous Terms;
 - (B) any Payments-in-lieu that the Holder has made to NTI in accordance with subparagraph 5.04(a)(i); and
 - (C) any financial security that the Holder has submitted to NTI in accordance with subparagraph 5.04(a)(ii),then subtracting
 - (ii) the aggregate of
 - (A) subject to sections 5.06 and 5.07, the sum of the Work Requirements for all Years up to the end of the Term; and
 - (B) any financial security that NTI has released to the Holder in accordance with paragraph 5.05(a);and then further subtracting
 - (iii) that part, if any, of the Annual Exploration Work Value for the Term that would cause the Exploration Work Account Balance to exceed the Five-Year Cap then in effect.
- (e) NTI shall make adjustments to the Exploration Work Account from time to time, including any adjustment required because of a change in the Exploration Area pursuant to Article 7.

- (f) If the Exploration Work Account Balance is less than zero at any time, the amount by which the value is less than zero shall constitute a deficiency in the Exploration Work Account (a **“Deficiency”**).
- (g) Notwithstanding any other provision of this section 5.03, not later than thirty (30) days after NTI determines that there is a Deficiency in the Exploration Work Account Balance, whether as a result of an adjustment that NTI has made or otherwise, NTI shall give the Holder notice of the amount of the Deficiency (a **“Deficiency Notice”**).

5.04 Payment-in-Lieu or Financial Security

- (a) Provided that it does so not later than the ninetieth (90th) day after the final day of the Term or the thirtieth (30th) day after the Holder receives a Deficiency Notice pursuant to paragraph 5.03(g), whichever is the latest, the Holder is entitled to cure a Deficiency by:
 - (i) making a non-refundable payment to NTI in an amount equal to the Deficiency described in the Deficiency Notice (a **“Payment-in-lieu”**); or
 - (ii) delivering to NTI financial security satisfactory to NTI, acting reasonably, in an amount equal to the Deficiency described in the Deficiency Notice, together with a non-refundable fee equal to ten percent (10%) of the amount of the Deficiency.
- (b) Except where NTI has given its written consent, the Holder may not avail itself of either of the mechanisms described in paragraph 5.04(a) more than twice during any five (5)-Year period.

5.05 Return or Realization of Financial Security

- (a) NTI shall release to the Holder the financial security that the Holder has delivered in accordance with subparagraph 5.04(a)(ii), provided that the Holder, not later than the last day of the Term that next follows the Term in respect of which the financial security was delivered,
 - (i) completes Exploration Work of a value equal to or greater than the Deficiency described in the Deficiency Notice and, not later than ninety (90) days after the last day of that Term, delivers to NTI the Annual Exploration Report required by section 6.01; or
 - (ii) makes a Payment-in-lieu to NTI in the amount of the Deficiency described in the Deficiency Notice.
- (b) NTI shall be entitled to realize any financial security that the Holder has delivered pursuant to paragraph 5.04(a)(ii) provided that the Holder has not fulfilled either the conditions described in subparagraph 5.05(a)(i) or those described in subparagraph 5.05(a)(ii).

5.06 Relief from Exploration Work — Not Proceeding to Production

- (a) The Holder may request NTI to grant partial relief from the requirement described in subparagraph 5.01(a)(ii) by delivering to NTI a detailed report which has been prepared or verified by one or more Qualified Persons which demonstrates that:
 - (i) a Mineral Resource is present within the Exploration Area;
 - (ii) it is not economically viable at that time for the Holder, or if two or more persons constitute the Holder, each such person, to develop and operate a Mine to mine the Mineral Resource and produce Product; and
 - (iii) further Exploration Work during the period for which the Holder has applied for relief is unlikely to make the development and operation of a Mine economically viable.
- (b) If NTI agrees with the conclusions of the report described in paragraph 5.06(a) and provided that the Holder and NTI agree on the boundaries of the portion of the Exploration Area that holds the Mineral Resource identified in the report plus a reasonable surrounding area (collectively, the **“Excluded Exploration Area”**), NTI shall grant the relief applied for under paragraph 5.06(a), and the Work Requirement in respect of the Excluded Exploration Area shall not be included in the calculation described in clause 5.03(d)(ii)(A) for a period of five (5) Years after the next Anniversary Date, or until the end of the twentieth (20th) Term of this Agreement, whichever comes first, provided that the Holder, on or before each subsequent Anniversary Date, pays the fee required by Schedule "B" in respect of relief from Exploration Work on the Excluded Exploration Area.
- (c) If, acting reasonably, NTI disagrees with the conclusions of a report submitted in accordance with paragraph 5.06(a), NTI may refuse to grant the relief that the Holder has requested provided that, not later than sixty (60) days after it receives the Holder's request for relief under paragraph 5.06(a), NTI delivers to the Holder a notice that confirms NTI's disagreement and provides an explanation thereof (a **“Notice of Refusal”**). If NTI fails to deliver a Notice of Refusal in accordance with this paragraph 5.06(c), it shall be deemed to have accepted the conclusions of the report described in paragraph 5.06(a), and shall be bound to grant the relief that the Holder has requested.
- (d) If the Holder disagrees with the Notice of Refusal, the Holder shall be entitled to submit the dispute to arbitration in accordance with section 15.07, provided that the Holder does so not later than sixty (60) days after the date on which the Holder receives the Notice of Refusal.
- (e) Upon application by the Holder, NTI may extend the period specified in paragraph 5.06(b) on such terms and conditions as NTI and the Holder may agree.
- (f) Nothing shall oblige NTI to grant the Holder relief more than once under this section 5.06 or to extend the period during which the relief is effective beyond the period set out in paragraph 5.06(b).

- (g) Notwithstanding any other provision of this section 5.06, the Holder is not relieved at any time from the requirement to pay the Annual Fees for the Excluded Exploration Area and the remainder of the Exploration Area.

5.07 Relief from Exploration Work — Proceeding to Production

If the Holder has been granted a Production Lease pursuant to this Agreement, the Work Requirement that would otherwise apply in respect of the portion of the Exploration Area that does not form part of the Production Lease Area shall not be included in the calculation described in clause 5.03(d)(ii)(A)

- (a) for a period of two (2) Years beginning on the next Anniversary Date, provided that the Holder applies to NTI in writing for relief from Exploration Work and pays the fee set out in Schedule “B”; and
- (b) if a Mine is being developed for Commercial Production on the Production Lease Area, for an additional three (3) Years after the two-year period specified in paragraph 5.07(a), provided that, not later than each Anniversary Date that arises during those three (3) Years, the Holder applies to NTI in writing for relief from Exploration Work and pays the fee set out in Schedule “B”.

5.08 Bonus Payments

- (a) Wherever the term “Measured Resource” appears in this section 5.08 and in sections 5.09 and 5.10, the definition of that term shall be the same as the definition of “Measured Mineral Resource” that is set out in the CIM Definition Standards, provided that the definition of “Mineral Resource” that is set out in section 1.01 shall be substituted in place of the definition of “Mineral Resource” that is set out in the CIM Definition Standards.
- (b) Not later than ninety (90) days after the happening of each of the events described in subparagraphs 5.08(b)(i) to 5.08(b)(vi), the Holder shall make the payment described in the paragraph that corresponds to such event to NTI (each, a **“Bonus Payment”**):
 - (i) the Holder completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least ten million (10,000,000) pounds of uranium oxide (U₃O₈) within the Exploration Area: a payment of one million dollars (\$1,000,000);
 - (ii) the Holder completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least one million (1,000,000) ounces of gold within the Exploration Area: a payment of one million dollars (\$1,000,000);
 - (iii) the Holder completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least 100 million (100,000,000) pounds of uranium oxide (U₃O₈) within the Exploration Area: a payment of five million five hundred thousand dollars (\$5,500,000);

- (iv) the Holder completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least five million (5,000,000) ounces of gold within the Exploration Area: a payment of five million five hundred thousand dollars (\$5,500,000);
 - (v) the Holder makes a decision to conduct a Feasibility Study: a payment of three million dollars (\$3,000,000) for each Measured Resource described in paragraphs 5.08(b)(i) to 5.08(b)(iv) for which a Feasibility Study is conducted; and
 - (vi) the commencement of Commercial Production from each Production Lease Area derived from this Agreement: a payment of five million dollars (\$5,000,000).
- (c) For greater certainty, the obligation to make the Bonus Payments described in subparagraphs 5.08(b)(i), 5.08(b)(ii), 5.08(b)(iii) and 5.08(b)(iv) shall apply to each Measured Resource as respectively described therein that is identified within the Exploration Area.

5.09 Advance Royalty Payments

- (a) Not later than thirty (30) days after both of the conditions set out in paragraph 5.09(b) have been satisfied, the Holder shall make a payment of fifty thousand dollars (\$50,000) to NTI (an “**Advance Royalty Payment**”).
- (b) The two conditions referred to in paragraph 5.09(a) are as follows:
 - (i) the Holder has completed or received an NI 43-101-Compliant Report that demonstrates that there exists, within the Exploration Area, a Measured Resource of at least ten million (10,000,000) pounds of uranium oxide (U₃O₈) or a Measured Resource of at least one million (1,000,000) ounces of gold; and
 - (ii) subject to paragraph 5.09(c), the Holder’s Board of Directors has approved a Feasibility Study which confirms that a Measured Resource identified in accordance with subparagraph 5.09(b)(i) is economically viable.
- (c) Not later than six months after it has been completed or received by the Holder, whichever is the earlier, a Feasibility Study which confirms the economic viability of a Measured Resource that meets or exceeds a threshold set out in subparagraph 5.09(b)(i) shall be presented to the Holder’s Board of Directors for consideration and approval or non-approval.
- (d) The Holder shall make a further Advance Royalty Payment on each anniversary of the date of the first such payment until that part of the Exploration Area which holds the Measured Resource is surrendered pursuant to section 7.01 or becomes subject to a Production Lease, whichever is the earlier.
- (e) The obligation to make the Advance Royalty Payments described in paragraphs 5.09(a) and 5.09(d) applies to the first Measured Resource of uranium oxide

(U₃O₈) and the first Measured Resource of gold identified within the Exploration Area in accordance with subparagraph 5.09(b)(i), and not to any other Measured Resource of either uranium oxide (U₃O₈) or gold that is subsequently identified in the Exploration Area.

5.10 Terms of the Production Lease Apply to a Production Lease Area

Upon the execution of a Production Lease with respect to any part of the Exploration Area, sections 4.06 and 4.07 of the Production Lease will supplant and replace sections 5.08 and 5.09 of this Agreement during the term of the Production Lease with respect to Bonus Payments and Advance Royalty Payments required in relation to a Measured Resource located within the Production Lease Area.

6. REPORTING AND VALUATION

6.01 Reporting

- (a) Not later than ninety (90) days after the end of each Term, the Holder shall deliver to NTI one digital copy of an annual report prepared in accordance with Schedule “C” describing all Exploration Work and other work carried out on the Exploration Area during that Term (the “**Annual Exploration Report**”). The Annual Exploration Report may comprise one or more individual documents.
- (b) The Annual Exploration Report shall include the following:
 - (i) all data and significant information with respect to all Exploration Work carried out during the Term, the results therefrom, and any significant geological or other technical interpretation of such information or data prepared by or for the Holder, other than Studies which the Holder must report separately in accordance with section 6.04;
 - (ii) all data derived from any other sampling, monitoring or studies carried out during the Term on or in respect of the Exploration Area, including environmental monitoring and studies, and the Holder’s analysis or interpretation of those data;
 - (iii) all assay and test results and analyses, metallurgical studies and valuations that the Holder has conducted during the Term on or in relation to Minerals and other minerals originating from the Exploration Area, including any valuations of Precious Stones or Semi-precious Stones;
 - (iv) the Holder’s determination of the Annual Exploration Work Value supported by a Statement of Costs with respect to all Exploration Work carried out during the Term; and
 - (v) a summary of all proceeds or anticipated proceeds from the sale or anticipated sale of any Minerals that the Holder has removed from the Exploration Area during the Term.

- (c) By giving notice to the Holder, NTI may waive, in whole or in part, the Holder's obligation to deliver the data and other information pertaining to a Term that are contemplated by paragraph 6.01(b), provided that NTI shall have the right at any time thereafter to require the Holder, upon reasonable notice, to deliver those data and information.
- (d) If the Holder has not performed any Exploration Work during a Term and has nothing to report for that Term as a result, the Holder shall so advise NTI in writing not later than ninety (90) days after the end of the Term and the Annual Exploration Work Value shall be zero.

6.02 Valuation of Exploration Work

- (a) NTI shall evaluate each Annual Exploration Report and shall assess, in accordance with section 6.01, this section 6.02, section 6.03 and Schedule "C", the Annual Exploration Work Value as reported by the Holder.
- (b) Except for the work related to a Study, if any, that has been included in an Annual Exploration Report, NTI shall be deemed, subject to paragraph 6.02(c), to have accepted the value of the Exploration Work set out in the report.
- (c) Notwithstanding paragraph 6.02(b), NTI shall be deemed to have not accepted any amount included in an Annual Exploration Report that NTI states should be reduced or rejected in a notice that NTI delivers to the Holder by the ninetieth (90th) day after receiving the Annual Exploration Report (a "**Notice of Reduction**"). The Notice of Reduction shall clearly describe the basis for NTI's reduction or rejection.
- (d) If the Holder disagrees with any reduction or rejection set out in a Notice of Reduction, the disagreement shall constitute a dispute that must be resolved by arbitration in accordance with section 15.07. If the Holder fails to submit the dispute to arbitration by the sixtieth (60th) day after the Holder receives the Notice of Reduction, the Holder will be deemed to have accepted the reductions or rejections set out therein.
- (e) If the Holder accepts or is deemed to have accepted the reductions or rejections set out in a Notice of Reduction, or if the Tribunal determines that any reduction or rejection set out in the Notice of Reduction is justified, NTI shall adjust the Annual Exploration Work Value accordingly.

6.03 Approval of Annual Exploration Reports

- (a) NTI shall be deemed to have approved the contents of an Annual Exploration Report prepared by the Holder and delivered to NTI in accordance with section 6.01 unless NTI gives the Holder notice of NTI's non-approval before the ninetieth (90th) day after NTI receives the Annual Exploration Report (a "**Notice of Non-Approval**"). The Notice of Non-Approval shall clearly identify the deficiencies in the report that caused NTI to deny its approval and shall specify

the amount by which NTI proposes to reduce the Annual Exploration Work Value as a result.

- (b) If the Holder fails to deliver a revised version of the Annual Exploration Report to NTI before the sixtieth (60th) day following receipt of a Notice of Non-Approval or before the end of the period allowed by paragraph 5.04(a), whichever is the later, that addresses to NTI's reasonable satisfaction its reasons for denying approval of the report, then, subject to paragraph 6.03(c), NTI may, by further notice to the Holder, reduce the Annual Exploration Work Value by deducting the corresponding amount or amounts.
- (c) If the Holder disagrees with a Notice of Non-Approval or a notice delivered by NTI pursuant to paragraph 6.03(b), the disagreement shall constitute a dispute that must be resolved by arbitration pursuant to section 15.07. If the Holder fails to submit the dispute to arbitration by the sixtieth (60th) day after the Holder receives the Notice of Non-Approval or a notice given pursuant to paragraph 6.03(b), the Holder will be deemed to have accepted the reduction of the Annual Exploration Work Value set out in the corresponding notice.
- (d) If the Tribunal determines that the amount by which NTI proposes to reduce the annual Exploration Work Value pursuant to the Notice of Non-Approval or has reduced the Annual Exploration Work Value pursuant to paragraph 6.03(b) is not justified, NTI shall adjust the Annual Exploration Work Value in accordance with the Tribunal's decision.

6.04 Submission of Studies

- (a) The Holder shall submit to NTI three copies of any completed Study prepared for the Holder not later than thirty (30) days after fulfilling all of its obligations in relation to dissemination of the information contained in such Studies to third parties and in fulfilment of the applicable securities regulatory or stock exchange requirements, whichever is the later.
- (b) The obligation of the Holder pursuant to paragraph 6.04(a) shall apply equally to any amendment or update to a Study prepared for the Holder.
- (c) Any study that the Holder identifies publicly as a prefeasibility or feasibility study shall be submitted to NTI as required by this section 6.04, whether or not it meets the requirements for a Study contained in this Agreement.
- (d) The Holder shall submit two copies of any Study or any amendment or update thereto required in accordance with this section 6.04 in printed form and one copy in a digital form.

6.05 Limited Liability

Unless the Holder is guilty of wilful misconduct, the Holder shall not be liable to NTI for any loss or damage that NTI suffers, whether directly or indirectly, as a result of any

statement in a report that the Holder submits pursuant to section 6.01 or in a Study, including any data, information, interpretation, projection or estimate contained therein.

7. AMENDMENT OF EXPLORATION AREA

7.01 Reduction of the Exploration Area

- (a) Provided that:
 - (i) the Holder has carried out Exploration Work during the initial Term for which the Annual Exploration Work Value is equal to or greater than the Work Requirement for that Term;
 - (ii) there is no Deficiency; and
 - (iii) NTI is not holding any financial security furnished pursuant to subparagraph 5.04(a)(ii),

the Holder may, by notice to NTI and payment of the fee for the reduction of the Exploration Area set out in section 4 of Schedule “B”, surrender a portion of the Exploration Area, provided that the Exploration Area, once reduced, encompasses not less than five hundred (500) hectares (the **“Reduced Exploration Area”**). The reduction shall be effective on the last day of the month in which the Holder gives the notice contemplated by this paragraph 7.01(a) to NTI.

- (b) The Reduced Exploration Area shall be described in a manner satisfactory to NTI, and Schedule “A” shall be amended accordingly, provided that the reduction shall not change the Anniversary Date or entitle the Holder to any refund of Annual Fees, other fees, Advance Royalty Payment or Bonus Payment or reduce the amount of any Bonus Payment required pursuant to section 5.08 or any Advance Royalty Payment required pursuant to section 5.09. Following reduction, the Annual Fees payable by the Holder on the next Anniversary Date shall be determined in accordance with Schedule “B” on the basis of the area encompassed by the Reduced Exploration Area on that Anniversary Date.
- (c) The Work Requirement for the Reduced Exploration Area for the Year in which the reduction occurs shall be based on the area encompassed by the Reduced Exploration Area on the final day of the Term.
- (d) Subject to paragraph 5.03(b), any Exploration Work that the Holder has performed during the Term then in existence on the land that is surrendered pursuant to this section 7.01 during that Term may be applied to the land that is retained within the Reduced Exploration Area.
- (e) The initial Exploration Work Account Balance for the Reduced Exploration Area shall be the product obtained by multiplying the per-hectare value of the Exploration Work Account Balance that applied to the Exploration Area before its reduction by the number of hectares encompassed by the Reduced Exploration Area.

7.02 Addition to the Exploration Area

- (a) Neither this Agreement nor the contractual relationship created between NTI and the Holder as a result of this Agreement shall give the Holder any right to any Minerals within, upon or under Inuit Owned Lands not included within the Exploration Area.
- (b) Despite paragraph 7.02(a), provided that:
 - (i) there is no Deficiency; and
 - (ii) NTI is not holding any financial security furnished pursuant to subparagraph 5.04(a)(ii),

the Holder may apply to NTI to add land within the IOL Parcel to the Exploration Area in accordance with the terms and conditions for Applications. The application shall include the fee for an addition to the Exploration Area set out in section 5 of Schedule “B”. If NTI agrees to add the land that the Holder has applied for to the Exploration Area, Schedule “A” shall be amended accordingly, and the additional land shall form part of the Exploration Area for all purposes of this Agreement, effective upon the payment of the Annual Fees required for the additional land determined in accordance with paragraph 7.02(d).
- (c) For the purposes of this section 7.02, the result of the addition shall be referred to as the **“Enlarged Exploration Area”**.
- (d) The Annual Fees that the Holder shall pay to NTI in accordance with paragraph 7.02(b) are the Annual Fees that would have been payable with respect to the additional land if the additional land had been part of the Exploration Area on the preceding Anniversary Date.
- (e) The Work Requirement for the Enlarged Exploration Area for the Year in which the Enlarged Exploration Area was established shall be based on the total area encompassed by the Enlarged Exploration Area on the last day of the Term in which the addition was made effective, as if the Enlarged Exploration Area had been in effect for the entire Term.
- (f) The initial Exploration Work Account Balance for the Enlarged Exploration Area shall be the same as the Exploration Work Account Balance that applied to the Exploration Area prior to the addition.

7.03 Consolidation of Exploration Areas

- (a) Provided that:
 - (i) there is no Deficiency; and
 - (ii) NTI is not holding any financial security furnished pursuant to subparagraph 5.04(a)(ii),

the Holder may apply to NTI to consolidate the Exploration Area with the Exploration Area of any other Exploration Agreement that encompasses land

within the IOL Parcel by giving NTI notice and paying the fee for consolidation set out in section 6 of Schedule “B”. NTI may approve the application with any amendment that is needed in order to adjust the Annual Fees and the Work Requirement as a result of the consolidation. Unless the Holder withdraws the notice contemplated by this paragraph 7.03(a), the consolidation will take effect on the date specified in the notice. For the purposes of this section 7.03, the result of such consolidation shall be referred to as the **“Consolidated Exploration Area”**.

- (b) The Consolidated Exploration Area will be governed by a consolidated Exploration Agreement, which, for the purposes of this section 7.03, shall be referred to as the **“Consolidated Exploration Agreement”**. If the terms and conditions of this Agreement are different from those of any other Exploration Agreement that is consolidated, NTI shall determine whether the terms and conditions of this Agreement or those of the other Exploration Agreement shall apply to the Consolidated Exploration Agreement. Unless otherwise agreed to by NTI, the Effective Date of the Consolidated Exploration Agreement shall be the Effective Date of the earliest of this Agreement and that of any other Exploration Agreement that is consolidated, and the Minimum Annual Work Requirement and Annual Fees shall be based on this Effective Date.
- (c) Subject to paragraph 5.03(b), the initial Exploration Work Account Balance for the Consolidated Exploration Area shall be equal to the sum of the Exploration Work Account Balances that applied to the Exploration Area and the Exploration Area of any other Exploration Agreement before they were consolidated.

7.04 Subdivision of the Exploration Area

- (a) Provided that:
 - (i) there is no Deficiency; and
 - (ii) NTI is not holding any financial security furnished pursuant to subparagraph 5.04(a)(ii),the Holder shall have the right to subdivide the Exploration Area (for the purposes of this section 7.04, to be referred to as the **“Original Exploration Area”**) into two or more separate Exploration Areas (for the purposes of this section 7.04, each of which to be referred to as a **“Subdivided Exploration Area”**), by giving NTI notice of its intent to subdivide and by paying the fee for the subdivision of the Exploration Area set out in section 7 of Schedule “B”.
- (b) The notice contemplated by paragraph 7.04(a) shall include:
 - (i) the date when the proposed subdivision will take effect;
 - (ii) a description of each Subdivided Exploration Area prepared in accordance with this Agreement and in a manner satisfactory to NTI, acting reasonably;

- (iii) the area in hectares of each Subdivided Exploration Area, provided that each such area shall be not less than one hundred (100) hectares; and
 - (iv) a map of each Subdivided Exploration Area.
- (c) Unless the Holder withdraws the notice described in paragraph 7.04(a) before the date indicated in subparagraph 7.04(b)(i), the subdivision will take effect on the date specified in the notice.
- (d) Each Subdivided Exploration Area shall be governed by a separate Exploration Agreement (for the purposes of this section 7.04, to be referred to as a **“Subdivided Exploration Agreement”**) that will describe the Subdivided Exploration Area in its Schedule “A” and will have the same Effective Date, Anniversary Date and other terms and conditions as this Agreement (for the purposes of this section 7.04, to be referred to as the **“Original Exploration Agreement”**), except that Schedule “A” of the Original Exploration Agreement shall be amended accordingly, and other minor changes may be made to reflect the nature of each Subdivided Exploration Agreement as agreed to by the parties.
- (e) When the subdivision takes effect, the Exploration Work Account Balance for the Original Exploration Area shall be apportioned among and credited to each Subdivided Exploration Area in proportion to the number of hectares that each of them encompasses.
- (f) Provided the subdivision is not in respect of a disposition under section 14.02 and notwithstanding paragraph 5.03(d), Exploration Work that has been performed before the subdivision but not reported to NTI may be reported after the subdivision in accordance with section 6.01 and, subject to paragraph 5.03(b), the value of the Exploration Work shall be apportioned among each Subdivided Exploration Area at the Holder’s discretion.
- (g) Subdivision of the Exploration Area shall not reduce the amount of any Bonus Payment or Advance Royalty Payment payable to NTI under sections 5.08 and 5.09.

7.05 Boundary of the Exploration Area

Where any part of the boundary of the Exploration Area is defined as coincident with the boundary of:

- (a) the IOL Parcel, the surveyed or natural boundary of the IOL Parcel will continue to be defined as the boundary of the Exploration Area following any change in the boundary of the IOL Parcel as a result of a legal survey or natural processes of erosion or accretion which would significantly change the shape or area of the Exploration Area. If necessary, Schedule “A” shall be amended effective as of the next Anniversary Date following the change in order to better describe the boundary;
- (b) a lease under the NMR, the boundary of the lease shall be the boundary established by a legal survey of the lease as required by the NMR; or

- (c) a lease under the NMR that expires or is cancelled, surrendered or reduced in accordance with the NMR, the boundary of the Exploration Area shall be deemed to be the boundary of the lease that was in place prior to the expiry, cancellation, surrender or reduction until Schedule “A” of this Agreement is amended. Schedule “A” shall be amended effective as of the next Anniversary Date so that the revised description of the portion of the boundary of the Exploration Area that was previously described as being coincident with the boundary of the lease conforms to the NTI Grid System in order to ensure that the area, shape and location of the revised Exploration Area matches, as closely as possible, the area, shape and location that were in effect before the expiry, cancellation, surrender or reduction of the lease.

7.06 Recalculation of the Area of the Exploration Area

If any change to the boundary of the Exploration Area as a result of any change described in section 7.05 results in a change of the area of the Exploration Area as described in Schedule “A”, NTI may recalculate the area. When the area is recalculated, NTI shall give notice to the Holder and the recalculated area shall be effective as of the next Anniversary Date, but there shall be no retroactive adjustments.

8. COVENANTS OF HOLDER

8.01 Conduct of Work

The Holder shall conduct its work on the Exploration Area in accordance with prudent mining, environmental and engineering practices in comparable circumstances and operating environments in Canada.

8.02 Indemnification and Insurance

The Holder shall:

- (a) subject to paragraph 3.05(d), indemnify and save NTI and its agents, directors, officers and employees harmless from and against all costs, damages, losses or expenses (including reasonable legal fees and costs on a solicitor-client basis) incurred as a result of personal injury (including injury resulting in the death of any person) within, on or under the Exploration Area or damage done to any property caused directly or indirectly by:
 - (i) any act or omission of the Holder or its employees, agents, or independent contractors on the Exploration Area; or
 - (ii) any default by the Holder under any Applicable Surface Right or under this Agreement;
- (b) unless otherwise agreed in writing by NTI, before entering the Exploration Area, purchase and maintain comprehensive general liability insurance

- (i) providing coverage of not less than five million dollars (\$5,000,000) per occurrence;
 - (ii) naming NTI as an additional insured subject to a cross-liability clause; and
 - (iii) stipulating that the insurance shall not be cancelled or terminated without the Holder giving at least thirty (30) days advance notice to NTI; and
- (c) deliver to NTI proof of the insurance described in this section 8.02 before entering the Exploration Area and as requested from time to time.

8.03 Removal of Liens

- (a) The Holder shall pay all contractors and employees employed by it on the Exploration Area and shall pay all suppliers of material and supplies that the Holder purchases in connection with its work on the Exploration Area, where the failure to make such payments could give rise to a claim of lien.
- (b) If a lien or notice thereof is given to NTI or recorded against any part of the Exploration Area because of the work of the Holder or its contractors or subcontractors, the Holder shall take prompt and reasonable steps to have the lien removed, provided that the Holder may contest any lien claim. If NTI receives notice of a lien claim, it shall send a copy to the Holder in a timely manner.
- (c) If any part of the Exploration Area is subject to a lien arising from work done by the Holder when this Agreement is terminated, the Holder shall provide NTI with financial security sufficient to discharge the lien.

8.04 Compliance with Laws and the Applicable Surface Right

- (a) The Holder shall comply with:
 - (i) all Laws that apply to the Exploration Area, the Exploration Work and this Agreement;
 - (ii) the terms and conditions of any Applicable Surface Right; and
 - (iii) the terms and conditions of any licence, permit or approval required for its work on the Exploration Area, as amended or renewed from time to time, including a project certificate issued by the Nunavut Impact Review Board or a water licence issued by the Nunavut Water Board,
 and shall provide evidence of the foregoing to NTI when requested.
- (b) For greater certainty, compliance with the terms and conditions of the Applicable Surface Right includes, without limiting the generality of the foregoing, compliance with all provisions thereof related to reclamation, restoration, waste disposal, closure, environmental protection, water use, pollution control, hazardous substances, health and safety, financial security and the obligations pertaining to section 8.05.

- (c) Notwithstanding the definition of Material Default, the Holder's failure to comply with the Applicable Surface Right, with the exception of the obligations pertaining to section 8.05, shall not constitute a Material Default unless the RIA has terminated the Applicable Surface Right and one hundred and eighty (180) days have passed following that termination.

8.05 Taxes

The Holder shall pay all taxes, rates and assessments that may from time to time be assessed or levied pursuant to Laws against the Exploration Area and the Minerals within, upon, or under the Exploration Area or produced therefrom by and for the Holder, provided that if the taxing authority delivers an invoice, notice or demand for payment to NTI or the RIA, the Holder has received written notice thereof from NTI or the RIA, as applicable. This section 8.05 shall not make the Holder liable to pay taxes, rates or assessments that are the responsibility of a person other than NTI, the RIA or the Holder, or taxes, rates and assessments based on the Royalty or any other income of NTI.

8.06 Carving Stone

- (a) If an occurrence of Carving Stone is found on the surface of the Exploration Area by or to the knowledge of the Holder, the Holder shall clearly mark the occurrence, give the RIA prompt notice of the nature and accurate location of the occurrence, and report the occurrence to NTI as required by Schedule "C". For the purpose of this section 8.06, Carving Stone shall not be considered to be on the surface if it is found after overburden has been removed.
- (b) The Holder shall respect the rights of Inuit to remove Carving Stone from the surface of the Exploration Area to the extent that Inuit may exercise these rights in accordance with the Applicable Surface Right.
- (c) NTI shall use reasonable efforts to minimize the impact on the Holder's activities of the exercise by Inuit of their right to enter Inuit Owned Lands to remove Carving Stone. The Holder acknowledges that NTI does not own or control rights to Carving Stone.

8.07 Liability for Environmental Conditions Created by the Holder

The Holder agrees that:

- (a) NTI shall not be liable for, and the Holder shall indemnify NTI for, any costs, fines, damages, judgments, penalties or responsibilities in respect of the environmental status or condition of the Exploration Area that arise as a result of the Holder's activities within, upon or under the Exploration Area after the Effective Date; and
- (b) the Holder shall perform all environmental, restoration, waste disposal and other closure obligations required by governmental authorities or under any present or future Laws, ordinances, certificates, licences and other regulatory requirements or policies arising as a result of the Holder's

activities within, upon or under the Exploration Area, or arising as a result of a non-natural condition created by the Holder within, upon or under the Exploration Area after the Effective Date. The Holder hereby agrees to indemnify and save harmless NTI from any loss, cost or liability it may incur (including reasonable legal fees) in connection with:

- (i) any failure or omission of the Holder to perform such obligations;
- (ii) any such work NTI is compelled to complete or completes after NTI gives notice to the Holder of NTI's concern that the Holder is not performing its obligations within the required time frame; or
- (iii) any action or proceeding against NTI in respect of any of the foregoing.

9. RIGHT TO PRODUCTION LEASE

9.01 Rights to Production Lease

- (a) With the exception of work undertaken in connection with the preparation of a Study, the Holder shall not begin to develop a Mine that is in whole or in part on the Exploration Area unless it has first entered into a Production Lease with NTI. NTI shall be obliged to execute and deliver to the Holder a Production Lease substantially in the form of Schedule "E" covering that portion of the Exploration Area defined as the Production Lease Area if:
 - (i) the Holder has delivered to NTI three (3) copies of a Study that demonstrates that a Mineral Resource or Mineral Reserve exists within, upon, or under the proposed Production Lease Area and that production of Minerals from the proposed Production Lease Area at a profit is or may be possible under economic conditions that are specified and generally accepted as reasonable by the Canadian mining industry;
 - (ii) the Holder has applied for a Production Lease, has paid the initial Fixed Mineral Rent due on execution of the Production Lease and has paid the application fee determined by Schedule "B";
 - (iii) the Holder and NTI have agreed on the boundaries and description of the proposed Production Lease Area;
 - (iv) there is no Deficiency; and
 - (v) NTI is not holding any financial security furnished pursuant to subparagraph 5.04(a)(ii).
- (b) The Holder acknowledges that, if the Holder begins to develop a Mine within the Exploration Area in breach of the Holder's covenants under paragraph 9.01(a),
 - (i) such action will constitute a Material Default resulting in irreparable harm to NTI; and

- (ii) NTI shall be entitled, without providing evidence of irreparable harm, to apply to the Nunavut Court of Justice for an injunction to enjoin the Holder from developing such a Mine.

9.02 Exception for Small-Scale Mining

Where a proposed mining operation does not conform to the definition of a “Major Development Project” under Article 26 of the NLCA, NTI may, at the request of the Holder, grant a Production Lease to the Holder on such terms and conditions as NTI deems appropriate.

9.03 Production Lease Area

- (a) Subject to section 9.05, the Production Lease Area shall be comprised of the portion of the Exploration Area that the Study described in subparagraph 9.01(a)(i) indicates as holding the Mineral Resource or Mineral Reserve plus a contiguous area surrounding it that is reasonably required to develop and operate a Mine efficiently in order to extract the Mineral Resource or Mineral Reserve.
- (b) The boundaries of the Production Lease Area shall be defined by applying the same procedures as those described in section 7.05 for defining the boundaries of an Exploration Area or by applying any other procedures that NTI may require at the time that the Holder applies for the Production Lease.
- (c) When NTI grants a Production Lease or adds area to a Production Lease Area in accordance with section 5.01 of the Production Lease, Schedule “A” shall be amended so as to exclude the Production Lease Area from the Exploration Area. Section 7.01 shall apply as if the Production Lease Area had been surrendered as a result of a reduction of the Exploration Area, provided that the reduction of the Exploration Area shall take effect as of the effective date of the Production Lease or the addition to the Production Lease Area.

9.04 Disputes Regarding Studies and the Production Lease Area

- (a) If NTI informs the Holder that a report or study submitted by the Holder to NTI under subparagraph 9.01(a)(i) does not constitute a Study or otherwise does not meet the requirements of subparagraph 9.01(a)(i), NTI and the Holder shall negotiate in good faith with respect to resolving any differences in their respective views. If the parties are unable to resolve those differences within sixty (60) days after negotiations have commenced, either party may submit to arbitration, in accordance with section 15.07, the question of whether the report or study, as submitted, satisfies the requirements of paragraph 9.01(a).
- (b) NTI and the Holder agree that after delivery of a Study that meets the requirements of paragraph 9.01(a), they shall negotiate in good faith with respect to determining the Production Lease Area. If they are unable to reach agreement on the boundaries of the Production Lease Area within sixty (60) days after negotiations have commenced, either party may submit to arbitration, in

accordance with section 15.07, its proposal for the final and conclusive determination of the boundaries.

9.05 Additional Production Lease Area

NTI may, at the Holder's request, add other contiguous or non-contiguous portions of the Exploration Area to the Production Lease Area in accordance with this Article 9 and section 5.01 of the Production Lease.

10. DEFAULT AND TERMINATION

10.01 Default Notice

Subject to section 10.02 and section 10.03, in addition to any other rights or remedies it may have, NTI shall be entitled to terminate this Agreement in the event the Holder commits a Material Default provided that NTI has first given the Holder notice of the Material Default containing particulars thereof (a **"Default Notice"**).

10.02 Termination for Material Default

The right of NTI to terminate this Agreement in accordance with section 10.01 can only be exercised in accordance with the following:

- (a) in the case of a Material Default that can be cured within thirty (30) days, the Holder has failed to cure the Material Default within thirty (30) days after receipt of the Default Notice; or
- (b) in the case of a Material Default that cannot reasonably be cured within thirty (30) days after receipt of the Default Notice,
 - (i) if the Holder has, within thirty (30) days after receipt of the Default Notice, failed to give NTI notice of its plan and schedule to cure such Material Default and has failed to commence proceedings to cure such Material Default in accordance with its plan and schedule; or
 - (ii) if the Holder has, within thirty (30) days after receipt of the Default Notice, given NTI notice of its plan and schedule to cure such Material Default and commenced proceedings to cure such Material Default, but thereafter has failed to diligently carry out such proceedings and cure the Material Default in accordance with its plan and schedule; or
- (c) in the case of a Material Default that is not reasonably possible to cure, the Holder has failed to fully compensate NTI for any loss that NTI has suffered as a result of the Material Default and has failed to implement procedures to prevent a similar Material Default in the future.

10.03 Dispute of Allegation of Material Default

If the Holder does not agree with the allegation of a Material Default set out in the Default Notice, the disagreement shall constitute a dispute that the Holder may, at its election,

- (a) submit to arbitration in accordance with section 15.07; or
- (b) contest by litigation commenced in a court of competent jurisdiction.

If the Holder commences either form of proceedings, the thirty (30) day period referred to in paragraphs 10.02(a) and 10.02(b) shall commence following the date of the final disposition of the matter.

10.04 No Application

For greater certainty, sections 10.01 and 10.02 do not apply to termination pursuant to section 5.01 because of the failure to pay Annual Fees, perform Exploration Work, or make Bonus Payments or Advance Royalty Payments.

10.05 Termination by Holder

The Holder may at any time during the Term, whether or not the Holder is in default hereunder, terminate this Agreement by giving prior notice to NTI of its intention to terminate this Agreement, whereupon this Agreement shall terminate on the termination date set out in the notice. In the event of termination, the Holder shall deliver to NTI within ninety (90) days after the termination date a written report on Exploration Work not previously reported to NTI that conforms to the requirements of section 6.01.

10.06 Bankruptcy or Insolvency of Holder

The parties agree that if:

- (a) a Financial Fiduciary is appointed with respect to the Holder or any of its assets under bankruptcy or similar laws relating to insolvent persons (including the *Companies' Creditors Arrangements Act*, R.S.C. 1985, c. C-36);
- (b) the appointment is neither made ineffective nor discharged within sixty (60) days after the making thereof or the appointment is consented to, requested by or acquiesced in by the Holder; and
- (c) the Financial Fiduciary has authority over the Holder's interest in this Agreement,

then the Term of this Agreement shall expire one hundred and eighty (180) days after the date of appointment unless, before that date:

- (d) the Term otherwise expires;
- (e) the Financial Fiduciary terminates this Agreement under section 10.03; or

- (f) the Financial Fiduciary has given NTI notice of a proposed assignment of this Agreement in accordance with section 14.02 and completes the proposed assignment within ninety (90) days after giving notice.

If the Holder is more than one person, this section 10.06 shall not apply unless the Financial Fiduciary has authority over the interests of all such persons in this Agreement.

10.07 Survival

- (a) All obligations and liabilities of a party that have arisen pursuant to this Agreement before its expiry or other termination shall survive that expiry or termination.
- (b) Without limiting the generality of paragraph 10.07(a), the following obligations of the parties shall survive the expiry or other termination of this Agreement to the extent that they have not been fulfilled before the expiry or termination:
 - (i) the obligations of the Holder to account for, determine and pay the Product Payment, notwithstanding that the amount payable is not determined or determinable before the expiry or termination of this Agreement;
 - (ii) the indemnification obligations of the Holder set out in paragraph 8.02(a), section 8.07 and paragraph 14.02(c);
 - (iii) the indemnification obligations of NTI set out in paragraph 3.05(d);
 - (iv) the indemnification obligations and the environmental, restoration, waste disposal and other closure obligations of the Holder set out in section 8.07; and
 - (v) the reporting obligations of the Holder set out in Article 6 in respect of Exploration Work that the Holder has performed but has not reported to NTI in accordance with the provisions of Article 6.
- (c) Without limiting the generality of paragraph 10.07(a), the following obligations of the parties shall survive the expiry or other termination of this Agreement:
 - (i) the confidentiality obligations of the parties set out in Article 13; and
 - (ii) where a party intends to resolve a dispute that this Agreement identifies as one that must be resolved by arbitration, the obligation to do so in accordance with section 15.07.

10.08 No Obligation to Refund Payments

If this Agreement is terminated pursuant to this Article 10, NTI shall have no obligation to refund any payments made by the Holder.

11. DIAMOND DRILL CORE, SAMPLES AND MINERALS

11.01 Diamond Drill Core

- (a) The Holder shall store diamond drill core that results from drilling on the Exploration Area in a neat and orderly manner consistent with good mining industry practice and in accordance with the Applicable Surface Right. The Lessee shall label all core boxes adequately, with hole number, box number and interval inscribed on metal or similarly durable labels attached to one end of each box. NTI and its authorized representatives shall be entitled to inspect the core under the terms and conditions of section 3.05.
- (b) The Holder shall store diamond drill core described in paragraph 11.01(a) on the Exploration Area or, subject to the written consent of the RIA or the terms of the Applicable Surface Right, elsewhere on the IOL Parcel. With the prior written consent of NTI and the RIA, the Holder may store diamond drill core on an Inuit Owned Lands Parcel other than the IOL Parcel or at some other place.
- (c) Until the Holder surrenders to NTI that part of the Exploration Area on which the core was drilled or until this Agreement is terminated, whichever occurs first, the Holder shall preserve, protect and have the sole right to possess, split, remove, test, assay, study or otherwise use and process all drill core from the Exploration Area, including the sole right to undertake the total destruction of the core, where such use is consistent with industry practice. Notwithstanding the foregoing, NTI will at all times own the drill core extracted from the Exploration Area.

11.02 Samples

The Holder shall give notice to NTI not less than thirty (30) days prior to the discarding of pulps or rejects of samples collected during Exploration Work, whether derived from diamond drilling or other types of sampling. The notice shall identify the type of sample and the location from which the sample was taken and include a reference to the report on Exploration Work in which the sampling is described. The Holder shall, on written request by NTI, deliver those pulps and rejects to NTI at NTI's cost.

11.03 Minerals Removed

- (a) The Holder may remove only a reasonable quantity of Minerals for assay and testing purposes, including bulk sampling.
- (b) The Holder shall not sell or dispose of Precious Stones or Semi-precious Stones removed from the Exploration Area for any purpose until such stones have been valued in accordance with Schedule “D” of the Production Lease.
- (c) The Holder shall pay NTI an amount (the “**Product Payment**”) for Minerals removed from the Exploration Area during Exploration Work as part of a bulk sample (except for a bulk sample taken for metallurgical test purposes from a base metal or iron ore deposit) or in the form of Precious Stones or Semi-precious

Stones, if the Holder sells or transfers for value such Minerals to another person. The amount of the Product Payment shall be equal to three point six percent (3.6%) of any Gross Revenues that the Holder receives, and shall be payable within thirty (30) days after receipt of the Gross Revenues by the Holder. For the purpose of verifying the amount of the Product Payment, NTI shall have the same rights of access and inspection on the Exploration Area as are provided in section 8.06 of the Production Lease for access to the Production Lease Area.

12. RELATIONSHIP OF PARTIES

12.01 No Partnership

Nothing in this Agreement shall be construed as creating a partnership, joint venture, association or, except as expressly provided, a trust of any kind. It is further understood and agreed that neither party is liable for the acts, covenants and agreements of the other party, except as may be expressly provided.

12.02 Other Opportunities

- (a) Except as expressly provided in this Agreement, each party shall have the right to independently engage in and receive the full benefits of any business endeavour whether or not competitive with the endeavours contemplated by this Agreement without consulting the other or inviting or allowing the other to participate.
- (b) In particular, the Holder acknowledges that, subject to any existing rights, NTI is the owner of Minerals within, upon, or under the IOL Parcel and that NTI may enter into agreements and grant rights to other persons with respect to areas of the IOL Parcel that are not situated within the Exploration Area or the Production Lease Area on terms which may be different from the terms of this Agreement.
- (c) For greater certainty, except for obligations under other Exploration Agreements held by the Holder on the IOL Parcel or as the parties may otherwise agree, neither party shall be under any obligation or duty to the other which will prevent it from engaging in or enjoying the benefits of competing endeavours within the general scope of endeavours contemplated by this Agreement.

13. CONFIDENTIALITY

13.01 Disclosure of Information from Reports and Site Visits

- (a) NTI shall keep confidential and not disclose to any person any information relating to the Exploration Area delivered by the Holder or its representatives under section 6.01 or contained in any other report received from the Holder or its representatives or obtained during any site visit, except for information that:
 - (i) is already in the public domain through no act, error or omission of NTI;

- (ii) relates to the environment and reclamation; or
- (iii) is of a summary nature (such as the type of work done, the approximate value of the work, and the general area in which work was done),

until the earlier of:

- (iv) three (3) years after the Anniversary Date of the Year in which the work was done;
- (v) the date upon which that portion of the Exploration Area to which the information applies is surrendered; or
- (vi) the date upon which this Agreement, or a subsequent Exploration Agreement consolidating this Agreement with one or more other Exploration Agreements, terminates.

(b) Except for information that:

- (i) is already in the public domain through no act, error or omission of NTI;
- (ii) relates to the environment and reclamation; or
- (iii) subject to paragraph 13.01(a), is contained in Annual Exploration Reports or other reports on Exploration Work received from the Holder or its representatives or obtained during any site visit,

NTI shall keep confidential and not disclose to any person information provided in a Study while this Agreement or a subsequent Production Lease is in effect, unless the earlier release of the information is approved in writing in advance by the Holder.

(c) Notwithstanding paragraphs 13.01(a) and 13.01(b), NTI may disclose confidential information and data contained in a Study or the Holder's reports or obtained during any site visit:

- (i) under an obligation to maintain confidentiality, to any director, officer, employee or professional advisor of NTI, the RIA or an Affiliate of NTI who has a need to know such confidential information;
- (ii) under an obligation to maintain confidentiality, to any other person who has a need to know of such information and who is approved by the Holder, acting reasonably, in advance of the disclosure. The disclosure shall be deemed to be approved by the Holder if the Holder does not give notice to NTI that it does not approve of the disclosure within thirty (30) days of the date notice is given to the Holder by NTI of the identity of the person to whom NTI wishes to disclose the confidential information and an explanation of why the person needs to know such information;
- (iii) as required in order to comply with a Law, a court order or, on a confidential basis, an information-sharing agreement between NTI and any ministry, department, agency or other instrumentality of government;

- (iv) under an obligation to maintain confidentiality, to a potential purchaser, assignee, or financier from or of NTI, or their respective professional advisors; or
- (v) to the public, a stock exchange or securities regulator in conjunction with completing a financing or applying to have securities of an Affiliate of NTI listed and trading on a stock exchange to the extent required by a Law or, where the release of information and data is not required by a Law, subject to the prior consent of the Holder, such consent not to be unreasonably withheld.

13.02 Use of Information

NTI may use any information in the reports or any Study for its own purposes or benefit. Subject to compliance with section 13.01, NTI may disclose any of the information in a report or Study to any person and may licence, transfer or otherwise dispose of such information in such manner and for any consideration as, in its sole discretion, NTI deems fit.

13.03 Confidentiality of this Agreement

During the Term of this Agreement and for a period of two years after its termination, the Holder will keep confidential and not disclose any of the terms and conditions of this Agreement to any person unless:

- (a) disclosure is made under an obligation to maintain confidentiality to the directors, officers, employees, contractors, and professional advisors of the Holder who have a need to know such confidential information;
- (b) the information is already in the public domain through no act, error or omission of the Holder;
- (c) disclosure is required by a Law, a court order binding on the Holder, or the rules or requirements of a stock exchange or securities regulator having jurisdiction over the Holder;
- (d) disclosure is made of the material terms of this Agreement in a prospectus, annual information form, or other similar disclosure document filed in contemplation of a financing by the Holder, or this Agreement must be filed with a stock exchange or securities regulator by the Holder;
- (e) disclosure is made to (i) a potential assignee or financier of the Holder; (ii) a party with whom the Holder or its parent corporation contemplates a business combination or other transaction; or (iii) a professional advisor of any of the foregoing parties, in which case the Holder shall require such person to agree to keep this Agreement and its terms and conditions confidential;
- (f) disclosure is made of the material terms of this Agreement to permitting agencies; or,
- (g) the release of the information is approved in writing in advance by NTI.

14. DISPOSITION

14.01 Disposition by NTI

NTI shall not dispose of any of its rights under this Agreement or its interests in the Exploration Area in whole or in part except, provided that NTI has given prior notice to the Holder, to the RIA or to another Designated Inuit Organization that has agreed to be bound by the terms and conditions of this Agreement.

14.02 Disposition by the Holder

- (a) Except in accordance with paragraphs 14.02(b), 14.02(d) and 14.02(e), the Holder shall not dispose of an interest in the Exploration Area or this Agreement.
- (b) The Holder may only dispose of an interest in the Exploration Area by disposing of an interest in this Agreement in accordance with the following:
 - (i) the Holder shall give NTI not less than forty-five (45) days' prior notice of any proposed disposition, unless NTI agrees to a lesser notice period; and
 - (ii) the Holder shall have obtained the prior written consent of NTI, such consent not to be unreasonably withheld.
- (c) Without limiting the reasons that entitle NTI to withhold consent under subparagraph 14.02(b)(ii), the Holder agrees that it will be reasonable for NTI to withhold consent to a disposition to:
 - (i) a person who has committed a material default under a Surface Right or an agreement with NTI and has not cured such default;
 - (ii) a director, officer or Affiliate of the person referred to in subparagraph 14.02(c)(i); or
 - (iii) a corporation controlled by any person referred to in subparagraph 14.02(c)(i) or subparagraph 14.02(c)(ii),unless the Holder has agreed to indemnify NTI against a Material Default by the Recipient and to remain liable to NTI in accordance with this Agreement after the proposed disposition.
- (d) It shall be a condition of any deemed or actual consent under this section 14.02 that the Recipient shall:
 - (i) agree in writing with NTI to assume and perform all of the covenants and obligations of the Holder under this Agreement existing at the time of or arising after the date of the disposition, including an undertaking to make any further disposition of this Agreement subject to the provisions of this section 14.02;
 - (ii) cure any defaults with respect to any terms and conditions of this Agreement, provided that where it is not reasonably possible to cure a default, the Recipient shall fully compensate NTI for any loss that NTI has

- suffered as a result of the default and agree to implement procedures to prevent any similar default in the future;
- (iii) cure any defaults with respect to any terms and conditions of any Applicable Surface Right, provided that where it is not reasonably possible to cure a default, the Recipient shall fully compensate the RIA for any loss that the RIA has suffered as a result of the default and agree to implement procedures to prevent a similar default in the future;
 - (iv) if Annual Fees were not paid with respect to the Exploration Area or a portion of the Exploration Area to be disposed of because paragraph 5.02(b) applied to the Holder, pay to NTI those Annual Fees that would have been paid if the Exploration Area or portion thereof had not been subject to paragraph 5.02(b); and
 - (v) if fees were not paid with respect to the Application and if the disposition is from an individual to a corporation, pay to NTI those Application fees for this Agreement that would have been paid by the corporation if it had made the Application for the Exploration Area.
- (e) It shall be a condition of any deemed or actual consent under this section 14.02 that the Holder and the Recipient shall agree in writing with NTI:
- (i) subject to section 15.09, to be jointly and severally liable to pay to NTI the Disposition Fees set out in Schedule “B”; and
 - (ii) if the Holder proposes to retain an interest in this Agreement, to enter into an agreement with NTI of the kind described in paragraph 14.02(d).
- (f) A disposition shall be deemed to be consented to by NTI if NTI does not give notice to the Holder that NTI is withholding consent within forty-five (45) days of receipt by NTI of the notice of the proposed disposition.

14.03 Corporate Reorganizations

Notwithstanding section 14.02, the Holder may dispose of an interest in this Agreement to an Affiliate, undertake an amalgamation, or complete any plan of arrangement without the consent of NTI if the Affiliate or the amalgamated or resulting corporation gives notice to NTI and, subject to section 15.09, pays to NTI the Disposition Fee set out in Schedule “B”, whereupon

- (a) NTI shall be deemed to have given its consent to the disposition; and
- (b) paragraph 14.02(d) and subparagraph 14.02(e)(ii) shall apply.

14.04 Change of Control

- (a) Notwithstanding section 14.03, any transfer, issuance or exchange of shares that results in a change of control of the Holder shall be deemed to be a disposition as contemplated by and made subject to section 14.02.
- (b) Despite paragraph 14.04(a), this section 14.04 shall not apply to:

- (i) a change of control resulting from an internal corporate reorganization which results in the Holder remaining indirectly controlled by the same party after the reorganization as it was before the reorganization; or
- (ii) a change of control of the Holder where the Holder is a reporting issuer under the Laws of any province or territory of Canada.

14.05 Inter-Holder Dispositions

If the Holder consists of two or more persons, then sections 14.02 and 14.04 shall not apply to:

- (a) any disposition of an interest in this Agreement between or among those persons; or
- (b) any adjustment of the interests of those persons in this Agreement relative to each other,

and those persons, including a Financial Fiduciary, may make such disposition or adjustment without the consent of NTI.

14.06 Release

If a Holder makes an arm's-length disposition with the consent of NTI and ceases to have any interest in this Agreement, the Holder shall be released from any liability or obligation arising hereunder as a result of any act, error or omission of the Recipient after the effective date of the disposition, unless the Holder has agreed to remain liable under section 14.02.

15. GENERAL

15.01 Governing Law and Attornment

The parties agree

- (a) that, subject to the definition of "Act" in Rule 2, this Agreement shall be governed by and interpreted in accordance with the laws of Nunavut and the laws of Canada that apply in Nunavut; and
- (b) to attorn to the non-exclusive jurisdiction of the Nunavut Court of Justice.

15.02 Joint Ventures; Joint and Several Liability

- (a) If the Holder consists of two or more persons operating as a joint venture, those persons may by notice to NTI authorize one of them, as operator of the joint venture, to receive all notices, make all payments, and give all consents and otherwise deal with NTI under this Agreement on their behalf and bind them under this Agreement until such authority is revoked by notice to NTI.
- (b) Notwithstanding paragraph 15.02(a) or any joint venture agreement, if the Holder consists of two or more persons, each such person, whether the operator or not,

shall, subject to section 14.06, be jointly and severally liable to NTI for the performance of the Holder's obligations.

15.03 Force Majeure

- (a) If the Holder is delayed in or prevented from performing any covenant or obligation hereunder by reason of an event of force majeure including fire, war, act of God, the Queen's enemies or adverse weather conditions or by any other cause or thing beyond the Holder's reasonable control, other than a shortage of funds, the Holder may claim force majeure by delivering a notice to NTI setting out the particulars of the event of force majeure.
- (b) The duration of the delay resulting from an event of force majeure and, at the discretion of NTI, any additional period that NTI approves in light of the surrounding circumstances, shall be excluded from the determination of the time within which any
 - (i) condition established by this Agreement is to be satisfied; or
 - (ii) any covenant or obligation, other than the payment of Annual Fees, Bonus Payments or Advance Royalty Payments, is to be performed,and the time for doing so, as well as the Term then in existence, shall be extended by the duration of all such delays plus any additional period that NTI approves.
- (c) Notwithstanding paragraph 15.03(b),
 - (i) the Holder shall diligently pursue all reasonable steps to end the event of force majeure and shall give notice to NTI when the event of force majeure has ended; and
 - (ii) NTI may, acting reasonably upon thirty (30) days' notice to the Holder, declare that the event of force majeure has ended because
 - (A) the claimed event did not originally qualify as an event of force majeure;
 - (B) the event that the Holder has claimed has come to an end; or
 - (C) the Holder has failed to diligently pursue all reasonable steps to end the event of force majeure.
- (d) If the Holder disputes NTI's declaration under subparagraph 15.03(c)(ii), the Holder may give notice to that effect to NTI not later than fifteen (15) days after receiving NTI's notice under that subparagraph. Not later than fifteen (15) days after giving NTI the notice contemplated by this paragraph 15.03(d), the Holder may, but shall not be obligated to, submit the dispute to arbitration in accordance with section 15.07. If the Tribunal upholds NTI's declaration, it shall not take effect until the thirtieth (30th) day after the date of the Tribunal's decision.
- (e) During the duration of the event of force majeure, the Holder shall pay the Annual Fees on each Anniversary Date at the rate that applies to the Year during which

the force majeure event occurred. After the event of force majeure has ended, the Annual Fees payable on the next Anniversary Date shall be those that would ordinarily apply to that Year. The Holder will make Bonus Payments and Advance Royalty Payments during the event of force majeure and after it has ended as if the event of force majeure had not occurred.

15.04 Notice

- (a) Unless otherwise provided herein, any notice or other communication to a party under this Agreement shall be in writing and given or served by personal delivery, sent by registered mail (postage prepaid) or transmitted by facsimile addressed as follows:

If to NTI:

Nunavut Tunngavik Incorporated
P.O. Box 1269
Cambridge Bay, Nunavut, X0B 0C0

Attention: Director, Department of Lands and Resources
Email: cgillis@tunngavik.com

If to the Holder:

1501253 NUNAVUT LTD.
329 HOWE STREET
VANCOUVER B.C. V6C 3N2
CANADA

Attention: **Alexandre Jones Vilela da Silva**
Email: alex.vilela@sentinelresources.com.au

- (b) Any notice or other communication sent by registered mail shall be deemed to have been given or served on the seventh day after it is deposited in any post office in Canada.

- (c) Any notice given by facsimile shall be deemed to have been given on the first Business Day following the day it is transmitted, if receipt of the facsimile is confirmed.
- (d) Any such notice or other communication to a party may also be served in person by delivering the same to a responsible person in the office of the party at its address for notice and any such notice shall be deemed to have been given on the first Business Day following the date of delivery.
- (e) A reference in this Agreement to the date in which a notice is given or received shall be interpreted to mean the date the notice is deemed to have been given in accordance with paragraphs 15.04(b), 15.04(c) and 15.04(d).
- (f) Either party may change its address for notice at any time by notice in writing.
- (g) During any event or circumstance that disrupts the delivery of mail or the transmission of facsimiles, such notice or other communication shall be given by personal service as aforesaid.

15.05 Further Assurances

Each of the parties hereto shall make, do or execute or cause to be made, done or executed all such acts, documents, deeds or other things as may be necessary or reasonably required to carry out the intent and purposes hereof fully and effectually.

15.06 Perpetuities

If any right, power, or interest of any party in the Exploration Area under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiry of twenty (20) years after the death of the last survivor of all the lineal descendants of Queen Elizabeth II of England who are living on the Effective Date.

15.07 Resolution of Disputes by Arbitration or Litigation

- (a) A controversy, claim, disagreement or other dispute that arises
 - (i) in relation to or out of this Agreement, including any question regarding its existence, interpretation, validity, breach or termination; or
 - (ii) in respect of the legal and business relationship created by this Agreement which this Agreement expressly requires to be submitted to arbitration or which a party has the express right to submit to arbitration in accordance with this Agreement, shall, subject to paragraph 15.07(h), be resolved by arbitration in accordance with this section 15.07.
- (b) A dispute submitted to arbitration in accordance with this Agreement shall be resolved by arbitration administered by the ADR Institute of Canada, Inc. (the “**Institute**”) in accordance with the Institute’s National Arbitration Rules as

amended by the Institute in October 2008 and as further amended by agreement of the parties, as set out in Schedule “F” (the “**Rules**”).

- (c) Consistent with Rule 5, by agreeing to the Rules the parties acknowledge and accept that they have agreed that the Institute shall administer the arbitration.
- (d) Where a dispute is submitted to arbitration pursuant to paragraphs 5.06(d), 6.02(d), 6.03(c), 9.04(a) or 9.04(b), the arbitration shall be conducted
 - (i) by a sole arbitrator who must be a Qualified Person; and
 - (ii) in accordance with the simplified procedure set out in Rule 49.
- (e) The legal place and seat of arbitration shall be Edmonton, Alberta and subject to section 15.08, *The Arbitration Act*, C.C.S.M., c. A120 (the “Act” in this section 15.07, section 15.08, and in the Rules) will apply to the arbitration.
- (f) Despite paragraph 15.07(e), all oral hearings conducted during the arbitration shall take place at the Hamlet of Cambridge Bay, Nunavut, unless the parties have agreed, not later than fourteen (14) days after the Commencement Date, to hold those hearings at another location.
- (g) The language of arbitration shall be English.
- (h) Any dispute that this Agreement does not expressly require to be submitted to arbitration may be resolved by litigation commenced in a court of competent jurisdiction.

15.08 Provisions of the Act to be Varied or Excluded

- (a) Subsection 25(7) of the Act shall apply only to directions of the Tribunal that pertain to the matters described in paragraphs 25(6)(a) and 25(6)(b) of the Act.
- (b) Subsections 40(1) and 40(2) of the Act shall not apply to an arbitration conducted under this Article 15.

15.09 Consulting and Legal Fees

- (a) Where this Agreement provides that consulting fees to be incurred by NTI in connection with NTI’s review and processing of an application or for any other purpose connected with this Agreement are to be reimbursed by the Holder, an estimate of any and all such consulting fees shall be provided by NTI to the Holder and approved by the Holder, acting reasonably, in advance of NTI incurring any such expense.
- (b) If and when requested by the Holder, and at the Holder’s expense, NTI agrees to cooperate in the review of any legal accounts for which NTI is seeking reimbursement from the Holder in respect of legal advice received in connection with NTI’s review and processing of an application or for any other purpose connected with this Agreement, including submitting such accounts to be taxed by

the appropriate authorities under the applicable Laws. An amount equal to any reduction in legal fees resulting from the taxing of such legal accounts shall be paid forthwith by NTI to the Holder, provided that the Holder has previously reimbursed NTI for such legal fees.

15.10 Canadian Funds

All references to money in this Agreement are to Canadian currency.

15.11 Method of Payment

Payment of any amount required under this Agreement shall be made by bank transfer to NTI's account in accordance with NTI's instructions.

15.12 Time

Time is of the essence of this Agreement.

15.13 Enurement

This Agreement shall enure to the benefit of the parties hereto, their heirs, executors, successors and permitted assigns.

15.14 No Implied Terms or Covenants

There are no implied terms or covenants in this Agreement. NTI shall have no implied obligation to take any action respecting, and no responsibility for, the acts or omissions of any RIA or Designated Inuit Organization and shall have no implied obligation to make any representation to them or to public government or any institution of public government on behalf of the Holder.

15.15 Waiver of Breach of Agreement

No waiver of any breach of this Agreement or extension of time for performance shall be binding on a party unless it is in writing and communicated in accordance with section 15.04. Any waiver or extension shall apply only to the particular breach or condition and shall not limit any future rights of that party.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of November 1, 2024.

NUNAVUT TUNNGAVIK INCORPORATED

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

1501253 NUNAVUT LTD.

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

**SCHEDULE “A” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024**

DESCRIPTION OF EXPLORATION AREA

The Exploration Area consists of those parts of Inuit Owned Lands Parcel CO-54 and CO-58 as illustrated on the following maps:

Detail of Exploration Area CO54CO58-24-001 (Segment 1 of 2)

Detail of Exploration Area CO54CO58-24-001 (Segment 2 of 2)

The area of the Exploration Area is 25,699 hectares.

Excluding Crown Mining Lease ML2797.

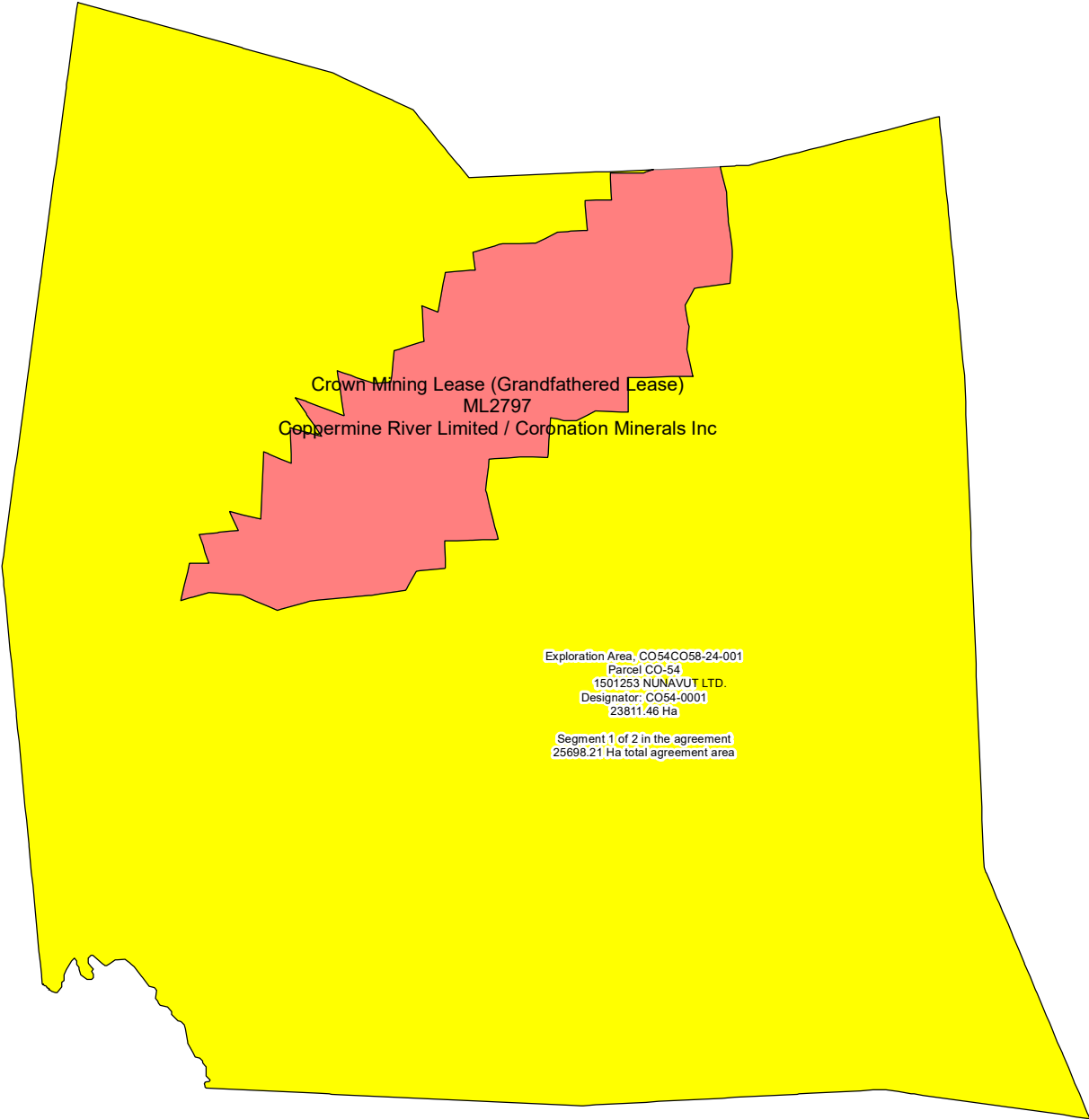
The datum is NAD83

Encumbrances:

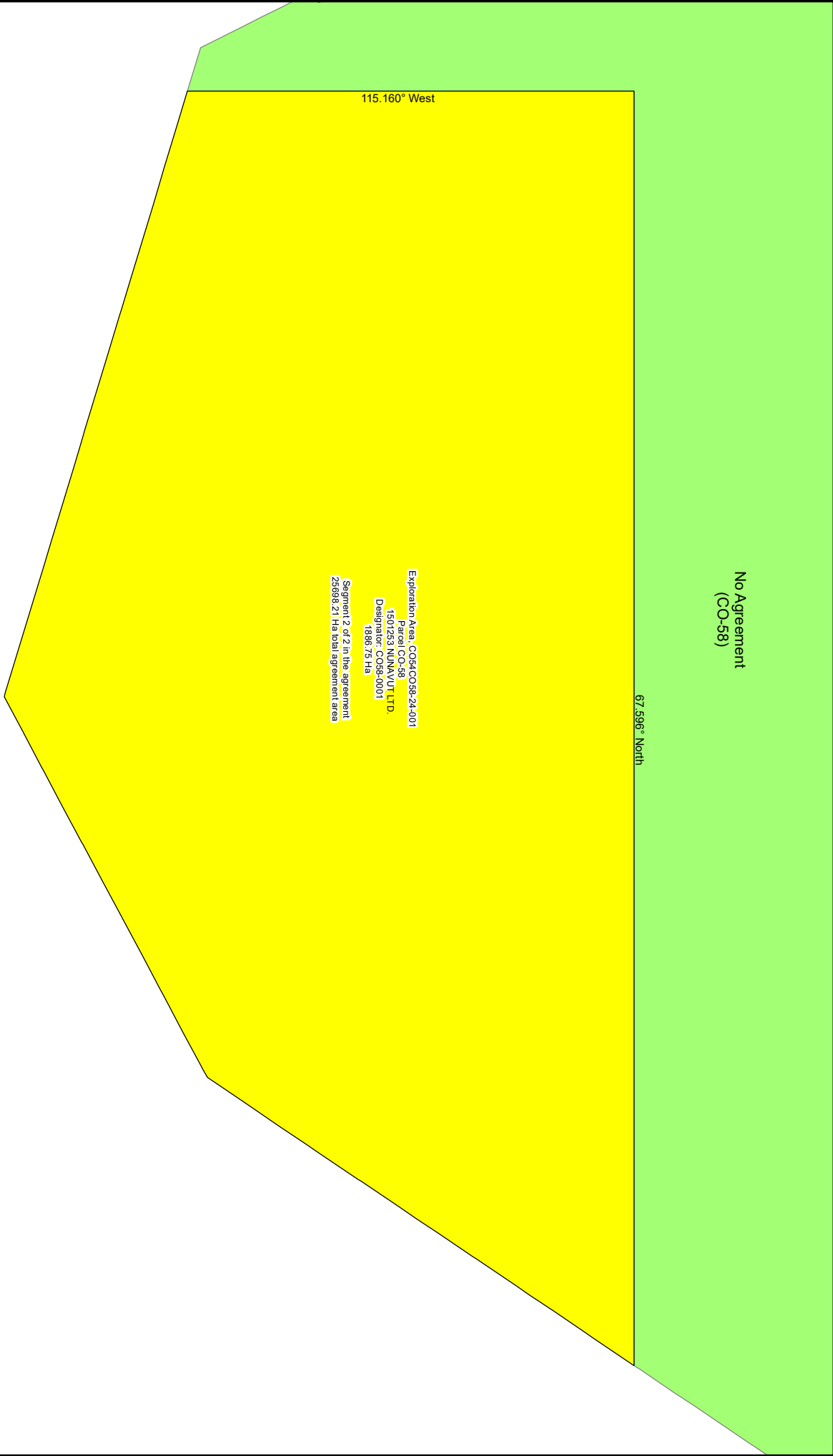
In respect of Exploration Area:

Nil

Detail of Exploration Area, CO54CO58-24-001 (Segment 1 of 2)



Detail of Exploration Area, CO54CO58-24-001 (Segment 2 of 2)



**SCHEDULE “B” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024**

FEES

1. Annual Fees

Years	Annual Fees (\$/hectare/Year)	When Payable
1	1.00	On signing
2 – 5	2.00	On 1 st , 2 nd , 3 rd and 4 th Anniversary Dates
6 – 10	3.00	On 5 th , 6 th , 7 th , 8 th and 9 th Anniversary Dates
11 – 15	4.00	On 10 th , 11 th , 12 th , 13 th , and 14 th Anniversary Dates
16 – 20	5.00	On 15 th , 16 th , 17 th , 18 th and 19 th Anniversary Dates

Note 1: As specified in the Application, Inuit are exempted from paying these Annual Fees for the first two Years, provided that these fees become payable upon the disposition of an interest held by an Inuk to a corporation as described in section 9 of this Schedule “B”.

In this Schedule “B”, Annual Fees are based on the size of the Exploration Area, measured in hectares, and a Year of twelve (12) months. If the Anniversary Date is amended pursuant to section 4.02 to provide for a Year that is greater or less than twelve (12) months, the amount of the Annual Fees for that Year shall be increased or decreased proportionately.

2. Fee for Relief from Exploration Work (section 5.06)

25% of the value of the Work Requirement for each Year the Work Requirement is waived

3. Fee for Relief from Exploration Work (section 5.07)

\$2/hectare

4. Fee for the Reduction of the Exploration Area (section 7.01)

\$250

5. Fee for an Addition to the Exploration Area (section 7.02)

\$500

6. Fee for the Consolidation of Exploration Areas (section 7.03)

\$500

7. Fee for the Subdivision of the Exploration Area (section 7.04)

\$500 for each Subdivided Exploration Area

8. Application Fee for Production Lease (section 9.01 and section 9.05)

\$2,000 plus reimbursement of NTI's reasonable legal and consulting out-of-pocket expenses incurred to review and process the application and prepare the Production Lease

9. Disposition Fee (section 14.02 and section 14.03)

(a) Disposition by an individual or a corporation – the greater of \$500 or the amount required to reimburse NTI for its actual legal, consulting and administrative costs that were reasonably related to the disposition.

(b) Disposition where Annual Fees were exempted in accordance with Note 1 above – the payment of the Annual Fees that were exempted, plus the disposition fees described in paragraph (a) immediately above.

**SCHEDULE “C” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024**

EXPLORATION WORK

1. MINIMUM ANNUAL EXPLORATION WORK REQUIREMENT

1.01 Minimum Annual Work Requirement

Years	Minimum Annual Work Requirement (\$/hectare/Year)
1 – 2	5.00
3 – 5	10.00
6 – 10	20.00
11 – 15	30.00
16 – 20	40.00

In this Schedule, the Minimum Annual Work Requirement is based on the size of the Exploration Area, measured in hectares, and a Year of twelve (12) months. If the Anniversary Date is amended in accordance with this Agreement, with the result that a Year is greater or less than 12 months, the Minimum Annual Work Requirement for that Year shall be increased or decreased proportionately.

2. EXPLORATION WORK VALUATION

2.01 Statement of Costs

The Holder shall determine the Annual Exploration Work Value of the Exploration Work described in the Annual Exploration Report, which shall be based on a statement (the “**Statement of Costs**”) of the actual direct costs, subject to subsection 2(4), of carrying out Exploration Work in any Term. The Statement of Costs shall:

- (a) be certified by the Holder or an authorized representative of the Holder as follows: “I certify that to the best of my knowledge the costs listed in this

statement were incurred in carrying out Exploration Work under Exploration Agreement **CO54CO58-24-001**";

- (b) include only:
 - (i) direct costs incurred for Exploration Work performed or services provided in Nunavut during the Term, subject to subsection 2(4), and, during the Term and the ninety (90)-day period after the end of the Term, the preparation of reports and Studies performed in Nunavut or elsewhere,
 - (ii) direct costs incurred for Exploration Work performed or services provided outside of Nunavut during the Term if these were not reasonably available in Nunavut and if NTI, acting reasonably, is satisfied that such costs were necessary and consistent with good industry practice, except that:
 - (A) costs in respect of the preparation outside Nunavut of reports and Studies in respect of the Exploration Area during the Term and the ninety (90)-day period after the end of the Term, and
 - (B) costs of Exploration Work performed by or services rendered by persons who are directors, officers or geological or mining consultants of Holder or any of its Affiliates, whether or not performed or rendered in Nunavut,shall be conclusively deemed to have been costs incurred for Exploration Work performed or services provided that were not reasonably available in Nunavut; and
 - (iii) direct administrative costs and costs related to travel outside Nunavut, which, in the aggregate, do not exceed ten percent (10%) of the total costs of the Exploration Work;
- (c) include a breakdown of the costs by category of work (e.g. geological mapping) and expense classification (e.g. assays, air charters);
- (d) include a breakdown of the costs among the areas or properties included in the project, if the Exploration Area is included as part of a larger project, with an explanation of the method of prorating such costs, which method must be acceptable to NTI, and the calculations used in prorating such costs; and
- (e) be given in sufficient detail to allow NTI to determine and verify the Annual Exploration Work Value.

2.02 Additional Information

Upon request by NTI, the Holder shall supply to NTI such material that, in the opinion of NTI, acting reasonably, is necessary to determine the Annual Exploration Work Value in the Statement of Costs

2.03 Individuals

In determining the actual cost of work, if the Holder is an individual, NTI shall include reasonable allowance for equipment owned by the individual that was used in the performance of the Exploration Work and a reasonable allowance for the work of the individual on the Exploration Area.

2.04 Construction of Roads, Airstrips, Camps and Other Infrastructure

- (a) Road and airstrip construction shall be for the purpose of providing access to the Exploration Area. All specifications and details requested by NTI shall be supplied.
- (b) Costs incurred on the Exploration Area in the construction of roads, airstrips, docks, permanent or semi-permanent camps and storage facilities and for similar purposes shall be allowed as determined by NTI to a maximum value of ten percent (10%) per Year of the Minimum Annual Work Requirement for that Year and the following two (2) Years and such allowed costs shall be applied against the Minimum Annual Work Requirement for that Year and for each of the following two (2) Years to a maximum value of ten percent (10%) per Year of the Minimum Annual Work Requirement.
- (c) Costs incurred outside of the Exploration Area in the construction of roads, airstrips, docks, permanent or semi-permanent camps and storage facilities and for similar purposes shall be allowed only at the discretion of NTI, such costs not to exceed ten percent (10%) per Year of the Minimum Annual Work Requirement for that Year and the following two Years and such allowed costs shall be applied against the Minimum Annual Work Requirement for that Year and for each of the following two (2) Years to a maximum value of ten percent (10%) per Year of the Minimum Annual Work Requirement.
- (d) Total aggregate costs allowed under paragraphs (b) and (c) of this subsection 2(4) shall in no circumstances exceed ten percent (10%) per Year of the Minimum Annual Work Requirement for the Year in which the costs were incurred and for each of the following two (2) Years.

2.05 Miscellaneous

- (a) Gridding and surveying for the purpose of carrying out geological, geophysical and geochemical surveys, construction, excavation and underground work, and drilling, may be accepted as Exploration Work if NTI is satisfied that such work is necessary and that no part of the costs have been or will be claimed as costs of the surveys or other work.
- (b) Simple geological, geophysical and geochemical surveys usually carried out by an individual prospector shall be accepted as Exploration Work by NTI. In determining the actual cost of the work, NTI shall allow the inclusion of applicable expenses under subsection 2(3).

- (c) Compilation of historical geoscience and exploration data will be accepted as Exploration Work for compilation carried out during the first two Years of this Agreement.

3. INFORMATION REQUIREMENTS

3.01 Format and General Information

Except when otherwise authorized by NTI, one copy of the report required by section 6.01 shall be in a digital format.

In addition to the specific information required by subsections 3(2) through 3(10), each report on Exploration Work must meet the following minimum requirements for format and general information:

- (a) both the medium of storage and the format of the data stored thereon must be in an industry standard format approved by NTI. The medium of storage must be clearly labelled with:
 - (i) the name of the report;
 - (ii) the author(s) of the report;
 - (iii) the date of the report;
 - (iv) the name and number of this Agreement; and
 - (v) the name and number of any other Exploration Agreement to which the report refers;
- (b) the following data shall appear in an ASCII text file:
 - (i) the nature of the report, e.g., geological, geophysical, etc.;
 - (ii) the description of the Exploration Area as it appears in Schedule “A” in each Exploration Agreement to which the report refers and the number of the applicable National Topographic Series map or maps;
 - (iii) the name of the author of the report and, if not the same, the name of the person under whose supervision the work was done; and
 - (iv) the dates between which the work was done;
- (c) all individual digital data files submitted shall be accompanied by an ASCII text file which contains the following metadata information:
 - (i) the file name of the data file;
 - (ii) the full title of the data file;
 - (iii) the name of each author or producer of the content of the file;
 - (iv) an abstract or summary of the content of the data file;
 - (v) the format of the content;

- (vi) the name and number of this Agreement and the name and number of any other Exploration Agreement to which the content applies;
 - (vii) the period of time during which the content of the file was generated, including
 - (A) the start date, and
 - (B) the end date;
 - (viii) the geographical boundaries of the area to which the content applies, designated by
 - (A) the latitude of the northernmost point,
 - (B) the latitude of the southernmost point,
 - (C) the longitude of the easternmost point, and
 - (D) the longitude of the westernmost point;
 - (ix) each Inuit Owned Lands Parcel to which the content applies;
 - (x) if applicable, the grid coordinate system used;
 - (xi) if applicable, the map projection; and
 - (xii) if applicable, the datum; and
- (d) each report shall contain a table of contents;
 - (e) each report shall describe and interpret the data collected during the survey and the manner in which the data were collected and shall disclose any information obtained from other sources;
 - (f) all photographs and scanned images must be at a resolution sufficient for acceptable viewing when printed;
 - (g) all diagrams, charts, maps and illustrations, if computer generated, shall be submitted in the format in which they were produced in addition to any graphical representations used in the report;
 - (h) data which is processed to produce diagrams, maps, charts or illustrations shall be submitted in the final processed form such that they may be further manipulated, analyzed or interpreted;
 - (i) each plan that accompanies the report shall include a scale, a north arrow (if the plan is not oriented to the north) and any prominent topographical features, and at least one plan shall be provided which shows the boundaries of each Exploration Area to which the report refers, their latitude and longitude, and their relationship to any prominent topographic features, to any adjacent Exploration Area held by the Holder and to any Existing Mineral Right that applies to an adjacent area;
 - (j) the report shall, where applicable, indicate the method of survey control and the amount of gridding shall be shown on at least one plan;

- (k) the report shall set out the names and addresses of all persons employed in performing the survey and preparing the report and the time employed herein;
- (l) the report shall include the Statement of Costs as described in section 2; and
- (m) all geological, geophysical, geochemical or evaluation surveys performed for Exploration Work shall be prepared by one or more professional engineers, geoscientists or other Qualified Persons and where such persons are members of a professional association, the report shall bear the official stamps, a statement of their qualifications, relevant training and experience and any professional affiliations.

3.02 Carving Stone Locations

Any Carving Stone location identified during the carrying out of Exploration Work shall be marked on all maps submitted, and a description of the deposit including the accurate latitude and longitude of the deposit must be provided.

3.03 Trenching and Stripping

The report shall include an accurate sketch showing the location of trenches or other surface workings relative to the local topography and Exploration Area boundaries (including the latitude and longitude of the surface workings), the dimensions of the workings, the nature of the material excavated and identified assay results of samples taken from the workings.

3.04 Shafts, Adits and Other Underground Work at Least Three Metres Below the Surface

The report shall include an accurate map showing the location of the shaft, adit or work relative to the local topography and boundaries of the Exploration Area (including the latitude and longitude of the shaft or adit), assay locations and results and the nature, extent and dimensions of the work together with an explanation of the material excavated.

3.05 Diamond Drilling

The report shall include:

- (a) an accurate map showing the location of drill holes relative to the local topography and Exploration Area boundaries (including the latitude and longitude of drill holes), and their azimuth and dip;
- (b) details of the location of core storage;
- (c) complete drill logs, all assays of core and drill sections;
- (d) interpretation of average grade, tonnage and other descriptive measurements; and

- (e) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

3.06 Rotary, Percussion or Other Similar Drilling

The report shall include:

- (a) an accurate map showing location of drill holes relative to the local topography and Exploration Area boundaries (including the latitude and longitude of drill holes), and their azimuth and dip;
- (b) assays of cuttings, when taken, that have been sampled;
- (c) samples of cuttings if requested by NTI;
- (d) interpretation of average grade, tonnage and other descriptive measurements; and
- (e) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

3.07 Geological Survey

The report shall include:

- (a) a table of geological formations;
- (b) detailed geological information concerning rock types, structures, veins and mineralized zones occurring on the Exploration Area;
- (c) an interpretation of the geological observations made;
- (d) conclusions and recommendations;
- (e) a plan capable of being reproduced showing structural data, location of mineralization, trenches, drill holes and other workings and the location of outcrops and their designation by symbol and a legend giving a full description of all symbols employed; and
- (f) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

3.08 Geophysical Survey

The report shall include:

- (a) reference to available geology;
- (b) a description of the methods and equipment used;
- (c) copies of geophysical readings, tracings and profiles, unless otherwise agreed by NTI, and, the raw and final processed digital source data

(including GPS and magnetic base station data) in a XYZ format archive with complete and appropriate headers;

- (d) pertinent calculations, unless otherwise agreed by NTI;
- (e) an interpretation of the data collected;
- (f) conclusions and recommendations;
- (g) plans showing flight lines or traverse lines, direction of flight or traverse, reference grid (with appropriate UTM and/or latitude/longitude coordinates), contoured geophysical results (or other appropriate mode of presentation, such as electromagnetic anomalies) and a legend giving a full description of all symbols employed including a technical summary of survey parameters; and
- (h) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

3.09 Geochemical Survey

The report shall include:

- (a) references to available geology;
- (b) a description of the methods and equipment used and the method of collecting and analyzing the samples;
- (c) copies of all analyses and reference to the sample location;
- (d) an interpretation of the data collected;
- (e) conclusions and recommendations;
- (f) plans showing all the locations where samples were taken and a legend giving full description of all symbols employed; and
- (g) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

3.10 Mineral Resource Estimates; Metallurgical, Environmental, Geotechnical and Engineering Studies

The report shall include:

- (a) a statement of the purpose of the study;
- (b) a description of the methods and equipment used;
- (c) pertinent calculations;
- (d) an interpretation of any data collected;
- (e) conclusions and recommendations;
- (f) any economic analyses done in order to complete the study; and

- (g) digital data used to create computer-generated diagrams, maps or analyses, to the extent that including certain data does not conflict with copyright obligations.

4. ADMINISTRATION

4.01 Land Administrator

NTI may by notice to the Holder appoint a person as Land Administrator and delegate to that person all its rights and powers in this Schedule “C”. After the Holder receives such notice, all reports and information required by section 6.01 shall be sent to the Land Administrator and not to NTI's address for notice in this Agreement.

**SCHEDULE “D” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024**

PREFEASIBILITY STUDY

1. AUTHOR OF PREFEASIBILITY STUDY

1.01 Preparation by a Qualified Person

The Prefeasibility Study shall be prepared by or under the supervision of one or more Qualified Persons.

1.02 Execution of Prefeasibility Study

The Prefeasibility Study shall be dated, signed and, if the Qualified Person has a seal, sealed, by the Qualified Person who prepared it or supervised its preparation, or if such an individual is an employee, officer, director or associate of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.

2. NATURE OF PREFEASIBILITY STUDY

2.01 Basis for Prefeasibility Study

A Prefeasibility Study must be based on sound engineering principles and mine operating criteria generally accepted by the Canadian mining industry for similar operating environments.

2.02 Reliance on Other Individuals

When the Qualified Person believes it is reasonable to do so, he may rely on the reports, opinions, or statements of non-technical experts who are neither engineers nor geoscientists on matters beyond the expertise of the Qualified Person, such as legal, environmental, political and other non-technical issues and factors relevant to the Prefeasibility Study, if the experts have at least five years of experience that is relevant to the matter.

2.03 Disclaimer

If the author of the Prefeasibility Study has relied on a report, opinion or statement of legal and other non-technical experts for information concerning legal, environmental, political and other non-technical issues and factors relevant to the Prefeasibility Study, the Prefeasibility Study shall include a disclaimer in which the author identifies the report,

opinion or statement relied upon, the author of the report, opinion or statement, the extent of reliance and the portions of the Prefeasibility Study to which the disclaimer applies.

3. SECTIONS AND INFORMATION

The Prefeasibility Study shall include, but is not limited to, the following sections and information:

3.01 Geology and Exploration

This section shall include: a description of the regional and local geological setting; lithology, structure, alteration, metamorphism and mineralization of the mineral deposit(s), and the geological model which relates to the mineral deposit(s). The section should also include a description of all exploration relevant to the discovery and delineation of the deposit(s).

3.02 Mineral Resources and Mineral Reserves

This section shall include: the quantity and average composition and content of the Minerals and the estimated amounts of recoverable Minerals which comprise the Mineral Resource, as well as other resources and Mineral Reserves in the Production Lease Area or the proposed Production Lease Area, together with the data, analyses, models, metallurgical tests and assumptions regarding dilution, losses and rates of recovery upon which such estimates are based; the resource estimation methodology including assumptions and parameters used for the calculation; and, a valuation of Precious Stones and Semi-precious Stones if these are present. To the extent it is not inconsistent with this Agreement, National Instrument 43-101 shall act as a guide to reporting all Mineral Resources and Mineral Reserves.

3.03 Mining

This section shall include: the probable procedures for mining and production, including an analysis of the appropriateness of these procedures; a description of mine access, mining method, geotechnical considerations, production schedule, mining rates, mine services, equipment and mine capital and operating costs, all consistent with the understanding of the project at the time of preparation of the Prefeasibility Study. Costs shall likely be based on order of magnitude contractor estimates and costs from historical costs from other mines of a similar size and type.

3.04 Mineral Processing

This section shall include a preliminary plan for the processing and marketing of Minerals from the proposed or actual Production Lease Area, whether such processing is to occur on the proposed Production Lease Area or elsewhere. It shall include: a description of preliminary metallurgical test work, assumed design criteria, a description and flowchart for proposed mineral processing procedure and tailings management, process capital and operating costs, and production forecasts. A manpower estimate in the form of an

organization chart and work schedules should also be included, consistent with the understanding of the project at the time of preparation of the Prefeasibility Study. Costs shall be based on order of magnitude contractor estimates and internal company files.

3.05 General and Administration

This section shall include: the geographical boundaries of the Production Lease Area or the proposed Production Lease Area, indicating why this area is required; a description of property access, point of hire, rotation schedule/commuting, personnel and training, site buildings and roads, power generation, water supply and sewage disposal, telecommunications, and assumed grants, consistent with the understanding of the project at the time of preparation of the Prefeasibility Study; and results of preliminary geotechnical studies to support location of facilities including buildings, airstrip, and tailings ponds.

3.06 Environmental Impact

This section shall include: a preliminary analysis of the impact on the environment of mining the Indicated Resource, indicating any areas of potential concern and proposals to address these; a description of the baseline environmental studies performed to date; a preliminary description of a general environmental management system for the project based on the available information; preliminary hydrological studies; a description of anticipated contingency plans and the abandonment plan as well as a preliminary reclamation plan that includes, but is not limited to, the proposed methods and procedures for the progressive:

- (a) removal of all structures, equipment, and other man-made materials;
- (b) rehabilitation of the area;
- (c) replacement of overburden, as required;
- (d) grading of the area back to its natural contours; and
- (e) re-establishment of native vegetative communities.

3.07 Socio-Economic Impact

This section shall include: a preliminary evaluation of the socio-economic impacts on the affected communities, the region, and Nunavut, including the likely benefits and a description of possible solutions of potentially negative impacts; and, employment impact studies performed to date, including estimates of direct and spin-off employment.

3.08 Costs

This section shall include: an estimate, to the extent this is reasonable and practicable, of the expenditures required to produce the Minerals and, if applicable, process them during the life of the proposed Mine including particulars of the estimated annual production, estimated operating and maintenance expenditures, taxes (other than income taxes), royalties, capital costs and all other anticipated costs of operations; and, a tabulation of all capital and operating costs listed in the other sections. It shall include working capital,

sustaining capital and ongoing Mine development costs, general costs and abandonment and closure costs.

3.09 Financial Analysis

This section shall include: an economic analysis demonstrating the current or potential feasibility of placing a Mine in production on the Production Lease Area or the proposed Production Lease Area, including all price assumptions and indicating under what conditions the project would be economically viable; a summary of annual revenue, operating and capital costs and undiscounted cash flow; a description of criteria and assumptions utilized in the discounted cash projections; and a life of Mine production schedule. The net present value, internal rate of return and payback shall be calculated for the project as a whole and for each of the parties who constitute the Holder. If possible, this section shall include an explanation of commodity pricing, consumables pricing (fuel, etc.), discount rates, methods of financing and sensitivity analyses indicating the effect of variations in Mineral content, cost, price, production rates and Mineral recovery.

3.10 Recommendations

This section shall include the recommendations derived from the Prefeasibility Study. If this Prefeasibility Study concludes that there is a Mineral Resource on the Production Lease Area or the proposed Production Lease Area, but that it is not currently economically viable to produce Minerals, this section shall recommend a course of action that may make it economically viable.

3.11 Other Information

Include such other information as NTI may reasonably require, consistent with the objectives of this Agreement.

3.12 Certificates of Qualified Persons

This section shall include a certificate of each of the individuals who is a Qualified Person and who has been primarily responsible for the Prefeasibility Study, or a portion of the Prefeasibility Study, dated, signed and, if the signatory has a seal, sealed, by the signatory. The certificate shall state for each signatory: the name, address and occupation of the Qualified Person; the Qualified Person's qualifications, including relevant experience, the name of all professional associations to which the Qualified Person belongs, and that the Qualified Person is a "Qualified Person" for purposes of this Agreement; the section or sections of the Prefeasibility Study for which the Qualified Person is responsible; and, that the Prefeasibility Study has been prepared in conformity with generally accepted Canadian mining industry practice.

**SCHEDULE “E” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024.**

FORM OF INUIT OWNED LANDS MINERAL PRODUCTION LEASE

INUIT OWNED LANDS MINERAL PRODUCTION LEASE

MADE AS OF THE FIRST DAY OF [MONTH], 20

BETWEEN:

NUNAVUT TUNNGAVIK INCORPORATED

AND:

[NAME OF LESSEE]

Lessee

CONFIDENTIAL

Lease Number and Name:

-

[NAME]

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INUIT OWNED LANDS MINERAL PRODUCTION LEASE

THIS LEASE is dated and made effective as of the First day of [MONTH], 20
(the “Effective Date”)

BETWEEN:

NUNAVUT TUNNGAVIK INCORPORATED, a corporation under the Laws of
Canada (“NTI”)

OF THE FIRST PART

AND:

[NAME OF LESSEE], a corporation under the Laws of [PROVINCE], CANADA (the
“Lessee”)

OF THE SECOND PART

WHEREAS:

- A. NTI and [NAME OF LESSEE] entered into an Inuit Owned Lands Mineral Exploration Agreement that was dated and made effective as of the First day of [MONTH] 20 (the “Exploration Agreement”);
- B. The Lessee has satisfied all of the conditions that the Lessee must fulfill before NTI becomes obligated to execute and deliver to the Lessee an Inuit Owned Lands Mineral Production Lease derived from the Exploration Agreement; and
- C. In accordance with the Exploration Agreement, NTI and the Lessee have agreed on the description and the boundary of the “Production Lease Area” as defined herein;

IN CONSIDERATION of the sum of \$[DOLLARS] paid to NTI by the Lessee as Fixed Mineral Rent for the first Year of the Term and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, NTI and the Lessee acknowledge, declare, covenant and agree as follows:

1. INTERPRETATION

1.01 Definitions

Except where defined differently for purposes of another specific provision of this Lease, each of the following capitalized terms, and the word “including”, has the meaning attributed to it in this section 1.01:

“Additional Area” has the meaning given in section 5.01.

“Advance Royalty Payment” means a payment made or payable by the Lessee to NTI in accordance with section 5.09 of the Exploration Agreement or section 4.07 of this Lease.

“Affiliate” or **“Affiliated Party”** means a corporation that, directly or indirectly, controls or is controlled by or is under common control with the Lessee or NTI, as the case may be, where control means sufficient voting control to elect a majority of the board of directors or an interest that allows the holder or holders thereof either directly (by way of agreement or otherwise) or indirectly to direct or cause the direction of management and policies of the corporation through contract, voting trust or otherwise.

“Anniversary Date” means, subject to paragraph 1.10(a), the annual anniversary of the Effective Date.

“Annual Exploration Work Value” has the meaning given in section 1.01 of the Exploration Agreement.

“Applicable Surface Right” means a Surface Right required to carry out Operations and includes Production Lease for Inuit Owned Lands No. [REDACTED] dated [REDACTED], 20[REDACTED] between the RIA and the Lessee, as supplanted, replaced, amended or restated from time to time.

“Asset” means any tool, equipment, machinery, plant, building, improvement, appliance, and/or ancillary facility and mine working and development used to carry out Operations, the cost of which, in whole or in part, is included as or allocated to Available Deductions in accordance with this Lease, and includes the Mine but not the Minerals.

“Asset and Product Insurance” has the meaning given in section 7.14.

“Assignor” means a person or persons, other than an Affiliated Party of the Lessee, who assigned or transferred the Exploration Agreement or the Lease to the current Lessee.

“Bonus Payment” means a payment of the kind described in section 4.06.

“Business Day” means a day on which chartered banks in Nunavut are open for the transaction of business with the general public.

“Carving Stone” means serpentinite, argillite and soapstone where those substances are available for use for carving purposes.

“CIM Definition Standards” means the CIM Definition Standards for Mineral Resources and Mineral Reserves prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on November 27, 2010.

“Commencement Date” has the meaning given in Rule 2 of Schedule “G”.

“Commercial Production” has the meaning given in section 1.09.

“Commingle” has the meaning given in section 1.01 of Schedule “D”.

“Commingling Procedures” has the meaning given in section 1.01 of Schedule “D”.

“Consolidated Production Lease” has the meaning given in section 5.03.

“Designated Inuit Organization” has the meaning given in the NLCA.

“Determination Period” means a period commencing at the beginning of a Fiscal Year and ending at the end of each Quarter of that Fiscal Year. A Determination Period may consist of one, two or three Quarters or the entire Fiscal Year.

“Effective Date” means the date of this Lease stated at the top of page 1.

“Exclusive Grant and Right” has the meaning given in section 3.01.

“Expired Term” has the meaning given in section 6.05.

“Exploration Agreement” means the Inuit Owned Lands Mineral Exploration Agreement that NTI and [NAME OF LESSEE] entered into that was identified as [REDACTED] dated and made effective the first day of [MONTH] 20[REDACTED] including all amendments thereto, from which this Lease is derived.

“Exploration Area” has the meaning given in section 1.01 of the Exploration Agreement.

“Exploration Work” has the meaning given in section 1.01 of the Exploration Agreement.

“Feasibility Study” means a comprehensive study of a Mineral Resource prepared by or under the supervision of, and certified by, at least one Qualified Person that:

- (a) considers all geological, mining, processing, metallurgical, engineering, operating, economic and other relevant factors to a level of detail that is customarily satisfactory to Canadian institutional lenders who provide major financing for mining projects; and
- (b) demonstrates the feasibility of proceeding with the development of the Mineral Resource for mineral production and, without limiting the generality of the foregoing, meets the requirements of Schedule “C”.

A Feasibility Study may be in respect of an area that includes, but is not limited to, the Production Lease Area.

“Fiscal Year” means the fiscal period of the Lessee as defined in section 249.1 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.) (the **“Income Tax Act”**).

“Fiscal Year-end” means the end of a Fiscal Year.

“Fixed Mineral Rent” means the amount reserved herein and payable pursuant to section 4.01.

“Fixed Mineral Rent Letter of Credit” has the meaning given in paragraph 4.04(a).

“Good Mining Practices” means mining, environmental, engineering and financial practices that conform to the requirements of section 7.01.

“Gross Revenues” has the meaning given in section 1.01 of Schedule “D”.

“IIBA” means the Inuit Impact and Benefit Agreement entered into by [NAME OF LESSEE] and the RIA with respect to, *inter alia*, the Production Lease Area and made effective [REDACTED], 20 [REDACTED] as supplanted and replaced by the Inuit Impact and Benefit Agreement that the Lessee and the RIA entered into effective [REDACTED], 20 [REDACTED] as further amended, restated, supplanted or replaced from time to time.

“including” means including without limitation where the context so requires.

“Indicated Resource” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“Institute” has the meaning given in paragraph 12.12(b).

“Inuit” means those persons who are registered on the “Inuit Enrolment List” as that term is defined in Article 35 of the NLCA.

“Inuit Impact and Benefit Agreement” means an agreement made in accordance with Article 26 of the NLCA.

“Inuit Owned Lands” has the meaning given in the NLCA.

“Inuit Owned Lands Parcel” has the meaning given in the NLCA and **“the IOL Parcel”** means Inuit Owned Lands Parcel [REDACTED].

“Laws” means all applicable statutes, regulations, by-laws, rules, or orders of any federal, territorial, municipal or other governmental authority, including any institution of public government, having jurisdiction, and **“Law”** means any one of them.

“Lease” means this Inuit Owned Lands Mineral Production Lease, including its Recitals and Schedules “A”, “B”, “C”, “D”, “E”, “F” and “G”.

“Lessee” includes, as the context requires, the person or persons who have executed this Lease as the Lessee and the initial or subsequent assignee of such person or persons of this Lease or an interest therein, any person who has agreed to assume and perform in whole or in part the covenants and obligations of a Lessee under this Lease, and any other person who has an interest in this Lease howsoever derived, but does not include a Registered Mortgagee.

“Material Default” has the meaning given in section 10.01.

“Maximum Royalty” has the meaning given in subparagraph 4.05(a)(ii).

“Measured Resource” means, subject to paragraph 4.06(a), that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical

characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“Mine” means any land, work or undertaking wherein Minerals are removed from the earth or from talus on the Production Lease Area by any method for commercial purposes, and includes all lands, works, mills, concentrators, non-mobile machinery, roads, airstrips, tailings facilities, plant and buildings and other undertakings on the IOL Parcel.

“Mineral Reserve” means the economically mineable part of a Measured or Indicated Resource demonstrated by a Prefeasibility Study or a Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material constituting the Mineral Reserve is mined.

“Mineral Resource” means a concentration or occurrence of Minerals in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. A Mineral Resource is either an Indicated Resource or a Measured Resource.

“Minerals” means precious and base metals and other non-living, naturally occurring substances whether solid, liquid or gaseous, including coal, Precious Stones and Semi-precious Stones, found within, upon, or under the Production Lease Area, but excluding Specified Substances, water, petroleum, natural gas and related hydrocarbons.

“National Instrument 43-101” means National Instrument 43-101, Standards of Disclosure for Mineral Projects, established by the Canadian Securities Administrators as amended or replaced from time to time.

“Net Profit” has the meaning given in section 1.01 of Schedule “D”.

“NI 43-101-Compliant Report” means a report prepared by or for the Lessee that satisfies the requirements of National Instrument 43-101 provided that such report shall adopt the definition of “Mineral Resource” that appears in this section 1.01 in place of the definition of “Mineral Resource” that appears in the CIM Definition Standards.

“NLCA” means the Nunavut Land Claims Agreement, also known more formally as the Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada as ratified by the Nunavut Land Claims Agreement Act, S.C. 1993, c. 29 and by vote of Inuit.

“NMR” means the Nunavut Mining Regulations (SOR/2014-69) as amended or replaced from time to time, including any statute or legislation of Canada or Nunavut replacing the NMR in Nunavut.

“NTI’s Financial Rights” has the meaning given in paragraph 4.09(a).

“Operations” means prospecting, exploration, development, construction, mining, mineral processing and metallurgical work, and any other activity carried out by or for the Lessee in, on or, to the extent permitted hereunder, related to the Production Lease Area to produce Product and prepare it for shipment from the Mine, including the operating, closure and reclamation of the Mine, all as contemplated in this Lease.

“Other Rights” has the meaning given in subparagraph 4.09(b)(i).

“PL Exploration Work” means work carried out by the Lessee within the Production Lease Area in accordance with this Lease that would constitute Exploration Work if it were carried out within the Exploration Area.

“Precious Stone” means a diamond, sapphire, emerald or ruby.

“Prefeasibility Study” means a comprehensive study of the viability of a mineral project that

- (a) has been prepared by, or under the supervision of, and certified by, one or more Qualified Persons, based on reasonable assumptions of technical, engineering, operating, economic and other relevant factors;
- (b) demonstrates or confirms that a Mineral Resource exists within, upon, or under the Production Lease Area and that production of Minerals from the Mineral Resource at a profit is or may be possible under economic conditions that are specified and generally accepted as reasonable by the mining industry; and
- (c) without limiting the generality of the foregoing, meets the requirements of Schedule “D” of the Exploration Agreement. For greater certainty, a Prefeasibility Study may be in respect of an area that includes, but is not limited to, the Production Lease Area.

“Primary Term” means the initial period of the Lease commencing on the Effective Date and, unless surrendered and replaced in accordance with section 6.03, ending at the end of the tenth Year of the Lease.

“Prime Rate” means the chartered bank-administered prime business rate quoted monthly by the Bank of Canada (series V122495).

“Product” means Minerals mined from the Production Lease Area including any concentrates, other materials, products or by-products derived by treating such Minerals as part of Operations, provided that

- (a) if any such Minerals are ordinarily subjected to treatment as part of Operations for the purpose of putting the Minerals into a form in which they can be and are typically sold or transferred for value, such Minerals shall not be considered to be Product until after they have been so treated, except where the Lessee sells or transfers such Minerals to another person for value without having subjected them to any treatment; and
- (b) any Minerals that the Lessee recovers as a result of Operations at any time, or from time to time, from any treatment of tailings, waste or other

previously mined materials resulting from any Operations shall be considered as Product, provided that any tailings, waste or other previously mined materials that the Lessee uses within the Production Lease Area in order to conduct Operations shall not be considered to be Product.

By way of illustration, gold or other Minerals associated with gold will ordinarily be considered Product once the gold or such other Minerals have been processed and made into doré bars or other Product at the Mine and such Product is ready for shipment.

“Product Payment” has the meaning given in paragraph 7.16(c).

“Production Lease” means an Inuit Owned Lands Mineral Production Lease.

“Production Lease Area” means:

- (a) subject to paragraph (b), that part of the IOL Parcel described in Schedule “A”; or,
- (b) if a survey has been carried out and a plan of survey has been filed in accordance with section 7.04, that part of the IOL Parcel described as the Production Lease Area in the plan of survey, effective as of the date of delivery to NTI.

“Property Tax” means “property tax” as defined in “Official Consolidation of Property Assessment and Taxation Act C.S.Nu.c. P-130”, this consolidation referred to herein as **“PATA”**.

“Qualified Person” has the meaning given in National Instrument 43-101.

“Quarter” means each of the four periods of three consecutive calendar months in a Fiscal Year, starting on the first day of the Fiscal Year, and **“Quarterly”** relates to a Quarter.

“Recipient” has the meaning given in paragraph 12.02(b).

“Regional Inuit Association” and **“RIA”** mean the [REDACTED] Inuit Association or its successor.

“Registered Mortgagee” has the meaning given in section 12.07.

“Renewal Term” means any period of time after the Primary Term during which this Lease is in effect in accordance with its terms.

“Revised Maximum Royalty” has the meaning given in paragraph 4.05(g).

“Royalty” means the royalty interest in the Minerals and Product that NTI reserves unto itself in accordance with section 4.02 and that is determined and payable pursuant to this Lease.

“Royalty Letter of Credit” has the meaning given in paragraph 4.05(a).

“Rules” has the meaning given in paragraph 12.12(b) and **“Rule”**, when followed immediately by a number or by a number and an alphabetical letter in parentheses, refers to the provision of the Rules identified by that number or by that number and the alphabetical letter in parentheses, as the case may be.

“Semi-precious Stone” means a stone valued for use in jewellery, artwork or ornaments, but having less commercial value than a Precious Stone, applied especially to such stones as amethyst, garnet, jade and tourmaline.

“Specified Substances” means construction stone, sand and gravel, limestone, marble, gypsum, shale, clay, volcanic ash, earth, soil, diatomaceous earth, ochre, marl, peat and Carving Stone.

“Study” means Prefeasibility Study or Feasibility Study.

“Surface Right” means a right granted by the RIA to use, occupy, or possess Inuit Owned Lands, excluding Minerals, but including the surface thereof and Specified Substances.

“Term” means the Primary Term of this Lease and any Renewal Term.

“Tribunal” has the meaning given in Rule 2 of Schedule “G”.

“Unrelated Materials” has the meaning given in section 1.01 of Schedule “D”.

“Unrelated Operations” has the meaning given in section 1.01 of Schedule “D”.

“Use of Asset Procedures” has the meaning given in section 1.01 of Schedule “D”.

“Year” means, subject to paragraph 1.10(a), the twelve-month period beginning on the Effective Date and ending at midnight of the day before the first Anniversary Date, and subsequently, the period beginning on each Anniversary Date and ending at midnight of the day before the next Anniversary Date.

“Year-end” means the end of a Year.

1.02 Entire Agreement

- (a) This Lease, including the Schedules hereto, represents the entire agreement between the parties regarding the matters herein referred to and replaces and supersedes all prior negotiations and agreements, whether express or implied, relating to the Production Lease Area. The Exploration Agreement shall continue to apply to all Inuit Owned Lands described therein, except for the Production Lease Area.
- (b) After the Lessee delivers the Feasibility Study that is the basis for its decision to put a Mineral Resource or Mineral Reserve into Commercial Production in accordance with this Lease, if either party gives notice to the other prior to the commencement of Commercial Production that it wishes to amend this Lease, the parties agree to discuss the proposed amendments.
- (c) Where this Lease provides that NTI may exercise any right or power or consent or agree to any application or request from the Lessee, NTI may act in its sole and absolute discretion, except where this Lease provides that NTI shall act reasonably.

- (d) Where Schedule “D” provides that the Lessee, NTI or both are entitled to exercise discretion or must give their consent, the party in question shall act reasonably when exercising its discretion or giving its consent.

1.03 Inflation Increases

- a) NTI may, at any time, but after the first inflation increase or earlier increase under the Exploration Agreement not more frequently than once every five (5) Years, by notice to the Lessee, increase any amount expressed in dollars in this Lease, including the Fixed Mineral Rent, insurance, and fees, such increase to be effective as of the next Anniversary Date, provided that no increase shall be effective unless one hundred and eighty (180) days advance notice has been given.
- (b) The amount of any increase at any time shall not exceed the amount of the increase in the Consumer Price Index for Canada published by Statistics Canada (the “CPI”) from the Effective Date or the date of the most recent increase to that time as applicable.
- (c) By giving not less than ninety (90) days advance notice to the Lessee, NTI may increase the amount of any Bonus Payment provided for by section 4.06 by a percentage equal to the percentage increase in the CPI from the Effective Date to the CPI most recently published before the date on which the Lessee is required to make the Bonus Payment.

1.04 Economic Viability

For the purpose of this Lease, “economic”, “economic viability”, or “economically viable” shall be based on conditions that are reasonable and generally accepted by the mining industry and may be determined by reference to the Exploration Area or Production Lease Area taken as a whole or to the interest of the Lessee or, if the Lessee is comprised of more than one person, the interest of each such person and a reasonable debt/equity structure. In addition, if the Exploration Area or Production Lease Area hosts only part of a Mineral Resource, the rest of which is located on lands administered under the NMR, reference may be made to the total of the Mineral Resource and the mineral resources on the lands administered under the NMR.

1.05 Business Days

If the date for satisfying any condition or performing any obligation herein falls on a day that is not a Business Day, the time for satisfying the condition or performing the obligation shall be extended to the next following Business Day.

1.06 Singular/Plural

The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Lease to such person or persons or circumstances as the context otherwise permits.

1.07 Calculations

All calculations required in this Lease shall be calculated to three places following the decimal point and rounded to two places (e.g., 1.519% shall be rounded to 1.52%). If the third decimal place is "5" or greater, the number shall be rounded up, and if the third decimal place is less than "5", the number shall be rounded down.

1.08 Sections, Headings, Table of Contents and Cross-References

- (a) The division of this Lease into Articles, sections, paragraphs and subparagraphs, the insertion of headings and the provision of Tables of Contents are for convenience and ease of reference and shall not affect the construction or interpretation of this Lease.
- (b) Except where otherwise specifically indicated,
 - (i) a cross-reference in the first 12 Articles or in Schedule "B" that is made to another provision is a cross-reference to the corresponding Article, section, paragraph, subparagraph or clause within the first 12 Articles of this Lease; and
 - (ii) a cross-reference in any other Schedule that is made to another provision is a cross-reference to the corresponding Article, section, paragraph, subparagraph or clause within the same Schedule, except that the cross-references in Rule 6(a) and Rule 8 to "section 12.09 of this Lease" and in Rule 49(c) to "paragraph 12.12(d) and 12.12(e) of this Lease" are references to the applicable provisions of Article 12 as that Article first appears in this Lease.

1.09 Commercial Production

Commercial Production is deemed to have commenced at the Mine on the first day when Minerals mined from the Production Lease Area are crushed, ground or otherwise physically or chemically treated for the purpose of producing Product in a reasonable commercial quantity and is deemed to have terminated on the last day when Product derived from Minerals is shipped from the Mine in a reasonable commercial quantity. During any intervening period, Commercial Production shall be deemed to take place at the Mine during any month in which Minerals are physically or chemically treated and Product is produced in reasonable commercial quantities on a regular basis. For greater certainty, the production of Product resulting from pilot or test operations shall not be considered to be Commercial Production for the purposes of this Lease. Any dispute as

to whether the Mine is or has been in Commercial Production shall be resolved by arbitration conducted pursuant to section 12.12.

1.10 Amendment of Year, Anniversary Date and Fiscal Year

- (a) The Lessee shall have the right, by notice to NTI within ninety (90) days after the Effective Date and subject to NTI's consent, which shall not be unreasonably withheld, to amend the Year by adopting a twelve (12)-month period that is different from the first Year as originally established under this Lease, in which case that period shall be the Year and the anniversary of the first day of that period shall be the Anniversary Date.
- (b) The Lessee shall have the right, by notice to NTI, to change its Fiscal Year, subject to subsection 249.1(7) of the *Income Tax Act*, such notice to provide for transition of the calculation and payment of Royalty to the new Fiscal Year.

2. REPRESENTATIONS AND WARRANTIES

2.01 Survival

The representations and warranties set forth in sections 2.02, 2.03 and 2.04 shall survive the execution and delivery of this Lease. A breach by either party of any of its representations or warranties may be waived by the other party in whole or in part without prejudice to its rights in respect of a subsequent breach of the same or any other representation or warranty.

2.02 Mutual Representations and Warranties

Each of NTI and the Lessee represents and warrants to the other that

- (a) it has been duly incorporated or amalgamated and validly exists as a corporation under the Laws of Canada or a province or territory thereof as of the Effective Date;
- (b) the execution, delivery and performance of this Lease have been duly authorized by all necessary corporate proceedings; and
- (c) this Lease constitutes a valid and binding agreement enforceable against it in accordance with its terms.

2.03 Representation and Warranty of the Lessee – Applicable Surface Right

The Lessee represents and warrants to NTI that

- (a) the Lessee has secured from the RIA all Applicable Surface Rights necessary to allow it to occupy the surface of the Production Lease Area and conduct Operations; and
- (b) it undertakes to conduct Operations in a manner that complies with the terms and conditions of all Applicable Surface Rights.

2.04 Representations, Warranties and Covenants as to Minerals

NTI represents, warrants and covenants that

- (a) it is the owner of an estate in fee simple of and in the Minerals, subject only to: (i) the rights and interests provided in the NLCA; and (ii) the provisions of the *Land Titles Act*, R.S.N.W.T. (Nu.) 1988, c. 8 (Supp.); and
- (b) there are no encumbrances registered against the title for the estate in fee simple of and in the Minerals.

3. EXCLUSIVE GRANT AND RIGHT TO MINERALS

3.01 Exclusive Grant and Right to Minerals

NTI leases and grants to the Lessee:

- (a) all of the Minerals; and
- (b) provided that the Lessee maintains all Applicable Surface Rights and complies with their terms and conditions, the sole and exclusive right to:
 - (i) explore for, develop, mine or otherwise remove and process all of the Minerals; and
 - (ii) produce, handle and sell Product,(collectively, the “**Exclusive Grant and Right**”),

reserving therefrom the Fixed Mineral Rent, the Royalty and any other interest that NTI retains in accordance with this Lease, to have and enjoy the Exclusive Grant and Right during the Primary Term and during each Renewal Term established in accordance with this Lease.

3.02 Right to Enter and Occupy and Use the Production Lease Area

The parties acknowledge and agree that the Exclusive Grant and Right includes, to the full extent of NTI’s right, power and authority as owner of the Minerals, the right to enter, occupy and use the Production Lease Area and to mine and remove

- (a) rock that contains the Minerals;
- (b) waste rock; and
- (c) Specified Substances,

provided that the Lessee does so

- (d) for the sole purpose of exercising the Exclusive Grant and Right; and
- (e) in accordance with and as authorized by the Applicable Surface Rights.

3.03 Limitation on Rights

Notwithstanding section 3.02, except in accordance with and as authorized by the Applicable Surface Rights, the Lessee shall not exercise the Exclusive Grant and Right in a way that will

- (a) cause the subsidence of the surface of the Production Lease Area, or
- (b) interfere with the ability of the RIA to enjoy its surface estate in and to the Production Lease Area.

4. FIXED MINERAL RENT, ROYALTY AND OTHER PAYMENTS

4.01 Fixed Mineral Rent

The Lessee shall, on or before the Anniversary Date each year during the Term, pay to NTI as Fixed Mineral Rent the amount required by Schedule "B" for the area of the Production Lease Area on the Anniversary Date. If the Lessee fails to pay any amount of Fixed Mineral Rent when due, interest shall accrue thereon and be payable as additional Fixed Mineral Rent. Unpaid Fixed Mineral Rent shall bear interest at the rate of two percent (2%) per month until paid in full.

4.02 Royalty Reservation and Proceeds of Sale of Product

- (a) NTI reserves unto itself the Royalty in the Minerals and the Product until the Lessee sells the Product.
- (b) NTI irrevocably constitutes and appoints the Lessee as its exclusive agent and attorney-in-fact to produce and sell NTI's Royalty interest in the Product. The Lessee shall include NTI's Royalty interest in any sale of the Product.
- (c) When the Lessee receives proceeds which must be included in Gross Revenues, it shall hold in trust for NTI that portion of the proceeds that will satisfy the obligation of the Lessee to pay the Royalty to NTI.
- (d) Notwithstanding any other provision of this Lease, the parties agree that when the Lessee sells the Product, the purchaser shall take full legal and beneficial title thereto, free of NTI's Royalty interest.
- (e) The Lessee acknowledges that NTI retains the fee simple estate in the Minerals, subject to the Lessee's rights and interests in the Minerals and the Product, and that the Royalty arises out of the fee simple estate of NTI in the Minerals as an interest in land in the nature of rent, and that NTI shall have all rights pertaining to that interest.
- (f) The parties agree that:
 - (i) subject to a Material Default, the Lessee shall have the sole, exclusive and absolute right to mine and remove one hundred percent (100%) of the Minerals and produce and sell one hundred percent (100%) of the Product;

- (ii) for the purposes of calculating a Mineral Resource or Mineral Reserve, the Lessee may include one hundred percent (100%) of the Minerals;
- (iii) the Royalty shall be a non-assessable interest in the IOL Parcel that shall run with the land, but shall not be an undivided interest in land;
- (iv) NTI shall not have, by virtue of the Royalty, any express or implied right to mine or produce the Minerals or the Product; and
- (v) NTI shall not have, by virtue of the Royalty, any express or implied right to foreclose or otherwise acquire the interest of the Lessee in the Minerals, except in accordance with this Lease.

4.03 Royalty Payment

- (a) The Lessee shall determine and pay the Royalty to NTI in accordance with Schedule “D”. Payment by the Lessee shall constitute a full accounting to NTI for the Royalty, except as set out in Schedule “D”.
- (b) The Lessee shall deliver to NTI the certificates, statements, reports and notices required by sections 9.01, 9.02 and 9.03 of Schedule “D”.

4.04 Security for Payment of Fixed Mineral Rent

- (a) Not later than six (6) months prior to the first Anniversary Date, the Lessee shall provide to NTI, as security for the Lessee’s obligations under section 4.01, an irrevocable standby letter of credit drawn on one of the five largest Canadian chartered banks as they may exist from time to time, substantially in the form shown in Schedule “E”, in an amount not less than one hundred and five percent (105%) of the Fixed Mineral Rent that section 4.01 requires the Lessee to pay (the **“Fixed Mineral Rent Letter of Credit”**), it being understood and agreed that the defined term “Fixed Mineral Rent Letter of Credit” includes any replacement letter of credit that the Lessee provides pursuant to this section 4.04 or paragraph 4.09(b).
- (b) The expiry date of the Fixed Mineral Rent Letter of Credit shall be ten (10) years after the issue date, unless NTI otherwise agrees. Thereafter, the Lessee shall renew and maintain the Fixed Mineral Rent Letter of Credit in full force and effect, according to its terms until the Lease expires or is terminated.
- (c) Notwithstanding paragraph 4.04(a), the definitive form of the Fixed Mineral Rent Letter of Credit shall be determined by the issuing bank, provided that any difference between the definitive form and the form shown in Schedule “E” shall be subject to the consent of NTI, acting reasonably.
- (d) NTI shall be entitled to draw on the Fixed Mineral Rent Letter of Credit if the Lessee fails to pay the Fixed Mineral Rent as required by section 4.01. The amount that NTI shall be entitled to draw shall be the amount that NTI, acting reasonably, determines to be due and owing.

- (e) Notwithstanding paragraph 4.04(d), before drawing on the Fixed Mineral Rent Letter of Credit, NTI shall give the Lessee notice indicating the amount of Fixed Mineral Rent that NTI claims to be due and owing and that remains unpaid. The notice shall state that if the Lessee fails to pay that amount within ten (10) Business Days following the receipt of the notice, NTI will draw that amount on the Fixed Mineral Rent Letter of Credit.
- (f) If NTI draws on the Fixed Mineral Rent Letter of Credit, NTI shall so advise the Lessee by notice indicating the amount that NTI has drawn. The Lessee shall restore the Fixed Mineral Rent Letter of Credit to its full amount not later than fifteen (15) Business Days after receipt of the notice.
- (g) The Lessee's failure to
 - (i) provide the Fixed Mineral Rent Letter of Credit in accordance with paragraph 4.04(a);
 - (ii) renew and maintain the Fixed Mineral Rent Letter of Credit in accordance with paragraph 4.04(b); or
 - (iii) restore the Fixed Mineral Rent Letter of Credit to its full amount in accordance with paragraph 4.04(f)
 shall constitute a Material Default.

4.05 Security for Payment of Royalty

- (a) Not later than ninety (90) days prior to the earlier of the forecast or a subsequently confirmed date of commencement of Commercial Production, the Lessee shall provide to NTI as security for the Lessee's obligations under section 4.03, an irrevocable standby letter of credit drawn on one of the five largest Canadian chartered banks, as they may exist from time to time, substantially in the form shown in Schedule "F" (the "**Royalty Letter of Credit**"), it being understood and agreed that the defined term "Royalty Letter of Credit" includes any replacement letter of credit that the Lessee provides pursuant to this section 4.05 or paragraph 4.09(b).

The Lessee shall provide and maintain the Royalty Letter of Credit in an amount not less than the sum of the following amounts:

- (i) one million dollars (\$1,000,000); and
 - (ii) the highest forecast annual Royalty payment provided in accordance with paragraph 8.01(b) in respect of all Fiscal Years of Commercial Production during the Term (the "**Maximum Royalty**").
- (b) The Lessee shall not commence or carry on Commercial Production unless the Lessee has provided and continues to maintain the Royalty Letter of Credit in accordance with this section 4.05.

- (c) Notwithstanding paragraph 4.05(a), the definitive form of the Royalty Letter of Credit shall be determined by the issuing bank, provided that any difference between the definitive form and the form shown in Schedule “F” shall be subject to the consent of NTI, acting reasonably.
- (d) The Lessee shall maintain the Royalty Letter of Credit in full force and effect, according to its terms, until at least twelve (12) months after the date of the final payment of Royalty required by section 4.03 as indicated by the Lessee’s Royalty forecast under paragraph 8.01(b).
- (e) The Lessee acknowledges that a breach of paragraph 4.05(b) will be a Material Default resulting in irreparable harm to NTI and that NTI shall be entitled, without providing evidence of such irreparable harm, to apply to the Nunavut Court of Justice for an injunction to restrain the Lessee from commencing or continuing Commercial Production.
- (f) If the Lessee’s updated annual forecast of future production provided in accordance with paragraph 8.01(b) materially revises the date of the final indicated payment of Royalty, the Lessee shall, subject to NTI’s consent, provide a new or replacement Royalty Letter of Credit with an expiry date that is at least twelve (12) months later than the revised date of the last scheduled Royalty payment required by section 4.03, but otherwise identical to the previous Royalty Letter of Credit in all respects. If NTI, acting reasonably, does not consent to the revised expiry date indicated in the replacement Royalty Letter of Credit, the Lessee shall maintain the existing Royalty Letter of Credit according to its terms. If NTI consents to the revised expiry date of the replacement Royalty Letter of Credit, it shall immediately surrender the existing Royalty Letter of Credit to the Lessee upon receipt of the replacement Royalty Letter of Credit.
- (g) If the Lessee’s updated annual forecast of Royalty provided under paragraph 8.01(b) predicts a material change in the highest forecast annual Royalty payment payable in respect of all Fiscal Years remaining during the Term (the “**Revised Maximum Royalty**”) and NTI, acting reasonably, consents to the Revised Maximum Royalty, the Lessee shall provide a replacement Royalty Letter of Credit to NTI in the amount equal to the sum of
 - (i) one million dollars (\$1,000,000); and
 - (ii) the Revised Maximum Royalty,
 but otherwise identical to the previous Royalty Letter of Credit in all respects. NTI shall immediately surrender the previous Royalty Letter of Credit to the Lessee upon receipt of the replacement Royalty Letter of Credit.
- (h) NTI shall be entitled to draw on the Royalty Letter of Credit if the Lessee fails to
 - (i) make any Royalty payment required by paragraph 4.03(a), whether Quarterly or Year-end; or

- (ii) deliver the certificates, statements, reports and notices required by paragraph 4.03(b).
- (i) The amount that NTI shall be entitled to draw on the Royalty Letter of Credit pursuant to paragraph 4.05(h) shall be the sum of NTI's reasonable costs plus:
 - (i) in the case of a failure to make a Royalty payment as required by paragraph 4.03(a), the amount that NTI, acting reasonably, determines to be due and owing in respect of the Royalty; or
 - (ii) in the case of a failure to deliver the certificates, statements, reports and notices required by paragraph 4.03(b), the amount that NTI, acting reasonably, determines to be the difference between the amount of Royalty that the Lessee has paid, if any, and the amount of Royalty that was due and owing.
- (j) Notwithstanding paragraphs 4.05(h) and 4.05(i), before drawing on the Royalty Letter of Credit, NTI shall give the Lessee notice indicating the amount of Royalty that NTI claims to be due and owing and that remains unpaid. The notice shall state that if the Lessee fails to pay that amount within ten (10) Business Days following the receipt of the notice, NTI will draw that amount on the Royalty Letter of Credit.
- (k) If NTI draws on the Royalty Letter of Credit, NTI shall so advise the Lessee by notice indicating the amount that NTI has drawn. The Lessee shall restore the Royalty Letter of Credit to its full amount not later than fifteen (15) Business Days after receipt of the notice.
- (l) The Lessee's failure to
 - (i) provide the Royalty Letter of Credit in accordance with paragraph 4.05(a);
 - (ii) maintain the Royalty Letter of Credit in accordance with paragraph 4.05(d);
 - (iii) provide a new or replacement Royalty Letter of Credit in accordance with paragraphs 4.05(f) and 4.05(g); or
 - (iv) restore the Royalty Letter of Credit to its full amount in accordance with paragraph 4.05(k)
 shall constitute a Material Default.

4.06 Bonus Payments

- (a) Wherever the term "Measured Resource" appears in this section 4.06 and in sections 4.07 and 4.08, the definition of that term shall be the same as the definition of "Measured Mineral Resource" that is set out in the CIM Definition Standards, provided that the definition of "Mineral Resource" that is set out in section 1.01 shall be substituted in place of the definition of "Mineral Resource" that is set out in the CIM Definition Standards.

- (b) Not later than ninety (90) days after the happening of each of the events described in subparagraphs 4.06(b)(i) to 4.06(b)(vi), inclusive, the Lessee shall make the payment described in the paragraph that corresponds to such event to NTI (each, a **“Bonus Payment”**):
- (i) the Lessee completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least ten million (10,000,000) pounds of uranium oxide (U_3O_8) within the Production Lease Area: a payment of one million dollars (\$1,000,000);
 - (ii) the Lessee completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least one million (1,000,000) ounces of gold within the Production Lease Area: a payment of one million dollars (\$1,000,000);
 - (iii) the Lessee completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least 100 million (100,000,000) pounds of uranium oxide (U_3O_8) within the Production Lease Area: a payment of five million five hundred thousand dollars (\$5,500,000);
 - (iv) the Lessee completes or receives an NI 43-101-Compliant Report that demonstrates that there is a Measured Resource of at least five million (5,000,000) ounces of gold within the Production Lease Area: a payment of five million five hundred thousand dollars (\$5,500,000);
 - (v) the Lessee makes a decision to conduct a Feasibility Study: a payment of three million dollars (\$3,000,000) for each Measured Resource described in paragraphs 4.06(b)(i) to 4.06(b)(iv) for which a Feasibility Study is conducted; and
 - (vi) the commencement of Commercial Production from the Production Lease Area: a payment of five million dollars (\$5,000,000).
- (c) For greater certainty, the obligation to make the Bonus Payments described in subparagraphs 4.06(b)(i), 4.06(b)(ii), 4.06(b)(iii) and 4.06(b)(iv) shall apply to each Measured Resource as respectively described therein that is identified within the Production Lease Area.

4.07 Advance Royalty Payments

- (a) Not later than thirty (30) days after both of the conditions set out in paragraph 4.07(b) have been satisfied, the Lessee shall make a payment of fifty thousand dollars (\$50,000) to NTI (an **“Advance Royalty Payment”**).
- (b) The two conditions referred to in paragraph 4.07(a) are as follows:
- (i) the Lessee has completed or received an NI 43-101-Compliant Report that demonstrates that there exists, within the Production Lease Area, a Measured Resource of at least ten million (10,000,000) pounds of uranium

oxide (U₃O₈) or a Measured Resource of at least one million (1,000,000) ounces of gold; and

- (ii) subject to paragraph 4.07(c), the Lessee's Board of Directors has approved a Feasibility Study which confirms that a Measured Resource identified in accordance with subparagraph 4.07(b)(i) is economically viable.
- (c) Not later than six months after it has been completed or received by the Lessee, whichever is the earlier, a Feasibility Study which confirms the economic viability of a Measured Resource that meets or exceeds a threshold set out in subparagraph 4.07(b)(i) shall be presented to the Lessee's Board of Directors for consideration and approval or non-approval.
- (d) The Lessee shall make a further Advance Royalty Payment on each anniversary of the date of the first such payment until
 - (i) the commencement of Commercial Production from the Production Lease Area; or
 - (ii) the part of the Production Lease Area that holds the Measured Resource is removed from the Production Lease Area pursuant to section 5.02,whichever is the earlier.
- (e) The obligation to make the Advance Royalty Payments described in paragraphs 4.07(a) and 4.07(c) applies to the first Measured Resource of uranium oxide (U₃O₈) identified within the Production Lease Area and the first Measured Resource of gold identified within the Production Lease Area in accordance with subparagraph 4.07(b)(i), and not to any other Measured Resource of either uranium oxide (U₃O₈) or gold that is subsequently identified within the Production Lease Area.

4.08 Relief from Bonus Payments and Advance Royalty Payments

- (a) If the Lessee or an Assignor has made a Bonus Payment pursuant to any of the conditions described in subparagraphs 5.08(b)(i) to 5.08(b)(vi) of the Exploration Agreement, no further Bonus Payment need be made pursuant to the corresponding condition described in subparagraphs 4.06(b)(i) to 4.06(b)(vi) of this Lease.
- (b) If the Lessee or an Assignor has made any Advance Royalty Payment pursuant to section 5.09 of the Exploration Agreement with respect to a Measured Resource that is subsequently included within the Production Lease Area, no further Advance Royalty Payment need be made pursuant to paragraph 5.09(d) of the Exploration Agreement, provided that the obligation to make subsequent Advance Royalty Payments pursuant to paragraph 4.07(d) of this Lease shall apply instead.
- (c) Subject to paragraphs 4.08(a) and 4.08(b), the Lessee's failure to make a Bonus Payment or an Advance Royalty Payment in accordance with sections 4.06 and 4.07 constitutes a Material Default.

4.09 Assignment

- (a) Subject to paragraph 4.09(b), provided that NTI has given the Lessee reasonable advance notice, NTI shall be entitled to assign its rights under sections 4.01 to 4.07, inclusive, to be paid Fixed Mineral Rent, Royalty, Bonus Payments, and Advance Royalty Payments, (collectively, “**NTI’s Financial Rights**”) or any of them, in whole or in part, to any other entity. After the Lessee receives such notice, the Lessee shall pay the Fixed Mineral Rent, the Royalty, Bonus Payments, and Advanced Royalty Payments, or any of them, either in whole or in part, to the assignee of NTI, consistent with the notice.
- (b) If NTI makes an assignment pursuant to paragraph 4.09(a),
 - (i) NTI shall concurrently assign all of its other rights pursuant to sections 4.01 to 4.07, inclusive, that pertain to NTI’s Financial Rights (the “**Other Rights**”) that have been assigned to the assignee, whereupon NTI shall no longer be entitled to exercise any of NTI’s Financial Rights so assigned or any of the Other Rights applicable to those Financial Rights;
 - (ii) the Lessee shall provide to the assignee a Fixed Mineral Rent Letter of Credit, where NTI has assigned the right to be paid the Fixed Mineral Rent, and a Royalty Letter of Credit, where NTI has assigned the right to be paid the Royalty; and
 - (iii) NTI shall immediately surrender to the Lessee the Fixed Mineral Rent Letter of Credit originally provided under paragraph 4.04(a) and the Royalty Letter of Credit provided under paragraph 4.05(a), to the extent that the Lessee delivers replacement Letters of Credit to the assignee in accordance with subparagraph 4.09(b)(ii).

4.10 Adjustments

- (a) The amount of Fixed Mineral Rent required to be paid to NTI with respect to the initial Year shall be increased or decreased in proportion to any adjustment of that Year pursuant to paragraph 1.10(a).
- (b) If the amount of Fixed Mineral Rent is adjusted as a result of a change in the area of the Production Lease Area pursuant to Article 5, the Lessee shall adjust the amount of the Fixed Mineral Rent Letter of Credit proportionately.

4.11 Resolution of Disputes

A dispute in relation to any of the following matters shall be resolved by arbitration pursuant to section 12.12:

- (a) the amount to be secured by the original Fixed Mineral Rent Letter of Credit or any replacement thereof pursuant to section 4.04;

- (b) the amount to be secured by the original Royalty Letter of Credit or any replacement thereof pursuant to section 4.05;
- (c) the expiry date set out in any Royalty Letter of Credit;
- (d) the amount that NTI is entitled to draw on the Fixed Mineral Rent Letter of Credit pursuant to paragraph 4.04(d); and
- (e) the amount that NTI is entitled to draw on the Royalty Letter of Credit pursuant to paragraph 4.05(i).

4.12 Interpretation

In sections 4.04, 4.05 and 4.09, any obligation of the Lessee to provide, maintain or restore a letter of credit shall be interpreted as an obligation to cause one of the five largest Canadian chartered banks as they may exist from time to time to provide, maintain or restore the letter of credit.

5. AMENDING THE PRODUCTION LEASE AREA

5.01 Addition to the Production Lease Area

NTI may, at the Lessee's request, add to the Production Lease Area any area of contiguous or non-contiguous Inuit Owned Lands held by the Lessee under the Exploration Agreement (the "**Additional Area**") if:

- (a) the Lessee has paid the application fee set out in Schedule "B" and the additional Fixed Mineral Rent for the remainder of the year for the Additional Area to be added;
- (b) the Lessee has delivered to NTI three (3) copies of a Study (or a report that amends or updates the Study required under section 9.01 of the Exploration Agreement) that demonstrates that:
 - (i) a Mineral Resource exists within, upon, or under the Additional Area; and
 - (ii) the production of Product from the Additional Area is or may be possible at a profit under conditions that are specified in the Study and are generally accepted as reasonable by the mining industry in Canada; and
- (c) the Lessee and NTI have agreed on the boundaries and description of the proposed area to be added to the Production Lease Area.

5.02 Reduction of the Production Lease Area

The Lessee may, by giving prior notice to NTI, reduce the area of the Production Lease Area. Reduction shall not entitle the Lessee to the refund or other adjustment of any fee, Fixed Mineral Rent, Royalty, Bonus Payment or Advance Royalty Payment already paid or owing to NTI or release the Lessee from any liability accruing or obligation arising as

a result of any act or omission of the Lessee in respect of the Production Lease Area before the reduction.

5.03 Consolidation

NTI may, at the Lessee's request, consolidate this Lease with one or more other Production Leases derived from the Exploration Agreement (for the purposes of this section 5.03, the result of such consolidation shall be referred to as the "**Consolidated Production Lease**"). NTI may approve the request with such amendments as are needed. If the terms and conditions of this Lease are different from those of the other Production Lease(s), NTI shall determine whether the terms and conditions of this Lease or those of the other Production Lease(s) shall apply to the Consolidated Production Lease.

5.04 Subdivision

NTI may, at the Lessee's request, subdivide the Production Lease Area into two or more separate Production Lease Areas, of which one shall be governed by this Lease and the other(s) by one or more separate Production Leases which, unless otherwise agreed to by NTI, shall have the same Effective Date, Anniversary Date and all other terms and conditions as this Lease.

5.05 Defining the Production Lease Area

Paragraphs 9.03(a) and 9.03(b) of the Exploration Agreement will apply to any addition to, or any reduction, consolidation or subdivision of, the Production Lease Area contemplated by sections 5.01 to 5.04.

5.06 Boundary of the Production Lease Area

- (a) Where any part of the boundary of the Production Lease Area is defined as coincident with a boundary of the IOL Parcel or defined in part by reference to a lease under the NMR within the IOL Parcel, the provisions of section 7.05 of the Exploration Agreement with respect to defining that boundary shall apply, *mutatis mutandis*.
- (b) If any change is made to a boundary of the Production Lease Area that results in a requirement that the area of the Production Lease Area be recalculated, such recalculation shall be done in accordance with the provisions of section 7.06 of the Exploration Agreement, *mutatis mutandis*.

6. COVENANTS OF NTI

6.01 Quiet Enjoyment

NTI covenants that the Lessee, upon observing and performing its covenants and conditions hereunder, subject to:

- (a) the acquisition and maintenance of any required Applicable Surface Right; and
- (b) compliance with any applicable IIBA and Laws and the interests reserved to NTI herein,

shall be entitled to exercise the Exclusive Grant and Right without interruption or disturbance by NTI or any person claiming under or through NTI.

6.02 Renewals Prior to Production

The Lessee shall have the right to renew this Lease prior to the commencement of Commercial Production:

- (a) at the end of the Primary Term, for a Renewal Term of five (5) years, provided that the Lessee;
 - (i) has delivered to NTI a Study, prepared or updated as of a current date, that demonstrates and concludes that a Mineral Resource is present within, upon, or under the Production Lease Area and that it is not economically viable under the stated current or forecast circumstances to develop and operate the Mine to produce Product; and
 - (ii) has paid to NTI the application fee determined by Schedule “B” prior to expiry of the Primary Term;
- (b) at the end of the first Renewal Term, for a second Renewal Term of five (5) years, provided that:
 - (i) the Lessee has delivered to NTI a further Study, prepared or updated as of a current date, that demonstrates and reaches essentially the same conclusions as those described in subparagraph 6.02(a)(i);
 - (ii) despite subparagraph 6.02(b)(i), the Lessee has shown that it has taken reasonable steps consistent with prudent mining, engineering and financial practices to make it economically viable to develop and operate the Mine to produce Product; and
 - (iii) the Lessee has paid to NTI the application fee determined by Schedule “B” prior to expiry of the first Renewal Term; and
- (c) at any time during the Primary Term or the first or second Renewal Term, for a further Renewal Term of five (5) years beginning on the first day of

the month following the month in which the Lessee applies to NTI to do so and pays the application fee determined by Schedule “B”, provided that the Lessee

- (i) has decided to put a Mineral Resource or Mineral Reserve into Commercial Production and delivered to NTI the Feasibility Study that is the basis for the Lessee’s decision; and
- (ii) has applied to NTI in writing for the further Renewal Term within ninety (90) days following the delivery of the Feasibility Study to NTI.

If there is a dispute about any matter described in subparagraph 6.02(a)(i), subparagraphs 6.02(b)(i) or 6.02(b)(ii) or paragraph 6.02(c), the dispute shall be resolved by arbitration pursuant to section 12.12. Either party may initiate the arbitration proceedings.

6.03 21 Year Renewal on Production

The Lessee shall have the right to surrender the balance of the Primary Term or any Renewal Term under section 6.02 or section 6.05 and replace it with a Renewal Term of twenty-one (21) years beginning on the first day of the month following the month in which Commercial Production commences, provided that the Lessee:

- (a) has applied to NTI in writing to do so within ninety (90) days following the commencement of Commercial Production; and
- (b) has paid to NTI the application fee determined by Schedule “B”.

6.04 Production Renewals

The Lessee shall have the right to renew this Lease by giving notice to NTI prior to its expiry and without payment of any application fee:

- (a) for a Renewal Term of five (5) years commencing on the first day after the end of the twenty-one (21) year Renewal Term granted under section 6.03, provided that the Mine has been in Commercial Production for:
 - (i) a total of at least sixty (60) months during the twenty-one (21) year Renewal Term; and
 - (ii) a total of at least twenty-four (24) months during the last ten (10) years of the twenty-one (21) year Renewal Term; and
- (b) for an unlimited number of further Renewal Terms of five (5) years each after the Renewal Term described in paragraph 6.04(a), provided that during the immediately previous five (5) year Renewal Term, the Mine has been in Commercial Production for a total of at least twelve (12) months.

6.05 Renewals Not Proceeding to Production

Upon the expiry of the five (5) year Renewal Term described in paragraph 6.02(c), the twenty-one (21) year Renewal Term described in section 6.03, or any five (5) year Renewal Term described in paragraphs 6.04(a) or 6.04(b) (each such Renewal Term is referred to in this section 6.05 as the “**Expired Term**”), if the Lessee has no other right to a further Renewal Term, the Lessee shall nonetheless have the right, upon application made to NTI prior to the expiry of the applicable Expired Term, to renew this Lease:

- (a) for a further Renewal Term of five (5) years, upon satisfaction of the conditions set out in paragraph 6.02(a) which shall apply except that “Primary Term” shall be deleted and “Expired Term” shall be substituted in its place;
- (b) at the end of the Renewal Term allowed for in paragraph 6.05(a), for a further Renewal Term of five (5) years upon satisfaction of the conditions set out in paragraph 6.02(b); and
- (c) at any time during either of the Renewal Terms allowed in paragraphs 6.05(a) and 6.05(b), for a further Renewal Term of five (5) years upon satisfaction of the conditions set out in paragraph 6.02(c), provided that the Lessee has applied to NTI for that Renewal Term not later than ninety (90) days after delivering the Feasibility Study to NTI.

6.06 Shutdown

Provided that it has done so before this Lease expires, and without satisfying the requirements of section 6.02 or section 6.04, the Lessee shall have the right to renew this Lease annually for a Renewal Term of one year, if the Lessee has ceased mining Minerals on the Production Lease Area and the renewal of this Lease will facilitate final production of Product, shut down of Operations, reclamation of the Production Lease area or its abandonment.

7. COVENANTS OF LESSEE

7.01 Conduct of Operations

- (a) The Lessee shall conduct its Operations in accordance with prudent mining, environmental, engineering and financial practices in comparable Canadian circumstances and operating environments.
- (b) The Lessee shall conduct its Operations in a manner that is designed to result in the recovery of all Minerals within, upon, or under the Production Lease Area that can economically and practically be recovered.
- (c) In the event of a conflict or inconsistency between the requirements of paragraphs 7.01(a) and 7.01(b), the requirements of paragraph 7.01(a) shall prevail to the extent of the conflict or inconsistency.

7.02 Application of “Towards Sustainable Mining” Principles

- (a) The Lessee shall conduct Operations in conformity with the Towards Sustainable Mining (“TSM”) guiding principles of The Mining Association of Canada dated December 2004, as amended from time to time.
- (b) The Lessee shall implement all TSM performance indicator protocols, including those for tailings management and energy use and greenhouse gas emissions management, with the goal of achieving, at a minimum, a consistent Level A ranking and, having achieved this, to work toward a Level AA and a Level AAA ranking under such protocols.

7.03 Stockpiling of Product

The Lessee shall not maintain any quantity of Product, in the form of a stockpile or otherwise unsold or disposed of that exceeds the quantity that is consistent with paragraph 7.01(a).

7.04 Survey of Production Lease Area

If the Lessee, at its cost, causes the Production Lease Area to be surveyed by a Canada Lands Surveyor, the Lessee shall promptly file the survey in the Nunavut Land Titles Office and deliver to NTI a certified copy of the survey plan and a copy of all of the surveyor's field notes.

7.05 Avoidance and Removal of Liens

- (a) The Lessee shall pay all contractors and employees that the Lessee engages at the Mine, and shall pay all suppliers of materials and supplies that the Lessee purchases in connection with its Operations, where the failure to make such payments might give rise to a claim of lien.
- (b) If a lien or notice thereof is recorded against any part of the Mine or given to NTI because of the work of the Lessee or its contractors or subcontractors, the Lessee shall take prompt and reasonable steps to have the lien removed, provided that the Lessee may contest the lien claim. If NTI receives notice of a lien claim, it shall send a copy to the Lessee in a timely manner.
- (c) If any part of the Mine is subject to a lien arising from work done by the Lessee when this Lease is terminated, the Lessee shall provide NTI with financial security sufficient to discharge the lien.

7.06 Compliance with Laws, Applicable Surface Rights and the IIBA

- (a) The Lessee shall comply with:
 - (i) all Laws, including all Laws relating to the disposition and use of Product;
 - (ii) the terms and conditions of any Applicable Surface Right;

- (iii) the terms and conditions of any licence, permit, certificate or approval relating to Operations, as amended or renewed from time to time, including a project certificate issued by the Nunavut Impact Review Board or a water licence issued by the Nunavut Water Board; and
 - (iv) the terms and conditions of the IIBA.
- (b) For greater certainty, compliance with the terms and conditions of the Applicable Surface Right includes, without limiting the generality of the foregoing, compliance with all provisions thereof related to reclamation, restoration, waste disposal, closure, environmental protection, water use, pollution control, hazardous substances, health and safety, financial security and the obligations pertaining to section 7.07.

7.07 Taxes

The Lessee shall pay all taxes, rates and assessments that may from time to time be assessed or levied pursuant to Laws against the Production Lease Area, the Minerals within, upon, or under the Production Lease Area, or Product produced therefrom by and for the Lessee, provided that if the taxing authority delivers an invoice, notice or demand for payment to NTI or the RIA, the Lessee has received written notice thereof from NTI or the RIA, as applicable. This section 7.07 shall not make the Lessee liable to pay taxes, rates or assessments that are the responsibility of a person other than NTI, the RIA, or the Lessee or taxes, rates and assessments based on the Royalty or any other income of NTI.

7.08 Diamond Drill Core and Samples

- (a) The Lessee shall store all diamond drill core that results from drilling on the Production Lease Area in a neat and orderly manner consistent with good mining industry practices and in accordance with the Applicable Surface Rights. The Lessee shall label all core boxes adequately, with hole number, box number and interval inscribed on metal or similarly durable labels attached to one end of each box. NTI and its authorized representatives shall be entitled to inspect the core in accordance with the terms and conditions of section 8.06.
- (b) The Lessee shall store diamond drill core described in paragraph 7.08(a) on the Production Lease Area and, subject to the written consent of the RIA or the terms of the Applicable Surface Right, elsewhere on the IOL Parcel. With the prior written consent of NTI and the RIA, the Lessee may store the diamond drill core on an Inuit Owned Lands Parcel other than the IOL Parcel or at some other place.
- (c) Until the Lessee surrenders to NTI that part of the Production Lease Area on which the core was drilled or until this Lease is terminated, whichever occurs first, the Lessee shall preserve, protect and have the sole right to possess, split, remove, test, assay, study or otherwise use and process all drill core from the Production Lease Area, including the sole right to undertake the total destruction of the core, where such use is consistent with industry practice. Notwithstanding

the foregoing, NTI will at all times own the drill core drilled on the Production Lease Area.

- (d) Until the termination of Commercial Production, the Lessee shall give notice to NTI not less than thirty (30) days prior to the discarding of pulps or rejects of samples collected during the exploration for Minerals, whether derived from diamond drilling or other types of sampling. The notice shall identify the type of sample and the location from which the sample was taken, and include a reference to the report in which the sampling is described. The Lessee shall, on written request by NTI, deliver those pulps and rejects to NTI at NTI's cost.

7.09 Socio-Economic Terms and Conditions

Prior to the commencement of Commercial Production, the Lessee shall provide to NTI proof that the Lessee and the RIA have agreed on socio-economic terms and conditions, which may be contained within the IIBA, in respect of the development of the Mine. For greater certainty, "socio-economic terms and conditions" shall be limited to the matters considered appropriate for negotiation and inclusion in an Inuit Impact and Benefit Agreement pursuant to Section 26.3.1 of the NLCA.

7.10 Reclamation and Abandonment

- (a) The Lessee shall comply with each of the terms and conditions relating to reclamation and abandonment of the Mine established pursuant to any Applicable Surface Right that the Lessee has secured or will secure in order to conduct Operations, including any term or condition that requires the Lessee to:
 - (i) progressively reclaim the areas of the Mine disturbed by its activities;
 - (ii) after Operations have ceased, reclaim and safely abandon the Mine and any surface water and groundwater within, upon, or under the Mine adversely affected by its activities;
 - (iii) obtain the approval of the RIA for the Lessee's plan for reclamation and abandonment of the Production Lease Area; and
 - (iv) provide financial security to the RIA in order to ensure the fulfillment of the Lessee's obligations under the plan for reclamation and abandonment.
- (b) NTI shall give notice to the Lessee that it is released from any obligations under this Lease with respect to reclamation and abandonment upon NTI's receipt of proof that the RIA has confirmed that the Lessee has fulfilled all of its obligations with respect to reclamation and abandonment in accordance with any Applicable Surface Rights.

7.11 Carving Stone

- (a) If an occurrence of Carving Stone is discovered on the surface of the Production Lease Area by, or to the knowledge of, the Lessee, the Lessee shall clearly mark the occurrence, give the RIA prompt notice of the nature and accurate location of

the occurrence, and advise NTI of the occurrence by means of the report on Operations required by section 8.02. For the purpose of this section 7.11, Carving Stone shall not be considered to be on the surface if it is discovered after overburden has been removed.

- (b) The Lessee shall respect the rights of Inuit to remove Carving Stone from the surface of the Production Lease Area to the extent that Inuit may exercise these rights in accordance with the Applicable Surface Right.
- (c) NTI shall use reasonable efforts to minimize the impact on Operations of the exercise by Inuit of their right to enter the Production Lease Area to remove Carving Stone. The Lessee acknowledges that NTI does not own Carving Stone or control the rights of Inuit thereto.

7.12 Indemnification

Subject to section 8.06, the Lessee shall indemnify and save NTI and its agents, directors, officers and employees harmless from and against all costs, damages, losses or expenses (including reasonable legal fees and costs on a solicitor-client basis) incurred as a result of personal injury (including injury resulting in the death of any person) within, on or under the Production Lease Area or the Mine or damage done to any property caused directly or indirectly by:

- (a) any act or omission of the Lessee or its employees, agents, or independent contractors on the Production Lease Area or the Mine; or
- (b) any default by the Lessee under any Applicable Surface Right or under this Lease.

7.13 Comprehensive General Liability Insurance

Unless NTI has otherwise agreed in writing, the Lessee shall, before entering the Production Lease Area, purchase and maintain comprehensive general liability insurance:

- (a) providing coverage of not less than \$5,000,000 per occurrence;
- (b) naming NTI as an additional insured subject to a cross-liability clause; and
- (c) stipulating that the insurance shall not be cancelled or terminated without at least thirty (30) days advance notice to NTI.

7.14 Asset and Product Insurance

Unless NTI has otherwise agreed to in writing, the Lessee shall purchase and maintain insurance against the loss of or damage to:

- (a) Product, for the full value thereof for all periods during which the Lessee has title thereto, including transportation of the Product to a purchaser, provided that the first loss shall be payable to NTI to the extent of any unpaid Royalty; and

- (b) each Asset, in an amount not less than the portion of the cost of the Asset that has been included as Available Deductions, provided that more than one Asset may be insured under any policy of insurance so purchased and maintained;

(the “**Asset and Product Insurance**”).

7.15 Terms and Conditions and Proof of Insurance

- (a) The Lessee shall be entitled, in light of the scope and nature of its business activities, whether within the Production Lease Area or elsewhere, to negotiate, settle and amend from time to time the terms and conditions of the policies of insurance that provide the coverages described in sections 7.13 and 7.14, including any deductible amount that applies in the event of a loss under any such policy, provided that those terms and conditions conform to the principles set out in paragraph 7.01(a).
- (b) The Lessee shall deliver to NTI, when so requested by NTI from time to time, proof that the Lessee has arranged and paid for the insurance described in sections 7.13 and 7.14 in the form of a certificate issued by the responsible insurer and addressed to NTI confirming that the applicable policies of insurance comply with the provisions of those sections.
- (c) The Lessee’s failure to purchase and maintain the insurance in accordance with paragraph 7.15(a) or to provide a certificate in accordance with paragraph 7.15(b) shall constitute a Material Default.

7.16 Minerals Removed

- (a) Prior to the commencement of Commercial Production, the Lessee may remove only a reasonable quantity of Minerals for assay and testing purposes, including bulk sampling.
- (b) The Lessee shall not sell or dispose of Precious Stones removed from the Production Lease Area for any purpose prior to the commencement of Commercial Production until such stones have been valued in accordance with Schedule “D”.
- (c) The Lessee shall pay NTI an amount for Minerals or Product removed from the Production Lease Area before the commencement of Commercial Production (the “**Product Payment**”) whether such Minerals or Product are in the form of Precious Stones or removed as part of a bulk sample other than a bulk sample taken for metallurgical test purposes from a base metal or iron ore deposit, if the Lessee sells or transfers such Minerals or Product to another person for value. The amount of the Product Payment shall be equal to three point six percent (3.6%) of any Gross Revenues that the Lessee receives as a result of the sale or transfer, and shall be payable within thirty (30) days after receipt of the Gross Revenues.

7.17 Liability for Environmental Conditions Created by the Lessee

The Lessee agrees that:

- (a) NTI shall not be liable for, and the Lessee shall indemnify NTI and, in accordance with any Applicable Surface Right, the RIA, for any costs, fines, damages, judgments, penalties or responsibilities in respect of the environmental status or condition of the Mine or elsewhere that arise as a result of Operations after the effective date of the Exploration Agreement; and
- (b) the Lessee shall perform all environmental, restoration, waste disposal and other closure obligations required by governmental authorities or under any present or future Laws, ordinances, certificates, licences and other regulatory requirements or policies arising as a result of Operations, or arising as a result of a non-natural condition created by the Lessee within, upon or under the Production Lease Area after the effective date of the Exploration Agreement. The Lessee hereby agrees to indemnify and save harmless NTI from any loss, cost or liability it may incur (including reasonable legal fees) in connection with:
 - (i) any failure or omission of the Lessee to perform such obligations;
 - (ii) any work that NTI is compelled to complete or completes after notice to the Lessee of NTI's concern that the Lessee is not performing its obligations within the required time frame; or
 - (iii) any action or proceeding against NTI in respect of any of the foregoing.

7.18 Annual Review of Work Plan

Until section 8.01 applies, the Lessee shall, at least annually prior to each Anniversary Date, review with NTI the work plan and budget for each work program that the Lessee intends to conduct on the Production Lease Area. This review shall be for informational purposes only and for solicitation of NTI's comments. Final approval of programs rests exclusively with the Lessee and its permitted assigns, if any.

7.19 Third Party Responsibilities

- (a) The carrying out of some parts of Operations by one or more third party contractors shall in no way relieve the Lessee from any of its responsibilities, obligations or liabilities hereunder or in any way lessen any of the same.
- (b) No third party (other than a senior employee of the Lessee) shall be placed in a position of being generally responsible for or supervising the carrying on of Operations, save with prior written consent of NTI, which consent, notwithstanding section 11.01 of Schedule "D", may be arbitrarily refused or may be conditional upon such third party agreeing to be bound by such terms as NTI may require.

7.20 Commingling

- (a) The Lessee shall have the right to Commingle provided that the following conditions are satisfied:
 - (i) the Lessee has proposed Commingling Procedures to NTI in accordance with paragraph 12.01(a) of Schedule “D”;
 - (ii) NTI has consented or is deemed to have consented to the Lessee’s proposed Commingling Procedures in accordance with paragraph 12.03(a) of Schedule “D”, or alternatively, the Commingling Procedures have been determined as a result of arbitration pursuant to paragraph 12.04(b) of Schedule “D”; and
 - (iii) the Lessee effects the Commingling in accordance with the Commingling Procedures consented to, deemed to have been consented to, or determined by arbitration pursuant to subparagraph 7.20(a)(ii) or in accordance with those procedures as amended from time to time pursuant to this Lease.
- (b) Any Commingling that the Lessee effects in breach of paragraph 7.20(a) shall constitute a Material Default.

7.21 Use of Assets

- (a) The Lessee shall have the right to use an Asset for any purpose that is not part of Operations or to make an Asset available for use by a third party for any purpose, provided that the following conditions are satisfied:
 - (i) the Lessee has proposed Use of Asset Procedures to NTI in accordance with paragraph 13.01(a) of Schedule “D”;
 - (ii) NTI has consented or is deemed to have consented to the Lessee’s proposed Use of Asset Procedures pursuant to paragraph 13.03(a) of Schedule “D”, or alternatively, the Use of Asset Procedures have been determined as a result of arbitration pursuant to paragraph 13.04(b) of Schedule “D”; and
 - (iii) the Lessee uses the Asset or makes it available for use in accordance with the Use of Asset Procedures consented to, deemed to have been consented to, or determined by arbitration pursuant to subparagraph 7.21(a)(ii) or in accordance with those procedures as amended from time to time pursuant to this Lease.
- (b) Any use of an Asset in breach of paragraph 7.21(a) shall constitute a Material Default.

8. REPORTING AND SITE VISITS

8.01 Operating Plan and Budget

Not later than 90 days prior to the earlier of the forecast or subsequently confirmed date of commencement of Commercial Production and prior to the beginning of each Fiscal Year thereafter during which the Mine is forecast to be in Commercial Production, the Lessee shall deliver to NTI two copies of its operating plan and budget for the upcoming Fiscal Year which shall include, but not be limited to, the following information:

- (a) the operating plan for the Mine for the upcoming Fiscal Year, including
 - (i) an estimate of the remaining Mineral Reserves;
 - (ii) the quantity and grade of Minerals to be mined and processed; and
 - (iii) the amount of Product to be produced;
- (b) a forecast of the quantity and grade of Minerals to be mined and processed and the amount of Product to be produced during each subsequent Fiscal Year;
- (c) a forecast of the Mine cash flow and the payments, including the Royalty, that the Lessee will make to NTI
 - (i) during the upcoming Fiscal Year; and
 - (ii) in all subsequent Fiscal Years for which Commercial Production is forecast,

such forecast to be based on current production, economic and market information;
- (d) the information and assumptions utilized in preparing the forecasts for Mineral Reserves, Operations, production, budget, economics, market and cash flow.

8.02 Report on Operations

Not later than ninety (90) days after the end of each Fiscal Year, whether or not the Mine is in Commercial Production, the Lessee shall deliver to NTI two copies of a report on all Operations conducted during that Fiscal Year on the Production Lease Area, which shall include, but not be limited to, the following:

- (a) a comparison of the actual Operations conducted in that Fiscal Year to those described in the operating plan that the Lessee filed before the start of that year pursuant to section 8.01, together with an explanation of each material variance, if any, and its potential impact, if any, on Operations in future years;
- (b) a description of all PL Exploration Work and development and construction work carried out;

- (c) representative summaries of all data and other significant information derived from PL Exploration Work, including the Lessee's written analysis or interpretation of the data, to be reported in the form required by NTI in accordance with Schedule "C" of the Exploration Agreement;
- (d) representative summaries of all data derived from sampling and monitoring and all studies carried out on or in respect of the Production Lease Area, including environmental monitoring and studies, and the Lessee's written analysis or interpretation of the data, to be reported in the manner required by paragraph 8.02(c);
- (e) the implementation of the TSM performance indicator protocols required under paragraph 7.02(b);
- (f) representative summaries of assay and test results and analyses, metallurgical studies, Mineral Reserve studies, and for Precious Stones, valuations, conducted on or related to Minerals mined from the Production Lease Area;
- (g) where the Lessee is required by paragraph 7.16(c) to pay NTI a Product Payment, reporting of the value received in exchange for the Minerals or Product in sufficient detail to determine the Product Payment;
- (h) reporting of other commercially valuable minerals incidentally mined or extracted in the course of mining Minerals;
- (i) the estimated Mineral Reserves that remain on or under the Production Lease Area; and
- (j) the date of commencement of Commercial Production and the date of any cessation or termination or recommencement of Commercial Production.

NTI may waive, in whole or in part, the requirement to receive all data and other information on an annual basis, provided that it shall have the right to receive the data and information upon reasonable notice.

8.03 Limited Liability

The Lessee shall not be liable to NTI for any data, information, interpretation, opinion, statement or analysis in a report or study, including any projection or estimate, if the Lessee exercised the degree of care, diligence and skill in preparing and providing required information that a reasonably prudent person would have exercised in comparable circumstances.

8.04 Submission of Prefeasibility and Feasibility Studies

- (a) Promptly after a decision to prepare or commission a Study, the Lessee shall inform NTI of the scope of the work to be conducted under the Study and the expected date for its completion and delivery to NTI.

- (b) Not less than ninety (90) days before the Lessee begins to develop a Mineral Resource or Mineral Reserve on the Production Lease Area for mining, the Lessee shall deliver to NTI three copies of the Feasibility Study that is the basis for the Lessee's decision to put the Mineral Resource or Mineral Reserve into Commercial Production. At its discretion, NTI may waive the obligation of the Lessee to deliver a Feasibility Study if the Lessee provides NTI with the information it requires.
- (c) The Lessee shall submit to NTI three copies of any completed Study and any amendments or updates to the Study not later than thirty (30) days after receipt by the Lessee. For the purposes of this section, any study that the Lessee identifies publicly as a prefeasibility or feasibility study shall be submitted to NTI as required by this section 8.04, whether or not it meets the requirements for a Study contained herein.
- (d) Unless the Lessee begins to develop the Mineral Resource or Mineral Reserve on the Production Lease Area for mining, the obligation of the Lessee to deliver the Study as required by paragraph 8.04(b) or any amendments or updates to the Study will only apply once the Lessee has fulfilled its obligations, if any, in relation to the dissemination of information contained in such Study or amendments or updates that arise under the applicable securities regulatory or stock exchange requirements.

8.05 Summaries and Report Formats

- (a) The Lessee may, with the written approval of NTI, provide summaries of information in place of some or all of the information required under this Article 8.
- (b) Where this Lease requires that the Lessee deliver copies of a report (including a Study) or other documents to NTI, the report or documents shall be written. If two copies are required to be delivered, one copy shall be printed and one copy shall be in a digital format. If three copies are required to be delivered, two copies shall be printed and one copy shall be in a digital format.
- (c) The Lessee may meet some of the requirements of sections 8.01 and 8.02 by providing NTI with corporate and project plans and reports that were prepared for other purposes, including those that deal with data and production from related mines. In such cases, the Lessee shall provide NTI with a cross-reference guide indicating where the specific requirements of sections 8.01 and 8.02 are addressed in the plans and reports that have been provided.

8.06 Inspection and Access

- (a) A representative of NTI who is:
 - (i) an employee or professional advisor of NTI and authorized in writing by the Director of NTI's Department of Lands and Resources, the Chief

Executive Officer of NTI or their respective successors exercising similar functions; or

- (ii) another individual who is authorized by NTI and acceptable to the Lessee, acting reasonably,

(an “**Authorized Representative**”) may, at reasonable times and at his or her own risk and expense, enter upon the Production Lease Area and Mine and other lands and premises to which the Lessee controls access (excluding the Lessee’s head office) to inspect and observe the activities of the Lessee relating to the Production Lease Area, Mine and Operations, including procedures relevant to the determination of the Royalty and the Product Payment, and to examine workings, equipment and facilities, diamond drill core, data and Product resulting from PL Exploration Work and Operations.

- (b) The right of NTI to have an Authorized Representative inspect and observe described in paragraph 8.06(a) includes the right to have an Authorized Representative present during the implementation of any Schedule “D” Procedures, to verify the Lessee’s compliance with those procedures and to collect, in reasonable amounts, samples of materials, including any rock, ore, Product other than gold or doré bars, tailings, and any other materials that may be relevant to the determination of the Royalty or for other purposes in accordance with this Lease.
- (c) The Lessee shall give reasonable assistance to an Authorized Representative to gain access to the lands and premises and information described in paragraphs 8.06(a) and 8.06(b), and shall explain the Lessee’s relevant site safety, environmental protection and security-related policies and procedures.
- (d) An Authorized Representative of NTI shall give prior notice of the time and purpose of entry and during such entries shall comply with the Lessee’s relevant site safety, environmental protection and security-related policies and procedures.
- (e) NTI shall indemnify the Lessee against any expense, fine or damage to which the Lessee may be subject (including reasonable legal fees and costs on a solicitor-client basis) that arises in respect of any action of an Authorized Representative while he or she is present on the Production Lease Area or on other lands and premises to which the Lessee controls access, including a breach by an Authorized Representative of the provisions of an Applicable Surface Right, or in respect of any injury or property damage sustained by an Authorized Representative unless the injury or damage occurs during a visit in respect of which the Authorized Representative complied with the policies and procedures referred to in paragraph 8.06(d) and the injury or damage resulted from the negligence or willful misconduct of the Lessee or its employees, agents, or independent contractors.
- (f) During reasonable business hours and on prior notice to the Lessee, NTI shall have complete and unrestricted access to the accounts and records of the Lessee

relating to Operations and Assets (including supporting materials) for the purpose of verifying Gross Revenues, Available Deductions, Net Profit and Royalty, including any determinations that the Lessee makes in accordance with the Schedule "D" Procedures. NTI shall have the right to make copies of and to audit any of the accounts and records at its own cost. The Lessee will instruct its employees and auditors to co-operate in any such review, copying or audit, including making working papers available.

- (g) The Lessee's failure to comply with its obligations under this section 8.06 that materially impairs the ability of NTI to
 - (i) gain access to the lands, premises, information and materials; or
 - (ii) exercise the rightsdescribed in this section 8.06 shall constitute a Material Default.

8.07 Review of Operating Plan and Budget and Report on Operations

- (a) At any time following the delivery of
 - (i) the operating plan and budget required by section 8.01, or
 - (ii) the report on Operations required by section 8.02,the Lessee shall meet with NTI to review and discuss the operating plan and budget or report, if NTI so requests.
- (b) Nothing in paragraph 8.07(a) is intended to imply that NTI has any right to approve or reject any operating plan and budget or report referred to therein.

9. CONFIDENTIALITY

9.01 Disclosure of Information from Reports and Site Visits

NTI shall keep confidential and not disclose to any person any information relating to the Production Lease Area, this Lease, or the Applicable Surface Right received from the Lessee or its agents or obtained during any site visit, except for information that:

- (a) is already in the public domain through no act, error or omission of NTI;
- (b) relates to the environment and reclamation; or
- (c) is of a summary nature, such as the type of work done, the approximate value of the work, and the general area in which work was done,

until the earliest of: (i) five (5) years after the date upon which NTI received or obtained the information; (ii) the date upon which that portion of the Production Lease Area to which the information applies is surrendered; or (iii) the date upon which this Lease terminates, unless the earlier release of the information is approved in writing in advance by the Lessee.

9.02 Disclosure of Information in Study

Except for information that:

- (a) is already in the public domain through no act, error or omission of NTI;
- (b) relates to the environment and reclamation; or
- (c) subject to section 9.01, is contained in reports received from the Lessee or its representatives as required by sections 8.01 and 8.02 or obtained during any site visit,

NTI shall keep confidential and not disclose to any person any information provided in a Study or amendments and updates to the Study during the Term of this Lease, unless the earlier release of the information is approved in writing in advance by the Lessee.

9.03 NTI May Disclose Information

Notwithstanding sections 9.01 and 9.02, NTI may disclose confidential information and data (i) contained in a Study, the operating plan and budget and the report on Operations required under Article 8; (ii) obtained during any site visit; or (iii) pertaining to the Royalty:

- (a) under an obligation to maintain confidentiality:
 - (i) to the directors, officers, employees and professional advisors of NTI, the RIA and an Affiliate of NTI who have a need to know such confidential information;
 - (ii) to other persons who have a need to know of such information and who are approved by the Lessee, acting reasonably, in advance of the disclosure. The disclosure shall be deemed to be approved by the Lessee if the Lessee does not give notice to NTI that it does not approve of the disclosure within thirty (30) days of receipt of notice by the Lessee from NTI of the identity of the person to whom NTI wishes to disclose the confidential information and an explanation of why that person needs to know such information; and
 - (iii) to a potential purchaser, assignee, or financier from or of NTI or their respective professional advisors;
- (b) as required in order to comply with a Law of general application, a court order, or, on a confidential basis, an information-sharing agreement between NTI and any ministry, department, agency or other instrumentality of government;
- (c) to the public, a stock exchange or securities regulator in conjunction with completing a financing or applying to have securities of an Affiliate of NTI listed and trading on a stock exchange to the extent required by a Law or, where the release of information and data is not required by a Law, subject to the prior consent of the Lessee, such consent not to be unreasonably withheld.

9.04 Use of Information

NTI may use any information in any operating plan, annual report or Study for its own purposes or benefit. Subject to sections 9.01 to 9.03, NTI may disclose any of the information in a report or Study to any person and may licence, transfer or otherwise dispose of such information in such manner and for any consideration as, in its sole discretion, it deems fit.

9.05 Confidentiality of this Lease

During the Term of this Lease and for a period of two years after termination of this Lease, the Lessee will keep confidential and will not disclose any of the terms and conditions of this Lease to any person unless:

- (a) such disclosure is made under an obligation to maintain confidentiality to the directors, officers, employees, contractors and professional advisors of the Lessee who have a need to know such confidential information;
- (b) the information is already in the public domain through no act, error or omission of the Lessee;
- (c) disclosure is required by Laws, a court order binding on the Lessee, or the rules or requirements of a stock exchange or securities regulator having jurisdiction over the Lessee;
- (d) disclosure is made of the material terms of this Lease in a prospectus, annual information form or other similar disclosure document filed in contemplation of a financing by the Lessee, or this Lease must be filed with a stock exchange or securities regulator by the Lessee;
- (e) disclosure is made to
 - (i) a potential assignee or financier of the Lessee;
 - (ii) a party with whom the Lessee or its parent corporation contemplates a business combination or other transaction; or
 - (iii) a professional advisor of any of the foregoing parties, in which case the Lessee shall require such person to agree to keep this Lease and its terms and conditions confidential;
- (f) disclosure is made of the material terms of this Lease to permitting agencies; or
- (g) release of the information is approved in writing in advance by NTI.

10. DEFAULT AND TERMINATION

10.01 Definition of Material Default

“**Material Default**” means:

- (a) a Material Default as described in paragraphs 4.04(g), 4.05(e), 4.05(l), 4.08(c), 7.15(c), 8.06(g), 12.02(h) and 12.04(a) and sections 7.20 and 7.21;
- (b) upon the expiry of the time period respectively specified in subparagraphs 10.01(b)(i) or 10.01(b)(ii), each of the following:
 - (i) a default under any Applicable Surface Right that results in the termination of the Applicable Surface Right, at the end of the one hundred and eighty (180)-day period that immediately follows the date of termination; and
 - (ii) a default under the IIBA, at the end of the sixty (60)-day period that immediately follows the date of delivery of an arbitral award that determines that the default constitutes a default of a material obligation of the Lessee under the IIBA;
- (c) a default in the payment of Fixed Mineral Rent or Royalty where the amount in default exceeds the funds that can be drawn on the Fixed Mineral Rent Letter of Credit or the Royalty Letter of Credit, respectively; or
- (d) a default in the performance of any other material obligation of the Lessee pursuant to this Lease, including a Material Default as described in paragraph 7.15(c).

10.02 Default Notice

Subject to section 10.03, in addition to any other right or remedy that it may have, NTI shall be entitled to terminate this Lease in the event of a Material Default provided that NTI has first given the Lessee and each Registered Mortgagee notice of the Material Default containing particulars thereof (a “**Default Notice**”).

10.03 Termination for Material Default

The right of NTI to terminate this Lease can only be exercised in accordance with the following:

- (a) where the Material Default is of a kind described in paragraph 10.01(a) or 10.01(c), the Lessee or a Registered Mortgagee has failed to cure the Material Default within thirty (30) days after receipt of the Default Notice;
- (b) where the Material Default is of a kind described in paragraph 10.01(b),
 - (i) in the case of a Material Default that can be cured within thirty (30) days, the Lessee or a Registered Mortgagee has failed to cure the Material Default within thirty (30) days after receipt of the Default Notice; or
 - (ii) in the case of a Material Default that cannot reasonably be cured within thirty (30) days after receipt of the Default Notice,
 - (A) if the Lessee has, within thirty (30) days after receipt of the Default Notice, failed to give NTI written notice of its plan

- and schedule to cure such Material Default and has failed to commence proceedings to cure such Material Default in accordance with its plan and schedule; or
- (B) if the Lessee has, within thirty (30) days after receipt of the Default Notice, given NTI written notice of its plan and schedule to cure such Material Default and commenced proceedings to cure such Material Default, but has failed thereafter to diligently carry out such proceedings and cure the Material Default in accordance with its plan and schedule; or
 - (iii) in the case of a Material Default that is not reasonably possible to cure, the Lessee or a Registered Mortgagee has failed to fully compensate NTI or the RIA within thirty (30) days after receipt of the Default Notice for any loss that NTI or the RIA suffers as a result of the Material Default and has failed to implement procedures to prevent a similar Material Default in the future; or
- (c) where the Material Default is of a kind described in paragraph 10.01(d),
- (i) the Lessee or a Registered Mortgagee has failed to cure the Material Default within sixty (60) days after receipt of the Default Notice, in the case of a Material Default that can be cured within sixty (60) days;
 - (ii) in the case of a Material Default that cannot reasonably be cured within sixty (60) days after receipt of the Default Notice, the Lessee or Registered Mortgagee has failed to commence proceedings to cure any such Material Default within sixty (60) days after receipt of the Default Notice, the Lessee or Registered Mortgagee agreeing that it shall give notice to NTI describing the proceedings that it intends to complete and shall complete those proceedings diligently, or having commenced proceedings, does not complete those proceedings diligently; or
 - (iii) in the case of a Material Default that is not reasonably possible to cure, the Lessee or a Registered Mortgagee has failed to fully compensate NTI within sixty (60) days after receipt of the Default Notice for any loss that NTI suffers as a result of the Material Default and has failed to implement procedures to prevent a similar Material default in the future.

10.04 Termination by Lessee

The Lessee may at any time during the Term of this Lease, whether or not the Lessee is in default hereunder, terminate this Lease by giving at least sixty (60) days prior notice to NTI of its intention to terminate this Lease, whereupon this Lease shall terminate on the termination date set out in the notice.

10.05 Bankruptcy or Insolvency of Lessee

The parties agree that:

- (a) if the Lessee makes a general assignment for the benefit of creditors; or
- (b) if the Lessee institutes proceedings to subject itself to the *Winding-Up and Restructuring Act*, R.S.C., 1985, c. W-11 or is adjudicated bankrupt or insolvent or consents to the institution of bankruptcy or insolvency proceedings against it or files an application or petition or answer or consent, seeking reorganization or readjustment of its indebtedness under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or any Law of Canada or any province or territory thereof relating to bankruptcy or insolvency or consents to the filing of any such application or petition or consents to the appointment of a receiver or receiver-manager; or
- (c) if a receiver, receiver-manager, custodian, bankruptcy trustee or liquidator of all or substantially all the property of the Lessee is appointed or applied for and the appointment is neither made ineffective nor discharged within 60 days after the making thereof or the appointment is consented to, requested by or acquiesced in by the Lessee; or
- (d) if a judgement, decree or order is entered by a court of competent jurisdiction adjudging the Lessee bankrupt or insolvent or subject to the provisions of the *Winding-Up and Restructuring Act* or *Bankruptcy and Insolvency Act* or determining that proceedings for reorganization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act* or any Law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted other than by the Lessee, provided that such judgement, decree or order is not in good faith contested by the Lessee;

then the receiver, receiver-manager, custodian or bankruptcy trustee or liquidator may at any time:

- (e) surrender possession of the Production Lease Area and the Term shall thereupon terminate; or
- (f) within ninety (90) days after the date of any such receiving order, assignment, judgement, decree, order or the commencement of dissolution or winding up, as the case may be, by notice in writing elect to retain this Lease for the whole or any portion of the unexpired Term and any renewal on the terms of this Lease and subject to the payment of Fixed Mineral Rent and Royalty as provided by this Lease; or
- (g) during the Term, on payment to NTI of all arrears of Fixed Mineral Rent and Royalty together with all unpaid interest thereon and subject to compliance with section 12.02, assign this Lease or sublet the Production Lease Area to the same extent as the Lessee could have done.

If the Lessee is more than one person, this section shall not apply unless the receiver, receiver-manager, custodian, bankruptcy trustee or liquidator has authority over the interests of all such persons who constitute the Lessee.

10.06 Survival

- (a) All obligations and liabilities of a party that have arisen pursuant to this Lease before its expiry or other termination shall survive that expiry or termination.
- (b) Without limiting the generality of paragraph 10.06(a), the following obligations shall survive the expiry or other termination of this Lease to the extent that they have not been fulfilled before that expiry or termination:
 - (i) the obligation of the Lessee to account for, determine and pay the Product Payment and the Royalty, notwithstanding that the amount payable is not determined or determinable before the expiry or termination of this Lease;
 - (ii) the obligation of the Lessee to reclaim and abandon the Production Lease Area;
 - (iii) the indemnification obligations of the Lessee set out in sections 7.12 and 12.02;
 - (iv) the indemnification obligations of NTI set out in section 8.06;
 - (v) the environmental, restoration, waste disposal and other closure obligations of the Lessee, including indemnification obligations, set out in section 7.17; and
 - (vi) the reporting obligations of the Lessee in respect of Operations that were conducted before the expiry or other termination.
- (c) Without limiting the generality of paragraph 10.06(a), the following obligations shall survive the expiry or other termination of this Lease:
 - (i) the confidentiality obligations set out in Article 9; and
 - (ii) where a party intends to resolve a dispute that this Lease identifies as one that shall be resolved by arbitration, the obligation to do so in accordance with the provisions of section 12.12.
- (d) If this Lease is terminated pursuant to this Article 10, NTI shall have no obligation to refund any payment that the Lessee has made to NTI.

11. RELATIONSHIP OF PARTIES

11.01 No Partnership

Nothing in this Lease shall be construed as creating a partnership, joint venture, association or, except as expressly provided, a trust of any kind. It is further understood

and agreed that neither party is liable for any act, covenant or agreement of the other party, except as the parties may otherwise agree.

11.02 Other Opportunities

- (a) Except as expressly provided in this Lease, each party shall have the right to independently engage in and receive the full benefits of any business endeavour whether or not competitive with the endeavours contemplated by this Lease without consulting the other or inviting or allowing the other to participate.
- (b) In particular, the Lessee acknowledges that, subject to any existing rights, NTI is the owner of Minerals within, upon or under the IOL Parcel and that NTI may enter into agreements and grant rights to other persons with respect to areas of the IOL Parcel that are not situated within the Exploration Area as defined under the Exploration Agreement or the Production Lease Area on terms which may be different from the terms of the Exploration Agreement and this Lease.
- (c) For greater certainty, except for those obligations and duties under the Exploration Agreement and any other Inuit Owned Lands Mineral Exploration Agreement held by the Lessee on the IOL Parcel or as the parties may otherwise agree, neither party shall be under any obligation or duty to the other which will prevent it from engaging in or enjoying the benefits of competing endeavours within the general scope of endeavours contemplated by this Lease.

12. GENERAL

12.01 Choice of Law

The parties agree that this Lease shall be governed by and interpreted in accordance with the Laws of Nunavut and of Canada applicable therein.

12.02 Disposition of Rights or Interests

- (a) NTI shall not dispose of any of its rights under this Lease or its interests in the Production Lease Area, in whole or in part, except:
 - (i) provided that NTI has given prior notice to the Lessee, to the RIA or to another Designated Inuit Organization that has agreed to be bound by the terms and conditions of this Lease; or
 - (ii) as provided for in section 4.09.
- (b) Except in accordance with section 12.07 and paragraphs 12.02(c), 12.02(e) and 12.02(f), the Lessee shall not dispose of an interest in the Production Lease Area or this Lease to any third party (a **“Recipient”**).

- (c) The Lessee may only dispose of an interest in the Production Lease Area by disposing of an interest in this Lease to a Recipient in accordance with the following:
 - (i) the Lessee shall give NTI not less than ninety (90) days prior notice of any proposed disposition; and
 - (ii) the Lessee shall have obtained the prior written consent of NTI, such consent not to be unreasonably withheld.
- (d) Without limiting the reasons that entitle NTI to withhold consent under subparagraph 12.02(c)(ii), the Lessee agrees that it will be reasonable for NTI to withhold consent to a disposition to:
 - (i) a Recipient who has committed a material default under a Surface Right or an agreement with NTI and has not cured such default; a director, officer or Affiliate of such a Recipient; or a corporation controlled by any of the foregoing; or
 - (ii) any Recipient, if NTI, acting reasonably, has concluded that such Recipient may not be able to provide the replacement letters of credit required under sections 4.04 and 4.05,unless the Lessee has agreed to indemnify NTI against a Material Default by the Recipient and to remain liable to NTI in accordance with this Lease after the proposed disposition.
- (e) It shall be a condition of any deemed or actual consent under this section 12.02 that the Recipient shall:
 - (i) agree in writing with NTI to assume and perform all of the covenants and obligations of the Lessee under this Lease existing at the time of or arising after the date of the disposition including an undertaking to make any further disposition of this Lease subject to the provisions of this section 12.02;
 - (ii) pay any arrears in Fixed Mineral Rent and Royalty and cure any defaults with respect to any terms and conditions of this Lease provided that where it is not reasonably possible to cure a default, the Recipient shall fully compensate NTI for any loss that NTI has suffered as a result of the default and agree to implement procedures to prevent any similar default in the future;
 - (iii) cure any default with respect to the terms and conditions of the IIBA or an Applicable Surface Right, provided that where it is not reasonably possible to cure a default, the Recipient shall fully compensate the RIA for any loss that the RIA has suffered as a result of the default and agree to implement procedures to prevent a similar default in the future; and
 - (iv) provide to NTI, before the disposition, the replacement letters of credit required by sections 4.04 and 4.05.

- (f) It shall be a condition of any deemed or actual consent under this section 12.02 that the Lessee and the Recipient shall agree in writing with NTI:
 - (i) subject to section 12.19, to be jointly and severally liable to pay to NTI the fee for the disposition of this Lease set out in Schedule “B” to reimburse NTI for its reasonable legal, consulting and administrative costs related to any actual or proposed disposition, provided that NTI shall not be entitled to recover more than the actual amount of those costs; and
 - (ii) if the Lessee proposes to retain an interest in this Lease, to enter into an agreement with NTI of the kind described in paragraph 12.02(e).
- (g) NTI shall be deemed to have consented to a disposition if NTI does not give notice to the Lessee that NTI is withholding consent within sixty (60) days after receipt by NTI of the notice of the proposed disposition.
- (h) Any disposition that is in breach of this section 12.02 shall be a Material Default.

12.03 Corporate Reorganizations

Notwithstanding section 12.02, the Lessee may, without the consent of NTI,

- (a) dispose of its rights under this Lease or its interests in the Production Lease Area to an Affiliate, in whole or in part;
- (b) undertake an amalgamation; or
- (c) complete a plan of arrangement

provided that the Affiliate or the amalgamated or resulting corporation

- (d) gives notice to NTI;
- (e) maintains or establishes the letters of credit required by sections 4.04 and 4.05; and
- (f) pays to NTI the amounts set forth in subparagraph 12.02(f)(i),

whereupon:

- (g) NTI shall be deemed to have given its consent to the disposition, amalgamation or plan of arrangement; and
- (h) paragraphs 12.02(e) and 12.02(f) shall apply.

12.04 Change of Control

- (a) Notwithstanding section 12.03, any transfer, issuance or exchange of shares that results in a change of control of the Lessee shall be deemed to be a disposition as contemplated by and made subject to section 12.02. Any such transfer, issuance or exchange of shares that occurs without the consent of NTI required under section 12.02 shall constitute a Material Default.

- (b) Despite paragraph 12.04(a), provided that the Lessee continues to maintain the letters of credit required under sections 4.04 and 4.05, this section 12.04 shall not apply to:
 - (i) a change of control resulting from an internal corporate reorganization after which the Lessee remains indirectly controlled by the same party after the reorganization as it was before the reorganization; or
 - (ii) a change of control of the Lessee where the Lessee is a reporting issuer under the securities Laws of any province or territory of Canada.

12.05 Inter-Lessee Dispositions

If the Lessee consists of two or more persons and there are no arrears of Fixed Mineral Rent or Royalty, then sections 12.02 and 12.04 shall not apply to:

- (a) any disposition of an interest in this Lease between or among those persons; or
- (b) any adjustment of the interests of those persons in this Lease relative to each other,

and those persons, including a receiver, receiver-manager, custodian, liquidator or trustee in bankruptcy of such persons, may make such disposition or adjustment without the consent of NTI.

12.06 Release

If a Lessee ceases, as the result of an arm's-length disposition made with the consent of NTI, to have any interest in this Lease, the Lessee shall be released from any liability or obligation arising hereunder as a result of any act, error or omission of the Recipient after the effective date of the disposition, unless the Lessee has agreed to remain liable under section 12.02.

12.07 Mortgages

Notwithstanding section 12.02, the Lessee shall have the right to mortgage, charge, pledge or encumber this Lease for the purpose of securing the financing necessary to defray the costs of putting a Mineral Reserve or Mineral Resource into Commercial Production, provided that the holder of the mortgage, charge, pledge or encumbrance (a **"Registered Mortgagee"**) has entered into an agreement with NTI whereby it acknowledges and agrees that:

- (a) its rights are subject to the prior rights of NTI reserved herein, including the right of NTI to be paid the Fixed Mineral Rent and Royalty, which rights shall have priority over the rights of the Registered Mortgagee;
- (b) it is bound by Article 10;
- (c) upon the realization, sale or other disposition of an interest in this Lease by the Registered Mortgagee, each Recipient must acknowledge and agree that any subsequent disposition shall be subject to section 12.02; and

- (d) if the Registered Mortgagee enforces its security and sells any Assets, Minerals or Product, it shall pay to NTI all amounts owed to NTI that rank in priority to payments to the Registered Mortgagee.

If authorized by the Lessee, NTI shall, at a Registered Mortgagee's request and cost, from time to time provide confirmation of compliance or non-compliance by the Lessee with the provisions of this Lease, including those that require payments of Royalty.

12.08 Force Majeure

- (a) If the Lessee is delayed in or prevented from performing any covenant or obligation hereunder by reason of an event of force majeure including fire, war, act of God, the Queen's enemies, or adverse weather conditions or any other cause or thing beyond the reasonable control of the Lessee, other than a shortage of funds, the Lessee may claim force majeure by delivering a notice to NTI setting out the particulars of the event of force majeure.
- (b) The Lessee shall diligently pursue all reasonable steps to end the force majeure event and shall give notice to NTI when the event of force majeure has ended.
- (c) NTI may, acting reasonably, at any time, upon thirty (30) days advance notice to the Lessee, declare that the event of force majeure has ended because
 - (i) the claimed event did not originally qualify as an event of force majeure;
 - (ii) the claimed event has come to an end; or
 - (iii) the Lessee has failed to diligently pursue all reasonable steps to end the force majeure event.

If the Lessee disputes NTI's declaration, the Lessee shall submit the dispute to arbitration pursuant to section 12.12. If the Tribunal upholds NTI's declaration, NTI's declaration shall be without effect until thirty (30) days after the Tribunal award.

- (d) The period of delay resulting from an event of force majeure shall be excluded in computing the time within which any condition is to be satisfied or any covenant or obligation, other than an obligation under Article 4, is to be performed and the time for doing so shall be extended by the total period of all such delays.

12.09 Notice

- (a) Unless otherwise provided herein, any notice or other communication to a party under this Lease or a Registered Mortgagee shall be in writing and given or served by personal delivery, sent by registered mail (postage prepaid), or transmitted by facsimile addressed as follows:

If to NTI:

Nunavut Tunngavik Incorporated

P.O. Box 1269

Cambridge Bay, Nunavut, X0B 0C0

Attention: Director, Department of Lands and Resources

Facsimile Number: (867) 983-5624

If to the Lessee:

[NAME OF LESSEE]

[building, street address]

[city, province, postal code]

Attention: _____

Facsimile Number: _____ - _____ - _____

- (b) Any notice or other communication sent by registered mail shall be deemed to have been given or served on the seventh day after it is deposited in any post office in Canada.
- (c) Any notice given by facsimile shall be deemed given on the first Business Day following the day it is transmitted if receipt of the facsimile is confirmed.
- (d) Any such notice or other communication to a party may also be served in person by delivering the same to a responsible person in the office of the party at its address for notice and any such notice shall be deemed to have been given on the first Business Day following the date of delivery.
- (e) A reference in this Lease to the date on which a notice is given or received shall be interpreted to mean the date the notice is deemed to have been given in accordance with paragraphs 12.09(b), 12.09(c) and 12.09(d).
- (f) Either party or a Registered Mortgagee may change its address for notice at any time by notice in writing.
- (g) During any event or circumstance that disrupts the delivery of mail or the transmission of facsimiles, such notice or other communication shall be given by personal service as aforesaid.

12.10 Further Assurances

Each of the parties hereto shall make, do or execute or cause to be made, done or executed all such acts, documents, deeds or other things as may be necessary or reasonably required to carry out the intent and purposes hereof fully and effectually.

12.11 Perpetuities

If any right, power or interest of any party in the Production Lease Area under this Lease would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of twenty (20) years after the death of the last survivor of all the lineal descendants of Queen Elizabeth II who are living on the Effective Date.

12.12 Resolution of Disputes by Litigation and Arbitration – General Provisions

- (a) A controversy, claim, disagreement or other dispute that arises
 - (i) in relation to or out of this Lease, including any question regarding its existence, interpretation, validity, breach or termination; or
 - (ii) in respect of the legal and business relationship created by this Leasewhich this Lease expressly requires to be submitted to arbitration or which a party has an express right to submit to arbitration in accordance with this Lease, shall, subject to paragraph 12.12(g), be resolved by arbitration in accordance with this section 12.12.
- (b) A dispute submitted to arbitration in accordance with this Lease shall be resolved by arbitration administered by the ADR Institute of Canada, Inc. (the “**Institute**”) in accordance with the Institute’s National Arbitration Rules as amended by the Institute in October 2008 and as further amended by agreement of the parties, as set out in Schedule “G” (the “**Rules**”).
- (c) Consistent with Rule 5, by agreeing to the Rules the parties acknowledge and accept that they have agreed that the Institute shall administer the arbitration.
- (d) The legal place and seat of arbitration shall be Edmonton, Alberta and subject to section 12.13, *The Arbitration Act*, C.C.S.M., c. A120 (the “**Act**” in this section 12.12, section 12.13, and in the Rules) will apply to the arbitration.
- (e) Despite paragraph 12.12(d), all oral hearings conducted during the arbitration shall take place at the Hamlet of Cambridge Bay, Nunavut, unless the parties have agreed, not later than fourteen (14) days after the Commencement Date, to hold those hearings at another location.
- (f) The language of arbitration shall be English.
- (g) Any dispute that this Lease does not expressly require to be submitted to arbitration may be resolved by litigation commenced in a court of competent jurisdiction.

12.13 Provisions of the Act to be Varied or Excluded

- (a) Subsection 25(7) of the Act shall apply only to directions of the Tribunal that pertain to the matters described in paragraphs 25(6)(a) and 25(6)(b) of the Act.
- (b) Subsections 40(1) and 40(2) of the Act shall not apply to an arbitration conducted under this Article 12.

12.14 Arbitration of Disputes – Determination of Royalty and Related Matters

Without limiting the generality of section 12.12, disputes relating to the

- (a) inclusion of any amount as Gross Revenues;
- (b) inclusion of any amount as Available Deductions;
- (c) determination of Net Profit;
- (d) determination of the Royalty; or
- (e) reasonableness of the withholding of consent by NTI with respect to the extension of the 365-day period described in paragraph 5.03(f) of Schedule “D”

shall be resolved by arbitration conducted in accordance with section 12.12.

12.15 Specific Considerations – Arbitration of Disputes Concerning Commingling Procedures

Where a dispute that arises under section 12.04 of Schedule “D” or the provisions of section 14.02 of Schedule “D” that pertain to Commingling Procedures is submitted to arbitration to be conducted in accordance with section 12.12, the Tribunal shall give due consideration to:

- (a) the requirements for Commingling Procedures set out in section 12.01 of Schedule “D”;
- (b) the Commingling Procedures that the Lessee and NTI have respectively proposed; and
- (c) any other information that either party has submitted in support or explanation of its proposed procedures.

12.16 Specific Considerations – Arbitration of Disputes Concerning Use of Asset Procedures

Where a dispute that arises under section 13.04 of Schedule “D” or the provisions of section 14.02 of Schedule “D” that pertain to Use of Asset Procedures is submitted to arbitration to be conducted in accordance with section 12.12, the Tribunal shall give due consideration to:

- (a) the requirements for Use of Asset Procedures set out in section 13.01 of Schedule “D”;
- (b) the Use of Asset Procedures that the Lessee and NTI have respectively proposed; and
- (c) any other information that either party has submitted in support or explanation of its proposed procedures.

12.17 Tribunal’s Award – Resolution of Disputes Concerning Commingling or Use of Asset Procedures

If, after giving due consideration to the requirements and information described in section 12.15 in respect of a dispute concerning Commingling Procedures, or to the requirements and information described in section 12.16 in respect of a dispute concerning Use of Asset Procedures, the Tribunal determines that the Commingling Procedures or the Use of Asset Procedures proposed by the Lessee pursuant to Article 12 of Schedule “D” or Article 13 of Schedule “D”, as the case may be, are:

- (a) consistent with the applicable requirements of Schedule “D”, NTI shall be deemed to have given its consent in accordance with this Lease, and those procedures shall bind the parties; or
- (b) materially inconsistent with the applicable requirements of Schedule “D”, the Tribunal shall reject those procedures and NTI shall be deemed to have reasonably withheld its consent for those procedures in accordance with this Lease; or
- (c) inconsistent with the applicable requirements of Schedule “D” in a non-material way, the Tribunal’s award shall set out amendments to those procedures that the Tribunal has determined to be necessary or desirable to make those procedures consistent with Article 12 of Schedule “D” or Article 13 of Schedule “D”, as the case may be, and NTI shall be deemed to have given its consent in accordance with this Lease.

12.18 Tribunal’s Award – Resolution of Disputes Concerning Amendments to Commingling or Use of Asset Procedures

If, in respect of a dispute that arises under section 14.02 of Schedule “D”, the Tribunal finds that an amendment proposed by either party pursuant to that section is:

- (a) consistent with the applicable requirements of Schedule “D”, the other party shall be deemed to have given its consent in accordance with this Lease, and those procedures shall bind the parties; or
- (b) materially inconsistent with the applicable requirements of Schedule “D”, the Tribunal shall reject the amendment and the other party shall be deemed to have reasonably withheld its consent for the amendment in accordance with this Lease; or
- (c) inconsistent with the applicable requirements of Schedule “D” in a non-material way, the Tribunal’s award shall set out amendments to the

proposed amendment that the Tribunal has determined to be necessary or desirable to make the amendment consistent with Article 12 of Schedule “D” or Article 13 of Schedule “D”, as the case may be, and the other party shall be deemed to have given its consent in accordance with this Lease.

12.19 Consulting, Appraisal and Legal Fees

- (a) Where this Lease provides that consulting fees or appraisal fees to be incurred by NTI in connection with NTI’s review and processing of an application or for any other purpose connected with this Lease are to be reimbursed by the Lessee, an estimate of any and all such consulting or appraisal fees shall be provided by NTI to the Lessee and approved by the Lessee, acting reasonably, in advance of NTI incurring any such expense.
- (b) If and when requested by the Lessee, and at the Lessee’s expense, NTI agrees to cooperate in the review of any legal accounts for which NTI is seeking reimbursement from the Lessee in respect of legal advice received in connection with NTI’s review and processing of an application or for any other purpose connected with this Lease, including submitting such accounts to be taxed by the appropriate authorities under the applicable Laws. An amount equal to any reduction in legal fees resulting from the taxing of such legal accounts shall be paid forthwith by NTI to the Lessee, provided that the Lessee has previously reimbursed NTI for such legal fees.

12.20 Currency

All references to money in this Lease are to Canadian currency.

12.21 Payment

Payment of any amount required under this Lease, including Royalty payments, shall be made by bank transfer to NTI’s account in accordance with NTI’s instructions.

12.22 Land Titles Act

The Lessee may, at its own expense, register this Lease or file a caveat against the Production Lease Area under the *Land Titles Act*, R.S.N.W.T. (Nu.) 1988, c. 8 (Supp.). Upon termination of this Lease and re-entry by NTI, the Lessee shall execute and deliver to NTI a memorandum of surrender or withdraw the caveat, as the case may be. The Lessee shall reimburse NTI for all fees, expenses and costs (on a solicitor-client basis) incurred in securing the registrar's memorandum of re-entry and recovery on the title to the IOL Parcel, or in removing any caveat.

12.23 Time

Time is of the essence of this Lease.

12.24 Joint Ventures; Joint and Several Liability

- (a) If the Lessee consists of two or more persons operating as a joint venture, those persons may by notice to NTI authorize one of them, as operator of the joint venture, to receive all notices, make all payments and give all consents and otherwise deal with NTI under this Lease on their behalf and bind them under this Lease until such authority is revoked by notice to NTI.
- (b) Notwithstanding paragraph 12.24(a) or any joint venture agreement, if the Lessee consists of two or more persons, each such person, whether the operator or not, shall be jointly and severally liable to NTI for the performance of the Lessee's obligations.

12.25 Enurement

This Lease shall enure to the benefit of the parties hereto, their heirs, successors and assigns of NTI, and the permitted successors and assigns of the Lessee.

12.26 No Implied Terms or Covenants

There are no implied terms or covenants in this Lease. NTI shall have no implied obligation to take any action respecting, and no responsibility for, the acts or omissions of any RIA or Designated Inuit Organization and shall have no implied obligation to make any representation to them or to public government or any institution of public government on behalf of the Lessee.

12.27 Waiver of Breach of Lease

No waiver of any breach of this Lease or extension of time for performance shall be binding on a party unless it is in writing and communicated in accordance with section 12.09. Any waiver or extension shall apply only to the particular breach or condition and shall not limit any future rights of that party.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Lease effective as of the Effective Date.

NUNAVUT TUNNGAVIK INCORPORATED

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

[NAME OF LESSEE]

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

Per: _____
Authorized Signatory

Name and Title
I have authority to bind the corporation.

SCHEDULE “A”

**OF THE INUIT OWNED LANDS MINERAL PRODUCTION LEASE
BETWEEN NUNAVUT TUNNGAVIK INCORPORATED AND
[NAME OF LESSEE] MADE EFFECTIVE THE FIRST DAY OF [MONTH]
20**

DESCRIPTION OF PRODUCTION LEASE AREA

The Production Lease Area is that part of Inuit Owned Lands Parcel - described as follows:

[complete by describing the Production Lease Area]

Except for the following mineral rights:

[complete if any]

Subject to the following liens, charges and encumbrances:

[Nil or complete if any]

The Production Lease Area is hectares.

The datum is NAD83.

**SCHEDULE “B” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH] 20__**

FIXED MINERAL RENT AND FEES

Annual Fixed Mineral Rent

\$500/hectare of land in the Production Lease Area, as defined by Schedule “A”, with a minimum annual Fixed Mineral Rent of \$50,000.

Application Fee for Addition to the Area (section 5.01)

\$2,000 plus reimbursement of NTI’s reasonable legal and consulting out-of-pocket expenses incurred to review and process the application and prepare the documents.

Application Fee for Renewal of Lease Term (sections 6.02, 6.03 and 6.05)

\$2,000 plus reimbursement of NTI’s reasonable legal and consulting out-of-pocket expenses incurred to review and process the application and prepare the documents.

Fee for Disposition of Lease by Lessee (section 12.02)

The greater of \$1,000 or an amount to reimburse NTI for its reasonable actual legal, consulting and administrative costs related to a disposition of the Lease.

Adjustment

All amounts are subject to adjustment for inflation pursuant to section 1.03 of the Exploration Agreement prior to the Effective Date of this Lease, and thereafter pursuant to section 1.03 of this Lease.

**SCHEDULE “C” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH] 20**

FEASIBILITY STUDY

1. AUTHOR OF FEASIBILITY STUDY

1.01 Prepared by Qualified Persons

The Feasibility Study shall be prepared by or under the supervision of one or more Qualified Persons.

1.02 Execution of Feasibility Study

The Feasibility Study shall be dated, signed and, if the Qualified Person or Persons have a seal, sealed by the Qualified Person or Persons who prepared it or supervised its preparation, or if such individual or individuals are employees, officers, directors or associates of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.

2. NATURE OF FEASIBILITY STUDY

2.01 Basis for Feasibility Study

A Feasibility Study must be based on sound engineering principles and mine operating criteria accepted by the Canadian mining industry for similar operating environments.

2.02 Reliance on Other Individuals

When the Qualified Person believes it is reasonable to do so, he may rely on the reports, opinions, or statements of non-technical experts who are neither engineers nor geoscientists on matters beyond the expertise of the Qualified Person, such as legal, environmental, political and other non-technical issues and factors relevant to the Feasibility Study, if the experts have at least five years of experience that is relevant to the matter.

2.03 Disclaimer

If the author of the Feasibility Study has relied on a report, opinion or statement of a legal or other non-technical expert for information concerning legal, environmental, political and other non-technical issues and factors relevant to the Feasibility Study, the Feasibility Study shall include (i) a disclaimer in which the author identifies the report, opinion or

statement relied upon; (ii) the name of the maker of the report, opinion or statement; (iii) the extent of the reliance; and (iv) an indication of the portions of the Feasibility Study to which the disclaimer applies.

3. SECTIONS AND INFORMATION

The Feasibility Study shall include, but is not limited to, the following sections and information.

3.01 Geology and Exploration

This section shall include: a description of the regional and local geological setting; lithology, structure, alteration, metamorphism and mineralization of the mineral deposit(s); and the geological model which relates to the mineral deposit(s). The section should also include a description of all exploration relevant to the discovery and delineation of the deposit(s).

3.02 Mineral Resources and Mineral Reserves

This section shall include: the quantity and average composition and content of the Minerals and the estimated amounts of recoverable Minerals which comprise the Mineral Resources and Mineral Reserves, as well as other resources and reserves, in the Production Lease Area, together with the total number of drill holes, data, analyses, sampling methods, models, metallurgical tests and assumptions regarding dilution, grade cutting, losses and rates of recovery upon which such estimates are based; the resource estimation methodology including assumptions and parameters used for the estimation; and, a valuation of Precious Stones and Semi-precious Stones if these are present. To the extent it is not inconsistent with this Lease, National Instrument 43-101 shall act as a guide to reporting all Mineral Resources and Mineral Reserves.

3.03 Mining

This section shall include: the proposed procedures for mining and production, including an analysis of the appropriateness of these procedures; a description of Mine access, mining method, geotechnical considerations, production schedule, mining rates, Mine services, equipment and Mine capital and operating costs. Costs shall be organized in a fashion that clearly breaks out operating costs, pre-production capital and sustaining capital. Operating costs shall be broken into labour and non-labour. Non-labour costs shall be based on appropriate equipment utilizations, reasonable cycle times and reasonable consumption rates, and shall be supported by quotations from appropriate suppliers and contractors. Labour costs shall be based on reasonable manpower levels and operating costs that clearly reflect the cost of living in Nunavut. Capital and operating cost estimates shall include consideration for the impact of freight movement.

3.04 Mineral Processing

This section shall include a plan for the processing and marketing of Minerals from the Production Lease Area, whether such processing is to occur on the Production Lease Area or elsewhere. It shall include: a description of all existing metallurgical test work, design criteria, a description and flowchart for proposed mineral processing procedures and tailings management, process capital and operating costs and production forecasts. It should clearly outline how any bulk/metallurgical sample was collected and should address the representative nature of the sample.

A manpower estimate in the form of an organization chart and work schedules should also be included. As is outlined in section 3.03 of this schedule, capital and operating costs shall be based on detailed estimates and an appropriate amount of site investigation work (topographic surveys, foundations testing, permafrost studies, overburden testing).

3.05 General and Administration

This section shall include: a description of the geographical boundaries of the Production Lease Area; a description of property access, points of hire, rotation schedule/commuting, personnel and training, site buildings and roads, power generation, water supply and sewage disposal, telecommunications, and assumed grants or subsidies (capital and operating); and results of detailed geotechnical studies to support location of facilities including buildings, any airstrip and tailings ponds.

3.06 Environmental Impact

This section shall include: an analysis of the impact on the environment of mining the Mineral Reserve or Mineral Resource, indicating any areas of potential concern and proposals to address these; a description of the baseline environmental studies performed to date; a description of a comprehensive environmental management system for the project; preliminary hydrological studies; a description of anticipated contingency plans and the abandonment plan as well as a detailed reclamation plan that includes, but is not limited to, the proposed methods and procedures for the progressive:

- (a) removal of all structures, equipment, and other manmade materials;
- (b) rehabilitation of the area where Operations will be conducted;
- (c) replacement of overburden, as required;
- (d) re-grading of the area where Operations will be conducted back to its natural contours, to the extent practicable; and
- (e) re-establishment of native vegetative communities within the area where Operations will be conducted.

3.07 Socio-Economic Impact

This section shall include: a thorough evaluation of the socio-economic impacts on the affected communities, the region, and Nunavut, including an analysis of the benefits and a description of potentially negative impacts as well as proposed solutions to these; and employment impact studies performed to date, including estimates of direct and spin-off employment.

3.08 Costs

This section shall include: a detailed estimate of the expenditures required to produce the Minerals and, if applicable, process them during the life of the Mine including particulars of annual production, operating and maintenance expenditures, taxes (other than income taxes), royalties, capital costs and all other anticipated costs of operations; and a tabulation of all capital and operating costs listed in the other sections. This section shall include working capital, sustaining capital and ongoing Mine development costs, general costs and abandonment and closure costs.

3.09 Financial Analysis

This section shall include: an economic analysis demonstrating the current or potential feasibility of placing the Mine in production on the Production Lease Area, including all price assumptions and indicating under what conditions the project would be economically viable; a summary of annual revenue, operating and capital costs and undiscounted cash flow; a description of criteria and assumptions utilized in the discounted cash projections; and a production schedule for the life of the Mine. The net present value, internal rate of return and payback for the project shall be calculated. If possible, this section shall include an explanation of commodity pricing, consumables pricing (e.g., fuel), discount rates, methods of financing and sensitivity analyses indicating the effect of variations in Mineral content, cost, price, production rates and Mineral recovery rates.

3.10 Recommendations

This section shall include the recommendations derived from the Feasibility Study. If this Feasibility Study concludes that it is not currently economically viable to produce Minerals from the Mineral Resource, this section shall recommend a course of action that may make it economically viable.

3.11 Other Information

Include such other information as NTI may reasonably require, consistent with the objectives of this Lease.

3.12 Certificates of Qualified Persons

This section shall include a certificate of each of the individuals who are Qualified Persons and who have been primarily responsible for the Feasibility Study, or a portion of the Feasibility Study. Each such certificate shall be dated and signed and, if the signatory has a seal, sealed by the signatory. The certificates shall state for each signatory: the name, address and occupation of the Qualified Person; the Qualified Person's qualifications, including relevant experience; the name of all professional associations to which the Qualified Person belongs; and that the Qualified Person is a "Qualified Person" for purposes of this Lease. Each certificate shall also identify the section or sections of the Feasibility Study for which the Qualified Person is responsible, and confirm that the Feasibility Study has been prepared in conformity with generally accepted Canadian mining industry practice.

**SCHEDULE “D” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH], 20__**

DETERMINATION AND PAYMENT OF THE ROYALTY

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1. INTERPRETATION

1.01 Definitions

Except where defined differently for purposes of another specific provision of this Lease, each of the following capitalized terms has the meaning attributed to it in this section 1.01:

“Agreed Accounting Reserve” means such accounting reserves established by the Lessee to meet special or unique circumstances relating to the Operations as NTI may agree.

“Available Deductions” means the aggregate amount of deductions available pursuant to this Schedule “D” and determined in accordance with its provisions for deduction against Gross Revenues for the purpose of determining Net Profit and the Royalty, to the extent that such deductions are allocated to the Lessee in connection with Operations and insofar as the Lessee has not deducted or recouped them

- (a) under any agreement with NTI or an Affiliated Party of NTI; or
- (b) in relation to the calculation and payment of the royalty under the NTNMR,

all as contemplated by this Schedule “D”.

“Certificate Amount” has the meaning given in paragraph 10.03(e).

“Certificate Date” means the date that a valuer of any Precious Stones or Semi-precious Stones delivers a certificate to the Lessee and NTI pursuant to section 10.03.

“Commingle” means to mix or combine Minerals with Unrelated Materials in any way for treatment, processing, transportation, marketing or any other purpose, including custom milling.

“Commingling Procedures” has the meaning given in paragraph 12.01(a).

“Deductible Exploration Agreement Expenditures” has the meaning given in paragraph 3.02(c).

“Fair Value Amount” has the meaning given in paragraph 15.02(a).

“Gross Revenues” means the aggregate of the:

- (a) revenues received by the Lessee from the sale or other disposition of any Product or Asset during Operations and after Operations have ceased;
- (b) revenues received by the Lessee from any other part of Operations; and
- (c) monetary value of any other revenue, proceeds, payment, income or benefit determined pursuant to this Schedule “D” to have been received by the Lessee in connection with Operations or that this Schedule “D” otherwise requires be included in the calculation of Gross Revenues;

all as contemplated by this Schedule “D”.

“Net Profit” means the Gross Revenues calculated for each Fiscal Year minus, to the extent permitted pursuant to this Schedule “D”, the Available Deductions.

“Non-arm’s Length Party” means an Affiliated Party of the Lessee or any other person who does not act in his own separate interest or on an arm’s length basis with the Lessee or any Affiliated Party of the Lessee.

“Non-arm’s Length Transaction” has the meaning given in paragraph 15.01(a).

“Previously Claimed Deductible Cost” has the meaning given in subparagraph 3.05(a)(ix).

“Proceeds of Insurance” has the meaning given in section 4.01.

“Qualifying Environmental Trust” has the meaning given in subsection 211.6 (1) of the *Income Tax Act*.

“Reserve Fund” has the meaning given in section 5.01.

“Royalty Report” has the meaning given in section 9.02.

“Schedule “D” Procedures” has the meaning given in section 14.01.

“Section 12.03 Notice of Non-Consent” has the meaning given in section 12.03.

“Section 13.03 Notice of Non-Consent” has the meaning given in section 13.03.

“Shipment Date” means the date on which Product is shipped as a concentrate from a port in Nunavut or, if the Product is not shipped as a concentrate from a port in Nunavut, the date the Product is shipped from the Mine.

“Unrelated Materials” means any minerals or mineral-bearing substances originating from a mining property that is outside of the Production Lease Area.

“Unrelated Operations” means an initiative, endeavour or other activity of the kind contemplated by the definition of Operations that is not part of or directly related to Operations.

“Use of Asset Procedures” has the meaning given in paragraph 13.01(a).

“Work Suspension Period” means a period during which

- (a) an Assignor was relieved of the obligation to complete Exploration Work pursuant to section 5.06 or section 5.07 of the Exploration Agreement; or
- (b) a condition of force majeure existed under the Exploration Agreement.

1.02 Schedule Prevails in Case of Conflict or Inconsistency

In the event of conflict or inconsistency between any provision of this Schedule “D” and any other provision of this Lease, the provision of this Schedule “D” shall prevail insofar as the determination or payment of the Royalty is concerned.

1.03 Canadian or International Accounting/Financial Practices Applicable

- (a) To the extent that such practices are not inconsistent with the provisions of this Schedule “D” and the other provisions of this Lease, all calculations and

computations shall be applied consistently and in accordance with Canadian accounting and financial practices in the mining industry or in accordance with alternative international standards proposed by the Lessee and approved by NTI.

- (b) All amounts to be included in Gross Revenues that are expressed or quoted in United States dollars or other foreign currency shall be converted to Canadian dollars at the noon exchange rate published by the Bank of Canada on the date the amounts are to be included in Gross Revenues pursuant to section 2.04.

1.04 Cross-References

- (a) In this Schedule “D”, the cross-references in
 - (i) section 8.02, paragraph 9.01(a) and paragraph 9.02(a) to “section 12.24 of this Lease”;
 - (ii) section 6.04 and paragraph 8.05(b) to “section 12.14 of this Lease”;
 - (iii) paragraph 12.04(b) to “section 12.15 of this Lease”;
 - (iv) paragraph 13.04(b) to “section 12.16 of this Lease”;
 - (v) paragraph 13.09(a) to “section 12.02 of this Lease” and “section 12.03 of this Lease”; and
 - (vi) section 14.02 to “section 12.15 or section 12.16 of this Lease” and “section 12.17 of this Lease”are references to the applicable provision of Article 12 as that Article first appears in this Lease.
- (b) In this Schedule “D”, the cross-references in
 - (i) paragraph 2.03(d) to “section 7.14 of this Lease”;
 - (ii) section 4.01 to “section 7.13 or section 7.14 of this Lease”; and
 - (iii) section 4.02 to “section 7.13 of this Lease”are references to the applicable provision of Article 7 as that Article first appears in this Lease.
- (c) In this Schedule “D”, the cross-reference in section 14.01 to “section 8.06 of this Lease” is a reference to the applicable provision of Article 8 as that Article first appears in this Lease.
- (d) Any other cross-reference within this Schedule “D” is a cross-reference to the corresponding Article, section, paragraph, subparagraph or clause of this Schedule “D”.

2. GROSS REVENUES

2.01 Applicability of Article

The provisions of this Article 2 are not all-inclusive with respect to the determination of Gross Revenues and shall not limit or be construed to limit the applicability of the other provisions of this Schedule “D”.

2.02 Gross Revenues

Without limiting the generality of the definition of “Gross Revenues” contained in section 1.01, the following shall be included in the calculation of Gross Revenues:

- (a) the value, determined in accordance with section 2.03, of any Product sold or otherwise disposed of or deemed to be disposed of;
- (b) for the Fiscal Year in which the Lessee commences Commercial Production, the value, determined in accordance with section 2.03, of:
 - (i) any Product sold or otherwise disposed of or deemed to be disposed of; and
 - (ii) any Minerals sold or otherwise disposed of pursuant to the Exploration Agreement that originated from that part of the Exploration Area situated within the Production Lease Area, during any period prior to the commencement of Commercial Production and for which Product Payment has not been paid to NTI. For the purposes of subparagraph 2.02(b)(ii), such Minerals shall be considered to be Product;
- (c) any amount withdrawn from a Reserve Fund, from an Agreed Accounting Reserve or from a Qualifying Environmental Trust for reclamation of the Production Lease Area;
- (d) any money or other payment received by the Lessee from any ministry, department, agency or other instrumentality of government for the payment of, reimbursement of, or with respect to, any cost or expense that the Lessee has included in Available Deductions, unless the Lessee establishes a Reserve Fund in accordance with section 5.01;
- (e) any revenue, proceeds or other financial benefit received or deemed to be received pursuant to Articles 12, 13 and 15;
- (f) any amount required to be included as Gross Revenues pursuant to Article 4 and Article 5; and
- (g) any other proceeds, money, payment, revenue, income or benefit contemplated to be included as Gross Revenues in this Schedule “D”.

For greater certainty, in no case shall any of the above reduce the amount of Available Deductions.

2.03 Determination of Value of Product

- (a) For all Product sold or otherwise disposed of in an arm's length transaction for payment, provided that full payment is received within ninety (90) days of the Shipment Date, the value of the Product to be included in Gross Revenues shall be the proceeds of sale, adjusted in accordance with subparagraph 2.03(d)(ii), except that if the Product includes uranium, the value of such uranium shall be conclusively deemed to be equal to one hundred and thirty percent (130%) of the proceeds of sale of such uranium.
- (b) For all Product sold or otherwise disposed of in an arm's length transaction for payment pursuant to a long-term contract or arrangement under which delivery of Product is scheduled over a period of more than one year and a basis of price is specified and where full payment is not received within ninety (90) days of the Shipment Date, the value of the Product to be included in Gross Revenues shall be the amount calculated by multiplying the applicable unit price (and for uranium, one hundred and thirty percent (130%) of the unit price) for the Product as at the Mine specified in the contract or arrangement times the number of units of Product sold.
- (c) For all Product sold, otherwise disposed of or deemed to be disposed of in a manner other than as described in paragraphs 2.03(a) and 2.03(b):
 - (i) in an arm's length transaction for payment that is not pursuant to a long-term contract or arrangement and in which full payment is not received within ninety (90) days of the Shipment Date;
 - (ii) under a futures or forward contract; or
 - (iii) in a Non-arm's Length Transaction,the value of the Product to be included in Gross Revenues shall be conclusively deemed to be as follows:
 - (iv) for gold and/or silver in the Product, the value obtained by multiplying the afternoon unit fixing price expressed in United States dollars set by the London Bullion Market Association for such metal on the Shipment Date by the quantity of recoverable gold and/or silver, respectively, in the Product;
 - (v) for Precious Stones or Semi-precious Stones in the Product, the Certificate Amount relating to such Precious Stones or Semi-Precious Stones;
 - (vi) for uranium in the Product, one hundred and thirty percent (130%) of the value obtained by multiplying an applicable (weekly or long-term, as the case may be) published uranium price indicator for U₃O₈ (as determined by reference to the publication of a commodity reporter or exchange agreed to in advance by NTI and the Lessee acting reasonably and in good

faith, or, in the absence of such agreement, by reference to the respective price indicator published by “The Ux Consulting Company, LLC”) for the Shipment Date by the quantity of uranium in the Product expressed as U₃O₈; and

- (vii) for metals other than gold, silver or uranium, or for valuable commodities other than Precious Stones or Semi-precious Stones in the Product, the aggregate of the values obtained by multiplying the unit trading prices set at the close of trading on the Shipment Date by the London Metals Exchange or another commodities exchange, or as reported by a commodity price tracking agency, as agreed to in advance by NTI and the Lessee, for such metals or valuable commodities by the respective quantities of recoverable metals or other valuable commodities contained in the Product.
- (d) For greater certainty:
 - (i) any contract or arrangement that qualifies as a long term contract or arrangement is not a futures or forward contract under paragraph 2.03(c); and
 - (ii) where pursuant to paragraphs 2.03(a), 2.03(b), or 2.03(c), the actual proceeds of sale or the value of the Product are determined after post-Mine transportation, smelting and/or refining, the proceeds of sale or the value of Product shall be adjusted by deducting the cost of such transportation, smelting and/or refining and any Product insurance, including the insurance placed and maintained pursuant to paragraph 7.14(a) of this Lease, in order to determine the actual proceeds of sale or value of the Product at the Mine.
- (e) Notwithstanding the right of the Lessee to engage in trading in futures or forward contracts, puts, calls, options or any similar hedging, price protection or marketing mechanism, any profits or losses related thereto shall not be taken into account in the determination of Gross Revenues.

2.04 Date of Taking Value of Product and Other Income into Gross Revenues

- (a) For the sale or disposition of Product as described in paragraphs 2.03(a) or 2.03(b), the value of the Product shall be included in the determination of Gross Revenues not later than the ninetieth (90th) day after the Shipment Date.
- (b) For the sale or actual or deemed disposition of Product as described in paragraph 2.03(c):
 - (i) the value of the Product:
 - (A) in an arm’s length transaction that is not a long-term contract and in which full payment is not received within ninety (90) days of the Shipment Date; or
 - (B) under a futures or forward contract,

shall be included in the determination of Gross Revenues on the ninetieth (90th) day after the Shipment Date;

- (ii) the value of Product sold and delivered in a Non-arm's Length Transaction (except as described in subparagraph 2.04(b)(iii)) shall be included in the determination of Gross Revenues on the ninetieth (90th) day after the Shipment Date; and
 - (iii) where Product is retained for more than, or where there otherwise is no actual disposition within, ninety (90) days after it becomes Product as contemplated by subparagraphs 15.01(a)(v) and 15.01(a)(vi), the value of Product shall be included in the determination of Gross Revenues on the ninetieth (90th) day after the date it became Product or, if the Product is Precious or Semi-precious Stones, on the ninetieth (90th) day after the Certificate Date.
- (c) All amounts required by section 2.02 to be included in Gross Revenues, other than those described in paragraphs 2.04(a) and 2.04(b), shall be included in Gross Revenues as of the date of the transaction, the date when proceeds are received or, with respect to paragraph 2.02(c), the date when money is withdrawn from a Reserve Fund, an Agreed Accounting Reserve or a Qualifying Environmental Trust.

2.05 Amounts Not Included More Than Once

If an amount received by the Lessee has, at the time of receipt thereof, been previously included as part of the Gross Revenues, such amount shall not be required to be again so included, but there shall be an adjustment for any difference.

3. AVAILABLE DEDUCTIONS

3.01 Applicability of Article

The provisions of this Article are not all-inclusive with respect to the determination of Available Deductions and shall not limit or be construed to limit the application of any other provision of this Schedule "D".

3.02 Allowable Deductions

Except as otherwise provided for in this Schedule "D", the following shall be deductible as Available Deductions:

- (a) all reasonable direct costs incurred by the Lessee to carry out Operations, including operating and capital costs necessary to carry out Operations, both before and after commencement of Commercial Production, including costs incurred to acquire, purchase, construct, improve, modify, repair or replace any Asset;
- (b) the costs that the Lessee has incurred to carry out PL Exploration Work;

- (c) the costs that the Lessee or, subject to sections 6.01 and 6.02, an Assignor has included in any Annual Exploration Work Value that are attributable to:
 - (i) the preparation of Studies; and
 - (ii) the acquisition, purchase, construction, improvement, modification, repair or replacement of an Asset, to the extent that the Asset is subsequently used in Operations,
 (collectively, the “**Deductible Exploration Agreement Expenditures**”), provided that the conditions set out in paragraphs 2(4)(a), 2(4)(b) and 2(4)(c) of Schedule “C” of the Exploration Agreement shall not prevent the inclusion of any Deductible Exploration Agreement Expenditure as Available Deductions;
- (d) any payments made to a Qualifying Environmental Trust for reclamation of the Production Lease Area, which, in the aggregate, do not exceed the minimum amount required to be paid pursuant to the terms of such trust or by any applicable Law or other applicable legal requirement;
- (e) where the Lessee has acquired the Exploration Agreement or this Lease from an Assignor, the aggregate amount of Available Deductions determined in accordance with Article 6;
- (f) any amount allocated to a Reserve Fund or an Agreed Accounting Reserve; and
- (g) any other cost, expenditure or item that is contemplated to be included in Available Deductions in this Schedule “D”.

3.03 Deductions Requiring NTI’s Consent

Unless NTI has given its prior consent, which shall not be unreasonably withheld, no deduction shall be made or provided for as Available Deductions with respect to the acquisition, purchase, construction, improvement, modification, repair or replacement of any Asset used directly for Operations that is not physically situated on Inuit Owned Lands.

3.04 No Amortization or Other Non-Cash Item

No allowance or deduction shall be made or provided for as Available Deductions for any amortization, depletion, depreciation or other indirect or non-cash item.

3.05 Expenditures Not Allowed

- (a) No deduction shall be made or provided for as Available Deductions for any expenditure, cost, loss or payment that the Lessee makes or incurs:
 - (i) that is of a general corporate nature or to the extent that it is not directly related to the carrying out of Operations, except to any extent specifically provided in this Schedule “D”;

- (ii) with respect to any forward selling, futures contract, trading in puts, calls, options or other similar hedging, price protection or marketing mechanism utilized by the Lessee;
- (iii) that is not directly related to the carrying out of Operations including:
 - (A) payments made under the IIBA;
 - (B) payments made to any community, organization or corporation in cash, kind, services or otherwise, that are not attributable to the provision of goods or services directly related to the carrying out of Operations; and
 - (C) costs related to visits to the Production Lease Area for informational, promotional or other similar purposes not involving the direct performance of Operations;
- (iv) with respect to the acquisition or construction of any tool, equipment, machinery, plant, building, improvement, appliance, and/or ancillary facility and mine working and development, to the extent that it is not used by the Lessee directly for Operations;
- (v) with respect to any property rights or title, any right to enter in, under or upon any property, any right to carry out any Operations, or any right or interest in or relating to the Production Lease Area not specifically provided for hereunder and acquired by the Lessee or a party that becomes a Lessee (including, in either case, payment of fees, royalty or other forms of compensation with respect to the use of resources), other than:
 - (A) the aggregate amount paid by the Lessee to the RIA for rent and surface disturbance fees pursuant to the terms and conditions of any Applicable Surface Right up to but not exceeding the amount of Fixed Mineral Rent paid pursuant to this Lease with respect to the same rental period;
 - (B) the payment of Fixed Mineral Rent under this Lease;
 - (C) the payment of application fees to NTI with respect to this Lease or the expansion or renewal thereof; and
 - (D) any amount paid to NTI as reimbursement for reasonable professional fees with respect to the review and processing of any application referred to in clause 3.05(a)(v)(C);
- (vi) with respect to arranging for, obtaining or maintaining of any funding or financing related to carrying out Operations, including any interest on any debt of any nature or kind (including interest on any overdraft, loan, credit facility, mortgage, charge, advance, capital lease, debenture or bond), finder's or other fee, bonus, or repayment;
- (vii) with respect to any:
 - (A) municipal taxes;

- (B) taxes determined on the basis of capital, income or profit;
 - (C) grants or payments in lieu of any of the foregoing taxes paid to any level of government; or
 - (D) royalties paid for the use of mining property or royalties calculated with respect to the revenue, production or profits from the Mine or any other mine on the IOL Parcel;
- (viii) with respect to any tax, assessment or levy determined with respect to the acquisition or use of any Asset that is able to be recouped by the Lessee, directly or indirectly, including Goods and Services Tax and any similar tax, assessment or levy;
 - (ix) with respect to any cost that the Lessee or, in accordance with Article 6, an Assignor, has previously claimed as a deduction with respect to the payment of a royalty or similar payment to NTI or to a government or governmental body or agency with respect to Product or the production thereof or with respect to any product derived from Unrelated Materials, including any payment made pursuant to the NTNMR or any other applicable Law, notwithstanding that the same might otherwise be considered to be Available Deductions hereunder (a **“Previously Claimed Deductible Cost”**);
 - (x) with respect to any salary, bonus, payment, reimbursement or fringe benefit paid or payable to any employee carrying out Operations that is excessive and inconsistent with Good Mining Practices;
 - (xi) with respect to an Asset that the Lessee has previously reported pursuant to section 13.07 or section 13.08 as having been sold, assigned, transferred or otherwise disposed of, the expense that the Lessee incurs in order to reacquire the Asset to the extent that the expense exceeds the value of the Asset that the Lessee previously included in Gross Revenues pursuant to section 13.07 or section 13.08;
 - (xii) with respect to the purchase of materials or supplies before they are used in Operations; or
 - (xiii) in accordance with the Exploration Agreement, except for Deductible Exploration Agreement Expenditures.
- (b) Without limiting the generality of paragraph 3.05(a), no deduction shall be made or provided for as Available Deductions for any expenditure, cost, loss or payment that the Lessee allocates to Unrelated Materials or Unrelated Operations.

3.06 Available Deductions “Pool” Not Individual

It is further acknowledged that Available Deductions are a single “pool” established solely for the determination of the Royalty, provided, however, that if the Lessee consists of two or more persons, such persons may as between themselves (but without effect on any of the provisions of this Schedule “D”) apportion benefits and/or liabilities hereunder

as they may among themselves agree. No such agreement or arrangement shall in any way be binding upon, or create any obligation to be fulfilled by, NTI and shall not in any way amend, or influence the interpretation of, the provisions of this Schedule “D”, whether or not NTI is aware of such agreement or arrangement.

3.07 Substantiation of Claimed Deductions

If Available Deductions relating to any part of the Operations (including charges by or expenses incurred by a contractor) are in question, the Lessee shall either deliver to NTI such details as NTI may reasonably consider necessary or appropriate to substantiate the same, or withdraw the same from claimed Available Deductions.

4. INSURANCE

4.01 Proceeds of Insurance

“Proceeds of Insurance” means the amount paid to the Lessee pursuant to a policy of insurance that the Lessee has purchased and maintained pursuant to section 7.13 or section 7.14 of this Lease.

4.02 Treatment of Proceeds from Insurance

- (a) To the extent they indemnify the Lessee for an expenditure, loss, cost or payment that has been included as Available Deductions, the Proceeds of Insurance that are paid to the Lessee pursuant to comprehensive general liability insurance that the Lessee has purchased and maintained in accordance with section 7.13 of this Lease shall be included as Gross Revenues in the Fiscal Year in which those proceeds are paid.
- (b) Unless they are made subject to a Reserve Fund pursuant to section 5.01, the Proceeds of Insurance that are paid to the Lessee on account of the loss of, destruction of, or damage to an Asset shall be included as Gross Revenues in the Fiscal Year in which those proceeds are paid.
- (c) The Proceeds of Insurance that are paid to the Lessee on account of the loss of or damage to Product shall be included as Gross Revenues in the Fiscal Year in which those proceeds are paid.

5. RESERVE FUND

5.01 Establishment of a Reserve Fund

Subject to sections 5.02, 5.03 and 5.04, the Lessee may establish a fund for the retention of:

- (a) any money or other payment of the kind described in paragraph 2.02(d); or
- (b) the Proceeds of Insurance contemplated by paragraph 4.02(b)

(a “Reserve Fund”).

5.02 Requirements for Notice and Administration

- (a) The Lessee shall give notice to NTI of its intention to establish a Reserve Fund not later than thirty (30) days after the Lessee first receives the money, payment or Proceeds of Insurance described in section 5.01.
- (b) A Reserve Fund shall not relate to
 - (i) more than one payment of the kind described in paragraph 2.02(d); or
 - (ii) the Proceeds of Insurance from more than one claim,it being acknowledged and agreed that the Lessee is entitled to establish and maintain more than one Reserve Fund at any given time.

5.03 Conditions Applicable to a Reserve Fund

The money that is retained in a Reserve Fund shall be subject to the following conditions:

- (a) it need not be included as Gross Revenues in the Fiscal Year in which it is received but must be so included in accordance with this section 5.03;
- (b) the Lessee shall account for it separately in the Lessee’s books and records relating to Operations, but need not segregate it or maintain it separately;
- (c) the capital in a Reserve Fund shall notionally generate interest at a rate equal to the Prime Rate on the last Business Day of each month plus one percent (1.0%), determined monthly in advance for the ensuing month;
- (d) the greater of the amount of interest notionally determined under paragraph 5.03(c) and the actual amount of interest earned by a Reserve Fund shall constitute part of the capital of the Reserve Fund until that amount is withdrawn from the Reserve Fund;
- (e) subject to paragraph 5.03(f), any money that remains subject to a Reserve Fund at the end of the three hundred and sixty-fifth (365th) day after the date upon which the initial payment of that money was made into, or made subject to, a Reserve Fund, shall be included as Gross Revenues, and interest on that money shall continue to accrue until the end of the final Quarter in which it is included as Gross Revenues;
- (f) if, because of circumstances beyond the Lessee’s control, the Lessee is unable to expend all of the funds received in the form of the Proceeds of Insurance before the expiry of the three hundred and sixty-five (365)-day period mentioned in paragraph 5.03(e), the Lessee may, not later than thirty (30) days before such expiry, by delivering a notice to NTI that includes a detailed explanation of those circumstances and a plan of expenditure for those funds, together with such proof as NTI may require, request NTI’s consent to extend the period in which to expend the

Proceeds of Insurance by not more than an additional three hundred and sixty-five (365) days, such consent not to be unreasonably withheld; and

- (g) any money that is withdrawn from a Reserve Fund shall be included as Gross Revenues immediately upon being withdrawn, unless it has previously been included as Gross Revenues.

5.04 Termination of a Reserve Fund

A Reserve Fund shall terminate when all of the money that was retained therein has been included as Gross Revenues.

6. PRIOR EXPENDITURES BY ASSIGNOR

6.01 Acquisition of Exploration Agreement

Where the Lessee has acquired the Exploration Agreement before the execution of this Lease as the result of an assignment by or transfer from an Assignor, the Exploration Agreement Expenditures as at the date of the acquisition are deductible by the Lessee as Available Deductions to the extent that those expenditures do not constitute Previously Claimed Deductible Costs, provided that the aggregate amount of Exploration Agreement Expenditures deductible by the Lessee as Available Deductions shall not exceed the lesser of:

- (a) the aggregate amount of Exploration Agreement Expenditures that the Assignor has incurred during the sixty (60) full calendar months immediately preceding
 - (i) the first day of the month in which the assignment or transfer takes effect; or
 - (ii) the first day of the month in which the agreement relating to the assignment or transfer takes effect,

whichever is the later, provided that the sixty (60)-month period shall exclude any month in which a Work Suspension Period was in effect; and

- (b) the amount of money that the Lessee has paid to the Assignor in consideration of the assignment or transfer of the Exploration Agreement or, if the assignment or transfer encompasses any area in addition to that part of the Exploration Area that comprises the Production Lease Area, the portion of that money which is reasonably attributable to the portion of the Exploration Area comprising the Production Lease Area.

6.02 Acquisition of Lease

Where the Lessee has acquired this Lease as the result of an assignment by or transfer from an Assignor, the Lessee may claim as Available Deductions an amount not exceeding the lesser of:

- (a) the aggregate amount of the Available Deductions which were available to the Assignor immediately before the assignment or transfer, provided that any Exploration Agreement Expenditures shall
 - (i) be limited to those the Assignor incurred during the sixty (60) full calendar months immediately preceding the first day of the month in which the assignment or transfer became effective, it being further provided that the sixty (60)-month period shall exclude any month in which a Work Suspension Period was in effect; and
 - (ii) exclude any Previously Claimed Deductible Cost; and
- (b) the amount of money that the Lessee has paid to the Assignor in consideration of the assignment or transfer of this Lease or, if the assignment or transfer encompasses any area in addition to the Production Lease Area, the portion of that money which is reasonably attributable to the Production Lease Area.

6.03 Requirements to Claim Prior Expenditures

If a Lessee intends to claim as Available Deductions any amounts determined in accordance with the provisions of this Article 6, then before making any such deduction, the Lessee shall:

- (a) give notice to NTI accordingly;
- (b) supply to NTI such information and supporting evidence as NTI may reasonably require to carry out and/or confirm the relevant determinations set forth in this Article 6 and, if applicable, the portion of such amount of moneys paid to the Assignor that is reasonably attributable to the Production Lease Area; and
- (c) make no claim for deduction of any such amounts until after the aggregate amount available to the Lessee as Available Deductions has been determined in accordance with this Article 6.

6.04 Disputes under this Article

If the Lessee and NTI do not agree on any matter relating to the determination of the amounts that the Lessee is entitled to claim as Available Deductions under this Article 6, the disagreement shall be resolved by arbitration in accordance with section 12.14 of this Lease.

6.05 Assignments Excluded

Notwithstanding any other provision of this Article 6, where:

- (a) the Lessee assigns or transfers a portion of its interest in the Exploration Agreement or this Lease such that Operations are carried out with another person as a joint venture or under a similar arrangement;

- (b) the Lessee consists of two or more persons carrying out Operations as a joint venture or under a similar arrangement, and all or a portion of the Lessee's interest in this Lease is assigned to one or more of those persons; or
- (c) the Lessee consists of two or more persons carrying out Operations as a joint venture or under a similar arrangement, and the respective interests of those persons are assigned or transferred among the persons constituting the joint venture or similar arrangement in accordance with the arrangements among such persons,

unless the assignment or transfer is a transaction or forms part of a series of transactions that results in the transfer of more than a ninety percent (90%) interest in the Exploration Agreement or this Lease, excluding any transfer of interest attributable to the dilution provisions of the joint venture or similar arrangement,

- (d) the aggregate amount of the Available Deductions as at the date of the assignment or transfer shall not be affected thereby;
- (e) the assignment or transfer shall not be subject to this Article 6; and
- (f) there shall be no change in the aggregate amount of Available Deductions.

7. QUANTUM OF ROYALTY AND NET PROFIT

7.01 Quantum of Royalty and Net Profit

The Royalty shall be equal to twelve percent (12%) of the Net Profit derived from the Operations as determined in accordance with this Schedule "D".

7.02 Seventy Percent Limit

Notwithstanding anything to the contrary contained in this Schedule "D":

- (a) the aggregate amount of Available Deductions that may be deducted from Gross Revenues when calculating any Royalty payment shall not exceed seventy percent (70%) of such Gross Revenues for the relevant Determination Period; and
- (b) subject to paragraph 7.02(a), any Available Deductions in a Determination Period that exceed seventy percent (70%) of the Gross Revenues in that Determination Period or that are not otherwise used as a deduction in that Determination Period may be applied in any subsequent Determination Period.

8. DETERMINATION AND PAYMENT OF ROYALTY

8.01 Determination of Payments

Commencing with the Fiscal Year in which the Lessee commences Commercial Production, the Lessee shall calculate the amount of Net Profit and Royalty for each Determination Period and report that amount to NTI.

8.02 Payment for Each of First Three Quarters of Fiscal Year

For each of the first three Quarters of each Fiscal Year, the Lessee shall pay to NTI, within forty-five (45) days after the end of the relevant Quarter, the amount of Royalty estimated to be payable with respect to the relevant Determination Period as determined and certified by a senior financial officer of the Lessee or of a party appointed as operator under section 12.24 of this Lease. In estimating the amount of Royalty to be paid with respect to a Determination Period, the Lessee shall take into account all amounts paid with respect to previous Determination Periods for that Fiscal Year.

8.03 Fiscal Year-end Payment

For each Fiscal Year-end payment of the Royalty, the Lessee shall pay to NTI, within one hundred and twenty (120) days after such Fiscal Year-end, an amount equal to the aggregate amount of Royalty payable with respect to the relevant Fiscal Year less

- (a) the aggregate payments of Royalty made with respect to the first three Determination Periods of such Fiscal Year, and
- (b) any portion of an Advance Royalty Payment that has not previously been deducted against the Royalty, provided that the deduction of such payment shall not reduce the amount of any Royalty payment to NTI to less than the minimum amount of Royalty payment that would result from the application of paragraph 7.02(a).

8.04 NTI to Refund Excess Payments

If in any Fiscal Year the aggregate of the Royalty payments made with respect to the first three Determination Periods exceeds the amount of Royalty payable with respect to the full Fiscal Year, NTI shall refund such excess before the date that is forty-five (45) days after the later of:

- (a) the date of the receipt of a request for such refund, together with the certificate referred to in paragraph 9.02(a) confirming such excess; and
- (b) the date upon which any dispute between the Lessee and NTI relating to such excess is finally settled.

Interest on refunds that are unpaid after the date determined in accordance with this section 8.04 shall accrue at a rate equal to the Prime Rate plus five percent (5%), compounded monthly. For greater certainty, NTI is not required to refund any Advance Royalty Payment or any portion thereof.

8.05 Dispute of Payment

- (a) NTI may dispute the amount of any Royalty payment for a Fiscal Year, the Lessee's determination thereof, or both of them, in whole or in part, by delivering a notice to the Lessee accordingly within three hundred and sixty-five (365) days after the date of receipt of the audited financial statements for the Fiscal Year referred to in paragraph 9.02(b). The notice shall set out a summary of the dispute.
- (b) If the Lessee and NTI fail to resolve a dispute referred to in paragraph 8.05(a) within sixty (60) days after the Lessee receives the notice delivered under that paragraph, NTI may submit the dispute to arbitration pursuant to section 12.14 of this Lease, the provisions of which shall apply, *mutatis mutandis*.
- (c) If NTI submits the dispute to arbitration pursuant to paragraph 8.05(b), NTI shall pay the costs that the parties incur after the dispute is so submitted unless the arbitral award:
 - (i) is in favour of NTI; and
 - (ii) increases the Royalty payment by
 - (A) five percent (5%) or more, where the amounts in dispute are in the aggregate less than \$500,000; or
 - (B) by two percent (2%) or more, where the amounts in dispute are \$500,000 or more in the aggregate.
- (d) If the arbitral award satisfies the criteria set out in subparagraph 8.05(c)(i) and subparagraph 8.05(c)(ii), the Lessee shall pay the costs that the parties incur after the dispute is submitted to arbitration, which costs shall not be included as Available Deductions.

8.06 Payment Final

If NTI does not dispute the amount of a payment of the Royalty or the determination thereof or both of them as set out in paragraph 8.05(a) or submit a dispute to arbitration as set out in paragraph 8.05(b), the Royalty payment and the relevant Fiscal Year-end amounts used in the determination thereof with respect to the Fiscal Year to which they relate shall be final and conclusive.

8.07 Interest on Unpaid Royalty

- (a) If the Lessee fails to pay any amount of the Royalty when due, interest on the unpaid amount shall be payable as additional Royalty.
- (b) Interest on unpaid Royalty shall accrue from the first day of the month in which such payment was required to be made under this Schedule "D", and shall continue to accrue up to and including the month in which the unpaid Royalty, together with interest thereon, is paid in full.

- (c) Interest shall accrue at a rate equal to the Prime Rate plus five percent (5%), compounded monthly, and shall continue to accrue notwithstanding any action that NTI may take, or declaration that NTI may make, under this Lease, at law or in equity or otherwise as a result of or with respect to such failure to pay.

9. CERTIFICATES, FINANCIAL STATEMENTS, REPORTS AND NOTICES

9.01 Certificate for Each of First Three Quarters

- (a) Within forty-five (45) days after the end of each of the first three (3) Quarters of a Fiscal Year, the Lessee shall deliver to NTI a certificate of a senior financial officer of the Lessee or of a party appointed as operator under section 12.24 of this Lease setting out for the Determination Period that ends at the end of each such Quarter:
 - (i) the Lessee's best estimate of the aggregate amount of Available Deductions available for deduction and the Gross Revenues received or deemed to have been received during the Determination Period; and
 - (ii) the amount of Royalty payable with respect to such Determination Period.
- (b) A certificate referred to in paragraph 9.01(a) shall contain a detailed summary of the calculation of each of the amounts included in the certificate and a statement that, to the best knowledge and belief of the signatory, the information contained in the certificate is accurate and that the amounts set out in the certificate have been calculated in accordance with this Schedule "D".

9.02 Fiscal Year-end Certificates, Statements, Reports and Notices

Within one hundred and twenty (120) days after each Fiscal Year-end, the Lessee shall deliver to NTI a report (the "**Royalty Report**") which shall include:

- (a) not later than the date on which the Lessee makes the Fiscal Year-end payment of the Royalty to NTI for the relevant Fiscal Year, a certificate of a senior financial officer of the Lessee or of a party appointed as operator under section 12.24 of this Lease setting out:
 - (i) the aggregate amount of the Available Deductions available for deduction at such Fiscal Year-end;
 - (ii) the amount of Available Deductions claimed with respect to the Fiscal Year;
 - (iii) the Gross Revenues received or deemed to have been received during the relevant Fiscal Year;
 - (iv) the amount of Royalty payable with respect to the relevant Fiscal Year; and

- (v) a detailed summary of the calculation of the amounts contained in the certificate, provided that those amounts shall have been determined from the independently audited results for Operations for the applicable Fiscal Year referred to in paragraph 9.02(b), and the certificate shall so state;
- (b) the audited financial statements of the Lessee for Operations carried out during the Fiscal Year prepared by an auditor independent of the Lessee, including the auditor's unqualified opinion thereon (except for any qualification that is beyond the control of the Lessee), together with:
 - (i) a report reconciling the calculation of Net Profit and Royalty for the Fiscal Year with the financial statements; and
 - (ii) the certification by the auditor that there is no material inaccuracy in any of the amounts used to calculate Net Profit or the Royalty payable with respect to the Fiscal Year;
- (c) a report on the Product produced and/or sold or otherwise disposed of during the Fiscal Year (reporting separately on each saleable component of the Product) that summarizes:
 - (i) the nature, composition, quantity and average grade of Product produced;
 - (ii) the amount of Product sold, otherwise disposed of or deemed to be disposed of;
 - (iii) the value of the Product as determined in accordance with section 2.03;
 - (iv) the costs or charges incurred after the Product left the Mine;
 - (v) the purchasers of Product, including any such purchaser that is an Affiliated Party of the Lessee or is otherwise a Non-arm's Length Party; and
 - (vi) any Product or Minerals, including concentrates or other materials or products that were stockpiled during the Fiscal Year, and the location of each stockpile;
- (d) a report on the acquisition, use and disposition of Assets during the period of Operations and after Operations have ceased; and
- (e) any notice required by section 15.03.

9.03 Records and Reports Separate for Precious and Semi-Precious Stones

If Precious Stones or Semi-precious Stones are a component of the Product, the Lessee shall report upon Operations relating to them separately from Operations related to other Minerals and deliver separate audited certificates, financial statements, reports and notices contemplated hereunder with respect to such Operations.

9.04 Records to be Kept

In order to substantiate the information contained in the certificates, statements, reports and notices required by sections 9.01, 9.02 and 9.03, and to verify the calculation of Net Profit and Royalty, the Lessee shall prepare and maintain and shall make available to NTI if NTI so requests:

- (a) full and accurate records, books of account and other documents evidencing all of the information required by sections 9.01, 9.02 and 9.03 to be reported, including:
 - (i) the quantity or weight and the average grade of all Minerals extracted from the Production Lease Area and of all Minerals and Unrelated Materials processed at the Mine during any Fiscal Year in which there is Commercial Production or Assets are used;
 - (ii) the quantity or weight of all Product produced from the Mine and its value;
 - (iii) the quantity or weight of all Product sold, transferred or removed from the Mine, and its value;
 - (iv) all amounts that are included in Gross Revenues;
 - (v) all amounts that are included in Available Deductions; and
 - (vi) records of the acquisition, use and disposition of Assets during the period of Operations and after Operations have ceased;
- (b) a reconciliation between the records, books of account and other documents referred to in paragraph 9.04(a) and the certificate required under paragraph 9.02(a);
- (c) any documents pertaining to the Mine that the Lessee filed with a stock exchange or securities commission; and
- (d) any other documents that contain information necessary for ascertaining the amount of Royalty payable.

The Lessee shall maintain the records required to be kept under this section 9.04 until a date not earlier than the sixth anniversary of the final day of the Fiscal Year in which those records were created.

9.05 Reconciliation for Separate Royalty Reports

Where the Lessee consists of two or more persons and those persons each deliver a Royalty Report to NTI in respect of the Operations, each Royalty Report shall include a report reconciling the calculation of Product, Gross Revenues and Available Deductions for the Fiscal Year with the Product, Gross Revenues and Available Deductions reported in the Royalty Report of each other person.

10. PRECIOUS AND SEMI-PRECIOUS STONES

10.01 Additional Provisions Applicable

If Precious Stones or Semi-precious Stones form all or part of the Product, the provisions of this Article 10 shall be applicable in addition to the other provisions of this Schedule “D” and the Royalty shall be determined accordingly.

10.02 No Product to be Removed Until Valued

No Precious Stones or Semi-precious Stones shall be removed from the Production Lease Area or cut, polished, sold, transferred or otherwise disposed of, other than for assay or testing purposes, until they have been valued by an independent and experienced valuer acceptable to the Lessee and NTI, or in the absence of agreement on the choice of valuer, appointed by a judge under the *Arbitration Act*, R.S.N.W.T. (Nu) 1988, c. A-5, as amended, upon the application of either the Lessee or NTI.

10.03 Valuation Procedures

The following provisions shall be applicable to any valuation of Precious Stones or Semi-precious Stones to be removed from the Production Lease Area:

- (a) a valuation of Precious Stones or Semi-precious Stones shall be carried out as soon as they have been processed into a saleable form;
- (b) any valuation of Precious Stones or Semi-precious Stones shall be carried out in accordance with accepted industry standards for sale of Precious Stones or Semi-precious Stones to intended purchasers or markets as indicated to the valuer by, and agreed to between, the Lessee and NTI, it being acknowledged that in the case of diamonds, they may be sold to such independent third party as the Lessee may decide;
- (c) prior to the valuation, the Lessee shall clean Precious Stones and Semi-precious Stones so as to remove all substances from Precious Stones and Semi-precious Stones that are not part of the Precious Stones or Semi-precious Stones;
- (d) for the purposes of paragraph 10.03(b) with respect to the valuation of diamonds, unless otherwise agreed by the Lessee and NTI, the Lessee shall require the valuer to:
 - (i) value individually diamonds with a weight of more than 10.8 carats;
 - (ii) in respect of diamonds with a weight of from 1.8 carats to 10.8 carats, value the diamonds in lots separated according to carats, and provide the number of diamonds per lot and the estimate of the value of each lot;
 - (iii) in respect of diamonds with a weight of from 3 grainers to less than 1.8 carats, value the diamonds in lots separated according to

- weight in grainers, from which a randomly selected sample, accurately representing the composition of the lot, has been separated, and provide an estimate of the value of each lot; and
- (iv) in respect of diamonds with a weight of less than 3 grainers, value the diamonds in lots separated according to sieve size, from which a randomly selected sample, accurately representing the composition of the lot, has been separated, and provide an estimate of the value of each lot;
 - (e) the Lessee shall require the valuer of any Precious Stones or Semi-precious Stones to deliver to the Lessee and NTI a certificate setting forth the aggregate value (the "**Certificate Amount**") of the Precious Stones or Semi-precious Stones valued in accordance with this section 10.03 and a detailed summary of such determination, in such form and content as may be acceptable to NTI and the Lessee;
 - (f) the costs and expenses of a valuation of Precious Stones or Semi-precious Stones shall be paid by the Lessee and shall be Available Deductions; and
 - (g) a Lessee that produces Precious Stones or Semi-precious Stones who transfers or sells such stones in arm's length transactions, and who also transfers or sells such stones in Non-arm's Length Transactions or cuts or polishes those stones prior to their sale or transfer, shall make separate valuations for:
 - (i) all stones that are to be transferred or sold in Non-arm's Length Transactions; and
 - (ii) all stones that are to be cut or polished prior to their sale or transfer, prior to their cutting and polishing.

11. PROPOSALS, DISCRETION AND CONSENTS

11.01 NTI to Accept Proposals or Requests to Act

NTI acknowledges that with respect to matters to which it must consent or relating to which NTI has discretion in this Schedule "D", it will entertain proposals from the Lessee requesting such consent or exercise of such discretion at such time or times as the Lessee considers appropriate, provided, always, that this acknowledgement shall in no way obligate, or be construed to obligate, NTI to make a decision unless and until information and/or data sufficient to support such request is, in the reasonable opinion of NTI, supplied to NTI by the Lessee.

12. COMMINGLING OF MINERALS

12.01 Lessee to Propose Commingling Procedures

- (a) If the Lessee intends to Commingle, the Lessee shall propose, after consulting with NTI, operational arrangements and accounting procedures to:
 - (i) effect the Commingling; and
 - (ii) determine the Royalty,
in an equitable and cost-effective manner, and in accordance with Good Mining Practices (the “**Commingling Procedures**”).
- (b) Without limiting their nature or scope, the Commingling Procedures shall include the following:
 - (i) the methods for determining the quantities, grade, processing, recovery and any other characteristic of the Minerals and the Unrelated Materials that are relevant to effecting the Commingling or determining the Royalty;
 - (ii) any inspection arrangements or auditing procedures that NTI, acting reasonably, may require;
 - (iii) a statement that Minerals take priority over any Unrelated Materials, and therefore have the right to displace the latter;
 - (iv) a description of the ownership of any facilities, machinery or equipment that may be required in order to effect the Commingling; and
 - (v) the methods that the Lessee proposes to determine and allocate costs and revenues to Operations, and therefore Minerals and Product, on the one hand, and to Unrelated Operations, and therefore Unrelated Materials and any product derived therefrom, on the other, in accordance with section 12.02.

12.02 Allocation of Costs and Revenues

- (a) Subject to paragraph 12.02(b), when determining Available Deductions and Gross Revenues, the Lessee shall fairly allocate to Operations and Unrelated Operations all costs incurred and revenues received as a result of the Commingling in a manner that will ensure that Operations and Unrelated Operations will respectively:
 - (i) have allocated to them and bear their proportionate share of the costs incurred to effect the Commingling, including operating costs and capital costs; and
 - (ii) have allocated to them and receive their proportionate share of the revenues received as a result of the Commingling, as determined in accordance with this Schedule “D”.

- (b) When making an allocation described in paragraph 12.02(a), the Lessee shall take into account
 - (i) the respective quantities, grade, processing, recovery and any other characteristic of the Minerals and the Unrelated Materials; and
 - (ii) any charge that is specific to the Minerals and the Unrelated Materials and to the Product, and to any concentrate or other product derived from the Unrelated Materials,provided that any such characteristic or charge is relevant to effecting the Commingling or determining the Royalty.

12.03 Consent or Non-Consent of NTI for Commingling Procedures

- (a) NTI shall be deemed to have consented to the Commingling Procedures proposed by the Lessee in accordance with section 12.01 unless NTI gives the Lessee notice that NTI does not consent thereto before the ninetieth (90th) day after NTI receives the proposed Commingling Procedures (a “**Section 12.03 Notice of Non-Consent**”).
- (b) The Section 12.03 Notice of Non-Consent shall set out NTI’s reasons for withholding consent and describe any amendments to the proposed procedures that NTI believes are necessary in order to make them conform to this Article 12.

12.04 Resolution of Disputes Concerning Commingling Procedures

- (a) If NTI delivers a Section 12.03 Notice of Non-Consent to the Lessee, NTI and the Lessee shall negotiate in good faith, for a period of not more than ninety (90) days, for the purpose of reaching agreement on Commingling Procedures that conform to this Article 12.
- (b) If NTI and the Lessee do not reach agreement in accordance with paragraph 12.04(a) and have not agreed to continue the negotiations contemplated by that provision, the disagreement in relation to the Commingling Procedures shall constitute a dispute that either party may submit to arbitration in accordance with section 12.15 of this Lease.

12.05 Commingling where Minerals Owned by a Non-Arm’s Length Party

If the Lessee Commingles Minerals with Unrelated Materials that a Non-arm’s Length Party owns wholly or partly, the provisions of Article 15 shall apply in addition to the requirements set out in this Article 12.

12.06 Commingling and the Use of Assets

If the Lessee uses Assets to effect Commingling, the provisions of Article 13 shall apply in addition to the requirements set out in this Article 12.

13. USE, SALE OR TRANSFER OF ASSETS

13.01 Lessee to Propose Use of Asset Procedures

- (a) If the Lessee intends to use any Asset for Unrelated Operations or intends to allow a third party to use any Asset for any purpose, the Lessee shall propose, after consulting with NTI, operational arrangements and accounting procedures to:
 - (i) manage the use of any such Asset; and
 - (ii) determine the Royaltyin an equitable and cost-effective manner, and in accordance with Good Mining Practices (the “**Use of Asset Procedures**”).
- (b) Without limiting their nature or scope, the Use of Asset Procedures shall address the matters described in paragraph 12.01(b), to the extent those matters are applicable, and shall include the methods that the Lessee proposes to determine and allocate costs and revenues to Operations, on the one hand, and to Unrelated Operations, on the other, in accordance with section 13.02.

13.02 Allocation of Costs and Revenues

- (a) Subject to paragraphs 13.02(b) and 13.02(c), when determining Available Deductions and Gross Revenues, the Lessee shall fairly allocate to Operations and Unrelated Operations all costs incurred and revenues received in respect of an Asset on the basis of the respective throughput of Minerals and Unrelated Materials, and taking into account the level of effort that the Lessee has expended for the benefit of Operations and Unrelated Operations, respectively.
- (b) The Lessee shall allocate the operating costs of the Asset on the basis of its use during the reporting period, and shall allocate the capital costs of the Asset on the basis of its cumulative use from the beginning of that use to the end of the reporting period, and allocate the capital costs of the Asset annually thereafter.
- (c) Any costs or revenues that the Lessee allocates to Operations shall be included as Available Deductions or Gross Revenues, respectively. If an amount that the Lessee has included as Available Deductions is subsequently reduced as a result of an allocation pursuant to this section 13.02, the Lessee shall include an amount equal to the reduction as Gross Revenues.

13.03 Consent of NTI Required for Use of Asset Procedures

- (a) NTI shall be deemed to have consented to the Use of Asset Procedures proposed by the Lessee in accordance with section 13.01 unless NTI gives the Lessee notice that NTI does not consent thereto before the ninetieth (90th) day after NTI receives the proposed Commingling Procedures (a “**Section 13.03 Notice of Non-Consent**”).

- (b) The Section 13.03 Notice of Non-Consent shall set out NTI's reasons for withholding consent and describe any amendments to the proposed procedures that NTI believes are necessary in order to make them conform to this Article 13.

13.04 Resolution of Disputes Concerning Use of Asset Procedures

- (a) If NTI delivers a Section 13.03 Notice of Non-Consent to the Lessee, NTI and the Lessee agree to negotiate in good faith, for a period of not more than ninety (90) days, for the purpose of reaching agreement on Use of Asset Procedures that conform to this Article 13.
- (b) If NTI and the Lessee do not reach agreement in accordance with paragraph 13.04(a) and have not agreed to continue the negotiations contemplated by that provision, the disagreement in relation to the Use of Asset Procedures shall constitute a dispute that either party may submit to arbitration in accordance with section 12.16 of this Lease.

13.05 Revenue from Short-Term Use of Assets

- (a) If any Asset is used on an incidental, non-continuing or other short-term basis for a purpose other than Commingling by:
 - (i) the Lessee for a purpose not directly related to Operations; or
 - (ii) a third party,unless the third party pays the Lessee rent for the use of the Asset and the Lessee includes the rent as Gross Revenues, the Asset shall be deemed to have been leased on reasonable commercial terms, and the Lessee shall be deemed to have received a reasonable commercial rent for any such use. The Lessee shall include the amount of the deemed rent as Gross Revenues.
- (b) If an Asset is used under any of the circumstances contemplated by paragraph 13.05(a) by the Lessee or by a third party that is a Non-arm's Length Party, Article 15 shall apply to the determination of the amount of the rent to be included as Gross Revenues.
- (c) NTI agrees to cooperate with the Lessee in determining the uses of Assets that are to be considered incidental, non-continuing or short-term, and acknowledges and agrees that the Lessee shall not require NTI's prior consent for the use of an Asset on such an incidental, non-continuing or short-term basis.

13.06 Casual Use by Third Parties

Despite section 13.05, NTI acknowledges and agrees that the Lessee may, from time to time, permit certain Assets (such as an airstrip, dock or road) to be used by third parties without a charge, rent or any other fee on a casual and non-commercial basis for purposes not directly related to Operations. Examples of such use include visits to the Production Lease Area and the Mine by industry, government and Inuit representatives for purposes

related to education, the gathering or dissemination of information, and promotion. If the Lessee does not impose a charge, rent or any other fee, the Lessee need not take such use into account in determining Gross Revenues, report that use to NTI, or obtain NTI's consent thereto.

13.07 Sale or Transfer of an Asset to Third Party or Lessee for other Purposes

- (a) If the Lessee sells, assigns or otherwise transfers any Asset, whether during the period of Operations or after Operations have ceased, the Lessee shall include as Gross Revenues the amount of the proceeds or other financial benefit that the Lessee receives for the Asset.
- (b) If a sale, assignment or other transfer described in paragraph 13.07(a) is a Non-arm's Length Transaction, including a transfer to Unrelated Operations of the Lessee, Article 15 shall apply to the determination of the Fair Value Amount to be included as Gross Revenues.

13.08 Deemed Sale of Assets

The Lessee may report that an Asset has been deemed to be sold without selling or disposing of the Asset, provided that the Lessee includes the Fair Value Amount of the Asset as Gross Revenues, which amount, at the Lessee's sole discretion, may be nil if the Asset has no further economic value. If the Asset has been used for purposes other than Operations, Article 15 shall apply to the determination of the Fair Value Amount.

13.09 Royalty Exemption

Notwithstanding any other provision of this Lease, including section 13.07, if the Lessee disposes of

- (a) this Lease to a Recipient in accordance with section 12.02 of this Lease or to an Affiliate in accordance with section 12.03 of this Lease; and
- (b) all or substantially all of the Mine and the Assets to the same Recipient or Affiliate as part of the same transaction,

any revenue, proceeds, payment, income, or other financial benefit that the Lessee receives as a result of the disposition of this Lease, the Mine, and the Assets shall not be included as Gross Revenues, and any expenditure, cost, loss, or payment that the Recipient or Affiliate makes or incurs to acquire this Lease, the Mine and the Assets shall not be included as Available Deductions.

14. ADDITIONAL REQUIREMENTS FOR SCHEDULE "D" PROCEDURES

14.01 Inspection and Auditing Procedures

The Commingling Procedures and the Use of Asset Procedures (collectively, the "Schedule "D" Procedures") shall include, in addition to the requirements set out in

Articles 12 and 13, procedures and arrangements to enable NTI to exercise the inspection and auditing rights provided pursuant to section 8.06 of this Lease. Those procedures and arrangements shall apply to Operations and, to the extent reasonably necessary to enable NTI to verify the Lessee's compliance with the Schedule "D" Procedures and the other provisions of this Lease, to Unrelated Operations and Unrelated Materials.

14.02 Amendment of Procedures

- (a) The Schedule "D" Procedures shall not be amended or altered except with the prior written consent of each party. If either the Lessee or NTI wishes to amend the Schedule "D" Procedures, it shall deliver a notice to the other party that gives the particulars of, and the reasons for, the proposed amendments.
- (b) If the parties agree to amend the Schedule "D" Procedures, the amendment shall take effect as of the date agreed to by the parties.
- (c) If the parties fail to reach agreement on any proposed amendment within thirty (30) days after receiving the notice contemplated by paragraph 14.02(a), the disagreement shall constitute a dispute that must be submitted to arbitration. The party proposing the amendment may submit the disagreement to arbitration pursuant to section 12.15 or section 12.16 of this Lease, as applicable, provided that it does so not later than thirty (30) days after the parties have failed to reach agreement on the proposed amendment. The Schedule "D" Procedures shall be amended in accordance with the decision of the Tribunal pursuant to section 12.17 of this Lease.
- (d) No amendment of the Schedule "D" Procedures shall require a retroactive adjustment of a Royalty payment that was made before the amendment took effect.

14.03 Right of NTI to Require Review of Schedule "D" Procedures

- (a) At any time after the second anniversary of the commencement of Commercial Production but not more frequently than once during any subsequent twenty-four (24) month period, NTI may, by notice to the Lessee, require that an independent consultant undertake, at the Lessee's expense, a review of the then current Schedule "D" Procedures.
- (b) The Schedule "D" Procedures shall themselves incorporate the requirements for the scope and budget of the review contemplated by paragraph 14.03(a).
- (c) The independent consultant shall deliver a report of the review to NTI not later 14.03(a), stating whether, in light of the available historical data and information relating to Operations and to the Unrelated Operations, the Schedule "D" Procedures continue to be equitable and cost-effective, and whether they adhere to Good Mining Practices and the provisions of section 12.01 or section 13.01, as applicable.

- (d) If the report of the independent consultant does not provide, on a reasonable basis, the confirmation contemplated by paragraph 14.03(c), or if the report provides the confirmation but NTI disputes it, NTI shall propose revisions to the Schedule “D” Procedures that the parties shall deal with in accordance with the procedures described in section 14.02.

14.04 General Provisions of Schedule “D” Paramount

In the event of a conflict or inconsistency between the Schedule “D” Procedures and any other provision of this Schedule “D”, the other provision of this Schedule “D” shall prevail to the extent of the conflict or inconsistency.

15. NON-ARM’S LENGTH TRANSACTIONS AND VALUE DETERMINATION

15.01 Non-Arm’s Length Transactions

- (a) “Non-arm’s Length Transaction” means:
 - (i) the acquisition or rendering of any supplies, materials, equipment, machinery or services in respect of Operations from or by a Non-arm’s Length Party, or the transfer to or from Operations of supplies, materials, equipment, machinery, or services of any nature or kind whatsoever by the Lessee from or to Unrelated Operations in which the Lessee or a Non-arm’s Length Party has a direct or indirect interest;
 - (ii) the sale, assignment or other transfer in whole or in part of any Asset to a Non-arm’s Length Party or to Unrelated Operations in which the Lessee has an interest, to the extent to which the Asset is not used for Operations, as contemplated by section 13.07;
 - (iii) the use of any Asset on a short-term, non-continuing basis by a Non-arm’s Length Party or by the Lessee for purposes other than carrying out Operations, as contemplated in section 13.05;
 - (iv) the Commingling of Minerals with Unrelated Materials owned in whole or in part by the Lessee or a Non-arm’s Length Party;
 - (v) other than reasonable amounts of Product required for assaying or testing purposes, the retention by the Lessee of any Product
 - (A) in a stockpile or other form of storage for the Lessee’s own use;
 - (B) for inventory purposes by the Lessee; or
 - (C) for use or inventory purposes by a Non-arm’s Length Party;
 - (vi) the Lessee’s failure to otherwise dispose of Product,
 - (A) subject to paragraph 15.01(b), within the ninety (90)-day period after the Product comes into existence; or

- (B) where the Product is comprised of Precious Stones or Semi-precious Stones, within the ninety (90)-day period after the Certificate Date that relates to such stones;
 - (vii) the sale or other disposition of any Product
 - (A) on other than reasonable commercial terms; or
 - (B) to a Non-arm's Length Party; or
 - (viii) the shipment of any Product from the Production Lease Area for a purpose other than prompt delivery to a purchaser.
- (b) Where the Product is a concentrate that is awaiting shipment from the Mine or from a port in Nunavut, the time limitation set out in clause 15.01(a)(vi)(A) shall be twenty-four (24) months instead of ninety (90) days.

15.02 Adjustment of Gross Revenues and Available Deductions

- (a) For the purposes of calculating the amount of Net Profit and Royalty payable to NTI hereunder in the event of a Non-arm's Length Transaction, the Lessee shall report as Gross Revenues or Available Deductions, as applicable, an amount (the **"Fair Value Amount"**) that reflects the reasonable value that would have applied as of the date of the transaction for a sale or other disposition, lease, acquisition, retention, rendering, transfer or use, if such transaction had been negotiated between parties at arm's length after taking into account all pertinent and relevant information and circumstances, including the
 - (i) then current market conditions relating to materials, products, assets or services the same as or similar to such materials, Assets or services;
 - (ii) terms of similar agreements between arm's length parties with respect to similar materials, products, assets or services in similar quantities for delivery over similar periods of time; and
 - (iii) present value of the potential revenue stream related to the Asset.
- (b) If the actual amount of any consideration received by the Lessee in a Non-arm's Length Transaction for the sale of an Asset exceeds the Fair Value Amount, the Lessee shall include the actual consideration received as Gross Revenues.
- (c) If the actual consideration paid by the Lessee in a Non-arm's Length Transaction for materials or services or Assets for use in Operations is less than the Fair Value Amount, then the Lessee shall include the actual consideration paid as Available Deductions.

15.03 Lessee to Inform NTI of Non-Arm's Length Transactions

The Lessee shall by notice annually inform NTI of

- (a) any Non-arm's Length Transaction;

- (b) any other party involved in a Non-arm's Length Transaction and its relationship to the Lessee or Affiliated Party of the Lessee;
- (c) the nature of the Non-arm's Length Transaction;
- (d) the actual amount of any consideration paid or received;
- (e) the value of any Product involved in the Non-arm's Length Transaction, as determined in accordance with section 2.03;
- (f) the Fair Value Amount; and
- (g) the basis upon which the value of Product and Fair Value Amount were determined.

**SCHEDULE “E” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH] 20**

FORM OF
FIXED MINERAL RENT LETTER OF CREDIT

[NAME AND ADDRESS OF CHARTERED BANK]

DATE OF ISSUE: _____

IRREVOCABLE STANDBY LETTER OF
CREDIT NO: _____

AMOUNT NOT EXCEEDING: \$ _____

DATE OF EXPIRY: _____

TO:

NUNAVUT TUNNGAVIK INCORPORATED
P.O. BOX 1269
CAMBRIDGE BAY, NUNAVUT
X0B 0C0

APPLICANT:

DEAR SIR(S):

**RE: SECURITY FOR PAYMENT OF FIXED MINERAL RENT: INUIT OWNED LANDS MINERAL
PRODUCTION LEASE NO. _____ (THE "PRODUCTION LEASE")**

AT THE REQUEST OF AND FOR THE ACCOUNT OF _____ (THE
"APPLICANT"), WE, THE BANK OF [NAME OF BANK, BRANCH, STREET ADDRESS] HEREBY
ESTABLISH IN YOUR FAVOUR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER]
(THE "CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE CANADIAN DOLLARS [AMOUNT
IN WORDS AND NUMBER OF DOLLARS].

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO
WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT, TO MAKE SUCH
DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT, AGAINST
PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED REPRESENTATIVE OR AGENT OF
THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT DRAWN ON THE BANK OF [NAME OF BANK, BRANCH, STREET ADDRESS];
2. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] FOR
ENDORSEMENT OF PAYMENT THEREON; AND
3. A STATEMENT PURPORTEDLY SIGNED BY AN OFFICIAL OF NUNAVUT TUNNGAVIK
INCORPORATED ("NTI") CERTIFYING THAT THE SIGNATORY IS AN OFFICIAL OF NTI AND
HAS AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF NTI AND CERTIFYING EITHER:
 - (A) THAT NTI IS ENTITLED TO APPLY THE AMOUNT DRAWN IN FULL OR PARTIAL
PAYMENT OF THE "FIXED MINERAL RENT" (AS THAT TERM IS DEFINED IN THE
PRODUCTION LEASE); OR
 - (B) THAT THIS CREDIT IS DUE TO EXPIRE IN 30 DAYS OR LESS AND THAT THE
APPLICANT IS IN DEFAULT OF ITS OBLIGATION PURSUANT TO THE PRODUCTION

LEASE TO REPLACE THIS CREDIT BY PROVIDING ANOTHER IRREVOCABLE DOCUMENTARY CREDIT TO NTI.

PARTIAL DRAWINGS ARE PERMITTED

THIS CREDIT IS EFFECTIVE FROM [TIME AND DATE] AND SHALL EXPIRE AT OUR COUNTERS AT [TIME AND DATE]. THIS CREDIT SHALL BE RENEWED AUTOMATICALLY WITHOUT AMENDMENT FOR AN ADDITIONAL ONE-YEAR PERIOD FROM THE INITIAL EXPIRATION DATE AND FOR AN ADDITIONAL ONE-YEAR PERIOD FROM EACH FUTURE DATE, UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE PRESENT OR FUTURE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO CONSIDER THIS CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL BE DULY HONOURED BY US IF PRESENTED FOR PAYMENT ON OR BEFORE THE PRESENT OR FUTURE EXPIRATION DATE.

EXCEPT SO FAR AS IS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500. NOTWITHSTANDING ARTICLE 17 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 17, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS.

YOURS VERY TRULY,

Authorized Signature

Authorized Signature

**SCHEDULE “F” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH] 20**

FORM OF
ROYALTY LETTER OF CREDIT

[NAME AND ADDRESS OF CHARTERED BANK]

DATE OF ISSUE: _____

IRREVOCABLE STANDBY LETTER OF
CREDIT NO: _____

AMOUNT NOT EXCEEDING: \$ _____

DATE OF EXPIRY: _____

TO:

NUNAVUT TUNNGAVIK INCORPORATED
P.O. BOX 1269
CAMBRIDGE BAY, NUNAVUT
X0B 0C0

APPLICANT:

DEAR SIR(S):

**RE: SECURITY FOR PAYMENT OF ROYALTY: INUIT OWNED LANDS MINERAL
PRODUCTION LEASE NO. _____ (THE "PRODUCTION LEASE")**

AT THE REQUEST OF AND FOR THE ACCOUNT OF _____ (THE
"APPLICANT"), WE, THE BANK OF [NAME OF BANK, BRANCH, STREET ADDRESS] HEREBY
ESTABLISH IN YOUR FAVOUR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER]
(THE "CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE CANADIAN DOLLARS [AMOUNT
IN WORDS AND NUMBER OF DOLLARS].

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO
WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT, TO MAKE SUCH
DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT, AGAINST
PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED REPRESENTATIVE OR AGENT OF
THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT DRAWN ON THE BANK OF [NAME OF BANK, BRANCH, STREET ADDRESS];
2. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] FOR
ENDORSEMENT OF PAYMENT THEREON; AND
3. A STATEMENT PURPORTEDLY SIGNED BY AN OFFICIAL OF NUNAVUT TUNNGAVIK
INCORPORATED ("NTI") CERTIFYING THAT THE SIGNATORY IS AN OFFICIAL OF NTI AND
HAS AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF NTI AND CERTIFYING EITHER:
 - (A) THAT NTI IS ENTITLED TO APPLY THE AMOUNT DRAWN IN FULL OR PARTIAL
PAYMENT OF THE "ROYALTY" (AS THAT TERM IS DEFINED IN THE PRODUCTION
LEASE); OR
 - (B) THAT THIS CREDIT IS DUE TO EXPIRE IN 30 DAYS OR LESS AND THAT THE
APPLICANT IS IN DEFAULT OF ITS OBLIGATION PURSUANT TO THE PRODUCTION

LEASE TO REPLACE THIS CREDIT BY PROVIDING ANOTHER IRREVOCABLE
DOCUMENTARY CREDIT TO NTI.

PARTIAL DRAWINGS ARE PERMITTED.

THIS CREDIT IS EFFECTIVE FROM [TIME AND DATE] AND SHALL EXPIRE AT OUR COUNTERS AT
[TIME AND DATE].

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS
OF THIS CREDIT SHALL BE DULY HONoured BY US IF PRESENTED FOR PAYMENT ON OR BEFORE
THE PRESENT OR FUTURE EXPIRATION DATE.

EXCEPT SO FAR AS IS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION),
INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500. NOTWITHSTANDING
ARTICLE 17 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF
BUSINESS AS DESCRIBED IN ARTICLE 17, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS
DRAWN ON US WITHIN FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS.

YOURS VERY TRULY,

Authorized Signature

Authorized Signature

**SCHEDULE “G” OF THE INUIT OWNED LANDS MINERAL
PRODUCTION LEASE BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND [NAME OF LESSEE]
MADE EFFECTIVE THE FIRST DAY OF [MONTH] 20_**

ARBITRATION RULES

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**NATIONAL ARBITRATION RULES OF THE
ADR INSTITUTE OF CANADA, INC., AS AMENDED
PURSUANT TO THIS SCHEDULE “G”**

1. PURPOSE

The purpose of these Rules is to enable the parties to a dispute to achieve a just, speedy and cost effective determination of matters in dispute, taking into account the values that distinguish arbitration from litigation.

2. INTERPRETATION

In these Rules:

“**Act**” means *The Arbitration Act*, C.C.S.M. c. A120.

“**Arbitrator**” means a person appointed to serve as an arbitrator of a dispute pursuant to these Rules.

“**Chair**” means the person elected or appointed to chair the Tribunal.

“**Commencement Date**” means the date the arbitration is deemed to commence under Rule 13.

“**Counterclaim**” means the Counterclaim referred to in Rule 27.

“**Document**” has an extended meaning and includes a photograph, film, recording of sound, any record of a permanent or semi-permanent character and any information recorded or stored by means of any device in any medium, including data and information in an electronic form.

“**Statement of Claim**” means the Statement of Claim referred to in Rule 27.

“**Statement of Defence**” means the Statement of Defence referred to in Rule 27.

“**Statement of Defence to Counterclaim**” means the Statement of Defence to Counterclaim referred to in Rule 27.

“**Tribunal**” means either a sole Arbitrator or a panel of Arbitrators, as the case may be, appointed to serve as the arbitrator or arbitrators of a dispute pursuant to these Rules.

3. APPLICATION

- (a) These Rules shall apply where the parties have agreed that the National Arbitration Rules of the Institute apply. If the Institute amends the National Arbitration Rules after the Effective Date of this Lease, and any provision thereof conflicts with or is inconsistent with any provision of these Rules, these Rules shall prevail to the extent of the conflict or inconsistency.

- (b) To the extent that these Rules conflict with the Act, the provisions of these Rules shall apply except to the extent that the parties may not lawfully contract out of the provisions of the Act. Except for the amendment to Rule 3(a) set out above, the parties have acknowledged and agreed that they may not vary or exclude any of Rules 3, 5, 7(a), 10, 11, 12, 16(b), 23(b), 40, 41, 46, 48 and Schedule A of the National Arbitration Rules.
- (c) A failure to comply with these Rules is an irregularity and does not render an arbitration or a step, Document or award in the arbitration a nullity.

4. TIME

- (a) In these Rules, where the time for doing an act falls or expires on a statutory holiday in Nunavut, the time is extended to the next day that is not such a holiday. In the calculation of time, the first day shall be excluded and the last day included.
- (b) The parties may agree to modify any period of time specified in these Rules.

5. ADMINISTRATIVE FEES SCHEDULE

By agreeing to the Rules, the parties agree that the arbitration shall be administered by the Institute. The Institute shall prescribe from time to time fees to compensate it for its administrative services. The fees in effect when the fee or charge is incurred shall be applicable. The current administrative fees are set out in Schedule “A”. All such fees are payable at the time specified for payment in Schedule “A”.

6. DELIVERY OF DOCUMENTS

- (a) Unless the parties have agreed otherwise, any Document required by the Rules to be delivered shall be delivered either by personal delivery to the regular place of business of a party as provided pursuant to Rule 9 or sent by mail, transmitted by e-mail or transmitted by facsimile to a party at its postal address, e-mail address or facsimile number as provided in section 12.09 of this Lease.
- (b) If delivered by personal delivery, delivery shall be deemed to have been effected on the day of such delivery to a party at its regular place of business or at the address of the place of business of its legal counsel, where applicable.
- (c) Except for confirmation copies of Documents already transmitted by e-mail or facsimile, delivery of a Document sent by mail shall be deemed to have been effected seven days following the date of mailing.
- (d) If transmitted by e-mail or facsimile, delivery shall be deemed to have been effected on the day that follows the day on which the Document was

transmitted. In the case of any Document transmitted by e-mail or facsimile, a confirmation copy shall also be sent by mail.

7. COMMUNICATIONS WITH TRIBUNAL

- (a) A copy of any communication between the Tribunal and the parties or other representatives shall be delivered to the Institute.
- (b) No party or person acting on behalf of a party shall have a communication with the Tribunal in the absence of any other party concerning the substance of the dispute or any contentious matter relating to the proceeding.

8. COMMUNICATIONS BETWEEN PARTIES

Parties to an arbitration under the Rules may deliver any written communication required or permitted under the Rules by personal delivery to a party at its regular place of business as provided pursuant to Rule 9 or send it by mail, or by transmitting it by e-mail or facsimile to a party at its postal address, e-mail address or facsimile number as shown in section 12.09 of this Lease. A confirmation copy of such communication shall be sent by mail in the case of any transmission by e-mail or facsimile, unless otherwise agreed by the parties or directed by the Tribunal.

9. ADDRESS FOR DELIVERY OF DOCUMENTS

Each party shall provide to the other the address of its regular place of business and shall provide that information to the Institute together with its full postal address, telephone number e-mail address and facsimile number.

10. WAIVER OF RIGHT TO OBJECT

A party that knows that any provision of, or requirement under, the Rules has not been complied with and yet proceeds with the arbitration without promptly stating an objection shall, unless the Tribunal otherwise orders, be deemed to have waived its right to object.

11. ARBITRATION UNDER LEASE

- (a) A party, as claimant, may submit to arbitration a dispute that this Lease requires or entitles the party to submit by arbitration by delivering a written Notice of Request to Arbitrate to the other party in accordance with Rule 6. The claimant party shall concurrently send a copy of the Notice of Request to Arbitrate to the Institute.
- (b) The Notice of Request to Arbitrate shall contain:
 - (i) the name, regular place of business, postal address, telephone number facsimile number and e-mail address of each of the parties to the dispute, if known;

- (ii) a concise statement of the matters in dispute or a Statement of Claim;
 - (iii) a request that the described dispute be referred to arbitration;
 - (iv) an estimate of the amount claimed, or failing that, of the value of what is in issue in the dispute, unless the claimant cannot make an estimate of such value in which case the reason for this must be set out in detail;
 - (v) the remedy sought;
 - (vi) the number and names of the proposed arbitrators agreed upon, if any;
 - (vii) the required qualifications of the arbitrators, as agreed by the parties or as specified by this Lease, if any; and
 - (viii) a copy of these Rules and any amendment that the parties have agreed to in writing.
- (c) Appended to the Notice of Request to Arbitrate shall be a copy of this Lease which shall be marked to show the provision or provisions thereof in relation to which the dispute has arisen.

12. ARBITRATION BY SUBMISSION (this Rule is not applicable and has therefore been deleted intentionally)

13. COMMENCEMENT DATE

The arbitration is deemed to have commenced on the later of the dates on which

- (a) a Notice of Request to Arbitrate has been filed with the Institute; and
 - (b) the initial filing fee has been paid to the Institute
- (the “Commencement Date”).

The Institute shall provide written notice of the Commencement Date to the parties together with a Notice of Commencement of Arbitration in writing.

14. APPOINTMENT OF TRIBUNAL

- (a) Unless the parties have agreed otherwise within ten days after the Commencement Date, the dispute shall be determined by a Tribunal consisting of a single Arbitrator.
- (b) Any party may at any time request the Institute to provide to all parties a list of not fewer than three individuals from which the parties may agree to select an Arbitrator.
- (c) Where a single Arbitrator is to be appointed, if the parties cannot agree on the single Arbitrator within 21 days after the Commencement Date, either party may then request the Institute to make such appointment.

- (d) Where the parties have agreed to establish a Tribunal consisting of three Arbitrators:
 - (i) unless otherwise agreed by the parties, each party shall appoint one Arbitrator and the two Arbitrators shall jointly appoint the third Arbitrator who shall act as the Chair of the Tribunal;
 - (ii) if a party fails to make a required appointment within the time agreed upon between the parties or, if no time is agreed, 21 days from the Commencement Date, then a party may request the Institute to make the required appointment;
 - (iii) if the parties or Arbitrators appointed by the parties, as the case may be, are unable to agree on the appointment of the third Arbitrator within the time agreed by the parties or, if no time is agreed within 30 days from the Commencement Date, then a party may request the Institute to make the required appointment.

15. APPOINTMENT BY INSTITUTE

- (a) Where the Institute is asked to appoint an Arbitrator, the following procedures shall apply:
 - (i) the Institute shall deliver to the parties an identical list containing at least three names;
 - (ii) within a period of 10 days following receipt of the list referred to in Rule 15(a)(i), each party shall deliver the list to the Institute after having deleted any name to which it objects and numbered the remaining names on the list in the order of its preference;
 - (iii) if a party has not advised the Institute within 10 days that it objects to any of the names suggested, it shall be deemed conclusively to have accepted those names; and
 - (iv) after the 10-day period referred to in Rule 15(b)(ii), the Institute shall appoint the Arbitrator from the remaining names on the lists returned to it, taking into account the order of preference indicated by the parties.
- (b) Notwithstanding Rule 15(a) the Institute may, in its discretion, deliver to the parties one further list containing at least three names, and the procedures set out in that Rule shall then apply in respect of that further list.
- (c) In appointing an Arbitrator, the Institute shall have due regard to the qualifications specified by this Lease or otherwise mutually agreed to by the parties, the nature of this Lease, the nature and circumstances of the dispute and any other considerations likely to secure the appointment of a qualified, independent and impartial Arbitrator.

16. INDEPENDENCE AND IMPARTIALITY

- (a) Unless otherwise agreed by the parties an Arbitrator shall be and remain at all times wholly independent.
- (b) An Arbitrator shall be and remain wholly impartial and shall not act as an advocate for any party to the arbitration.
- (c) Every person must, before accepting an appointment as Arbitrator, sign and deliver to the parties a statement declaring that he or she knows of no circumstances likely to give rise to justifiable doubts as to his or her independence or impartiality and that he or she will disclose any such circumstances to the parties if they should arise after that time and before the arbitration is concluded. No Arbitrator shall be disqualified or subject to challenge by reason of one or more of the Arbitrator, counsel, party or representative of a party being a member, officer or director of the Institute.

17. SUBSTITUTION

- (a) If an Arbitrator refuses to act, is incapable of acting, withdraws from office, is manifestly incompetent whether on account of illness, disability or other affliction, is removed from office by order of a court of competent jurisdiction or dies, the Institute may, on submission of satisfactory evidence, declare the office vacant.
- (b) A substitute Arbitrator shall be appointed in accordance with the agreement of the parties or, failing such agreement, in accordance with the provisions of these Rules as they applied to the appointment of the Arbitrator being replaced.
- (c) Where a single Arbitrator or the Chair is replaced, any hearings previously held shall be repeated. Where any other Arbitrator is replaced, any hearings previously held may be repeated at the discretion of the Arbitrators.

18. CHALLENGES

- (a) An Arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to his or her independence or impartiality, if he or she is manifestly incompetent whether on account of illness, disability or other affliction, or does not possess the qualifications agreed to by the parties or required pursuant to this Lease.
- (b) A party who intends to challenge an Arbitrator shall, within seven days after becoming aware of the appointment, or after becoming aware of any circumstances referred to in this Rule, send a written statement of the challenge and the reasons for the challenge to the Tribunal, if it has been fully constituted, and to the Institute. If the challenged Arbitrator

withdraws or the other party agrees to the challenge, the mandate of the Arbitrator terminates.

- (c) In the case of an arbitration conducted by a single Arbitrator, if the Arbitrator who has been challenged does not withdraw and the other party does not concur in the challenge, the challenging party shall be entitled to seek recourse from a court of competent jurisdiction. If the single Arbitrator concurs in the challenge, that decision will be final and binding and not subject to review by any court.
- (d) In the case of a three-person panel, the Chair shall decide the challenge if he or she is not the Arbitrator who has been challenged. If the Chair is challenged, all of the Arbitrators may decide the challenge. The decision of the Arbitrators shall be final and binding and not subject to review by any court.

19. REPRESENTATION

Where a party intends to be represented or assisted by a lawyer, that party shall, not less than seven days before any scheduled hearing or meeting, advise the other party and the Institute by written notice of the lawyer's name, address, telephone number, facsimile number and e-mail address, and confirm in that notice the capacity in which the lawyer is acting.

20. PLACE OF ARBITRATION

- (a) The parties may agree in writing on the place of arbitration. If no place is agreed upon, the place of arbitration shall be at the discretion of the Tribunal. The Tribunal may meet at any other place it considers convenient or necessary for consultation, to hear witnesses, experts or the parties or for the inspection of Documents, goods or other property.
- (b) Part or all of the arbitration may be conducted by telephone, e-mail, internet or other form of electronic communication if agreed to by the parties or directed by the Tribunal.

21. LANGUAGE OF ARBITRATION

The parties may agree, in writing, on the language of the arbitration. If no such language of the arbitration is agreed upon, the Tribunal may specify the language of the arbitration

22. PRE-ARBITRATION MEETING

- (a) Within 14 days of its appointment, the Tribunal shall convene a pre-arbitration meeting, unless the parties deliver to the Institute a written notice which indicates that they do not wish a pre-arbitration meeting.
- (b) At the pre-arbitration meeting the parties shall:

- (i) identify the issues in dispute;
 - (ii) set the procedure to be followed in the arbitration; and
 - (iii) establish time periods for taking steps to deal with any matter that will assist the parties to settle their differences or to assist the arbitration to proceed in an efficient and expeditious manner.
- (c) The pre-arbitration meeting may take place by conference telephone call, video conferencing or other means directed by the Tribunal.
 - (d) The Tribunal shall record any agreements or orders made at the pre-arbitration meeting and shall, within seven days of that meeting, deliver a written record of such agreements or orders to each of the parties and file a copy with the Institute.

23. CONDUCT OF THE ARBITRATION

- (a) Subject to the Rules, the Tribunal may conduct the arbitration in the manner it considers appropriate.
- (b) Each party shall be treated fairly and shall be given a fair opportunity to present its case.
- (c) The Tribunal shall strive to achieve a just, speedy and cost effective determination of every proceeding on its merits, taking into account Rule 1, and conducting the proceeding in ways that are proportionate to:
 - (i) the importance of the issues in dispute;
 - (ii) the complexity of the matters in dispute; and
 - (iii) the actual or potential financial impact of the dispute.
- (d) Consistent with section 31 of the Act, the Tribunal shall apply the law of contract to the interpretation of this Lease.
- (e) A transcript or videotape of the proceedings shall be prepared if requested by either party in writing at least five days before the commencement of the hearing. Any such transcript or videotape shall be at the expense of the party requesting it. If a transcript or video tape has been requested by a party pursuant to this Rule, every other party and the Tribunal shall be entitled to obtain a copy of the transcript or videotape upon payment of the costs of reproduction of the transcript or videotape.

24. JURISDICTION

The Tribunal may rule on its own jurisdiction, including ruling on any objections with respect to the existence or validity of the arbitration agreement, and for that purpose,

- (a) an arbitration clause that forms part of a contract shall be treated as an agreement independent of the other terms of the contract, and

- (b) a decision by the Tribunal that the contract is null and void shall not entail the invalidity of the arbitration clause unless specifically found by the Tribunal.

25. NO WAIVER OF RIGHT TO OBJECT

A party is not precluded from raising a jurisdictional issue by the fact that it has appointed, or participated in the appointment of, an Arbitrator.

26. GENERAL POWERS OF TRIBUNAL

The Tribunal may:

- (a) order an adjournment of the proceedings from time to time;
- (b) make an interim award on any matter with respect to which it may make a final award;
- (c) grant any interim measures of protection as it deems appropriate, other than an order for
 - (i) security for costs
 - (ii) the posting of security for the amount claimed; or
 - (iii) for the preservation of any property that is the subject matter of the dispute;
- (d) make an award or interim award granting damages, equitable relief, injunctive relief or an order for specific performance on such terms as may be just;
- (e) order inspection of Documents, exhibits or other property;
- (f) order the taking down and recording of a transcript of any oral hearing;
- (g) at any time extend or abridge a period of time fixed or determined by it, or any period of time required in the Rules, except the time within which the award is to be made, where it considers it just and appropriate in the circumstances;
- (h) empower one member of the Tribunal to hear motions and make procedural orders, including the settling of matters at the pre-arbitration hearing, that do not deal with the substance of the dispute;
- (i) request further statements clarifying issues in dispute;
- (j) give such direction with respect to procedural matters having regard to Rule 1 and Rule 23(c); and
- (k) request from a court of competent jurisdiction assistance in taking evidence.

27. EXCHANGE OF STATEMENTS

- (a) On the Commencement Date, or within 14 days thereafter, the claimant must deliver a written statement (“Statement of Claim”) to each respondent, the Tribunal and the Institute setting out the material facts supporting its claim, the points in issue and the relief or remedy sought, provided however that if no Tribunal has been appointed within 14 days of the Commencement Date, then a copy of the Statement of Claim must be delivered to the Tribunal forthwith upon its appointment.
- (b) Within 14 days after each respondent receives the Statement of Claim, that respondent shall deliver a written statement outlining its defence (“Statement of Defence”) and a written statement of any counterclaim (“Counterclaim”), to the claimant, the Tribunal and the Institute. The Statement of Defence or Counterclaim shall set out the material facts supporting the defence or counterclaim, the points in issue and the relief or remedy sought.
- (c) Any Statement of Defence or Counterclaim shall be accompanied by payment to the Institute of the required case service fee calculated in accordance with Schedule “A”. The claimant shall deliver to the Tribunal and the Institute its Statement of Defence to Counterclaim within 14 days after receiving the Counterclaim. The Statement of Defence to Counterclaim shall set out the material facts supporting the defence, the points in issue and the relief or remedy sought.
- (d) If a respondent, or a claimant, fails to deliver a Statement of Defence or a Statement of Defence to Counterclaim, as the case may be, it shall be deemed to deny the allegations in the Statement of Claim or Counterclaim as the case may be.
- (e) Each party shall submit with its statement a preliminary list of relevant Documents in accordance with Rule 29 taking into account Rule 1. The type, date, author, recipient and subject matter of each document must be specified. Documents not so identified may be subject to exclusion from the proceedings at the Tribunal’s discretion.

28. AMENDMENT OF STATEMENTS

The Tribunal, upon such terms as it deems appropriate, may allow a party to amend or supplement its Statement of Claim, Statement of Defence, Counterclaim, or Statement of Defence to Counterclaim during the course of the arbitration unless the Tribunal considers the delay in amending or supplementing the claim to be prejudicial to a party or unless it considers that the amendment or supplement goes beyond the terms of the arbitration agreement or submission to arbitrate.

29. PRODUCTION OF DOCUMENTS

- (a) Each party shall disclose all Documents relating to the matters in issue in the arbitration that are or have been in the party's possession, control or power, within 15 days after the date of delivery of the Statement of Defence or the Statement of Defence to Counterclaim, whichever is later, unless the Tribunal orders otherwise. Where the Tribunal considers that the disclosure of all such Documents is unnecessary, unduly costly or burdensome or for other reason is inconsistent with Rule 1, the Tribunal may give directions to limit the scope of disclosure of Documents.
- (b) The Tribunal may, on application, order a party to produce any Documents the Tribunal considers relevant to the arbitration within a time it specifies, and where such order is made the other party may inspect those Documents and take copies of them.

30. PRE-HEARING EXAMINATIONS AND INTERROGATORIES

The Tribunal may, on such terms as it deems just and appropriate, order a party or a representative of a party to submit to an oral examination under oath or to respond by sworn statement to written interrogatories, on such issues as may be ordered by the Tribunal taking into account Rule 1. The Tribunal shall, at the time of making any such order, determine the use that may be made of the evidence taken on any such examination or in responses.

31. AGREED STATEMENT OF FACTS

The parties shall, within a period of time specified by the Tribunal, identify those facts that are not in dispute and submit to the Tribunal and file with the Institute an agreed statement of facts.

32. ARBITRATION HEARINGS

The Tribunal shall set the dates for any interim hearings or meetings, whether oral or not, and shall, except in cases of urgency, give at least 10 days written notice thereof to the parties and the Institute. The Tribunal may direct that all evidence and argument be given in writing and, subject to the prior consent of both parties, may dispense with any oral hearing.

33. CONFIDENTIALITY

- (a) The parties, the witnesses and the Arbitrators shall treat all meetings and communications, the proceedings, Documents disclosed in the proceeding, discovery and the awards of the Tribunal as confidential, except in connection with a judicial challenge to, or enforcement of, an award, and unless otherwise required by law.
- (b) Nothing in this Rule shall preclude disclosure of such information to a party's insurer, auditor, lawyer or other person with a direct financial

interest in the arbitration. The parties shall use such information solely for the purposes of the arbitration, and shall not use or allow it to be used for any other purpose unless the parties agree otherwise or unless otherwise required by law.

- (c) After the delivery of an award, the Institute may make a written request to the parties for their unanimous consent to the publication by the Institute of the award or extracts from it. If either party or both of them fail to grant their consent in writing within 45 days of the date of request, then the consent shall be deemed to have been denied.

34. EVIDENCE

- (a) The parties may offer such evidence as is relevant and material to the dispute and shall produce such evidence under oath as the Tribunal may deem necessary to understand and resolve the dispute.
- (b) The Tribunal shall be guided by the rules of evidence applicable in court proceedings, including the rule prohibiting the use of extrinsic evidence to interpret a contract.
- (c) All evidence shall be taken in the presence of the Tribunal and all of the parties, except where any of the parties is voluntarily absent, is in default or has waived the right to be present.
- (d) Subject to Rule 34(b), the Tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered and may exclude evidence that the Tribunal deems to be repetitive.

35. WITNESSES

- (a) The Tribunal may determine the manner in which witnesses are to be examined, and save for a party or the person nominated as that party's representative for the purpose of the arbitration, may require witnesses to absent themselves from an oral hearing during the testimony of other witnesses.
- (b) Where the evidence of a witness is presented by written statement or sworn declaration, the Tribunal may order that the witness be present at an oral hearing for cross examination.

36. TRIBUNAL'S EXPERTS

- (a) Provided that each party has given its prior written consent, the Tribunal may appoint one or more independent experts to report on specific issues to be determined by the Tribunal and may require a party to give the expert any relevant information or to produce, or to provide access to, any relevant Documents, goods or other property for its inspection.

- (b) The Tribunal shall communicate the expert's terms of reference to the parties. Any dispute as to the terms of reference or the relevance of the required information, or production of it, shall be referred to the Tribunal for decision. The cost of any such expert shall be borne by the parties on a basis determined by the Tribunal.
- (c) Upon receipt of the expert's report in writing, the Tribunal shall deliver a copy of it to the parties who shall be given the opportunity to challenge all or any part of it in a manner determined by the Tribunal.
- (d) The expert shall, on the request of a party, make available to that party for examination all Documents, goods or other property in the expert's possession that the expert has used to prepare the report and shall provide that party with a list of all Documents, goods or other property not in the expert's possession, but that were provided to prepare the report, and a description of the location of those Documents, goods or other property.
- (e) An expert shall, after delivery of the report, be required to attend for the purpose of cross examination on some or all of the contents of that report, unless the parties agree that such cross-examination is not required.

37. DEFAULT OF A PARTY

Where a party, without sufficient cause, fails to appear at a hearing, pay the fees of the Institute, or to produce evidence, the Tribunal may continue the arbitration on such terms as the Tribunal deems appropriate after satisfying itself that a reasonable attempt has been made to communicate with the defaulting party. The Tribunal shall make an award based upon the evidence before it.

38. FORMAL WITHOUT PREJUDICE OFFERS OF SETTLEMENT

- (a) At any time before the hearing on the merits, a party may deliver to the other party an offer marked "without prejudice" to settle one or more of the issues between it and any other party on the terms specified in the offer. An offer to settle may specify a time within which it may be accepted and it will expire if not accepted within that time.
- (b) The Tribunal shall take into consideration the offer, the time at which the offer was made and the extent to which it was accepted when dealing with questions of costs and interest.
- (c) No party shall inform the Tribunal of the fact that an offer had been made under this Rule until after all issues in the arbitration other than costs have been determined.

39. WITH PREJUDICE OFFERS

The parties may deliver written offers marked "with prejudice" at any time, and all such offers may be put in evidence at the arbitration hearing.

40. DEPOSITS AGAINST COSTS

- (a) The Tribunal may, directly or through the Institute, from time to time, require the parties to deposit in the form of cash, a certified cheque, or an irrevocable letter of credit, to the Institute in trust, equal amounts as an advance for the anticipated costs and expenses of the arbitration including the Tribunal's fees and expenses.
- (b) If the required deposits are not made within 15 days after receipt of the request, the Tribunal or the Institute shall inform the parties so that another party may make the required payment.
- (c) If the required deposits are not made within 30 days after receipt of the request, the Tribunal may continue the arbitration under Rule 37 or order the suspension or termination of the proceeding.

41. PAYMENT OUT OF DEPOSITS

- (a) The Institute may, from time to time, pay to the Tribunal from any deposit it holds, any amount it considers reasonable and appropriate for fees earned or expenses incurred by the Tribunal.
- (b) After the final award has been made, a settlement has been reached or the arbitration abandoned or otherwise finally disposed of, the Institute shall apply any deposits it holds to the costs of the arbitration, including any unpaid Tribunal fees and administrative fees, render an accounting to the parties of the deposits received and applied and return any unexpended balance to the parties in proportion to their contributions or as may be directed by the Tribunal in the final award.

42. CLOSURE OF HEARINGS

- (a) Where the parties have, on inquiry, advised they have no further evidence to give or submissions to make, or the Tribunal considers further hearings to be unnecessary or inappropriate, the Tribunal may close the hearings.
- (b) On its own motion or on the application of a party, the Tribunal may, in exceptional circumstances, reopen the hearings to receive evidence or submissions concerning a matter at any time before the issuance of a partial final award or final award concerning that matter.

43. SETTLEMENT

- (a) The Tribunal shall encourage settlement of the dispute and, with the written agreement of the parties, may order that the parties engage in case management, mediation, conciliation or other procedures at any time during the arbitration proceedings to encourage settlement.
- (b) If, during the arbitration proceedings, the parties settle the dispute, the Tribunal shall, upon receiving confirmation of the settlement or

determining that there is a settlement, terminate the proceedings and, if requested by the parties, record the settlement in the form of an arbitration award on agreed terms.

44. AWARD

- (a) The Tribunal may make a partial final award finally determining an issue or part of a dispute.
- (b) The Tribunal may make an interim award that shall subsequently be incorporated into and become part of a final award.
- (c) The Tribunal shall make its final award with respect to the matters determined in the award within 60 days after the hearings have been closed or such further period as may be:
 - (i) agreed to in writing by the parties; or
 - (ii) directed by a court of competent jurisdiction.
- (d) Awards of the Tribunal shall be in writing and shall, unless the parties have otherwise agreed, state the reasons upon which they are based. The Tribunal shall deliver to the Institute sufficient originally signed copies of any award for each party. Upon payment of all outstanding Institute and Tribunal fees and expenses, copies of the award will be delivered to the parties by the Institute.
- (e) Where the Tribunal consists of more than two Arbitrators, the award shall be made by a majority of the Tribunal. Where there is no majority decision, the decision of the Chair shall constitute the award.

45. INTEREST

The Tribunal may order interest to be paid pursuant to an award for such time and in such amount as it considers just and reasonable, subject to any provision of this Lease that specifies the rate at which, or the circumstances under which, interest is to be paid.

46. COSTS

Subject to this Lease, the Tribunal shall be entitled to

- (a) fix the costs and expenses of the arbitration, including reasonable legal fees, the costs and expenses of the Tribunal, and the fees of the Institute;
- (b) apportion those costs, expenses and fees between the parties; and
- (c) make separate awards in respect of those costs, expenses and fees.

47. AMENDMENTS AND CORRECTIONS TO THE AWARD

- (a) A Tribunal may, on the application of a party or on its own initiative, amend or vary an award or interim award to correct:
 - (i) a clerical or typographical error;
 - (ii) an accidental error, slip, omission or other similar mistake; or
 - (iii) an arithmetical error made in a computation.
- (b) An application by a party to amend or vary shall be made within 15 days after that party is notified of the award.
- (c) An amendment or variation shall not, without the consent of the parties, be made more than 30 days after the parties have been notified of the award.
- (d) A party may, within 15 days after being notified of the award, apply to the Tribunal for clarification of the award, and the Tribunal may clarify the award where it considers it appropriate, in which case the clarification becomes part of the award.
- (e) A party may, within 30 days after receiving the award, apply to the Tribunal to make an additional award with respect to claims presented in the proceedings but omitted from the award.
- (f) An amended, varied or additional award shall be filed by the Tribunal with the Institute.
- (g) The award of the Tribunal shall be final, conclusive and binding, and neither party shall be entitled to appeal any award, except to any extent provided by the Act or other applicable law.

48. IMMUNITY

Neither the Institute nor the Tribunal shall be liable to any party for any act or omission in connection with any arbitration conducted under the Rules. The Tribunal and the Institute shall have the same protections and immunity as a Judge of the Superior Court in the province or territory in which the arbitration takes place.

49. SIMPLIFIED ARBITRATION PROCEDURE

- (a) Where the parties agree in writing the arbitration shall be conducted in accordance with the simplified procedures set out in this Rule 49.
- (b) The simplified arbitration shall be conducted by a single Arbitrator appointed by the Institute within 21 days after the filing of the Notice of Request to Arbitrate.
- (c) Within 14 days of the appointment of the Arbitrator, the Arbitrator shall convene a pre-arbitration meeting of the parties which may be held by

conference telephone call, video conferencing or other means as the Arbitrator may direct to determine:

- (i) a timetable for the conduct and completion of all pre-hearing and preliminary matters in a period not to exceed 90 days from the date of the commencement of the arbitration;
 - (ii) in accordance with paragraphs 12.12(d) and 12.12(e) of this Lease, the time and place of the hearing; and
 - (iii) such other directions as may be necessary.
- (d) Rules 14, 15, 22, 26(h), and 30 shall not apply to the conduct of the arbitration.
- (e) Unless agreed by the parties or ordered by the Arbitrator, there shall be no oral discovery.
- (f) No transcript of the proceedings shall be required.
- (g) Sworn statements of evidence shall be filed at the hearing in lieu of examination in chief and shall be subject to cross-examination and re-examination only.
- (h) The record of the arbitration shall consist of the Documents and exhibits produced and filed by the parties, together with the transcripts of any cross-examination and re-examination that have been conducted.
- (i) The Arbitrator shall deliver the award and reasons for the award not later than 28 days after the completion of the hearing.

SCHEDULE “A” OF ARBITRATION RULES

ARBITRATION ADMINISTRATIVE FEE SCHEDULE

Under the fee schedule, an Initial Filing Fee, payable by the filing party, and a Case Service Fee, payable by each party filing a defence or counterclaim, will cover all services of the Institute from the time a case is filed until it is awarded or settled. This fee schedule eliminates hearing and postponement fees and miscellaneous expenses.

AMOUNT OF CLAIM	INITIAL FILING FEE	CASE SERVICE FEE
Above \$0 to \$10,000	\$350	\$175
Above \$10,000 to \$75,000	\$600	\$300
Above \$75,000 to \$150,000	\$1,000	\$500
Above \$150,000 to \$500,000	\$2,000	\$1,000
Above \$500,000 to \$5,000,000	\$4,000	\$2,000
Above \$5,000,000	\$5,000	\$3,000
Date Payment Due	On filing Notice of Request or Submission to Arbitrate	On filing of Statement of Defence which may include a Counterclaim

**SCHEDULE “F” OF THE INUIT OWNED LANDS MINERAL
EXPLORATION AGREEMENT BETWEEN NUNAVUT TUNNGAVIK
INCORPORATED AND 1501253 NUNAVUT LTD. MADE EFFECTIVE
THE FIRST DAY OF NOVEMBER 2024**

ARBITRATION RULES

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**NATIONAL ARBITRATION RULES OF THE
ADR INSTITUTE OF CANADA, INC., AS AMENDED
PURSUANT TO THIS SCHEDULE “F”**

1. PURPOSE

The purpose of these Rules is to enable the parties to a dispute to achieve a just, speedy and cost effective determination of matters in dispute, taking into account the values that distinguish arbitration from litigation.

2. INTERPRETATION

In these Rules:

“**Act**” means *The Arbitration Act*, C.C.S.M. c. A120.

“**Arbitrator**” means a person appointed to serve as an arbitrator of a dispute pursuant to these Rules.

“**Chair**” means the person elected or appointed to chair the Tribunal.

“**Commencement Date**” means the date the arbitration is deemed to commence under Rule 13.

“**Counterclaim**” means the Counterclaim referred to in Rule 27.

“**Document**” has an extended meaning and includes a photograph, film, recording of sound, any record of a permanent or semi-permanent character and any information recorded or stored by means of any device in any medium, including data and information in an electronic form.

“**Statement of Claim**” means the Statement of Claim referred to in Rule 27.

“**Statement of Defence**” means the Statement of Defence referred to in Rule 27.

“**Statement of Defence to Counterclaim**” means the Statement of Defence to Counterclaim referred to in Rule 27.

“**Tribunal**” means either a sole Arbitrator or a panel of Arbitrators, as the case may be, appointed to serve as the arbitrator or arbitrators of a dispute pursuant to these Rules.

3. APPLICATION

- (a) These Rules shall apply where the parties have agreed that the National Arbitration Rules of the Institute apply. If the Institute amends the National Arbitration Rules after the Effective Date of this Agreement, and any provision thereof conflicts with or is inconsistent with any provision of these Rules, these Rules shall prevail to the extent of the conflict or inconsistency.

- (b) To the extent that these Rules conflict with the Act, the provisions of these Rules shall apply except to the extent that the parties may not lawfully contract out of the provisions of the Act. Except for the amendment to Rule 3(a) set out above, the parties have acknowledged and agreed that they may not vary or exclude any of Rules 3, 5, 7(a), 10, 11, 12, 16(b), 23(b), 40, 41, 46, 48 and Schedule A of the National Arbitration Rules.
- (c) A failure to comply with these Rules is an irregularity and does not render an arbitration or a step, Document or award in the arbitration a nullity.

4. TIME

- (a) In these Rules, where the time for doing an act falls or expires on a statutory holiday in Nunavut, the time is extended to the next day that is not such a holiday. In the calculation of time, the first day shall be excluded and the last day included.
- (b) The parties may agree to modify any period of time specified in these Rules.

5. ADMINISTRATIVE FEES SCHEDULE

By agreeing to the Rules, the parties agree that the arbitration shall be administered by the Institute. The Institute shall prescribe from time to time fees to compensate it for its administrative services. The fees in effect when the fee or charge is incurred shall be applicable. The current administrative fees are set out in Schedule “A”. All such fees are payable at the time specified for payment in Schedule “A”.

6. DELIVERY OF DOCUMENTS

- (a) Unless the parties have agreed otherwise, any Document required by the Rules to be delivered shall be delivered either by personal delivery to the regular place of business of a party as provided pursuant to Rule 9 or sent by mail, transmitted by e-mail or transmitted by facsimile to a party at its postal address, e-mail address or facsimile number as provided in section 15.04 of this Agreement.
- (b) If delivered by personal delivery, delivery shall be deemed to have been effected on the day of such delivery to a party at its regular place of business or at the address of the place of business of its legal counsel, where applicable.
- (c) Except for confirmation copies of Documents already transmitted by e-mail or facsimile, delivery of a Document sent by mail shall be deemed to have been effected seven days following the date of mailing.
- (d) If transmitted by e-mail or facsimile, delivery shall be deemed to have been effected on the day that follows the day on which the Document was

transmitted. In the case of any Document transmitted by e-mail or facsimile, a confirmation copy shall also be sent by mail.

7. COMMUNICATIONS WITH TRIBUNAL

- (a) A copy of any communication between the Tribunal and the parties or other representatives shall be delivered to the Institute.
- (b) No party or person acting on behalf of a party shall have a communication with the Tribunal in the absence of any other party concerning the substance of the dispute or any contentious matter relating to the proceeding.

8. COMMUNICATIONS BETWEEN PARTIES

Parties to an arbitration under the Rules may deliver any written communication required or permitted under the Rules by personal delivery to a party at its regular place of business as provided pursuant to Rule 9 or send it by mail, or by transmit it by e-mail or facsimile to a party at its postal or e-mail address or facsimile number as shown in section 15.04 of this Agreement. A confirmation copy of such communication shall be sent by mail in the case of any transmission by e-mail or facsimile, unless otherwise agreed by the parties or directed by the Tribunal.

9. ADDRESS FOR DELIVERY OF DOCUMENTS

Each party shall provide to the other the address of its regular place of business and shall provide that information to the Institute together with its full postal address, telephone number e-mail address and facsimile number.

10. WAIVER OF RIGHT TO OBJECT

A party that knows that any provision of, or requirement under, the Rules has not been complied with and yet proceeds with the arbitration without promptly stating an objection shall, unless the Tribunal otherwise orders, be deemed to have waived its right to object.

11. ARBITRATION UNDER AGREEMENT

- (a) A party, as claimant, may submit to arbitration a dispute that this Agreement requires or entitles the party to submit by arbitration by delivering a written Notice of Request to Arbitrate to the other party in accordance with Rule 6. The claimant party shall concurrently send a copy of the Notice of Request to Arbitrate to the Institute.
- (b) The Notice of Request to Arbitrate shall contain:
 - (i) the name, regular place of business, postal address, telephone number facsimile number and e-mail address of each of the parties to the dispute, if known;

- (ii) a concise statement of the matters in dispute or a Statement of Claim;
 - (iii) a request that the described dispute be referred to arbitration;
 - (iv) an estimate of the amount claimed, or failing that, of the value of what is in issue in the dispute, unless the claimant cannot make an estimate of such value in which case the reason for this must be set out in detail;
 - (v) the remedy sought;
 - (vi) the number and names of the proposed arbitrators agreed upon, if any;
 - (vii) the required qualifications of the arbitrators, as agreed by the parties or as specified by this Agreement, if any; and
 - (viii) a copy of these Rules and any amendment that the parties have agreed to in writing.
- (c) Appended to the Notice of Request to Arbitrate shall be a copy of this Agreement which shall be marked to show the provision or provisions thereof in relation to which the dispute has arisen.

12. ARBITRATION BY SUBMISSION (this Rule is not applicable and has therefore been deleted intentionally)

13. COMMENCEMENT DATE

The arbitration is deemed to have commenced on the later of the dates on which

- (a) a Notice of Request to Arbitrate has been filed with the Institute; and
 - (b) the initial filing fee has been paid to the Institute
- (the “Commencement Date”).

The Institute shall provide written notice of the Commencement Date to the parties together with a Notice of Commencement of Arbitration in writing.

14. APPOINTMENT OF TRIBUNAL

- (a) Unless the parties have agreed otherwise within ten days after the Commencement Date, the dispute shall be determined by a Tribunal consisting of a single Arbitrator.
- (b) Any party may at any time request the Institute to provide to all parties a list of not fewer than three individuals from which the parties may agree to select an Arbitrator.
- (c) Where a single Arbitrator is to be appointed, if the parties cannot agree on the single Arbitrator within 21 days after the Commencement Date, either party may then request the Institute to make such appointment.

- (d) Where the parties have agreed to establish a Tribunal consisting of three Arbitrators:
 - (i) unless otherwise agreed by the parties, each party shall appoint one Arbitrator and the two Arbitrators shall jointly appoint the third Arbitrator who shall act as the Chair of the Tribunal;
 - (ii) if a party fails to make a required appointment within the time agreed upon between the parties or, if no time is agreed, 21 days from the Commencement Date, then a party may request the Institute to make the required appointment;
 - (iii) if the parties or Arbitrators appointed by the parties, as the case may be, are unable to agree on the appointment of the third Arbitrator within the time agreed by the parties or, if no time is agreed within 30 days from the Commencement Date, then a party may request the Institute to make the required appointment.

15. APPOINTMENT BY INSTITUTE

- (a) Where the Institute is asked to appoint an Arbitrator, the following procedures shall apply:
 - (i) the Institute shall deliver to the parties an identical list containing at least three names;
 - (ii) within a period of 10 days following receipt of the list referred to in Rule 15(a)(i), each party shall deliver the list to the Institute after having deleted any name to which it objects and numbered the remaining names on the list in the order of its preference;
 - (iii) if a party has not advised the Institute within 10 days that it objects to any of the names suggested, it shall be deemed conclusively to have accepted those names; and
 - (iv) after the 10-day period referred to in Rule 15(b)(ii), the Institute shall appoint the Arbitrator from the remaining names on the lists returned to it, taking into account the order of preference indicated by the parties.
- (b) Notwithstanding Rule 15(a) the Institute may, in its discretion, deliver to the parties one further list containing at least three names, and the procedures set out in that Rule shall then apply in respect of that further list.
- (c) In appointing an Arbitrator, the Institute shall have due regard to the qualifications specified by this Agreement or otherwise mutually agreed to by the parties, the nature of this Agreement, the nature and circumstances of the dispute and any other considerations likely to secure the appointment of a qualified, independent and impartial Arbitrator.

16. INDEPENDENCE AND IMPARTIALITY

- (a) Unless otherwise agreed by the parties an Arbitrator shall be and remain at all times wholly independent.
- (b) An Arbitrator shall be and remain wholly impartial and shall not act as an advocate for any party to the arbitration.
- (c) Every person must, before accepting an appointment as Arbitrator, sign and deliver to the parties a statement declaring that he or she knows of no circumstances likely to give rise to justifiable doubts as to his or her independence or impartiality and that he or she will disclose any such circumstances to the parties if they should arise after that time and before the arbitration is concluded. No Arbitrator shall be disqualified or subject to challenge by reason of one or more of the Arbitrator, counsel, party or representative of a party being a member, officer or director of the Institute.

17. SUBSTITUTION

- (a) If an Arbitrator refuses to act, is incapable of acting, withdraws from office, is manifestly incompetent whether on account of illness, disability or other affliction, is removed from office by order of a court of competent jurisdiction or dies, the Institute may, on submission of satisfactory evidence, declare the office vacant.
- (b) A substitute Arbitrator shall be appointed in accordance with the agreement of the parties or, failing such agreement, in accordance with the provisions of these Rules as they applied to the appointment of the Arbitrator being replaced.
- (c) Where a single Arbitrator or the Chair is replaced, any hearings previously held shall be repeated. Where any other Arbitrator is replaced, any hearings previously held may be repeated at the discretion of the Arbitrators.

18. CHALLENGES

- (a) An Arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to his or her independence or impartiality, if he or she is manifestly incompetent whether on account of illness, disability or other affliction, or does not possess the qualifications agreed to by the parties or required pursuant to this Agreement.
- (b) A party who intends to challenge an Arbitrator shall, within seven days after becoming aware of the appointment, or after becoming aware of any circumstances referred to in this Rule, send a written statement of the challenge and the reasons for the challenge to the Tribunal, if it has been fully constituted, and to the Institute. If the challenged Arbitrator

withdraws or the other party agrees to the challenge, the mandate of the Arbitrator terminates.

- (c) In the case of an arbitration conducted by a single Arbitrator, if the Arbitrator who has been challenged does not withdraw and the other party does not concur in the challenge, the challenging party shall be entitled to seek recourse from a court of competent jurisdiction. If the single Arbitrator concurs in the challenge, that decision will be final and binding and not subject to review by any court.
- (d) In the case of a three-person panel, the Chair shall decide the challenge if he or she is not the Arbitrator who has been challenged. If the Chair is challenged, all of the Arbitrators may decide the challenge. The decision of the Arbitrators shall be final and binding and not subject to review by any court.

19. REPRESENTATION

Where a party intends to be represented or assisted by a lawyer, that party shall, not less than seven days before any scheduled hearing or meeting, advise the other party and the Institute by written notice of the lawyer's name, address, telephone number, facsimile number and e-mail address, and confirm in that notice the capacity in which the lawyer is acting.

20. PLACE OF ARBITRATION

- (a) The parties may agree in writing on the place of arbitration. If no place is agreed upon, the place of arbitration shall be at the discretion of the Tribunal. The Tribunal may meet at any other place it considers convenient or necessary for consultation, to hear witnesses, experts or the parties or for the inspection of Documents, goods or other property.
- (b) Part or all of the arbitration may be conducted by telephone, e-mail, internet or other form of electronic communication if agreed to by the parties or directed by the Tribunal.

21. LANGUAGE OF ARBITRATION

The parties may agree, in writing, on the language of the arbitration. If no such language of the arbitration is agreed upon, the Tribunal may specify the language of the arbitration

22. PRE-ARBITRATION MEETING

- (a) Within 14 days of its appointment, the Tribunal shall convene a pre-arbitration meeting, unless the parties deliver to the Institute a written notice which indicates that they do not wish a pre-arbitration meeting.
- (b) At the pre-arbitration meeting the parties shall:

- (i) identify the issues in dispute;
 - (ii) set the procedure to be followed in the arbitration; and
 - (iii) establish time periods for taking steps to deal with any matter that will assist the parties to settle their differences or to assist the arbitration to proceed in an efficient and expeditious manner.
- (c) The pre-arbitration meeting may take place by conference telephone call, video conferencing or other means directed by the Tribunal.
 - (d) The Tribunal shall record any agreements or orders made at the pre-arbitration meeting and shall, within seven days of that meeting, deliver a written record of such agreements or orders to each of the parties and file a copy with the Institute.

23. CONDUCT OF THE ARBITRATION

- (a) Subject to the Rules, the Tribunal may conduct the arbitration in the manner it considers appropriate.
- (b) Each party shall be treated fairly and shall be given a fair opportunity to present its case.
- (c) The Tribunal shall strive to achieve a just, speedy and cost effective determination of every proceeding on its merits, taking into account Rule 1, and conducting the proceeding in ways that are proportionate to:
 - (i) the importance of the issues in dispute;
 - (ii) the complexity of the matters in dispute; and
 - (iii) the actual or potential financial impact of the dispute.
- (d) Consistent with section 31 of the Act, the Tribunal shall apply the law of contract to the interpretation of this Agreement.
- (e) A transcript or videotape of the proceedings shall be prepared if requested by either party in writing at least five days before the commencement of the hearing. Any such transcript or videotape shall be at the expense of the party requesting it. If a transcript or video tape has been requested by a party pursuant to this Rule, every other party and the Tribunal shall be entitled to obtain a copy of the transcript or videotape upon payment of the costs of reproduction of the transcript or videotape.

24. JURISDICTION

The Tribunal may rule on its own jurisdiction, including ruling on any objections with respect to the existence or validity of the arbitration agreement, and for that purpose,

- (a) an arbitration clause that forms part of a contract shall be treated as an agreement independent of the other terms of the contract, and

- (b) a decision by the Tribunal that the contract is null and void shall not entail the invalidity of the arbitration clause unless specifically found by the Tribunal.

25. NO WAIVER OF RIGHT TO OBJECT

A party is not precluded from raising a jurisdictional issue by the fact that it has appointed, or participated in the appointment of, an Arbitrator.

26. GENERAL POWERS OF TRIBUNAL

The Tribunal may:

- (a) order an adjournment of the proceedings from time to time;
- (b) make an interim award on any matter with respect to which it may make a final award;
- (c) grant any interim measures of protection as it deems appropriate, other than an order for
 - (i) security for costs
 - (ii) the posting of security for the amount claimed; or
 - (iii) for the preservation of any property that is the subject matter of the dispute;
- (d) make an award or interim award granting damages, equitable relief, injunctive relief or an order for specific performance on such terms as may be just;
- (e) order inspection of Documents, exhibits or other property;
- (f) order the taking down and recording of a transcript of any oral hearing;
- (g) at any time extend or abridge a period of time fixed or determined by it, or any period of time required in the Rules, except the time within which the award is to be made, where it considers it just and appropriate in the circumstances;
- (h) empower one member of the Tribunal to hear motions and make procedural orders, including the settling of matters at the pre-arbitration hearing, that do not deal with the substance of the dispute;
- (i) request further statements clarifying issues in dispute;
- (j) give such direction with respect to procedural matters having regard to Rule 1 and Rule 23(c); and
- (k) request from a court of competent jurisdiction assistance in taking evidence.

27. EXCHANGE OF STATEMENTS

- (a) On the Commencement Date, or within 14 days thereafter, the claimant must deliver a written statement (“Statement of Claim”) to each respondent, the Tribunal and the Institute setting out the material facts supporting its claim, the points in issue and the relief or remedy sought, provided however that if no Tribunal has been appointed within 14 days of the Commencement Date, then a copy of the Statement of Claim must be delivered to the Tribunal forthwith upon its appointment.
- (b) Within 14 days after each respondent receives the Statement of Claim, that respondent shall deliver a written statement outlining its defence (“Statement of Defence”) and a written statement of any counterclaim (“Counterclaim”) to the claimant, the Tribunal and the Institute. The Statement of Defence or Counterclaim shall set out the material facts supporting the defence or counterclaim, the points in issue and the relief or remedy sought.
- (c) Any Statement of Defence or Counterclaim shall be accompanied by payment to the Institute of the required case service fee calculated in accordance with Schedule “A”. The claimant shall deliver to the Tribunal and the Institute its Statement of Defence to Counterclaim within 14 days after receiving the Counterclaim. The Statement of Defence to Counterclaim shall set out the material facts supporting the defence, the points in issue and the relief or remedy sought.
- (d) If a respondent, or a claimant, fails to deliver a Statement of Defence or a Statement of Defence to Counterclaim as the case may be, it shall be deemed to deny the allegations in the Statement of Claim or Counterclaim as the case may be.
- (e) Each party shall submit with its statement a preliminary list of relevant Documents in accordance with Rule 29 taking into account Rule 1. The type, date, author, recipient and subject matter of each document must be specified. Documents not so identified may be subject to exclusion from the proceedings at the Tribunal’s discretion.

28. AMENDMENT OF STATEMENTS

The Tribunal, upon such terms as it deems appropriate, may allow a party to amend or supplement its Statement of Claim, Statement of Defence, Counterclaim, or Statement of Defence to Counterclaim during the course of the arbitration unless the Tribunal considers the delay in amending or supplementing the claim to be prejudicial to a party or unless it considers that the amendment or supplement goes beyond the terms of the arbitration agreement or submission to arbitrate.

29. PRODUCTION OF DOCUMENTS

- (a) Each party shall disclose all Documents relating to the matters in issue in the arbitration that are or have been in the party's possession, control or power, within 15 days after the date of delivery of the Statement of Defence or the Statement of Defence to Counterclaim, whichever is later, unless the Tribunal orders otherwise. Where the Tribunal considers that the disclosure of all such Documents is unnecessary, unduly costly or burdensome or for other reason is inconsistent with Rule 1, the Tribunal may give directions to limit the scope of disclosure of Documents.
- (b) The Tribunal may, on application, order a party to produce any Documents the Tribunal considers relevant to the arbitration within a time it specifies, and where such order is made the other party may inspect those Documents and take copies of them.

30. PRE-HEARING EXAMINATIONS AND INTERROGATORIES

The Tribunal may, on such terms as it deems just and appropriate, order a party or a representative of a party to submit to an oral examination under oath or to respond by sworn statement to written interrogatories, on such issues as may be ordered by the Tribunal taking into account Rule 1. The Tribunal shall, at the time of making any such order, determine the use that may be made of the evidence taken on any such examination or in responses.

31. AGREED STATEMENT OF FACTS

The parties shall, within a period of time specified by the Tribunal, identify those facts that are not in dispute and submit to the Tribunal and file with the Institute an agreed statement of facts.

32. ARBITRATION HEARINGS

The Tribunal shall set the dates for any interim hearings or meetings, whether oral or not, and shall, except in cases of urgency, give at least 10 days written notice thereof to the parties and the Institute. The Tribunal may direct that all evidence and argument be given in writing and, subject to the prior consent of both parties, may dispense with any oral hearing.

33. CONFIDENTIALITY

- (a) The parties, the witnesses and the Arbitrators shall treat all meetings and communications, the proceedings, Documents disclosed in the proceeding, discovery and the awards of the Tribunal as confidential, except in connection with a judicial challenge to, or enforcement of, an award, and unless otherwise required by law.
- (b) Nothing in this Rule shall preclude disclosure of such information to a party's insurer, auditor, lawyer or other person with a direct financial

interest in the arbitration. The parties shall use such information solely for the purposes of the arbitration, and shall not use or allow it to be used for any other purpose unless the parties agree otherwise or unless otherwise required by law.

- (c) After the delivery of an award, the Institute may make a written request to the parties for their unanimous consent to the publication by the Institute of the award or extracts from it. If either party or both of them fail to grant their consent in writing within 45 days of the date of request, then the consent shall be deemed to have been denied.

34. EVIDENCE

- (a) The parties may offer such evidence as is relevant and material to the dispute and shall produce such evidence under oath as the Tribunal may deem necessary to understand and resolve the dispute.
- (b) The Tribunal shall be guided by the rules of evidence applicable in court proceedings, including the rule prohibiting the use of extrinsic evidence to interpret a contract.
- (c) All evidence shall be taken in the presence of the Tribunal and all of the parties, except where any of the parties is voluntarily absent, is in default or has waived the right to be present.
- (d) Subject to Rule 34(b), the Tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered and may exclude evidence that the Tribunal deems to be repetitive.

35. WITNESSES

- (a) The Tribunal may determine the manner in which witnesses are to be examined, and save for a party or the person nominated as that party's representative for the purpose of the arbitration, may require witnesses to absent themselves from an oral hearing during the testimony of other witnesses.
- (b) Where the evidence of a witness is presented by written statement or sworn declaration, the Tribunal may order that the witness be present at an oral hearing for cross examination.

36. TRIBUNAL'S EXPERTS

- (a) Provided that each party has given its prior written consent, the Tribunal may appoint one or more independent experts to report on specific issues to be determined by the Tribunal and may require a party to give the expert any relevant information or to produce, or to provide access to, any relevant Documents, goods or other property for its inspection.

- (b) The Tribunal shall communicate the expert's terms of reference to the parties. Any dispute as to the terms of reference or the relevance of the required information, or production of it, shall be referred to the Tribunal for decision. The cost of any such expert shall be borne by the parties on a basis determined by the Tribunal.
- (c) Upon receipt of the expert's report in writing, the Tribunal shall deliver a copy of it to the parties who shall be given the opportunity to challenge all or any part of it in a manner determined by the Tribunal.
- (d) The expert shall, on the request of a party, make available to that party for examination all Documents, goods or other property in the expert's possession that the expert has used to prepare the report and shall provide that party with a list of all Documents, goods or other property not in the expert's possession, but that were provided to prepare the report, and a description of the location of those Documents, goods or other property.
- (e) An expert shall, after delivery of the report, be required to attend for the purpose of cross examination on some or all of the contents of that report, unless the parties agree that such cross-examination is not required.

37. DEFAULT OF A PARTY

Where a party, without sufficient cause, fails to appear at a hearing, pay the fees of the Institute, or to produce evidence, the Tribunal may continue the arbitration on such terms as the Tribunal deems appropriate after satisfying itself that a reasonable attempt has been made to communicate with the defaulting party. The Tribunal shall make an award based upon the evidence before it.

38. FORMAL WITHOUT PREJUDICE OFFERS OF SETTLEMENT

- (a) At any time before the hearing on the merits, a party may deliver to the other party an offer marked "without prejudice" to settle one or more of the issues between it and any other party on the terms specified in the offer. An offer to settle may specify a time within which it may be accepted and it will expire if not accepted within that time.
- (b) The Tribunal shall take into consideration the offer, the time at which the offer was made and the extent to which it was accepted when dealing with questions of co interest.
- (c) No party shall inform the Tribunal of the fact that an offer had been made under this Rule until after all issues in the arbitration other than costs have been determined.

39. WITH PREJUDICE OFFERS

The parties may deliver written offers marked "with prejudice" at any time, and all such offers may be put in evidence at the arbitration hearing.

40. DEPOSITS AGAINST COSTS

- (a) The Tribunal may, directly or through the Institute, from time to time, require the parties to deposit in the form of cash, a certified cheque, or an irrevocable letter of credit, to the Institute in trust, equal amounts as an advance for the anticipated costs and expenses of the arbitration including the Tribunal's fees and expenses.
- (b) If the required deposits are not made within 15 days after receipt of the request, the Tribunal or the Institute shall inform the parties so that another party may make the required payment.
- (c) If the required deposits are not made within 30 days after receipt of the request, the Tribunal may continue the arbitration under Rule 37 or order the suspension or termination of the proceeding.

41. PAYMENT OUT OF DEPOSITS

- (a) The Institute may, from time to time, pay to the Tribunal from any deposit it holds, any amount it considers reasonable and appropriate for fees earned or expenses incurred by the Tribunal.
- (b) After the final award has been made, a settlement has been reached or the arbitration abandoned or otherwise finally disposed of, the Institute shall apply any deposits it holds to the costs of the arbitration, including any unpaid Tribunal fees and administrative fees, render an accounting to the parties of the deposits received and applied and return any unexpended balance to the parties in proportion to their contributions or as may be directed by the Tribunal in the final award.

42. CLOSURE OF HEARINGS

- (a) Where the parties have, on inquiry, advised they have no further evidence to give or submissions to make, or the Tribunal considers further hearings to be unnecessary or inappropriate, the Tribunal may close the hearings.
- (b) On its own motion or on the application of a party, the Tribunal may, in exceptional circumstances, reopen the hearings to receive evidence or submissions concerning a matter at any time before the issuance of a partial final award or final award concerning that matter.

43. SETTLEMENT

- (a) The Tribunal shall encourage settlement of the dispute and, with the written agreement of the parties, may order that the parties engage in case management, mediation, conciliation or other procedures at any time during the arbitration proceedings to encourage settlement.
- (b) If, during the arbitration proceedings, the parties settle the dispute, the Tribunal shall, upon receiving confirmation of the settlement or

determining that there is a settlement, terminate the proceedings and, if requested by the parties, record the settlement in the form of an arbitration award on agreed terms.

44. AWARD

- (a) The Tribunal may make a partial final award finally determining an issue or part of a dispute.
- (b) The Tribunal may make an interim award that shall subsequently be incorporated into and become part of a final award.
- (c) The Tribunal shall make its final award with respect to the matters determined in the award within 60 days after the hearings have been closed or such further period as may be:
 - (i) agreed to in writing by the parties; or
 - (ii) directed by a court of competent jurisdiction.
- (d) Awards of the Tribunal shall be in writing and shall, unless the parties have otherwise agreed, state the reasons upon which they are based. The Tribunal shall deliver to the Institute sufficient originally signed copies of any award for each party. Upon payment of all outstanding Institute and Tribunal fees and expenses, copies of the award will be delivered to the parties by the Institute.
- (e) Where the Tribunal consists of more than two Arbitrators, the award shall be made by a majority of the Tribunal. Where there is no majority decision, the decision of the Chair shall constitute the award.

45. INTEREST

The Tribunal may order interest to be paid pursuant to an award for such time and in such amount as it considers just and reasonable, subject to any provision of this Agreement that specifies the rate at which, or the circumstances under which, interest is to be paid.

46. COSTS

Subject to this Agreement, the Tribunal shall be entitled to

- (a) fix the costs and expenses of the arbitration, including reasonable legal fees, the costs and expenses of the Tribunal, and the fees of the Institute;
- (b) apportion those costs, expenses and fees between the parties; and
- (c) make separate awards in respect of those costs, expenses and fees.

47. AMENDMENTS AND CORRECTIONS TO THE AWARD

- (a) A Tribunal may, on the application of a party or on its own initiative, amend or vary an award or interim award to correct:
 - (i) a clerical or typographical error;
 - (ii) an accidental error, slip, omission or other similar mistake; or
 - (iii) an arithmetical error made in a computation.
- (b) An application by a party to amend or vary shall be made within 15 days after that party is notified of the award.
- (c) An amendment or variation shall not, without the consent of the parties, be made more than 30 days after the parties have been notified of the award.
- (d) A party may, within 15 days after being notified of the award, apply to the Tribunal for clarification of the award, and the Tribunal may clarify the award where it considers it appropriate, in which case the clarification becomes part of the award.
- (e) A party may, within 30 days after receiving the award, apply to the Tribunal to make an additional award with respect to claims presented in the proceedings but omitted from the award.
- (f) An amended, varied or additional award shall be filed by the Tribunal with the Institute.
- (g) The award of the Tribunal shall be final, conclusive and binding, and neither party shall be entitled to appeal any award, except to any extent provided by the Act or other applicable law.

48. IMMUNITY

Neither the Institute nor the Tribunal shall be liable to any party for any act or omission in connection with any arbitration conducted under the Rules. The Tribunal and the Institute shall have the same protections and immunity as a Judge of the Superior Court in the province or territory in which the arbitration takes place.

49. SIMPLIFIED ARBITRATION PROCEDURE

- (a) Where the parties agree in writing the arbitration shall be conducted in accordance with the simplified procedures set out in this Rule 49.
- (b) The simplified arbitration shall be conducted by a single Arbitrator appointed by the Institute within 21 days after the filing of the Notice of Request to Arbitrate.
- (c) Within 14 days of the appointment of the Arbitrator, the Arbitrator shall convene a pre-arbitration meeting of the parties which may be held by

conference telephone call, video conferencing or other means as the Arbitrator may direct to determine:

- (i) a timetable for the conduct and completion of all pre-hearing and preliminary matters in a period not to exceed 90 days from the date of the commencement of the arbitration;
 - (ii) in accordance with paragraphs 15.07(e) and 15.07(f) of this Agreement, the time and place of the hearing; and
 - (iii) such other directions as may be necessary.
- (d) Rules 14, 15, 22, 26(h), and 30 shall not apply to the conduct of the arbitration.
- (e) Unless agreed by the parties or ordered by the Arbitrator, there shall be no oral discovery.
- (f) No transcript of the proceedings shall be required.
- (g) Sworn statements of evidence shall be filed at the hearing in lieu of examination in chief and shall be subject to cross-examination and re-examination only.
- (h) The record of the arbitration shall consist of the Documents and exhibits produced and filed by the parties, together with the transcripts of any cross-examination and re-examination that have been conducted.
- (i) The Arbitrator shall deliver the award and reasons for the award not later than 28 days after the completion of the hearing.

SCHEDULE “A” OF ARBITRATION RULES

ARBITRATION ADMINISTRATIVE FEE SCHEDULE

Under the fee schedule, an Initial Filing Fee, payable by the filing party, and a Case Service Fee, payable by each party filing a defence or counterclaim, will cover all services of the Institute from the time a case is filed until it is awarded or settled. This fee schedule eliminates hearing and postponement fees and miscellaneous expenses.

AMOUNT OF CLAIM	INITIAL FILING FEE	CASE SERVICE FEE
Above \$0 to \$10,000	\$350	\$175
Above \$10,000 to \$75,000	\$600	\$300
Above \$75,000 to \$150,000	\$1,000	\$500
Above \$150,000 to \$500,000	\$2,000	\$1,000
Above \$500,000 to \$5,000,000	\$4,000	\$2,000
Above \$5,000,000	\$5,000	\$3,000
Date Payment Due	On filing Notice of Request or Submission to Arbitrate	On filing of Statement of Defence which may include a Counterclaim