

DATED:

July 19, 2005

BETWEEN:

EAGLE PLAINS RESOURCES LTD.

OF THE FIRST PART

AND:

BLIND CREEK RESOURCES LTD.

OF THE SECOND PART

BLLENDE PROPERTY OPTION AGREEMENT

SALLEY BOWES HARWARDT
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BLENDE PROPERTY OPTION AGREEMENT

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SCHEDULE "A" DESCRIPTION OF PROPERTY
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SCHEDULE "C" JOINT VENTURE AGREEMENT

BLLENDE PROPERTY OPTION AGREEMENT

THIS AGREEMENT is dated for reference the 19th day of July, 2005.

BETWEEN:

EAGLE PLAINS RESOURCES LTD., a body corporate incorporated under the laws of Alberta and extra-provincially registered in the Yukon Territory, having an address located at 2720 – 17th Street S., Cranbrook, B.C. V1C 6Y6

(the "Optionor")

OF THE FIRST PART

AND:

BLIND CREEK RESOURCES LTD., a body corporate, incorporated under the laws of British Columbia, and having its registered office located at 15th Floor, 675 West Hastings Street, Vancouver, BC, V6B 1N2

(the "Optionee")

OF THE SECOND PART

WHEREAS:

A. The Optionor is the legal and beneficial owner of an undivided 100% interest in the Property, generally known as the "Blende Property", and consisting of certain mineral claims located in the Mayo Mining District, Yukon Territory, as more particularly described in Schedule "A" attached to and made a part of this Agreement;

B. The Optionor wishes to grant and the Optionee wishes to acquire an undivided 60% interest in and to the Property on the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual promises, covenants, conditions, representations and warranties herein set out, the parties hereto agree as follows:

1. INTERPRETATION

1.1 For the purposes of this Agreement, including the recitals and any schedules hereto, unless there is something in the subject matter or context inconsistent therewith, the following words and expressions shall have the following meanings:

- (a) "Affiliate" shall have the meaning attributed to it by the *Business Corporations Act* (British Columbia);

- (b) "Agreement" means this Agreement, as amended from time to time;
- (c) "Commission" means the British Columbia Securities Commission;
- (d) "Exchange" means the TSX Venture Exchange;
- (e) "Expenditures" mean all cash, expenses, obligations and liabilities, other than for personal injury or property damage, of whatever kind or nature spent or incurred directly or indirectly in connection with the exploration, development or equipping of the Property or any portion thereof for Mining Work including, without limiting the generality of the foregoing, monies expended in constructing, leasing or acquiring all facilities, buildings, machinery and equipment in connection with Mining Work, in paying any taxes, fees, charges, royalties, payments or rentals (including payments in lieu of assessment work), or otherwise to keep the Property or any portion thereof in good standing, (including any payment to or in respect of acquiring any agreement or confirmation from any holder of surface rights respecting the Property or any portion thereof), in carrying out any survey of the Property or any portion thereof, in doing geophysical, geochemical and geological surveys, in trenching, drilling, assaying, metallurgical testing, bulk sampling and pilot plant operations, in paying the fees, wages, salaries, travelling expenses, fringe benefits (whether or not required by law) of all persons engaged in work with respect to and for the benefit of the Property or any portion thereof, in paying for the food, lodging and other reasonable needs of such persons, in preparing any reports and in supervising and managing any work done with respect to and for the benefit of the Property or any portion thereof, or in any other respects necessary for the due carrying out of Mining Work;
- (f) "Mining Work" means every kind of exploration or development work done on or in respect of the Property, by or under the direction of or on behalf of or for the benefit of a party and, without limiting the generality of the foregoing, includes assessment work, geophysical, geochemical and geological surveying, studies and mapping, investigating, trenching, drilling, designing, examining, equipping, improving, surveying, shaft sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores, metals and concentrates, surveying and bringing any mineral claims or other interests to mining lease, reporting and all other activities usually considered to be prospecting, exploration, and development work;
- (g) "Option" means the option granted by the Optionor to the Optionee under Section 3.1 of this Agreement;
- (h) "Property" means those mineral claims more particularly described in Schedule "A" hereto, together with the surface rights, mineral rights, personal property and permits associated therewith, and shall include any renewal thereof and any other form of successor or substitute title thereto; and

- (i) "Underlying Agreement" means the agreement dated July 15, 2005, as amended, between the Optionor and John Bernard Kreft.

1.2 In this Agreement, all dollar amounts are expressed in lawful currency of Canada, unless specifically provided to the contrary.

1.3 The titles to the respective Articles hereof shall not be deemed to be a part of this Agreement but shall be regarded as having been used for convenience only.

1.4 Words used herein importing the singular number shall include the plural, and vice-versa, and words importing the masculine gender shall include the feminine and neuter genders, and vice-versa, and words importing persons shall include firms, partnerships and corporations.

2. REPRESENTATIONS AND WARRANTIES

2.1 Each party represents and warrants to the others that:

- (a) if a company, it is a company duly incorporated, validly subsisting and in good standing with respect to filing of annual reports under the laws of its jurisdiction of incorporation, and is or will be at all relevant times qualified to do business and to hold an interest in the Property in the Yukon Territory;
- (b) it has full legal power, capacity and authority to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder; and
- (c) it has duly obtained all consents or authorizations which may be required from any third party's (except as specifically provided for herein) for the execution, delivery and performance of this Agreement, and such execution, delivery and performance and the consummation of the transactions as herein contemplated will not conflict with, or accelerate the performance required by or result in any breach of any covenants or agreements contained in or constitute a default under, or result in the creation of any encumbrance, lien or charge under any indenture, agreement or other instrument whatsoever to which he or it is a party or by which he or it is bound or to which he or it may be subject and will not contravene any applicable laws.

2.2 The Optionor represents and warrants to the Optionee that:

- (a) it is the sole legal and beneficial owner of an undivided 100% interest in and to the Property, subject to the terms and conditions of the Underlying Agreement;

- (b) the Property is in good standing under the laws of the Yukon Territory and Canada, up to and including at least the respective expiry dates set forth in Schedule "A" hereto;
- (c) the Property is free and clear of all liens, charges and encumbrances and is not subject to any right, claim or interest of any other person, except as set forth in the Underlying Agreement;
- (d) it has complied with all laws in effect in the Yukon Territory with respect to the Property, and such Property has been duly and properly staked and recorded in accordance with such laws, and that the Optionee may enter in, under or upon the Property for all purposes of this Agreement without making any payment to, and without accounting to or obtaining the permission of, any other person other than any payment required to be made under this Agreement;
- (e) there is no adverse claim or challenge against or to the ownership of or title to the Property, or any portion thereof nor is there any basis therefor and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or interest therein, and no person has any royalty or interest whatsoever in production or profits from the Property or any portion thereof; and
- (f) the Underlying Agreement is in full force and effect, is in good standing and is not in default; the Underlying Agreement has not been assigned by any party thereto and is not subject to any notice of assignment; and the Optionor has not received any notice of default pursuant to the Underlying Agreement, and knows of no reason or circumstances which would entitle any third party to threaten or claim default thereunder.

2.3 The Optionee represents and warrants to the Optionor that:

- (a) it is in good standing with respect to its compliance with applicable securities laws; and
- (b) any common shares issued by the Optionee to the Optionor under Section 3.2 below, will be issued in accordance with applicable securities laws, and will be issued as fully paid and non-assessable common shares, free of any trading restrictions, except for such escrow or resale restrictions as may be imposed by applicable securities laws or the policies of the Exchange or the Commission (and in this regard, the Optionor acknowledges the right of the Optionee to insert a legend respecting any escrow or resale restrictions so imposed on such common shares).

2.4 The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement, are to be construed as both conditions and warranties and shall, regardless of any investigation which may have been made by or on behalf of any party as to the accuracy of such representations and warranties, survive the closing of the transaction contemplated hereby and each of the

parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation or warranty contained in this Agreement, and each party shall be entitled, in addition to any other remedy to which it may be entitled, to set off any such loss, damage or costs suffered by it as a result of any such breach against any payment required to be made by it to any other party hereunder.

3. OPTION

3.1 The Optionor hereby grants to the Optionee the sole and exclusive right and option to acquire an undivided Sixty Percent (60%) interest in and to the Property, free and clear of all liens, charges, encumbrances, claims, rights or interest of any other person except as expressly set forth herein and in the Underlying Agreement, in accordance with the terms and conditions of this Agreement.

3.2 In order to exercise the Option, the Optionee shall make total payments of Two Hundred and Fifty Thousand Dollars (\$250,000) to the Optionor by certified cheque or bank draft, issue to the Optionor a total of One Million (1,000,000) common shares in the capital stock of the Optionee, and incur minimum Expenditures on the Property in the amount of Five Million Dollars (\$5,000,000) by December 31, 2010, in accordance with the following schedule:

Date	Payments	Shares	Minimum Expenditures
Upon execution of this Agreement	\$15,000	200,000	Nil
December 31, 2006	\$30,000 (additional)	200,000 (additional)	\$500,000
December 31, 2007	\$40,000 (additional)	200,000 (additional)	\$500,000 (additional)
December 31, 2008	\$40,000 (additional)	200,000 (additional)	\$1,000,000 (additional)
December 31, 2009	\$50,000 (additional)	200,000 (additional)	\$1,000,000 (additional)
December 31, 2010	\$75,000 (additional)	Nil	\$2,000,000 (additional)
Totals:	\$250,000	1,000,000	\$5,000,000

3.3 Any amount incurred by the Optionee for Expenditures in any year in excess of that year's required minimum amount, will be applied towards the next year's minimum Expenditures.

4. RIGHT OF ENTRY

4.1 Except as otherwise provided in this Agreement, until the Option is exercised or terminated in accordance with the terms of this Agreement, the Optionee, its servants and agents shall have the sole and exclusive right to:

- (a) enter in, under or upon the Property and conduct Mining Work;
- (b) exclusive and quiet possession of the Property;
- (c) bring upon the Property and to erect thereon such mining facilities as it may consider advisable; and
- (d) remove from the Property ore or mineral products for the purpose of bulk sampling, pilot plant or test operations.

5. POWERS, DUTIES AND OBLIGATIONS OF OPTIONEE

5.1 Except for the first \$1,000,000 in Expenditures, which will be handled in the manner as described in Section 5.2 below, the Optionee shall have full right, power and authority to do everything necessary or desirable to carry out an exploration program on the Property and to determine the manner of exploration and development of the Property and, without limiting the generality of the foregoing, the right, power and authority to:

- (a) regulate access to the Property, subject only to the right of the Optionor and his representatives to have access to the Property at all reasonable times for the purpose of inspecting work being done thereon but at their own risk and expense;
- (b) employ and engage such employees, agents and independent contractors as it may consider necessary or advisable to carry out its Expenditures, and in this connection to delegate any of its powers and rights to perform its duties and obligations hereunder;
- (c) hire the Optionor as the initial operator of the Property to complete the first \$1,000,000 worth of Expenditures on the Property, as more particularly described in Section 5.2 below;
- (d) execute all documents, deeds and instruments, do or cause to be done all such acts and things and give all such assurances as may be necessary to maintain good and valid title to the Property and each party hereby irrevocably constitutes the Optionee its true and lawful attorney to give effect to the foregoing and hereby agrees to indemnify and save the Optionee harmless from any and all costs, loss or damage sustained or incurred without gross negligence or bad faith by the Optionee directly or indirectly as a result of its exercise of its powers pursuant to this Subsection 5.1(d); and

- (e) conduct such title examinations and cure such title defects as may be advisable in the reasonable judgment of the Optionee.
- 5.2 The Optionor will be the initial operator of the Property for the specific and limited purposes of completing the first \$1,000,000 in Expenditures, and therefore is solely responsible for the management, direction, supervision and permitting of the exploration work, which is not to exceed \$1,000,000, and will be fully funded by the Optionee, as set out in Section 3.2 above. During the period that the Optionor acts as the initial operator of the Property, it will have all of the duties and obligations as provided for the Optionee under Section 5.3 below, and wherever "Optionee" appears in Section 5.3 it shall be read as "Optionor" in the place and stead of the Optionee, and vice versa as the case may be.
- 5.3 The Optionee shall have the duties and obligations to:
- (a) keep the Property free and clear of all liens and encumbrances arising from its operations hereunder (except liens contested in good faith by the Optionee), and maintain the Property as it exists from time to time in good standing by the doing and filing, or payment in lieu thereof, of all necessary assessment work and by the doing of all other acts and things which may be necessary in that regard; for greater certainty and without limiting the foregoing, the Optionee will file all Mining Work on the Property as assessment work to the maximum extent possible;
 - (b) permit the Optionor or his representatives, duly authorized by him, in writing, and at his own risk and expense, access to the Property at all reasonable times and to all records prepared by the Optionee in connection with Mining Work;
 - (c) conduct all work on or with respect to the Property in a careful and minerlike manner and in accordance with the applicable laws of the jurisdiction in which the Property is located, including all requirements under applicable environmental legislation;
 - (d) obtain and maintain or cause any contractor engaged by it hereunder to obtain and maintain, during any period in which active work is carried out hereunder, not less than the following:
 - (i) employer's liability insurance covering each employee engaged in the operations hereunder to the extent of \$1,000,000 where such employee is not covered by Worker's Compensation;
 - (ii) comprehensive general liability insurance in such form as may be customarily carried by a prudent operator for similar operations with a bodily injury, death and property damage limit of \$1,000,000 inclusive;
 - (iii) vehicle, aircraft and watercraft insurance covering all aircraft, vehicles and watercraft owned and non-owned, operated and/or

licensed by the Optionee, with a bodily injury, death and property damage limit of \$5,000,000 inclusive;

- (e) arrange for and maintain Worker's Compensation or equivalent coverage for all eligible employees engaged by the Optionee in accordance with local statutory requirements;
- (f) maintain true and correct books, accounts and records of operations hereunder;
- (g) keep the Optionor informed of all Mining Work by delivering to the Optionor: (i) monthly progress reports within twenty (20) days after the end of every month during which any Mining Work is conducted on the Property; (ii) prompt notice of any material results from Mining Work conducted on the Property; and (iii) a copy of a detailed final report within sixty (60) days after the completion of any particular and distinct exploration program; and
- (h) indemnify the Optionor, its directors, officers, agents, and attorneys or Affiliates (an "Indemnified Person"), against any third party related loss, cost, expense, damage, or liability which may arise in connection with the Mining Work under applicable environmental legislation, and which is caused by or attributable to the Optionor's willful misconduct or gross negligence. If any claim or demand is asserted against an Indemnified Person, written notice of such claim or demand will promptly be given to the Optionee. Within thirty (30) days after its receipt of the notice of the claim or demand, the Optionee shall have the right but not the obligation to assume control of (subject to the right of the Indemnified Person to participate at the Indemnified Person's expense and with counsel of the Indemnified Person's choice), the defense, compromise, or settlement of the matter, including at the Optionee's expense, the employment of counsel of the Indemnified Person's choice.

5.4 The Optionee may abandon at its sole discretion at any time all or any portion of any of the mineral claims comprising a portion of the Property, without affecting its right, title and interest in the remaining mineral claims comprising the balance of the Property. In the event that the Optionee elects to abandon all or any portion of any specific mineral claims, it will provide notice to the Optionor of its election at least sixty (60) days prior to the expiry date or dates of such mineral claims.

6. VESTING OF INTEREST

6.1 Forthwith upon the Optionee exercising the Option by its performance of all of the requirements of Section 3.2, an undivided Sixty Percent (60%) interest in and to the Property shall vest, and shall be deemed for all purposes hereof to have vested, in the Optionee.

6.2 The Optionor covenants and agrees to forthwith transfer and deliver to SBH Fiduciary Services Ltd. (the "Escrow Agent") title to an undivided Sixty Percent (60%) interest in and to the Property immediately following the Optionor's receipt of the initial

\$15,000 payment and issuance of the initial 200,000 common shares described in Section 3.2 above, and the Escrow Agent shall hold such interest in the Property in trust pursuant to the terms of the Escrow Instructions attached hereto as Schedule "B" until the Option is exercised.

6.3 In the event that the Optionee exercises the Option and earns its Sixty Percent (60%) undivided interest in the Property hereunder, then the parties covenant and agree to forthwith execute and deliver the joint venture agreement in the form attached as Schedule "C" hereto.

7. TERMINATION OF OPTION

7.1 In the event of default in the performance of the requirements of Section 3.2, then subject to the provisions of Sections 7.3 and 16.1 of this Agreement, the Option and this Agreement shall terminate.

7.2 The Optionee shall also have the right to terminate this Agreement by giving thirty (30) days' written notice of such termination to the Optionor and upon the effective date of such termination this Agreement shall be of no further force and effect.

7.3 Notwithstanding any other provisions of this Agreement, in the event of termination of this Agreement, the Optionee shall:

- (a) transfer or re-transfer the Property to the Optionor, provided always that the Property shall, at the date of such transfer or re-transfer, be in good standing for a period of not less than twelve (12) months from the effective date of termination;
- (b) deliver to the Optionor any and all reports, samples, drill cores and engineering data of any kind whatsoever pertaining to the Property or related to Mining Work which has not been previously delivered to the Optionor;
- (c) perform or secure the performance of all reclamation and environmental rehabilitation as may be required by all applicable legislation; and
- (d) upon notice from the Optionor, remove all materials, supplies and equipment from the Property, provided however, that the Optionor may dispose of any such materials, supplies or equipment not removed from the Property within one hundred and eighty (180) days of receipt of such notice by the Optionee.

8. CONFIDENTIALITY

8.1 All information and data concerning or derived from Mining Work shall be confidential and, except to the extent required by law or by regulation of any securities commission, stock exchange or other regulatory body, shall not be disclosed to any person other than a party's professional advisors or an Affiliate without the prior written consent of the other party or parties, which consent shall not unreasonably be withheld.

8.2 The text of any news releases or other public statements which a party desires to make with respect to the Property shall be made available to the other party or parties prior to publication and the other party or parties shall have the right to make suggestions for changes therein within twenty four (24) hours of delivery.

9. RESTRICTIONS ON ALIENATION

9.1 No party (the "Selling Party") shall sell, transfer, convey, assign, mortgage or grant an option in respect of or grant a right to purchase or in any manner transfer or alienate all or any portion of its interest or rights under this Agreement without the prior consent in writing, within 30 days of receipt of notice thereof, of the other parties, such consent not to be unreasonably withheld, and the failure to notify the Selling Party within the said 30 days that such consent has been withheld shall be deemed to constitute the consent of the other parties.

9.2 Before the completion of any sale or other disposition by any party of its interests or rights or any portion thereof under this Agreement, the Selling Party shall require the proposed acquirer to enter into an agreement with the party or parties not selling or otherwise disposing on the same terms and conditions as set out in this Agreement.

9.3 The provisions of Sections 9.1 and 9.2 shall not prevent a party from entering into an amalgamation or corporate reorganization which will have the effect in law of the amalgamated or surviving company possessing all the property, rights and interests and being subject to all the debts, liabilities and obligations of each amalgamating or predecessor company, or prevent a party from assigning its interest to an Affiliate of such party provided that the Affiliate first complies with Section 9.2 and agrees in writing with the other parties to re-transfer such interest to the originally assigning party immediately before ceasing to be an Affiliate of such party.

10. NOTICE

10.1 Any notice, direction, or other instrument required or permitted to be given under this Agreement shall be in writing and shall be given by the delivery of same or by mailing same by prepaid registered or certified mail or by sending same by telegram, telex, telecommunication or other similar form of communication, in each case addressed to the intended recipient at the address of the respective party set out on the first page hereof.

10.2 Any notice, direction, or other instrument aforesaid will, if delivered, be deemed to have been given and received on the day it was delivered, and if mailed, be deemed to have been given and received on the fifth business day following the day of mailing, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received and, if sent by telegram, telecommunication or other similar form of communication, be deemed to have been given and received on the day it was actually received.

10.3 Any party may at any time give notice in writing to the others of any change of address, and from and after the giving of such notice, the address therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

11. FURTHER ASSURANCES

11.1 Each of the parties covenants and agrees, from time to time and at all times, to do all such further acts and execute and deliver all such further deeds, documents and assurances as may be reasonably required in order to fully perform and carry out the terms and intent of this Agreement.

12. RULE AGAINST PERPETUITIES

12.1 If any right, power or interest of any party in property under this Agreement 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 Her Majesty, Queen Elizabeth II of England, living on the date of the execution of this Agreement.

13. TIME OF THE ESSENCE

13.1 Time shall be of the essence in the performance of this Agreement.

14. ENUREMENT

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

15. FORCE MAJEURE

15.1 No party will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its reasonable control (except those caused by its own lack of funds) including, but not limited to, acts of God, fire, storm, flood, explosion, strikes, lockouts or other industrial disturbances, acts of public enemy, war, riots, laws, rules and regulations or orders of any duly constituted governmental authority, or non-availability of materials or transportation (each an "Intervening Event").

15.2 All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.

15.3 A party relying on the provisions of Section 15.1 hereof, insofar as possible, shall promptly give written notice to the other party of the particulars of the Intervening Event, shall give written notice to all other parties as soon as the Intervening Event ceases to exist, shall take all reasonable steps to eliminate any Intervening Event and will perform its obligations under this Agreement as far as practicable, but nothing herein will require such party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders completion impossible.

16. DEFAULT

16.1 If a party (the "Defaulting Party") is in default of any requirement herein set forth, the party affected by such default (the "Non-Defaulting Party") shall give written notice to all other parties within thirty (30) days of becoming aware of such default, specifying the default, and the Defaulting Party shall not lose any rights under this Agreement, nor shall the Agreement or the Option terminate, nor shall the Non-Defaulting Party have any rights, remedies or cause of action pursuant to this Agreement, or otherwise hereunder as a result of such default, unless within thirty (30) days after the giving of notice of default by the Non-Defaulting Party, the Defaulting Party has failed to cure the default by the appropriate performance, and if the Defaulting Party fails within such period to cure such default, the Non-Defaulting Party shall only then be entitled to seek any remedy it may have on account of such default.

17. SEVERABILITY

17.1 If any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

18. AMENDMENT

18.1 This Agreement may not be changed orally but only by an agreement in writing, signed by the party against which enforcement, waiver, change, modification or discharge is sought.

19. ENTIRE AGREEMENT

19.1 This Agreement constitutes and contains the entire agreement and understanding between the parties and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties or any of them with respect to the subject matter hereof.

20. OPTION ONLY

20.1 This Agreement provides for an option only, and nothing herein contained shall be construed as obligating the Optionee to do any acts or make any payments hereunder and any act or acts or payment or payments as shall be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further payment.

21. GOVERNING LAW AND ARBITRATION

21.1 This Agreement shall be governed by and interpreted in accordance with the laws of the Yukon Territory.

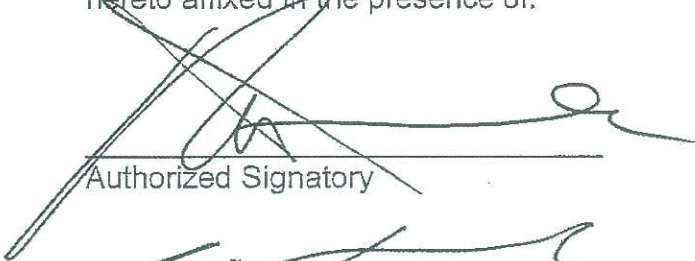
21.2 All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration of a single independent arbitrator appointed by the British Columbia International Commercial Arbitration Centre in Vancouver, B.C., and the matter will be administered in accordance with the rules of that Institute and provisions of the *Commercial Arbitration Act* of British Columbia, the unsuccessful party bearing the costs of the arbitration.

22. TENDER OF PAYMENT

22.1 In this Agreement, any payment required herein may be mailed or delivered to the Optionor at its address for notice purposes as provided herein, or deposited for the account of an Optionor at such bank or other financial institution in Canada as the Optionor may designate from time to time by notice to the Optionee. The designated bank or other financial institution will be deemed the agent of the designating party for the purposes of receiving, collecting, and receipting such payment, and the Optionor will bear all risks, costs and expenses associated with such deposit, including any wire transfer fees.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day, month and year first above written.

THE COMMON SEAL of **EAGLE PLAINS RESOURCES LTD.**, was hereto affixed in the presence of:



Authorized Signatory



Authorized Signatory

c/s

THE COMMON SEAL of **BLIND CREEK RESOURCES LTD.** was hereto affixed in the presence of:



Authorized Signatory



Authorized Signatory

c/s

THIS IS SCHEDULE "A" TO THE OPTION AGREEMENT DATED JULY 19, 2005
BETWEEN EAGLE PLAINS RESOURCES LTD. AND
BLIND CREEK RESOURCES LTD.

Description of Property

Claim Names	Grant Numbers	Reg. Type	Expiry Dates
Mix 1 – 16	YB93043 – YB 93058	Quartz	March 28, 2008
Trix 1	YB52722	Quartz	April 21, 2007
Trix 2 – 21	YB48769 – YB48750	Quartz	April 21, 2007
Trix 22 – 33	YB41193 – YB41182	Quartz	April 21, 2007
Trix 34 – 43	YB53906 – YB53897	Quartz	April 21, 2007
Trix 44 – 46	YB52725 – YB52723	Quartz	April 21, 2007
Trix 47 and Trix 48	YB54258 and YB54257	Quartz	August 10, 2005
Trix 49 – 56	YB53914 – YB53907	Quartz	August 10, 2005

All of which mineral claims are located in the Mayo Mining District, Yukon Territory.

THIS IS SCHEDULE "B" TO THE OPTION AGREEMENT DATED JULY 19, 2005
BETWEEN EAGLE PLAINS RESOURCES LTD. AND
BLIND CREEK RESOURCES LTD.

Escrow Instructions

July 19, 2005

SBH Fiduciary Services Ltd.
1750 - 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Dear Sirs:

The undersigned, Blind Creek Resources Ltd. ("BCR"), as Optionee and Eagle Plains Resources Ltd. ("EPR"), as Optionor, have entered into an option agreement of even date (the "Agreement"), pursuant to which EPR has granted an Option to BCR to acquire an undivided 60% interest in and to those certain mining claims comprising the Property. All defined words and expressions used herein and not otherwise expressly defined herein, shall have the same meanings as set out in the Agreement.

Pursuant to the provisions of paragraph 6.2 of the Agreement, EPR agreed to execute and deliver to you a transfer or transfers of mining claims, or such other instrument as may be required (the "Transfer Documents"), in registrable form, for a 60% interest in the Property. The undersigned agreed that your company would hold the Transfer Documents, in escrow, and in accordance with the instructions contained herein.

You are hereby instructed to hold the Transfer Documents, in escrow, and to only deal with the same as follows:

1. In the event that BCR should deliver notice to you that it has, pursuant to the Agreement, carried out its obligations referred to in paragraph 3.2 of the Agreement, you are to release the Transfer Documents to BCR or such of its agents as it may direct to effect the transfer of the undivided 60% interest in and to the Property to BCR, fifteen (15) days after a copy of such notice has been delivered by you to EPR.
2. In the event that EPR should deliver notice to you that BCR has defaulted and the Option has terminated under the provisions of Section 7.1 of the Agreement, or BCR has elected to terminate the Option in accordance with the provisions of Section 7.2 of the Agreement, you are to deliver to EPR the Transfer Documents, fifteen (15) days after a copy of such notice has been delivered by you to BCR.
3. Without in any way limiting the generality of the foregoing, in the event of a dispute between the undersigned with respect to the Transfer Documents and notwithstanding such dispute, you shall be entitled to proceed with the above instructions unless you are otherwise first served with an Order of a Court of competent authority of the Province of British Columbia directing you otherwise. In such event, such of the undersigned as institute such action agrees to indemnify you with respect to all costs occasioned by you as a result of such action.
4. You shall have no duties or obligations other than those specifically set forth herein.

5. You shall not be obliged to take any legal action hereunder which might, in your judgment, involve any expense or liability unless you shall have been furnished with reasonable indemnity.
6. You are not bound in any way by any other contract or agreement between the parties hereto whether or not you have knowledge thereof or of its terms and conditions and your only duty, liability and responsibility shall be to hold and deal with the Transfer Documents as herein directed.
7. You shall be entitled to assume that any notice received by you pursuant to these instructions from either of the undersigned is true and correct, and has been duly executed by the party by whom it purports to have been signed and you shall not be obliged to enquire into the truth of the matters stated therein, or the sufficiency or authority of any signatures appearing on such notice.
8. The undersigned covenant and agree to indemnify you and to hold you harmless against loss, liability or expense incurred without negligence or bad faith on your part arising out of or in connection with the administration of your duties hereunder, including the costs and expenses of defending yourself against any claim or liability arising therefrom.
9. In the event of any disagreement between any of the parties to these instructions or between them or either or any of them and any other person, resulting in adverse claims or demands being made in connection with the Transfer Documents, or in the event that you, in good faith, are in doubt as to what action you should take hereunder, you may, at your option, refuse to comply with any claims or demands on you, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, you shall not be or become liable in any way or to any person for your failure or refusal to act, and you shall be entitled to continue so to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and you shall have been notified thereof in writing signed by all such persons. Your rights under this paragraph are cumulative of all other rights which you may have by law or otherwise.
10. For the purposes of these instructions, the address of BCR and EPR are as follows:

To BCR: Suite 1500, 675 West Hastings St., Vancouver, BC, V6B 1N2;

To EPR: 2720 - 17th Street S., Cranbrook, BC, V1C 6Y6.
11. The terms of these instructions are irrevocable by the undersigned unless such revocation is consented to in writing by all of the undersigned.
12. The terms herein shall be binding upon you and your successors and upon the undersigned and the respective successors to the undersigned.

Please acknowledge receipt of this letter and confirm the arrangement herein provided by signing and returning the enclosed copy hereof to the undersigned.

Yours very truly,

BLIND CREEK RESOURCES LTD.

Per: _____

EAGLE PLAINS RESOURCES LTD.

Per: _____

We agree to hold and deal with the Transfer Documents in accordance with the above instructions.

DATED at the City of Vancouver, in the Province of British Columbia, this ____ day of _____, 2005.

SBH FIDUCIARY SERVICES LTD.

Per: _____

THIS IS SCHEDULE "C" TO THE OPTION AGREEMENT DATED JULY 19, 2005
BETWEEN EAGLE PLAINS RESOURCES LTD. AND
BLIND CREEK RESOURCES LTD.

Joint Venture Agreement

JOINT VENTURE AGREEMENT
BETWEEN
EAGLE PLAINS RESOURCES, LTD.
- and -
BLIND CREEK RESOURCES LTD.

Blende Property

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- Exhibit A - Property
- Exhibit B - Area of Interest
- Exhibit C - Accounting Procedure
- Exhibit D - Net Profits Royalty

This Joint Venture Agreement is made and entered into by and between EAGLE PLAINS RESOURCES, LTD., a corporation incorporated under the laws of Alberta (hereinafter called "Eagle Plains"), and BLIND CREEK RESOURCES LTD, a corporation incorporated under the laws of British Columbia (hereinafter called "Blind Creek").

RECITALS

- A. Eagle Plains and Blind Creek own certain Property known as the Blende Property situated in the Mayo Mining District, Yukon Territory which are described in Exhibit A and are defined in Section 1.35 below.
- B. Eagle Plains and Blind Creek wish to participate in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Property.

NOW THEREFORE, in consideration of the covenants and terms contained herein, Eagle Plains and Blind Creek agree as follows:

1. DEFINITIONS

Cross-references in this Agreement to Sections, Subsections and Exhibits refer to Sections, Subsections and Exhibits of this Agreement, unless specified otherwise.

- 1.1. "Accounting Procedure" means the procedure set forth in Exhibit C.
- 1.2. "Affiliate" of a Participant means an entity or person that Controls, is Controlled by, or is under common Control with the Participant through direct or indirect ownership of greater than fifty percent (50%) of equity or voting interest.
- 1.3. "Agreement" means this Joint Venture Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.
- 1.4. "Area of Interest" means the area described in Exhibit B.
- 1.5. "Assets" means the Property, Facilities, Products, and all other real and personal property, tangible and intangible, held for the benefit of the Participants hereunder.
- 1.6. "Budget" means a detailed estimate of all costs to be incurred by the Participants with respect to a Program and a schedule of cash advances to be made.
- 1.7. "Commercial Production" means the operation of the Property or any portion thereof as a producing mine and the production of Products therefrom at an average rate of not less than seventy percent (70%) of the initial rated capacity of the Facilities, or the shipping of Products from the Property for the purpose of earning a profit, all as set out in the Feasibility Report, and for greater capacity does not include milling for the purpose of testing, milling by a pilot plant or milling during an initial tune-up period of the plant.

- 1.8. "Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Property have ceased or are suspended, including, but not limited to, Environmental Compliance.
- 1.9. "Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through (i) the legal or beneficial ownership of voting securities or membership interests; (ii) the right to appoint managers, directors or corporate management; (iii) contract; (iv) operating agreement; (v) voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.
- 1.10. "Development" means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products.
- 1.11. "Effective Date" shall have the meaning specified in Section 3.5 of this Agreement.
- 1.12. "Encumbrance" or "Encumbrances" means mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature.
- 1.13. "Environmental Compliance" means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Property or other compliance with Environmental Laws.
- 1.14. "Environmental Compliance Fund" shall have the meaning specified in Section 2.7 of Exhibit C.
- 1.15. "Environmental Laws" means Laws aimed at reclamation or restoration of the Property; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.
- 1.16. "Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any

nature whatsoever that are asserted against either Participant, by any person or entity other than the other Participant, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Property and/or emanating or migrating and/or threatening to emanate or migrate from the Property to off-site Property; (ii) physical disturbance of the environment caused by Operations; or (iii) the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

- 1.17. "Existing Data" means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other material or information relating to the Property.
- 1.18. "Exploration" means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products.
- 1.19. "Facilities" shall have the meaning specified in Exhibit D.
- 1.20. "Feasibility Report" means that document or those documents consisting of reports, estimates, studies and financial analyses which together examine the feasibility of bringing into Commercial Production a deposit of minerals and the feasibility shall include at least the following information: (i) a description of that part of the Property to be utilized by the proposed mine; (ii) the estimate of recoverable reserves and the estimated composition and metal content thereof; (iii) the proposed procedure for development, mining and production; (iv) results of any metallurgical tests; (v) the nature and extent of the facilities proposed to be acquired which may include mill or plant facilities, if the size, extent and location of the ore body makes such mill or plant facilities feasible, in which event the report shall also include a flow sheet; (vi) the estimated capital and operating costs which are reasonably required to purchase, construct and install and operate all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements; (vii) an economic evaluation of the project, including sensitivity analysis; (viii) the present and anticipated environmental conditions and estimated environmental protection/remediation costs; (ix) the anticipated completion date; (x) such other data and information as the Manager considers reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify development of a mine, taking into account all relevant business, tax and other economic considerations; and (xi) the estimated working capital requirements for the initial four months of operation following the completion date or such longer period as the Manager considers reasonably justified in the circumstances.
- 1.21. "FR Program and Budget" shall have the meaning specified in Section 9.11

- 1.22. "Government Fees" means all rentals, holding fees, location fees, maintenance payments or other payments required by any law, rule or regulation to be paid to a federal, provincial or territorial government, in order to locate or maintain any mining leases or surface leases, claims or other tenures included in the Property.
- 1.23. "Initial Contribution" means that contribution each Participant agrees to make, or is deemed to have made, pursuant to Section 5.1.
- 1.24. "Joint Account" means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.
- 1.25. "Law" or "Laws" means all federal, provincial, territorial and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Property, Area of Interest, or Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the parties during periods when the laws are not applicable by their terms or the timing of their enactment.
- 1.26. "Management Committee" means the committee established under Section 7.
- 1.27. "Manager" means the person or entity appointed under Section 8 to manage Operations, or any successor Manager.
- 1.28. "Mining" means the mining, extracting, producing, handling, milling, or other processing of Products.
- 1.29. "Net Profits Royalty" shall have the meaning specified in Exhibit D.
- 1.30. "Operations" means the activities carried out under this Agreement.
- 1.31. "Participant" and "Participants" mean the persons or entities that from time to time have Participating Interests.
- 1.32. "Participating Interest" means the percentage interest representing the ownership interest of a Participant in the Assets, and in all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder. Participating Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of 0.005 or more shall be rounded up to 0.01; decimals of less than 0.005 shall be rounded down. The initial Participating Interests of the Participants are set forth in Section 6.1.1.

- 1.33. "Products" means all metals, ores, concentrates, minerals, and mineral resources, including materials derived from the foregoing, produced from the Property under this Agreement.
- 1.34. "Program" means a description in reasonable detail of Operations to be conducted by the Manager, as described in Section 9.
- 1.35. "Property" means the mineral claims and related mineral interests that comprise the Blende Property described on Exhibit A attached hereto, and any additional mineral interests that may be acquired in accordance with Section 8.2.1 or within the Area of Interest.
- 1.36. "Underlying Agreement" means letter from Eagle Plains to Bernie Kreft in respect of the Blende Property dated July 15, 2005.
- 1.37. "Underlying Royalty" means the royalty interest referred to in the Underlying Agreement.
- 1.38. "Venture" means the contractual relationship of the parties under this Agreement.

2. REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

2.1. Capacity of Participants

Each Participant represents and warrants to the other Participant as follows:

- 2.1.1. it is, or will be on the Effective Date, a corporation duly incorporated, qualified to transact business, and in good standing under the laws of its jurisdiction and in the Yukon Territory;
- 2.1.2. it has the capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors and other actions required to authorize it to enter into and perform this Agreement have been properly taken; and
- 2.1.3. it will not breach any other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms.

2.2. Disclosures

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

2.3. Record Title

Title to real and personal property included in the Assets shall be held in the name of the Manager. The Manager shall hold same in trust for the Participants in accordance with their respective interests from time to time.

2.4. Loss of Title

Any failure or loss of title to the Assets, and all costs of defending title thereto, shall be charged to the Venture.

2.5. Indemnities

- 2.5.1. Each Participant shall indemnify the other Participant, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Participant") against any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Participant ("Indemnifying Participant") of any representation, warranty or covenant contained in this Agreement including, subject to Section 8.3, a breach of a participant's duties as Manager pursuant to Section 8.2.
- 2.5.2. In addition to the indemnity provided in Subsection 2.5.1, the Manager shall indemnify the Indemnified Participant against any third party related loss, cost, expense, damage or liability (including Environment Liabilities) (collectively "Loss") incurred or suffered directly by a Participant arising howsoever out of the Manager's actions or omissions on the Property except to the extent caused by or attributable to the Manager's wilful misconduct or gross negligence. For further certainty, a Participant is not entitled to any indemnification pursuant to this section 2.5.2 in respect of any Loss incurred or suffered by the Venture.
- 2.5.3. If any claim or demand is asserted against an Indemnified Participant in respect of which such Indemnified Participant may be entitled to indemnification under this Agreement, written notice of such claim or demand shall promptly be given to the Indemnifying Participant. The Indemnifying Participant shall have the right, but not the obligation, by notifying the Indemnified Participant within thirty (30) days after its receipt of the notice of the claim or demand, to assume the entire control of (subject to the right of the Indemnified Participant to participate, at the Indemnified Participant's expense and with counsel of the Indemnified Participant's choice), the defence, compromise, or settlement of the matter, including, at the Indemnifying Participant's expense, employment of counsel of the Indemnified Participant's choice. Any damages to the Assets or business of the Indemnified Participant caused by a failure by the Indemnifying Participant to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Participant, after the Indemnifying Participant has given notice that it will assume control of the defence, compromise, or settlement of the

matter, shall be included in the damages for which the Indemnifying Participant shall be obligated to indemnify the Indemnified Participant. Any settlement or compromise of a matter by the Indemnifying Participant shall include a full release of claims against the Indemnified Participant which has arisen out of the indemnified claim or demand.

2.6. Underlying Agreement

All rights and benefits provided by or acquired pursuant to the Underlying Agreement by either Participant shall be included in "Assets" and shall be held by the Participant which is the Manager for the benefit of the Participants. The Participant which is the Manager shall have the authority to represent the other Participant in all dealings with the other party to the Underlying Agreement, with the intent that the interests of the Participants in those parts of the Property which are subject to the Underlying Agreement will be and can be represented as a single, combined interest, provided that such authority shall be exercised in the manner to be directed by the Management Committee. Any decision to purchase the Underlying Royalty or to reduce the rate thereof shall be based on a proposal to the Management Committee which shall be treated as a Program and Budget and the amounts to be paid to implement that decision will be charged to the Joint Account.

3. NAME, PURPOSES AND TERM

3.1. General

Eagle Plains and Blind Creek hereby enter into this Agreement for the purposes hereinafter stated. All of the Participants' rights and obligations in connection with the Assets, the Area of Interest and all Operations shall be subject to and governed by this Agreement.

3.2. Name

The Manager shall conduct the business of this Venture in the name of the Venture, doing business as the "Blende Venture". If applicable, the Manager shall use all reasonable commercial actions to accomplish any registration required by applicable, assumed or fictitious name statutes and similar statutes.

3.3. Purposes

This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Participants, or either of them, accomplish such purposes:

- 3.3.1. to conduct Exploration within the Property;
- 3.3.2. to acquire additional real property and other interests within the Area of Interest;

- 3.3.3. to evaluate the possible Development and Mining of the Property, and if justified, to engage in Development and Mining;
- 3.3.4. to engage in Operations within the Property;
- 3.3.5. to engage in disposition of Products, only to the limited extent permitted in Section 10;
- 3.3.6. to complete and satisfy all Environmental Compliance obligations and other Continuing Obligations relating to the Property; and
- 3.3.7. to perform any other operation or activity necessary, appropriate, or incidental to any of the foregoing.

3.4. Limitation

Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in Section 3.3, and nothing in this Agreement shall be construed to enlarge such purposes.

3.5. Term

The effective date of this Agreement (the "Effective Date") shall be the date on which Blind Creek earns its interest in the Property in accordance with the Blende Property Option Agreement between Eagle Plains and Blind Creek dated July 19, 2005. Unless the Venture is earlier terminated or terminates as provided in this Agreement, the term of this Agreement is for so long as any of the Property are jointly owned by the Participants hereto and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and any required Environmental Compliance has been completed and accepted by the appropriate governmental agencies.

4. RELATIONSHIP OF THE PARTICIPANTS

4.1. No Partnership

Nothing contained in this Agreement shall be deemed to constitute either Participant the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Participants do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax, or other partnership.

Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant, except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein. It is the

Participants' intent that their ownership of Assets and the rights acquired hereunder shall be as tenants in common.

4.2. Other Business Opportunities

Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Participant, and neither Participant shall have any obligation to the other with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of this Agreement, except as provided in Section 11.6. Unless otherwise agreed in writing, no Participant shall have any obligation to mill, beneficiate, or otherwise treat any Participant's share of Products in any facility owned or controlled by such Participant.

4.3. Termination or Transfer of Rights to Property

Except as otherwise provided in this Agreement, neither Participant shall permit or cause all or any part of its interest in the Assets or this Agreement to be sold, exchanged, encumbered, surrendered, abandoned, partitioned, divided, or otherwise terminated, by judicial means or otherwise. The Participants hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by any law.

4.4. No Royalty or Other Interests

No Participant shall be entitled or permitted to create any royalty or similar carried interest in all or any part of the Assets.

4.5. No Third Party Beneficiary Rights

This Agreement shall be construed to benefit the Participants and their respective successors and assigns only, and shall not be construed to create third party beneficiary rights in any other party, governmental agency or organization.

5. CONTRIBUTIONS BY PARTICIPANTS

5.1. Initial Contribution

Each Participant, as its Initial Contribution, hereby contributes to the Venture all its undivided right, title and interest in and to the Property, together with all of its respective right, title and interest in and to any licenses and permits relating to the Property, together with all maps, data, reports, studies, and documents relating thereto, free and clear of any Encumbrances.

5.2. Value of Initial Contributions

The agreed value of the Participants' respective Initial Contributions shall be as follows:

Eagle Plains	\$4,166,666
Blind Creek	\$6,250,000

5.3. Cash Contributions

The Participants shall contribute funds for adopted Programs and Budgets in proportion to their respective Participating Interests, subject to elections permitted by Section 9.4.

6. PARTICIPATING INTERESTS

6.1. Participating Interests

6.1.1. Initial Participating Interest. Subject to Subsection 6.1.2 below, the Participants shall have the following initial Participating Interests in the Venture:

Eagle Plains	40%
Blind Creek	60%

6.1.2. Changes in Participating Interests. A Participant's Participating Interest shall only be changed as follows:

- 6.1.2.1. upon an election or deemed election by a Participant pursuant to Section 9.4, not to contribute or to contribute less to an adopted Program and Budget than the percentage reflected by its Participating Interest;
- 6.1.2.2. as provided in Section 6.4;
- 6.1.2.3. in the event of default by a Participant in making its agreed upon contribution to an adopted Program and Budget, followed by an election by the other Participant to invoke Subsection 6.3.2;
- 6.1.2.4. pursuant to a transfer by a Participant of all or a portion of its Participating Interest in accordance with Section 13; or
- 6.1.2.5. upon acquisition by either Participant of part or all of the Participating Interest of the other Participant, however arising.

6.2. Voluntary Reduction in Participation - Dilution

A Participant may elect, as provided in Section 9.4, to limit its contributions to an adopted Program and Budget (without regard to its vote on adoption of the Program and Budget) as follows:

- 6.2.1. to some lesser amount than its respective Participating Interest; or
- 6.2.2. to not contribute at all.

In such event, the non-diluting Participant shall then have the option to either fully fund the remaining portion of the adopted Program and Budget; or, within fifteen (15) days following the election of the diluting Participant under Subsection 9.4.2, to propose a reduced alternative Program and Budget to which the Participants shall, within seven (7) days, make a re-election under Subsection 9.4.1 or 9.4.2. If the non-diluting Participant elects to continue with the initially adopted Program and Budget, the Participating Interest of the Participant electing either Subsection 6.2.1 or Subsection 6.2.2 above shall be recalculated at the time of election by dividing: (i) the sum of (a) the value of that Participant's Initial Contribution as defined in Section 5.2, (b) the total of all that Participant's contributions to previous Programs and Budgets, and (c) the amount the Participant elects to contribute to the approved Program and Budget, by (ii) the sum of (a), (b) and (c) above for all Participants; and multiplying the result by 100. That is:

$$\frac{(a)+(b)+(c) \text{ diluting Participant} \times 100}{(a)+(b)+(c) \text{ all Participants}} = \text{Recalculated Participating Interest}$$

The Participating Interest of the other Participant shall thereupon become the difference between 100% and the recalculated Participating Interest.

As soon as practicable after the necessary information is available at the end of each period covered by an adopted Program and Budget, a recalculation of each Participant's Participating Interest shall be made in accordance with the preceding formula to adjust, as necessary, the recalculations made at the beginning of such period to reflect actual contributions made by the Participants during the period. Except as otherwise provided in this Agreement, a diluting Participant shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its Recalculated Participating Interest.

6.3. Default in Making Contributions

- 6.3.1. If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget, the non-defaulting Participant may, but is not obligated to, advance the defaulted contribution on behalf of the defaulting Participant and treat the same, together with any accrued interest, as a demand loan bearing interest from the date of the advance at the rate provided in Section 9.9. The failure to repay said loan upon demand shall be a default.

- 6.3.2. The Participants acknowledge that if a Participant defaults in making a contribution to an approved Program and Budget or a cash call under Section 9.8, or in repaying a loan under Subsection 6.3.1, as required hereunder, it will be difficult to measure the damages resulting from such default. The Participants acknowledge that the damage to the non-defaulting Participant could be significant. In the event of such default, and provided that the non-defaulting Participant has contributed, but was not obligated to do so, at least 80% of the defaulting Participant's share of the costs of the Program and Budget, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured within thirty (30) days after notice to the defaulting Participant of such default, declare that the respective Participating Interests of the Participants will be adjusted, in which event the Participating Interest of the defaulting Participant will be recalculated first by reducing it by the amount that it would have been reduced pursuant to Section 6.2 if such Participant had elected not to contribute the amount by which it is in default and second by reducing such Participating Interest by the same amount again. The Participating Interest of the non-defaulting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest of the defaulting Participant.
- 6.3.3. If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget three times prior to completion of a Feasibility Report, its Participating Interest shall be forfeited to the non-defaulting Participant and the defaulting Participant's Participating Interest shall be automatically converted to a Five percent (5%) Net Profits Royalty and the defaulting Participant shall have no further rights to participate in subsequent Programs, provided that the non-defaulting Participant has contributed, but was not obligated to do so, at least 80% of the defaulting Participant's share of the costs of those Programs and Budgets.
- 6.3.4. If a Participant elects to an approved FR Program and Budget which recommends Commercial Production and then defaults in making a contribution or cash call under an approved FR Program and Budget, its Participating Interest shall be forfeited to the non-defaulting Participant and the defaulting Participant's Participating Interest shall be automatically reverted to a Five percent (5%) Net Profits Royalty and the defaulting Participant shall have no further rights to participate in a subsequent Program, provided that the non-defaulting Participant has contributed, but was not obligated to do so, at least 80% of the defaulting Participant's share of the costs of that FR Program and Budget.

6.4. Elimination of Minority Interest

Upon the reduction of its Participating Interest to ten percent (10%) or less, a Participant shall be deemed to have withdrawn from the Venture and shall relinquish its entire Participating Interest, free and clear of any Encumbrances arising by, through or under that Participant. Such relinquished Participating Interest shall be deemed to have accrued automatically to the other Participant, and the interest of the Participant whose Participating Interest dilutes to ten percent (10%) or below shall be converted to a Five percent (5%) Net Profits Royalty, as defined in Exhibit D to this Agreement, and subject to the provisions of Section 13.2.7 If a Participant forfeits its Participating Interest any decision to place the Property into production shall be at the sole discretion of the other and if the Property is in or is placed into production, such other party shall have the unfettered right to suspend, curtail or terminate any such Operation as it in its sole discretion may determine. Except for or as provided in Sections 11.7, 15.6, 13 and this Section 6.4, this Agreement shall thereupon terminate.

6.5. Documentation of Adjustments to Participating Interests

An adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Participant's Participating Interest shall be shown in the books of the Manager. However, either Participant, at any time upon the request of the other Participant, shall execute and acknowledge instruments necessary to evidence or effectuate such adjustment in a form sufficient for recording in the jurisdiction where the Property are located.

6.6. Grant of Lien or Security Interest

- 6.6.1. Each Participant grants to the other Participant a lien upon and a security interest in its Participating Interest, including all of its right, title and interest in the Assets and the Participant's share of Products, whenever acquired or arising, and the proceeds from and accessions to the foregoing.
- 6.6.2. The liens and security interests granted by Subsection 6.6.1 shall secure every obligation or liability of the Participant granting such lien or security interest created under this Agreement, including the obligation to repay a loan granted under Subsection 6.3.1. Each Participant hereby agrees to take all action necessary to perfect such lien and security interests and hereby appoints the other Participant, its attorney in-fact, to execute, file and record all financing statements and other documents necessary to perfect or maintain such lien and security interests.

6.7. Subordination of Interests

Each Participant shall, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate its Participating Interests, any liens it may hold which are created under this Agreement, other than those created pursuant to Section 6.7 hereof, and any other right or interest it holds with respect to the Assets (other than any statutory

lien of the Manager) to any secured borrowings for Operations approved by the Management Committee.

7. MANAGEMENT COMMITTEE

7.1. Organization and Composition

Upon execution of this Agreement, the Participants shall establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of two members appointed by Eagle Plains and two members appointed by Blind Creek. Each Participant may appoint alternates to act in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by prior written notice to the other Participant.

7.2. Decisions

Each Participant, acting through its appointed member, shall have votes on the Management Committee, in proportion to its Participating Interest. Unless otherwise provided in this Agreement, the vote of a Participant with a Participating Interest greater than fifty percent (50%) shall determine the decisions of the Management Committee. In the event of a tie vote, the Participant designated as Manager shall have the deciding vote of the Management Committee.

7.3. Meetings

The Management Committee shall hold regular meetings at least annually in Vancouver or at other mutually agreed places. The Manager shall give thirty (30) days notice to the Participants of such regular meetings (unless such notice is waived by the Participants). Additionally, any Participant may call a special meeting upon seven (7) days notice to the other Participant (unless such notice is waived by the Participants). In case of emergency, reasonable notice of a special meeting shall suffice. With respect to a regular or special meeting of the Management Committee, there shall be a quorum if at least one member representing each Participant is present; provided, however, that in the event that a quorum does not exist at any such meeting, any Participant may reschedule the meeting, at a time at least two (2) days following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Participant having greater than a twenty percent (20%) Participating Interest is present. Each notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Participant calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Participants. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within thirty (30) days after the meeting. The Participants shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Participant timely submits written comments on such minutes, the Management Committee shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Participants. At the end of such period, failing agreement by the Participants on revised minutes, the minutes of the meeting shall be the original

minutes as prepared by the Manager; together with the comments on the minutes made by the other Participant. These documents shall be placed in the minutes book maintained by the Manager. If personnel employed in Operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Venture cost. All other costs associated with Management Committee meetings shall be paid for by the Participants individually.

7.4. Action Without Meeting

In lieu of meetings, the Management Committee may hold telephone conferences, so long as minutes are prepared in accordance with Section 7.3. The Management Committee may also take actions in writing signed by all members.

7.5. Matters Requiring Approval

Except as otherwise delegated to the Manager in Section 8.2 the Management Committee shall have exclusive authority to determine all management matters related to this Agreement.

8. MANAGER

8.1. Appointment

The parties hereby appoint Blind Creek as the Manager with overall management responsibility for Operations and to remain as Manager until it resigns pursuant to Section 8.4, or until its Participating Interest falls below fifty percent (50%).

8.2. Powers and Duties of Manager

Subject to the terms and provisions of this Agreement, the Manager shall have the following powers and duties:

- 8.2.1. the Manager shall manage, direct, and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets;
- 8.2.2. the Manager shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;
- 8.2.3. the Manager shall use reasonable efforts to: (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep the Assets free and clear of all Encumbrances, except for those existing at the time of, or created concurrent

with, the acquisition of such Assets, or mechanic's or material men's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Management Committee;

- 8.2.4. the Manager shall conduct such title examinations and cure such title defects relating to the Property as may be advisable in the reasonable judgment of the Manager;
- 8.2.5. the Manager shall: (i) make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; (ii) pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Participant's sales revenue or net income. If authorized by the Management Committee, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and (iii) do all other acts reasonably necessary to maintain the Assets;
- 8.2.6. the Manager shall: (i) apply for all necessary permits, licenses and approvals; (ii) comply with the Laws; (iii) notify promptly the Management Committee of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, on both, and the cost thereof shall be charged to the Joint Account;
- 8.2.7. the Manager shall notify the other Participant promptly of any litigation, arbitration, or administrative proceeding commenced against the Venture. The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Participant shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The Management Committee shall approve in advance any settlement involving payments, commitments or obligations in excess of one-hundred thousand dollars (\$100,000) in cash or value;
- 8.2.8. with respect to the Goods and Services Tax (the "GST") under Part IX of the *Excise Tax Act* S.C. 1990, c.45 (the "Act"), the Manager shall account for all GST in respect of any supplies made to or by the Joint Venture. The Participants shall be registrants and will each execute and provide to the Manager a joint venture election (the "Election") pursuant to section 273 of the

Act, confirming that the Manager shall account for all GST in respect of any supplies made to or by the Joint Venture and the Manager shall file the Election with Revenue Canada, Customs and Excise along with the Manager's return as and when required under Part IX and section 273 of the Act. Accounting for GST shall include paying GST on all taxable purchases and claiming the corresponding input tax credits on behalf of the Joint Venture;

- 8.2.9. the Manager may dispose of Assets, whether by sale, assignment, abandonment or other transfer, in the ordinary course of business, except that Property may be abandoned or surrendered only as provided in Section 12. However, without prior authorization from the Management Committee, the Manager shall not: (i) dispose of Assets in any one transaction having a value in excess of \$100,000; (ii) enter into any sales contracts or commitments for Products, except as permitted in Section 10.2; (iii) begin a liquidation of the Venture; or (iv) dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Venture;
- 8.2.10. the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors;
- 8.2.11. the Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with generally accepted accounting procedures;
- 8.2.12. the Manager shall select and employ at competitive rates all supervision and labour necessary or appropriate to all Operations hereunder. All persons employed hereunder, the number thereof, their hours of labour and their compensation shall be determined by the Manager, and they shall be employees of the Manager;
- 8.2.13. the Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: (i) monthly progress reports within twenty (20) days after the end of each month, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; (ii) periodic summaries of data acquired; (iii) copies of reports concerning Operations; (iv) a detailed final report within sixty (60) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and (v) such other reports as the Management Committee may reasonably request. At all reasonable times, the Manager shall provide the Management Committee or the representative of any Participant, upon the request of any member of the Management Committee, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the non-managing Participant, at its sole risk and expense, and subject to

reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations;

- 8.2.14. the Manager shall provide insurance for the benefit of the Participants, in such amounts and of such nature as the Manager deems necessary to protect the Assets and Operations of the Venture;
- 8.2.15. the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all mining leases, surface leases, mineral claims and other tenures included within the Property. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other Property. The Manager shall not be liable on account of any determination by any court or governmental agency that the work performed by the Manager does not constitute the required annual assessment work or occupancy for the purposes of preserving or maintaining ownership of the claims, provided that the work done is pursuant to an adopted Program and Budget and is performed in accordance with the Manager's standard of care under Section 8.3. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements. The Manager shall not be liable on account of any determination by any court or governmental agency that any such document submitted by the Manager does not comply with applicable requirements, provided that such document is prepared and recorded or filed in accordance with the Manager's standard of care under Section 8.3;
- 8.2.16. if authorized by the Management Committee, the Manager may: (i) locate, amend or relocate any mining claim, (ii) locate any fractions resulting from such amendment or relocation, and (iii) apply for patents or mining leases or other forms of mineral tenure for any such claims;
- 8.2.17. the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance, such funding to be made by the Participants proportionately to their respective Participating Interest. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Property disturbed by Operations;

- 8.2.18. the funds that are to be deposited into the Environmental Compliance Fund shall be maintained by the Manager in a separate, interest bearing cash management account, which may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Property, and for other Environmental Compliance requirements;
- 8.2.19. the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Operations. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Participant reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Participant shall have the right from time to time to enter the Property to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;
- 8.2.20. the Manager shall maintain the Underlying Agreement in good standing and make all payments required thereunder, unless otherwise directed by the Management Committee;
- 8.2.21. if Participating Interests are adjusted in accordance with this Agreement the Manager shall propose from time to time one or more methods for fairly allocating costs for Continuing Obligations;
- 8.2.22. the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

8.3. Standard of Care

The Manager shall discharge its duties under Section 8.2 and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining and other applicable industry standards and practices, and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the non-managing Participant for any act or omission resulting in damage, loss cost, penalty or fine to the Venture except to the extent caused by or attributable to the Manager's wilful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the non-managing Participant to perform acts or to contribute amounts required of it by this Agreement.

8.4. Resignation; Deemed Offer to Resign

The Manager may resign upon thirty (30) day's prior notice to the Management Committee, in which case the other Participant may elect to become the new Manager by notice to the Management Committee within ninety (90) days after the notice of resignation. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Participant, if at all, within ninety (90) days following such deemed offer:

- 8.4.1. the Participating Interest of the Manager (inclusive of any entity claiming through the Manager as provided in Section 13.2.7) ceases to be the highest between the Participants, provided; however, that in the event the Manager transfers its Participating Interest to an Affiliate, such Affiliate shall automatically become the Manager; or
- 8.4.2. the Manager fails to perform a material obligation imposed upon it under this Agreement, and such failure continues for a period of sixty (60) days after notice from the other Participant demanding performance; or
- 8.4.3. the Manager fails to pay its bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or
- 8.4.4. the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment is neither made ineffective nor discharged within thirty (30) days after the making thereof; or such appointment is consented to, requested by, or acquiesced in by the Manager; or
- 8.4.5. the Manager commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or
- 8.4.6. entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager, or a substantial part of its Participating Interest or other assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under Subsections 8.4.4, 8.4.5 or 8.4.6 above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

8.5. Payments to Manager

The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure set forth in Exhibit C.

8.6. Transactions With Affiliates

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

8.7. Independent Contractor

The Manager is and shall act as an independent contractor and not as the agent of the other Participant. The Manager shall maintain complete control over its employees and all of its subcontractors with respect to performance of the Operations. Nothing contained in this Agreement or any subcontract awarded by the Manager shall create any contractual relationship between any subcontractor and the other Participant. The Manager shall have complete control over and supervision of Operations and shall direct and supervise the same so as to ensure their conformity with this Agreement.

9. PROGRAMS AND BUDGETS

9.1. Operations Pursuant to Programs and Budgets

Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to Programs and Budgets approved pursuant to Section 9.2. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all operations contemplated under the Program and Budget.

9.2. Presentation of Programs and Budgets

Proposed Programs and Budgets shall be prepared by the Manager and shall be for one calendar year (or in the event that the Manager determines that appropriate methods of Exploration or Development require a shorter period or a longer period to accomplish the proposed Program and Budget, the proposed Program and Budget may be prepared for such shorter or longer period). Each adopted Program and Budget, regardless of length, shall be reviewed at least once a year at the annual meeting of the Management Committee. A meeting of the Management Committee shall be convened to approve each Program and Budget and at least forty (40) days prior to such meeting of the Management Committee, a proposed Program and Budget shall be prepared by the Manager and submitted to the Participants. Within twenty (20) days of receipt of the proposed Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the other Participant, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to both Participants. The Manager shall submit any revised

proposed Program and Budget to the Participants at least five (5) days prior to the meeting of the Management Committee to consider the proposed Program and Budget.

9.3. Adoption of Proposed Programs and Budgets

At the meeting convened to consider the proposed Program and Budget, the Management Committee shall consider and vote on the proposed Program and Budget.

9.4. Election to Participate

By notice to the Management Committee within twenty (20) days after the final vote adopting a Program and Budget, a Participant may elect to contribute to such Program and Budget as follows:

- 9.4.1. in proportion to its respective Participating Interest as of the beginning of the period covered thereby; or
- 9.4.2. to some lesser amount than its respective Participating Interest, or not at all, in which cases its Participating Interest shall be recalculated as provided in Section 6.2, and such recalculated Participating Interest shall be effective the first day of the period covered by the adopted Program and Budget.

If a Participant fails to provide notice to the Management Committee under this Section 9.4, the Participant will be deemed to have elected to contribute to such Program and Budget in proportion to its Participating Interest at the beginning of the Program period.

9.5. Budget Overruns: Program Changes

The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds the total of an adopted Budget by more than ten percent (10%), then the excess over ten percent (10%), unless directly caused by an emergency or unexpected expenditure made pursuant to Section 9.6, or authorized or ratified by the Management Committee, shall be for the sole account of the Manager and such excess shall not be included in the calculations of the Participating Interests. Budget overruns of ten percent (10%) or less shall be borne by the Participants in proportion to their respective Participating Interests as of the time the overrun occurs.

9.6. Emergency Expenditures

In case of emergency, the Manager may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with law or government regulation. The Manager may also make reasonable expenditures on behalf of the Participants for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Participants of the expenditure, and the Manager shall be reimbursed therefor by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

9.7. Non-Manager's Program

This subsection shall apply only if a Participant who is not the Manager (in this section, "the non-Manager") holds at least twenty percent (20%) Participating Interest and less than \$4,166,666 in costs under this Agreement have been incurred on the Property.

If no Program is carried out on the Property in a calendar year and by March 1 in the following calendar year the Manager does not propose a Program with a budget of at least \$100,000 in a Budget, the non-Manager may, by March 31 in that year, submit a draft Program with a Budget of at least \$100,000. The non-Manager's submission of a Program shall be a commitment on its part to fund the entire Budget for that Program if the Manager elects not to contribute.

If, within thirty (30) days, the Manager elects to fund its share of the Budget of the Non-Manager's Program, the work plan, but not the Budget, for the Program may be modified as considered desirable and the Manager shall carry it out. If the Manager does not elect to fund its share of the Budget, the Non-Manager shall carry out the Program and the Manager's Interest will be diluted; provided that, if the Non Manager completes the Program with less than eighty percent (80%) of the Budget having been incurred, the Manager may contribute its share of the actual Budget incurred and thereby maintain its Interest.

9.8. Cash Calls

On the basis of adopted Programs and Budgets, the Manager shall submit to each Participant, prior to the last day of each month, a billing for estimated expenditures and Environmental Compliance Fund requirements for the next month. Within twenty (20) days after receipt of each billing, or a billing made pursuant to Sections 9.6 or 11.4, each Participant shall advance to the Manager its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall at all times maintain a cash balance approximately equal to the rate of disbursement for up to fifteen (15) days. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts for the benefit of the Joint Account.

9.9. Failure to Meet Cash Calls

Subject to Subsections 6.3.3 and 6.3.4, if a Participant that fails to meet cash calls in the amount and at the times specified in Section 9.8 it shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an annual rate equal to five (5) percentage points over the prime rate in effect from time to time for demand, commercial loans quoted by Royal Bank of Canada at its main branch in Vancouver, British Columbia to its most credit-worthy customers or the maximum interest rate permitted by law, if less than this. Such interest shall accrue to the benefit of and be payable to the non-defaulting Participant, but shall not be deemed as amounts contributed by the non-defaulting Participant in the event dilution occurs in accordance with Section 6. The non-defaulting Participant shall have those rights, remedies and elections specified in Section 6.3, as well as any other rights and remedies available to it by law.

9.10. Audits

Upon request of any Participant made within fifteen (15) months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within 24 months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Participant that requested the audit. A Participant's failure to make such exceptions or claims within the three (3) month period shall (i) mean that the audit is correct and binding upon the Participants and (ii) result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by a national firm of chartered accountants selected by the Manager, unless otherwise agreed by the Management Committee.

In addition each Participant shall have the right to conduct an independent audit of all books, records and accounts, at the expense of the requesting Participant, and which audit right will be limited to the period not more than twenty-four months prior to the date the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.

9.11. Feasibility Report and Production

Upon the completion of a Feasibility Report which recommends commencement of Commercial Production, the Manager shall present the Feasibility Report to the Participants. A meeting of the Management Committee shall be convened to approve the Program and Budget based on the Feasibility Report (the "FR Program and Budget") at least sixty (60) days prior to such meeting of the Management Committee, the proposed FR Program and Budget shall be prepared by the Manager and submitted to the Participants within thirty (30) days of receipt of the FR Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the FR Program and Budget. If such written comments are received, the Manager, working with the other Participant and the authors of the Feasibility Report, shall seek for a period of time not to exceed twenty (20) days to develop a revised FR Program and Budget acceptable to both Participants. The Manager shall submit any revised FR Program and Budget to the Participants at least ten (10) days prior to the meeting of the Management Committee to consider the proposed FR Program and Budget. The adoption of the FR Program and Budget shall require a vote of at least sixty percent (60%) approval.

9.12. Feasibility Report Alternate Program and Budget

If the Participants do not approve the FR Program and Budget as set out in Section 9.11, a Participant may propose further revisions or modifications to the FR Program and Budget (the "Alternate FR Program and Budget") and repeat the procedure set out in Section 9.11 and if no approval is then obtained, the Participant who proposed the Alternate FR Program and Budget may then proceed at its own cost and expense to place the Property into Commercial Production

based on the Alternate FR Program and Budget. If the Property are placed into Commercial Production based on the Alternate FR program and Budget, the Participant who pays all the costs and expenses of placing the Property into Commercial Production shall be entitled to two hundred percent (200%) of its costs and after recovery of such costs the Participating Interests of the Participants shall revert to the amounts held by each Participant prior to the commencement of the Alternate FR Program and Budget.

10. DISPOSITION OF PRODUCTION

10.1. Taking In Kind

Each Participant shall take in kind or separately dispose of its share of all Products in accordance with its Participating Interest. Any extra expenditure incurred in the taking in kind or separate disposition by any Participant of its proportionate share of Products shall be borne by such Participant. Nothing in this Agreement shall be construed as providing, directly or indirectly, for any joint or cooperative marketing or selling of Products or permitting the processing of Products of anyone other than the Participants at any processing facilities constructed by the Participants pursuant to this Agreement. The Manager shall give the Participants notice at least ten (10) days in advance of the delivery date upon which their respective shares of Products will be available.

10.2. Failure of Participant to Take in Kind

If a Participant fails to take its share of Products in kind, the Manager may, but is not obligated, to sell such share on behalf of that Participant at not less than the prevailing market price in the area for a period of time not to exceed one year from the date of notice under Section 10.1. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is selling a Participant's share of production, the Participant may elect by notice to the Manager to take in kind. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Participant reasonable expenses incurred in such a sale.

10.3. Hedging

Neither Participant shall have any obligation to account to the other Participant for, nor have any interest or right of participation in any profits or proceeds, nor have any obligation to share in any losses from, future contracts, forward sales, trading inputs, calls, options or any similar hedging, price protection or marketing mechanism employed by a Participant with respect to its proportionate share of any Products produced or to be produced from the Property.

11. TERMINATION

11.1. Termination by Agreement

The Participants may terminate the Venture at any time by written agreement.

11.2. Termination Where No Program Proposed

The Participants agree that, if neither Participant proposes a Program and Budget for a period of two consecutive years, then the Venture shall terminate.

11.3. Disposition of Assets on Termination

Promptly after termination under Sections 11.1 or 11.2, the Manager shall take all action necessary to wind up the activities of the Venture, and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture.

11.4. Right to Data After Termination

After termination of the Venture under Sections 11.1 or 11.2, each Participant shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it, but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or withdrawal.

11.5. Non-Compete Covenants

A Participant that is deemed to have withdrawn pursuant to Sections 6.3 or 6.4, shall not directly or indirectly acquire any interest in property within the Area of Interest for one (1) year after the effective date of withdrawal. If the withdrawing Participant, or the Affiliate of a withdrawing Participant, breaches this Section 11.5, such Participant or Affiliate shall be obligated to offer to convey to the non-withdrawing Participant, without cost, any such property or interest so acquired. Such offer shall be made in writing and can be accepted by the non-withdrawing Participant at any time within forty-five (45) days after it is received by such non-withdrawing Participant.

11.6. Continuing Authority

On termination of the Venture under Sections 11.1 or 11.2 the Participant which was the Manager prior to such termination or withdrawal (or the other Participant in the event of a withdrawal by the Manager) shall have the power and authority to do all things on behalf of both Participants which are reasonably necessary or convenient to:

11.6.1. wind-up Operations; and

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

respect to which the former Participants continue to have, or appear or are alleged to have, a common interest or a common liability.

11.7. Survival of Ingress and Egress After Termination

After termination of the Venture, the Participants shall continue to have rights of ingress and egress to the Property for purposes of ensuring Environmental Compliance.

12. ABANDONMENT AND SURRENDER OF PROPERTY

The Management Committee may authorize the Manager to surrender or abandon some or all of the Property. If the Management Committee authorizes any such surrender or abandonment over the objection of a Participant, the Participant that desires to abandon or surrender shall, if the objecting party elects, assign to the objecting Participant, by deed, assignment, or appropriate document, and without cost to the objecting Participant, all of the surrendering Participant's interest in the property to be abandoned or surrendered, and the abandoned or surrendered property shall cease to be part of the Property, provided, however, the objecting Participant shall assume all responsibility and liabilities, including but not limited to Environmental Liabilities, with regard to the surrendered or abandoned property.

13. TRANSFER OF INTEREST

13.1. General

A Participant shall have the right to transfer to any third party all or any part of its interest in or to this Agreement, its Participating Interest, or the Assets solely as provided in this Section 13. For the purposes of this Section 13 the word transfer shall mean to convey, sell, assign, grant an option, create an Encumbrance or in any manner transfer or alienate, but excluding and excepting alienation done for the purposes of obtaining financing pursuant to Section 13.5.

13.2. Limitations on Free Transferability

The transfer right of a Participant in Section 13.1 shall be subject to the following terms and conditions:

- 13.2.1. no Participant shall transfer any interest in this Agreement or the Assets (including but not limited to any royalty, profits or other interest in the Products) except by transfer of part or all of a Participating Interest;
- 13.2.2. no transferee of all or part of any Participating Interest shall have the rights of a Participant unless and until the transferring Participant has provided to the other Participant notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent and nature as the transferring Participant;

- 13.2.3. no transfer permitted by this Section 13 shall relieve the transferring Participant of its share of any liability, whether accruing before or after such transfer, which arises out of Operations conducted prior to such transfer;
- 13.2.4. neither Participant, without the consent of the other, shall make a transfer that would violate any Law, or result in the cancellation of any permits, licenses, or other similar authorizations;
- 13.2.5. the transferring Participant and the transferee shall bear all tax consequences of the transfer;
- 13.2.6. such transfer shall be subject to a pre-emptive right in the other Participant as provided in Section 13.3;
- 13.2.7. in the event that a Participant transfers (the "Transferor") less than all of its Participating Interest to one or more third parties (a "Transferee"), then the Transferor and the Transferee shall act and be treated as one Participant, and in such event in order for the transfer to be effective, the Transferor and the Transferee will provide written notice to the non-transferring Participant designating a sole authorized agent to act on behalf of their collective Participating Interests. Such notice will provide that: (i) the agent has the sole authority to act on behalf of, and to bind the Transferor and Transferee on all matters pertaining to this Agreement or the Venture; (ii) the notified Participant may rely on all decisions of, notices and other communications from, and failures to respond by, the agent, as if given (or not given) by the Transferor and the Transferee; (iii) all decisions of, notices and other communications from, and failures to respond by, the notified Participant to the agent will be deemed to have been given (or not given) to the Transferor and the Transferee; and (iv) the agent has sole authority to receive for and on behalf of the Transferor and the Transferee any Net Profits Royalty payable to the Transferor and the Transferee. In the event that either the transferred Participating Interest held by the Transferee or the remaining Participating Interest held by the Transferor is, or by subsequent dilution hereunder becomes, equal to 10% or less (the "Threshold Interest"), then notwithstanding the provisions of Section 6.4, any such Transferee holding a Threshold Interest will only be entitled to receive that portion of the Transferor's 5% Net Profits Royalty equal to the actual percentage of the total Participating Interest originally transferred to such Transferee, and any Transferor holding a Threshold Interest will only be entitled to receive that portion of its 5% Net Profits Royalty equal to the actual percentage of its total retained Participating Interest at the time of the transfer. For example, if one-half of the Transferor's Participating Interest is transferred to a Transferee, and either or both of their Participating Interests are reduced to a Threshold Interest, then the person or persons holding a Threshold Interest will be automatically converted to one-half of a 5% Net Profits Royalty. The intent of the parties being that neither

the Transferor nor subsequent Transferee will be entitled collectively as a group to any greater royalty than a 5% Net Profits Royalty in the aggregate.

13.3. Pre-emptive Right

Except as otherwise provided in Section 13.4, if a Participant desires to transfer all or any part of its Participating Interest or any Net Profits Royalty, or an Affiliate desires to transfer control of a Participant, the other Participant shall have a pre-emptive right as provided in this Section 13.3.

13.3.1. If either Participant intends to transfer all or any part of its Participating Interest or any Net Profits Royalty, or an Affiliate of either Participant intends to transfer Control of such Participant, the transferring Participant or Affiliate ("Transferring Entity") shall promptly notify the other Participant of its intentions. The notice shall state the price and all other pertinent terms and conditions of the intended transfer, and shall be accompanied by a copy of the offer or contract for sale. If the consideration for the intended transfer is, in whole or in part, other than monetary, the notice shall describe such consideration and its monetary fair market value. The other Participant shall have thirty (30) days from the date such notice is delivered to notify the Transferring Entity whether it elects to acquire the offered interest at the same price (or its monetary equivalent) and on the same terms and conditions as set forth in the notice. If it does so elect, the transfer shall be consummated promptly, but in no event more than thirty (30) days, after notice of such election is delivered to the Transferring Entity.

13.3.2. If the other Participant fails to so elect within the period provided for in Subsection 13.3.1, the Transferring Entity shall have ninety (90) days following the expiration of such period to consummate the transfer to a third party at a price and on terms no less favourable to the Transferring Entity than those set forth in the notice required in Section 13.3.1.

13.3.3. If the Transferring Entity fails to consummate the transfer to a third party within the period set forth in Subsection 13.3.2, the pre-emptive right of the other Participant in such offered interest shall be deemed to be revived. Any subsequent proposal to transfer such interest shall be conducted in accordance with all of the procedures set forth in this Section 13.3.

13.4. Exceptions to Pre-emptive Right

Section 13.3 shall not apply to:

13.4.1. the transfer by either Participant of all or any part of its Participating Interest to an Affiliate provided that such Affiliate remains an Affiliate of the Participant for a period of not less than three (3) years;

- 13.4.2. corporate consolidation or reorganization of either Participant by which the surviving entity shall possess substantially all of the stock or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of that Participant;
- 13.4.3. corporate merger or amalgamation involving either Participant by which the surviving entity or amalgamated company shall possess all of the stock or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of that Participant; provided, however, that the value of the merging or amalgamating Participant's interest in the Assets, evidenced by its Initial Contribution and all subsequent contributions under approved Programs and Budgets, does not exceed 30% of the Net Worth of the surviving entity or amalgamated company;
- 13.4.4. the transfer of Control of either Participant by an Affiliate to such Participant or to another Affiliate;
- 13.4.5. the creation by any Affiliate of either Participant of an Encumbrance affecting its Control of such Participant;
- 13.4.6. a sale or other commitment or disposition of Products or proceeds from sale of Products by either Participant upon distribution to it pursuant to Section 10 of the Agreement; or
- 13.4.7. a transfer by an Affiliate of a Participant (whether an original party to this Agreement or Participant by virtue of Section 13.2.2) of Control of such Participant to a third party, provided such Participant's interest in the Assets, as evidenced by its Initial Contribution and all subsequent contributions under approved Programs and Budgets, does not exceed 30% of the Net Worth of the transferring Affiliate, or does not exceed 30% of the Net Worth of Transferee.

For purposes hereof the term "Net Worth" shall mean the remainder after total liabilities are deducted from total assets. In the case of a corporation, Net Worth includes both capital stock and surplus. In the case of a limited liability company, Net Worth includes member contributions. In the case of a partnership or sole proprietorship, Net Worth includes the original investment plus accumulated and reinvested profits.

13.5. Encumbrances

Neither Eagle Plains nor Blind Creek shall pledge, mortgage, or otherwise create an Encumbrance on its interest in this Agreement or the Assets except for the purpose of securing project financing relating to the Property, including its share of funds for Development or Mining costs. The right of a Participant to grant such Encumbrance shall be subject to the condition that the holder of the Encumbrance ("Chargee") first enter into a written agreement with the other Participant, in a form acceptable to that Participant, acting reasonably, which provides:

- 13.5.1. the Chargee shall not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant's Participating Interest and that such Encumbrance shall be subject to the provisions of this Agreement;
- 13.5.2. the Chargee's remedies under the Encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant's Participating Interest to the other Participant, or, failing such a sale, at a public auction to be held at least 45 days after prior notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement. The price of any pre-emptive sale to the other Participant shall be the remaining principal amount of the loan plus accrued interest and related expenses, and such pre-emptive sale shall occur within sixty (60) days of the Chargee's notice to the other Participant of its intent to sell the encumbering Participant's Participating Interest. Failure of a sale to the other Participant to close by the end of such period, unless failure is caused by the encumbering Participant or by the Chargee, shall permit the Chargee to sell the encumbering Participant's Participating Interest at a public sale; and
- 13.5.3. the charge shall be subordinate to any then-existing debt, including project financing previously approved by the Management Committee, encumbering the transferring Participant's Participating Interest.

13.6. Financing

The Participants agree to cooperate fully with each other to assist in the obtaining of financing to carry out any FR Program and Budget that has been approved by the Management Committee.

14. ACQUISITION WITHIN AREA OF INTEREST

14.1. General

Any interest or right to acquire any interest in real property within the Area of Interest, including any water rights related thereto or a royalty interest, acquired while this Agreement is in effect by or on behalf of a Participant or any Affiliate shall be subject to the terms and provisions of this Agreement. This Section shall apply to any property previously abandoned under Section 12.

14.2. Notice to Non-Acquiring Participant

Within ten (10) days after the acquisition of any interest or the right to acquire any interest in real property or water rights wholly or partially within the Area of Interest (except real property acquired by the Manager pursuant to a Program), the acquiring Participant shall notify the other

Participant of such acquisition by it or its Affiliate. If the acquisition of any interest pertains to real property or water rights partially within the Area of Interest, then all property subject to the acquisition shall be subject to this Section 14. The acquiring Participant's notice shall describe in detail the acquisition, the lands and minerals covered thereby, the costs thereof and the reasons why the acquiring Participant believes that the acquisition is in the best interests of the Participants under this Agreement. In addition to such notice, the acquiring Participant shall make any and all information concerning the acquired interest available for inspection by the other Participant.

14.3. Option Exercise

If, within thirty (30) days after receiving the acquiring Participant's notice, the other Participant notifies the acquiring Participant of its election to accept a proportionate interest in the acquired interest equal to its Participating Interest, the acquiring Participant shall convey to the other Participant such a proportionate undivided interest therein, free and clear of all Encumbrances arising by, through or under the acquiring Participant or its Affiliate. The acquired interest shall become a part of the Property for all purposes of this Agreement immediately upon the notice of such other Participant's election to accept the proportionate interest therein. Such other Participant shall promptly pay to the acquiring Participant a proportionate share of the latter's actual out-of-pocket acquisition costs equal to such other Participant's Participating Interest.

14.4. Option Not Exercised

If the other Participant does not give notice within the thirty (30) day period set forth in Section 14.3, it shall have no interest in the acquired interest, and the acquired interest shall not be a part of the Property or be subject to this Agreement.

15. GENERAL PROVISIONS

15.1. Notices

All notices, payments and other required communications ("Notices") to the Participants shall be in writing, and shall be given (i) by personal delivery to the Participant, or (ii) by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or (iii) by registered or certified mail, return receipt requested.

All Notices shall be effective and shall be deemed delivered (i) if by personal delivery on the date of delivery, (ii) if by electronic communication on the date of receipt of the electronic communication, and (iii) if solely by mail on the day delivered as shown on the actual receipt. A Participant may change its address from time-to-time by Notice to the other Participant.

Notice to Eagle Plains shall be sent to:

Eagle Plains Resources, Ltd.
2720 - 17th Street S.
Cranbrook BC V1C 6Y6

Attention: President
Fax: (250) 426-6899

Notice to Blind Creek shall be sent to:

Blind Creek Resources Ltd.
15th Floor, 675 West Hastings Street
Vancouver, BC V6B 1N2

Attention: President
Fax: (604) 669-3041

15.2. Waiver

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

15.3. Modification

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

15.4. Force Majeure

The obligations of a Participant, other than the payment of money provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, without limitation, labour disputes (however arising and whether or not employee demands are reasonable or within the power of the Participant to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of war or conditions arising out of or attributable to war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or

transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing. The affected Participant shall promptly give notice to the other Participant of the suspension of performance, stating therein the nature of the suspension, the reasons therefor, and the expected duration thereof. The affected Participant shall resume performance as soon as reasonably possible. During the period of suspension, the obligations of the Participants to advance funds pursuant to Section 9.8 shall be reduced to levels consistent with Operations.

15.5. Survival of Terms and Conditions

The following Sections shall survive the transfer of any interests in the Assets under this Agreement or the termination of the Venture to the full extent necessary for their enforcement and the protection of the Participant in whose favour they run: 2.1, 2.2, 4.2, 6.3, 6.5, 9.9, 11.3, 11.4, 11.5, 11.6, 11.7, 15.8 and 15.9.

15.6. Confidentiality and Public Statements

Except as otherwise provided in this Section 15.6, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Participant in connection with this Venture shall be treated by the Participants as confidential (hereinafter called "Confidential Information") and no Participant shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the other Participant. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Participant, shall no longer be treated as Confidential Information.

The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Participants may engage and to employees and consultants of the Participants or to any third party to which a Participant contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Participating Interest pursuant to Section 13 or with which a Participant or its Affiliate contemplates a merger, amalgamation or other corporate reorganization; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or company to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the parties are obligated under this Section 15.6.

In the event that a Participant is required to disclose Confidential Information to any government, any court, or any agency or department thereof to the extent required by applicable law, rule or regulation, or in response to a legitimate request for such Confidential Information, the Participant so required shall immediately notify the other Participants hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to

such submission. The other Participant shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Participant shall, in its sole discretion, determine.

For greater certainty, in the event a party is required or wishes to issue a press release containing Confidential Information, it shall provide the other party with a draft of the intended release for review and comment within one Business Day; the other party shall have the rights to object and withhold its consent set forth above acting reasonably but if no comment is provided within such time, the party will be free to issue the press release.

The provisions of this Section 15.6 shall apply during the term of this Agreement and for a period of three years thereafter and shall continue to apply to any Participant which forfeits, surrenders, assigns, transfers or otherwise disposes of its Participating Interest for such three (3) year period.

For purposes of Section 12.2 of National Instrument 51-102 – Continuous Disclosure Obligations:

- (a) each of the Participants represents and warrants that this Agreement is entered into in the ordinary course of business; and
- (b) should a Participant subsequently determine that this Agreement is or has become a material contract, such Participant covenants:
 - (i) to file a redacted version of this Agreement in order not to prejudicially affect the interests of the Participants;
 - (ii) to consult with the other Participants on the preparation of such redacted Agreement; and
 - (iii) that any such disclosure shall be in accordance with this Section 15.6

15.7. Entire Agreement; Successors and Assigns

This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Participants relating to the subject matter hereof, with respect to the Assets subject hereto, and any and all other prior negotiations, representations, offers or understandings between Eagle Plains and Blind Creek relating to the Property, whether written or oral. This Agreement and the obligations and rights created herein shall be binding upon and enure to the benefit of the respective successors and permitted assigns of the Participants.

15.8. Dispute Resolution

15.8.1 If any question, difference or dispute shall arise between the parties or any of them in respect of any matter arising under this Agreement or in relation to the construction hereof the same shall be determined by the award of three arbitrators to be named as follows:

- (a) the party or parties sharing one side of the dispute shall name an arbitrator and give notice thereof to the party or parties sharing the other side of the dispute;
- (b) the party or parties sharing the other side of the dispute shall, within 14 days of receipt of the notice, name an arbitrator; and
- (c) the two arbitrators so named shall, within 15 days of the naming of the latter of them, select a third arbitrator.

15.8.2 The decision of the majority of these arbitrators shall be made within 30 days after the selection of the latter of them. The expense of the arbitration shall be borne equally by the parties to the dispute. If the parties on either side of the dispute fail to name their arbitrator within the time limited or proceed with the arbitration, the arbitrator named may decide the question. The arbitration shall be conducted in accordance with the provisions of the Commercial Arbitration Act of British Columbia as amended, and the decision of the arbitrator or a majority of the arbitrators, as the case may be, shall be conclusive and binding upon all the parties. The rules and procedures for the arbitration shall be procedures established by the B.C. International Commercial Arbitration Centre, and the appointing authority, if the two arbitrators appointed under paragraph 27.1(a) and (b) cannot agree on the third arbitrator, such arbitrator shall be the B.C. International Commercial Arbitration Centre. The place of arbitration shall be Vancouver, British Columbia, Canada.

15.9. Remedies

Each of the Participants agrees that its failure to comply with the covenants and restrictions set out in Section 13 would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure, the other Participant shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance save in accordance with or as required by the provisions of Section 13. Any Participant intending to breach the provisions of Section 13 hereby waives any defence it might have in law or in equity to such injunctive or other equitable relief. A Participant shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a Participant's failure or threat of a failure to comply with the covenants and restrictions set out in Section 13.

15.10. Further Assurances

Each Participant shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

15.11. Headings

The headings to the Sections of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.

15.12. Currency

All dollar amounts expressed herein refer to lawful currency of Canada.

15.13. Severability

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

15.14. Taxes

Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant. All costs of Operations incurred hereunder shall be for the account of the Participant or Participants making or incurring the same, if more than one then in proportion to their respective Participating Interests, and each Participant on whose behalf any costs have been so incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto.

15.15. Rule Against Perpetuities

If any provision of this Agreement should violate any rule against perpetuities or any related rule against interests that last too long or are not alienable, then any such provision shall terminate 20 years after the death of the last survivor of all the lineal descendants of His late Majesty King George V of England, living on the date of execution of this Agreement.

15.16. Partition

Each of the parties waives, during the term of this Agreement, any right to partition of the Assets or any part thereof and no party shall seek or be entitled to partition of the Property or other

Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

15.17. Governing Law

This Agreement shall be construed and governed by the laws of British Columbia and the laws of Canada applicable therein and the parties hereby attorn to the jurisdiction of the Courts of British Columbia in respect of all matters arising hereunder.

15.18. Counterparts

This Agreement and any other writing delivered pursuant hereto may be executed in any number of counterparts with the same effect as if all parties to this Agreement or such other writing had signed the same document and all counterparts will be construed together and will constitute one in the same instrument.

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

EAGLE PLAINS RESOURCES, LTD.

By: _____

Print Name: _____

Title: _____

BLIND CREEK RESOURCES LTD.

By: _____

Print Name: _____

Title: _____

EXHIBIT A

PROPERTY IN THE MAYO MINING DISTRICT

Claim Name	Tenure Number	Expiry Date
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EXHIBIT B

AREA OF INTEREST

Area of Interest means the Property and all lands within the area bounded by a line drawn parallel to and three (3) kilometres from the exterior boundaries of the Property as they were constituted on June 23, 2005.

EXHIBIT C

ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Participants under the Agreement are set forth below. Reference in this Accounting Procedure to Sections are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement. It is the intent of the Participants that none of them shall lose or profit by reason of their duties and responsibilities as the Manager. The Participants shall meet and in good faith endeavour to agree upon changes deemed necessary to correct any unfairness or inequity. In the event of a conflict between the provisions of this Accounting Procedure and those of the Agreement, the provisions of the Agreement shall control.

1. GENERAL PROVISIONS

1.1. General Accounting Records

The Manager shall maintain detailed and comprehensive accounting records in accordance with this Accounting Procedure, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.1 Bank Accounts

After the decision is made to begin Development, the Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all receipts.

2. CHARGES TO JOINT ACCOUNT

Subject to the limitations hereinafter set forth, the Manager shall charge the Joint Account with the following (collectively, the "Allowable Costs"):

2.1. Rentals, Royalties and Other Payments

Property maintenance costs and other payments, including Government Fees, and the Underlying Royalty and any other payments pursuant to the Underlying Agreement, necessary to maintain title to the Assets.

2.2. Labour and Employee Benefits

- 2.2.1. Salaries and wages of the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by the Manager.
- 2.2.2. The Manager's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Sections 2.2.1 and 2.13.
- 2.2.3. The Manager's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under Section 2.2.1 or 2.13, rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under Section 2.2.1 or 2.13, provided that the plans are limited to the extent feasible to those customary in the industry.
- 2.2.4. Cost of assessments imposed by governmental authority which are applicable to salaries and wages chargeable under Sections 2.2.1 and 2.13, including all penalties except those resulting from the wilful misconduct or gross negligence of the Manager.
- 2.2.5. Those costs in Sections 2.2.2, 2.2.3, 2.2.4 may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's cost experience and it shall be periodically adjusted to ensure that the total of such charges does not exceed the actual cost thereof to the Manager.

2.3. Assets

Cost of all Assets purchased or furnished.

2.4. Transportation

Reasonable costs incurred in connection with the transportation of employees, equipment, material and supplies necessary for exploration, maintenance and operation of Assets.

2.5. Services

2.5.1. The cost of contract services and utilities procured from outside sources, other than services described in Sections 2.10 and 2.14. If contract services are performed by an Affiliate of the Manager, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market.

2.5.2. The costs of using the Manager's exclusively-owned facilities in support of Venture activities provided that the charges may not exceed those currently prevailing in the vicinity. Such costs shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus three percent (3%) per annum.

2.6. Materials, Equipment and Supplies

The cost of materials, equipment and supplies (herein called "Material") purchased from unaffiliated third parties or furnished by either Participant as provided in Section 3. The Manager shall purchase or furnish only so much Material as may be required for use in efficient and economical Operations. The Manager shall also maintain inventory levels of Materials at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.7. Environmental Compliance Fund

Costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund (the "Environmental Compliance Fund"), which through successive proportionate contributions during the duration of the Agreement, will pay for ongoing Environmental Compliance conducted during Operations and which will cover the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and other continuing obligations.

2.8. Insurance Premiums

Premiums paid or accrued for insurance required for the protection of the Participants.

2.9. Damages and Losses

All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the wilful misconduct or gross negligence of the Manager.

2.10. Legal Expense

All legal costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets. Routine legal expenses are included under Section 2.14.

2.11. Audit

Cost of annual audits under Section 9.10 of the Venture Agreement.

2.12. Taxes

All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Participants. Each Participant is separately responsible for income taxes which are attributable to its respective Participating Interest.

2.13. District and Camp Expense (Field Supervision and Camp Expenses)

A pro rata portion of (i) the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and (ii) the costs of maintaining and operating an office (hereafter, "the Manager's Project Office") and any necessary suboffice and (iii) all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. Such charges shall be apportioned for all Property served by the employees and facilities on an equitable basis consistent with the Manager's general accounting practice and generally accepted accounting principles.

2.14. Administrative Charge

After the Participants have made their entire Initial Contributions pursuant to Sections 5.1 and 5.2 of the Agreement, the Manager shall charge the Joint Account each month a sum as provided below, which shall be a liquidated amount to reimburse the Manager for its home office overhead and general and administrative expenses for its conduct of Operations, which shall be in lieu of any management fee:

2.14.1. with respect to Operations before commencement of Development, the Manager's fee shall be ten percent (10%) of the Allowable Costs other than funds expended pursuant to any individual contract for materials or services which exceed in the aggregate \$35,000.00 in any Program year, for which the Manager's fee shall be two percent (2%);

2.14.2. with respect to operations after the commencement of Development but before commencement of Commercial Production, Manager's fee shall be five percent (5%) of Allowable Costs other than funds expended pursuant to any individual contract for materials or services which exceeds in the aggregate \$100,000 in any program year in which event the fee for such matters shall be two percent (2%); and

- 2.14.3. after the commencement of Commercial Production, the Manager's fee shall be two percent (2%) of Allowable Costs.

These fee rates are based upon the principle that the Manager shall not make a profit or loss from this administrative charge but should be fairly and adequately compensated for the pro rata share of its costs and expenses. The specific rates provided for in this Section 2.14 shall be established and may be amended from time to time by mutual agreement among the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

Allowable Costs as used in this Section 2.14 shall include all amounts accrued to the Environmental Compliance Fund, and all charges to the Joint Account except (i) the administrative charge defined herein; (ii) depreciation, depletion or amortization of tangible or intangible assets; (iii) amounts expended for acquisition, construction or installation of tangible or intangible assets after mining operations have commenced; (iv) Property payments, taxes and assessments; and (v) funds disbursed from the Environmental Compliance Fund.

The following representative list of items comprising the Manager's principal business office expenses are expressly covered by the administrative charge provided in this Section 2.14:

- (a) administrative supervision, which includes services rendered by officers and directors of the Manager for Operations, except to the extent that such services represent a direct charge to the Joint Account, as provided for in Section 2.2;
- (b) accounting, billing and record keeping in accordance with governmental regulations and the provisions of the Venture Agreement;
- (c) handling of all tax matters, including any protests, except any outside professional fees which the Management Committee may approve as a direct charge to the Joint Account;
- (d) routine legal services by the Manager's in-house legal staff, and
- (e) records and storage space, telephone service and office supplies.

2.15. Other Expenditures

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

3. BASIS OF CHARGES TO JOINT ACCOUNT

3.1. Purchases

Material purchased and services procured shall be charged at prices paid by the Manager after deduction of all discounts actually received.

3.2. Material Furnished by the Manager

At its discretion, the Manager may furnish Material from the Manager's stocks under the following conditions:

- 3.2.1. New Material (Condition "A"): New Material transferred from the Manager's Property shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where like Material is available, at current replacement cost of the same kind of Material (hereafter, "New Price").
- 3.2.2. Used Material (Conditions "B" and "C"):
 - 3.2.2.1. material in sound and serviceable condition and suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy-five percent (75%) of New Price.
 - 3.2.2.2. other used Material as defined hereafter shall be classified as Condition "C" and priced at fifty percent (50%) of New Price:
 - 3.2.2.2.1. used Material which after reconditioning will be further serviceable for original function as good second-hand Material (Condition "B");
 - 3.2.2.2.2. used Material which is serviceable for original function but not substantially suitable for reconditioning;
 - 3.2.2.2.3. Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use;
 - 3.2.2.2.4. Material no longer suitable for its original purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purpose.

3.3. Premium Prices

Whenever Material is not readily obtainable at prices specified in Sections 3.1 and 3.2, the Manager may charge the Joint Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such material; provided, however, that prior notice of the proposed charge is given to the Participants, whereupon any Participant shall have the right, by notifying the Manager within ten (10) days of the delivery of the notice from the Manager, to furnish at the usual receiving point all or part of its share of Material suitable for use and acceptable to the Manager. If a Participant so furnishes Material in kind, the Manager shall make appropriate credits to its account.

3.4. Warranty of Material Furnished by the Manager or Participants

Neither the Manager nor any Participant warrants the Material furnished beyond any dealer's or manufacturer's warranty.

4. DISPOSAL OF MATERIAL

4.1. Disposition Generally

The Manager shall have no obligation to purchase a Participant's interest in Material. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by transfer to the Participants as provided in Section 4.2 or by sale. The Manager shall credit the Participants in proportion to their Participating Interest for all Material sold hereunder.

4.2. Division in Kind

Division of Material in kind between the Participants shall be in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account.

4.3. Sales

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

5. INVENTORIES

5.1. Periodic Inventories. Notice and Representations

At reasonable intervals, inventories shall be taken by the Manager, which shall include all such Material as is ordinarily considered controllable by operators of mining Property. The expense of conducting such periodic inventories shall be charged to the Joint Account.

5.2. Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be determined by the Manager. Inventory adjustments shall be made by the Manager to the Joint Account for overages and shortages, but the Manager shall be held accountable to the Venture only for shortages due to lack of reasonable diligence.

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EXHIBIT D
NET PROFITS

Pursuant to the Agreement to which this Exhibit is attached, a party ("Payee") may be entitled to a royalty equal to five percent (5.0%) of Net Profits Royalty (the "Net Profits Royalty") payable by the other party ("Payor") as set forth below.

Net Profits Royalty

- A. "Net Profits Royalty" means the aggregate of:
1. all revenues from the sale or other disposition of ores, concentrates or minerals produced from the Property; and
 2. all revenues from the operation, sale or other disposition of any facilities the cost of which is included in the definition of "Operating Expenses", "Capital Expenses", or "Exploration Expenses"
- less (without duplication) Working Capital, Operating Expenses, Capital Expenses and Exploration Expenses.
- B. "Working Capital" means the amount reasonably necessary to provide for the operation of the mining operation on the Property and for the operation and maintenance of the Facilities for a period of six months.
- C. "Operating Expenses" means all costs, expenses, obligations, liabilities and charges of whatsoever nature or kind incurred or chargeable directly or indirectly in connection with Commercial Production from the Property and in connection with the maintenance and operation of the Facilities at any time, all in accordance with generally accepted accounting principles, consistently applied, including, without limiting the generality of the foregoing, all amounts payable in connection with mining, handling, processing, refining, transporting and marketing of ore, concentrates, metals, minerals and other products produced from the Property, all amounts payable for the operation and maintenance of the Facilities including the replacement of items which by their nature require periodic replacement, all taxes (other than income taxes), royalties and other imposts and all amounts payable or chargeable in respect of reasonable overhead and administrative services.
- D. "Capital Expenses" means all expenses, obligations and liabilities of whatsoever kind (being of a capital nature in accordance with generally accepted accounting principles) incurred or chargeable, directly or indirectly, with respect to the development, acquisition, redevelopment, modernization and expansion of the Property and the Facilities, including, without limiting the generality of the foregoing, interest thereon

from the time so incurred or chargeable at a rate per annum from time to time equal to prime rate established by the Royal Bank of Canada, Main Branch in Vancouver, British Columbia plus 2 percent per annum, but does not include Operating Expenses nor Exploration Expenses.

- E. "Exploration Expenses" means all costs, expenses, obligations, liabilities and charges of whatsoever nature or kind incurred or chargeable, directly or indirectly, in connection with the exploration and development of the Property including, without limiting the generality of the foregoing, all costs reasonably attributable, in accordance with generally accepted accounting principles, to the design, planning, testing, financing, administration, marketing, engineering, legal, accounting, transportation and other incidental functions associated with the exploration and mining operation contemplated by this agreement and with the Facilities, but does not include Operating Expenses nor Capital Expenses.
- F. "Facilities" means all plant, equipment, structures, roads, rail lines, storage and transport facilities, housing and service structures, real property or interest therein, whether on the Property or not, acquired or constructed exclusively for the mining operation on the Property contemplated by this Agreement (all commonly referred to as "infrastructure").
- G. "Commercial Production" means the operation of the Property or any portion thereof as a producing mine and the production of Products therefrom at an average rate of not less than seventy percent (70%) of the initial rated capacity of the Facilities, or the shipping of Products from the Property for the purpose of earning a profit, all as set out in the Feasibility Report, and for greater capacity does not include milling for the purpose of testing, milling by a pilot plant or milling during an initial tune-up period of the plant.

Payment

Net Profits Royalty shall be calculated for each calendar quarter in which Net Profits Royalty are realized, and payment as due hereunder shall be made within thirty (30) days following the end of each such calendar quarter. Such payments shall be accompanied by a statement summarizing the computation of Net Profits Royalty and copies of all relevant settlement sheets. Such quarterly payments are provisional and subject to adjustment within ninety (90) days following the end of each calendar year. Within ninety days after the end of each calendar year, Payor shall deliver to Payee an unaudited statement of royalties paid to Payee during the year and the calculation thereof. All year end statements shall be deemed true and correct six months after presentation, unless within that period Payee delivers notice to Payor specifying with particularity the grounds for each exception. Payee shall be entitled, at Payee's expense, to an annual independent audit of the statement by a national firm of chartered accountants, only if Payee delivers a demand for an audit to Payor within four months after presentation of the related year-end statement.