

Dated

2020

# **Glendolow Range Project - Farmin Agreement**

Parties

**BigIron Mining Pty Ltd**

ABN 46 001 222 666

**LittleGold Metals Pty Ltd**

ABN 18 085 223 570

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**Agreement** dated

2020

**Parties**

**BigIronMining Pty Ltd** ABN 46 001 222 666  
of Level 12 The Quadrant, 1 William Street, Perth, Western Australia  
(**BigIron**)

**LittleGold Metals Pty Ltd** ABN 18 085 223 570  
of Level 2, 1109 Hay Street, West Perth, Western Australia  
(**Little Gold**)

**Introduction**

- A** BigIron is the sole legal and beneficial owner of the Tenements.
- B** BigIron' predecessor in title, Golden Resources, entered into the Farmin Proposal with LittleGold, in which LittleGold was granted the right to earn the Iron Interest.
- C** Pursuant to the Johnston Range Tenement Sale Agreement dated 20 April 2019 BigIron purchased the Tenements from Golden Resources subject to LittleGold' rights under the Farmin Proposal.
- D** The Farmin Proposal contemplated that a formal agreement would replace the Farmin Proposal and BigIron and LittleGold have agreed that the Farmin Proposal is replaced by this Agreement.

**It is agreed**

**1 Definitions and interpretation**

**1.1 Definitions**

In this Agreement:

- (1) **Act** means *the Mining Act 1978 (WA)*;
- (2) **Agreement** means this document, including any schedule or annexure to it;
- (3) **AMPLA Agreement** means the document entitled "AMPLA Model Exploration 2 party Farm-in JV Agreement(Minerals)" published by AMPLA Limited ACN 006 037 529 and which is annexure 1 to this Agreement.
- (4) **Associated Minerals** means any Minerals, including but not limited to Alumina (Al<sub>2</sub>O<sub>3</sub>), Gold (Au), Manganese (Mn) Phosphorous (P), Potassium (K), Silica (Si), Sodium (Na), Sulphur (S), as are commonly found in association with Iron and occur with Iron in such circumstances that it would be physically impossible to mine the Iron without also mining the Minerals found in association with it.
- (5) **Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;
- (6) **Bankable Feasibility Study** means

means a Feasibility Study that is of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of the mine contemplated in the study and is capable of supporting a Decision to Mine.

- (7) **Change of Control Event** means, in relation to an entity, an event or occurrence which has the effect that:
- (a) if a person controlled the entity prior to the time the event occurred, the person ceased to control the entity or another person obtained control of the entity;
  - (b) if no person controlled the entity prior to the time the event occurred, a person obtained control of the entity; or
  - (c) if the entity is owned or controlled by a group or consortium of persons, or if the group or consortium could control the entity were they to act collectively, there is any material change in the composition of the group or consortium.

For the purposes of this definition, control or controlled have the meaning given in section 50AA of the Corporations Act;

- (8) **Commencement Date** means the date of execution of this Agreement;
- (9) **Corporations Act** means the *Corporations Act 2001* (Cth);
- (10) **Decision to Mine** means a decision made by the Management Committee (as Management Committee is defined in the Joint Venture terms) means a decision of the Joint Venture, based upon a Bankable Feasibility Study, to develop a mine for Iron Ore within the Tenement Area.
- (11) **Department** has the same meaning as 'the Department' in section 8 of the Act;
- (12) **Discovery** means an Iron Ore Deposit or an Other Minerals Deposit as the context requires;
- (13) **Dispute** means a dispute in respect of the provisions of this Agreement that arises between the Parties.
- (14) **Earning Period** means the period of time in which LittleGold has to earn the Iron Interest which period:
- (a) starts on 7 February 2021; and
  - (b) expires on the second anniversary of the date that BigIron, following execution of this Agreement, gives LittleGold unfettered access to the Tenements to exercise its rights under this Agreement (as may be extended under the terms of this Agreement),

unless otherwise extended by written agreement between the parties;

- (15) **Economic Pre-feasibility Study** means an initial engineering assessment of the economic viability of mining Iron Ore on the Tenements that:
- (a) takes into account geological, metallurgical, mining, environmental, legal and economic factors;
  - (b) is prepared to LittleGold Standards;

- (c) is subsequently reviewed and approved by an independent expert from Rapallo; and
  - (d) which identifies a JORC compliant resource;
- (16) **Expert** is defined in clause 13.5.
- (17) **Exploration** means searching for, discovery and delineation of commercial deposits of Iron Ore on the Tenements and the evaluation of such deposits, including prospecting, surface mapping, sampling, aerial mapping and reconnaissance, drilling, trenching and related field work, geophysical and geochemical testing, core sampling; assaying; exploration declines; test mining; analysis and evaluation of activities undertaken and results obtained, conducting preliminary feasibility studies, preparing Feasibility Studies reports, and planning, supervising and administering all activities undertaken.
- (18) **Farmin Date** means the date on which LittleGold acquires the Iron Interest as determined pursuant to clause 4.1;
- (19) **Farmin Proposal** means the letter agreement titled 'Johnston Range Project Farm-in Proposal' dated 7 February 2006 and made between Golden State Resources and Little Gold;
- (20) **Feasibility Study** means a study of the technical, commercial and economic feasibility of Development and Mining in the JV Area and producing Minerals in significant commercial quantities, which includes all available exploration, geological, engineering and other relevant data and capital and operating cost estimates and (if appropriate) marketing studies in sufficient detail to enable options for optimum Development, Mining and Treatment to be identified in reasonable detail, including:
- (a) Exploration Results and estimates of Mineral Resources, and Proven and Probable Ore Reserves as defined in the JORC Code;
  - (b) the proposed methods of Development, Mining and Treatment, including the extraction, beneficiation and transportation of the Ore and the Treatment and production of Minerals, including waste disposal;
  - (c) an estimate of operating levels, environmental costs, shutdown and rehabilitation costs, including an estimate of required capital expenditure and operating costs;
  - (d) an economic evaluation of the proposed Development, Mining and Treatment and the marketing and sale of the Iron Ore including a comparative analysis of the effect of various assumptions, financing methods, operating costs and taxation; and
  - (e) a schedule of relevant Authorisations required to be obtained before Mining may commence,
- and includes without limitation any preliminary, scoping, or pre-feasibility study (including the Economic Pre-feasibility Study).
- (21) **Formation Date** means the date on which LittleGold acquires the Farmin Interest pursuant to clause 4.1.
- (22) **Golden State Resources** means Golden State Resources Limited ABN 39 063 074 635;

- (23) **Iron Interest** means a 70% interest in the Iron Ore Rights within the Tenements;
- (24) **Iron Ore Rights** means, in relation to a Tenement, the full, free and exclusive rights to exercise the Mineral Rights in relation to the Tenement in respect of and in connection with Iron Ore;
- (25) **Iron Ore Rights Holder** means, in relation to a Tenement, the holder of the Iron Ore Rights in respect of that Tenement and which:
- (a) as at the Commencement Date and in relation to each of the Tenements, is BigIron; and
  - (b) as at and from the Formation Date, and in relation to each of the Tenements, will be LittleGold and BigIron, as participants in the Joint Venture,
- in their respective Joint Venture Interests.
- (26) **Iron Ore** means all ferrous minerals including, but not limited, to magnetite, haematite, goethite, limonite and jarosite and Associated Minerals located within the Tenement Area from which Minerals can be economically recovered
- (27) **Iron Ore Deposit** means an Iron Ore mineralisation deposit discovered on the Tenements;
- (28) **Joint Venture** means the unincorporated joint venture established pursuant to clause 6.
- (29) **Joint Venture Terms** means the terms and conditions set out in the AMPLA Agreement supplemented and varied as follows:
- (a) clause 4.1 of that agreement being completed in accordance with clause 6.4 of this Agreement;
  - (b) the inclusion of clauses 6.5 to 6.16 (inclusive) of this Agreement;
  - (c) schedule 1 to that agreement being as set out in Schedule 1 to this Agreement;
  - (d) schedule 2 to that agreement being as set out in Schedule 2 to this Agreement;
  - (e) the words “[Example only]” being deleted from the headings of each of schedules 3, 4 and 5 of that agreement;
  - (f) in clause 4.2(b) of Schedule 4, the words “[2 times/3 times]” being deleted from the definition of “TE” and the Joint Venture Expenditure deemed to have been incurred by each Joint Venturer:
    - (i) if BigIron elects under clause 6.7 to contribute to expenditure in the Joint Venture being:
 

(A)	Little Gold	\$1,000,000
(B)	BigIron	\$428,571;
    - (ii) if LittleGold earns the Second Iron Ore interest being:
 

(A)	Little Gold	\$2,000,000
(B)	BigIron	\$500,000; and,

- g) clause 4.7 of Schedule 4 is deleted.
- (30) **JORC Code** means the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (as revised and updated from time to time);
- (31) **Minerals** has the same meaning as in section 10 of the Act;
- (32) **Mineral Rights** means, in relation to a Tenement, the right to:
- (a) explore for, mine, extract, process, refine, sell, own or otherwise deal with any Minerals on the Tenement Area;
  - (b) own and sell any Minerals processed, refined or extracted from the Tenement Area and retain the proceeds of such sale;
  - (c) construct and operate open cut and underground mines on the Tenement Area;
  - (d) remove and process any tailings or other waste material produced as a result of any Exploration or mining on the Tenement Area;
  - (e) erect, install and operate mining plant and machinery, buildings, mullock and tailings dumps and dams on the Tenement Area;
  - (f) drill for and recover groundwater on the Tenement Area for the purpose of Exploration and mining;
  - (g) store water, chemicals, plant and machinery on the Tenement Area for the purposes of Exploration or mining;
  - (h) construct roadways and drains and do all such things on the Tenement Area as are incidental to the Exploration or mining, processing refining and recovery of, Minerals; and
  - (i) subject to this Agreement, the licence, right and liberty to enter (whether by employees, agents or contractors and with or without vehicles and temporary or permanent plant, accommodation or equipment) on the Tenement Area for the purpose of exercising any of the foregoing rights, as and when such activities are permitted on the land the subject of that Tenement under the Act and the conditions applicable to the Tenement.
- (33) **Mining Information** means all information, data and records in relation to the Tenements including all geological, geophysical, drilling information, drill cores and logs of those drill cores, samples, assays, correspondence, files, electronically stored data, memoranda, surveys, maps, aerial photographs, electromagnetic tapes, drawings and notes;
- (34) **Minister** means the Minister as defined in section 10 of the Act;
- (35) **Native Title Claims** means either:
- (a) any claim, application or proceeding in respect of Native Title Rights which is accepted by the Native Title Tribunal or the Registrar thereof pursuant to the *Native Title Act 1993* (Cth); or
  - (b) any claim, application or proceeding in respect of those rights, interests and statutory protections of and relating to aboriginal persons as set out in the legislation of the Nominated State or the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).
- (36) **Native Title Rights** has the same meaning as the expressions “native title” or “native title rights and interests” as defined in section 223(1) of the *Native Title Act 1993* (Cth) and includes those rights, interests and statutory protections of and relating to aboriginal persons as set out in the relevant legislation of the Nominated State or the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).
- (37) **Notice** means a notice or other communication connected with this Agreement;

- (38) **Operations** means all activities conducted for the purposes of Exploration;
- (39) **Other Minerals** means Minerals other than Iron Ore located on the Tenement Area;
- (40) **Other Minerals Deposit** means a mineralisation deposit other than an Iron Ore Deposit discovered on the Tenements;
- (41) **Other Mineral Rights** means, in relation to a Tenement, the full, free and exclusive rights to exercise the Minerals Rights in relation to the Tenement in respect of and in connection with Other Minerals;
- (42) **Parties** means BigIron and LittleGold and **Party** means either of them;
- (43) **LittleGold Caveats** means caveat lodged lodged by LittleGold to protect its rights under this Agreement and the Farmin Proposal.
- (44) **LittleGold Standards** means the standard of quality to which LittleGold typically performs an activity, undertakes a task or prepares a document.
- (45) **Second Iron Interest** means the additional 10% interest in the rights to Iron Ore within the Tenements and the rights as a Joint Venturer (with an aggregate 80% interest).
- (46) **Second Iron Interest Date** means the date at which the Second Iron Interest is earned by LittleGold pursuant to clause 6.7.
- (47) **Second Iron Interest Period** means the period starting from when LittleGold receives the notification referred to in clause 6.9 and expiring when LittleGold has earned the Second Iron Interest.
- (48) **Tenements** means:
  - (a) Exploration Licences E77/103, E77/115, E77/138, E77/138 and E77/138 and Prospecting Licences P77/367 P77/3671 P77/367, P77/367, P77/367, P77/3676 and P77/367; and
  - (b) any other tenement, tenement application, lease, licence, claim, permit or authority which is granted in renewal, substitution, variation or extension of, or which relates to the same ground as, the tenements set out in clause 1.1(48)(a).
- (49) **Tenement Area** means the area of land the subject of the Tenements from time to time; and
- (50) **Third Party** means a person not a party, or the Related Body Corporate of a party, to this agreement.

## 1.2 Interpretation

- (1) Reference to:
  - (a) one gender includes the others;
  - (b) the singular includes the plural and the plural includes the singular;
  - (c) a person includes a body corporate;



- (d) a Party includes the Party's executors, administrators, successors and permitted assigns;
  - (e) a statute, regulation, code or other law or a provision of any of them includes:
    - (i) any amendment or replacement of it; and
    - (ii) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
  - (f) money is to Australian dollars, unless otherwise stated.
- (2) Including and similar expressions are not words of limitation.
  - (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
  - (4) Headings and any table of contents or index are for convenience only and do not form part of this Agreement or affect its interpretation.
  - (5) A provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of the Agreement or the inclusion of the provision in the Agreement.
  - (6) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.

## **2 Condition subsequent**

- 2.1 The exercise by LittleGold of the rights granted to it in clause 4 of this Agreement is conditional upon the Parties obtaining such consents and approvals (as may be obtainable and have not previously been obtained) to the dealings in the Tenements contemplated by this Agreement as required under the provisions of the Act.
- 2.2 Biglron and LittleGold must each co-operate with the other and use reasonable endeavours to procure that the condition referred to in clause 2.1 is fulfilled.

## **3 Warranties**

- 3.1 Biglron warrants as at the date of this Agreement, for the benefit of LittleGold, that:
  - (1) it is the sole legal and beneficial owner of the Tenements, free of Encumbrances or claims by Third Parties, and
  - (2) the Tenements are in good standing under the Act and are not liable to cancellation or forfeiture for any reason.
- 3.2 LittleGold acknowledges that the Tenements are or may be subject to Native Title Rights or Native Title Claims.
- 3.3 LittleGold covenants that, during the Earning Period, it will:
  - (1) to the extent relevant to the Iron Ore Rights keep the Tenements in good standing under the Act (including satisfying expenditure obligations and paying all fees, rent, rates and other similar charges) for the duration of the Earning Period;

- (i) conduct all Exploration on the Tenements in accordance with good and generally accepted Australian exploration practice;
  - (ii) provide BigIron with Exploration reports quarterly, including copies of all reports filed under the Mining Act; and
  - (iii) not permit the creation of any Encumbrance or sell, assign or otherwise deal with or dispose of the whole or any part of its interest in the Tenements, except with the prior consent of BigIron.
- 3.4 BigIron covenants that it will not, during the Earning Period permit the creation of any Encumbrance or sell, assign or otherwise deal with or dispose of the whole or any part of its interest in the Tenements, except with the prior written consent of Little Gold;
- 3.5 BigIron grants to LittleGold the sole and exclusive right to access and explore for Iron Ore on the Tenements at Little Gold's sole cost during the Earning Period and acknowledges that LittleGold may lodge a caveat to protect its interest under this agreement.
- 3.6 LittleGold has the sole right to determine the nature and content of exploration programmes and budgets during the Earning Period, and may commence Exploration at any time after the Commencement Date.
- 3.7 Each party warrants for the benefit of each other party that:
- (1) **(Incorporation)** it is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation;
  - (2) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement;
  - (3) **(Corporate authorisations)** all necessary authorisations for the execution, delivery and performance by it of this agreement in accordance with its terms have been obtained;
  - (4) **(No legal impediment)** its execution, delivery and performance of this agreement complies with its constitution and does not constitute a breach of any law or obligation, or cause a default under any agreement by which it is bound; and
  - (5) **(No trust)** it enters into and performs this agreement on its own account and not as trustee for or nominee of any other person.

#### **4 Little Gold's right to earn the Iron Interest**

- 4.1 BigIron grants to LittleGold the exclusive right to earn the Iron Interest during the Earning Period by:
- (1) sole funding Exploration for Iron Ore on the Tenements through to the completion of an Economic Pre-feasibility Study; or
  - (2) expending the sum of \$1,000,000 on the Tenements,
- whichever is the greater.

#### **5 Vesting of Iron Interest**

- 5.1 LittleGold must issue a notice to BigIron when LittleGold considers it has earned the Farmin Interest in accordance with clause 4.1 (**Earning Notice**), which Earning Notice must itemise that expenditure which LittleGold considers to be in accordance with clause 4.1 associated with LittleGold sole funding Exploration for Iron Ore on the Tenements, and must provide such supporting evidence (including financial information and records)

confirming the expenditure incurred is in accordance with clause 4.1 as may reasonably be requested by BigIron and its auditors within 28 days of receiving the Earning Notice.

5.2 BigIron will be deemed to have accepted that:

- (1) LittleGold has incurred the expenditure set out in the Earning Notice;
- (2) all items of expenditure itemised in the Earning Notice qualify as LittleGold sole funding Exploration for Iron Ore on the Tenements;
- (3) LittleGold has earned the Farmin Interest with effect on the date the Earning Notice was received by BigIron; and
- (4) the Iron Interest will vest in LittleGold with effect on the date the Earning Notice was received by BigIron,

unless, within the later of 28 days after receiving the Earning Notice or 14 days after all requests by BigIron under clause 5.1 have been complied with by Little Gold, BigIron gives notice to LittleGold that it disputes that:

- (5) LittleGold has incurred expenditure through sole funding Exploration for Iron Ore on the Tenements of the required or stated amount;
- (6) all items of expenditure itemised in the Earning Notice qualify as LittleGold sole funding Exploration for Iron Ore on the Tenements; and/or
- (7) LittleGold has completed an Economic Pre-feasibility Study with effect from the date the Earning Notice was received by BigIron

**(Dispute Notice).**

5.3 BigIron must not give a Dispute Notice pursuant to clause 5.2 unless the matters that BigIron disputes, if resolved in favour of BigIron, would result in LittleGold not having earned the Farmin Interest in accordance with clause 4.1.

5.4 If BigIron gives a Dispute Notice, either Party may refer the matters the subject of the Dispute Notice to an Expert for determination.

5.5 The time of the Earning Period will be extended from the date that the Dispute Notice is given by BigIron under clause 5.2 until the Expert determines the dispute or disputes, the subject of the Dispute Notice.

5.6 If a dispute the subject of a Dispute Notice is resolved in a manner that determines that Little Gold:

- (1) has not earned the Farm-in Interest, LittleGold may sole fund further Exploration for Iron Ore on the Tenements to satisfy any shortfall in expenditure or conduct further work on an Economic Pre-Feasibility Study provided that such further work or expenditure on the Tenements can be and is undertaken within the remaining term of the Earning Period (as the Earning Period is extended by clause 5.5); or
- (2) has earned the Farmin Interest, LittleGold will be taken to have earned the Farmin Interest with effect on the date the Earning Notice was received by BigIron.

## 6 Joint Venture

6.1 Unless otherwise defined in clause 1.1 of this Agreement, terms defined in the AMPLA Agreement have the same meaning in this clause 6.

6.2 On and from the Farmin Date, BigIron and LittleGold will be associated in an unincorporated, contractual joint venture:

- (1) on the terms and conditions set out in the Joint Venture Terms; and
- (2) following entry into a formal joint venture agreement pursuant to clause 6.20, on the terms and conditions set out in that joint venture agreement.

6.3 The object of the Joint Venture is to maintain the Tenements and to explore for and, if commercially viable, to develop, mine and exploit Iron Ore on the Tenements.

6.4 The Joint Venture Interests of the Joint Venturers (Joint Venturers being defined in the Joint Venture Terms) as at the Formation Date will be:

BigIron	30%
Little Gold	70%

6.5 If LittleGold earns the Second Iron Interest in accordance with clause 6.8 the Joint Venture Interests of the Joint Venturers (Joint Venturers being defined in the Joint Venture Terms) as at the Second Iron Interest Date will be:

BigIron	20%
Little Gold	80%

6.6 From the Formation Date, LittleGold will have the sole right to determine all programmes and budgets relating to Joint Venture Activities (Joint Venture Activities being defined in the Joint Venture Terms), subject to such programmes and budgets satisfying the minimum expenditure requirements on the Tenements.

6.7 If LittleGold earns the Iron Interest pursuant to clause 4, then BigIron must notify LittleGold in writing, within 14 days of the Farmin Date if it will contribute to expenditure in the Joint Venture or grant LittleGold the exclusive right to earn Second Iron Interest within the Second Iron Interest Period by:

- (1) sole funding Exploration for Iron Ore on the Tenements through to the completion of a Bankable Feasibility Study; or
- (2) expending the further sum of \$1,000,000 on the Tenements,

whichever is the greater.

6.8 LittleGold must issue a notice to BigIron when LittleGold considers it has earned the Second Iron Interest in accordance with clause 6.7 (**Second Earning Notice**), which Second Earning Notice must itemise that expenditure which LittleGold considers to be in accordance with clause 6.7, and must provide such supporting evidence (including financial information and records) confirming the expenditure incurred is in accordance with clause 6.7 as may reasonably be requested by BigIron and its auditors.

6.9 BigIron will be deemed to have accepted that:

- (1) LittleGold has incurred the expenditure set out in the Second Earning Notice;

- (2) all items of expenditure itemised in the Second Earning Notice qualify as being in accordance with clause 6.7;
- (3) LittleGold has earned the Second Iron Interest with effect on the date the Second Earning Notice was received by BigIron; and
- (4) the Second Iron Interest will vest in LittleGold with effect on the date the Second Earning Notice was received by BigIron,

unless, within the later of 28 days after receiving the Second Earning Notice or 14 days after all requests by BigIron under clause 6.8 have been complied with by Little Gold, BigIron gives notice to LittleGold that it disputes:

- (1) that LittleGold has incurred expenditure in accordance with clause 6.8 of the required or stated amount;
- (2) that all items of expenditure itemised in the Earning Notice qualify as expenditure in accordance with clause 6.7; and/or
- (3) that LittleGold has completed a Bankable Feasibility Study.

- 6.10 BigIron must not give a notice of dispute pursuant to clause 6.9(1) unless the matters that BigIron disputes, if resolved in favour of BigIron, would result in LittleGold not having earned the Farmin Interest in accordance with clause 6.77.
- 6.11 If BigIron gives a notice of dispute under clause 6.10, either Party may refer the matters the subject of the notice to an Expert for determination.
- 6.12 The time of the Second Iron Interest Period will be extended from the date that a dispute notice is given by BigIron under clause 6.9(1) until the Expert determines the dispute or disputes, the subject of the notice.
- 6.13 If a dispute the subject of a notice of dispute under clause 6.9(1) is resolved in a manner that determines that Little Gold:
- (1) has not earned the Second Iron Interest, LittleGold may undertake further Exploration for Iron Ore to satisfy any shortfall in expenditure in accordance with clause 6.7 or conduct further work on the Bankable Feasibility Study provided that such further work or Exploration can be and is undertaken within the remaining term of the Second Iron Interest Period (as extended by the dispute); or
  - (2) has earned the Farmin Interest, LittleGold will be taken to have earned the Second Iron Interest with effect on the date the Second Earning Notice was received by BigIron.
- 6.14 If LittleGold earns the Second Iron Interest pursuant to clause 6.77, then BigIron must notify LittleGold in writing, within 14 days of the Second Iron Interest Date whether it elects to contribute to maintain a 20% interest in the Iron Ore on the Tenements by contributing to the Joint Venture Expenditure or elects to dilute its Joint Venture Interest down to 10% pursuant to the dilution provision set out in the Joint Venture Terms.
- 6.15 If LittleGold reaches a 90% interest in the Iron Ore on the Tenements, BigIron may elect to exchange its interest for a 2.5% royalty calculated on the gross sale proceeds of all Iron Ore produced from the Tenements.
- 6.16 If the Management Committee resolves to surrender any, or any part of, the Tenement (other than pursuant to any compulsory relinquishment obligations under the Act) and one of the Joint Venturers votes against that resolution (**Dissenting Party**), the Manager must not give effect to that decision until the Manager has first offered in writing to transfer the

relevant Tenement or part thereof to the Dissenting Party for no consideration other than the cost of transfer and the Dissenting Party has not accepted that offer within 14 days after it is made. For the purpose of this clause, the terms Management Committee and Manager have the meanings ascribed to them in the Joint Venture Terms.

- 6.17 Each Party agrees that, if required by another Party, it will cooperate fully to ensure the Joint Venture is registered and remains registered as a GST Joint Venture.
- 6.18 Each Party undertakes to immediately notify the other Party should any of the criteria required to be satisfied by it for the Joint Venture to be registered as a GST Joint Venture cease to be satisfied at any time.
- 6.19 In this clause, GST Joint Venture has the same meaning as “GST joint venture” in the GST Act.
- 6.20 If LittleGold earns the Farmin Interest in accordance with this Agreement, LittleGold and BigIron must use reasonable endeavours to promptly negotiate in good faith with a view to entering into a formal joint venture agreement to govern the Joint Venture from the Formation Date in replacement for or variance of the Joint Venture Terms but such formal joint venture agreement will incorporate industry standard terms and conditions for a joint venture of the nature formed. Unless and until the Parties agree, the terms of that formal joint venture agreement the Parties will be bound by the Joint Venture Terms from the Formation Date. The Parties acknowledge that, other than the terms reflected in this clause 4.1 and paragraphs (a) to (g) of the definition of “Joint Venture Terms”, they have not at the date of this Agreement negotiated the terms of the formal joint venture agreement.

## **7 Conduct of activities on the Tenements during the Earning Period**

- 7.1 During the Earning Period, Little Gold, its employees, contractors and agents have the right to enter upon the Tenements to carry out Exploration in compliance with the provisions of the Act and in accordance with good mining and exploration practices.
- 7.2 BigIron consents to the lodgement of LittleGold Caveats by LittleGold and the lodgement of further caveats by LittleGold against the Tenements to protect the rights of LittleGold arising under this Agreement and subsequently the Joint Venture Terms.
- 7.3 During the Earning Period, LittleGold and BigIron must cooperate to ensure that the Tenements are kept in good standing.
- 7.4 The Earning Period will be extended by a period that is at least commensurate to the length of any delay to the conduct of Little Gold’ farm-in activities or exercise of a right under this Agreement by LittleGold directly or indirectly caused by or arising out of any act or omission of BigIronm its employees, subcontractors or invitees onto the Tenements and, in any event, the sunset date shall be extended by no less than two days for each day (or part thereof) that Little Gold’ activities or exercise of rights under this Agreement are so delayed.

## **8 Concurrent rights**

- 8.1 If the Iron Interest vests in LittleGold pursuant to clause 4.1, that interest will be held concurrently with the Other Mineral Rights held by BigIron.
- 8.2 The Parties agree and acknowledge that BigIron is and will remain the holder of the Other Minerals Rights in respect of the Tenements.

8.3 With the exception of Associated Minerals, the Parties acknowledge and agree that LittleGold holds no rights with respect to Other Minerals on the Tenements.

8.4 BigIron (as the holder of the Other Minerals Rights) and:

- (1) during the Farmin Period, Little Gold; and
- (2) following the Formation Date, the Iron Ore Rights Holder,

must consult, co-operate and otherwise use all reasonable endeavours not to interfere with the exercise of the Iron Ore Rights and the exercise of the Other Minerals Rights on the Tenement Area. To the extent that such interference cannot reasonably be avoided, the Iron Ore Rights will take priority.

8.5 BigIron must, in the exercise of the Other Minerals Rights in respect of the Tenements:

- (1) comply with the Act, the *Mines Safety and Inspection Act 1994 (WA)* and all other applicable legislation and regulations governing the exercise of the Other Minerals Rights on the Project Area;
- (2) not do or suffer to be done anything which will or may render a Tenements liable to forfeiture; and
- (3) comply with all conditions of grant of the Tenements.

8.6 BigIron may transfer, assign or otherwise dispose of the whole or any part of the Other Minerals Rights (**Disposed Other Minerals Rights**) to a third party subject to:

- (1) LittleGold being offered the last right to refuse the Disposed Other Minerals Rights on the same terms as offered to the third party through the procedure set out in clause 12;

and in the event LittleGold does not exercise its last right of refusal to acquire the Disposed Other Minerals Rights set out in clause 8.6 (1),

- (2) the proposed third party transferee being technically and financially able to perform the obligations of the BigIron as the holder of the Disposed Other Minerals Rights under this Agreement to the extent of the interest to be disposed of; and
- (3) the third party entering into a deed whereby the third party agrees to be bound by, and assumes the obligations of BigIron as the holder of the Other Minerals Rights under this Agreement (including the obligation to ensure that all future transferees accept an obligation in the same terms as this clause) to the extent of the interest to be disposed of.

8.7 An Iron Ore Rights Holder may transfer, assign or otherwise dispose of the whole or any part of the Iron Ore Rights (**Disposed Iron Ore Rights**) to a third party subject to:

- (1) the other Iron Ore Rights Holders first being offered the last right to refuse the Disposed Iron Ore Rights on the same terms as offered to the third party through the procedure set out in clause 12;

and in the event the other Iron Ore Rights Holder does not exercise its last right of refusal to acquire the Disposed Iron Ore Rights set out in clause 8.7(1),

- (2) the transferee being technically and financially able to perform the obligations of the Iron Ore Rights Holder under this Agreement to the extent of the interest to be disposed of; and

- (3) the third party entering into a deed whereby the third party agrees to be bound by, and assumes the obligations of the Iron Ore Rights Holder under this Agreement (including the obligation to ensure that all future transferees accept an obligation in the same terms as this clause) to the extent of the interest to be disposed of.

8.8 As soon as practicable after the Formation Date, the Parties must promptly negotiate in good faith with a view to entering into a formal deed setting out the rights and obligations of the Parties as the holder of the Iron Ore Rights, the holder of the Other Minerals Rights and the registered holder of the Tenements, respectively. That deed shall be consistent with the terms of this Agreement but shall otherwise be on such terms as the Parties agree.

## **9 Obligations of BigIron during the Earning Period**

9.1 During the Earning Period, BigIron must:

- (1) provide all assistance to LittleGold to enable the completion of the earn-in activities including upon Little Gold' request, any letters of authority (for the term of the Earning Period) or other documents as may be required to the DMP or to any other third party confirming Little Gold's rights to conduct Exploration on the Tenements;
- (2) meet any rehabilitation requirements arising as a consequence of its activities on the Tenements in accordance with the conditions applying to the Tenements and subject to providing LittleGold with a copy of its rehabilitation program;
- (3) submit and maintain performance bonds requested by the Department and required as a result of its activities on the Tenements;
- (4) in relation to its activities on Tenements, comply with the Act and all other applicable legislation and regulations governing its activities on the Tenements and promptly pass to LittleGold any notice or communication from the Department or any other government authority in any way affecting the Tenements;
- (5) not surrender any part of any tenement comprised in the Tenements without first giving full and reasonable notice to LittleGold and thereafter:
  - (a) offering LittleGold the right to acquire the tenement or part thereof comprised in the Tenements to be surrendered or otherwise relinquished; and, if such right is not exercised by Little Gold,
  - (b) use its best endeavours and in good faith seek to agree with LittleGold that area to be surrendered or any other area nominated by LittleGold in lieu thereof;
- (6) provide LittleGold with unfettered and uninterrupted access to the Tenements for the purposes of exercising its rights under this Agreement including without limitation giving permission to LittleGold for its personnel and equipment to traverse across any surrounding land over which BigIron has control to the extent necessary for LittleGold to access the Tenements;
- (7) not unreasonably refuse or withhold any consent or assistance requested of it by LittleGold with the likely outcome of delaying, preventing or otherwise interfering with the exercise of Little Gold' rights under this Agreement including without limitation the earning of the Iron Interest and/or the Second Iron Interest.
- (8) not agree to any amendment to, or waiver in respect of, any of the terms of the Tenements without first consulting LittleGold and thereafter use its best endeavours and in good faith seek to agree with LittleGold any amendment to or waiver in respect of the terms of the Tenements;



- (9) not sell, transfer, assign, encumber or dispose of any interest in the Tenements other than as contemplated by this Agreement; and
- (10) indemnify and keep indemnified, LittleGold against:
  - (a) any liability, loss or expense incurred in respect of:
    - (i) loss of or damage to or loss of use of any property; and
    - (ii) any claim by any person against LittleGold in respect of:
      - (A) personal injury, death, disease or illness (including mental illness); or
      - (B) loss of or damage to or loss of use of, property,
        - arising out of or in connection with BigIron exercising its rights in respect of the Tenements pursuant to the terms of this Agreement or otherwise; and
  - (b) all costs and expenses incurred or suffered by LittleGold because of environmental damage to any Tenement caused by the activities and operations of BigIron pursuant to this Agreement or otherwise.

9.2 BigIron' liability to LittleGold under the indemnity in clause 9.1(10) is reduced proportionally to the extent that an act or omission of LittleGold has contributed to the loss, loss of use, damage, injury, death, disease or illness referred to in clause 9.1(10).

## **10 Obligations of LittleGold during the Earning Period**

10.1 During the Earning Period LittleGold must:

- (1) not commence any prospecting, exploration or other activities on the Tenements without first obtaining all necessary consents and approvals under the Act;
- (2) meet any rehabilitation requirements arising as a consequence of its activities on the Tenements in accordance with the conditions applying to the Tenements and subject to providing BigIron with a copy of its rehabilitation program;
- (3) submit and maintain performance bonds requested by the Department and required as a result of its activities on the Tenements;
- (4) in relation to its activities on Tenements, comply with the Act and all other applicable legislation and regulations governing its activities on the Tenements and promptly pass to BigIron any notice or communication from the Department or any other government authority in any way affecting the Tenements;
- (5) immediately report to BigIron any incident that requires notification to the Department;
- (6) notify BigIron in writing if LittleGold decides to cease Exploration on any of the Tenements (in which case that tenement will be deemed to be excluded from the provisions of this Agreement);
- (7) maintain all statutory workers compensation insurance, public liability insurance and any other insurance necessary, or reasonably prudent, in connection with its activities on the Tenements; and

- (8) indemnify and keep indemnified, BigIron against:
  - (a) any liability, loss or expense incurred in respect of:
    - (i) loss of or damage to or loss of use of any property; and
    - (ii) any claim by any person against BigIron in respect of:
      - (A) personal injury, death, disease or illness (including mental illness); or
      - (B) loss of or damage to or loss of use of, property,
        - arising out of or in connection with LittleGold exercising its rights in respect of the Tenements pursuant to the terms of this Agreement; and
  - (b) all costs and expenses incurred or suffered by BigIron because of environmental damage to any Tenement caused by the activities and operations of LittleGold pursuant to this Agreement.

10.2 Little Gold's liability to BigIron under the indemnity in clause 10.1(8) is reduced proportionally to the extent that an act or omission of BigIron has contributed to the loss, loss of use, damage, injury, death, disease or illness referred to in clause 10.1(8).

## **11 Withdrawal by LittleGold during the Earning Period**

- 11.1 LittleGold may withdraw from this Agreement at any time prior to the Farmin Date upon written notice to BigIron.
- 11.2 Upon withdrawal from this Agreement under clause 11.1, Little Gold's rights and entitlements and obligations under this Agreement cease and it has no interest in the Iron Ore within the Tenements.
- 11.3 Nothing in this clause 11 releases LittleGold or BigIron from any liability arising from any breach of this Agreement occurring prior to the date of withdrawal.
- 11.4 As soon as practicable following withdrawal under this clause 11, BigIron and LittleGold shall negotiate in good faith to agree a reasonable amount BigIron shall pay to LittleGold in consideration for LittleGold assigning legal ownership in and delivering all Mining Information derived by LittleGold in relation to the Tenements to BigIron.
- 11.5 Upon withdrawal from this Agreement under this clause 11, LittleGold is responsible for any rehabilitation which is required as a result of Little Gold's activities on the Tenements.
- 11.6 Unless BigIron agrees otherwise LittleGold must maintain any performance bond imposed by the Department as a result of the activities of LittleGold until the Department agrees to release the performance bonds. BigIron must use reasonable endeavours to assist LittleGold in having the performance bonds released.

## **12 Assignment during the Earning Period**

- 12.1 Subject to clauses 12.2 and 12.33, prior to the Farmin Date a Party may not assign the whole or any part of its interest in this Agreement except with the written consent of the other Party ( such consent not to be unreasonably withheld).
- 12.2 If a Party wants to assign the whole or any part of its interest in this Agreement it must first give notice to the other Party of the consideration (which must be a cash consideration) for

which, and the other terms and conditions upon which, it wants to sell or assign, and the other Party has then, for a period of 30 days from the time of receipt of that notice, the exclusive right and option to purchase the assigning Party's interest in this Agreement for the consideration, and on the same terms and conditions, specified in the notice.

- 12.3 If the option granted by clause 12.2 is not exercised, then, subject to compliance with clause 12.44 the assigning Party may sell or assign the whole or part of its interest (as specified in its notice to the non assigning Party under clause 12.2) to a third party for the consideration, and on the terms and conditions, specified in the notice to the non assigning Party.
- 12.4 Before an assignment under clause 12.33 takes place:
- (1) the Party seeking to assign their interest must ensure that the third party duly executes and delivers to the other Party a deed of covenant in a form as non assigning Party may reasonably require, by which the third party agrees to be bound by and to perform and observe all of the terms and conditions of this Agreement binding upon and to be performed and observed by the assigning Party to the extent of the interest sold or assigned and which specifies an address for service including a facsimile number for that third party; and
  - (2) all necessary approvals from the Minister under the Act must be obtained,
- 12.5 A Change of Control Event occurring in relation to either Party triggers clause 12.2 as if the Change of Control Event meant that other Party had received a bona fide offer for the purchase of the whole of its interest in this Agreement and the provisions of clauses 12.1 to 12.44 apply to the extent necessary to effect an offer, and as applicable, a sale, to the other Party.

### **13 Dispute resolution**

- 13.1 If a Dispute arises then either Party may give notice to the other Party specifying the Dispute and requiring its resolution under this clause 13 (**Dispute Notice**).
- 13.2 An appropriate senior officer of each Party with authority to enter into an agreement to resolve the dispute must meet promptly after the Dispute Notice is given to endeavour, reasonably and in good faith, to resolve the Dispute.
- 13.3 If the Dispute has not been resolved by such senior officers within 21 Business Days after the Dispute Notice is given, the Dispute must be resolved by an Expert to be appointed in accordance with clause 13.5 whose decision will be final and binding except in the case of manifest error or fraud.
- 13.4 The costs of the Expert will be shared equally between the Parties unless the Expert determines that a Party has not acted reasonably in relation to any matter concerning the Dispute and its resolution, in which case the Expert can make a binding determination in relation to the apportionment of costs.
- 13.5 Where an Expert is required to determine a Dispute (**Expert**):
- (1) the Parties will endeavour to agree the name of an independent person who is prepared to act as the Expert but if the Parties fail to agree within 20 Business Days after the Dispute Notice is given, then the Parties must request the President for the time being of the Australasian Institute of Mining and Metallurgy (WA Division) to nominate an Expert;
  - (2) an Expert in making any determination under this Agreement shall be deemed to be acting as an Expert and not as an arbitrator and must act in accordance with,

and subject to, The Institute of Arbitrators & Mediators Australia Expert Determination Rules;

- (3) each Party must provide to the Expert in a timely manner all information which the Expert might require to enable him to determine the Dispute;
- (4) the Expert:
  - (a) may at his discretion consult the Parties;
  - (b) must consider any submissions which may be made to him by a Party within 10 Business Days after the date of his appointment;
- (5) must make his determination independently;
- (6) must use his best endeavours to make his determination within 30 Business Days of the date of his nomination; and
- (7) on completion of his determination the Expert must deliver a signed copy of it to each of the Parties.

## **14 Public announcements**

- 14.1 Before any public announcement or statement is made in relation to this Agreement, the Parties must use their best endeavours to agree the wording and timing of the public announcement or statement.
- 14.2 If any Party want to make a disclosure it must submit a draft of the announcement or statement to the other Party no less than 48 hours prior to the proposed disclosure time. If the other Party objects to the content of a proposed disclosure, it must inform the disclosing Party within 24 hours of receipt of the draft and request that the proposed disclosure be amended accordingly. If the disclosing Party fails to make the requested amendments, the other Party will be permitted to make its own disclosure covering the same subject as contained in the proposed disclosure to whichever person, authority or entity to which the disclosing Party furnishes the announcement or statement but in doing so it must not disclose more than the minimum information that it is compelled to disclose.
- 14.3 Nothing in clauses 14.1 or 14.2 operates to prevent or delay a Party from making a public announcement to the extent, and at the time, required by law or the rules of any stock exchange.

## **15 Confidentiality**

- 15.1 Agreement is confidential

The terms and conditions of this Agreement and all information flowing to any Party in relation to Exploration or other activities under this Agreement, other than information which is already within the public domain independently of any breach by a party of this agreement (**Confidential Information**) are confidential.
- 15.2 No disclosure except as permitted

Except as permitted by this agreement, each Party to this Agreement undertakes that it will keep confidential all Confidential Information received by it and that neither it nor its employees will, without the consent of the other Party, disclose any Confidential Information to any Third Party.
- 15.3 Permitted disclosure

A Party may disclose Confidential Information to a Third Party where such disclosure is made:

- (a) to the professional advisers or agents of that Party;
- (b) to a Related Body Corporate of that Party;
- (c) as required by Law or by any competent Authority, whether the obligation arises as a consequence of the act of the Party or otherwise;
- (d) to any stock exchange the rules of which require disclosure;
- (e) where reasonably necessary for the purposes of any arbitration or administrative or legal proceedings involving only the Party; or
- (f) to a Third Party, and its advisers, bona fide tendering for or negotiating the purchase of all or part of the interest of that Party in this Agreement or for the provision of finance to that Party but only if the Third Party and its advisers first covenant in writing to the disclosing Party to preserve confidentiality of information disclosed in the same terms as this clause.

A Party making a permitted disclosure under this clause must take all reasonable steps to ensure that the person to whom disclosure is made keeps confidential all Confidential Information disclosed.

#### 15.4 Confidential Information disclosed only as necessary

- (a) Each Party must take all steps reasonably necessary to ensure that the Confidential Information obtained is disclosed to and known by only those persons who need to acquire that knowledge in the course of their duties.
- (b) Each Party, may use for its own internal purposes not related to Exploration or activities under this Agreement any geological, geophysical, geochemical, metallurgical or operational concept, model or principle of any kind, even if derived from the Confidential Information.

#### 15.5 Publicity and disclosure

- (a) Except for an announcement or other disclosure required by Law, no public announcement naming a Party or other public disclosure may be made in relation to Exploration or activities under this Agreement unless the text of the announcement or disclosure has been approved by the other Party.
- (b) To the extent that an announcement or other disclosure is required by Law, the Parties must use all reasonable endeavours to agree, as soon as reasonably practicable, the wording of such announcement or disclosure before it is made.

#### 15.6 Obligations exist beyond termination

The obligations in relation to Confidential Information imposed by this Agreement continue despite the termination of this Agreement for any reason.

## 16 Notices

16.1 A Notice has no legal effect unless it is in writing.

16.2 In addition to any other method of service provided by law, the Notice may be:

- (1) sent by prepaid ordinary post to the address for service of the addressee;
- (2) sent by facsimile to the facsimile number of the addressee; or
- (3) delivered at the address for service of the addressee.

16.3 If the Notice is sent or delivered in a manner provided by clause 16.2, it must be treated as given to and received by the Party to which it is addressed:

- (1) if sent by post, on the 2nd Business Day (at the address to which it is posted) after posting;
- (2) if sent by facsimile before 5pm on a Business Day at the place of receipt, on the day it is sent and otherwise on the next Business Day at the place of receipt; or
- (3) if otherwise delivered before 5pm on a Business Day at the place of delivery, upon delivery, and otherwise on the next Business Day at the place of delivery.

16.4 Despite clause 16.2, a facsimile is not treated as given or received unless at the end of the transmission the sender's facsimile machine issues a report confirming the transmission of the number of pages in the Notice.

16.5 The address for service and facsimile number of the Parties are:

Name: Biglron Mining Pty Ltd  
Attn: Company Secretary  
Fax no: 9426 3390

Name: LittleGold Metals Pty Ltd  
Attn: Simon Rushton  
Fax no: 9434 4955

16.6 A Party may change its address for service, facsimile number or electronic mail address by giving Notice of that change to each other Party.

16.7 Any Notice by a Party may be given and may be signed by its solicitor.

16.8 Any Notice to a Party may be given to its solicitor by any of the means listed in clause 16.2 to the solicitor's business address, facsimile number or electronic mail address.

## **17 Miscellaneous**

### **17.1 Entire agreement**

This Agreement:

- (1) is the entire agreement and understanding between the Parties on everything connected with the subject matter of this Agreement; and
- (2) supersedes any prior agreement or understanding on anything connected with that subject matter, including the Farmin Proposal.

### **17.2 Variation**

An amendment or variation to this Agreement is not effective unless it:

- (1) is in writing and signed by the Parties; and
- (2) makes specific reference to this Agreement.

### **17.3 Waiver**

- (1) A Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right.
- (2) The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right.

- (3) A waiver is not effective unless it is in writing.
- (4) Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

#### 17.4 **Severance**

Any provision of this Agreement that is prohibited or unenforceable is ineffective only to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision.

#### 17.5 **Further assurances**

Each Party must promptly at its own cost do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to this Agreement.

#### 17.6 **Counterparts**

This Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same agreement.

#### 17.7 **Governing law**

- (1) The law of Western Australia governs this Agreement.
- (2) The Parties submit to the non-exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

**Executed** as an agreement.

Executed by **BigIron Mining Pty Ltd**  
ABN 46 001 222 666 in accordance with  
section 127 of the *Corporations Act 2001*:

.....  
Director/company secretary

.....  
Director

.....  
Name of director/company secretary  
(BLOCK LETTERS)

.....  
Name of director  
(BLOCK LETTERS)

Executed by **LittleGold Metals Pty Ltd**  
ABN 18 085 223 555 in accordance with  
section 127 of the *Corporations Act 2001*:

.....  
Director/company secretary

.....  
Director

.....  
Name of director/company secretary  
(BLOCK LETTERS)

.....  
Name of director  
(BLOCK LETTERS)



## Schedule 1 - Basic Particulars

<b>Manager:</b>	Little Gold
<b>Minerals(s):</b>	Iron
<b>Mining Act:</b>	Mining Act 1978 ( <i>Western Australia</i> )
<b>Nominated State:</b>	Western Australia
<b>Passmark:</b>	Greater than 50%
<b>Matters requiring a unanimous vote:</b>	<ul style="list-style-type: none"><li>(a) The surrender of any Tenement (other than pursuant to any compulsory surrender obligations under the Mining Act or a surrender which is conditional upon the grant of a replacement tenement).</li><li>(b) The winding up or termination of the Joint Venture.</li></ul>



### **Schedule 3 - Royalty**