

Dated April 4, 2017

SHAREHOLDERS AGREEMENT

between

ESSEL GROUP ME LIMITED UK

-and-

GENSOURCE POTASH CORPORATION

-and-

VANGUARD POTASH CORP.

relating to the Vanguard One Project

Dated April 4, 2017

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This SHAREHOLDERS AGREEMENT, dated March 27, 2017 (the "**Agreement**"), is made among:

- (1) **ESSEL GROUP ME LIMITED UK**, a corporation organized under the laws of England and Wales ("**Essel**");
- (2) **GENSOURCE POTASH CORPORATION**, a corporation organized under the laws of the Province of Ontario, Canada ("**Gensource**"); and
- (3) **VANGUARD POTASH CORP.**, a corporation organized under the laws of the Province of Saskatchewan, Canada ("**Project Company**").

WHEREAS:

A. Gensource owns a certain mineral lease in the Province of Saskatchewan, Canada identified in Schedule 1 hereto (the "**Lease**") and is lawfully entitled to explore, develop and exploit such mineral rights and process, market and sell the extracted minerals;

B. Essel is a private company engaged in the strategic investment in mineral properties, specifically potash and other fertilizers, and wishes to invest in mineral projects in Canada and to obtain rights to the production therefrom;

C. Gensource and Essel have formed Project Company to hold an interest in the Lease and the associated right to explore for, develop and exploit minerals there from;

D. Gensource, Essel and Project Company are entering into this Agreement on the terms set forth herein in order to establish the manner in which the Project Company is be managed and to set forth the terms governing:

- (a) the relationship between the Shareholders;
- (b) the manner in which Gensource, Essel and Project Company will direct the development, engineering, construction, management, financing, ownership and operation of the Vanguard One Project; and
- (c) the manner in which any Third Party may accede to this Agreement as a Shareholder in the Project Company and acquire Project Company Shares.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement and in the Schedules to this Agreement the following terms share have the following meaning.

"**Acquisition Date**" has the meaning given in Section 19.2(d).

"**Acquisition Notice**" has the meaning given in Clause 19.2(d).

"**Affiliate**" means any person that directly or indirectly controls, is under common control with, or is controlled by, another person. For purposes of this definition "control" (including, with its correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise. "**Control**" shall be deemed to exist where a person owns or holds, directly or indirectly, a majority beneficial equity interest in another person.

"**Agreement**" has the meaning given in the Preamble to this Agreement.

"**Vanguard One Project**" has the meaning given in Clause 3.1.

"**Annual Budget**" has the meaning given in Clause 6.24(a)(i).

"**Applicable Laws**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other similar requirements of any country or political subdivision thereof, including any governmental agency.

"**Articles**" means the Articles of Incorporation and By-laws of the Project Company.

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

"**Budget**" means the Initial Work Program and Budget, an Initial Construction Budget, a Construction Budget, an Annual Budget, an Interim Budget or an Interim Annual Budget.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks are closed in the Province of Saskatchewan.

"**Carried Amount**" has the meaning given in Clause 12.3(e).

"**Catch-Up Date**" has the meaning given in Clause 12.3(b).

"**Chairman**" means the chairman of the Board or appointed pursuant to Clause 5.16.

"**Change of Control**", with respect to any Party, means any person who directly or indirectly controls such Party as at the date of this Agreement ceases to do so or that any person obtains directly or indirectly control of such Party after the date of this Agreement, provided that for purposes of this definition "**control**" shall mean:

- (i) ownership of 50% or more of the issued voting share capital of the Party or any Holding Company of the Party; and/or
- (ii) the right to direct the business and/or policies and/or affairs of the Party whether by law, contract, governmental decree or regulation, ownership or voting power or otherwise.

"**Commencement of the Development**" has the meaning given in Clause 8.3.

"**Commercial Operations Date**" means the date upon which the first Mineral Product from a Phase is sold to an offtaker in a commercially significant quantity.

"**Completion**" shall occur upon the later of (i) completion of commissioning of a Phase of the mine and Processing Plant, and (ii) the satisfaction by the Project Company (or waiver by the appropriate parties) of the completion tests under any Completion Guarantees.

"**Completion Guarantees**" means any completion guarantees granted for the benefit and to the satisfaction of the holders of senior debt pursuant to the Financing Documents and "Completion Guarantee" means any one of them.

"**Confidential Information**" has the meaning given in Clause 22.1(a).

"**Construction Budget**" has the meaning given in Clause 5.23(b).

"**Construction Contracts**" has the meaning given in Clause 8.2(a)(v).

"**Default Interest**" has the meaning given in Clause 14.4.

"**Default Margin**" means 2%.

"**Default Period**" means 12 months.

"**Defaulting Shareholder**" has the meaning given in Clause 14.1.

"**Definitive Feasibility Study**" has the meaning given in Clause 8.2(a)(ii).

"**Development**" means the engineering, procurement, construction, management and development of a Phase of the Vanguard One Project up to Completion to be contemplated in a Definitive Feasibility Study.

"**Dilution Notice**" has the meaning given in Clause 19.3(b).

"**Director**" means a director of the Project Company and "Directors" means the directors of the Project Company.

"**Dispute**" and "**Disputes**" have the meaning given in Clause 23.1.

"**Distribution**" means:

- (a) any payment, dividend (in cash, property or obligations) or redemption of, or distribution with respect to, or any setting apart of money for a sinking or other analogous fund for, or any purchase, redemption, retirement or other acquisition of, shares of capital stock of the Project Company;
- (b) any payment of principal, interest, premium or other amounts on or in respect of indebtedness for borrowed money owed by the Project Company to a Shareholder; or
- (c) any loan made by the Project Company to a Shareholder.

"**Dollars**" or "**US\$**" or "**\$**" means the lawful currency of the United States of America.

"**Essel Offtake Agreement**" has the meaning given in Clause 17.1(a).

"**Essel Initial Contribution**" means the contribution by or on behalf of Essel of \$5 million to the Project Company.

"**Events of Default**" has the meaning given in Clause 14.1.

"**Executive Period**" has the meaning given in Clause 23.3.

"**Expansion Phase**" means any stage of Development after Completion of Phase One to increase the amount of Mineral Products produced from the Lease to the Target Final Product Rate.

"**Expenditures**" means the costs and expenses incurred in Operations, including for Required Operations.

"**Feasibility Study**" has the meaning given in Clause 8.2(a)(i).

"**Financial Close**" means the date when all conditions to the initial disbursement set forth in the definitive financing documentation with respect to a Financing have been satisfied or waived and irrevocable instructions for the first disbursement thereunder have been issued.

"**Financial Statements**" in respect of any period means a statement of comprehensive income, a statement of financial position, a state if changes in equity and a statement of cash flows for and as at the end of the period prepared in accordance with IFRS.

"**Financing**" has the meaning given in Clause 12.6.

"**Financing Commitments**" has the meaning given in Clause 8.2(a)(vi).

"**Financing Documents**" means the agreements to be entered into in connection with the financing of a Phase of the Vanguard One Project.

"**Funding Shareholders**" has the meaning given in Clause 12.3(b).

"**Holding Company**" has the meaning given in Clause 1.2(e).

"**IFRS**" means the International Financial Reporting Standards as in effect from time to time and applicable as of the date on which any calculation is made or required to be made in accordance with such standards.

"**Initial Construction Budget**" has the meaning given in Clause 6.23(b).

"**Initial Meeting**" has the meaning given in Clause 23.2.

"**Initial Work Program and Budget**" means the initial work program and budget for set forth in Schedule 7 with such changes and additions as may be approved by the Board.

"**Initiating Notice**" has the meaning given in Clause 23.2.

"**Initiator**" has the meaning given in Clause 24.2.

"**Intellectual Property**" means:

- (a) all inventions, discoveries and novel designs, whether or not registered or registrable as patents or designs, including developments or improvements of equipment, products, technology, processes, methods or techniques;
- (b) business names, trading names, company names and domain names;
- (c) all trademarks (whether registered or unregistered) and any associated goodwill incidental to such trade mark, and any styles, logos and other trade symbols;
- (d) copyright (including future copyright) throughout the world in all literary works, artistic works, computer software and any other works or subject matter in which copyright subsists and may in the future subsist, including without limitation all drawings, sketches, artwork, photographs, technical and other specifications, designs, business plans, notes, products and formulae; and
- (e) confidential information, trade secrets, know-how (including proprietary know-how and use and application know-how), concepts, processes, product designs, manufacturing, engineering and other drawings, technology, technical information, safety information, engineering data, design and engineering specifications, research records, market surveys and all promotional literature, and similar data and all derivatives of such material and improvements to such material.

"**Interest Rate**" means LIBOR.

"**Interim Annual Budget**" has the meaning given in Clause 6.24(c).

"**Interim Budgets**" has the meaning given in Clause 6.24(a)(i).

"**Lease**" means the subsurface mineral lease, namely **KL 245** issued by the Government of Saskatchewan and dated 30 August 2016 (or such mineral rights into which the same may be converted, restated, renewed, extended or otherwise altered or changed).

"**LIBOR**" means the rate per annum (on the basis of a 360-day year) shown on www.theice.com as the ICE Benchmark Administration LIBOR Rates in Dollars (LIBOR) for a six month period (or on any successor or substitute page of such service, or any successor to or substitute for such service providing rate quotations comparable to those provided as at the date of this Agreement on such page of such service for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market), determined at or about 11:00 am (London time) on the relevant date.

"**Material Project Agreements**" means the Construction Contracts and each of the agreements specified in Clause 8.2(a)(iv) together with any other agreements material to the Development.

"**Mine**" means infrastructure to be constructed and operated to extract potassium minerals from the Lease and to convey to the Processing Plant a brine containing those minerals.

"**Mineral Products**" means potassium chloride and other mineral products produced from minerals extracted from the Lease.

"**Mining Rights Agreement**" means the mining rights agreement to be entered into between Gensource and the Project Company pursuant to which Gensource will conditionally grant to the Project Company the right to explore, develop and exploit 100% of the Lease.

"**Non-Funding Shareholders**" has the meaning given in Clause 12.3(b).

"**Non-Participating Shareholder**" has the meaning given in Clause 19.2(a).

"**Offered Interest**" has the meaning given in Clause 18.4(b)(i)

"**Offered Shares**" has the meaning given in Clause 18.4(c)(i).

"**Offer Transfer Notice**" has the meaning given in Clause 18.4(b)(ii).

"**Operations**" means all activities on or in relation to the Mine, transportation of the mineral brines from the Mine to a Processing Plant, any Processing Plant and the Vanguard One Project, and includes the maintenance and administration of the Project Company.

"**Parties**" means the parties to this Agreement and "**Party**" means any of them.

"**Phase**" means any of Phase One or any Expansion Phase.

"**Phase One**" means the Development of a Mine and Processing Plant to produce a minimum of 250,000 tonnes/annum of Mineral Products pursuant to a Feasibility Study.

"**Principal Arbitration**" has the meaning given in Clause 23.4(e)(i).

"**Processing Plant**" means a processing plant to be engineered, constructed and operated to process mineral brines to extract the Mineral Products.

"**Project Company**" means Vanguard Potash Corp.

"**Project Company Shares**" means the issued share capital of Vanguard Potash Corp.

"**Regulatory Approvals**" means any necessary approvals required by any competent supranational, governmental or regulatory agencies or authorities.

"**Related Agreement**" has the meaning given in Clause 23.4(e).

"**Required Operations**" means all Operations required to be undertaken to maintain and keep the Lease and any other material assets held by the Project Company in good standing and free of default under Applicable Laws, free of all Security (except as specifically permitted hereunder), including any financial assurances required by Applicable Laws to be posted for environmental

clean-up purposes, and includes Operations required to maintain and keep the Project Company in good standing under Applicable Laws.

"**RFO Purchasing Parties**" has the meaning given in Clause 18.4(b)(i).

"**RFO Seller**" has the meaning given in Clause 18.4(b)(i).

"**RFR Purchasing Parties**" has the meaning given in Clause 18.4(c)(i).

"**RFR Seller**" has the meaning given in Clause 18.4(c)(i).

"**Rules**" has the meaning given in Clause 23.4(a).

"**Security**" means any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention, net profit interest, overriding interest, royalty interest, carried interest, option, production payment or any other security agreement or arrangement.

"**Shareholder**" means each of Gensource, Essel and any person that accedes to this Agreement as a "Shareholder" under Section 16 or Section 18 or otherwise in accordance with this Agreement and "Shareholder" means any of them.

"**Shareholder Funding**" means the contributions to capital provided by a Shareholder or its Affiliates to the Project Company, pursuant to this Agreement, provided that any contributions to capital provided by a Shareholder or its Affiliates shall be provided in a form that is not disadvantageous to any other Shareholder.

"**Shareholder Interest**" of a Shareholder means the aggregate percentage equity interest in the Project Company directly held by such Shareholder from time to time, or to which it may be entitled, as determined in accordance with the provisions of this Agreement. In calculating a Shareholder's Shareholder Interest, references to any percentage means that Shareholder's percentage equity interest consisting of Project Company Shares in the Project Company.

"**Shareholder Subordinated Loans**" means Shareholder Funding provided by Shareholders in the form of loans constituting unsecured indebtedness of the Project Company and ranking in payment and upon liquidation subordinate to senior debt obligations of the Project Company incurred in connection with the Financing but senior to any Distribution with respect to Project Company Shares.

"**Subsidiary**" means a subsidiary within the meaning of the *Business Corporations Act* (Saskatchewan).

"**Target Final Product Rate**" means the production of Mineral Products at a minimum rate of 1,000,000 tonnes/annum.

"**Taxes**" means all associated taxes, be they municipal, provincial, federal, resource based or profit based that may be assessed against the producing company.

"Technical Services Agreement" means the technical services agreement to be entered into between Gensource and the Project Company addressing the matters set forth in Schedule 4.

"Technology Transfer Agreement" means the technology transfer agreement to be entered into between Gensource and the Project Company addressing the matters set forth in Schedule 4.

"**Third Party**" has the meaning given in Clause 16.1(a) and includes any Affiliate of the Third Party to whom the Third Party has lawfully and in accordance with the terms of Clause 18.2 transferred its Project Company Shares.

"**Third Party Offeror**" has the meaning given in Clause 18.4(b)(i).

"**Third Party Shareholder**" means any Third Party acceding to this Agreement as a Shareholder in accordance with the terms of Section 16.

"**Withdrawal Notice**" has the meaning given in Clause 19.1.

"**Work Program**" means a program of Operations approved by the Board.

1.2 Interpretation

In this Agreement and in the Schedules to this Agreement, except to the extent that the context otherwise requires:

- (a) the Table of Contents and headings are for convenience of reference only and do not affect the interpretation of this Agreement;
- (b) defined terms include the plural as well as the singular and vice versa;
- (c) words importing gender include all genders;
- (d) a "**person**" includes any person, firm, company, government, state or agency of a state or any association (incorporated or unincorporated), trust or corporation, partnership (whether or not having separate legal personality) or two or more of the foregoing;
- (e) a company shall be deemed to be a holding company ("**Holding Company**") of another company if that other company is its Subsidiary;
- (f) unless otherwise specified, references to Sections, Clauses and Schedules are references to Sections and Clauses of, and Schedules to, this Agreement;
- (g) the words "**include**", "**includes**" and "**including**" shall be deemed to be followed by the phrase without limitation;
- (h) unless a contrary indication appears, a reference to any document or agreement, including this Agreement, is a reference to such document or agreement as amended, restated, supplemented or replaced from time to time in accordance with its terms and

(where applicable) subject to compliance with the requirements in this Agreement or the relevant agreement or document;

- (i) any party to this Agreement or any other document or agreement shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (j) a provision of law is a reference to that provision as amended or re-enacted; and
- (k) unless a contrary indication appears, any reference to a statute is a reference to that statute enacted, and implemented pursuant to statutory instrument, in Canada.

1.3 Third Party Rights

- (a) Affiliates of any of the Parties who are expressly stated to have rights under this Agreement shall have third party beneficiary rights under and in respect of this Agreement to the extent so stated. No other person who is not a Party has any right to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary any term of this Agreement at any time.

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent

This Agreement (other than Clauses 1.1 (to the extent required), 1.2 (to the extent required), 4.7 to 4.13, Section 20 (except Clauses 20.1(d) and 20.1(e)), Section 21, Section 22, Section 23, Section 24 (except Clause 24.6(a)) and this Section 2, by which the Parties shall be bound immediately) is subject to fulfilment of the following conditions precedent:

- (a) Gensource assignment of 49% interest in the Lease to the Project Company;
- (b) Mining Rights Agreement;
- (c) Essel Initial Contribution, and Project Company shareholder ownership assignment;
- (d) Technical Services Agreement; and
- (e) Technology Transfer Agreement.

in each case on terms and conditions reasonably acceptable to Gensource and Essel.

2.2 Shareholder Best Endeavours

- (a) The Shareholders shall cooperate and use their respective best endeavours to procure the fulfillment of the conditions precedent set forth in Clause 2.1 by or before August 31, 2017;

- (b) Should the conditions precedent set forth in Clause 2.1 not be fulfilled by 5:00 p.m. local time in Saskatchewan on August 31, 2017, or such extended period as the Parties may agree in writing or as may be waived in writing, this Agreement shall lapse and cease to be of any further force or effect (other than Clause 1.1 (to the extent required), Clause 1.2 (to the extent required), Section 22 and Section 23).

3. THE VANGUARD ONE PROJECT

3.1 Purpose

The Parties agree that:

- (a) Project Company's sole purpose shall be:
 - (i) to develop, engineer, construct, finance and operate a Mine and a Processing Plant to produce Mineral Products; and
 - (ii) directly or indirectly through Essel to market and sell the Mineral Products;

and to undertake any other business activity incidental thereto, including transportation of the mineral brines from a Mine to a Processing Plant, and of the Mineral Products to the point of sale, such activities collectively, together with any expansions permitted hereunder, constituting the "**Vanguard One Project**"; and
- (b) the initial objective of the Project Company is to complete Phase One of the Vanguard One Project before the end of Q2 2019 and to continue to develop the potential of the Lease to expand production to reach the Final Target Production Rate on or before the end of Q4 2025.

4. PROJECT COMPANY AND SHAREHOLDERS

4.1 Initial Shareholdings in the Project Company

Immediately following satisfaction of the conditions precedent set forth in Clause 2.1, each of the Shareholders shall own such number of Project Company Shares so as to give that Shareholder the Shareholder Interest percentage set forth opposite its name in the table below:

Ownership of Project Company Shares	
Shareholder	Percentage Shareholding
Gensource	51

Essel	49
Total	100

Any funding required to be provided by Essel pursuant to Section 12 shall be provided as a contribution to capital and shall not affect the Parties' Shareholder Interests set forth in this Clause 4.1.

4.2 Essel Earn-in to a 70% Shareholder Interest

- (a) Essel shall have the right to earn an additional 21% Shareholder Interest in the Project Company by providing and/or arranging a firm commitment or commitments, as well as disbursement of Financing for Phase One, subject to approval pursuant to Clause 8.2(a).
- (b) Essel shall arrange a firm commitment or commitment for the Financing of Phase One on or before end of Q3 2017.
- (c) Immediately following satisfaction of the condition set forth in Clause 4.2(a), each of the Shareholders shall own such number of Project Company Shares so as to give that Shareholder the Shareholder Interest percentage set forth opposite its name in the table below:

Ownership of Project Company Shares	
Shareholder	Percentage Shareholding
Gensource	30
Essel	70
Total	100

4.3 Transfer of 51% Interest in Lease to Project Company

Following the Completion of Phase One of the Vanguard Project, the Parties shall make all commercially reasonable efforts to undertake and complete one or more Expansion Phases necessary to increase production of Mineral Products from the Lease to the Target Final Production Rate on or before the end of Q4 2025.

Once the Target Final Production Rate is achieved, and if achieved on or before the end of Q4 2025, Gensource shall forthwith transfer all if its rights and title in and to the remaining 51% interest in the Lease to the Project Company.

In the event that the Target Final Production Rate is not achieved on or before the end of Q4 2025, the Project Company shall continue to have the right to exploit the Lease at the rate and with the Mines and Processing then existing and the right to undertake any additional development of the Lease shall be Gensource's alone, all in accordance with the Mining Rights Agreement.

4.4 Non-Compete Undertakings

- (a) Each of the Shareholders agrees with the Project Company and the Shareholders that while a Shareholder remains the holder of the Project Company Shares and for one year from the date on which such Shareholder ceases to hold the Project Company Shares:
 - (i) It will not, directly or indirectly:
 - (A) be engaged or interested, directly or indirectly, in any capacity (whether for reward or otherwise) in any business which is or has proposed to be engaged in the operation of a potash mine or processing plant in Saskatchewan; provided that this restriction shall not operate to prohibit the following:
 - (1) any Party from holding in the aggregate up to 5% of the issued share capital of any company which is or has proposed to be engaged, directly or indirectly, in the operation of a potash mine or processing plant in Saskatchewan in competition with the Project Company and the shares of which are listed or dealt in on a recognized stock exchange;
 - (2) any Party from holding shares or any other type of ownership interests that do not confer the right to appoint any member of the management of, or to exercise material influence over, any company or other entity which is or has proposed to be engaged, directly or indirectly, in the operation of a potash mine or processing plant in Saskatchewan in competition with the Project Company; or
 - (3) Gensource or its Affiliates from owning, developing or operating one or more potash mines or processing plants in Saskatchewan whether alone or with other parties; or
 - (B) solicit or entice away or endeavour to solicit or entice away any person employed or otherwise engaged at any time during the previous 12 months at an annual salary or fee of more than US\$50,000 per annum by any Shareholder or the Project Company in respect of the Vanguard One Project; and
- (b) Each of the provisions of this Clause 4.4 is considered fair, reasonable and proportionate by the Parties and enforceable and necessary for the protection of each of the Party's legitimate interests in the goodwill of the Project Company. If any such provision is found by a court, public or administrative authority or other body (of any nature) of competent

jurisdiction to be to any extent invalid or unenforceable, but would be valid and enforceable if any part of it were deleted or if it were amended in any other way, the deletion or amendment required in order to render the provision valid and enforceable against the Party against which enforcement was sought shall be deemed to have occurred. No Party shall take any action, directly or indirectly, to avoid or frustrate the purpose and intent of this Clause 4.4.

- (c) Each of Clauses 4.4(a)(i)(A) and 4.4(a)(i)(B) shall be deemed to constitute a separate agreement and shall be construed independently of the other Clauses in this Clause 4.4
- (d) Each of the Shareholders undertakes to procure that each of its Affiliates shall be bound by and shall comply with the provisions of Clause 4.4(a)(i).

4.5 No Other Restriction on Business Activity

Except as set forth in Clause 4.4, nothing in this Agreement shall restrict in any way the freedom of any Party or its Affiliates to conduct, as it sees fit, any business or activity whatsoever and each Party and its Affiliates shall have a right independently to engage in and receive full benefits from business activities, whether or not competitive with the operations of the Project Company or any Party, without consulting the others.

4.6 Relationship of Parties

Nothing in this Agreement shall be construed to create a partnership between or among the Shareholders and the Project Company or any Party. Except as expressly authorized by this Agreement, nothing in this Agreement shall be construed to authorize any Party to act as the agent of any other Party, nor to permit any Party to act on behalf of or bind any other Party or to give any Party the authority to act for or to assume or incur any obligations or liabilities on behalf of any other Party or to pledge the credit of any other Party.

4.7 Mutual Collaboration

The Parties recognize that circumstances may arise which were not foreseen at the date of this Agreement and which will have a significant effect upon the Project Company and the Vanguard One Project or upon a Party in respect of the Project Company or the Vanguard One Project. The Parties agree to consult in the spirit of mutual collaboration in an attempt to resolve any problems arising from such unforeseen circumstances. The Parties expressly acknowledge that this Clause 4.7 only obligates the Parties to consult in good faith.

4.8 Changes as Arrangements are Developed

The Parties recognize that development of arrangements for the Financing, the legal structure for the marketing of the Mineral Products and of other elements of the Vanguard One Project may make changes in the Vanguard One Project structure or otherwise in respect of the Vanguard One Project necessary or desirable and that as of the date of this Agreement certain of the Vanguard One Project agreements to which they are to be parties have not yet been negotiated, executed and delivered. In addition, the optimal structure for the Vanguard One Project in light of tax, corporate, legal and other relevant considerations may not yet have been achieved.

The Parties agree to consult in good faith to effect any such changes which they may agree upon and to negotiate in good faith with respect to those Vanguard One Project agreements which have not yet been negotiated, executed and delivered. The Parties expressly acknowledge that this Clause 4.8 only obligates the Parties to consult and negotiate in good faith.

5. BOARD OF DIRECTORS

5.1 Applicable Laws and By-Laws

The provisions of this Section 5 shall be subject in all cases to Applicable Laws and the Articles of the Project Company in effect from time to time.

5.2 Indemnification of Directors

Provided that a Director is acting in accordance with Applicable Laws and the terms of this Agreement, in good faith and in the furtherance of his or her duties under this Agreement, each Director shall be indemnified by the Project Company to the full extent permitted by Applicable Laws against all costs, losses, liabilities and expenses (including reasonable attorneys' fees) which any such Director may incur or become liable to by reason of any contract entered into or act or deed done or omitted to be done by him or her in the discharge of his or her duties in connection with this Agreement.

5.3 Number of Directors

The Board shall initially consist of five Directors.

5.4 Initial Board Composition

The Board shall be comprised initially of three (3) nominees of Essel and two (2) nominees of Gensource. The initial nominees shall be:

Nominated by Essel:

- Mr. Gagan Goel
- Mr. Punkaj Gupta
- Mr. Varinder Kumar

Nominated by Gensource:

- Mr. Mike Ferguson
- Mr. Dwayne Dahl

5.5 Right to Appoint Directors

- (a) So long as a Shareholder holds a Shareholder Interest of at least 20% it shall have the right to appoint to the Board and maintain in office one Director. Each Shareholder shall have the right to appoint to the Board and maintain in office one Director for each 20%

Shareholder Interest which it may hold from time to time; provided that so long as Gensource has at least a 30% Shareholder Interest it shall be entitled to appoint to the Board and maintain in office two Directors.

- (b) Should the Shareholder Interest of any Shareholder increase or decrease or a Third Party accede as a Shareholder to this Agreement as contemplated herein to such an extent that the Shareholders' respective entitlements to appoint Directors change, then with effect from the date on which the Project Company Shares are transferred or issued, the Shareholder whose entitlement is reduced shall be obliged to remove so many of the Directors appointed by it and the Shareholder whose entitlement is increased shall be entitled to appoint so many additional Directors, to ensure that the number of Directors of each Shareholder is in direct relation to the proportion of that Shareholder's Shareholder Interest compared to the Shareholder Interests of all Shareholders; provided that each Shareholder having a Shareholder interest of 20% shall have the right to appoint at least one Director to the Board and, conversely, that a Shareholder having a Shareholder Interest of less than 20% shall have no right to appoint a Director to any Board and it shall cause any Director previously appointed by it to resign.

5.6 Removal of Directors

- (a) Each Shareholder shall have the right to remove any Director appointed by it as a Director and to appoint another Director in his or her place for so long as it is entitled to appoint and maintain a Director under Clause 5.4 and Clause 5.5.
- (b) Each Shareholder shall be free to give notice to each other Shareholder of its desire to replace a Director nominated by it pursuant to this Section 5. Subject to Applicable Laws, the Parties shall take all reasonable measures to effect such replacement, including the holding of a meeting of the applicable Board where necessary.
- (c) Any appointment, removal or replacement of any Director pursuant to this Clause 5.6 shall be in writing to the Project Company and shall be operative with effect from the date upon which it is last received at the registered offices of the Project Company.

5.7 Indemnity upon Removal of Director

If any Shareholder removes a Director nominated by it from his or her office, that Shareholder shall be responsible for and shall indemnify the other Shareholders and the Project Company against any cost, loss, liability or expense (including reasonable attorneys' fees) that any of them may suffer or incur as a result of any claim by such Director arising out of such removal.

5.8 Remuneration of Directors

The Directors of the Board shall be entitled to remuneration in their capacity as members of the Board as provided in an appropriate resolution to be passed by the Directors in accordance with Section 5.14. Reasonable travel, accommodation and other out-of-pocket costs relating to the attendance of Directors at Board meetings shall be paid by the Project Company.

5.9 Meetings of the Board

- (a) Unless otherwise agreed by the Board, meetings of the Board shall be held together at least quarterly and otherwise as circumstances require. Any Director may convene a meeting of a Board.
- (b) No meeting of the Board shall normally be convened on less than **15** days' notice, but a meeting of the Board may be convened by giving not less than five days' notice if the interests of the Project Company would be likely to be adversely affected due to a material event if the business to be transacted at such meeting were not dealt with as a matter of urgency or if all the members of the Board, as the case may be, agree.
- (c) Notice of any meeting shall be given to all Directors and their alternates at their respective addresses or email address as notified to the Project Company from time to time in writing. The notice shall be accompanied by an agenda and by such reasonable supporting material that the Director requesting the meeting deems necessary or as may be requested by other Directors or their alternates.
- (d) The Directors shall be entitled to give notice by email to each other and the Project Company's Corporate Secretary of items to be added to the agenda, provided, however, that an item may not be added to the agenda unless such notice to add such item is given on or before the second day prior to such meeting.

5.10 Venue of Meetings

The venue of Board meetings shall be determined by the Board from time to time, taking into account Applicable Laws and the reasonable tax, corporate and such other relevant considerations of the Project Company.

5.11 Quorum

The quorum for the transaction of business at any meeting of a Board shall be at least one Director representing each Shareholder that has a Shareholder Interest of 20% or more.

The Shareholders shall use all reasonable endeavours to ensure that their respective appointees as Directors shall attend each meeting of the Board and to procure that a quorum (in accordance with the provisions of this Agreement) is present at the commencement of and throughout each such meeting.

5.12 Adjournment of Meetings of the Board

- (a) If within half an hour of the time appointed for a meeting of the Board a quorum is not present, the meeting shall be adjourned to the next Business Day at the same time and the same place, or such later date and time at the same place as agreed by all Directors in attendance.
- (b) Each Director not present at the meeting shall be notified in writing of the date, time and place of the adjourned meeting. If at such adjourned meeting a quorum is not present

within half an hour of the time appointed for the adjourned meeting, the Directors then present will constitute a quorum.

5.13 Board Minutes and Resolutions

- (a) The secretary appointed by the Chairman pursuant to Clause 5.15(c)(ii) below shall take minutes of Board meetings, record all decisions and resolutions taken thereat and deliver copies thereof to each Shareholder and the Directors no later than 30 days following each meeting.
- (b) A resolution in writing signed by all the Directors entitled to receive notice of a meeting shall be as valid and effective as if it had been passed at a meeting of the Board and duly convened and held. Any such resolution shall be deemed to have been passed on the date on which it was signed by the Director last signing it. An electronic copy of a resolution signed by a Director shall be acceptable evidence that such resolution has been signed by the Director whose signature appears on the electronic copy.

5.14 Voting Rights

- (a) At meetings of the Board, each Director (save for any Directors appointed by a Defaulting Shareholder) shall be entitled to the number of votes equal to one vote for each percentage of Shareholder Interest held by the Shareholder who appointed such Director divided by the number of Directors appointed by such Shareholder present at the meeting.
- (b) Unless otherwise specifically provided for in this Agreement, resolutions shall be carried by the affirmative vote of Directors appointed by Shareholders (save for any Directors appointed by a Defaulting Shareholder) holding an aggregate Shareholder Interest of more than 50%.

5.15 Chairman of the Board

- (a) Each Shareholder having a Shareholder Interest of 30% or more shall be entitled to appoint a person as Chairman of the Board for one year on a rotating basis.
- (b) Essel shall be entitled to appoint the first Chairman and Gensource shall be entitled to appoint the second Chairman and so on.
- (c) The Chairman shall:
 - (i) be responsible for coordinating and directing all activities of the Board; provided, however, that he or she shall always be subject to the direction of the Board; and
 - (ii) appoint a secretary annually.
- (d) The Chairman shall not be entitled to a second or tie-casting vote.

5.16 Telephone and Videoconference Meetings

Provided that proper notice of the meeting and the means by which the meeting shall be conducted in accordance with the terms of this Section 5 have been given or waived, any Director may participate in a meeting of the Board by means of conference telephone, videoconference or similar communications equipment whereby all persons participating in the meeting can communicate with each other simultaneously and instantaneously.

Participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. The secretary appointed by the Chairman pursuant to Clause 5.15(c)(ii) shall maintain written minutes of such meetings in accordance with Clause 5.13(a).

5.17 Language

The proceedings of the Board and any committee thereof shall be in English and all minutes of meetings thereof shall also be in English.

5.18 Execution of Documents, etc. by the Project Company

- (a) Any agreement, document or other instrument to be executed by the Project Company shall be required to be executed by any two directors or officers, as approved by the board of Directors.
- (b) It shall be the responsibility of each of the Shareholders and the Project Company to ensure that their respective appointed Directors perform their duties on a basis consistent with this Agreement and with the decisions made by the Parties under this Agreement.

5.19 Limitation of the Board's Powers

- (a) Notwithstanding the provisions of the Section 6, a decision or resolution of the Board relating to the following matters shall require the affirmative vote of directors appointed by each Shareholder holding a Shareholder Interest of at least 75%:
 - (i) the approval of any amendment to the Initial Work Program and Budget and any Interim Budget;
 - (ii) the approval of each of the matters specified in Clause 8.2(a);
 - (iii) the approval of any Work Program or amendment thereto on;
 - (iv) the approval of, or any amendment to, an Initial Construction Budget or a Construction Budget;
 - (v) the approval of any material change to any Phase of the Vanguard One Project from that described in a Definitive Feasibility Study;

- (vi) the approval of any Material Project Agreement or amendment to any Material Project Agreement;
- (vii) the appointment, termination of appointment or material change in the terms of appointment of any operator of the Mine, the Processing Plant or any other material facilities of the Vanguard One Project;
- (viii) the creation of any Subsidiary;
- (ix) the initiation, conduct, abandonment or settlement of any arbitration or legal proceedings or regulatory proceedings brought by or against the Project Company involving an aggregate value of more than US\$5 million, except for the initiation, conduct, abandonment or settlement of any arbitration or legal proceedings relating to the enforcement of any payment obligations under any offtake contract or other agreement;
- (x) the sale, transfer or pledge (including the creation of any Security) of
 - (A) any concessions, easements, or other rights of the Project Company necessary to operate the Vanguard One Project in a manner other than substantially as contemplated in a Feasibility Study; or
 - (B) any other assets of the Project Company other than an obsolete, superfluous or replaced asset;

except in each case in connection with the granting of any Security (or any transfer resulting from the granting thereof) for the benefit of holders of senior debt or holders of indebtedness for borrowed money;
- (xi) the issue of any debenture or other securities convertible into shares or debentures or any share warrants or any options in respect of shares of the Project Company, whether outright or as security for any debts, liabilities or obligations or the obligations of any third party;
- (xii) the making of any material change in the corporate purpose of the Project Company from that set forth in its Articles or other constituent documents, or the conduct of any activities by the Project Company that are not related or incidental to the Vanguard One Project;
- (xiii) the approval of general policies and procedures in respect of hedging foreign exchange, interest rates, or commodities (other than the marketing and sale to off takers of Mineral Products);
- (xiv) the discontinuing or curtailing, either temporarily (other than routine planned maintenance or as a reasonable response to any health, safety or environmental emergency) or permanently, of the operations of the Vanguard One Project;

- (xv) the selling or disposal of all or substantially all of the business or assets of the Project Company;
 - (xvi) acquiring the whole or a substantial part of the business of any person for a value in excess of US\$5 million;
 - (xvii) after Completion of a Phase, any capital expenditure in excess of US\$10 million other than maintenance or other capital expenditures reasonably needed to maintain the capacity of that Phase and other then completion Phases of the Vanguard One Project;
 - (xviii) the merger, amalgamation or consolidation of the Project Company or any part thereof with or into another company or companies or with any other business;
 - (xix) the compromising generally with the Project Company's creditors;
 - (xx) the winding up of the Project Company or any application for its judicial management; and
 - (xxi) the appointing or hiring officers
- (b) Notwithstanding any other provision of this Agreement, a decision or resolution of the Board relating to the entering into of any transaction between the Project Company, on the one hand, and any Party and/or Affiliate of such Party, on the other, shall require the affirmative vote of Directors appointed by each Shareholder holding a Shareholder Interest of 75% or more, excluding the vote of any Director appointed by such Party or Affiliate, unless such transaction (and any related transaction or series of related transactions) is in the ordinary course of business, on arm's length terms, for at least fair market value and with a value in the aggregate of less than US\$1 million per year.
- (c) The Board shall not have the power or authority to:
- (i) make any decision which may have or has the effect of varying the terms of this Agreement without the consent of the Parties;
 - (ii) list shares of the Project Company on an exchange without the unanimous consent of the Shareholders;
 - (iii) take any action that requires a special resolution of the Shareholders in terms of Applicable Laws unless such special resolution has been adopted by them;
 - (iv) issue any unissued shares in the share capital of the Project Company except as otherwise contemplated in this Agreement without the unanimous consent of the Shareholders;
 - (v) vary, amend or otherwise alter the rights attaching to any class of shares in the share capital of the Project Company without the unanimous consent of the Shareholders;

- (vi) consolidate, subdivide or convert any of the Project Company's share capital or in any way alter any rights attaching thereto without the unanimous consent of the Shareholders; and
- (vii) cancel or repurchase any shares in the Project Company except as a pro rata Distribution to Shareholders.

5.20 Committees

- (a) The Board may establish committees from time to time comprised of Directors whose duties, responsibilities, functions and roles will be as determined by the Board. Each Shareholder having a Shareholder Interest of 20% or more will be entitled to have one person as its representative on each such committee. Any decision of any committee shall require the same vote of the members thereof as would apply as if such decision were taken by the Board. The quorum for any meeting of any sub-committee shall be the same as that applicable to any meeting of the Board.
- (b) Unless otherwise agreed unanimously by the Board, the provisions of Clauses 5.5 to 5.17 shall apply mutatis mutandis to each sub-committee.

6. MANAGEMENT

6.1 Officers

The officers of the Project Company shall be the following until changed by the Board

President and CEO:	Mike Ferguson
Chief Financial Officer, CFO:	Robert Theoret, CFA
Corporate Secretary	Deborah Morsky
VP Corporate Development:	Robert Theoret (dual responsibility with CFO role)
VP Human Resources:	Future appointment
VP Sales/Marketing:	Future appointment
Project Manager:	Paul Neufeld

and such additional officers as the Board may determine from time to time.

6.2 Initial Work Program and Budget; Initial Construction Budget

- (a) Management shall supervise the implementation of the Initial Work Program and Budget.
- (b) Reasonably in advance of the time that the Board is to consider the capital cost estimate for a Phase One of the Vanguard One Project, and in respect of Phase One no later than 10 business days after the completion of the Feasibility Study for Phase One or such later

date as may be determined by the Board, management shall prepare and present to the Board for its approval an estimate of all work associated with the construction of such Phase of the Vanguard One Project as described in the Feasibility Study for such Phase through Completion, including an appropriate contingency (in the form so approved, an "**Initial Construction Budget**"). The Initial Construction Budget must be approved in accordance with Section 5.19. The Initial Construction Budget may subsequently be amended by approval of the Board (in the form so approved, a "**Construction Budget**").

- (c) An Initial Construction Budget for a Phase shall include, inter alia, the following:
 - (i) a description of the work to be performed in order to reach the Commercial Operations Date and Completion;
 - (ii) an estimate of initial working capital Expenditures and Expenditures required for the commencement of operations, a detailed budget of the capital costs to be incurred in carrying out such work and an estimate of the timing for performance of such work and the making of such Expenditures;
 - (iii) an estimate of amounts for the servicing of senior debt and fees or premia payable to the lenders of senior debt, including interest during construction, any required reserve amounts and legal and other advisory fees; and
 - (iv) sufficient data and information as to permit independent third party evaluation of commencing the Development and arranging the Financing.

6.3 Annual and Interim Budgets

- (a) Management shall prepare an annual budget, operating plan and work program for approval by the Board (collectively, and in the form so approved, an "**Annual Budget**") and such other budgets and operating plans covering shorter periods or discrete projects for approval of the Board (collectively, and in the form so approved, "**Interim Budgets**") as the Board deems advisable.
 - (i) At least **one** month prior to the expiration of the Initial Work Program and Budget, Management shall prepare and present to the Board for its approval an Annual or Interim Budget, as the case may be, necessary for the Development of Phase One prior to the adoption of an Initial Construction Budget.
 - (ii) Management shall deliver the first regular Annual Budget to the Board for its approval no later than **two** months prior to the beginning of the fiscal year during which the Commercial Operations Date for Phase One is scheduled to occur and annually thereafter no later than **two** months prior to the beginning of the fiscal year to which it relates.
- (b) The Annual Budget shall include the following with respect to each year:

- (i) an estimate of proposed capital, operating and working capital Expenditures, indicating the item or type and amount of each Expenditure, the necessity therefor and the time of such Expenditures;
 - (ii) an estimate of the revenues and other cash receipts to be received and the operating costs to be incurred, and the basis on which such estimates were prepared;
 - (iii) an estimate of sources and uses of funds, including the estimated funding which will be required from the Shareholders pursuant to Clauses 12.1 and 12.2 and the estimated timing of such requirements, the estimated amount and timing of any Distributions and the form of such Distributions;
 - (iv) forecasts of any one or more of the above for the **four-year** period following such fiscal year; and
 - (v) if reasonably requested by a Shareholder, forecasts for any period other than the period referred to in Clause 6.3(b)(iv).
- (c) In the event an Annual Budget has not been approved by the Board by the first Business Day of the period covered by such budget, then an interim annual budget (the "**Interim Annual Budget**") shall be adopted so long as the aggregate expenditures thereunder do not exceed the sum of:
- (i) 105% of the aggregate Expenditures (other than capital Expenditures) under the prior year's Annual Budget or Interim Annual Budget, as the case may be; and
 - (ii) the forecast capital Expenditures for the year in question approved previously in accordance with the terms of Clause 6.3(b)(iv) above.

Such Interim Annual Budget shall remain in effect until the earlier of the approval by the Board of the Annual Budget for the fiscal year to which such Interim Annual Budget relates and the expiration of such fiscal year.

7. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

7.1 Approval of Certain Activities

The Project Company and each of the Shareholders agree that the only acts requiring the approval of the Shareholders are those mandatorily required under Applicable Laws, which shall require a resolution carried by the vote of Shareholders as required by Applicable Laws.

7.2 Shareholders Meetings

Shareholders meetings shall be held in accordance with Applicable Laws and at any time upon the call of the Board or of any Shareholder holding a Shareholder Interest of 10% or more (and for these purposes excluding any Shareholder Interest of a Defaulting Shareholder) on no less than 15 days' notice. The Shareholders shall use all reasonable endeavours to procure that their respective representatives attend

each meeting of the Shareholders of the Project Company and that a quorum is present from the commencement of and throughout each such meeting.

7.3 Quorum

The quorum for the transaction of business at any meeting of the Shareholders shall be the Shareholders present in person or by proxy holding at least a majority of the Project Company Shares.

7.4 Adjournment of Meetings of Shareholders

If within two hours from the time appointed for a meeting of Shareholders a quorum is not present, those Shareholders present shall be deemed to be a sufficient quorum to set a new date, time and place for the adjourned meeting (and if no Shareholders are present at the initial meeting it shall be adjourned to the same day of the next week at the same time and place) and each Shareholder shall be notified by the Project Company, in writing of the date, time and place of the adjourned meeting. If at the adjourned meeting a quorum is not present within two hours from the time appointed for the meeting, those Shareholders then present shall constitute a quorum.

7.5 Written Resolutions

A resolution in writing of the Shareholders signed by all of the Shareholders shall be valid and effective as if it had been passed at a meeting of the Shareholders duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the Shareholders. Unless the contrary is stated therein, any such resolution shall be deemed to have been passed on the date on which it was signed by the Shareholder last signing it. An electronic copy of a Shareholder's signed resolution shall be acceptable evidence that such resolution has been signed by the Shareholder whose signature appears on the copy.

7.6 Chairman

Each Shareholder having a Shareholder Interest of 30% or more shall be entitled to appoint a Chairman of the meetings of the Shareholders on a rotating basis. Gensource shall be entitled to appoint the Chairman at the first Shareholders meeting and Essel shall be entitled to appoint the Chairman at the second Shareholders meeting and so on. The Chairman shall not have a second or tie-casting vote.

7.7 Access to Records

Each Shareholder with a Shareholder Interest of 20% or more, through its authorized employees and agents, at its own risk and expense, shall during normal business hours have access to the Project Company, all sites, offices and facilities related to the Vanguard One Project and (except as may be limited by Applicable Laws and subject to Section 22) the right to examine and make copies of any accounts, records and other documents of the Project Company.

8. COMMENCEMENT OF THE DEVELOPMENT AND CONSTRUCTION ACTIVITY

8.1 Development of Phase One

- (a) The development of the Feasibility Study for Phase One will be carried out in accordance with the Initial Work Program and Budget and continue forthwith upon the execution of this Agreement.
- (b) Each Shareholder agrees to contribute to the Project Company all of its undivided interest in all right, title and interest in all work studies and other work acquired or created prior to the date hereof relating to the Vanguard One Project, in each case free from all Security and, in the case of Gensource, subject to the terms of the Gensource Technical Services and Technology Agreement.

8.2 Commencement of the Development of a Phase

- (a) The Development of a Phase will be carried out in accordance with a Definitive Feasibility Study and shall commence when all permits, consents, authorizations and Regulatory Approvals necessary to commence construction have been received by the Project Company and the Board has approved each of the following matters in accordance with Clause 6.25(a):
 - (i) a feasibility study completed and finalised to reflect the terms of this Agreement and to be in a form appropriate to be provided to potential lenders providing the Financing (the "**Feasibility Study**");
 - (ii) a definitive study comprising the Feasibility Study, the cost estimate for the relevant Phase of the Vanguard One Project and the indicative finance plan, which study shall be referred to as the "**Definitive Feasibility Study**";
 - (iii) an Initial Construction Budget;
 - (iv) the execution and delivery by the Project Company of the construction contracts necessary for the construction of the Development of the Phase in accordance with the Initial Construction Budget (the "**Construction Contracts**");
 - (v) the execution and delivery by the Project Company of binding financing commitments with lenders attaching detailed common term sheets for the Financing ("**Financing Commitments**") with the principal conditions to the provision of such financing being:
 - (A) the execution and delivery of definitive financing documentation in accordance with the common term sheets and reasonably satisfactory to the parties to the Financing;
 - (B) a limited market flex provision, other than any such provision relating to the price of potash or exchange rates;

- (C) the absence of any material adverse change with respect to the Vanguard One Project;
 - (D) usual project financing conditions substantially within the control of the Parties; and
 - (E) with respect to any agency lender only, credit committee approval.
- (b) Each of the Shareholders agrees that it shall cause the members of the Board appointed by it not to unreasonably withhold its or their approval of the execution and delivery of Financing Commitments so long as they incorporate reasonable and customary terms and conditions for the limited recourse project financing of a multi-sponsor mining and processing facility project that meet the terms set out in Clause 12.8 of this Agreement.

8.3 Occurrence of Commencement of the Development

"**Commencement of the Development**" shall occur upon approval of each of the matters set out in Clause 8.2 and the execution and delivery by all of the relevant parties of the Financing Commitments and each of the Material Project Agreements referred to in Clauses 8.2(a)(iv) and 8.2(a)(v).

9. PROCESSING PLANT

9.1 Operations

- (a) Subject to the provisions of Section 6 and Clause 9.1(b) below, the Board shall determine the activities of the Vanguard One Project, including any Mine and Processing Plant, on a basis that is in the best interests of the Project Company. The Board shall enter into such operating agreements as it may determine to be necessary in accordance with this Clause 9.1(a) on an arm's length basis and on such other terms and conditions as the Board and any operator may agree, subject in any case to the principle that the fee charged by any Shareholder or an Affiliate of a Shareholder to operate any part of the Vanguard One Project shall be on a "cost plus" basis.
- (b) Each Shareholder agrees that Gensource shall take a lead role with respect to the operations of the Vanguard One Project, including the provision of such technical expertise, management resources and employees as the Board may determine to be in the best interests of the Project Company.

9.2 Process Technology

- (a) Each Shareholder agrees that Gensource will provide to the Project Company its process technology required for a Mine and a Processing Plant on the terms set forth in this Clause 9.2.
- (b) Prior to Commencement of the Development of Phase One, the Company will enter into a Gensource Technical Services and Technology Agreement relating to the provision of certain services and technology or other Intellectual Property by Gensource for use in the Vanguard One Project incorporating the principles set forth in Schedule 4.

10. REPORTING

10.1 Financial Information

- (a) As soon as practicable but not later than 90 days after the end of each fiscal year, the Project Company shall furnish to each Shareholder copies of the Project Company's **audited** Financial Statements for such fiscal year.
- (b) As soon as practicable but not later than 90 days after the end of each fiscal year, the Project Company shall furnish to each Shareholder a report summarizing the construction or operations, as the case may be, of the Vanguard One Project conducted during such fiscal year, together with a statement of sources and uses of funds showing actual Expenditures to date against the applicable Budget, and latest estimates to the Commercial Operations Date or fiscal year end, as the case may be, as well as such other pertinent financial or other information as may reasonably be requested from time to time by the Shareholders.
- (c) As soon as practicable but not later than 45 days after the end of each fiscal quarter, the Project Company shall furnish to each Shareholder:
 - (i) copies of the Project Company's unaudited Financial Statements for such quarter;
 - (ii) a report summarizing the construction or operations, as the case may be, of the Vanguard One Project conducted during such fiscal quarter;
 - (iii) a statement of sources and uses of funds showing actual Expenditures to date against the applicable Budget;
 - (iv) prior to the Commercial Operations Date, the latest estimates to the Commercial Operations Date or fiscal year end, as the case may be; and
 - (v) such other pertinent financial or other information as may reasonably be requested from time to time by the Shareholders.

10.2 Construction Phase Reporting

As soon as practicable but not later than 45 days after the end of each calendar month, the Project Company shall furnish to each Shareholder a report summarizing, during the construction stage of any Phase, the construction of the Phase of the Vanguard One Project during such month, including:

- (a) a description of the physical progress and Expenditures during such month;
- (b) cumulative Expenditures through the end of such month;
- (c) material variations of such physical progress and cumulative Expenditures from those set forth in the applicable Budget (together with a reasonably detailed explanation therefor);

- (d) its then-current estimates of total cost of the Phase and the timing of the Commercial Operations Date; and
- (e) unaudited summary management accounts, including a summary balance sheet.

10.3 Operating Phase Reporting

As soon as practicable but not later than 45 days after the end of each calendar month, the Project Company shall furnish to each Shareholder a report summarizing, during the operations stage of any Stage, the operations of the then operating Stages during such month, including information in reasonable detail concerning:

- (a) revenue and operating costs during such month as compared to applicable Budget;
- (b) capital Expenditures during such month as compared to the applicable Budget;
- (c) unaudited summary management accounts, including a summary balance sheet and summary profit and loss account;
- (d) production and inventory during such month;
- (e) any material developments during such month in Vanguard One Project operation; and
- (f) a summary report on progress during such month on such health, safety, environmental and community milestones as may be determined by the Board.

10.4 Unexpected Occurrences

The Project Company shall make a prompt report to the Shareholders of:

- (a) any unexpected occurrence which will, or is likely to, materially affect the development and construction or operation of the Vanguard One Project or the Project Company;
- (b) during the operations phase, any actual or anticipated aggregate Expenditures by the Project Company or during a period that exceed the aggregate budgeted Expenditures for such period by 5% or more; and
- (c) any anticipated material deviations from the estimates set forth in the Annual Budget of the amounts and timing of the funding that will be required from the Shareholders pursuant to Clause 12.1.

10.5 Delivery of Reports, etc.

Reports, statements or other documents furnished pursuant to this Section 10 shall be delivered to each Shareholder by e-mail in accordance with Clause 24.2.

11. POLICIES

11.1 Accounting Policy

- (a) Project Company's accounts shall be prepared in accordance with the laws of Canada and IFRS.
- (b) The Project Company shall keep its accounts and financial and cost records in Dollars but shall, in addition, keep functional accounts and records in the reporting currency of their jurisdiction of incorporation as may be required by Applicable Laws and IFRS. Amounts shall be converted from Dollars to such reporting currency on such terms as may be determined by the Project Company's senior management in accordance with Applicable Laws.
- (c) The Project Company shall maintain cash accounting, management accounting and operational records required for the Financing or to build and maintain a financial model of the Vanguard One Project.

11.2 Fiscal Year

The fiscal year of the Project Company shall begin on January 1.

11.3 Distribution Policy

- (a) It is the general policy of the Project Company that Distributions be made from time to time in the form and in the manner that are most tax efficient for their Shareholders. Subject to the terms of the Financing and Applicable Laws, Distributions by the Project Company to the Shareholders shall be made at least annually. Unless otherwise permitted in accordance with the terms of this Agreement, all Distributions by the Project Company to the Shareholders will be in cash.
- (b) It shall be the general policy of each of the Project Company that the cash generated by it shall be used first to meet the cash needs of the Vanguard One Project (including working capital needs) and that any balance shall then, subject to the terms of the Financing and Applicable Laws, be used to make Distributions in accordance with Clause 11.3(a).
- (c) Distributions shall be paid (i) first, in repayment of Shareholder Funding in the form of Shareholder Subordinated Loans provided in accordance with the terms of Section 14; and (ii) second, in respect of Project Company Shares, in each case in the same priority and on the terms set forth in Clause 14.1(c).
- (d) Notwithstanding the provisions of Clauses 11.3(a) and 11.3(b), for as long as a Shareholder is a Defaulting Shareholder, such cash shall not be applied to make Distributions to such Defaulting Shareholder but shall instead be applied:
 - (i) first, to meet such Defaulting Shareholder's obligations to the Project Company pursuant to Clause 12.1; and

- (ii) second, to pay any Default Interest on such obligations pursuant to Clause 14.4; and
- (iii) third, to pay any amounts and/or default interest owing to other Shareholders pursuant to Clause 14.6.

For all purposes of this Agreement, any such application of Distributions shall be deemed to be a payment by such Defaulting Shareholder.

11.4 Financing Policy

From the Commercial Operations Date of any Phase, the Project Company shall endeavour to finance all of its cash requirements for the Operations of the then operating Phases from operating cash flow and third party borrowing.

11.5 Taxation Policy

- (a) Each of the Shareholders shall be solely responsible for the payment of all taxes imposed on it by taxing authorities, wherever located, in connection with the Vanguard One Project.
- (b) The Project Company shall be responsible for the payment of all taxes imposed on it or the withholding of any tax it may be required to withhold in respect of Distributions to its Shareholders by taxing authorities, wherever located.

11.6 Intellectual Property

- (a) Existing Intellectual Property

Subject to the terms of this Agreement and the Gensource Technical Services and Technology Transfer Agreement or any other agreements relating to the provision or licensing of technology or other Intellectual Property for use in the Vanguard One Project and any prior rights of third parties, the Parties agree that each Shareholder will remain the sole owner, user and licensee of its Intellectual Property which it held immediately before the date of effectiveness of this Agreement.

- (b) License to Use

To the extent reasonably necessary to undertake the Vanguard One Project, each Shareholder hereby grants an irrevocable non-exclusive right of use of Intellectual Property owned by it and to be used in the conduct of the Vanguard One Project to the Project Company. Upon termination of this Agreement, this grant will terminate, and the full rights to such Intellectual Property will revert to the provider thereof and none of the Project Company, nor any of the Shareholders shall have any further rights thereto.

For the avoidance of doubt, such license may not be revoked for any other reason (including in the event that such grantor ceases to be a Shareholder).

- (c) Improvements

Any improvements made to the Intellectual Property of any grantor thereof pursuant to the use contemplated in Clause 11.6(b) above shall be owned by the grantor. To the extent necessary, the Project Company hereby assigns any and all such Intellectual Property to the grantor and the grantor hereby grants to the Project Company a royalty free, irrevocable and non-exclusive license to use such improvements made to the Intellectual Property.

(d) New Intellectual Property Development

Any new Intellectual Property which any of the Shareholder or Project Company may develop independently during the currency of this Agreement will be owned by the party who developed and funded the development of such Intellectual Property.

11.7 Transactions with Shareholders

All transactions between any Shareholder or an Affiliate of a Shareholder and the Project Company shall be on commercially reasonable terms that are at least as favorable to those companies, as applicable, as those which would be obtained in an arm's length transaction.

12. SHAREHOLDER FINANCING REQUIREMENTS

12.1 General

- (a) Subject to Clauses 11.4 and 12.6, the Shareholders agree that all funds required to develop, construct and operate all Phases of the Vanguard One Project and necessary to meet the cash needs of the Project Company, including funds required for working capital, maintenance, Expansion Phase(s) and capital improvements, in each case, in accordance with the Work Programs and Budgets are to be provided by Essel.
- (b) Upon the call of the Board, such funds shall be provided as contributions to capital from such Shareholder or its Affiliates to the Project Company, in each case in accordance with Budgets approved by the Board or any Interim Annual Budget, as the case may be.

12.2 Funding after Initial Work Program and Prior to the Financial Close

- (a) On and after completion of the Initial Work Program and prior to the Financial Close, the Board may, upon the affirmative vote of members appointed by Shareholders holding at least a majority of Shareholder Interests (excluding those of any Defaulting Shareholder), begin to issue cash calls to fund any subsequent Work Program.
- (b) Any failure of the funding Shareholder (the "**Funding Shareholder**") to meet a cash call pursuant to Clause 12.2(a) shall be deemed to be a default by such Funding Shareholder and the provisions of Clause 14.6 shall apply.

12.3 Payment of Funding

- (a) All contributions called for and made pursuant to Clauses 12.1 and 12.2 shall be contributions of money. Unless otherwise specified by the Board, all funds provided by a Shareholder pursuant to Clauses 12.1 and 12.2 shall be provided in US Dollars.

- (b) Unless otherwise agreed by each Shareholder, all calls by the Board for funds under Clauses 12.1 and 12.2 shall be made by the Board upon at least 15 Business Days' notice to the Shareholder. Each Shareholder agrees to cause its members on the Board to vote to issue any such cash call if such cash call is in accordance with a Budget.
- (c) The timing of such calls shall be in accordance with the Budget and reasonably related to the cash requirements of the Project Company as determined by the Board from time to time, and shall be made on a monthly basis on the 20th day of each month and shall be payable on the date specified in such call.
- (d) All funds paid pursuant to such calls shall be directly deposited in an account of the Project Company and shall be maintained in such an account until such funds are used to meet obligations of the Vanguard One Project.
- (e) Any interest or other earnings accrued on the investment of such funds after they have been paid by the Shareholders shall be for the account of the Project Company.

12.4 Notice of Failure to Make Payment

The Board shall notify each Shareholder promptly, but in any event within seven Business Days, of the failure of a Shareholder to make a payment required pursuant to this Section 12 and of the subsequent making of any payment as to which such notice was given.

12.5 Required Shareholder Funding

This Section 12 is the only Section of this Agreement pursuant to which Shareholders are obligated to provide Shareholder Funding under this Agreement.

12.6 Financing

Unless otherwise agreed in writing by each Shareholder holding a Shareholder Interest of **20%** or more, the financing of the Development of a Phase (the "**Financing**") shall reflect the following objectives and characteristics:

- (a) the Project Company shall seek to obtain senior debt financing on commercial terms consistent with financial prudence, including prudent debt/equity ratios;
- (b) Any equity component of the Financing shall be provided by Essel as a contribution to share capital;
- (c) the senior debt financing will be arranged on a common limited recourse project finance basis, utilizing to the maximum extent possible the cash flow and assets of the Vanguard One Project as security for senior debt and other financing provided by commercial banks, export credit agencies, multilateral agencies, capital markets and other sources of senior debt financing;

- (d) each Shareholder will procure its Affiliates to provide to any lender any Completion Guarantee required for the Financing or other support on a several basis in proportion to its direct and/or indirect Shareholder Interest,;
- (e) it is the Parties' objective that all obligations contained in the Completion Guarantees to be entered into for the benefit of the senior lenders will terminate upon the Phase of the Vanguard One Project achieving Completion;
- (f) the Shareholders will agree for the benefit of the senior lenders customary financing terms for limited recourse mining and processing facility projects, including but not limited to:
 - (i) transfer restrictions over their Shareholder Interests in and loans (if any) to the Project Company;
 - (ii) certain restrictions on Distributions;
 - (iii) mandatory prepayments of the senior debt under specified circumstances;
 - (iv) subordination of any Shareholder Funding provided in the form of loans; and
 - (v) a pledge of Shareholder Interests and shareholder loans for the benefit of the senior lenders; and
- (g) the structure of the Financing will be designed in a manner to maximize both tax efficiency and the availability of senior debt and may involve any one or more of the Project Company as borrower or guarantor and/or separately financing individual infrastructure components of the Vanguard One Project.

12.7 Application of Financing

To the extent permitted by the terms of the Financing, all proceeds from the first disbursement of the Financing shall be used first, to repay Shareholder Subordinated Loans pro rata based on the outstanding principal amount held by each Shareholder and second, to expenses of the Vanguard One Project.

13. VANGUARD ONE PROJECT CASH FLOWS

13.1 Application of Vanguard One Project Cash Flows

Subject to the requirements of the terms of the Financing, it will be the policy of the Vanguard One Project that cash generated by operations will be applied in the following order of priority:

- (a) operating expenses;
- (b) senior debt obligations; and
- (c) Distributions and other proper purposes as determined by the Board, with Distributions applied in the following order of priority:

- (i) interest on Shareholder Subordinated Loans provided pursuant to Clause 14.6;
- (ii) principal on Shareholder Subordinated Loans provided pursuant to Clause 14.6 in inverse order of maturity;
- (iii) dividends on Project Company Shares;
- (d) If not paid, unpaid interest on any Shareholder Subordinated Loans outstanding shall be capitalized on the date such interest was due but unpaid.

14. DEFAULT AND REMEDIES

14.1 Defaults by a Shareholder

A Shareholder shall be considered a "**Defaulting Shareholder**" upon the occurrence and during the continuance of any of the following "**Events of Default**":

- (a) such Shareholder or any of its Affiliates is in breach in any material respect of its obligations under Section 4 or Section 18 or Section 20 of this Agreement and such breach has not been remedied within 90 days of written notice to such Shareholder from the Board, any other Shareholder or the Project Company;
- (b) a receiver, administrative receiver, administrator or manager is appointed over the whole or any part of the assets of such Shareholder or any Holding Company of the Shareholder;
- (c) such Shareholder or any Holding Company of the Shareholder:
 - (i) becomes insolvent or enters into insolvent liquidation or is compounded with its creditors generally or the occurrence of analogous events or circumstances under Applicable Laws of the jurisdiction of incorporation of such Shareholder or Holding Company of the Shareholder, as the case may be;
 - (ii) declares itself insolvent or bankrupt or commences a proceeding under any applicable insolvency or bankruptcy law or the occurrence of analogous events or circumstances under Applicable Laws of the jurisdiction of incorporation of such Shareholder or Holding Company of the Shareholder, as the case may be;
 - (iii) there is commenced against such Shareholder or any Holding Company of the Shareholder any such proceeding which is not stayed, dismissed or withdrawn within 120 days and such Shareholder or the Holding Company of the Shareholder is not contesting such proceedings in good faith; or
 - (iv) suffers any judgement, writ of attachment or execution or any similar process to be issued against it which is levied against or affects title to or an interest in, in the case of a Shareholder, its Project Company Shares or, in the case of a Holding Company, the shares in the capital of the Shareholder or a Holding Company of the Shareholder;

- (d) such Shareholder or its Affiliates fail to provide Shareholder Funding required pursuant to Clause 12.1(a) or (b), 12.6 (b) within the period specified in Clause 12.3(c);

A Defaulting Shareholder shall notify the non-defaulting Shareholders of an Event of Default with respect to it promptly upon becoming aware of it and in any event within three (3) Business Days.

14.2 Resolution of Default

In case of the occurrence of an Event of Default under Clause 14.1, other than an Event of Default resulting from the deliberate actions or inactions of the Defaulting Shareholder, each non-defaulting Shareholder agrees that it shall and shall cause its director nominees to consult with the Defaulting Shareholder and its director nominees in good faith and at a reasonable frequency with the objective of developing a plan to cure the Event of Default; and to take such steps as may be commercially reasonable to implement any plan so developed to cure the Event of Default. Such plan could include, without limitation, the identification and solicitation of possible third-party investors. If, notwithstanding this Clause 14.2, the Event of Default is not cured on or before the date that is 120 days from date of the Event of Default and is continuing, the remaining provisions of this Section 14 shall apply in respect of the Event of Default.

14.3 Loss of Voting and Representation

Notwithstanding anything contained elsewhere in this Agreement but subject to Clause 14.2, upon the occurrence and during the continuance of an Event of Default under Clause 14.1, the Defaulting Shareholder shall not:

- (i) be entitled to vote its Project Company Shares;
- (ii) be entitled to representation or a vote at meetings of the Board or any sub-committee of the Board through Directors nominated by it;
- (iii) be required to be present to constitute a quorum for a meeting of the Board, any sub-committee of the Board or the Shareholders; or
- (iv) be entitled to receive any Distributions on its Shareholder Interest, which instead will be applied in accordance with the terms of Clause 12.2(d).

14.4 Transfer of Shares

Subject to Section 14.2, upon the occurrence and during the continuance of an Event of Default:

- (a) the other Shareholders shall automatically be entitled to exercise *pro rata* all the rights of the Defaulting Shareholder in relation to such Defaulting Shareholder's Project Company Shares, including, without limitation:
 - (i) the right to vote at meetings of Shareholders as if they were the holders of such Project Company Shares;
 - (ii) the right to appoint the Board or any committee of the Board;

- (iii) the right to remove Directors appointed by the Defaulting Shareholder and to appoint their own nominated Directors; and
 - (iv) the right to apply the cash Distributions otherwise payable to the Defaulting Shareholder pursuant to Clause 11.3(a) in accordance with Clause 11.3(d).
- (b) Upon the occurrence and during the continuance of an Event of Default, the Defaulting Shareholder shall offer its Project Company Shares and Shareholder Funding free from all Security (other than any Security granted to senior lenders) together with all rights attaching to them pro rata to the other Shareholders (or to any other person approved by such Shareholders) at a price in cash equal to the lower of:
- (i) the fair market value of such Project Company Shares and loans at such date as reasonably determined by the non-defaulting Shareholders and notified to the Defaulting Shareholder; and
 - (ii) the net book value of the Defaulting Shareholder's Project Company Shares and loans as shown on the books of the Project Company in Dollars.

14.5 Interest Payable

Upon the occurrence and during the continuance of an Event of Default under Clause 14.1(d), the Defaulting Shareholder shall be liable for interest ("**Default Interest**") on the unpaid amount of such Shareholder Funding from the date due to the date such default is cured or otherwise ceases to be a default as provided in Clause 14.7, payable to the Project Company to which the Shareholder Funding was to be contributed upon demand or, in the absence of any demand, on the last day of each calendar month, at a rate equal to the Interest Rate plus the Default Margin, provided that the recourse of the Project Company shall be limited to the Project Company Shares of such Defaulting Shareholder, any loan made by such Shareholder (or any Affiliate) to the Project Company and, in each case, the proceeds therefrom.

14.6 Adjustment of Interests

Subject to Clause 14.2, upon the occurrence of an Event of Default under Clause 14.1, the Project Company or any other Shareholder and which shall not have been cured or otherwise ceased to be an Event of Default as provided in Clause 14.7:

- (a) Funding on behalf of Defaulting Shareholder
 - (i) The non-defaulting Shareholders, or any of them, by notice to the Defaulting Shareholder, may, within the applicable Default Period after the default, but shall not be obligated to, unanimously elect to provide (or cause an Affiliate to provide) such Shareholder Funding pro rata in relation to their Shareholder Interests as among such other non-defaulting Shareholders or as otherwise agreed among them on behalf of the Defaulting Shareholder without adjusting its Shareholder Interest as a consequence thereof. The unpaid amount of Default Interest accrued as of the date of such election may, but shall not be required to, be paid to the Project Company by each Shareholder electing to provide such Shareholder Funding directly (or through an Affiliate). The contributions by any non-defaulting

Shareholder shall be made in the form of Shareholder Subordinated Loans bearing interest at LIBOR plus 2% per annum.

(ii) If such Shareholder Funding and, if applicable, payment of such accrued Default Interest is so made, the Shareholder Funding or payment of such accrued Default Interest will constitute indebtedness due from the Defaulting Shareholder to the persons providing such Shareholder Funding or payment of such accrued Default Interest, which indebtedness shall be payable upon demand and shall bear interest from the date incurred, payable:

(A) upon demand; or

(B) in the absence of any demand, on the last day of each calendar month, at a rate equal to the Interest Rate plus the Default Margin,

provided that the recourse of the non-defaulting Shareholders in respect of such indebtedness due from the Defaulting Shareholder shall be limited to the Defaulting Shareholder's Project Company Shares and any loan made by it (or any Affiliate) to the Project Company and, in each case, the proceeds therefrom.

(b) Dilution

Alternatively, if one or more non-defaulting Shareholders do not elect to provide Shareholder Funding pursuant to Clause 14.6(a), the non-defaulting Shareholders, or any of them, by notice to the Defaulting Shareholder, may, within the applicable Default Period after the default (which period shall begin immediately following the default), but shall not be obligated to, elect to provide (or cause an Affiliate to provide) such Shareholder Funding pro rata in relation to their Shareholder Interests as among such other non-defaulting Shareholders or as otherwise agreed among them and to adjust the Shareholder Interests as a consequence thereof in the manner specified in this Clause 14.6(b). The contributions by any non-defaulting Shareholder shall be made in the form of Shareholder Subordinated Loans bearing interest at LIBOR plus 2% per annum.

(i) The notice of election of dilution shall specify the date by which such Shareholder Funding will be provided, which shall be a day not more than 30 days from the date of such notice. If the date specified in such notice passes without such Shareholder Funding having been provided, then, no sooner than the third day following such date, the non-defaulting Shareholders may give another notice to the Defaulting Shareholder under this Clause 14.6(b).

(ii) The accrued and unpaid amount of Default Interest shall then be paid (pro rata or otherwise as aforesaid) by the non-defaulting Shareholders (or their respective Affiliates) electing to provide such Shareholder Funding pursuant to this Clause 14.6(b).

(iii) If the non-defaulting Shareholders giving any such notice of election provide such Shareholder Funding by the date specified in the notice delivered in accordance with this Clause, then, effective either as of the date the Shareholder Funding

should have been provided by the Defaulting Shareholder or as of the date of the notice of such election (as may be elected in such notice), the Shareholder Interest of the Defaulting Shareholder shall be reduced to a percentage equal to its Shareholder Interest immediately prior to the call for Shareholder Funding with respect to which there was a default multiplied by the quotient of N divided by D, where

N = the sum of the net book value of the Shareholders' Shareholder Interests as shown on the books of the Project Company in Dollars (excluding the total amount of the call for Shareholder Funding to which the default relates and any related Default Interest), and

D = N plus the product of 1.05 multiplied by the total amount of the call for Shareholder Funding to which the default relates and any related Default Interest provided by all Shareholders to which the default relates,

and the Shareholder Interests of the non-defaulting Shareholder shall be increased, pro rata in relation to the Shareholder Funding or payments of such accrued interest provided by such non-defaulting Shareholders (or their respective Affiliates), by an aggregate amount equal to the amount by which the Shareholder Interest of such Defaulting Shareholder was reduced.

- (c) Dilution after funding is provided on behalf of a Defaulting Shareholder
- (i) If the non-defaulting Shareholders (or their respective Affiliates) have provided such Shareholder Funding or have made payment of such accrued Default Interest under Clause 14.6(a), those Shareholders may, but shall not be obligated to, elect, by notice to the Defaulting Shareholder at any time during the Default Period, to apply the provisions of Clause 14.6(b).
 - (ii) The adjustment of interests pursuant to Clause 14.6(b) shall be effective either as of the date the Shareholder Funding should have been provided by the Defaulting Shareholder or as of the date of such notice of election, as may be elected in such notice.
 - (iii) The indebtedness of the Defaulting Shareholder arising as a result of the application of Clause 14.6(a) and the obligation of the Defaulting Shareholder to pay any accrued and unpaid amount of Default Interest shall be deemed discharged with effect from such effective date.
 - (iv) The Defaulting Shareholder shall pay any unpaid interest due to the non-defaulting Shareholders (or their respective Affiliates under Clause 14.56a)) for periods prior to such effective date.
 - (v) The non-defaulting Shareholders (or their respective Affiliates shall refund to the Defaulting Shareholder any interest paid to it under Clause 14.6(a) for periods subsequent to such effective date.

14.7 Cure by Defaulting Shareholder

- (a) A Defaulting Shareholder may cure an Event of Default under Clause 14.1(d) at any time before any notice of election is given under Clause 14.6(a), 14.6(b) or 14.6(c) by fulfilling its obligation to provide the Shareholder Funding and paying all accrued and unpaid Default Interest. There shall be no adjustment of Shareholder Interests in respect of such payment of accrued Default Interest to the Project Company.
- (b) A Defaulting Shareholder may cure an Event of Default under Clause 14.1(d) at any time after a notice of election is given under Clause 14.6(a) but before any notice of election is given under Clause 14.6(b) or 14.6(c), and at any time after the date specified in any such notice for providing Shareholder Funding has passed without such Shareholder Funding having been provided but before any further notice of election is given under Clause 14.6(b) or 14.6(c), by paying any indebtedness and interest arising as a result of the application of Clause 14.6(a) and paying any accrued and unpaid Default Interest.
- (c) A default under Clause 14.1(d) as to which a notice of election is given under Clause 14.6(b) or 14.6(c) shall cease to be a default when the Shareholder Interests are adjusted as provided in those Clauses.
- (d) An Event of Default under Clause 14.1(d) as to which no notice of election is given under Clause 14.6 shall cease to be an Event of Default when, if and to the extent that the Project Company shall have exercised its rights under:
 - (i) Clause 14.3(a)(v) to apply cash generated by the Project Company; or
 - (ii) Clause 14.8 to set off the amounts indicated in Clause 14.8, against sums due by it under any loan from the Defaulting Shareholder.

14.8 Right of Set-Off

The Parties agree that the Project Company shall have the right to set off against sums due by it under any loan from a Defaulting Shareholder or any of its Affiliates the unpaid amount of any Shareholder Funding due to the Project Company by such Defaulting Shareholder or any of its Affiliates, together with the accrued and unpaid amount of Default Interest.

14.9 Appointment of Attorneys

- (a) Each Shareholder irrevocably appoints the Project Company as its attorney-in-fact to execute all documents and to do all acts and things necessary to give effect fully to the provisions of Clause 14.6.
- (b) If required, a party shall grant a stand-alone power of attorney that will have effect pursuant to the laws of the jurisdiction of organization of such Party to this Agreement.

14.10 Exclusive Remedies

In the event that any Shareholder shall fail to provide any Shareholder Funding required to be provided by it hereunder, such Shareholder shall not be liable to any other Party, whether under contract, tort or otherwise, for any loss or damage of any nature (including, without limitation, consequential damages or loss of anticipated profits), and the sole and exclusive remedy for such failure shall be:

- (a) the option of the non-defaulting Shareholders to dilute the Defaulting Shareholder's Shareholder Interest in the manner and to the extent set forth in Clauses 14.6 and 14.7;
- (b) the loss of certain rights to receive Distributions from the Project Company in the manner and to the extent set forth in Clause 14.3(a); and
- (c) the loss of certain voting and consent rights hereunder in the manner and to the extent expressly provided for in Clauses 5.14(a), 6.16(a), 14.2, 14.3(a) and/or Section 20 with respect to a Defaulting Shareholder.
- (d) Notwithstanding the foregoing, no remedy in this Agreement conferred upon a Party is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at Law or in equity or by statute or otherwise in the following circumstances:
 - (i) if but only to the extent that:
 - (A) the default continues notwithstanding the application of Clauses 14.3(a) and/or 14.6 and 14.7; and
 - (B) the other Shareholders have not extended a loan to the Defaulting Shareholder or provided the Shareholder Funding in accordance with Clause 14.6; or
 - (ii) if and to the extent a loan made to a Defaulting Shareholder in accordance with Clause 14.6(a) remains outstanding and the Party providing the loan has demanded repayment, in which case the Party to whom payment is due may exercise any remedy available to it in order to collect the amounts due, provided in each case that the recourse of the Party(ies) against the Defaulting Shareholder shall be limited to the Project Company Shares of such Defaulting Shareholder, any loan made by such Defaulting Shareholder to the Project Company and, in each case, the proceeds therefrom.

15. CHANGE OF CONTROL

Any party suffering a Change of Control shall notify the Project Company and all of its Shareholders of such Change of Control promptly, and in any case within five (5) business days.

16. THIRD PARTY SHAREHOLDERS

16.1 Third Party Shareholders

- (a) The person or persons referred to in Clause 16.1(b) participating as a shareholder of the Project Company is or are referred to in this Agreement collectively as the "**Third Party**".
- (b) If unanimously agreed by the Shareholders, the Shareholders record that they may at any time attempt to obtain the participation of creditworthy person(s) as a shareholder(s) of the Project Company in accordance with the terms and conditions set forth in this Section 16 and/or such other terms and conditions as may be unanimously agreed by the Shareholders and such person(s), it being further recorded that it is the intention (but not the obligation) of the Shareholders that:
 - (i) the participation of such person(s) shall reduce the shareholding of the then current Shareholders proportionately; and
 - (ii) the provisions of Clause 18.5 to Clause 18.8 with respect to the sale or transfer of Project Company Shares and loans, modified as necessary, shall apply to any such participation.

16.2 Transfers of the Project Company Shares to the Third Party

- (a) Upon a Third Party agreeing to become a shareholder of the Project Company, as evidenced by such Third Party having executed and delivered an agreement to such effect setting out the terms and conditions thereof, each of the Project Company shall allot and issue to the Third Party such number of the Project Company Shares so that the Shareholder Interest of the Third Party is equal to the agreed participation of the Third Party Shareholder in the Project Company. The consideration payable by the Third Party for such allotment shall be the accession to this Agreement as a Shareholder and such other consideration as otherwise may be agreed among the Shareholders and the Third Party.
- (b) Upon the accession of a Third Party as a Shareholder to this Agreement in accordance with Clause 16.2(a) above, the Shareholders agree that:
 - (i) such Third Party Shareholder may have the right to appoint to the Board such number of Directors pursuant to Section 5;
 - (ii) they shall cooperate in good faith to procure such other terms of this Agreement as may be required to be amended to reflect the accession of such Third Party are amended accordingly.

16.3 Lead in Negotiations

The Board will lead the negotiations regarding all terms of such Third Party's proposed participation in the Vanguard One Project, in accordance with the terms of this Agreement. The Board shall keep the Shareholders promptly informed of any material developments in connection therewith.

17. OFFTAKERS

17.1 Essel Off-take Agreement

- (a) Essel or an Affiliate of Essel shall enter into an offtake agreement with the Project Company on the terms set forth in Schedule 5 hereto and such other customary terms and conditions for long-term off-take contracts for Mineral Products as the Board and Essel may agree (the "**Essel Offtake Agreement**").
- (b) In the event Essel is unable to resell all or any part of the Mineral Products sold to it under the terms of the Essel Offtake Agreement), upon the request of Essel, the Project Company will use its commercially reasonable endeavours to share available market knowledge and provide limited technical assistance to assist Essel in securing other off-takers; provided always that the cash price received by the Project Company is fair market value, and that the off-take agreement is on arm's length terms and on a basis that is not commercially disadvantageous to the Vanguard One Project.

18. TRANSFER OF SHARES

18.1 General Prohibition

Except as otherwise specifically provided in Section 14, Section 15, Section 16, this Section 18 or Section 19, no Party shall transfer, grant any Security over, or otherwise dispose of, or give any person any rights in or over, the Project Company Shares, including by way of an issuance or transfer of shares or other equity interests in a Shareholder or any Holding Company (in each case, a "**transfer**"), other than:

- (a) with the consent of the other Shareholders ; or
- (b) in connection with the Financing as contemplated in this Agreement.

The provisions of this Section 19 do not apply (i) to an issuance or transfer of shares or other equity interests in a Shareholder or a Holding Company of a Shareholder, other than the Ultimate Holding Company, so long as immediately after such issuance or transfer, the Ultimately Holding Company continues to beneficially own, directly or indirectly, a majority of the ordinary voting share capital of the Shareholder; (ii) to an issuance or transfer of shares or other equity interests in the Ultimate Holding Company of a Shareholder provided that unless the Holding Company is a public company whose shares are listed on a recognized stock exchange, it does not result in a Change of Control of the Ultimate Holding Company.

18.2 Permitted Group Transfers

A Shareholder may transfer some or all of the Project Company Shares held by it an Affiliate, provided that:

- (a) the transferee:
 - (i) accedes as a Shareholder to the provisions of this Agreement by means of a deed of accession substantially in the form set forth in Schedule 5; and

- (ii) gives an undertaking to the Project Company and the other Shareholders that, if the transferee ceases to be an Affiliate of the Shareholder, all its shares in the Project Company will, before such cessation, be transferred to another Affiliate of the Shareholder; and
- (b) such Shareholder shall have provided a guarantee of the obligations of the transferee under this Agreement.

18.3 Transfer of Shares Before Execution of Definitive Financing Documentation

For the sake of clarity, except as otherwise provided in Clause 12.2 or Section 19, prior to the execution and delivery of definitive financing documentation with senior lenders for Phase One of the Vanguard One Project, no Shareholder may transfer the Project Company Shares without the unanimous consent of the other Shareholders (other than any Defaulting Shareholder).

18.4 Rights of First Offer and First Refusal

- (a) Transfers of Project Company Shares by a Shareholder may be made after the execution and delivery of definitive financing documentation with senior lenders for Phase One of the Vanguard One Project only in accordance with Clauses 18.4(b) and 18.4(c).
- (b) Right of First Offer
 - (i) If a Shareholder has received an unsolicited offer for some or all of its Project Company Shares (the "**Offered Interest**") from a third party then not holding any such Project Company Shares (the "**Third Party Offeror**") and proposes to transfer some or all of its Project Company Shares to the Third Party Offeror, such Shareholder (the "**RFO Seller**") may effect such sale or transfer provided that such Shareholder shall first give the other Shareholders (for purposes of this Clause 18.4(b), the "**RFO Purchasing Parties**") pro rata to their Shareholder Interests a right of first offer with respect to such Offered Interest in accordance with this Clause 18.4(b).
 - (ii) The RFO Seller shall give notice to the RFO Purchasing Parties of its intention to sell and of the terms and conditions of such offer, including the identity of the Third Party Offeror, the consideration offered (which consideration shall be cash) and the date upon which the sale is proposed to be made, which shall not be earlier than 45 days nor later than 90 days from the date of such notice (the "Offer Transfer Notice").
 - (iii) Thereafter, the RFO Purchasing Parties shall have the right, by notice to the RFO Seller within 30 days after receipt of such notice of proposed sale, to elect to purchase pro rata to their Shareholder Interest the Offered Interest, for the consideration offered and in accordance with the other terms and conditions of such offer.
 - (iv) In the event that within the aforementioned 30 day period all of the Offered Interest has not been accepted by the RFO Purchasing Parties, then within a

further period of 15 days, the RFO Purchasing Parties who have accepted their pro rata portion of the Offered Interest shall be entitled to acquire that portion of the Offered Interest not taken up in proportion to each such remaining RFO Purchasing Parties' Shareholder Interest, and this process shall be repeated until the Offered Interest has been taken up by the then remaining RFO Purchasing Parties wishing to do so, or until there are no remaining RFO Purchasing Parties who wish to take up the Offered Interest in full.

- (v) In the event that the RFO Purchasing Parties have not purchased the entire Offered Interest in full within the periods set forth above, the RFO Seller shall have the right to sell or transfer all of the remaining part of Offered Interest to the Third Party Offeror at any time within 90 days following the expiration of the 30 day period and the 15 day period, if applicable, in which the RFO Purchasing Parties may have elected to purchase the Offered Interest; provided, however, that the consideration offered and the other terms and conditions of such offer are at least as favorable to the RFO Seller as the terms of the first offer to the RFO Purchasing Parties, such proviso including, but not limited to, the purchase price not being lower than such original purchase price; and provided further that the Third Party Offeror shall pay for such Offered Interest in cash.
 - (vi) If, however, the RFO Seller wishes to accept an offer by the Third Party Offeror that contains terms and conditions, including the consideration offered, that are less favorable to the RFO Seller than such terms and conditions contained in the first offer extended to the RFO Purchasing Parties, the RFO Purchasing Parties shall have a right of first refusal pursuant to Clause 19.4(c). The preceding sentence shall equally apply in the event that the RFO Seller has not yet served an Offer Transfer Notice to the RFO Purchasing Parties, but has received an offer from the Third Party Offeror.
 - (vii) If the sale and transfer is not completed by the date 120 days after the date of the Offer Transfer Notice, the provisions of this Clause 18.4(b) shall again apply to any unsolicited offer for Project Company Shares from a third party then not holding any such Project Company Shares and no sale or assignment may be made in reliance upon this Clause 18.4(b) without again complying with its provisions.
- (c) Right of First Refusal
- (i) If a Shareholder proposes at any time to sell or transfer some or all of its Project Company Shares (other than as provided in Sections 14, 15 or 16 or Clauses 18.1, 18.2, 18.3 or 18.4(b)), such Shareholder (the "**RFR Seller**") may effect such sale or transfer for cash, provided that such Shareholder shall first give the other Shareholders (the "**RFR Purchasing Parties**") a right of first refusal with respect to such Project Company Shares (the "**Offered Shares**") in accordance with this Clause 18.4(c).

- (ii) If the RFR Seller has received a bona fide offer for the Offered Shares which it is willing to accept, it shall give notice to the RFR Purchasing Parties of the proposed sale and of the terms and conditions of such offer, including the identity of the offeror, the consideration offered and the date upon which the sale is proposed to be made, which shall not be earlier than 45 days nor later than 90 days from the date of such notice.
- (iii) Thereafter, the RFR Purchasing Parties shall have the right, by notice to the RFR Seller within 30 days after receipt of such notice of proposed sale, to elect to purchase pro rata to their Shareholder Interests the Offered Shares for the consideration offered and in accordance with the other terms and conditions of such offer.
- (iv) In the event that within the aforementioned 30 day period all of the Offered Shares have not been accepted by the RFR Purchasing Parties, then within a further period of 15 days, the RFR Purchasing Parties who have accepted their pro rata portion of the Offered Shares shall be entitled to acquire that portion of the Offered Shares not taken up in proportion to each such remaining RFR Purchasing Parties' Shareholder Interest, and this process shall be repeated until the Offered Shares have been taken up by the then remaining RFR Purchasing Parties wishing to do so, or until there are no remaining RFR Purchasing Parties who wish to take up the Offered Shares in full.
- (v) If the RFR Purchasing Parties do not elect to purchase the Offered Shares in full within the aforementioned time periods, the RFR Seller may proceed to complete the sale to the offeror in accordance with such offer not later than 90 days from the date of such notice of the proposed sale given to the RFR Purchasing Parties.
- (vi) If the sale and transfer is not completed by the date referred to in Clause 18.4(c)(v) above, the provisions of this Clause 18.4(c) shall again apply and no sale or assignment may be made in reliance upon this Clause 18.4(c) without again complying with its provisions.

18.5 Transfers of Shareholder Loans

Any transfer by a Shareholder of Project Company Shares shall be accompanied by a concurrent transfer of a proportional amount of the transferor's outstanding loans provided to the Project Company, such that the principal amount of such loans retained by the transferor immediately after such transfer bears the same proportion to the principal amount of such loans held by the transferor prior to giving effect to such transfer as the proportion of the number of the Project Company Shares held by the transferor immediately after giving effect to such transfer bears to the number of Project Company Shares held by the transferor prior to giving effect to such transfer.

18.6 Novation Following Transfer

Save as otherwise provided in this Agreement or any other agreement with the Project Company, if a sale or transfer is effected in conformity with the preceding provisions of this Section 18, the transferring

Shareholder shall be relieved of all obligations assigned to and assumed by the transferee pursuant to the assignment and assumption by such transferee of all the transferring Shareholder's rights and obligations under this Agreement, and any other agreement with the Project Company, in the form of a deed of novation to this Agreement.

18.7 Consents to Sale or Transfer of Interests in the Project Company

Any sale or transfer made in conformity with Clauses 13.10 (c), 13.1 l(c), 13.12(d), 15.3, 15.5, Section 16, Section 17 or this Section 19 for all purposes shall be deemed to be a sale or transfer to which the Shareholders have given their consent, and the Shareholders agree to execute all documents (including a shareholders agreement to which the transferee will be party) and do all acts and things necessary to admit the transferee as a Shareholder of the Project Company as contemplated by such sale or transfer.

18.8 Unpermitted Transfers

Any sale or transfer made by a Shareholder in violation of the requirements of this Section 19 shall be null and void and be treated as such by the Project Company, as applicable, which shall refuse to register any proposed transfer of the Project Company Shares, respectively, made in contravention of this Section 19 in its register of shareholders.

19. RIGHTS OF WITHDRAWAL

19.1 Withdrawal Rights

Provided that it has complied with its obligations under this Agreement, each Shareholder shall have the right, at any time prior to the execution and delivery of Financing Commitments for Phase One of the Vanguard One Project and subject to Clause 19.3 below, to withdraw from the Vanguard One Project and to terminate its obligations under this Agreement upon delivery of a written notice in the form set forth in Schedule 6 to the non-withdrawing Shareholders (a "**Withdrawal Notice**").

19.2 Consequences of Withdrawal

- (a) Following the delivery of a Withdrawal Notice by the withdrawing Shareholder, its obligation to provide Shareholder Funding pursuant to Clause 12.1 or 12.2 (other than any obligation to provide Shareholder Funding accrued up to and including the date of delivery of the Withdrawal Notice) shall cease and it shall be deemed to be a "**Non-Participating Shareholder**".
- (b) On the date of delivery of a Withdrawal Notice in accordance with Clause 19.1, the Non-Participating Shareholder (and for the sake of clarity, its Affiliates) shall no longer:
 - (i) be entitled to vote its Project Company Shares;
 - (ii) be entitled to representation or a vote at meetings of the Board or any committee through Directors appointed by them;
 - (iii) be required to be present to constitute a quorum for a meeting of the Board, any Committee or the Shareholders; or

- (iv) have any right to exercise its consent right under Clause 18.3, its right of first offer under Clause 18.4(b) and its right of first refusal under Clause 18.4(c).
- (c) On the date falling 90 days following delivery of a Withdrawal Notice in accordance with Clause 19.1, the Non-Participating Shareholder (and for the sake of clarity, its Affiliates) shall no longer:
 - (i) have any pre-emptive rights in relation to any future funding or issuance of capital; or
 - (ii) have any other rights as a Shareholder under this Agreement or otherwise;
 - (iii) in addition, if Gensource is the Non-Participating Shareholder:
 - (A) Gensource shall have no rights or obligations in respect of the Vanguard One Project, other than as a Non-Participating Shareholder pursuant to the terms of this Agreement, the Mining Rights Agreement and the Gensource Technical Services and Technology Transfer Agreement; and
 - (B) the Gensource Technical Services Agreement and the Technology Transfer Agreement shall terminate in accordance with its terms; and
 - (iv) in addition, if Essel is the Non-Participating Shareholder the Essel Offtake Agreement shall at the election of the other Shareholders terminate in accordance with its terms.
- (d) Upon the delivery of a Withdrawal Notice by a Non-Participating Shareholder in accordance with Clause 19.1, the other Shareholders shall have the option to purchase the Non-Participating Shareholder's Project Company Shares and loans made by it or any Affiliates to the Project Company free from all Security (other than Security granted to senior lenders to the Vanguard One Project under the Financing) together with all rights attaching to them by delivering a notice electing to acquire the Non-Participating Shareholder's Project Company Shares and loans made by it or any Affiliates to the Project Company (an "**Acquisition Notice**") to the Non-Participating Shareholder within 60 days of receipt of the Withdrawal Notice. If more than one Shareholder elects to purchase the Non-Participating Shareholder's Project Company Shares and loans, then each such Shareholder shall be entitled to do so in accordance with its pro rata Shareholder Interest unless Essel is the Non-Participating Shareholder, in which case only Gensource shall have this option, unless Gensource otherwise agrees. The Acquisition Notice shall specify a date for such acquisition (the "**Acquisition Date**"), which shall be a date within 180 days of the date of the Acquisition Notice.
- (e) If the other Shareholders elect to exercise the option under Clause 19.2(d), on the Acquisition Date, or such other date as may be agreed, the Shareholders shall pay a price in cash equal to 99% of the aggregate amount of cash paid by the Non- Participating Shareholder and assets vended into the Project Company for its Project Company Shares and loans, in each case as at the date of the Withdrawal Notice (subject to adjustment to reflect any dilution after such date pursuant to the terms of Clause 19.3);

- (f) If the other Shareholders do not exercise the option under Clause 19.2(d), the other Shareholders will use their commercially reasonable endeavours to find a person or persons with the appropriate financial, technical and other relevant capabilities to purchase the Non-Participating Shareholder's Project Company Shares and loans at the price set forth in Clause 19.2(e) without regard to the proviso.
- (g) Upon a third party agreeing to become a shareholder of the Project Company, in accordance with Clause 19.2(f), as evidenced by such third party having executed and delivered an agreement to such effect setting out the terms and conditions thereof and against payment of the agreed consideration, the Non-Participating Shareholder and each of the Project Company shall transfer to that third party the Non-Participating Shareholder's Project Company Shares and loans.
- (h) If, notwithstanding the commercially reasonable endeavours of the other Shareholders, the Non-Participating Shareholder shall not have sold its Shareholder Interest and loans to a third party within 180 days of its delivery of a Withdrawal Notice, the Non-Participating Shareholder may sell its Shareholder Interest and loans to any person without regard to Clauses 18.3 and 18.4, provided that:
 - (i) the Non-Participating Shareholder has obtained the prior written consent of each other Shareholder, such consent not to be unreasonably withheld; and
 - (ii) the Non-Participating Shareholder has provided to each other Shareholder the right of first refusal set forth in Clause 18.4(c), but on the basis that the 45 and 90 day periods specified in Clause 18.4(c)(ii) shall be reduced to 20 and 30 days, respectively, the 30 day period specified in Clause 18.4(c)(iii) and 18.4(c)(iv) shall be reduced to 15 days, and the 15 day period specified in Clause 18.4(c)(iv) shall be reduced to 5 days.

19.3 Adjustment of Shareholder Interest Upon Withdrawal

- (a) Upon the delivery of a Withdrawal Notice by the Non-Participating Shareholder, the other Shareholders may elect to provide (or cause an Affiliate to provide) pro rata to their respective Shareholder Interests all remaining Shareholder Funding that would otherwise have been required to be paid by the Non-Participating Shareholder pursuant to Section 12 and to adjust the Shareholder Interest as a consequence thereof in the manner specified in this Clause 19.3.
- (b) In the event that the one or more other Shareholders elect to provide such Shareholder Funding, they shall deliver written notice to the Non-Participating Shareholder and to the other Shareholders of such election within 10 days following the delivery of a Withdrawal Notice (the "**Dilution Notice**").
- (c) Following delivery of a Dilution Notice, the other Shareholders shall (or cause an Affiliate to) provide any such Shareholder Funding that may become due pursuant to Section 12 and, upon each payment of such Shareholder Funding, the Shareholder Interests of the Non- Participating Shareholder will be reduced to a percentage equal to its Shareholder

Interest immediately prior to that call for Shareholder Funding multiplied by the quotient of N divided by D, where

N = the sum of the net book value of the Shareholders' Shareholder Interests in the Project Company as shown on the books of the Project Company in Dollars (excluding the total amount of that call for Shareholder Funding to which the payment of Shareholder Funding by the other Shareholders relates), and

D = N plus the product of 1.01 multiplied by the total amount of such call for Shareholder Funding,

and the Shareholder Interest of the other Shareholders shall be increased, pro rata in relation to the Shareholder Interest of each other Shareholder by an aggregate amount equal to the amount by which the Shareholder Interest of the Non-Participating Shareholder was reduced.

20. REPRESENTATIONS AND WARRANTIES

20.1 Representations and Warranties

Each Party represents and warrants to each other Party that, as of the date of this Agreement (or the date of its accession to this Agreement) and the date on which all obligations under this Agreement become effective under Clause 2.1:

- (a) **Organization and Ownership.** It is duly organized and validly existing under the laws of its jurisdiction of organization and is duly qualified to do business under the laws of such jurisdiction and each other jurisdiction in which such qualification is required;
- (b) **Authority.** It has full power and authority to execute and deliver, and to incur and perform its obligations under, this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder and thereunder;
- (c) **Validity and Enforceability.** This Agreement has been duly authorized, executed and delivered by it and constitutes its valid and legally binding agreement enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (d) **Approvals for Agreements.** All authorizations, approvals and consents from governmental authorities and others which are necessary for (i) the execution and delivery by such Party of this Agreement and (ii) the performance of its obligations hereunder, have been obtained and are in full force and effect;
- (e) **No Conflicts.** There is no provision of any law, statute, regulation, rule, order, injunction, decree, writ or judgment, no provision of such Party's Articles or other constitutive documents and no provision of any mortgage, indenture, contract or other agreement to which it is a party or affecting its properties which would prohibit, conflict with or in any

way prevent the execution and delivery, or performance by, such Party of the terms of this Agreement or would result in the creation or imposition of any lien or security interest on any property or assets of such Party, other than as permitted under this Agreement;

- (f) **No Legal or Other Proceedings.** There are no actions, suits or proceedings pending or, to such Party's knowledge, threatened against or affecting such Party or any of its properties in any court, before or by any governmental department, board, agency, administrator or instrumentality or before any arbitrator, and no existing default by such Party under any applicable order, writ, injunction or decree or other decision of any court, governmental department, board, agency, administrator or instrumentality or any arbitrator, in each case that is reasonably expected to have a material adverse effect on such Party's financial condition or results of operations, other than as disclosed in writing to the other Parties on or prior to the date of this Agreement;
- (g) **No Immunity.** Neither such Party nor any of its property has any immunity (including sovereign) from jurisdiction of any court or from any legal process (whether through service, notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise);
- (h) **No Corrupt Practices.** Neither such Party nor its Subsidiaries has taken any action or made any payment in violation of any applicable corrupt practices act or regulation;
- (i) **No Breach.** No event has occurred which constitutes, or which (with the giving of notice and/or the lapse of time and/or the fulfillment of any applicable requirement) would constitute a breach of this Agreement and each Party is in compliance in all respects with all the provisions of this Agreement; and
- (j) **Disclosure of Information.** No Party has omitted to give any other Party any information in that Party's possession which, if disclosed, might have materially adversely affected the decision of a Party to enter into this Agreement. Where a Party has made any statements of fact, opinion or belief to any other Party, such statements or opinions were made in good faith and were arrived at bona fide by that Party after careful consideration and enquiry and genuinely reflected that Party's view as at the date of signature of this Agreement.

20.2 Representations and Warranties of Gensource

Gensource represents and warrants to Essel that, as of the date of this Agreement, the date on which all obligations under this Agreement become effective under Clause 2.1:

- (a) no Security has been created over the Lease;
- (b) Gensource is the sole legal and beneficial owner of the Lease and no act or omission of Gensource or any Affiliate of Gensource has occurred which would reasonably be expected to entitle the relevant authority to revoke such permits, and no notice has been given by the relevant authority of any intention to revoke such permits or any material part thereof;

- (c) to the best of its knowledge, information or belief, having made due enquiry, there are no matters, claims or circumstances which might give rise to early termination of the Lease or which might adversely affect the rights or benefits of the lessees thereof;
- (d) there are no contingent, pending or outstanding claims against the Gensource or the Lease, including in respect of (i) damage to or pollution of the environment or (ii) any requirement to rehabilitate any part of the environment (other than as may be provided for in the Gensource Financials), and to the best of its knowledge no such claims are threatened or anticipated (other than there exists under Applicable Laws an obligation to rehabilitate the land and other parts of the environment affected by the Development, which may in the future give rise to such claims);
- (e) neither Gensource nor any Affiliate nor any of their officers or employees have done or omitted to do any material act or thing which is in material contravention or breach of the provisions of any Applicable Laws with respect to the Vanguard One Project;
- (f) Gensource is in full compliance in all material respects with all environmental laws and all environmental approvals are in full force and effect and there are no acts, omissions, events, state of facts or circumstances of which Gensource is aware which may be expected to prevent Gensource or the Project Company being in full compliance in all material respects with any environmental laws; and
- (g) it is not aware of any circumstances which would have, or could be reasonably expected to have, or be likely to result in, a material adverse effect on the feasibility, financial position or business prospects of the Vanguard One Project.

20.3 Reliance on Representations and Warranties

Each of the Parties hereto acknowledges and agrees that each of the other Parties is entering into this Agreement relying upon the representations and warranties made to it in this Agreement and the correctness of each such representation and warranty as of the date of this Agreement is a condition upon which each Party is entering into this Agreement, each of which conditions may be waived in whole or in part solely by the Party in whose favor the representation and warranty is made.

21. ACKNOWLEDGEMENTS AND DISCLAIMERS

21.1 Essel Acknowledgements

Except as otherwise specifically set forth in or contemplated by this Agreement, Essel acknowledges and agrees that it has been given an adequate opportunity to inspect the Vanguard One Project and assumes the responsibility for, and has relied upon, its own review, analysis and opinions, including, without limitation, its own review, analysis and opinion of the following:

- (a) the current technical report;
- (b) all other information provided to it by Gensource;
- (c) its own inspections of the Lease; and

- (d) its own appraisals and estimates as to the value of the Project Company Shares and the value and financial viability and proposed use and development of the Vanguard One Project.

21.2 Gensource Disclaimers

Except as otherwise specifically set forth in or contemplated by this Agreement, Gensource has not made nor does it make, and specifically negates and disclaims, any and all representations, warranties, promises, covenants, agreements or guarantees of any kind or character whatsoever, including, without limitation:

- (a) with respect to the value of the Project Company Shares or the Vanguard One Project, the suitability of the Lease for development or production, or the merchantability of the Vanguard One Project or the Mineral Products;
- (b) the income or revenues, if any, that might be derived from the Vanguard One Project;
- (c) the accuracy or completeness of any information provided to Essel with respect
- (d) to the Project Company, the Lease or the Vanguard One Project; and
- (e) the ability to obtain any permits (if required) or any regulatory approvals with respect to any activities that might be contemplated or conducted with respect to the Vanguard One Project hereunder.

22. CONFIDENTIALITY AND PUBLIC ANNOUNCEMENTS

22.1 Scope of Obligation of Confidentiality

- (a) Each Party shall use its best endeavours to ensure that all information disclosed to it concerning the Vanguard One Project, the assets and business of the Project Company and the assets and business of each of the other Parties and not otherwise publicly available ("**Confidential Information**") shall be kept confidential and shall, unless otherwise required by an official request issued by a court of competent jurisdiction or by a judicial, administrative, legislative, regulatory or self-regulatory authority, including any stock exchange or similar regulatory authority in connection with any capital raising activity or as otherwise required or, unless required by the reasonable good faith judgment of the disclosing Party as a response to any environmental or other emergency that may have a significant adverse effect upon the Vanguard One Project, not be revealed without the consent of all Shareholders other than to:
 - (i) the directors, officers, employees, legal advisers and representatives of the Parties and their respective majority-owned Affiliates;
 - (ii) a financial advisor, accountants, prospective managers of an underwriting syndicate, consultant, rating agency, contractor or subcontractor that has a legitimate business need to be informed and has signed an agreement to protect the Confidential Information from further disclosure to the same extent as the

Parties are obligated under this Clause 22.1 and naming the Project Company as third party beneficiaries thereof;

- (iii) any third party to whom the disclosing Party contemplates a transfer of all or any part of its Shareholder Interest in accordance with the terms of this Agreement who has signed a confidentiality agreement for the benefit of, and satisfactory to, the other Parties; or
 - (iv) a governmental agency or to the public which the disclosing Party believes in good faith is required by Applicable Laws or regulations or the rules of any stock exchange or similar regulatory authority. Gensource is a reporting issuer under the securities laws of certain provinces of Canada and there is a prohibition imposed by securities laws on a purchase or sale of securities of a reporting issuer by any person who is in a special relationship with such issuer and who has received material non-public information with respect to the issuer, and on a communication of such information to any other person other than in the necessary course of business.
- (b) Information shall not be deemed Confidential Information, and the provisions of this Clause shall not apply, if the information:
- (i) is already in the possession of any Party, provided that such information is not known by such Party to be subject to another obligation of confidentiality;
 - (ii) is or becomes available in the public domain other than as a result of disclosure by any of the Parties, and/or their respective associates or employees in contravention of this Clause; or
 - (iii) is not acquired by any of the Parties from the Project Company or any of the other Parties or persons known by any of the Parties to be in breach of a confidentiality agreement with or other obligation of secrecy to the Project Company or any of the other Parties.
- (c) The disclosing Party shall give notice to each of the other Parties as soon as practicable after the making of any disclosure made as a response to any environmental or other emergency or as permitted by Clause 22.1(a)(iv).
- (d) As to any disclosure pursuant to Clause 22.1(a)(i) or 22.1(a)(ii), only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and, in the case of disclosure to a third party permitted by Clause 22.1(a)(i), the Party disclosing such information shall cause such party to protect the Confidential Information from further disclosure to the same extent as the Parties are obligated under this Clause and, in the case of disclosure to a third party permitted by Clause 23.1(a)(ii) or 23.1(a)(iii), the Party disclosing such information shall cause such third party to first agree in writing to so protect the Confidential Information.

22.2 Return or Destruction of Confidential Information

Upon any Party demanding the return of Confidential Information relating to it by notice in writing to another Party, the other Party shall, and shall cause its representatives to:

- (a) return or destroy all documents containing Confidential Information that have been provided by the Shareholder demanding the return of Confidential Information (or on its behalf); and
- (b) destroy any copies of such documents and any document or other record reproducing, containing or made from or with reference to the Confidential Information,

except, in each case, for any such documents required for submissions to or filings with judicial, administrative, legislative or regulatory authorities. Such return or destruction shall take place as soon as practicable after the receipt of such notice, provided, however, that this Clause shall not apply to the Project Company to the extent it reasonably believes it requires such Confidential Information for purposes of the Vanguard One Project. In connection with any required destruction of Confidential Information by any Party, such Party shall provide to the other Parties a certificate of such destruction.

22.3 Consultation as to Announcements

- (a) No public announcement or press release concerning the business of the Project Company, including the Vanguard One Project, shall be made by any Party or Project Company without mutual agreement of the Project Company and each of the other Parties, acting reasonably.
- (b) This provision shall not prohibit any public announcement or press release required to be made by the laws, regulations or policies of any federal, provincial or state governmental agency or similar agency or any stock exchange or similar regulatory authority, including in connection with any capital raising activity, or if required by the reasonable good faith judgment of the disclosing Party as a response to any environmental or other emergency that may have a significant adverse effect upon the Project Company, provided that:
 - (i) the Party making such announcement shall, to the extent practicable, consult with the other Parties concerning the timing and content of such announcement before such announcement; and
 - (ii) prior to any announcement or press release being made, the Shareholders shall use their reasonable commercial endeavours to agree the wording and timing of the announcement.
- (c) If agreement cannot be reached by the time that any such announcement or press release must be made, the Party in question shall be free to make the relevant announcement or statement notwithstanding that such agreement has not been reached in accordance with Clause 22.3(b), but in so doing it shall not disclose more than that information which it reasonably believes to be necessary in the circumstances.

- (d) Copies of any public announcement or statement shall be given to each other Party in the most expeditious manner reasonably available.

22.4 Specific Performance

Each Party acknowledges that damages alone would not be an adequate remedy for any breach of the provisions of this Section 22 and, accordingly, without prejudice to any and all other rights or remedies that a Party might have, each Party shall be entitled without proof of special damage to the remedies of injunction and other equitable relief for any threatened or actual breach of the provisions of this Section 23.

23. DISPUTE RESOLUTION

23.1 Principles to Resolve Disputes

The Shareholders hereby acknowledge and agree that it is their mutual intention and desire to work together to promote and enhance the value of the Project Company and the Vanguard One Project in a stable and rational manner and subject thereto, to maximize the profits of the Project Company and the Vanguard One Project. Nevertheless, the Parties acknowledge that in the course of working together for such purpose, there may arise differences of opinion or conflicts which potentially may adversely affect the exploration, development and/or mining of the Vanguard One Project, the processing and refining of Mineral Products therefrom and/or the relationships between them (collectively, the "**Disputes**" and individually a "**Dispute**"). The Parties hereto further acknowledge and agree that they will use their best endeavours to minimize any and all Disputes through honest and open communication on an ongoing basis and will in good faith attempt to resolve all Disputes to their mutual satisfaction. The foregoing principles shall guide the Parties in attempting to avoid Disputes and shall also provide the basis for discussions between them in the event that a Dispute arises.

23.2 Preliminary Negotiations

Without limiting the generality of Clause 23.1, in the event that any Shareholder (an "**Initiator**") identifies a matter or matters which it believes has evolved to the status of a Dispute, that Sponsor or Shareholder shall immediately give the other Shareholders written notice (the "**Initiating Notice**") of the particulars of the relevant Dispute and its desire to resolve it. The Initiating Notice shall also provide the name or names of representatives of the Initiator who would be willing to meet with representatives of the other Shareholders as soon as reasonably possible for the purpose of resolving the Dispute and the proposed time, date and place of a meeting. The other Shareholders, upon receipt of the Initiating Notice, shall be obligated to meet with the representatives of the Initiator and shall provide the name or names of their representatives to the Initiator for such purpose. The representatives of the Shareholders shall proceed to meet with each other at the time, date and place proposed by the Initiator or at such other place and on such other date as the Shareholders may agree (the "**Initial Meeting**"). In any event, the Initial Meeting is to be held within 30 days of the date on which the Initiator gave the other Shareholders the Initiating Notice.

23.3 Meetings of Executives

If the Dispute referred to in Clause 24.1 is not resolved to the satisfaction of the Shareholders at the Initial Meeting or within 14 days thereafter, the chief executive officers or a senior executive of each of the

Shareholders shall, for a period of at least 30 days, attempt in good faith and in a reasonable manner, including at least one meeting where each of them are present in person (the "**Executive Period**"), to resolve the Dispute.

23.4 Arbitration

- (a) Save as otherwise specifically provided for in this Agreement, any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, or the legal relationships established by this Agreement, which the Parties are not able to resolve acting in good faith and in a timely manner, shall be referred to and finally resolved by arbitration under the rules of International Chamber of Commerce (the "**ICC**") (the "**Rules**"), which Rules are deemed to be incorporated by reference into this Clause 23.4.
- (b) The number of arbitrators shall be **three**.
 - (i) the party or parties comprising the claimant shall have the right to nominate one arbitrator and the party or parties comprising the respondent shall have the right to nominate one arbitrator.
 - (ii) In the event that the party or parties comprising the claimant or the party or parties comprising the respondent should fail to nominate an arbitrator within the time provided for under the Rules, then any party may request the ICC to appoint such arbitrator.
 - (iii) The third arbitrator shall be appointed by the ICC in accordance with the Rules.
- (c) The arbitration shall have its seat or legal place in London, England
- (d) The language to be used in the arbitral proceedings shall be English.
- (e) The parties agree to the consolidation of arbitral proceedings concerning or arising out of or in connection with this Agreement and any other agreement pursuant to which a person acquires an interest in the Project Company or the Vanguard One Project (a "**Related Agreement**"). In the event of two or more arbitral proceedings having been commenced under this Clause 23.4, or in the event of arbitral proceedings having been commenced under both this Clause 23.4 or under an arbitration clause in respect of any Related Agreement, then any party to the arbitral proceedings first commenced (the "**Principal Arbitration**") shall be entitled prior to the constitution of the arbitral tribunal in the second or any subsequent arbitral proceedings by written notice to request the consolidation of such proceedings.
- (f) The Parties consent that the courts of the Province of Saskatchewan shall have non-exclusive jurisdiction with respect to the enforcement of the arbitration provisions of this Agreement, and to the recognition and/or enforcement of an award rendered in an arbitration conducted pursuant hereto and the parties expressly submit to the jurisdiction of such courts with respect to any such proceedings. For the avoidance of doubt, the Parties further agree that judgment on any award made pursuant to this Clause 23.4 may

be entered and enforced by any court of competent jurisdiction whether in the Province of Saskatchewan or in any other jurisdiction whatsoever.

- (g) The arbitrators will have no authority to award punitive or exemplary damages or any other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

24. MISCELLANEOUS

24.1 Termination

- (a) Except as otherwise provided in this Agreement, this Agreement shall continue in full force and effect from the date stated at the beginning of this Agreement unless and until all the Shareholders agree in writing to terminate this Agreement or an order is made for the dissolution, winding-up or liquidation of either of the Project Company, whichever is the earlier.
- (b) When a Shareholder ceases to hold the Project Company Shares, it shall cease to be a party to this Agreement.

24.2 Notices

- (a) A notice, claim, request, demand, consent, designation, instruction or other communication given under this Agreement:
 - (i) shall be in writing or e-mail in the English language (or be accompanied by a properly prepared translation into English upon which the recipient may rely for all purposes);
 - (ii) shall be sent for the attention of the person, and to the address or e-mail address given in Schedule 1 (or such other address, e-mail address or person as the Party may notify to the others, such notice to take effect seven days from the notice being received); and
 - (iii) shall be:
 - (A) delivered personally;
 - (B) sent by pre-paid first-class post, recorded delivery or registered post or (if the notice is to be served by post outside the country from which it is sent) by registered airmail; or
 - (C) sent by e-mail.
- (b) A notice or other communication is deemed to have been received:
 - (i) if delivered personally, at the time of delivery;

- (ii) in the case of pre-paid first class post, recorded delivery, registered post or registered airmail, 15 days from the date of posting; or
 - (iii) in the case of e-mail, at the time of sending.
- (c) If deemed receipt under the previous Clauses of this Clause 24.2 is not within business hours (meaning 9:00 am to 5:30 pm Monday to Friday) on a Business Day in the place of intended receipt, notice is deemed to have been received on the immediately following Business Day.

24.3 Waiver of Immunity

To the extent that a Party or any of its revenues, assets or properties shall be entitled, with respect to any proceeding relating to enforcement of this Agreement or any award under such proceeding at any time brought against such Party or any of its revenues, assets or properties, to any sovereign or other immunity from suit, from jurisdiction, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any jurisdiction there shall be attributed such an immunity, such Party irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

24.4 Gross-Up on Indemnities

Any payment to be made by a Party pursuant to an indemnity provided for under the terms of this Agreement shall be made without deduction or withholding for or on account of any taxes except as may be required to be deducted or withheld by Applicable Laws. If any taxes are required to be deducted or withheld under Applicable Laws from any such payment by a Party, the amount of the payment due from such Party shall be increased to an amount which (after making any deduction for taxes) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required. Any Party who receives any such grossed up payment shall make available to the Party who made such payment the economic benefit of any tax or similar credit it actually receives in connection with such withholding or deduction to the extent it is reasonably able to do so.

24.5 Implied Covenants

There are no implied covenants in this Agreement.

24.6 Entire Agreement

- (a) This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including Memorandum of Understanding dated November 23, 2016.
- (b) Each of the Parties acknowledges and agrees that there are no warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and that in

entering into this Agreement, it did not rely on any pre- contractual representation or statement.

24.7 Benefits of Agreement; Transfer of Rights and Obligations

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors, transferees and assigns whether so expressed or not provided that a Party shall not have the right to assign or transfer its rights or obligations hereunder without the prior written consent of each other Party hereto.

24.8 No Liability for Consequential Damages or Loss of Profit

Each Party acknowledges that contractual damages and other remedies will be available to the other Parties with respect to any misrepresentation in this Agreement or breach of any other provision of this Agreement. The Parties hereby agree that no Party shall be liable to compensate any other Party for any loss of profit or consequential damages resulting from any misrepresentation or breach of this Agreement.

24.9 Conflicts

In case of any conflict or inconsistency between this Agreement and the Articles, this Agreement shall prevail.

24.10 Severability

If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any law, neither the validity, legality and enforceability of the remaining provisions nor the validity, legality and enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

24.11 Survival

- (a) The obligations under Section 22 shall survive the expiration or earlier termination of this Agreement.
- (b) The representations and warranties contained in Clauses 20.1, 20.2 and 20.3 shall survive the execution and delivery of this Agreement for a period of two years.

24.12 Execution in Counterparts

This Agreement may be executed in any number of counterparts in original or electronic form and by the different Parties on separate counterparts, each of which when executed and delivered shall be an original, and all the counterparts shall together constitute one and the same instrument.

24.13 Amendments

This Agreement may be amended, modified, supplemented or be subject to a waiver only by an agreement in writing signed by each Party.

24.14 Waivers

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy under this Agreement prevent any other or further exercise or the exercise of any other right or remedy. The rights or remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

24.15 Costs

Each Party shall pay its own costs incurred in relation to the retention of its own external consultants, legal counsel and financial advisors in connection with the negotiation, preparation, execution and performance of this Agreement.

The Project Company shall pay the costs of the Shareholders in connection with the negotiation, execution and preparation of the Financing Documents. No costs will be assumed or incurred by the Project Company unless authorized by the Board.

24.16 Calculation of Time Periods

When calculating the period of time within which or following which an act is to be done or steps are to be taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next Business Day. If the day on which an act is to be done or steps taken pursuant to this Agreement is not a Business Day, such day shall be deemed to be the next Business Day.

24.17 Nature of Obligations

The obligations of the Shareholders under Section 12 to provide funding to the Project Company shall be unconditional and absolute and shall not be deferred, excused or otherwise affected by any reason or cause whatsoever. All obligations of the Parties under this Agreement are several and not joint or joint and several.

24.18 Conduct

Each of the Parties acknowledges that it is aware of the provisions of the *Corruption of Foreign Public Officials Act* (Canada) and will take no action nor make any payment in violation of, nor cause any Party or its Subsidiaries or Affiliates to be charged with any violation of, such Act or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, in each case on the basis that such Act and Convention are deemed to apply to the Parties for purposes of this Clause 24.18.

24.19 Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

VANGUARD POTASH CORP.

By:

Name: Mike Ferguson

Title: President & CEO

ESSEL GROUP ME LIMITED UK

By:

Name: Manoj Kumar Palaria

Title: AGM Finance

GENSOURCE POTASH CORPORATION

By:

Name: Mike Ferguson

Title: President & CEO

SCHEDULE 1 NOTICES

If to Gensource, at:

Suite 1100- 201 1st Ave. S.
Saskatoon, Saskatchewan S7K 1J5
Canada

Attention: Mike Ferguson, President & CEO
Email: mike@gensource.ca

If to Essel, at:

207 & 401, Zee Tower
Dubai Media City
Dubai 500484 UAE

Attention: Preety Uppal, Legal Counsel
preety.uppal@esselgroupme.com

If to the Project Company at:

Suite 1100- 201 1st Ave. S.
Saskatoon, Saskatchewan S7K 1J5
Canada

Attention: Mike Ferguson, President & CEO

SCHEDULE 2 LEASE



Government
of
Saskatchewan

Qualified Free Copy

mkapuc

Date: December 6, 2016

SUBSURFACE MINERAL LEASE

Lease No. KL 245

Converted from: KP 483

THIS LEASE made as of this 30 day of AUGUST, 2016

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF SASKATCHEWAN,
represented herein by the Minister of Energy and Resources, hereinafter
called the "Minister"

AND

YANCOAL CANADA RESOURCES CO., LTD.
hereinafter called the "Lessee".

IN CONSIDERATION of the mutual covenants herein contained, the parties hereto agree as follows:

THAT, subject to *The Crown Minerals Act* as that Act may be amended, revised or substituted from time to time (hereinafter referred to as the "Act") and subject to any applicable regulations made or continued under the Act (hereinafter referred to as the "Regulations"), as those regulations or any of them may be amended, revised or substituted from time to time, and the covenants, terms and conditions hereinafter set forth, the Minister hereby grants, demises and leases to the Lessee for the term stated in this lease, the subsurface minerals within the meaning of *The Subsurface Mineral Tenure Regulations*, under the lands described in Schedule "A" hereto, insofar as the Minister has the right to grant, demise and lease the same, excepting and reserving the royalties payable pursuant to the Regulations, with full and exclusive power and right, to the Lessee, subject to any applicable laws in force in the Province of Saskatchewan, to explore for, mine, work, recover, procure, remove, carry away and dispose of the said subsurface minerals. The Minister and the Lessee further agree as follows:

1. The term of this lease shall be for a period of twenty-one years from 04/05/16, renewable in accordance with the Regulations.
2. (1) The Lessee shall make or cause to be made all payments and returns in the manner and at the time required by the Regulations or any other applicable laws.

(2) For the purposes of subclause (1), "payments" includes, without restricting the generality of the word, rentals, royalties, fees, rates, taxes and assessments that may be charged or be payable in respect of the subsurface minerals included in this lease or in respect of the operations of the Lessee under this lease.

(3) Nothing in subclause (1) prejudices the exercise of any right the Lessee may have to appeal or contest any rates, taxes or assessments as provided by law.
3. The Lessee agrees to keep harmless and indemnify the Government of Saskatchewan, its Ministers, officials, agents or employees, past, present and future, from and against all

actions, suits, claims and demands arising out of or in connection with the operations carried on by the Lessee, its employees, agents, licensees and contractors, deriving from this lease.

4. The Lessee shall carry on all operations under this lease in a skillful and proper manner and in compliance with acceptable practices in the mining industry and shall take all reasonable and necessary steps to prevent injury and damage to life or property.
5. The Lessee shall comply with all laws and orders in force in Saskatchewan from time to time applicable to its operations under this lease and in particular, without restricting the generality of the foregoing, shall comply with the Act and the Regulations, *The Oil and Gas Conservation Act* and regulations thereunder, *The Mineral Resources Act, 1985* and regulations thereunder, and with all legislation, regulations and orders in force in the Province of Saskatchewan applicable to its operations under this lease relating to occupational health and safety, environmental and public protection and safety, resource conservation, management and development, and surface rights.
6. No waiver by or on behalf of the Minister of a breach on the part of the Lessee of any covenant, obligation, condition, restriction or stipulation contained in this lease shall take effect and be binding on the Minister unless it is in writing and such a waiver shall extend only to the particular breach waived and shall not limit or restrict the rights of the Minister with respect to any other breach.
7. (1) On the termination of this lease by cancellation, surrender, or expiration, the Lessee shall comply with all directions or orders of the Minister or any other official of the Province of Saskatchewan respecting the preservation, clean up, and restoration of the leased area and facilities in the leased area with respect to operations conducted by or on behalf of the Lessee.

(2) In the event that the Lessee fails to comply with any direction or order referred to in subclause (1), the Minister may take whatever action he deems necessary, including, without limiting the generality of the foregoing, taking possession of or disposing of any property remaining in the subsurface mineral lease area. Upon such taking of possession or disposition, the Lessee shall be deemed to have forfeited any right, title, or interest it may have had in, or to, such property and any right to claim consideration or compensation therefor, and such property shall thereupon become the property of Her Majesty the Queen in Right of Saskatchewan.

(3) Unless otherwise ordered by the Minister to be removed pursuant to subclause (1), upon such termination, any installations in the subsurface mineral lease area necessary for the preservation of the mine or other development work such as underground timbering, supports, shaft linings, well casings, ventilation equipment and hoisting installations shall be left intact and undisturbed by the Lessee and any right, title, or interest which the Lessee may have had in such installations or development work shall be deemed to have been forfeited to and become the property of Her Majesty the Queen in Right of Saskatchewan, and the Lessee shall not be entitled to consideration or compensation for them.

(4) Any costs incurred by the Minister as a result of the Lessee's failure to comply with any direction or order mentioned in subclause (1), which failure shall be communicated to the Lessee, shall be a debt due by the Lessee to the Minister and may be recovered by the Minister as provided for by law.

(5) The rights and remedies mentioned in this clause shall be in addition to any other rights and remedies which the Minister may have pursuant to this lease or by law.
8. Any right of action of the Minister against the Lessee in respect of any default of the Lessee in complying with the terms and conditions of this lease shall not be prejudiced by the termination of this lease by cancellation, surrender or expiration of term, and the Minister shall have the same remedies for the recovery of royalties, payments, or damages due or accruing due at the time of termination as if this lease remained in full force and effect.

9. This lease shall be governed by and interpreted in accordance with the laws of the Province of Saskatchewan and the applicable laws of Canada.
10. Time shall be of the essence of this lease and of every part of it and no extension or variation of this agreement shall operate as a waiver of this provision unless specifically stated, in writing, to so operate.
11. The Lessee acknowledges and agrees that its rights, interests, duties and obligations under this lease shall be and shall be deemed to be amended or varied, in whole or in part, in accordance with any amendments to or substitutions of, the provisions of the Act and the Regulations including, without limiting the generality of the foregoing, amendments or substitutions made to the Act or the Regulations after the execution or issuance of this lease or any renewal or substitution thereof.
12. In the event of any conflict between the provisions of this lease and the provisions of the Act or the Regulations, the provisions of the Act or the Regulations shall govern.
13. Any notice to the Lessee under this lease shall be sufficiently served if sent to the address for service or email address for service for the Lessee submitted to the Minister in accordance with the Regulations.
14. Any notice to the Minister under this lease shall be sufficiently served if delivered to the address for service or email address for service for the Director, Tenure Services of the Ministry of the Economy as published on the Saskatchewan Government Directory available on the Government of Saskatchewan's website at the time of sending the notice.
15. The parties agree that this lease and everything contained herein shall enure to the benefit of and be binding upon their respective successors and permitted assigns.

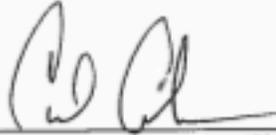
IN WITNESS WHEREOF this lease has been executed by a designated officer on behalf of the Minister and the Lessee has caused its corporate seal to be affixed hereto, attested by its proper officers in that behalf as of the date first above written.

[This space intentionally left blank. Signature page to follow.]

SIGNED, SEALED AND DELIVERED by

HER MAJESTY THE QUEEN IN RIGHT OF SASKATCHEWAN
as represented by the Minister of Energy and Resources





(Signature)

Carl Anderson
(Name in full)

Acting Director, Tenure Services
(Title)

YANCOAL CANADA RESOURCES CO., LTD.

(Witness Signature)





(Signature)

Jiguo HAN
(Name in full - print)

president
(Title)

[If not sealed, please use "Witness Signature" and following "Affidavit of Execution" page.]

SCHEDULE "A"

KL 245

Between
HER MAJESTY, THE QUEEN
 and
Yancoal Canada Resources Co., Ltd. 100%

Sec	Portion	Description / Mineral Parcel Number	Twp	Rge	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances		
						South	West	Int	
14	NE	105447551, CL	21	01	3	64.604	0.000	0.000	0.000
14	NW	105447562, CL	21	01	3	64.642	0.000	0.000	0.000
14	SE	105447573, CL	21	01	3	64.623	0.000	0.000	0.000
14	SW	105447584, CL	21	01	3	64.709	0.000	0.000	0.000
15	NE	An undivided one-half interest in Mineral Parcel Number 105663337,	21	01	3	32.332	0.000	0.000	0.000
15	NW	An undivided one-half interest in Mineral Parcel Number 105663359,	21	01	3	32.326	0.000	0.000	0.000
15	SE	An undivided one-half interest in Mineral Parcel Number 105663348,	21	01	3	32.365	0.000	0.000	0.000
15	SW	An undivided one-half interest in Mineral Parcel Number 105663360,	21	01	3	32.328	0.000	0.000	0.000
16	NE	105662943, CL	21	01	3	64.796	0.000	0.000	0.000
16	NW	105662954, CL	21	01	3	64.818	0.000	0.000	0.000
16	SE	105447595, CL	21	01	3	64.788	0.000	0.000	0.000
16	SW	105447607, CL	21	01	3	64.842	0.000	0.000	0.000
17	NE	164483185, CL	21	01	3	64.660	0.000	0.000	0.000
17	NW	164483196, CL	21	01	3	0.809	0.000	0.000	0.000
17	NW	164483208, CL	21	01	3	63.258	0.000	0.000	0.000
17	SE	164475197, CL	21	01	3	4.407	0.000	0.000	0.000
17	SE	164475209, CL	21	01	3	58.695	0.000	0.000	0.000
17	SW	164475625, CL	21	01	3	15.194	0.000	0.000	0.000
17	SW	164475333, CL	21	01	3	46.876	0.000	0.000	0.000
18	NE	105446909, CL	21	01	3	64.782	0.000	0.000	0.000
18	NW	105446910, CL	21	01	3	64.924	0.000	0.000	0.000
18	SE	105449766, CL	21	01	3	64.774	0.000	0.000	0.000
18	SW	105449777, CL	21	01	3	64.852	0.000	0.000	0.000
20	NE	105447652, CL	21	01	3	64.590	0.000	0.000	0.000
20	NW	163573702, CL	21	01	3	64.566	0.000	0.000	0.000
20	SE	105447663, CL	21	01	3	64.668	0.000	0.000	0.000
20	SW	161844150, CL	21	01	3	64.716	0.000	0.000	0.000
22	NE	105447674, CL	21	01	3	64.700	0.000	0.000	0.000
22	NW	105447685, CL	21	01	3	64.741	0.000	0.000	0.000
22	SE	163573713, CL	21	01	3	64.676	0.000	0.000	0.000
22	SW	105447696, CL	21	01	3	64.716	0.000	0.000	0.000
23	NE	An undivided three-eighths interest in Mineral Parcel Number 105663056,	21	01	3	24.528	0.000	0.000	0.000
23	NW	An undivided three-eighths interest in Mineral Parcel Number 105663067,	21	01	3	24.576	0.000	0.000	0.000
24	NE	105447708, CL	21	01	3	64.754	0.000	0.000	0.000
24	NW	105447719, CL	21	01	3	64.822	0.000	0.000	0.000
24	SE	105447720, CL	21	01	3	64.769	0.000	0.000	0.000
24	SW	105447731, CL	21	01	3	64.772	0.000	0.000	0.000
26	NE	105447764, CL	21	01	3	64.707	0.000	0.000	0.000

Sec	Portion	Description / Mineral Parcel Number	Twp	Rgs	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances South	West	Int
26	NW	105447775, CL	21	01	3	64.644	0.000	0.000	0.000
26	SE	105447786, CL	21	01	3	64.598	0.000	0.000	0.000
26	SW	105447797, CL	21	01	3	64.665	0.000	0.000	0.000
28	NE	105447809, CL	21	01	3	64.742	0.000	0.000	0.000
28	NW	105447821, CL	21	01	3	64.664	0.000	0.000	0.000
28	SE	105447810, CL	21	01	3	64.771	0.000	0.000	0.000
28	SW	105447832, CL	21	01	3	64.638	0.000	0.000	0.000
29	NE	105447843, CL	21	01	3	64.579	0.000	0.000	0.000
29	NW	105663371, CL	21	01	3	64.608	0.000	0.000	0.000
29	SE	105447854, CL	21	01	3	64.539	0.000	0.000	0.000
29	SW	105447865, CL	21	01	3	64.496	0.000	0.000	0.000
30	NE	105447876, CL	21	01	3	64.716	0.000	0.000	0.000
30	NW	105447887, CL	21	01	3	64.828	0.000	0.000	0.000
30	SE	105447900, CL	21	01	3	64.500	0.000	0.000	0.000
30	SW	105447898, CL	21	01	3	64.631	0.000	0.000	0.000
31	NE	105447922, CL	21	01	3	64.587	0.000	0.000	0.000
31	NW	An undivided one-half interest in Mineral Parcel Number 105663148,	21	01	3	32.292	0.000	0.000	0.000
31	SE	105447911, CL	21	01	3	64.697	0.000	0.000	0.000
31	SW	An undivided one-half interest in Mineral Parcel Number 164537466,	21	01	3	0.207	0.000	0.000	0.000
31	SW	An undivided one-half interest in Mineral Parcel Number 164537499,	21	01	3	32.164	0.000	0.000	0.000
32	NE	105447933, CL	21	01	3	64.653	0.000	0.000	0.000
32	NW	105447944, CL	21	01	3	64.589	0.000	0.000	0.000
32	SE	105447955, CL	21	01	3	64.674	0.000	0.000	0.000
32	SW	105447966, CL	21	01	3	64.623	0.000	0.000	0.000
33	NW	105447977, CL	21	01	3	64.924	0.000	0.000	0.000
34	NE	105447988, CL	21	01	3	64.657	0.000	0.000	0.000
34	NW	105447999, CL	21	01	3	64.811	0.000	0.000	0.000
34	SE	105448002, CL	21	01	3	64.622	0.000	0.000	0.000
34	SW	105448013, CL	21	01	3	64.581	0.000	0.000	0.000
35	NW	An undivided one-half interest in Mineral Parcel Number 105663382,	21	01	3	32.334	0.000	0.000	0.000
36	NE	105663214, CL	21	01	3	64.680	0.000	0.000	0.000
36	NW	105448057, CL	21	01	3	64.783	0.000	0.000	0.000
36	SE	105447742, CL	21	01	3	64.748	0.000	0.000	0.000
36	SW	105448068, CL	21	01	3	64.788	0.000	0.000	0.000
Sub Totals =						4,087.738	0.000	0.000	0.000
14	NE	104860627, CL	21	02	3	64.677	0.000	0.000	0.000
14	NW	104860638, CL	21	02	3	64.627	0.000	0.000	0.000
14	SE	104860649, CL	21	02	3	64.688	0.000	0.000	0.000
14	SW	104860650, CL	21	02	3	64.661	0.000	0.000	0.000
15	NE	An undivided four-fifths interest in Mineral Parcel Number 104860694,	21	02	3	51.687	0.000	0.000	0.000
15	NW	104860706, CL	21	02	3	64.517	0.000	0.000	0.000
15	SW	104860717, CL	21	02	3	64.542	0.000	0.000	0.000
16	NE	104860728, CL	21	02	3	64.478	0.000	0.000	0.000
16	NW	104743054, CL	21	02	3	64.587	0.000	0.000	0.000
16	SE	104860739, CL	21	02	3	64.353	0.000	0.000	0.000
16	SW	104860740, CL	21	02	3	64.271	0.000	0.000	0.000
17	NW	An undivided one-half interest in Mineral Parcel Number 105038085,	21	02	3	32.300	0.000	0.000	0.000

Sec	Portion	Description / Mineral Parcel Number	Twp	Rge	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances South	West	Int
18	NE	104860762, CL	21	02	3	64.610	0.000	0.000	0.000
18	NW	104860773, CL	21	02	3	64.589	0.000	0.000	0.000
18	SE	104860784, CL	21	02	3	64.571	0.000	0.000	0.000
18	SW	104860795, CL	21	02	3	64.493	0.000	0.000	0.000
20	NE	104860841, CL	21	02	3	64.517	0.000	0.000	0.000
20	NW	104860852, CL	21	02	3	64.759	0.000	0.000	0.000
20	SE	104860863, CL	21	02	3	64.628	0.000	0.000	0.000
20	SW	104860874, CL	21	02	3	64.690	0.000	0.000	0.000
21	NE	An undivided one-half interest in Mineral Parcel Number 105038142,	21	02	3	32.321	0.000	0.000	0.000
21	NW	114427346, CL	21	02	3	0.808	0.000	0.000	0.000
21	SE	An undivided one-half interest in Mineral Parcel Number 105038153,	21	02	3	32.066	0.000	0.000	0.000
22	NE	105038119, CL	21	02	3	64.544	0.000	0.000	0.000
22	NW	104860885, CL	21	02	3	64.967	0.000	0.000	0.000
22	SE	104860672, CL	21	02	3	64.475	0.000	0.000	0.000
22	SW	104860683, CL	21	02	3	64.262	0.000	0.000	0.000
24	NW	161956671, CL	21	02	3	64.812	0.000	0.000	0.000
24	SE	164135358, CL	21	02	3	64.686	0.000	0.000	0.000
24	SW	104860964, CL	21	02	3	64.704	0.000	0.000	0.000
25	NE	An undivided one-half interest in Mineral Parcel Number 104743021,	21	02	3	32.293	0.000	0.000	0.000
26	NE	104861695, CL	21	02	3	64.750	0.000	0.000	0.000
27	NE	An undivided one-half interest in Mineral Parcel Number 105038120,	21	02	3	32.345	0.000	0.000	0.000
27	SE	An undivided one-half interest in Mineral Parcel Number 105038131,	21	02	3	32.509	0.000	0.000	0.000
27	SW	An undivided one-half interest in Mineral Parcel Number 105037871,	21	02	3	32.576	0.000	0.000	0.000
28	NE	104861000, CL	21	02	3	64.668	0.000	0.000	0.000
28	NW	104861011, CL	21	02	3	64.881	0.000	0.000	0.000
28	SE	104861022, CL	21	02	3	64.567	0.000	0.000	0.000
28	SW	104861033, CL	21	02	3	65.158	0.000	0.000	0.000
29	NE	104861044, CL	21	02	3	64.560	0.000	0.000	0.000
29	NW	104861055, CL	21	02	3	64.670	0.000	0.000	0.000
29	SE	104861066, CL	21	02	3	64.443	0.000	0.000	0.000
29	SW	104861077, CL	21	02	3	64.603	0.000	0.000	0.000
30	NE	104861088, CL	21	02	3	64.626	0.000	0.000	0.000
30	NW	104743009, CL	21	02	3	64.489	0.000	0.000	0.000
30	SE	104861099, CL	21	02	3	64.595	0.000	0.000	0.000
30	SW	104861101, CL	21	02	3	64.564	0.000	0.000	0.000
31	NE	104861112, CL	21	02	3	64.642	0.000	0.000	0.000
31	NW	104861123, CL	21	02	3	64.331	0.000	0.000	0.000
31	SE	104861134, CL	21	02	3	64.671	0.000	0.000	0.000
31	SW	105038164, CL	21	02	3	64.553	0.000	0.000	0.000
32	NE	104861538, CL	21	02	3	64.690	0.000	0.000	0.000
32	NW	104861145, CL	21	02	3	64.662	0.000	0.000	0.000
32	SE	104861549, CL	21	02	3	64.667	0.000	0.000	0.000
32	SW	104861156, CL	21	02	3	64.663	0.000	0.000	0.000
33	NE	105037882, CL	21	02	3	64.879	0.000	0.000	0.000
33	NW	104861167, CL	21	02	3	64.814	0.000	0.000	0.000
33	SE	105037893, CL	21	02	3	64.799	0.000	0.000	0.000
33	SW	104861178, CL	21	02	3	64.806	0.000	0.000	0.000
34	NE	104861189, CL	21	02	3	64.583	0.000	0.000	0.000

Sec	Portion	Description / Mineral Parcel Number	Twp	Rge	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances South	Road Allowances West	Road Allowances Int
34	NW	104861202, CL	21	02	3	64.792	0.000	0.000	0.000
34	SE	104861190, CL	21	02	3	64.514	0.000	0.000	0.000
34	SW	104861213, CL	21	02	3	64.658	0.000	0.000	0.000
35	NE	104861673, CL	21	02	3	64.545	0.000	0.000	0.000
35	NW	105037905, CL	21	02	3	64.701	0.000	0.000	0.000
35	SE	104861684, CL	21	02	3	64.612	0.000	0.000	0.000
35	SW	105038243, CL	21	02	3	63.346	0.000	0.000	0.000
36	NE	104861224, CL	21	02	3	64.653	0.000	0.000	0.000
36	NW	104861235, CL	21	02	3	64.627	0.000	0.000	0.000
36	SE	104861246, CL	21	02	3	64.636	0.000	0.000	0.000
36	SW	104861257, CL	21	02	3	64.546	0.000	0.000	0.000
Sub Totals =						4,284.577	0.000	0.000	0.000
01	NE	105151294, CL	22	02	3	64.734	0.000	0.000	0.000
01	NW	105151306, CL	22	02	3	64.643	0.000	0.000	0.000
01	SE	105151317, CL	22	02	3	64.657	0.000	0.000	0.000
01	SW	105151328, CL	22	02	3	64.671	0.000	0.000	0.000
02	NE	105151339, CL	22	02	3	64.625	0.000	0.000	0.000
02	NW	111016178, CL	22	02	3	64.706	0.000	0.000	0.000
02	SE	105151340, CL	22	02	3	64.595	0.000	0.000	0.000
02	SW	111016190, CL	22	02	3	64.795	0.000	0.000	0.000
03	NE	165185400, CL	22	02	3	0.457	0.000	0.000	0.000
03	NE	105152352, CL	22	02	3	64.091	0.000	0.000	0.000
03	NW	105151351, CL	22	02	3	64.430	0.000	0.000	0.000
03	SE	105152363, CL	22	02	3	64.594	0.000	0.000	0.000
03	SW	105151362, CL	22	02	3	64.542	0.000	0.000	0.000
04	NE	105151373, CL	22	02	3	64.384	0.000	0.000	0.000
04	NW	105151384, CL	22	02	3	64.489	0.000	0.000	0.000
04	SE	105151407, CL	22	02	3	64.460	0.000	0.000	0.000
04	SW	105151395, CL	22	02	3	64.397	0.000	0.000	0.000
05	NW	105151430, CL	22	02	3	64.497	0.000	0.000	0.000
05	SE	105151429, CL	22	02	3	64.360	0.000	0.000	0.000
06	NE	105151441, CL	22	02	3	64.375	0.000	0.000	0.000
06	NW	105151452, CL	22	02	3	64.346	0.000	0.000	0.000
06	SE	105151474, CL	22	02	3	64.446	0.000	0.000	0.000
06	SW	105151463, CL	22	02	3	64.195	0.000	0.000	0.000
07	NE	105151496, CL	22	02	3	65.356	0.000	0.000	0.000
07	SE	105151508, CL	22	02	3	64.700	0.000	0.000	0.000
07	SW	105151519, CL	22	02	3	63.989	0.000	0.000	0.000
09	NW	An undivided one-half interest in Mineral Parcel Number 105279497,	22	02	3	32.320	0.000	0.000	0.000
09	SW	An undivided one-half interest in Mineral Parcel Number 105279509,	22	02	3	32.275	0.000	0.000	0.000
10	NE	105151531, CL	22	02	3	64.599	0.000	0.000	0.000
10	NW	105151542, CL	22	02	3	64.623	0.000	0.000	0.000
10	SE	161841584, CL	22	02	3	64.626	0.000	0.000	0.000
10	SW	105151553, CL	22	02	3	64.643	0.000	0.000	0.000
11	NE	105151564, CL	22	02	3	64.617	0.000	0.000	0.000
11	NW	105151575, CL	22	02	3	64.634	0.000	0.000	0.000
11	SE	161841607, CL	22	02	3	64.637	0.000	0.000	0.000
11	SW	105151586, CL	22	02	3	64.653	0.000	0.000	0.000
12	NE	105151597, CL	22	02	3	64.571	0.000	0.000	0.000
12	NW	105151610, CL	22	02	3	64.555	0.000	0.000	0.000

Sec	Portion	Description / Mineral Parcel Number	Twp	Rge	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances	South	West
12	SE	105151621, CL	22	02	3	64.581	0.000	0.000	0.000
12	SW	105151609, CL	22	02	3	64.566	0.000	0.000	0.000
13	NE	202841568, CL	22	02	3	64.627	0.000	0.000	0.000
13	NW	105151643, CL	22	02	3	64.601	0.000	0.000	0.000
13	SE	105151654, CL	22	02	3	64.582	0.000	0.000	0.000
13	SW	105151665, CL	22	02	3	64.579	0.000	0.000	0.000
14	NE	105151676, CL	22	02	3	64.605	0.000	0.000	0.000
14	NW	105151687, CL	22	02	3	64.582	0.000	0.000	0.000
14	SE	105151698, CL	22	02	3	64.618	0.000	0.000	0.000
14	SW	105151700, CL	22	02	3	64.605	0.000	0.000	0.000
15	NE	105151711, CL	22	02	3	64.451	0.000	0.000	0.000
15	NW	105151722, CL	22	02	3	64.365	0.000	0.000	0.000
15	SE	105151733, CL	22	02	3	64.492	0.000	0.000	0.000
15	SW	105151744, CL	22	02	3	64.413	0.000	0.000	0.000
16	NE	105151755, CL	22	02	3	64.523	0.000	0.000	0.000
16	NW	105151777, CL	22	02	3	64.640	0.000	0.000	0.000
16	SE	105151766, CL	22	02	3	64.448	0.000	0.000	0.000
16	SW	105151788, CL	22	02	3	64.451	0.000	0.000	0.000
17	NE	105240035, CL	22	02	3	64.553	0.000	0.000	0.000
17	NW	105151799, CL	22	02	3	64.462	0.000	0.000	0.000
17	SE	An undivided one-half interest in Mineral Parcel Number 105279510,	22	02	3	32.210	0.000	0.000	0.000
17	SW	105151801, CL	22	02	3	64.457	0.000	0.000	0.000
18	NE	105151272, CL	22	02	3	64.833	0.000	0.000	0.000
18	NW	161841573, CL	22	02	3	64.150	0.000	0.000	0.000
18	SE	105151823, CL	22	02	3	65.432	0.000	0.000	0.000
18	SW	105152970, CL	22	02	3	63.254	0.000	0.000	0.000
Sub Totals =						3,969.367	0.000	0.000	0.000

Sec	Portion	Description / Mineral Parcel Number	Twp	Rge	Mer	Crown Land (hectares)			
						Sectional Area	Road Allowances	South	West
Total Lease Area						12,341.682	0.000	0.000	0.000

Aggregating 12,341.682 hectares, more or less, all in the province of Saskatchewan.

Dated: Aug 30/16



 (Signature)

CARL ANDERSON

 (Name in full)

Acting Director Tenure Services

 (Title)

Yancoal Canada Resources Co., Ltd.
 100%



 (Signature)

Jigja Huu

 (Name in full - print)

president

 (Title)

I hereby certify that an assignment executed by:

Yancoal Canada Resources Co., Ltd.

assigning 100% interest in the disposition in favour of:

Gensource Potash Corporation

of the within right was registered and recorded in the Ministry of
Economy on:

October 11, 2016 as IR1209

Y. Kapovic

SCHEDULE 3 FORM OF DEED OF ACCESSION ADDITIONAL PARTY DEED OF ACCESSION

This Deed of Accession dated ,200• is supplemental to a shareholders agreement (the "**Shareholders Agreement**") dated •, 2017 among Essel, Gensource and Vanguard Potash Corporation.

Unless otherwise defined herein, capitalised terms used herein have the meanings ascribed thereto in the Shareholders Agreement.

Name of new Party (the "**Additional Party**"), a company organized under the laws of jurisdiction of incorporation, with registered address at address, hereby agrees with each other person who is or who has become a Party to the Shareholders Agreement that with effect on and from the date of this Deed it will be bound by the Shareholders Agreement as a • as if it had been Party to the Shareholders Agreement in the capacity of • .

The Additional Party:

- (a) represents and warrants that it is legally authorized to enter into this Deed and the Shareholders Agreement;
- (b) confirms that it has received a copy of the Shareholders Agreement and such other documents and information as it has deemed appropriate to make its own analysis and decision to enter into this Deed; and
- (c) agrees that it will be bound by the provisions of the Shareholders Agreement and will perform in accordance with its terms all the obligations of a • thereunder.

Address for notices of the Additional Party for the purposes of Schedule I (Notices) of the Shareholders Agreement is: •

This Additional Party Deed of Accession is governed by and shall be construed in accordance with laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

EXECUTED as a deed by)	<i>Notice details</i>
•)	
Acting under the authority of that company) Name: Position:	

**SCHEDULE 4 GENSOURCE TECHNICAL SERVICES AND TECHNOLOGY TRANSFER TERM
SHEET**

In support of this Shareholder's Agreement, the parties will negotiate a mutually acceptable Technical Services agreement between Gensource and the Project Company. Such Agreement will allow for the outsourcing of certain business and technical services from the Project Company to Gensource as well as providing the Project Company with an unrestricted license to use the licensed technologies for the Vanguard One Project. Specifically, the agreement will include:

- A scope of services to be provided by Gensource to the Project Company
- A rate sheet of hourly, daily or monthly costs for the provision of the defined services
- A provision for the contracting of additional services not previously identified
- Customary terms and conditions with respect to payment terms, indemnifications, limitations of liability, confidentiality etc.
- An unrestricted license for the use of the technologies contained within the engineering design of the Project as needed to allow the Vanguard One Project to advance to production.

SCHEDULE 5 ESSEL OFF TAKE TERM SHEET

This Term Sheet outlines the principal terms and conditions upon which Essel will agree to purchase from Vanguard Potash Corporation on an annual basis over the term, 250,000 metric tonnes of production of the Mineral Product.

Essel and Project Company shall negotiate and execute a definitive offtake agreement (the “**Offtake Agreement**”) prior to the Commencement of Construction by Project Company, containing terms consistent with those herein and other normal and customary terms and conditions, subject to negotiation. All capitalized terms when used in this Term Sheet and not otherwise defined herein shall have the respective meanings ascribed thereto in the Agreement.

Key term	Details
1. Product	<ul style="list-style-type: none"> • Potassium chloride (MOP), Standard Grade or other specification as mutually agreed. • Supplied from the Project Company’s Vanguard Properties listed in Schedule 2
2. Term	<ul style="list-style-type: none"> • Ten years; renewable for five year periods on mutual agreement a minimum of six months prior to the expiry of the term. Walk-away provisions to be defined in the Offtake Agreement to account for material market changes and/or continuous default by either party.
3. Delivery Schedule	<ul style="list-style-type: none"> • Parties shall coordinate and agree quarterly on a statement of deliveries (the “Delivery Schedule”), based on a good faith estimate of the quantity of Product which Project Company expects ESSEL to take delivery of in each contract month during the forthcoming 12-month period, and the good faith estimates of the quantity of Product which ESSEL expects to purchase in each contract month. The parties acknowledge that the production from the planned production facility is steady throughout the year and that Delivery Schedule will be set to be as consistent, month to month, per the production schedule of the facilities.
4. Price and Reporting	<ul style="list-style-type: none"> • Price per tonne of Product will be set at the current FOB Vancouver benchmark price as witnessed by recognized trade journals reporting such prices on a regular basis. Any required Transfer Pricing Agreements that may be required between Project Company, as a non-arms-length entity to Essel and Essel shall be duly and properly executed between Essel and Project Company before any sales transactions are entered into.

Key term	Details
	<ul style="list-style-type: none"> • Project Company shall provide quarterly updates to Essel and shall additionally provide Essel with at least six month notice prior to commencement of commercial production.
5. Delivery Terms	<ul style="list-style-type: none"> • Bulk in container, shipped via international intermodal shipping lines as arranged by Project Company.
6. Quality	<ul style="list-style-type: none"> • Project Company shall warrant that the Product delivered will, at the time of delivery, conform to the agreed specifications (which for clarity, shall be equal or better than the accepted international standards for such product) and be free of contaminants and free of any legal encumbrances. • Essel may sample the Product upon receipt thereof and in the event of non-conformity to the specifications, Project Company shall replace the defective Product with Product meeting the specifications, and bear all costs of such replacement, including cost of return or disposal of the defective product. • In case of dispute between the Parties whether a Product is defective or the cause of non-conformity, the Product in question shall be analyzed by an independent surveyor whose findings shall be binding on the parties.
7. Miscellaneous	<ul style="list-style-type: none"> • Customary Force Majeure terms.
8. Governing Law	<ul style="list-style-type: none"> • The Offtake Agreement shall be governed under the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

SCHEDULE 6 FORM OF WITHDRAWAL NOTICE

(To be modified as necessary to reflect requirements of Applicable Laws)

WITHDRAWAL NOTICE

To:

Essel Group Middle East and/or Gensource Potash Corporation

Any person that has acceded to the Shareholders Agreement as a Shareholder

(together, the "**Other Shareholders**")

Dear Sirs,

We refer to the shareholders agreement dated •, 2017 among Essel, Gensource Potash Corporation and Vanguard Potash Corp. (the "**Shareholders Agreement**"). This letter shall constitute a Withdrawal Notice for purposes of the Shareholders Agreement.

Capitalised terms used and not otherwise defined herein shall have the meanings specified in the Shareholders Agreement.

Pursuant to the terms of Clause 19.1/19.4(b)¹ of the Shareholders Agreement, we hereby:

1. give notice to each of you of our withdrawal from the Shareholders Agreement effective as of the date hereof, following which all our liabilities and obligations under the terms of the Shareholders Agreement shall terminate in accordance with Clause 20.1, other than any liabilities and/or obligations accrued up to and including the date hereof;
2. waive any and all rights of consent and pre-emption set forth in the Shareholders Agreement, including, but not limited to, such rights as may be set forth in Clauses 18.3 and 18.4 thereof;
3. irrevocably grant to each of the Other Shareholders a proxy in respect of any and all voting rights to which we may be entitled under the terms of the Shareholders Agreement; and
4. agree to perform any and all acts as may be reasonably necessary to comply with the requirements of Clauses 19.3 and 19.4 of the Shareholders Agreement.

This letter shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein. Please confirm your acceptance of the terms and conditions contained in this notice by countersigning below.

Yours faithfully,

¹Delete as appropriate

For and on behalf of

Withdrawing Shareholder

We confirm our agreement with the above terms and conditions:

Signed:

For and on behalf of

Each Other Shareholder

Dated:

SCHEDULE 7

INITIAL WORK PROGRAM AND BUDGET

