

OPTION AND JOINT VENTURE AGREEMENT

made between

Nouveau Monde Graphite Inc.

and

Mason Graphite Inc.

in respect of the

Lac Guéret Project

Dated as of July 20, 2022

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THIS OPTION AND JOINT VENTURE AGREEMENT is dated as of July 20, 2022

BETWEEN:

NOUVEAU MONDE GRAPHITE INC., a corporation amalgamated pursuant to the *Canada Business Corporations Act*, with its registered office at 481 Brassard Street, Saint-Michel-des-Saints, Québec, J0K 3B0.

(“**Nouveau Monde**”)

AND:

MASON GRAPHITE INC., a corporation continued pursuant to the *Canada Business Corporations Act*, with its registered office at 3030 Le Carrefour Blvd., Suite 600, Laval, Québec, H7T 2P5.

(“**Mason**”)

WHEREAS:

- A. Mason is the sole owner of the Property (as defined herein) and the Assets (as defined herein);
- B. Upon the terms and subject to the conditions of this Agreement, Mason has agreed to grant to Nouveau Monde an exclusive, irrevocable and non-assignable option to acquire a fifty-one percent (51%) Interest (as defined herein) in the Property and the Assets;
- C. The Parties (as defined herein) have agreed to form a Joint Venture (as defined herein), upon the exercise or deemed exercise of the Option (as defined herein), for the purposes of, *inter alia*, conducting Operations (as defined herein) in respect of the Property (as defined herein);
- D. The Parties desire to establish their rights and obligations with respect to the Joint Venture, including the management, operation and control of the Project (as defined herein);
- E. Nouveau Monde has agreed to subscribe to common shares in the capital of Mason for an aggregate amount of \$5,000,000 pursuant to the terms and subject to the conditions set forth in the Investment Agreement (as defined herein); and
- F. Upon a Production Decision (as defined herein), the Parties have agreed to enter into the Distribution and Purchase Agreement (as defined herein) for purposes of, *inter alia*, (i) providing for the sale of Minerals (as defined herein) to each of the Parties as needed by such Party from time to time, and (ii) arranging for sales of the Minerals to Third Parties (as defined herein), for and on behalf of the Parties.

NOW, THEREFORE, in consideration of the covenants, representations and warranties and mutual agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

1. DEFINITIONS AND SCHEDULES

1.1 Definitions

The following terms shall have the following meanings in this Agreement:

“**Aboriginal Claims**” means any assertion, whether written or oral, of any existing or asserted Aboriginal or treaty rights, being those rights protected under section 35, *Constitution Act, 1982* including any rights which may trigger the Crown’s duty to consult. Aboriginal Claims includes any alleged or proven failure of the Crown to satisfy any of its duties to an Aboriginal Group;

“**Aboriginal Group**” means any Indian, Inuit, or Métis collective that is a section 35, *Constitution Act, 1982* Aboriginal people, or any group asserting or otherwise claiming an Aboriginal or treaty right, including Aboriginal title, or any other aboriginal interest, and any Person or group representing, or purporting to represent, any of the foregoing;

“**Acceptance Notice**” has the meaning set out in subsection 13.4(g);

“**Acceptance Period**” has the meaning set out in subsection 13.4(g);

“**Acquiring Party**” has the meaning set out in subsection 16.1(c);

“**Acquisition Costs**” has the meaning set out in subsection 16.1(c);

“**Acquisition Notice**” has the meaning set out in subsection 16.1(d);

“**Additional Rights**” has the meaning set out in subsection 16.1(c);

“**Affiliate**” means an “affiliate” within the meaning of the *Securities Act (Québec)*;

“**Agreement**” means this option and joint venture agreement, including its recitals and Schedules, as amended, supplemented or restated from time to time pursuant to its terms;

“**Alternate**” has the meaning set out in subsection 7.1(b);

“**Annual Report**” has the meaning set out in subsection 4.3(d);

“**Applicable Laws**” means all applicable federal, provincial, territorial, regional and local laws (including Environmental Laws, the Mining Act and Applicable Securities Laws), whether statutory or common, by-laws, rules (including any rules of any stock exchange imposing disclosure requirements), ordinances (including zoning and mineral removal ordinances), regulations, grants, concessions, franchises, licences, orders, protocols, guidelines, directives, judgments, instructions and decrees of any Governmental Authority having jurisdiction or purported jurisdiction, and other applicable restrictions of any Governmental Authority, including Governmental Authorizations and other similar requirements, whether legislative, municipal, administrative or judicial in nature, in each case, as amended, modified, codified, replaced or re-enacted, in whole or in part, from time to time;

“**Applicable Securities Laws**” means the Securities Act (Québec) and any other applicable securities act of a province of Canada, and the regulations, instruments and rules thereunder;

“**Approved Disclosure**” has the meaning set out in subsection 17.3(b);

“**Approved Work Program and Budget**” means any Work Program and Budget approved by the Management Committee, as the same may be amended or supplemented from time to time by any amendment or supplement thereto that is approved by the Management Committee;

“**Area of Interest**” means the area within the exterior boundaries of and any fractions and gaps among the Mining Rights which comprise the Property and within an area comprising ten kilometers surrounding the outer boundaries of the Mining Rights which comprise the Property;

“**Assets**” means the Minerals and all other immovable (or real) and movable (or personal) property (other than the Property and the Excluded Assets), tangible and intangible, including the Intellectual Property that is used and necessary in the Operations and is subject to this Agreement;

“**Budget**” means a detailed estimate of all Expenditures to be incurred and Funded by the Parties with respect to a Work Program and a schedule of cash advances to be made by the Parties in accordance with the terms of this Agreement and as approved by the Management Committee in accordance with the procedure set forth in this Agreement;

“**Business Day**” means any day other than a Saturday, Sunday or day that is a statutory holiday in Montréal, Québec;

“**Cash Available for Distribution**” means the positive difference resulting from: (a) the amount of cash and cash equivalents in all accounts held by the Operator or a Party, as applicable, on behalf of the Parties in accordance with this Agreement (excluding any cash held as a reserve pursuant to subsection 9.5(a) of this Agreement or the minimum cash balance contemplated by subsection 9.11 **Error! Reference source not found.**) that is available to be distributed to Parties in compliance with Applicable Laws and any contracts relating to the Project which bind the Parties in accordance with this Agreement, less (b) the Expenditures for the next quarterly period as set out in an Approved Work Program and Budget as calculated or reasonably estimated by the Operator. If the amount of (a) above is less than or equal to (b) above, the Cash Available for Distribution shall be equal to zero;

“**Cash Call**” means any contribution to the Joint Venture made in accordance with Sections 9.10, 9.11 or, as applicable, 9.13 or 9.14;

“**Claims**” means any claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, requests for information or other similar processes, assessments or reassessments, judgments, debts, liabilities (including Environmental Liabilities), penalties, deficiencies, fines, expenses, costs, injuries, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel, experts and consultants on a full indemnity basis, and all costs incurred in investigating or pursuing or responding to any of the foregoing or any proceeding relating to any of the foregoing (whether threatened or pending);

“**Commercial Production**” means the operation of the Property or any portion thereof as a producing mine, but does not include bulk sampling or milling for the purpose of testing or milling by a pilot plant, and will be deemed to have commenced on the 1st day of the month following the first 30 consecutive days during which Minerals have been produced from a mine at an average rate of not less than 80% of the initial noted capacity if a plant is located on the Property or if no plant is located on the Property, the 1st day of the month following the first 30 consecutive days during which Minerals have been shipped from the Property on a reasonably regular basis for the purpose of servicing the Parties’ respective businesses or selling to Third Parties in accordance with the Distribution and Purchase Agreement, whether to a plant or facility constructed for such purpose or to a plant or facility already in existence, including the NM Demonstration Plant;

“**Compensation Fee**” has the meaning set out in Section 9.13(a);

“**Confidential Information**” has the meaning set out in Section 17.1;

“**Confidentiality Agreement**” means the mutual non-disclosure and confidentiality agreement entered into between the Parties on December 17, 2021;

“**Consultant**” means an individual who (i) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to Exploration, Development or Mining; (ii) has at least ten (10) years of experience in Exploration or Development or Mining or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (iii) has experience relevant to the subject matter raised by a Party and to the Project; (iv) is in good standing with a professional association (as defined in Regulation 43-101); (v) is Independent of each of the Parties; and (vi) did not participate in the preparation of any Technical Report in connection with the Property or for or on behalf of Mason, Nouveau Monde or any of their respective Affiliates;

“**Consultant Panel**” has the meaning set out in subsection 20.2(b);

“**Continuing Obligations**” means the Environmental Liabilities, Environmental Orders and any other obligations or responsibilities that are reasonably expected to continue or arise after the Operations on a particular area of the Property have ceased or are suspended, including future monitoring, stabilization or Environmental Compliance;

“**Contribution Date**” has the meaning set out in subsection 9.11(b);

“**Contribution Notice**” has the meaning set out in subsection 9.11(a);

“**COVID-19**” means SARS-CoV-2 or COVID-19, and any evolutions, mutations or variances thereof or related or associated epidemics, pandemics or disease outbreaks;

“**COVID-19 Measures**” means measures undertaken by a Party or its subsidiaries to comply with any quarantine, “shelter in place”, “stay at home”, workforce reduction, social distancing, curfew, shut down, closure, sequester, travel restrictions or any other applicable Law, or any other similar directives, guidelines or recommendations issued by any Governmental Authority in connection with or in response to COVID-19;

“**Data**” means all title documents, files, ledgers and correspondence, reports, assessments, texts, notes, engineering, Environmental and Feasibility Studies, maps, data, specifications, memoranda, invoices, receipts, accounts, accounting records and books, financial statements, financial working papers and all other records and documents of any nature or kind whatsoever in whatever form;

“**Defaulting Called Party**” has the meaning set out in Section 14.3;

“**Defaulting Party**” has the meaning set out in Section 19.3;

“**Development**” means all activities, other than Exploration, to prepare for the removal, recovery, extraction, processing and use of Minerals, including construction (or expansion) and installation of a Mine Complex, mill or any other improvements to be used for Mining and all related Environmental Compliance;

“**Dilution Date**” has the meaning set out in subsection 9.11(d);

“**Distribution and Purchase Agreement**” means the distribution and purchase agreement to be entered into between Nouveau Monde and Mason upon a Production Decision, the form of which is attached hereto as Schedule C;

“**Effective Date**” means the date first set out in the preamble to this Agreement;

“**Emergency Event**” has the meaning set out in Section 9.7;

“**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or arrangement, right of retention, restrictive covenant, conditional sale, lease, license, security interest of any nature, adverse claim, prior claim, exception, reservation, easement, encroachment, servitude, restriction on use, restriction on voting (in the case of any voting or equity interest), right of occupation, right-of-way, right-of-entry, any matter capable of registration against title, option, assignment, right of first offer or refusal or similar right, right of pre-emption, privilege or any other encumbrance or charge or title defect of any nature whatsoever, regardless of form, whether or not registered or registrable and whether or not consensual or arising by any Applicable Law, and “**Encumber**” means the action of creating, whether voluntarily or not, any Encumbrance;

“**Environment**” means all components of the Earth, including: (i) water (whether surface water or groundwater, and including any drinking water supply and sewer system); (ii) air (whether ambient air or the Earth’s atmosphere); (iii) soil, land surface and subsurface strata (whether submerged or covered by a structure); (iv) natural resources; (v) organic and inorganic matter; living species and organisms; or (vi) a combination of any of the foregoing; and, generally, the ambient milieu or ecosystem in which living species and organisms have dynamic relations, and “**Environmental**” will have a similar extended meaning;

“**Environmental Compliance**” means any conduct during or after the Operations necessary to comply with the requirements of Environmental Laws or Environmental requirements under the Mining Act, Governmental Authorizations issued under Environmental Laws or the Mining Act with respect to Environmental matters and Environmental Orders, and any contractual commitments relating to Environmental matters, including requirements related to reclamation, remediation, restoration rehabilitation and closure of the Property ;

“**Environmental Damage**” means: (i) contamination or adverse impact to the Environment or, to the extent in relation to risk to humans, to property, buildings or structures; (ii) contamination or adverse impact that causes damage to or otherwise impairs the quality of the Environment or, to the extent in relation to risk to human, to property, building or structures; (iii) contamination or adverse impact that affects the ecological, chemical or quantitative and/or qualitative status and/or ecological potential of any component of the Environment; (iv) contamination or adverse impact that affects the life, health, safety, welfare or comfort of human beings; and (v) damage or threat to human, plant or animal life, including protected species or natural habitats, suffered as a result of a contamination or an adverse impact;

“**Environmental Laws**” means all Applicable Laws and all contracts with Governmental Authorities relating in whole or in part to the Environment, Hazardous Substances, including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, release or disposal of any Hazardous Substance or exposure thereto, as well as, to the extent they pertain to Environmental matters, to occupational health and safety and public health;

“**Environmental Liabilities**” means any and all Claims, obligations, amounts paid in settlement, or disbursements (including legal counsel, experts and consultants on a full indemnity basis) of any kind or of any nature whatsoever that are asserted against any Party or its Affiliates, by any Person alleging liability (including liability for studies, testing, assessment, monitoring or investigations, cleanup, response or correction action, removal, remediation, mitigation, containment, restoration, closure, reclamation,

rehabilitation, managing, controlling or treatment of any site or Hazardous Substance or any costs related to any of the foregoing, Environmental Damages, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from: (i) the presence in, or Release or threatened Release of any Hazardous Substances in relation to the Assets, the Property, the Operations or the Project, including Hazardous Substances emanating or migrating or threatening to emanate or migrate from the Assets or the Property to off-site properties; (ii) exposure of any living specie or organism to Hazardous Substances related to the Assets, the Property, the Operations or the Project; (iii) physical disturbance of or impact to any aspect of the Environment relating to the Assets, the Property, the Operations or the Project; or (iv) the violation or alleged violation of or non-compliance with or liability under any Environmental Laws or Environmental requirements under the Mining Act in connection with the Assets, the Property, the Operations or the Project;

“**Environmental Orders**” means Orders issued, filed or imposed by any Governmental Authority pursuant to any Environmental Laws or Environmental requirements under the Mining Act, and includes restrictions with respect to operations or land use and Orders requiring studies, testing, assessment, monitoring or investigations, cleanup, response or corrective action, removal, remediation, mitigation, containment, restoration, corrective action, closure, reclamation, rehabilitation, managing, controlling or treatment of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped or eliminated or requiring any form of payment or co-operation be provided to any Person;

“**Equipment**” has the meaning set out in subsection 4.5(c);

“**ETA**” means Part IX of the *Excise Tax Act* (Canada);

“**Excluded Assets**” means all fixtures (including fixed machinery and fixed equipment) and Intellectual Property related to downstream processing, including, incremental purification, micronization, spheronization, coating, graphite thinning and graphite or graphene exfoliation;

“**Expenditures**” means all costs and expenses of whatever kind or nature funded (or, following the formation of the Joint Venture, Funded), spent or incurred in the conduct of activities directly on, or in relation to, the Property and the Assets, including:

- (a) in holding and keeping the Property and the Assets in good standing (including Maintenance Payments and any monies expended as required to comply with Applicable Laws), curing title defects and in acquiring and maintaining surface, water and other ancillary rights, and enter into a mining lease pursuant to the Mining Act;
- (b) in connection with any applications and necessary studies for the obtaining of Environmental and other permits, licences and other regulatory approvals necessary or desirable to commence and complete Exploration, Development and Mining activities, including the preparation for and attendance at hearings and other meetings relating to the Property;
- (c) treatment of Minerals from the Property at the NM Demonstration Plant;
- (d) in the preparation of Work Programs and Budgets and the presentation and reporting of Data and other results obtained from those Work Programs (including the reporting and delivery of reports (including monthly and quarterly reports, Annual Reports and final reports at the end of the Option Period, as the case may be, and at the end of a Work Program to the Management Committee), including any program for the preparation of any Preliminary Economic Assessment, scoping study, technical report, pre-feasibility study, Feasibility Study or other evaluation of the Property;

- (e) in the Exploration, the Development or Mining activities on the Property, as approved by the Management Committee;
- (f) in acquiring, erecting, installing and repairing a mining plant, milling and metallurgical plant, ancillary facilities, buildings (including accommodations for workers, if necessary), improvements, machinery, tools, appliances or equipment and constructing access roads, railroads and other transportation facilities and, if necessary, water pipelines for use in relation to the Property;
- (g) in transporting Minerals, personnel, supplies, mining or milling plant, buildings, machinery, tools, appliances or equipment in, to or from the Property;
- (h) for Environmental reclamation, remediation, restoration, rehabilitation and closure of the Property;
- (i) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables, to be used in the Exploration, Development or Mining activities on the Property;
- (j) for general and administrative expenses, including for such reasonable allocation of salaries, wages and/or other expenses for Persons assigned to Exploration, evaluation, Development, Mining and operation activities (including food, lodging and other reasonable needs of such Persons);
- (k) reasonable payments to contractors or consultants for work done, services rendered or materials supplied in connection with the foregoing activities;
- (l) the cost of insurance premiums and performance bonds, letters of credit or other security;
- (m) all duties and Taxes levied against or in respect of the Property, and for activities on the Property;
- (n) reasonable travelling expenses for attendance at Management Committee meetings and other meetings related to the Joint Venture;
- (o) Acquisition Costs;
- (p) in preparing engineering, geological, financial or marketing studies and reports (including Preliminary Economic Assessments and Feasibility Studies) on the Property and activities related thereto;
- (q) all principal and interest payments due and owing to Third Party lenders, except for such portion of a loan or other indebtedness incurred by a Party to complete Cash Calls made under Sections 9.10, 9.11, 9.13 or 9.14 or for financing obligations in respect of the Joint Venture pursuant to subsection 22.8(a);
- (r) the costs incurred pursuant to Section 3.3 in respect of the transfer of the Option Interest to Nouveau Monde, as applicable;
- (s) in obtaining independent legal and accounting services directly relating to Operations;
- (t) such costs and expenses as set forth in Schedule E; and
- (u) such other costs and expenses or unforeseen costs as may be approved by the Management Committee from time to time;

and, for clarity, (i) a Party may, either directly or through one of its Affiliates, provide the foregoing goods or services provided that the costs and expenses of such goods or services shall be charged at rates no higher than those which would be used by a non-related party in a transaction at arm's length for equivalent goods or services, and (ii) such costs and expenses shall be charged to the Joint Account in accordance with the procedure set forth in Schedule E;

“Exploration” means all activities directed toward ascertaining the existence, extent, location, quantity, quality or commercial value of deposits of Minerals, including prospecting, testing, searching, assessment, geophysical, geochemical and geological surveys, assays, studies and mapping, investigating, examining, drilling, including any additional drilling required after discovery of potentially commercial mineralization, trenching, sampling and all related Environmental Compliance, and includes all activities conducted in order to verify, expand or confirm the results of any previous activities conducted on the Property;

“Feasibility Study” means a “feasibility study” within the meaning of Regulation 43-101, prepared in good faith by or under the supervision of one or more Qualified Persons and executed by such Qualified Person(s) in accordance with Regulation 43-101, and which demonstrates the feasibility of placing the Property or part thereof into Commercial Production, provided that the Feasibility Study shall (i) contain all geological, engineering, operating, economic and other relevant factors considered in sufficient detail that, in the opinion of such Qualified Person(s), the study could reasonably support an application to a commercial financial institution for financing the development of the Property for Commercial Production; (ii) examine the following matters: Ore; mining methods; metallurgy and processing (including metal recovery); Environment, tailings and waste disposal; capital and operating cost estimates; manpower, social and community affairs; transportation methods and costs; marketing; project financing alternatives; a sensitivity analysis; and such other matters as are appropriate; and (iii) include at least the following information:

- (a) a description of that part of the Property to be covered by the proposed mine;
- (b) the estimated recoverable reserves of Minerals and the estimated composition and content thereof;
- (c) the proposed procedure for Development, Mining and Commercial Production;
- (d) results of Ore amenability tests;
- (e) the nature and extent of facilities proposed to be acquired, which may include plant facilities, if the size, extent and location of the Ore body makes such plant facilities feasible, in which event the Feasibility Study shall also include a preliminary design for such plant;
- (f) the estimated Expenditures, including capital budget, which are reasonably required to purchase, construct and install all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements;
- (g) all Environmental impact studies prepared to date and the anticipated future costs of rehabilitation and restoration;
- (h) the period in which it is proposed the Property shall be brought to Commercial Production;
- (i) such other Data and information as are reasonably necessary to substantiate the existence of an Ore deposit of sufficient size and grade to justify development of a Mine Complex, taking into account all relevant business, Tax and other economic considerations; and
- (j) working capital requirements for the initial four months of operation of the Property as a mine, or such longer period as may be reasonably justified in the circumstances;

“**First Option Condition**” has the meaning set out in subsection 3.2(a);

“**First Transformation Products**” means Minerals produced using primary transformation processes, including through mining extraction, crushing, grinding, flotation, dewatering and drying, and sorting and bagging, without any smelting, refining or processing, or such other process related to incremental purification, micronization, spheronization, coating, thinning and exfoliation;

“**Force Majeure**” has the meaning set out in Section 19.2;

“**Forced Sale Transaction**” has the meaning set out in subsection 8.7(a);

“**Funding**”, “**Funded**” or “**Fund**” means, during the Joint Venture, the deposit of funds by the Parties in the Joint Account, such funds to be used to contribute to the Joint Venture and fund the Expenditures in accordance with this Agreement;

“**Funding Default**” has the meaning set out in subsection 9.11(d);

“**Funding Default Notice**” has the meaning set out in subsection 9.11(d);

“**Funding Party**” has the meaning set out in subsection 9.11(d);

“**Funding Shortfall**” has the meaning set out in subsection 9.13(a);

“**Governmental Authority**” means any federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, including any political subdivision of any of the foregoing, any multi-national organization or body comprised of one of the foregoing, any agency, department, commission, board, bureau, court, tribunal or other authority thereof, or any quasigovernmental or private body exercising any executive, legislative, judicial, administrative, police, regulatory or taxing authority or power of any nature and including, for greater certainty, the TSX-V;

“**Governmental Authorization**” means any authorization, order, directive, notice, permit, license, variance, franchise, approval, finding of suitability, certificate, consent, right, quota, derivative, ratification, grant, registration, recognition order, permission, clearance, privilege, confirmation, endorsement, waiver, exemption, exemption relief order, no-action relief order, certification, declaration, transfer, qualification, other form of authorization or similar right issued, granted, given or otherwise made available by or under the authority of any Governmental Authority, including under any agreement with any Governmental Authority;

“**GST**” means all Taxes payable under Part IX of the ETA;

“**Hazardous Substance**” means any substance or material that is prohibited, listed, defined, designated, classified or regulated as deleterious, dangerous, hazardous, radioactive, corrosive, oxidizing, leachable, explosive, flammable, infectious, poisonous, carcinogenic, mutagenic, toxic, waste, hazardous waste, residual material, hazardous residual material, pollutant or contaminant under or pursuant to, or that could result in liability under, any applicable Environmental Laws or is otherwise hazardous to human health or the environment, including petroleum and all derivatives thereof or synthetic substitutes therefor, hydrogen sulphide, arsenic, cadmium, lead, mercury, polychlorinated biphenyls (“**PCBs**”), PCB-containing equipment and material, mould, asbestos, asbestos-containing material, urea-formaldehyde, urea-formaldehyde-containing material, chlorinated solvents, wastewater, effluents, and any other material or substance or any noise or odour that may impair the Environment, the human health, property or plant or animal life;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**Independent**” means a relationship which could, in the view of the Management Committee, be reasonably expected to interfere with the exercise of a Person’s independent judgement;

“**Initial Equity Investment**” means the subscription by Nouveau Monde to common shares of Mason for an amount of \$2,500,000 to be completed pursuant to the Investment Agreement when all the conditions of closing set forth under this agreement have been satisfied or waived by the applicable Party within the specified delay;

“**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, divisionals, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; and (vi) any other intellectual property;

“**Interest**” means an undivided co-ownership interest in the Property and Assets expressed as a percentage;

“**Investment Agreement**” means the investment agreement dated May 15, 2022 entered into between the Parties, and providing for, *inter alia*, the subscription by Nouveau Monde to common shares in the capital of Mason for an aggregate amount of \$5,000,000;

“**Joint Account**” means an account showing charges and credits paid, received or accrued, as applicable, in connection with the Operations which shall be maintained by the Operator in respect of the Operations conducted or related to the Property, in accordance with IFRS and the terms hereof, including the procedures attached hereto as Schedule E;

“**Joint Report**” has the meaning set out in subsection 17.4(b);

“**Joint Venture**” means the contractual relationship between Nouveau Monde and Mason to be formed pursuant to Article 5 and which shall be subject to the terms and conditions of this Agreement;

“**Joint Venture Register**” means the account maintained for each Party in accordance with Section 8.2(n);

“**Lead Consultant**” has the meaning set out in subsection 20.2(b);

“**Maintenance Payments**” means keeping the Property and the Assets in good standing at all times, including by making, or causing to be made, as applicable, (i) all renewal applications within the time periods necessary; (ii) the required annual mining claim maintenance fee, Expenditures and other maintenance payment; and (iii) all filings required under the Mining Act;

“**Make-Up Payment**” has the meaning set out in subsection 9.11(d);

“**Management Committee**” means the committee established pursuant to Section 7.1;

“**Mason**” has the meaning set out in the preamble to this Agreement;

“**Material Adverse Effect**” means any change, event, occurrence, development, effect, or circumstance that, individually or in the aggregate with other such changes, events, occurrences, developments, effects or circumstances, is or would reasonably be expected to be material and adverse to the business, operations, results of operations, capitalization, assets, liabilities (contingent or otherwise) or financial condition of a Party and its subsidiaries, taken as a whole, except any such change, event, occurrence, development, effect or circumstance resulting from or arising, directly or indirectly, in connection with:

- (a) any change, development or condition generally affecting the Mining industry in Canada general (including any change in the price of Minerals);
- (b) any change, development or condition in or relating to global, national or regional political conditions (including strikes, lockouts, civil unrest, riots, protests, insurrections or facility takeover for emergency purposes) or in general economic, business, banking, regulatory, currency exchange, interest rate, rates of inflation or market conditions or in financial securities or capital markets in Canada or in global financial, credit or capital markets;
- (c) any adoption, proposal, implementation or change in any Applicable Law (including the COVID-19 Measures) or in any interpretation, application or non-application of any Applicable Law (including the COVID-19 Measures) by any Governmental Authority, in each case, after the date hereof;
- (d) the commencement or continuation of war (whether or not declared), hostilities, including the escalation or worsening thereof, or acts of terrorism;
- (e) any hurricane, flood, tornado, earthquake or other natural disaster, man-made disaster or superior force (as defined in the *Civil Code of Québec*);
- (f) any epidemic, pandemic or disease outbreak (including COVID-19) or general disease outbreak of illness, including the worsening thereof;
- (g) any change in applicable regulatory accounting requirements, including IFRS;
- (h) any change in the market price or trading volume of any securities of a Party (provided, however, that the causes underlying such change may be considered to determine whether such change constitutes a Material Adverse Effect);
- (i) the failure by a Party to achieve the results set forth in any internal or public projection, forecasts, guidance or estimates of revenues, earnings, gross margin or cash flow for any period ending on or after the date of this Agreement (provided, however, that the causes underlying such failure may be considered to determine whether such failure constitutes a Material Adverse Effect);
- (j) the announcement of this Agreement or the transactions contemplated hereby, including any loss or threatened loss of, adverse change or threatened adverse change in, the relationship of a Party or any of its subsidiaries with any of its current or prospective directors, employees, customers, shareholders, distributors, suppliers, counterparties, insurance underwriters or partners; or
- (k) any specific action taken by a Party or any of its subsidiaries that is expressly required to be taken pursuant to this Agreement, or any failure to take an action by a Party or any of its subsidiaries that is expressly prohibited by this Agreement, or any act that is consented to by the other Party in writing, provided that this clause (k) shall not apply to any representation or warranty (or any Party’s obligation to consummate the transactions contemplated hereby relating to such representation or warranty) to the extent the purpose of such representation or warranty is to address the consequences

resulting from the execution and delivery of this Agreement or the consummation transactions contemplated hereby;

provided, however, that with respect to clause (a) through to and including clause (g), such matter does not have a materially disproportionate effect on a Party and its subsidiaries, taken as a whole, relative to other Persons operating in the graphite mining and processing industry in Canada, and that references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred;

“**Member**” has the meaning set out in 7.1(b);

“**Mine Complex**” means a mine, processing plant and related facilities (other than the NM Demonstration Plant) constructed and operated to produce Minerals from the Project, including any modifications thereto;

“**Minerals**” means, (i) from the Effective Date to the Commercial Production, any and all metals and minerals, of whatever kind and nature (including Ores, metals, precious metals, base metals, graphite, industrial minerals, concentrates, gems, diamonds, commercially valuable rock, aggregate, clays and other minerals) and concentrates or metals derived therefrom, containing precious, base, rare and other locatable minerals and which are found in, on or under, mined or otherwise produced and removed from the Property and may lawfully be explored for, mined and sold pursuant to the Mining Rights or such other rights granted with respect to the Property and by other instruments of title under which the Property is held; and (ii) on or after the Commercial Production, collectively, Minerals and First Transformation Products;

“**Mining**” means the mining, extracting, processing, producing, beneficiating, handling, milling or other processing of Minerals and all related Environmental Compliance;

“**Mining Act**” means the *Mining Act* (Québec) and the regulations adopted thereunder;

“**Mining Rights**” means the mining claims, mining concessions, mining leases, leases to mine surface mineral substances, and other mining titles granted or delivered at any time and from time to time pursuant to the provisions of the Mining Act, all applications related thereto, and any renewals, replacements, substitutions or modifications of the foregoing, and the rights each such title confers to its holder(s) with respect to and in connection with Minerals on, in or under the lands subject to any such title pursuant to the Mining Act and to all products extracted, mined, produced, resulting or derived therefrom;

“**NM Demonstration Plant**” means the mine demonstration plant located in Saint-Michel-des-Saints, Québec and operated by Nouveau Monde as of the date hereof;

“**Non-Acquiring Party**” has the meaning set out in subsection 16.1(c);

“**Non-Funding Party**” has the meaning set out in subsection 9.11(d);

“**Nouveau Monde**” has the meaning set out in the preamble to this Agreement;

“**Offered Interest**” has the meaning set out in subsection 13.4(b);

“**Offeree**” has the meaning set out in subsection 13.4(b);

“**Offeror**” has the meaning set out in subsection 13.4(b);

“**Offeror Sale Notice**” has the meaning set out in subsection 13.4(b);

“**Operations**” means all activities in respect of the Project to be conducted or performed by the Operator on behalf of the Parties in accordance with this Agreement, including (i) the Exploration, research, Development, Mining, treatment and any related operations, (ii) the activities subject to any Expenditures, and (iii) the preparation of any Preliminary Economic Assessment, technical report, pre-feasibility or Feasibility Study and any other reports, studies or supplementary information, but does not include the sale of Minerals or any other profit-generating activity;

“**Operator**” means the Person responsible for conducting and performing the Operations and any other Exploration, Development or Mining program with respect to the Property appointed from time to time in accordance with Section 8.1 and which, as of the Option Exercise Date, shall be Nouveau Monde;

“**Option**” has the meaning set out in Section 3.1;

“**Option Comments**” has the meaning set out in subsection 3.4(b);

“**Option Conditions**” means, collectively, the First Option Condition and the Second Option Condition;

“**Option Deadline**” has the meaning set out in subsection 3.2;

“**Option Exercise Date**” has the meaning set out in subsection 3.4(c);

“**Option Expenditure Threshold**” has the meaning set out in subsection 3.2(a);

“**Option Expenditures**” means such Expenditures funded, spent or incurred by Nouveau Monde in the conduct of activities directly on, or in relation to, the Property, during the Option Period, including all of the costs and expenses set forth in Section 4.5;

“**Option Funds**” has the meaning set out in Section 3.2;

“**Option Interest**” has the meaning set out in subsection 3.4(c);

“**Option Period**” means the period commencing on the Effective Date and ending on the first to occur of (i) the termination of the Option pursuant to Section 3.7 ; and (ii) the formation of the Joint Venture pursuant to Section 5.1;

“**Option Report**” has the meaning set out in subsection 3.4(a);

“**Option Termination Date**” has the meaning set out in Section 3.8;

“**Order**” means an order, injunction, judgment, administrative complaint, decree, resolution, ruling, award, assessment, writ, decision, direction, instruction, penalty, fine or sanction issued, filed or imposed by a Governmental Authority or arbitrator;

“**Ore**” means mineralised material located on the Property from which Minerals can be economically recovered;

“**Participating Interest**” means the percentage interest representing (a) the undivided co-ownership interest of a Party in the Property and the Assets, and (b) the operating interest of a Party in the Joint Venture and in all other rights and obligations arising under this Agreement which relate to a Party’s Participating Interest hereunder, as such interest may from time to time be adjusted hereunder; Participating Interests shall be calculated to three (3) decimal places and rounded to two (2) decimal places (e.g., 1.519% rounded to 1.52%); and decimals of .005 or more shall be rounded up to .01, decimals of less than .005 shall be rounded

down; and the Participating Interest of each Party upon the formation of the Joint Venture shall be set out in Section 6.2;

“**Participation Register**” has the meaning set out in subsection 9.12(b);

“**Parties**” means all of the parties to this Agreement, and a reference to a “**Party**” means any one of them;

“**Permitted Encumbrances**” means:

- (a) any security interest or hypothec arising by operation of Applicable Laws or in the ordinary course of business in connection with or to secure the performance of bids, tenders, contracts, leases, statutory obligations, surety bonds or appeal bonds;
- (b) any undetermined or inchoate legal hypothec or prior claim or any like lien or right of set-off arising in the ordinary course of business or under Applicable Laws, securing obligations incurred in connection with the Property which are not yet overdue or which are being contested or litigated in good faith;
- (c) any security interest or hypothec for taxes, assessments or governmental charges not yet due or being contested in good faith (but only so long as such contest will not involve any possibility of the sale, loss or forfeiture of the Property or the Assets, and, where Applicable Laws require such amounts to be paid while being contested, such amounts have been paid);
- (d) minor easements, rights of way, servitudes or other similar rights or restrictions, granted to or reserved by any Person, including rights of way or servitudes for electric lines, telephone lines, other communications infrastructures and installations, gas lines, sewers, and other rights and restrictions for similar purposes, or zoning or other restrictions as to the use of an immovable property that may, at any time and from time to time, affect or concern any real or immovable property or any real and immovable right, to the extent any such easement, right of way, servitude or other similar right or restriction does not, alone or in the aggregate, materially affect the value of the Property, or any part thereof, or materially impair the operations, occupation, uses, enjoyment and activities on or in connection with the Property and the Assets;
- (e) any notice of and/or land use restriction, registered under Environmental Laws, against title to the Property; and
- (f) reservations, limitations, provisions and conditions, if any, expressed in any original grants from Her Majesty in right of Canada;

“**Person**” means an individual, corporation, trust, partnership, limited liability company, contractual mining company, joint venture, unincorporated organization, firm, estate, Governmental Authority or other entity;

“**Preliminary Economic Assessment**” means a “preliminary economic assessment” within the meaning of Regulation 43-101, prepared in good faith by or under the supervision of one or more Qualified Persons and executed by such Qualified Person(s) in accordance with Regulation 43-101, and which includes an economic analysis of the potential viability of Mineral resources which might be based on measured, indicated or inferred Mineral resources, or a combination of any of these;

“**Prime Rate**” means, on any day, the rate of interest, expressed as an annual rate, publicly announced or posted from time to time by such Schedule I bank to be selected from time to time by the Parties, in good faith, as being its reference rate then in effect for determining interest rates on commercial loans granted in Canadian dollars to its customers (whether or not any such loans are actually made);

“**Production Decision**” means the approval by the Management Committee of a Work Program and Budget in accordance with this Agreement that shall include the entering into of Commercial Production activities or the development of a Mine Complex;

“**Project**” means the Property, the Assets and the activities and operations (including the Operations) undertaken by or on behalf of the Parties in accordance with this Agreement relating to the Property and the Assets from time to time;

“**Property**” means (i) the Mining Rights described in Schedule A-1 and depicted in Schedule A-2 or entered into or acquired, by or on behalf of the Parties in accordance with this Agreement (including under Section 16.1), and all amendments and relocations of such Mining Rights and all other mineral property interests derived from such Mining Rights, and any reference herein to any Mining Rights or other mineral property interests comprised in the Property shall also include any other interests into which such Mining Rights or other mineral property interests may have been converted; and (ii) as the context otherwise requires, the immovable (or real) property (within the meaning of the *Civil Code of Québec*), including the underground and surface land, which is the subject of any Mining Rights or Governmental Authorizations related to Mining activities;

“**Proportionate Share**” means for any Party, that share equal to that Party’s Participating Interest at any specific time;

“**Public Transaction**” has the meaning set out in subsection 13.1(b);

“**Qualified Person**” means a “qualified person” within the meaning of Regulation 43-101;

“**QST**” means the tax imposed under the QSTA;

“**QSTA**” means the *Act Respecting the Québec Sales Tax* (Québec);

“**Registers**” means, collectively, the Joint Venture Register and the Participation Register;

“**Regulation 43-101**” means *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects* (Québec);

“**Release**” shall have the meaning prescribed in applicable Environmental Laws as well as any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement, introduction or migration in the Environment, whether accidental or intentional, and the term “**Release**” when used as a noun has a correlative meaning;

“**Report Comments**” has the meaning set out in Section 4.4;

“**Representatives**” means, collectively, with respect to a Party, that Party’s officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors);

“**Royalty**” means a two percent (2%) net smelter returns royalty on the Property and having the terms and in the form set out in substantially the form of agreement attached as Schedule B;

“**Sale Notice**” has the meaning set out in subsection 13.4(c);

“**Sale Terms**” has the meaning set out in subsection 13.4(d);

“**Second Option Condition**” has the meaning set out in subsection 3.2(b);

“**Second Transformation Business**” means, collectively, all fixtures or moveable property (including fixed machinery and fixed equipment) and Intellectual Property related to downstream processing, including incremental purification, micronization, spheronization, coating, graphite thinning and graphite or graphene exfoliation;

“**Secretary**” means an individual designated pursuant to the terms of this Agreement to act as secretary for the proceedings of the Management Committee;

“**Stakeholder Relations**” has the meaning set out in Section 7.11;

“**Shortfall Funding Right**” has the meaning set out in subsection 9.13(a);

“**Subsequent Equity Investment**” means the subscription by Nouveau Monde to common shares of Mason for an amount of \$2,500,000 to be completed pursuant to the Investment Agreement on the Option Exercise Date;

“**Tag-Along Demand**” has the meaning set out in subsection 13.5(a);

“**Tag-Along Offer**” has the meaning set out in subsection 13.5(a);

“**Tagged Interests**” has the meaning set out in subsection 13.5(a);

“**Tax**” means all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital gains, profits, business royalty or selected items of income, earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, mining taxes, payroll taxes, health taxes, employment taxes, withholding taxes, sales taxes, use taxes, goods and services taxes, custom duties, value-added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, licence taxes, occupation taxes, real and personal property taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker’s compensation premiums and pension (including Canada Pension Plan) payments, and other taxes, fees, imposts, assessments or charges of any kind whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof, and includes, for greater certainty, GST and QST;

“**Technical Adjudication**” has the meaning set out in subsection 20.2(a);

“**Technical Adjudication Award**” has the meaning set out in subsection 20.2(h);

“**Technical Adjudication Notice**” has the meaning set out in subsection 20.2(a);

“**Technical Report**” shall have the meaning set out in Regulation 43-101;

“**Third Party**” means a Person that is not a Party or an Affiliate of a Party;

“**Third Party Offer**” has the meaning set out in subsection 13.4(d);

“**Third Party Purchaser**” means the *bona fide* Third Party that is purchasing Participating Interests and that is referenced in subsection 13.4(h)(i) or 13.4(h)(ii), as applicable.

“**Transfer**” means any direct or indirect transfer, sale, exchange, assignment, endorsement, gift, bequest, disposition, Encumbrance or any arrangement (including a distribution or return of capital) by which possession, legal title or ownership (whether beneficial or otherwise) passes from one Person to another, whether or not voluntary and whether for value or not, and any agreement to effect any of the foregoing; and the words “**Transferred**” and “**Transferring**” and similar words have corresponding meanings;

“**TSX-V**” means the TSX Venture Exchange or any successor thereto;

“**Wholly-Owned Affiliate**” means an Affiliate, provided that the notion of “control” used in the definition of “Affiliate” is defined as being the ownership of all of the voting securities of an entity;

“**Work Program**” means a description in reasonable detail of the Operations to be conducted by the Operator for a calendar year or any shorter period; and

“**Work Program Period**” means the time period covered by an Approved Work Program and Budget.

1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) the words “herein”, “hereof”, “hereto”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, subsection or Schedule;
- (b) references to an “Article”, “Section”, “subsection” or “Schedule” followed by a number or letter refer to the specified Article, Section or subsection of or Schedule to this Agreement;
- (c) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender and where applicable to a body corporate;
- (d) the word “or” is not exclusive and the words “include”, “includes” and “including” are not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (e) a reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation;
- (f) the division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (g) any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a successor to such entity;
- (h) any reference to a fiscal year of Mason shall be from July 1 to June 30 in each year and any reference to a fiscal year of Nouveau Monde shall be from January 1 to December 31 in each year;

- (i) unless otherwise noted, all dollar amounts expressed herein refer to the lawful currency of Canada;
- (j) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (k) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Mason

Mason hereby represents and warrants to Nouveau Monde as set out in Section 3.2 of the Investment Agreement, which is hereby incorporated by reference in this Agreement and forms an integral part hereof, and acknowledges that Nouveau Monde is relying upon such representations and warranties in connection with the entering into of this Agreement.

2.2 Representations and Warranties of Nouveau Monde

Nouveau Monde hereby represents and warrants to Mason as set out in Section 3.1 of the Investment Agreement, which is hereby incorporated by reference in this Agreement and forms an integral part hereof, and acknowledges that Mason is relying upon such representations and warranties in connection with the entering into of this Agreement.

2.3 Survival

The representations and warranties set out in Sections 2.1 and 2.2 shall survive until the termination of this Agreement in accordance with its terms.

3. OPTION

3.1 Grant of Option

Upon the terms and subject to the conditions hereof, Mason hereby grants to Nouveau Monde the sole, exclusive, non-assignable and irrevocable right and option to acquire a fifty-one percent (51%) Interest in the Property and the Assets (the “**Option**”), free and clear of all Encumbrances (other than Permitted Encumbrances). The grant of the Option to Nouveau Monde is subject to the concurrent completion of the Initial Equity Investment and the agreement between Mason and Nouveau Monde to complete the Subsequent Equity Investment, as the case may be, upon the terms and subject to the conditions contained in the Investment Agreement.

3.2 Option Conditions

The exercise or deemed exercise by Nouveau Monde of the Option is subject to the satisfaction of the following conditions in all respects:

- (a) Nouveau Monde shall incur and fund an aggregate of not less than ten million dollars (\$10,000,000), exclusive of any applicable GST, QST or other applicable Taxes, in Option

Expenditures (the “**Option Expenditure Threshold**”) within twenty-four (24) months following the Effective Date (the “**First Option Condition**”); and

- (b) Nouveau Monde shall, as part of the Option Expenditures, prepare, or shall arrange for the preparation of, (i) a Preliminary Economic Assessment, with a Project capacity of a minimum of 250,000 tonnes per annum, within six (6) months following the Effective Date, and (ii) a Feasibility Study within eighteen (18) months following the Effective Date (the “**Second Option Condition**”).

Notwithstanding the foregoing, (i) if Nouveau Monde has satisfied the Second Option Condition prior to its satisfaction of the First Option Condition, an amount equal to (x) the Option Expenditure Threshold, *minus* (y) the amount incurred and funded as Option Expenditures as of the date of the satisfaction of the Second Option Condition (the “**Option Funds**”) shall be deposited by Nouveau Monde in the Joint Account for purposes of the satisfaction of the First Option Condition; *provided*, that the Option Funds shall be used solely for Option Expenditures in direct relation to the Property and such Option Expenditures (A) shall be subject to the approval of the Parties, and (B) shall be deemed to be Expenditures incurred by the Joint Venture and shall be deemed to have been contributed by the Parties pursuant to Section 9.12 in accordance with their respective Proportionate Share; and (ii) if Nouveau Monde has satisfied the First Option Condition prior to its satisfaction of the Second Option Condition within the specified delay and is, in the reasonable opinion of the Parties, working diligently and continuously towards satisfying the Second Option Condition, the Parties shall agree in writing to extend the deadline to satisfy the Second Option Condition for successive periods of not more than six (6) months and ending no later than thirty-six (36) months from the Effective Date (5:00 p.m. (Montreal time) on the last day of the latest of such periods, the “**Option Deadline**”); *provided*, that any Option Expenditures incurred or funded to satisfy the Second Option Condition above the Option Expenditure Threshold, (x) shall be assumed solely by Nouveau Monde, (y) shall be deemed to be Expenditures incurred by the Joint Venture, and (z) shall be deemed to have been contributed by the Parties pursuant to Section 9.12 in accordance with their respective Proportionate Share.

3.3 Additional Condition

The exercise or deemed exercise by Nouveau Monde of the Option is also subject to the completion of the Subsequent Equity Investment, as the case may be, upon the terms and subject to the conditions contained in the Investment Agreement.

3.4 Exercise of Option

- (a) Provided that (i) Nouveau Monde wishes to exercise the Option, and (ii) the Option has become exercisable pursuant to Sections 3.2 and 3.3, and upon the satisfaction by Nouveau Monde of the conditions set out in Sections 3.2 and 3.3, Nouveau Monde shall deliver to Mason a written notice of its intention to exercise the Option accompanied by a report prepared in the form of an Annual Report for the duration of the Option Period (the “**Option Report**”).
- (b) Upon receipt of the Option Report, Mason shall have not more than thirty (30) days to review such report and provide any written comments to Nouveau Monde (such comments, the “**Option Comments**”), failing which the Option Report shall be deemed to have been accepted by Mason at the end of such thirty (30)-day period for purposes of subsection 3.4(c). Upon receipt of the Option Comments by Nouveau Monde, the Parties shall cooperate in good faith to resolve any disagreement as to the satisfaction by Nouveau Monde of the conditions set out in Section 3.2 as soon as reasonably practicable.

- (c) Subject to the acceptance or the deemed acceptance by Mason, acting reasonably, of the Option Report or the settlement of any dispute on the Option Report (the date that Mason accepts or is deemed to have accepted such report or that any dispute on such report is settled, the “**Option Exercise Date**”), Nouveau Monde shall be deemed, without any further action required by Nouveau Monde or on its behalf, to have acquired a fifty-one percent (51%) Interest (the “**Option Interest**”).
- (d) Upon the exercise or deemed exercise by Nouveau Monde of the Option pursuant to subsection 3.4(c), Mason and Nouveau Monde shall take all actions and do all things reasonably necessary to transfer the Option Interest to Nouveau Monde or to reflect that Nouveau Monde is the registered holder and the owner of the Option Interest, as the case may be, as soon as reasonably practicable, including executing any conveyance document and authorizing resolutions and making all filings, as applicable, with the Register of Real Rights of State Resource Development (Québec), the Public Register of Real and Immoveable Mining Rights (Québec) or such other register kept by the *ministère de l'Énergie et des Ressources naturelles* pursuant to the Mining Act or such other Governmental Authority charged with the application of other Applicable Laws in respect of recording Mining Rights. The cost of such transfer shall be assumed by Mason and shall be included in the Expenditures and upon the completion of the transfer of the Option Interest to Nouveau Monde, Mason will provide written notice to Nouveau Monde of the completion of such transfer.

3.5 Preliminary Economic Assessment and Feasibility Study

- (a) The Parties shall reasonably cooperate in the preparation of the Preliminary Economic Assessment and the Feasibility Study that are required to be prepared and delivered by Nouveau Monde to satisfy the Second Option Condition, which shall include, (i) the delivery of drafts by Nouveau Monde to Mason of such reports as they become available, and (ii) that Mason be given a reasonable opportunity to review the form and content of any such report and provide any comment thereon to Nouveau Monde.
- (b) It is understood that the Preliminary Economic Assessment and the Feasibility Study shall initially be addressed to each of Mason and Nouveau Monde and shall be subject to subsection 3.8(e) if the Option is terminated in accordance with Section 3.7.

3.6 Absence of Commitment

It is understood that the funding or incurring of the Option Expenditures is within the sole and unfettered discretion of Nouveau Monde and shall not be considered to be a committed amount by Nouveau Monde.

3.7 Option Termination

Nouveau Monde acknowledges and agrees that the Option shall be of no further force or effect, and shall automatically terminate if:

- (a) Nouveau Monde provides written notice to Mason that it does not wish to exercise the Option; or
- (b) Nouveau Monde elects not to satisfy, or does not satisfy, the conditions set out in Section 3.2 on or before the Option Deadline.

3.8 Option Termination Consequences

If the Option is terminated (the date of such termination, the “**Option Termination Date**”) pursuant to Section 3.7, then:

- (a) Nouveau Monde shall not be entitled to acquire any Option Interest and any right to acquire any such Option Interest shall automatically terminate and be of no further force or effect;
- (b) Nouveau Monde shall be released from any requirement or obligation to provide any Funding or incur any Expenditures or any further Option Expenditures, as the case may be, or to make any other payments under this Agreement, including, for the avoidance of doubt, any Maintenance Payments, but excluding, for the avoidance of doubt, any indemnification payment to be made hereunder;
- (c) Nouveau Monde shall deliver to Mason all records, information and Data in respect of the Project that existed on the date hereof and that were derived thereafter and Nouveau Monde may keep a copy of, and use the information contained in, such records, upon the terms and subject to the conditions set out in Article 17;
- (d) immediately upon the Option Termination Date, without the need of any further confirmation or formality, Mason shall be entitled to claim all rights related to the Option Expenditures as if such Expenditures had been incurred by Mason in the ordinary course of its business and to the extent permitted by Applicable Laws;
- (e) to the extent permitted by Applicable Laws, immediately upon the Option Termination Date, Nouveau Monde shall automatically be released of all of its rights (whether through ownership or otherwise as an addressee thereof) attached to any Preliminary Economic Assessment and Feasibility Study relating to the Project;
- (f) immediately upon the Option Termination Date, without the need of any further confirmation or formality, each Party shall be deemed to, on behalf of itself and on behalf of its respective Affiliates, directors, officers, successors, permitted assigns and agents, release, remise and forever discharge the other Party and its respective Affiliates, officers, directors, employees, agents, successors and permitted assigns of and from all Claims whatsoever in nature and kind wherever and howsoever arising, whether known or unknown, in law or in equity, which such Party has or thereafter can, shall or may have against the other Party in relation to this Agreement, except (i) to the extent contributed to or by the negligent acts, faults, omissions or wilful misconduct of one of the Party, (ii) such Claims which arise as a result of any indemnification obligation hereunder, or (iii) where such Party shall be responsible for the payment (or the recovery) of any Taxes related to any Option Expenditure or any other action performed hereunder, such Party shall continue to be responsible for the payment (or the recovery) of any such Taxes; and
- (g) this Agreement shall automatically terminate and shall be of no further force or effect.

3.9 Indemnification upon Option Termination

Notwithstanding anything to the contrary stated herein, the obligations of Nouveau Monde pursuant to Section 3.8 constitute legally binding obligations of Nouveau Monde and shall survive any termination of this Agreement. Nouveau Monde shall indemnify Mason and hold Mason harmless from and against any and all Claims which Mason may suffer arising from any entry on, or activities at, the Property performed by Nouveau Monde or its employees or representatives during the Option Period.

3.10 Non-Assignability of Option

Notwithstanding anything to the contrary in this Agreement, the Parties agree that the Option shall not be assignable (whether contractually or by the operation of law) or Transferable by Nouveau Monde without Mason's prior written consent, which consent may be withheld at its sole discretion and for any reason.

4. WORK DURING OPTION PERIOD

4.1 Contribution

During the Option Period, Mason shall not be required to fund or contribute to any costs of any Work Program or to any amounts incurred or funded in connection with any Option Expenditures.

4.2 Discretion to Carry Option Expenditures

During the Option Period, subject to Section 3.5 and the satisfaction of the Option Conditions on or before the Option Deadline and insofar as such Expenditures qualify as Option Expenditures hereunder and that such Option Expenditures remain subject to the procedures set out in Section 4.5, the nature, extent and timing of the Option Expenditures to be carried out hereunder shall be at the sole discretion of Nouveau Monde and it shall not be required to consult with respect to, or to submit, any Work Program hereunder.

4.3 Rights and Covenants of Nouveau Monde during Option Period

During the Option Period, Nouveau Monde, whether directly or indirectly through its Representatives shall have the right and option, or shall otherwise covenant, to:

- (a) enter upon the Property;
- (b) incur and fund such Option Expenditures thereon and thereunder as Nouveau Monde may consider advisable to exercise its Option hereunder;
- (c) carry out all such Option Expenditures hereunder in accordance with good mining practice and all Applicable Laws;
- (d) during times when it carries out work on the Property, provide to Mason quarterly summary progress reports and an annual factual report certified by the President and Executive Officer of Nouveau Monde, in his capacity as an officer of Nouveau Monde and not in his personal capacity, setting out in reasonable details the Option Expenditures and all other activities conducted pursuant to this Section 4.3 and the results and costs thereof (the “**Annual Report**”);
- (e) remove from the Property reasonable quantities of Minerals and to transport the same for the purpose of sampling, metallurgical testing and assaying at the NM Demonstration Plant;
- (f) indemnify and hold Mason harmless from any and all liabilities, costs, damages or charges, including Environmental Liabilities, arising from the failure to comply with the Applicable Laws or the covenants contained in this article or otherwise arising from the carrying out of the Option Expenditures or its Operations on the Property;
- (g) allow Mason or any duly authorized agent or Representative of Mason to audit or review the Option Expenditures made on the Property upon giving Nouveau Monde 48 hours written notice; *provided*, however that it is agreed and understood that Mason or any of its

agents or Representatives shall not interfere with Nouveau Monde's activities on the Property and that Nouveau Monde shall not be liable for any loss, damage or injury incurred by Mason or its agents or Representatives arising from its inspection of the Property , however caused; or

- (h) conduct such other activities as contemplated by Section 3.2.

Notwithstanding the foregoing, (i) Nouveau Monde agrees and covenants that it shall conduct all activities contemplated in this Section 4.3 in compliance with Applicable Laws, and (ii) any activities to be performed by Nouveau Monde pursuant to this Section 4.3 shall be performed for the benefit of Mason.

4.4 Review of Annual Report and Procedure

Upon receipt of Annual Report, Mason shall have not more than thirty (30) days to review such report and provide any written comments to Nouveau Monde (such comments, the “**Report Comments**”), failing which the Annual Report shall be deemed to have been accepted by Mason at the end of such thirty (30)-day period. Upon receipt of the Report Comments by Nouveau Monde, the Parties shall cooperate in good faith to resolve any disagreement as soon as reasonably practicable.

4.5 Accounting Procedures during the Option Period

During the Option Period, the following accounting procedures shall apply to the Option Expenditures:

- (a) Nouveau Monde shall maintain detailed and comprehensive cost accounting records in accordance with this Section 4.5, including general ledgers, supporting and subsidiary journals, invoices, cheques and other customary documentation, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of Operations for managerial, tax, regulatory or other financial, regulatory, or legal reporting purposes related to the Option Expenditures and the satisfaction by Nouveau of the First Option Condition. Such records shall be retained for the duration of the period allowed to the Parties for audit or the period necessary to comply with Tax or other regulatory requirements;
- (b) Nouveau Monde shall prepare statements and invoices to evidence the Option Expenditures;
- (c) any cost of machinery, materials, equipment and supplies (collectively, “**Equipment**”) and facility owned by Nouveau Monde and used as part of the Option Expenditures shall be charged by Nouveau Monde at rates commensurate with the actual costs of ownership and operation of such Equipment and facilities. Such rates shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus 3% per annum. Such rates shall not exceed the average commercial rates currently prevailing in the vicinity of Nouveau Monde's operations and shall not be charged as Option Expenditures to the extent such costs represent existing overhead of Nouveau Monde;
- (d) the actual cost of contract services and utilities procured from outside sources, other than legal and regulatory expenses. If contract services are performed by Nouveau Monde or an Affiliate thereof, the cost charged shall not be greater than that for which comparable services and utilities are available in the open market within the vicinity of Nouveau Monde's operations and the amount of such cost shall be included in the general and administrative charge in subsection 4.5. The cost of professional consultant services procured from outside sources in excess of \$25,000 shall be approved by Mason;

- (e) Nouveau Monde may charge all costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Equipment resulting from any cause other than the willful misconduct or gross negligence of Nouveau Monde, which shall be for the account of Nouveau Monde. Nouveau Monde shall furnish to Mason a written notice of any material damages or losses as soon as practicable and a report thereof setting forth in reasonable details such damages or losses;
- (f) Nouveau Monde may charge all legal and regulatory costs and expenses incurred in connection with or resulting from the Option Expenditures or necessary to protect or recover the Assets or the Equipment, including costs of title investigation and title curative services. All reasonable attorneys fees and other legal costs to handle, investigate and settle litigation or claims, and amounts paid in settlement of such litigation or claims in excess of \$25,000 shall be approved by Mason;
- (g) Nouveau Monde may charge any cost of audits under subsection 4.3(g);
- (h) Nouveau Monde may charge a *pro rata* portion of: (i) the salaries and expenses of any superintendent and other employees who are participating in the activities related to the Option Expenditures whose time is not allocated directly to such activities; (ii) the costs of maintaining and operating an office and any necessary sub office, (iii) the costs of maintaining and operating the NM Demonstration Plant, and (iv) all necessary camps, including housing facilities for employees, used for the activities related to the Option Expenditures. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. The total of such charges for all properties served by Nouveau Monde's employees, the NM Demonstration Plant and facilities shall be apportioned on the basis of a ratio of actual production hours to be approved by Mason;
- (i) Nouveau Monde shall be entitled to charge an amount of up to 10% of all amounts charged as Option Expenditures on an annual basis (other than the general and administrative charges pursuant to this subsection 4.5(i)) for general and administrative expenses (within the meaning of IFRS and applied on a basis consistent in accordance with past practice), which, for purposes of this paragraph 4.5(i), shall also include the salaries and wages (on a cost recovery basis) of any employee (including any technical, Environmental or accounting personnel) whose time is directly allocated to the Operations from time to time, which amounts charged for general and administrative expenses pursuant to this subsection 4.5(i) (x) shall be detailed in any statement and invoice prepared pursuant to subsection 4.5(b), and (y) shall be included in the Option Expenditures; and
- (j) Equipment purchased and services procured from Third Parties shall be charged by Nouveau Monde at invoiced cost, including applicable transfer taxes, less all discounts taken. If any Equipment is determined to be defective or is returned to a vendor for any other reason, Nouveau Monde shall deduct any adjustment from the Option Expenditures when such adjustment is received from the vendor.

Notwithstanding the foregoing, Nouveau Monde shall inform Mason of the nature, extent and timing of any Option Expenditure which, individually or in the aggregate, represents \$250,000 or more.

4.6 Covenants of Mason during the Option Period

During the Option Period and subject to any activities to be performed by Nouveau Monde pursuant to Section 4.3, Mason shall at its expenses maintain the Property in good standing by performing all required

assessment work and paying all Taxes and other governmental charges that may be required for the renewal of the Property. Prior to entering upon the Property, Nouveau Monde shall provide written evidence to Mason that it has liability insurance coverage in place satisfactory to Mason, acting reasonably, insuring against any liability arising out of any entry on, or activities at, the Property.

5. JOINT VENTURE

5.1 Formation

The Joint Venture shall be formed as of the Option Exercise Date. The Parties hereby agree to cooperate and execute such documents as are reasonably necessary or required to confirm and further evidence the date of the formation of the Joint Venture.

5.2 Term

The initial term of the Joint Venture shall be forty (40) years from the Option Exercise Date. The Agreement shall automatically extend by additional five (5) year periods until the end of the Commercial Production and thereafter until all materials, supplies, equipment and infrastructure have been salvaged and disposed of, any required Environmental Compliance or other Continuing Obligations have been completed and, as applicable, settled in compliance with Applicable Laws, and the Parties have agreed to a final accounting, unless this Agreement is terminated earlier as provided herein.

5.3 Compliance with Applicable Laws

The Parties shall deal with their respective Participating Interests, in all cases, in compliance with all Applicable Laws.

5.4 Recorded Title

As the Option Exercise Date, the Assets shall be owned and shall be held by the Parties as undivided co-owners in proportion to their respective Participating Interests. If title to any of the Assets is registered or recorded, or is required to be, other than title to the Property which shall remain registered or recorded in the name of the Parties, it shall be registered or recorded in the name of “Co-entreprise Lac Guéret”, to the extent permitted under Applicable Laws, or as may be otherwise unanimously agreed by the Parties. The Parties holding title to the Property shall hold the Property on behalf of and for the benefit of, each Party in proportion to its respective Participating Interests. The Parties shall reasonably cooperate for the transfer of the Mining Rights related to the Property and all Governmental Authorizations, including any leases, to the Joint Venture (or to the Parties as undivided co-owners in proportion to their respective Participating Interests) in accordance with this Agreement and Applicable Laws.

5.5 Royalties, Commercial Production Taxes and Other Payments Based on Commercial Production

All required payments of production royalties, Taxes, and other payments arising from the Commercial Production and payable to Governmental Authorities and other Persons shall be determined and made by each Party in proportion to its Participating Interests, and each Party undertakes to make such payments in a timely manner and otherwise in accordance with Applicable Laws. If separate payment is not permitted, each Party shall determine and pay its Proportionate Share in advance to the Party obligated to make such payment and such Party shall make such payment in a timely manner. Each Party shall furnish to the other

Party evidence of timely payment for all such required payments. If a Party fails to make any such required payment, the other Party shall have the right to make such payment and shall thereby become subrogated to the rights of such Third Party; *provided, however*, that the making of any such payment on behalf of the other Party shall not constitute acceptance by the paying Party of any liability to such Third Party for the underlying obligation.

6. INITIAL ALLOCATION AND PARTICIPATING INTERESTS

6.1 Initial Allocations

- (a) On the Option Exercise Date, no amount shall be credited to Mason’s account on the Joint Venture Register.
- (b) On the Option Exercise Date, no amount shall be credited to Nouveau Monde’s account on the Joint Venture Register.

6.2 Initial Participating Interests

On the Option Exercise Date, the initial Participating Interests of each of the Parties shall be deemed to be as follows:

	Nouveau Monde	Mason
Participating Interests	51.0%	49.0%

6.3 Changes in Participating Interests

A Party’s Participating Interests shall be eliminated or adjusted as follows:

- (a) upon deemed withdrawal or withdrawal as provided in Sections 6.4 and 18.3, respectively;
- (b) in accordance with Section 9.12 to reflect the Party’s Funding, or failure to Fund, the Joint Venture;
- (c) in accordance with Section 9.13 to reflect the exercise by a Party of its Shortfall Funding Right;
- (d) in accordance with Section 9.14 to reflect a recalculation of Participating Interests based on actual Expenditures;
- (e) upon the Transfer by a Party of Participating Interests in accordance with Article 13; or
- (f) upon the acquisition by a Party of all of the Participating Interests of the other Party in accordance with this Agreement, however arising.

6.4 Elimination of Minority Interest

- (a) If a Party's Participating Interest becomes less than 10% (a "**Minority Party**"), that Party shall be deemed to have withdrawn from the Joint Venture and shall transfer and convey its entire Participating Interests to the other Party free and clear of any Encumbrances arising by, through or under the Minority Party, except any such Permitted Encumbrances or to which the Parties have agreed in writing. Such withdrawn Participating Interests shall be deemed to have accrued and been transferred and conveyed automatically to the other Party. As consideration for the Minority Party's Participating Interests under this subsection 6.4(a), the remaining Party shall grant the Minority Party a 2% net smelter return royalty on the terms and subject to the conditions set out in Schedule B (the "**Royalty**").
- (b) Upon the delivery by the remaining Party of the executed Royalty to the Minority Party pursuant to subsection 6.4(a), the Minority Party shall thereafter have no further right, title or interest in the Property and the Assets (other than the Royalty) or under this Agreement. In such event, the Minority Party shall execute and deliver the appropriate documentation and do such other things necessary to effect the Transfer and conveyance of all of its right, title and interest in the Property and the Assets to the remaining Party, including by signing any conveyance document and authorizing resolutions and making all filings, as applicable, with the Register of Real Rights of State Resource Development (Québec), the Public Register of Real and Immoveable Mining Rights (Québec) or such other register kept by the *ministère de l'Énergie et des Ressources naturelles* pursuant to the Mining Act or such other Governmental Authority charged with the application of other Applicable Laws in respect of recording of Mining Rights.

6.5 Continuing Liabilities Upon Adjustments of Participating Interests

Any reduction or elimination of a Party's Participating Interest under this Article 6 shall not relieve such Party of its share of any liability, including Continuing Obligations and Environmental Liabilities, arising out of Operations conducted by the Joint Venture prior to such reduction or elimination, whether it accrues before or after such reduction or elimination. For purposes of this Section 6.5, such Party's share of such liability shall be equal to its Participating Interest at the time such liability was incurred. The increased Participating Interest accruing to a Party as a result of the reduction or elimination of the other Party's Participating Interest shall be free of any Encumbrance or royalties arising by, through or under such other Party, other than those existing at the time the Joint Venture was formed (including any Permitted Encumbrance) and those to which both Parties have agreed to an adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Party's Participating Interest shall be shown in the books of the Operator.

6.6 Documentation of Participating Interests

- (a) Adjustments to the Participating Interests need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Party's Participating Interest and related account balance on the Registers shall be shown in the accounting records of the Joint Venture, and any adjustments to the Registers, including any adjustment to Participating Interests under Section 6.3, shall be made monthly, as applicable.
- (b) Each Party, at any time upon the request of the other Party, agrees to make, execute, perform, acknowledge, verify and deliver any agreements, amendments, supplements, applications,

certificates, instruments, consents, acknowledgments, waivers, filings, and other documents, to do or cause to be done all such acts and things, and to make all such payments and remittances as in the reasonable opinion of the Operator as are necessary or appropriate in order to ensure adjustments to the Participating Interest under this Agreement are reflected in legal and binding agreements and, where applicable recorded at the Register of Real Rights of State Resource Development (Québec), the Public Register of Real and Immovable Mining Rights (Québec) or such other register kept by the *ministère de l'Énergie et des Ressources naturelles* pursuant to the Mining Act or such other Governmental Authority charged with the application of other Applicable Law in respect of transfer and recording of Mining Rights, Governmental Authorizations and leases applicable to the Property and the Assets.

7. MANAGEMENT COMMITTEE

7.1 Organization and Composition

- (a) The Parties hereby establish a management committee (the “**Management Committee**”) to determine overall policies, objectives, procedures, methods and actions under this Agreement and, if there is no Operator, manage the Joint Venture in accordance with Section 8.1.
- (b) The Management Committee shall consist of four members (each, a “**Member**”). Two (2) Members shall be appointed by Mason and two (2) Members shall be appointed by Nouveau Monde. Each Party may also appoint one alternate (an “**Alternate**”) to act in the absence of a regular Member. Any Alternate so acting shall be deemed to be a Member. Appointments of Members or an Alternate by a Party shall be made or changed, at any time and from time to time, by written notice to the other Party and its Members, and such notice shall contain the name, title, telephone number and email address of the appointed Member.
- (c) Any Member designated by Nouveau Monde may act as Chair of the Management Committee. In the event that the Nouveau Monde’s Participating Interest is less than fifty percent (50%), then any Member designated by Mason shall be entitled to act as Chair of the Management Committee.
- (d) The Management Committee may create subcommittees to address technical, Environmental, social, financial, Exploration, Development or Mining matters in order to support the Operations.

7.2 Meetings

- (a) The Secretary shall be the Corporate Secretary of Nouveau Monde.
- (b) The Management Committee shall hold regular meetings, at least quarterly. Meetings shall be held in Montréal, Québec or at any other mutually agreed place. A meeting will be properly called upon delivery of no less than ten (10) prior days’ notice by the Secretary to each of the Parties. In addition, a Party may call a special meeting upon ten (10) prior days’ notice to the other Party. In case of emergency, reasonable notice of a special meeting shall suffice. Each notice of a meeting shall include the time and location of the meeting and an itemized agenda prepared by the Secretary in the case of a regular meeting, or by the Party calling the meeting in the case of a special meeting, but any matters may be considered with the consent of all Parties called at the meeting. The first meeting of the Management Committee shall be held within thirty (30) days of the Option Exercise Date.

7.3 Quorum and Presence

- (a) There shall be a quorum if the two (2) Members representing each Party are present at the meeting. Otherwise, the meeting shall be adjourned and shall be reconvened, at the earliest within five (5) days and at the latest within thirty (30) days of such adjournment. However, if all of the Members representing a Party fail to attend two consecutive properly called meetings, then a quorum shall exist at the third meeting if the other Party is represented by a Member, and a vote of such Member shall be considered the vote required for the purposes of the conduct of all business properly noticed, even if such vote would otherwise require unanimity hereunder.
- (b) The only Persons entitled to attend meetings of the Management Committee are the Members or their Alternate, the Secretary and the Operator (or a representative thereof), as the case may be; *provided*, that each Party shall be entitled to invite not more than two guests to attend any meeting of the Management Committee provided that such guests must be directors, officers or employees of such Party or an advisor to such Party. Any other Person may be admitted to Management Committee meetings only with the consent of all of the Members.

7.4 Decisions

Votes on any decision to be taken at a meeting of the Management Committee shall be cast by a show of hands or verbally, without any additional formality. Voting rights of a Party shall be exercised through its designated Members acting jointly. Decisions of the Management Committee shall be taken by resolution, and a resolution shall be adopted if a majority of the votes is cast in favour of its adoption. Any deadlock arising out of a meeting of the Management Committee shall be deemed to be a dispute under this Agreement and shall be addressed: (i) as it relates to any Work Program and Budget and any other matters set forth in subsections 7.10(a) and (b), in accordance with the procedure set forth in Article 20; and (ii) as it relates to any other matter, in accordance with the procedure set forth in Article 21.

7.5 Minutes

The Secretary shall prepare or cause to be prepared minutes of all meetings and shall distribute copies of such minutes to all Members within thirty (30) days after each meeting. The minutes, when signed by all the Members present and constituting a quorum, shall be the official record of the decisions made by the Management Committee and shall be binding on the Operator and the Parties. Decisions made at a Management Committee meeting shall be implemented in accordance with Approved Work Programs and Budgets. If a Party timely objects to minutes proposed by the Secretary, the Members shall seek, for a period not to exceed thirty (30) days from receipt by the Secretary of notice of the objections, to agree upon minutes acceptable to both Parties. If the Management Committee does not reach agreement on the minutes of the meeting within such thirty (30) day period, the minutes of the meeting as prepared by the Secretary together with any Party's proposed changes shall collectively constitute the record of the meeting.

7.6 Action Without Meeting

In lieu of meetings, decisions may be taken by way of written resolution signed by all Members. Also, the Management Committee may conduct its business by holding telephone or video conferences, so long as all decisions are immediately confirmed in writing by all Members.

7.7 Costs of Attendance

If personnel of a Party engaged in work on the Project are required to attend a Management Committee meeting at the request of the Management Committee, reasonable costs incurred in connection with such attendance shall be deemed to be an Expenditure incurred by such Party for purposes hereof. All other costs shall be paid for by the Parties individually. For greater certainty, no fees will be paid to the Secretary or Operator in connection with their attendance or the attendance of any of their Representatives at any meeting of the Management Committee.

7.8 Remuneration

Members of the Management Committee are not entitled to remuneration as such.

7.9 Matters Requiring Approval

Except as otherwise delegated to the Operator pursuant to this Agreement, the Management Committee shall have the exclusive authority to determine all matters related to overall policies, objectives, procedures, methods and actions and other matters related to the Joint Venture, including the Work Program and Budget, the Property, the Assets and the Operations, during the term of this Agreement.

7.10 Matters Requiring Unanimous Approval

The following matters shall require unanimous approval of the Management Committee:

- (a) Approval of a decision to suspend Operations for a period longer than three (3) months (other than in the case emergency or health, safety or requirement of Applicable Laws);
- (b) making a Production Decision;
- (c) terminating the Joint Venture otherwise than as contemplated herein;
- (d) selling, relinquishing or otherwise disposing of all or substantially all of the Mining Rights and Assets otherwise than as contemplated herein;
- (e) granting to any person any royalty, stream or other interest in, or causing or permitting an Encumbrance to be created or exist on, the Property, other than the Royalty;
- (f) causing or permitting an Encumbrance to be created or exist on the Property or any of the Assets, other than in accordance with subsection 22.8(a);
- (g) requiring the Parties to lend any money to or guarantee or become liable for the obligations of any Person in connection with the Project;
- (h) conducting any business other than as set out in this Agreement; and
- (i) any decision to amend, modify, alter or repeal any approval in respect of the foregoing matters.

7.11 Stakeholder Relations

During the Option Period and notwithstanding anything to the contrary in this Agreement, the Parties agree that Mason shall retain an oversight role regarding the Option Expenditures that, in its reasonable opinion, may affect relations between the Parties and any Aboriginal Group (“Stakeholder Relations”); *provided*, that this Section 7.11 does not impose any obligation on Nouveau Monde to make any contribution (cash or otherwise) or assume any additional liability or obligation during the Option Period regarding Stakeholder Relations, except as otherwise set forth herein. From the Option Exercise Date, (i) the Parties shall cooperate to transfer the oversight role regarding Stakeholder Relations to the Operator with such care and diligence that is reasonably required to preserve or improve such relations; and (ii) the Operator shall use commercially reasonable efforts to engage in Operations which, in the reasonable opinion of Mason, do not affect Stakeholder Relations between any Aboriginal Groups and the Joint Venture and/or the Parties.

7.12 Financing Efforts

Each Party shall cause the Management Committee to consider, acting reasonably and in good faith, all potential project financing alternatives that may be available for the Joint Venture from time to time in order to finance the Project (including project financing alternatives that contemplate liens against a Party’s Participating Interest). In connection with the process of considering project financing alternatives pursuant to this Section 7.12, (i) each Party shall use commercially reasonable efforts to investigate third party financing for the Project, and (ii) Nouveau Monde shall provide commercially reasonable support and assistance to Mason in connection with Mason’s attempt to arrange financing for its funding obligations under this Agreement, however Nouveau Monde will not be required to guarantee any obligations of Mason in connection therewith.

8. OPERATOR

8.1 Appointment

The Parties hereby appoint Nouveau Monde as the Operator under this Agreement with overall management responsibility for all aspects of Operations conducted on the Property, subject to the decisions of the Management Committee and the provisions of Section 8.6. All actions of the Operator performed under this Agreement are carried out on behalf of each Party in proportion to their respective Participating Interests at the time of such actions.

8.2 Powers and Duties of Operator

Subject to the terms and provisions of this Agreement (including Section 7.10), the Operator shall have the following powers and duties, which shall be discharged in accordance with Applicable Laws and Approved Work Programs and Budgets and otherwise in compliance with the decisions of the Management:

- (a) manage, direct and control Operations in accordance with sound mining and other applicable industry standards and practices, including in accordance with the terms and provisions of the Mining Rights and Governmental Authorizations relating to the Property, the Property and the activities performed or to be performed thereon as well as in compliance with Applicable Laws and applicable agreements with Aboriginal Groups;
- (b) (i) supervise, coordinate and otherwise implement the decisions made by the Management Committee pursuant to Section 7.4, (ii) make all Expenditures necessary to carry out Approved Work Programs and Budgets, and (iii) promptly notify the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;

- (c) prepare and submit a Work Program and Budget to the Management Committee for approval at the latest on March 31 of each year and each Work Program shall contain a reasonably detailed outline of all work the Operator contemplates carrying out on the Property or in relation to the Assets and the location and time frame thereof for a Work Program Period of one (1) year;
- (d) prepare and submit a reasonably itemized Budget, broken down by month, of the projected Expenditures under the Work Program, charge out rates for shared corporate services; and the estimated amount and date of each contribution that the Parties would have to make to the Joint Venture in accordance with Sections 9.4 and 9.11;
- (e) (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms commercially available, reasonably taking into account all circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep all the Assets and Property free and clear of all Encumbrances, except for (A) those existing at the time of, or created concurrently with, the acquisition of such Assets and Property, (B) legal hypothecs incidental to construction which shall be released or discharged in a diligent manner, and (C) Encumbrances specifically approved by the Management Committee;
- (f) conduct such title examinations of the Property and the Property and cure such title defects pertaining to the Property and the Property as may be advisable in its reasonable judgment;
- (g) (i) make or arrange for all payments, filings, reporting and work required under Applicable Laws and by leases, Governmental Authorizations, contracts and other agreements related to the Property or Assets; (ii) pay all taxes, assessments and like charges on Operations, the Property, the Property and the Assets, except taxes determined or measured by a Party's sales revenue or net income; *provided*, however, that if authorized by the Management Committee, the Operator shall have the right to contest in the courts or otherwise, the validity or amount of any taxes, assessments or charges if the Operator deems them to be unlawful, unjust, unequal or excessive, or to undertake such other steps or proceedings as the Operator may deem reasonably necessary to secure a cancellation, reduction, readjustment or equalization thereof before the Operator shall be required to pay them, but in no event shall the Operator permit or allow title to the Property and Assets to be lost as the result of the nonpayment of any taxes, assessments or like charges; (iii) not allow Mining Rights relating to the Property to lapse without the approval of the Management Committee; and (iv) do all other acts reasonably necessary to maintain the Property and the Assets;
- (h) (i) apply for all necessary Governmental Authorizations; (ii) comply with all Applicable Laws; (iii) satisfy Continuing Obligations and address in a timely manner Environmental Liabilities and Environmental Orders; (iv) notify the Management Committee of any allegations of substantial violation or non-compliance with Applicable Laws, Continuing Obligations or Environmental Orders, or liability thereunder or any Environmental Liabilities as soon as practicable after receiving notice thereof; and (v) prepare and file all reports or notices required for or as a result of Operations;

- (i) prosecute and defend, but shall not initiate without prior authorization from the Management Committee, all litigation or administrative proceedings arising out of Operations; provided that any Party shall have the right to participate, at its own expense, in such litigation or administrative proceedings;
- (j) the Operator may dispose of part of the property of the Joint Venture, whether by abandonment, surrender or transfer in the ordinary course of business, except that the Property, the Assets or any other interest in the Property may be abandoned or surrendered only as provided in Section 12;
- (k) the Operator shall have the right to carry out its responsibilities hereunder through agents, independent contractors or, Affiliates, subject to doing so on terms no less favourable that would be the case in arm's length transactions with unrelated Persons, and any such transaction or series of transactions with an Affiliate not on such terms or having an aggregate value in excess of \$100,000 shall be subject to the approval of the Management Committee;
- (l) perform or cause to be performed all work requirements under Applicable Laws, including work and reporting to be performed and completed by or on behalf of the holder of Mining Rights and required by the Mining Act, pay all fees required by Applicable Laws and satisfy all other requirements in order to maintain the Mining Rights attaching to the Property in good standing and duly recorded, as applicable, with the Register of Real Rights of State Resource Development (Québec), the Public Register of Real and Immovable Mining Rights (Québec) or such other register kept by the *ministère de l'Énergie et des Ressources naturelles* pursuant to the Mining Act or such other Governmental Authority charged with the application of other Applicable Laws in respect of recording of Mining Rights, and maintain the related infrastructure included within the Property. The Parties shall cooperate with and provide assistance to the Operator in maintaining such Mining Rights in good standing;
- (m) keep adequate Data, information and records of the management, maintain all required accounting and financial records pursuant to the procedures described in Schedule E and in accordance with IFRS and Applicable Laws, keep and maintain all information and records in accordance with Environmental Laws and shall ensure appropriate separation of accounts unless otherwise agreed by the Parties;
- (n) accurately maintain the Registers for each Party;
- (o) the Operator shall keep the Management Committee advised of all Operations by submitting in writing to the members of the Management Committee (i) monthly progress reports which include statements of Expenditures and comparisons of such Expenditures to the Approved Work Program and Budget, as applicable; (ii) quarterly progress reports that include statements of Expenditures and comparisons of such Expenditures to the Approved Work Program and Budget and any technical results, in each case, in sufficient detail to allow the Parties or their Affiliates to prepare any financial statements required under any Applicable Laws or the rules, by-laws or policies of any stock exchange having authority over a Party; (iii) quarterly reports on related party transactions; (iv) quarterly summaries of Data acquired; (v) quarterly reports concerning Operations; (vi) a detailed report within ninety

(90) days after completion of each Approved Work Program and Budget, which shall include comparisons between actual and budgeted Expenditures and comparisons between the objectives and results of Work Programs, and (vii) such other reports as any Member may reasonably request. The quarterly reports or summaries contemplated by clauses (i), (ii), (iii), (iv) and (v) of the immediately preceding sentence shall be provided in respect of each quarter within 30 days of the end of such quarter;

- (p) prepare and implement an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Environmental Laws or contractual obligations related to Environmental matters and shall include in each Work Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any Applicable Laws pertaining to Environmental Compliance;
- (q) undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Joint Venture, but in any event in compliance with Applicable Laws. Subject to Applicable Laws, the Operator shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Work Program and Budget, the Operator shall specify in such Work Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Operator shall keep the Parties reasonably informed about the Operator's efforts to discharge Continuing Obligations. Representatives of each Party shall have the right from time to time, but in no event more than the greater of once per fiscal quarter or such number of times as may reasonably be required in order for the Parties to comply with Applicable Laws, to enter the Property to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;
- (r) subject to Section 8.8, provide all personnel required to conduct Operations and such personnel shall be employees of the Operator and not of the Joint Venture. The Operator shall also comply with the requirements of all applicable unemployment insurance and worker's compensation legislation as well as legislation relating to workers' occupational health and safety;
- (s) maintain and keep the Assets in good operating condition and repair in accordance with sound mining and other applicable industry standards and practices;
- (t) obtain and maintain, for the benefit of the Parties, such types and levels of property and liability insurance coverage with respect to the Property and the Assets and the Joint Venture as the Management Committee shall consider necessary from time to time;
- (u) promptly advise the Parties of any accident or occurrence resulting in any damage to or destruction of any property related to the Property or the Assets or harm or injury to any Person, including Environmental Damage, in connection with the Operations;
- (v) require its contractors and subcontractors to take out and maintain such types and level of property and liability insurance as the Management Committee shall consider necessary or advisable from time to time and to comply with the requirements of all applicable

unemployment insurance and worker’s compensation legislation with respect to work or services to be provided by such contractors or subcontractors;

- (w) promptly inform the Management Committee of any Aboriginal Claims and, subject to Section 7.11, shall take such reasonable measures as may be necessary in connection therewith;
- (x) conduct all activities contemplated herein and use all Assets and the Property in compliance with Applicable Laws and shall also undertake to obtain all Governmental Authorizations which are required under Applicable Laws to conduct the Operations;
- (y) undertake all other activities reasonably necessary to fulfill the foregoing and to carry out the policies, objectives, procedures, methods and actions determined by the Management Committee;
- (z) at all reasonable times, the Operator shall provide the Management Committee or the representatives of any Party, upon the request of any Member, access to, and the right to inspect and copy, at the expense of the requesting Party, all maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and other information acquired in Operations. In addition, the Operator shall allow any non-managing Party, at the latter’s sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Party does not unreasonably interfere with Operations.

The Operator shall not be in default of any duty under this Section 8.2 if its failure to perform results from the failure of the non-operating Party to perform acts or to contribute amounts required of it by this Agreement.

8.3 Additional Duty of Nouveau Monde

Insofar as Nouveau Monde is the Operator and conducts operations at the NM Demonstration Plant, Nouveau Monde shall give full and continuous access to the NM Demonstration Plant and Nouveau Monde’s infrastructure and expertise related thereto in order to support the Operations; *provided*, that Nouveau Monde shall be entitled to recover the reasonable Expenditures relating directly to the NM Demonstration Plant that must be incurred in order to process Minerals from the Property including such Expenditures as may be required to modify the NM Demonstration Plant in accordance with the procedure set out in Schedule E.

8.4 Distribution of Excess Cash

- (a) From and after the date Commercial Production has commenced, the Parties shall be entitled to receive, in respect of each fiscal quarter, an amount equal to the Cash Available for Distribution, if any, in respect of such quarter as set out in the quarterly or annual statements contemplated by Section 9.8.
- (b) The Operator, or if there is no Operator the Management Committee, shall declare cash or in-kind distributions in accordance with Section 11.1 to the Parties (“**Distributions**”) in accordance with subsection 8.4(a) within 45 days following the completion of each fiscal quarter.

- (c) Unless otherwise agreed in writing by the Parties, any Distributions shall be paid to the Parties on a *pro rata* basis based on each Party's Participating Interests.

8.5 Standard of Care

The Operator shall discharge its duties under this Article 8 and conduct all Operations in a good, workmanlike and efficient manner, using the skill, judgment, prudence and diligence as would reasonably be exercised by an experienced mining company with operations of the nature, scope and magnitude of the Operations, and in accordance with Applicable Laws and the terms and provisions of leases, Governmental Authorizations, contracts and other material agreements pertaining to the Property, Assets or Operations. The Operator shall not be in default of its standard of care under this Section 8.5 if its inability or failure to perform results from (i) if the Operator is Nouveau Monde, the failure of Mason to perform acts or to fund amounts required of it by this Agreement, and (ii) if the Operator is not Nouveau Monde, the failure of any of the Parties to perform acts or to fund amounts required of it by this Agreement.

8.6 Resignation and Deemed Resignation

The Operator may resign upon not less than six (6) months' prior notice to the other Party, in which case the other Party may elect to become the new Operator by notice to the resigning Party within sixty (60) days after the receipt of the notice of resignation. Furthermore, if any of the following events shall occur, the Operator shall be deemed to have resigned within thirty (30) days following any of the events described in subsections 8.6(a), (b) and (c) and promptly following the events described in subsections 8.6(d), (e) and (f), unless the other Party elects to maintain the Operator in such capacity notwithstanding such event:

- (a) the Participating Interest of the Operator becomes less than 50%;
- (b) the Operator fails to perform a material obligation imposed upon it under this Agreement and such failure continues for a period of sixty (60) days after notice from the other Party demanding performance;
- (c) the Operator fails to pay or contest in good faith any bills or business debts on behalf of the Joint Venture as such obligations become due and such failure continues for a period of thirty (30) days after notice from the other Party demanding performance, provided in any case that such failure materially adversely affects the use of the Property;
- (d) the Operator fails to submit a Work Program and Budget within ninety (90) days following the end of the Expenditures planned in the previous Approved Work Program and Budget, subject to the cure period set out in Section 19.3;
- (e) the Operator fails to complete eighty percent (80%) of a mutually and proportionately Funded Work Program within the timeline requirements previously adopted by the Management Committee, subject to the cure period set out in Section 19.3;
- (f) the Operator otherwise notifies the other Party in writing that it no longer wishes to pursue the Expenditures on the Property (which such Party shall undertake to provide in good faith);
- (g) a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for a substantial part of the Operator's assets is appointed and such appointment is neither made

ineffective nor discharged within sixty (60) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Operator;

- (h) the Operator seeks protection from creditors before any court or pursuant to any legislation, proposes a compromise or arrangement to its creditors generally, takes any act or undertakes or becomes subject to a proceeding with respect to a compromise or arrangement, takes any act or undertakes or becomes subject to or has been threatened with a proceeding to be declared bankrupt, makes any assignment for the benefit of its creditors, has a receiver take possession of any of its property or has been threatened with any petition for a receiving order in bankruptcy filed against it or to declare it bankrupt or insolvent; or
- (i) entry is made against the Operator of a judgment, decree or order for relief affecting its ability to serve as Operator, or a substantial part of its Participating Interests or its other assets by a court of competent jurisdiction in a proceeding case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

8.7 Forced Sale

- (a) In the event that Nouveau Monde resigns or is deemed to have resigned as the Operator pursuant to Section 8.6, notwithstanding and in addition to any other right hereunder, Mason shall have the right, at any time and from time to time, without the consent or approval of Nouveau Monde, to cause the Parties (and/or to cause the Parties to cause any Affiliates) to sell the Property and the Assets (or all of the Participating Interests) to a Third Party (such sale, a “**Forced Sale Transaction**”). It is understood that a Forced Sale Transaction shall not be subject to any preferential rights or other rights set forth in 13.4, 13.5 or 13.6, irrespective of whether such Forced Sale Transaction is a sale of the Property and the Assets or a sale of all of the Participating Interests. For the avoidance of doubt, Mason shall control the sale process pursuant to this subsection 8.7(a) and is hereby authorized, and shall have the right, power, authority and discretion, to negotiate, on behalf of itself, Nouveau Monde and the Joint Venture, any such Forced Sale Transaction with any Third Party, including any terms and conditions which it considers reasonable and appropriate to dispose of the Property and Assets (or all of the Participating Interests) to a Third Party in accordance with this subsection 8.7(a).
- (b) It is understood that (i) a Forced Sale Transaction of the Property and the Assets shall be effected pursuant to any procedure which Mason shall deem necessary or appropriate in order to effect such transaction, and (ii) a Forced Sale Transaction of Participating Interests shall be effected in accordance with Article 15 *mutatis mutandis*, in each case, with such adjustments which are deemed necessary or appropriate to give full intent to this Section 8.7. Notwithstanding the foregoing, Nouveau Monde shall be obligated to (i) sell or otherwise Transfer all of its Participating Interests in the Forced Sale Transaction, (ii) consent in writing to the Forced Sale Transaction, (iii) enter into agreements relating to the Forced Sale Transaction, in which it agrees (as to itself) to make to the proposed purchaser the same representations, warranties, covenants, indemnities and agreements as Mason agrees to make in connection with the Forced Sale Transaction, and (iv) cooperate with and assist Mason and to take such action as may be deemed necessary by Mason or requested

by Mason, in each case acting reasonably, to implement and carry into effect this Section 8.7 to its full intent; *provided*, that (x) in the event that the proposed consideration is in the form of shares or other securities of the proposed transferee or any other Person, Mason and Nouveau Monde shall be entitled to the same form (including the proportion, if consideration is a combination of cash and shares or other securities) of consideration and similar liquidity rights related thereto, and (y) the liability of each of Mason and Nouveau Monde shall be joint (and not solidary or joint and solidary) and shall not exceed the proceeds received by such Party in connection with such Forced Sale Transaction.

- (c) In any Forced Sale Transaction, each of the Parties will be responsible for its Proportionate Share of the reasonable costs of such sale that are incurred for the benefit of all of the Parties or the Joint Venture generally, but only to the extent such costs are not paid or reimbursed by the proposed purchaser.
- (d) For the avoidance of doubt, Mason shall, in its sole discretion, decide whether or not to pursue, consummate, postpone or abandon any Forced Sale Transaction and the terms and conditions thereof. Neither Mason nor any of its Affiliates shall have any liability to Nouveau Monde or any of its Affiliates arising from, relating to or in connection with the pursuit, consummation, postponement, abandonment or terms and conditions of any Forced Sale Transaction.

8.8 Compensation of the Operator

The Operator shall be compensated for the services provided as the Operator, and reimbursed for any costs incurred, hereunder in accordance with the procedure set out in Schedule E.

8.9 Activities During Deadlock

If the Management Committee for any reason fails to approve a Work Program and Budget and pending a Technical Adjudication Award, the Operator shall continue Operations at levels sufficient to maintain the Property and the Assets in good standing and in compliance with Applicable Laws. The foregoing shall be subject to the contrary direction of the Management Committee and the receipt of necessary funds by each Party in proportion to their Participating Interests.

8.10 Parties to Save Operator Harmless

Notwithstanding the termination of this Agreement, the Parties agree to indemnify and save the Operator completely harmless, in proportion to their Participating Interests, from any Claim arising in connection with the performance by the Operator, its employees, agents or Persons for whom it is in law responsible of any and all of its obligations under this Agreement or any part or parts hereof, including to any damage or injury whatsoever to any employee or other Person or property arising out of Operations and the use, administration or control of the Property, or any other Assets governed by this Agreement during the term of this Agreement or any part thereof, but the indemnity provided under this Section 8.10 shall not extend to (i) any negligence or fault of the Operator or any of its employees, agents or Persons for whom it is responsible, (ii) any action taken by the Operator or any such Person outside the scope of authority set forth in this Agreement or any part thereof, or (iii) Claims that are the responsibility of a Party under this Agreement in its capacity as a Party. The Parties also agree to indemnify and save harmless any Person who had resigned or was terminated pursuant to Section 8.6 or matters arising during the period such Person was Operator, but such indemnity

shall not extend to any negligence or fault of such Person nor to any action taken by such Person outside the scope of authority set forth in this Agreement or any part thereof.

9. WORK PROGRAMS, BUDGETS, MANAGEMENT OF JOINT ACCOUNT AND CASH CALLS

9.1 Operations Pursuant to Work Programs and Budgets

Except as otherwise provided in Section 9.7, Operations shall be conducted, Expenditures shall be incurred, and assets shall be acquired only pursuant to Approved Work Programs and Budgets. Every Approved Work Program and Budget shall provide for accrual of reasonably anticipated Environmental Compliance and Continuing Obligation expenses for all Operations contemplated under the Work Program and Budget.

9.2 Presentation of Work Programs and Budgets

- (a) Proposed Work Programs and Budgets shall be prepared by the Operator for a period of one (1) year and shall be submitted with a notice of meeting of the Management Committee for review and consideration.
- (b) All proposed Work Programs and Budgets: (i) may include Exploration, technical, Development, Mining and Operations components, or any combination thereof; (ii) shall have a contingency of no more than 10% of the overall Work Program and Budget; (iii) shall contain a detailed schedule of the Cash Calls to be made in accordance with Section 9.11; and (iv) shall be reviewed and adopted upon a vote of the Management Committee in accordance with Sections 7.4 and 9.3.
- (c) During the period encompassed by any Approved Work Program and Budget, and at least two (2) months prior to its expiration, a proposed Work Program and Budget for the succeeding period shall be prepared by the Operator and submitted to the Management Committee for review and consideration. The Operator may propose an amendment to an Approved Work Program and Budget, and such amended Work Program and Budget shall be submitted to the Management Committee for approval pursuant to Sections 7.4 and 9.3.

9.3 Review and Approval of Proposed Work Programs and Budgets

- (a) Within fifteen (15) days after submission of a proposed Work Program and Budget, pursuant to subsection 9.2(a), each Party shall submit in writing to the Management Committee modifications proposed by the Party, if any, to the components of the proposed Work Program and Budget.
- (b) If a Party makes a timely submission to the Management Committee pursuant to subsection 9.3(a), then the Operator shall seek for a period of time not to exceed twenty (20) days to develop and complete a Work Program and Budget acceptable to both Parties. The Operator shall then call a meeting of the Management Committee in accordance with Section 7.2 for purposes of reviewing and voting upon the proposed Work Program and Budget.

9.4 Election to Participate

By written notice to the Management Committee within twenty (20) days after the final vote adopting an Approved Work Program and Budget, and notwithstanding its vote concerning the adoption of a Work Program and Budget, a Party may elect to: (i) participate in the Approved Work Program and Budget in proportion to its Participating Interest; (ii) participate in the Approved Work Program and Budget in some lesser amount than its Participating Interest; (iii) participate in the Approved Work Program and Budget in some greater amount than its Participating Interest through the exercise of its Shortfall Funding Right in accordance with Section 9.13; or (iv) not participate in the Approved Work Program and Budget at all. If a Party fails to so notify the Management Committee of the extent to which it elects to participate, the Party shall be deemed to have elected to Fund such Approved Work Program and Budget in proportion to its Participating Interest, as of the beginning of the Work Program Period.

9.5 Reserves; Bonding

- (a) The Management Committee may establish one or more cash reserves, including reserves for Continuing Obligations only to the extent: (i) mutually agreed by the Parties; or (ii) reasonably required to ensure the prudent financial management of the Project. Such cash reserves may be applied for the Operations as may be reasonably determined by the Management Committee. To the extent that cash is not otherwise available, each Party shall be responsible for contributing any such reserves in accordance with its Participating Interest.
- (b) If any bonds or other financial sureties are required by any Governmental Authority in order to secure the performance of reclamation or other obligations arising from the Operations, including for Environmental Compliance, the Parties shall, at the direction of the Management Committee (and as set out in an Approved Work Program and Budget), undertake obligations required to provide such financial sureties, such as paying premiums for and satisfying other requirements in respect of surety bonds, providing letters of credit or corporate guarantees, and/or putting up cash amounts, in proportion to their respective Participating Interests.

9.6 Budget Overruns; Work Program Changes

If the Operator determines that a material departure from an Approved Work Program and Budget has or is likely to occur, it shall immediately notify the Management Committee. For the purpose of this Section 9.6, a “material departure” from an Approved Work Program and Budget shall mean exceeding such Approved Work Program and Budget by more than 15% of the total value of such Budget in the aggregate. If a material departure from an Approved Work Program and Budget occurs, then the excess over 15%, unless directly caused by an emergency or unexpected expenditure made pursuant to Section 9.7 or unless otherwise authorized or ratified by the Management Committee, shall be for the sole account of the Operator and such excess shall not be included in the calculations of the contributed funds in connection with Sections 9.10, 9.11, 9.12, 9.13 and 9.14. Work Program and Budget overruns of 15% percent or less in the aggregate shall be borne by the Parties and shall be subject to Sections 9.10, 9.11, 9.12, 9.13 and 9.14.

9.7 Emergency or Unexpected Expenditures

In case of emergency, the Operator, or if there is no Operator, either Party, may take any reasonable action it deems necessary to protect life, the Property and Assets, or to comply with Applicable Laws. The Operator or the Party, as applicable, may incur reasonable Expenditures for emergency events which are beyond its

reasonable control and, in respect to the Operator, which do not result from a breach by it of its standard of care under Section 8.5 (the “**Emergency Events**”). The Operator or Party, as applicable, shall promptly notify the Parties of any Emergency Event and the expenditures incurred in relation thereto shall constitute Expenditures under this Agreement and shall be Funded by the Parties in accordance with the terms of this Agreement.

9.8 Quarterly and Annual Statements

The Operator shall promptly (and in any event no later than twenty (20) days after the end of each of the three-month periods ending March 31, June 30, September 30 and December 31 of each year) submit to the Management Committee quarterly statements of account reflecting in reasonable detail: (a) the charges and credits to the Joint Account during the preceding quarter; (b) the financial position of the Joint Venture at the end of the preceding quarter; and (c) the Cash Available for Distribution at the end of the preceding quarter, if any. The Operator shall submit to the Management Committee by no later than thirty (30) days after each of the twelve-month periods ending June 30 and December 31 of each year an annual statement of account reflecting in reasonable detail the financial position of the Joint Venture, including the Expenditures and Cash Available for Distribution, if any, for the preceding year.

9.9 Charges to Joint Account

The Operator shall charge the Joint Account with all Expenditures incurred in conducting the Operations provided for under this Agreement, including in accordance with the procedures set out in Schedule E.

9.10 Funding Obligations

Subject to Section 9.4, each Party shall be required to fund its Proportionate Share of each Approved Work Program and Budget and all other Expenditures approved in accordance with this Agreement. All Funding shall be contributed by the Parties in Canadian dollars in accordance with Sections 9.11, 9.13 and 9.14.

9.11 Cash Calls

- (a) The Operator shall issue, on the first day of every quarter, a contribution notice to the Parties based on the Operator’s reasonable estimate of cash requirements for the next quarter which shall (i) be based on the Approved Work Program and Budget then in effect; (ii) include any amounts that may be required in order to satisfy the Operator’s obligations under subsection 9.11 **Error! Reference source not found.**; and (iii) include funds to satisfy any amounts required pursuant to Sections 9.5, 9.6 and 9.7 (such notice, a “**Contribution Notice**”). The Operator shall record funds received from each Party pursuant to this Section 9.11 on the Registers in accordance with Section 9.12.
- (b) Each Contribution Notice shall include: (i) the amount of funds that each Party is required to contribute as determined by subsection 9.11(c); (ii) payment instructions in respect of such funds; (iii) the date by which each such contribution must be paid, which date must be reasonable, as determined by the Operator, acting in good faith, to satisfy the Approved Word Program and Budget and, in any event, must be no earlier than thirty (30) days after receipt of a Contribution Notice (the “**Contribution Date**”); and (iv) each Party’s Participating Interests before and after the Contribution Date, assuming that each Party contributes the funds set out in the Contribution Notice. Each Party shall ensure that the required funding (as

set out in a Contribution Notice) is advanced to the Operator on or before the applicable Contribution Date.

- (c) A Party's obligation to advance its Proportionate Share of the cash requirements under this Section 9.11, as set out in the Contribution Notice, shall be based on each Party's Participating Interest, which shall be subject, in the case of such Party's Proportionate Share of an Approved Work Program and Budget, to any election to participate that was made, or deemed to be made, under Section 9.4. In addition to the information to be set forth under subsection 9.11(a), the Contribution Notice shall set forth the election made by each Party pursuant to Section 9.4.
- (d) If a Party (the "**Non-Funding Party**") fails to provide the entire amount of funding required by a Contribution Notice on or before the Contribution Date (such failure to provide funds, a "**Funding Default**"), then the Operator shall promptly provide notice to the other Party (the "**Funding Party**") of such Funding Default (the "**Funding Default Notice**"). Upon receipt of the Funding Default Notice, the Funding Party shall have the right (but not the obligation) to fund all or a portion of the amount required to be funded by the Non-Funding Party as set forth in the Contribution Notice and which such Non-Funding Party has failed to Fund (a "**Make-Up Payment**") during the ten (10) Business Days following the date it received the Funding Default Notice (the last day of such ten (10) Business Day period being referred to as the "**Dilution Date**"). The Operator shall record any Make-Up Payment received on the Registers. If the Make-Up Payment, if any, is less than the amount required to be funded by the Non-Funding Party as set forth in the Contribution Notice and which such Non-Funding Party has failed to Fund, the Operator shall have the right, in its discretion, to cancel or rescind all or any part of the applicable Approved Work Program and Budget or to revise the Approved Work Program and Budget to a level, scope and size commensurate with the amount of funds contributed by the Parties.

9.12 Joint Venture Register, Participation Register and Adjustments to Participating Interests

- (a) The balance of each Party's account on the Joint Venture Register shall be calculated as follows: $A + B + C + D - E$, where:
 - (i) A = the aggregate dollar value of such Party's initial Participating Interest in accordance with Section 6.1;
 - (ii) B = the aggregate dollar value of all cash contributions made by such Party pursuant to subsection 9.11(a);
 - (iii) C = the aggregate dollar value of all in-kind funding made by such Party to the Joint Venture, to the extent such in-kind funding forms part of an Approved Work Program and Budget;
 - (iv) D = the aggregate dollar value of all payments made by a Non-Funding Party to a Funding Party in accordance with subsection 9.13(a) or 9.14(a); and
 - (v) E = the aggregate dollar value of all payments made to a Funding Party in accordance with subsection 9.13(a) or 9.14(a).

- (b) For greater certainty, the only purpose of the Joint Venture Register and the accounts contained therein is to track the funding of the Joint Venture by each of the Parties since the Option Exercise Date. The Operator shall also maintain a record (the “**Participation Register**”) of each Party’s funding for each Approved Work Program and Budget for purposes of calculating each Party’s Participating Interest in accordance with subsections 9.12(c), 9.12(d), 9.13(c) and 9.14(c). For greater certainty, any balance of each Party’s accounts on the Participation Register shall be readjusted to such contributions made only with respect to a particular Approved Work Program and Budget and not in the aggregate since the initial Approved Work Program and Budget.
- (c) Each Party’s Participating Interest shall be recalculated, from and after the Option Exercise Date, in accordance with subsection 9.12(d): (i) on each Contribution Date, if both Parties fully satisfy the funding requirements set out in the applicable Contribution Notice on or before the applicable Contribution Date; (ii) on each Dilution Date, if one of the Parties is a Non-Funding Party; or (iii) from time to time in accordance with subsection 9.13(c) or 9.14(c), as the case may be.
- (d) Each Party’s Participating Interest shall be recalculated on the date set out in subsection 9.12(c) and shall be equal to the result of the following calculation, expressed as a percentage:
 - (i) as it relates to a Non-Funding Party, (x) its Proportionate Share (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as a percentage), minus (y) the difference between its Proportionate Share of the aggregate of the balance of each Party’s accounts on the Participation Register (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as dollars) and the balance of such Non-Funding Party’s account on the Participation Register (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as dollars), divided by (z) 5,000,000; *provided*, that, for greater certainty, a Non-Funding Party’s Participating Interest shall not be reduced by more than one percent (1%) for each tranche of \$5,000,000 of deficit between its Proportionate Share of the aggregate of the balance of each Party’s accounts on the Participation Register and the balance of such Non-Funding Party’s account on the Participation Register as calculated at any time in accordance with this subsection 9.12(d)(i); and
 - (ii) as it relates to a Funding Party, (x) its Proportionate Share (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as a percentage), plus (y) the difference between the balance of such Funding Party’s account on the Participation Register (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as dollars) and its Proportionate Share of the aggregate of the balance of each Party’s accounts on the Participation Register (calculated immediately prior to the date set out in subsection 9.12(c) and not expressed as dollars), divided by (z) 5,000,000; *provided*, that, for greater certainty, a Funding Party’s Participating Interest shall not be increased by more than one percent (1%) for each tranche of \$5,000,000 of surplus between the balance of such Funding Party’s account on the Participation Register and its Proportionate Share of the

aggregate of the balance of each Party's accounts on the Participation Register as calculated at any time in accordance with this subsection 9.12(d)(ii).

- (e) For illustrative purposes only, examples of calculations made pursuant to this paragraph 9.12 are attached hereto as Schedule F.

9.13 Adjustment to Participating Interest to Reflect Exercise of Shortfall Funding Right

- (a) Any Non-Funding Party shall have the right (the “**Shortfall Funding Right**”) to reimburse the Funding Party for the difference between the amount contributed by the Non-Funding Party toward an Approved Work Program and Budget and its Proportionate Share (calculated immediately prior to the first adjustment of its Participating Interest as a result of the applicable Funding Default) of the cash requirement under Section 9.11 with respect to such Approved Work Program and Budget which was contributed by the Funding Party, whether or not it was added to the Funding Party's balance on the Registers (including the Participation Register for such Approved Work Program and Budget) (the “**Funding Shortfall**”). The Shortfall Funding Right shall be exercisable by the Non-Funding Party at any time and from time to time (including by way of successive exercises) within a period of three (3) months from the termination of an Approved Work Program and Budget by notifying the Operator and the Funding Party of its election to reimburse the Funding Party for the Funding Shortfall in whole or in part. The Non-Funding Party shall deliver by certified cheque, wire transfer or banker's draft such amount, plus twenty-five percent (25%) as compensation fee (the “**Compensation Fee**”) to the Funding Party concurrently with such notice. The Funding Party shall notify the Operator and the Non-Funding Party upon receipt of such payment. Failure of the Non-Funding Party to notify and tender such amount(s) within the time period set out herein shall bar the Non-Funding Party from exercising its Shortfall Funding Right under this Section 9.13 in respect of the applicable Approved Work Program and Budget.
- (b) If the Non-Funding Party makes a payment in accordance with subsection 9.13(a), then, upon such payment being received by the Funding Party, the Registers (including the Participation Register for such Approved Work Program and Budget) shall be adjusted by increasing the Non-Funding Party's balance by the amount of such payment (without considering the Compensation Fee) and reducing the Funding Party's balance by the same amount.
- (c) A Non-Funding Party's Participating Interest shall be recalculated on the date of the adjustments to the Registers (including the Participation Register for such Approved Work Program and Budget) set out in subsection 9.13(b), and shall be equal to the result of the following calculation, expressed as a percentage: (i) its Proportionate Share (calculated immediately prior to the date of the adjustments to the Participation Register set out in subsection 9.13(b) and not expressed as a percentage), plus (ii) the difference between the balance of such Non-Funding Party's account on the Participation Register (calculated immediately after the date of the adjustments to the Participation Register set out in subsection 9.13(b) and not expressed as dollars) and its Proportionate Share of the aggregate of the balance of each Party's accounts on the Participation Register (calculated immediately prior to the date of the adjustments to the Participation Register set out in subsection 9.13(b) and not expressed as dollars), divided by (iii) 5,000,000; *provided*, that, the Funding Party's Participating Interest shall be recalculated accordingly, and; *provided further*, that, for greater

certainty, a Non-Funding Party's Participating Interest shall not be increased by more than one percent (1%) for each tranche of \$5,000,000 of surplus between the balance of such Non-Funding Party's account on the Participation Register and its Proportionate Share of the aggregate of the balance of each Party's accounts on the Participation Register as calculated at any time in accordance with this subsection 9.13(c). The Funding Party's Participating Interest shall be adjusted accordingly

- (d) Any recalculation of Participating Interests under this Section 9.13 shall be effective as of the first day of the Work Program Period for the applicable Approved Work Program and Budget, to the extent permitted by Applicable Laws. The Management Committee shall cause such reimbursements, contributions and other adjustments as are necessary to be made, on behalf of the Parties, so that, to the extent possible, each Party shall be placed in the position it would have been in had its Participating Interests as recalculated under this Section 9.13 been in effect throughout the Work Program Period for such Approved Work Program and Budget. If the Parties are required to make contributions, reimbursements or other adjustments pursuant to subsection 9.13(a), the Management Committee shall cause adjustments to future Distributions to be made to satisfy a Party's obligation to make such contributions, reimbursements or adjustments.

9.14 Adjustment to Participating Interest to Reflect Actual Expenditures

- (a) If, in respect of any Approved Work Program and Budget, Expenditures of less than 80% of the aggregate Expenditures contemplated by such Approved Work Program and Budget were incurred, within thirty (30) days of receiving the report contemplated by subsection 8.2(o)(v), the Non-Funding Party may notify the Operator and the Funding Party of its election to reimburse the Funding Party for the difference between the amount contributed by the Non-Funding Party toward such Approved Work Program and Budget and its Proportionate Share (calculated immediately prior to the first adjustment of its Participating Interest as a result of the applicable Funding Default) of the actual Expenditures incurred in respect of such Approved Work Program and Budget. The Non-Funding Party shall deliver by certified cheque, wire transfer or banker's draft such amount to the Funding Party concurrently with such notice. The Funding Party shall notify the Operator and the Non-Funding Party upon receipt of such payment. Failure of the Non-Funding Party to notify and tender such amount within the time period set out herein shall bar the Non-Funding Party from exercising its rights under this Section 9.14 in respect of the applicable Approved Work Program and Budget.
- (b) If the Non-Funding Party makes a payment in accordance with subsection 9.14(a), then, upon such payment being received by the Funding Party, the Registers (including the Participation Register for such Approved Work Program and Budget) shall be adjusted by increasing the Non-Funding Party's balance by the amount of such payment and reducing the Funding Party's balance by the same amount.
- (c) A Non-Funding Party's Participating Interest shall be recalculated on the date of the adjustments to the Registers (including the Participation Register for such Approved Work Program and Budget) set out in subsection 9.14(b), and shall be equal to the result of the following calculation, expressed as a percentage: (i) its Proportionate Share (calculated immediately prior to the date of the adjustments to the Participation Register set out in

subsection 9.14(b) and not expressed as a percentage), plus (ii) the difference between the balance of such Non-Funding Party's account on the Participation Register (calculated immediately after the date of the adjustments to the Participation Register set out in subsection 9.14(b) and not expressed as dollars) and its Proportionate Share of the aggregate of the balance of each Party's accounts on the Participation Register (calculated immediately prior to the date of the adjustments to the Participation Register set out in subsection 9.14(b) and not expressed as dollars), divided by (iii) 5,000,000; *provided*, that, the Funding Party's Participating Interest shall be recalculated accordingly, and; *provided further*, that, for greater certainty, a Non-Funding Party's Participating Interest shall not be increased by more than one percent (1%) for each tranche of \$5,000,000 of surplus between the balance of such Non-Funding Party's account on the Participation Register and its Proportionate Share of the aggregate of the balance of each Party's accounts on the Participation Register as calculated at any time in accordance with this subsection 9.14(c).

- (d) Any recalculation of Participating Interests under this Section 9.14 shall be effective as of the first day of the Work Program Period for the applicable Approved Work Program and Budget, to the extent permitted by Applicable Laws. The Management Committee shall cause such reimbursements, contributions and other adjustments as are necessary to be made, on behalf of the Parties, so that, to the extent possible, each Party shall be placed in the position it would have been in had its Participating Interests as recalculated under this Section 9.14 been in effect throughout the Work Program Period for such Approved Work Program and Budget. If the Parties are required to make contributions, reimbursements or other adjustments pursuant to subsection 9.14(a), the Management Committee shall cause adjustments to future Distributions to be made to satisfy a Party's obligation to make such contributions, reimbursements or adjustments.

10. AUDITS

10.1 Audits

- (a) Upon the request of a Party made within twelve (12) months of the end of any calendar year, the Operator shall order an audit to be completed in respect of such year by a firm of chartered professional accountants selected by, and independent of, each of the Parties. The audit shall be conducted in accordance with IFRS and shall cover all books and records maintained by the Operator pursuant to this Agreement, all Assets and Encumbrances, and all transactions and Operations conducted during such calendar year, including production and inventory records and all Expenditures, together with all other matters customarily included in such audits. All written exceptions to and claims upon any Operator for discrepancies disclosed by such audit shall be made not more than three (3) months after receipt of the audit report, unless either Party elects to conduct an independent audit pursuant to subsection 10.1(b) which is ongoing at the end of such three (3) month period, in which case such exceptions and claims may be made within the period provided in subsection 10.1(b). Failure to make any such exception or claim within such period shall mean that the audit is deemed to be correct and binding upon the Parties. The cost of all audits under this subsection 10.1(a) shall be charged to the Joint Account.

- (b) Notwithstanding any annual audit conducted by a firm of chartered professional accountants, each Party shall have the right to have an independent audit of Joint Venture books, records and accounts, including all charges to the Joint Account and all entries to the Registers. This audit shall review all issues raised by the requesting Party, with all costs borne by the requesting Party. The requesting Party shall give the other Party thirty (30) days prior notice of such audit. Any audit conducted on behalf of either Party shall be made during the Operator's normal business hours and shall not interfere with Operations. Neither Party shall have the right to audit books, records and accounts of the Joint Venture relating to transactions or Operations more than 24 months after the calendar year during which such transactions, or transactions related to such Operations, were charged to the Joint Account; *provided*, however that if fraud or gross negligence is reasonably determined by the requesting Party to exist in respect of any Expenditures, then no time limit shall preclude audits and consequential adjustments on any past Expenditures. All written exceptions to and claims upon any Operator for discrepancies disclosed by such audit shall be made not more than three (3) months after completion and delivery of such audit, or they shall be deemed waived. Notwithstanding anything to the contrary in this subsection 10.1(b), if an audit conducted under this subsection 10.1(b) determines the existence of a deficiency of 5% or more of the Expenditures due, the requesting Party shall not pay the costs of such audit and such costs shall be borne by the Operator; and such deficiency or excess will be resolved by adjusting the contribution of the Operator in the next Work Program and Budget.

11. DISTRIBUTIONS AND PRODUCTION

11.1 Distribution In-Kind

With respect to Minerals produced from the Property, if any, and subject to the terms of the Distribution and Purchase Agreement, each Party shall be entitled to take its Proportionate Share of the First Transformation Products in-kind, such share being calculated at the time such First Transformation Products are produced. Subject to the to the terms of the Distribution and Purchase Agreement, each Party shall take delivery of its Proportionate Share of the First Transformation Products at the NM Demonstration Plant, the Mine Complex or such other plant where the First Transformation Products are produced.

11.2 Distribution and Purchase Agreement

In the event a Production Decision is made, the Parties shall promptly enter into a Distribution and Purchase Agreement in substantially the form attached hereto as Schedule C.

12. SURRENDER AND ABANDONMENT OF PROPERTY AND ASSETS

12.1 Surrender or Abandonment of the Property

Subject to subsection 7.10(d), either Party may request the Management Committee to authorize the Operator to surrender or abandon part or all of the Property or Assets. If the Management Committee does not authorize such surrender or abandonment, or authorizes any such surrender or abandonment over the objection of a Party, the Party that desires to surrender or abandon shall assign to the objecting Party, by an appropriate transfer document and without cost to the objecting Party, all of the abandoning Party's interest in the portion or portions of the Property or Assets sought to be abandoned or surrendered, free and clear of all Encumbrance and rights of Third Parties created by, through or under the abandoning Party other than

those provided for herein or to which both Parties have agreed. Upon the assignment, such abandoned interest in the Property and Assets shall cease to be part of the Property and Assets and governed hereunder. The Party that desires to abandon or surrender shall remain liable for its Proportionate Share of any liability, including Continuing Obligations and Environmental Liabilities, with respect to such abandoned interest, whether accrued before or accruing after such abandonment or arising out of Operations conducted prior to the date of such abandonment, regardless of when any funds may be expended to satisfy such liability. For the purposes of this Section 12.1, the abandoning Party's Proportionate Share of liabilities shall be equal to its Participating Interest at the time liability was incurred. The Party that desires to abandon or surrender shall directly pay or promptly reimburse the other Party for any and all amounts necessary for keeping such abandoned Property and Assets in good standing and in full force and effect for a period of one (1) year after the effective date of such abandonment. The Parties shall reasonably cooperate for the transfer of the Mining Rights and all Governmental Authorizations, including any leases, in connection with any surrender or abandonment contemplated by this Section 12.1.

12.2 Reacquisition of the Abandoned Property

If all or part of the Property is abandoned or surrendered under the provisions of Section 12.1, then neither Party nor any Affiliate thereof shall acquire any interest in such abandoned interest or a right to acquire same for a period of five (5) years following the date of such abandonment or surrender. If a Party reacquires said abandoned interest in the Property in violation of this Section 12.2, the other Party may elect by notice to the reacquiring Party within forty-five (45) days after it has actual notice of such reacquisition, to have such reacquired interest made subject to the terms of this Agreement. In the event such an election is made, the reacquired interest shall thereafter be treated as an integral part of the Property and the costs of reacquisition shall be borne solely by the reacquiring Party and shall not be included for purposes of calculating the Parties' respective Participating Interests.

13. TRANSFER OF PARTICIPATING INTERESTS

13.1 Restrictions on Transfer

- (a) Each of the Parties agrees that it shall not directly or indirectly Transfer, or permit the direct or indirect Transfer of, all or any portion of its Participating Interest (including, for certainty, its rights under this Agreement and the Property and Assets) except: (i) as required by Sections 6.4, 14.1, 14.2 or 18.3; (ii) as permitted by this Section 13.1 or by Sections 13.2, 13.4 or 13.5; or (iii) with the prior written consent of the other Party, which consent may be withheld for any reason.
- (b) The following Transfers shall not be subject to subsections 13.1(a), 13.4 or 13.5: (i) the direct or indirect Transfer (whether or not involving a change of control) or issuance of equity interests in Mason or Nouveau Monde, including by way of take-over bid or resulting from issuances from treasury; (ii) the sale by Mason or Nouveau Monde of all or substantially all of its assets and business; (iii) the acquisition, amalgamation, arrangement, merger or combination of Mason or Nouveau Monde by, with or into any other Person (each a "**Public Transaction**"); and (iv) any direct or indirect Encumbrance of a Party's rights under this Agreement in accordance with subsection 22.8(a)(ii), provided that no such charge or security interest may be granted in respect of the Property or the Assets.

- (c) All Transfers of all or any portion of a Party’s Participating Interest shall be subject to, and shall be made in compliance with, the requirements set out in Section 13.6.

13.2 Transfers to Wholly-Owned Affiliates

The Transfer by a Party (the “**Transferor**”) of all (but not less than all) of its Participating Interest to a Wholly-Owned Affiliate of such Party, shall not be subject to subsections 13.1(a), 13.4 or 13.5, if prior to any such Transfer, the Transferor, the Wholly-Owned Affiliate of the Transferor (the “**Affiliate Transferee**”) will enter into an agreement with the other Party, in a form attached hereto as Schedule D, in which:

- (a) the Affiliate Transferee represents and warrants that it has received a copy of this Agreement and has reviewed and understands its provisions;
- (b) the Affiliate Transferee and the Transferor, jointly and solidarily represent and warrant and agree that: (i) the Transfer is being undertaken in accordance with this Section 13.2; (ii) the Affiliate Transferee shall remain a Wholly-Owned Affiliate of the Transferor for so long as the Affiliate Transferee holds any Participating Interest; and (iii) the Transferor will remain jointly and solidarily liable with the Affiliate Transferee under this Agreement; and
- (c) the Affiliate Transferee agrees that: (i) it shall be bound as a Party by the provisions hereof with respect to such Participating Interest as if it were an original Party hereunder; (ii) it shall remain an Affiliate of the Transferor for so long as the Affiliate Transferee holds any Participating Interest; and (iii) that, prior to the Affiliate Transferee ceasing to be an Affiliate of the Transferor it will Transfer all (but not less than all) of its Participating Interest to another Affiliate of the Transferor which Transfer shall comply with this Section 13.2.

13.3 One Voice Rule

- (a) In the event of any Transfer by an initial Party of its Participating Interests to an Affiliate Transferee (including Transfers to successive Affiliate Transferees), any notice required hereunder to be given to the initial Party and its Affiliate Transferees need be given only to the initial Party and any Participating Interest held by an Affiliate Transferee shall be deemed for purposes of this Agreement to continue to be held by the initial Party, any rights or obligations of such Affiliate Transferees shall be deemed to be those of the initial Party and *vice versa* and all actions taken by the initial Party in connection therewith and in respect of or affecting the Participating Interests will apply to and be effective and binding on all Affiliate Transferees of such Party as if made by the Affiliate Transferees directly, all with the intention that Operator and the other Party shall not be obligated to deal with a multiplicity of Affiliate Transferees of any Party.
- (b) References herein to a Party shall be deemed to include all of its Affiliate Transferees who hold a Participating Interest. Any provision hereof referring to a Party’s Participating Interest shall be deemed to include the Participating Interests held by such Affiliate Transferees.

13.4 Preferential Rights

- (a) Subject to subsection 13.1(b), any Transfer of Participating Interests shall comply with, and are subject to, the provisions set out in this Section 13.4.
- (b) A Party (the “**Offeror**”) who desires to sell all (but not less than all) of its Participating Interests (the “**Offered Interests**”) shall, prior to selling any of its Participating Interests, deliver a notice in writing (an “**Offeror Sale Notice**”) to the other Party (the “**Offeree**”).
- (c) An Offeror, upon receipt of an offer that it intends to accept to purchase all (but not less than all) of its Offered Interests from a *bona fide* Third Party shall deliver a notice in writing (such notice, together with an Offeror Sale Notice, a “**Sale Notice**”) to the Offeree.
- (d) The Sale Notice shall: (i) offer to sell all (but not less than all) of the Offered Interests to the Offeree; and (ii) set out the purchase price for the Participating Interests and the other terms and conditions of the offer (which shall be directly related to the purchase of the Offered Interests) (such prices, terms and conditions being hereinafter collectively referred to as the “**Sale Terms**”). In addition, a Sale Notice delivered pursuant to subsection 13.4(c) shall be accompanied by a true copy of the offer to purchase or agreement for sale executed by the *bona fide* Third Party (the “**Third Party Offer**”).
- (e) The Sale Terms shall not: (i) include a requirement to purchase assets or assume any obligations or liabilities that are not directly related to the Offered Interests; or (ii) provide for consideration payable by the Offeree for the Offered Interests other than cash (and only cash) payable on closing and denominated in Canadian dollars. The Sale Terms shall, in respect of a Sale Notice delivered pursuant to subsection 13.4(c), be on same terms and conditions, *mutatis mutandis*, as the Third Party Offer.
- (f) The delivery by an Offeror of a Sale Notice shall be irrevocable and, upon delivery by an Offeree of an Acceptance Notice, the Offeror shall be bound to sell, and the Offeree shall be bound to purchase, the Offered Interests in accordance with the Sale Terms.
- (g) The Offeree shall have the right, exercisable by giving notice (an “**Acceptance Notice**”) to the Offeror within twenty (20) Business Days after the Offeree’s receipt of a Sale Notice (the “**Acceptance Period**”) to accept the offer and to purchase all (but not less than all) of the Offered Interests in accordance with the Sale Terms. If no Acceptance Notice is received from the Offeree within the Acceptance Period, the offer to such Offeree shall be deemed to have been refused.
- (h) If, following the expiry of the Acceptance Period, the offer to sell the Offered Interests under the Sale Notice has not been accepted or has been deemed to be refused by the Offeree, the Offeror may, subject to compliance with and completion of the sale of any Tagged Interests for which a Tag-Along Demand was provided in accordance with Section 13.5, sell all (but not less than all) of the Offered Interests:
 - (i) in respect of a Sale Notice delivered pursuant to subsection 13.4(b), to a *bona fide* Third Party for not less than the purchase price set out in the Sale Notice and the other terms and conditions of the sale not more favourable in any material respect to such Third Party than the Sale Terms (it being agreed that the fact that such Third Party may have a right to conduct a due diligence investigation of the Joint Venture and may require representations and warranties from the Offeror do not

constitute materially more favourable terms for the purposes of this Section 13.4);
or

- (ii) in respect of a Sale Notice delivered pursuant to subsection 13.4(c), to the *bona fide* Third Party that made the Third Party Offer in accordance with the terms and conditions of the Third Party Offer.
- (i) With respect to any sale made in accordance with subsection 13.4(h), the Offeror may not agree to accept any consideration other than cash, nor may it waive any of the Sale Terms without the written consent of the Offeree. If no such sale is completed by the Offeror within ninety (90) days following the expiration of the Acceptance Period, the Offeror shall be required, before Transferring any Participating Interests, again to offer such Participating Interests in the manner provided in this Section 13.4 and such process shall be repeated so often as any Party desires to Transfer any Participating Interests pursuant to this Section 13.4.
- (j) No Transfer of an Offered Interest in accordance with this Section 13.4 to any Person that is not a Party may be effected and such Third Party Purchaser may not exercise any rights attaching to such Participating Interests, unless and until such Third Party Purchaser first executes and delivers an agreement with the non-Offeror, in a form attached hereto as Schedule D, whereby such Third Party Purchaser agrees to be bound as a Party by the provisions hereof with respect to such Participating Interest as if such Person were an original Party hereunder.
- (k) Nothing in this Section 13.4 shall in any way limit or derogate from any remedies which any Party may have under Applicable Laws in respect of any Transfer of Participating Interests completed in contravention of the provisions hereof.
- (l) To permit the practical implementation of this Section 13.4, no Participating Interest may be sold by any Party as part of or incidental to the sale of any other assets or any other transaction.
- (m) To permit the full implementation of this Section 13.4, no Party may exercise any right, directly or indirectly through any Affiliate or Person acting jointly or in concert (within the meaning of Applicable Securities Laws) with such Party or Affiliate, including any voting rights attached to securities of the other Party or of any of its Affiliates, which may restrict, in whole or in part and directly or indirectly, the sale of Participating Interests made in compliance with the provisions hereof.

13.5 “Tag-Along” Rights

- (a) Subject to subsection 13.1(b) and in compliance with Section 13.4, if a Party proposes to sell the Offered Interests to a Third Party Purchaser pursuant to Section 13.4, the other Party may, within two (2) Business days following the expiry of the Acceptance Period, deliver a written notice to the Offeror invoking this subsection 13.5(a) (the “**Tag-Along Demand**”). The delivery of a Tag-Along Demand shall be accompanied by an irrevocable offer by the other Party to the Third Party Purchaser, which shall bind such Party to sell all (but not less than all) of its Participating Interests (the “**Tagged Interests**”) to the Third Party Purchaser in accordance with this subsection 13.5(a). If a Party delivers a Tag-Along Demand, before completing any sale, the other Party shall cause the Third Party Purchaser to deliver to the Party a *bona fide* offer in writing (the “**Tag-Along Offer**”) to purchase the Tagged Interests. The Tag-Along Offer must be binding on the Third Party Purchaser and

must be on the terms and conditions, including as to price, specified therein and identical to the Sale Terms, *mutatis mutandis*.

- (b) The date on which the sale subject to subsection 13.5(a) is to close and the other closing arrangements (which shall be the same, *mutatis mutandis*, as those for the purchase and sale between the Third Party Purchaser and the Offeror) must be as specified in the Tag-Along Offer; *provided*, that the only representation and warranty that the Party that delivers the Tag-Along Demand shall be required to provide pursuant to the Tag-Along Demand is that such Party is the owner of all of the Participating Interests that it holds at such time, free and clear of all Encumbrances. Except as specifically provided for herein, the Tag-Along Offer shall contain only such terms and conditions as were set out by the Offeror in respect of the sale of its Offered Interests.
- (c) Neither Party shall be responsible for any failure by the Third Party Purchaser to complete the purchase contemplated by the Tag-Along Offer, however, the obligation of the Offeror to complete the sale of its Offered Interests to the Third Party Purchaser shall be conditional on the completion of the purchase and sale of the Tagged Interests.

13.6 General

Notwithstanding anything in this Agreement to the contrary, any Transfer of all or any portion of a Party's Participating Interest shall be subject to, and shall be made in compliance with, the following requirements, as applicable:

- (a) all Transfers must comply with Applicable Laws in connection therewith, including prior receipt of any necessary consents from any Governmental Authority if and to the extent required as determined by each of the Parties, acting reasonably, and any Transfer or purported Transfer in contravention of Applicable Laws shall be null and void;
- (b) the Parties agree to permit or recognize any Transfer that is permitted or required by the provisions hereof and not to permit or recognize any Transfer that is not permitted or recognized by the provisions hereof;
- (c) any Transfer that is made other than in compliance with this Article 13 shall not be effective and shall be void *ab initio*;
- (d) no Transfer of any Participating Interest, whether direct or indirect, or consummation of a Public Transaction shall relieve a Party of its Proportionate Share of any liability or obligations: (i) that arose or accrued prior to such Transfer or transaction; or (ii) whether accrued before or accruing after such Transfer or transaction, that arise out of the Operations prior to such Transfer or transaction;
- (e) in addition to any other requirements that may be set out in this Agreement, concurrently with the: (i) Transfer of all or any portion of a Party's Participating Interest as required by Sections 6.4, 14.1 and 14.2; (ii) Transfer of a Participating Interest as permitted by Sections 13.1, 13.2, 13.4 or 13.5; (iii) consummation of a Public Transaction; or (iv) Transfer of a Party's Participating Interest otherwise permitted hereunder, the Person who acquired such Participating Interest or the Person resulting from any Public Transaction, as the case may be, shall enter into an agreement with the other Party, in a form attached hereto as Schedule D, pursuant to which such Person agrees to be bound by this Agreement as though it were an original party hereto and thereto in the place of the Party Transferring or otherwise disposing of its Participating Interest or entering into a Public Transaction; and

- (f) insofar as Nouveau Monde is the Operator, the: (i) Transfer by Nouveau Monde of its Participating Interests; or (ii) consummation of a Public Transaction in respect of an entity that is an Affiliate of Nouveau Monde, shall be subject to the transferee or the resulting holder of such Participating Interests, as the case may be, arranging for the assumption, concurrently with the completion of such Transfer, of all of the rights and obligations of the Operator under this Agreement.

14. CALL RIGHTS

14.1 Call Rights on the Operator

In the event that Nouveau Monde resigns or is deemed to have resigned as the Operator pursuant to Section 8.6, Mason shall have the right to require Nouveau Monde to Transfer all (but not less than all) of the Nouveau Monde's Participating Interests, to Mason, free of any Encumbrances, at a purchase price equal to (i) the balance of Nouveau Monde's accounts on the Joint Venture Register; and (ii) the amount of the Option Expenditure Threshold and such other Option Expenditures incurred or funded pursuant to Section 3.2 to satisfy the Second Option Condition.

14.2 Call Rights on Insolvency

In the event that: (a) a Party admits in writing its inability or fails generally to pay its debts as they become due; (b) a Party institutes or consents to the institution of any proceeding under any insolvency laws, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of any receiver, receiver-manager, interim receiver, monitor, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; (c) any receiver, receiver-manager, interim receiver, monitor, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of the Party and the appointment continues undischarged or unstayed for sixty (60) calendar days; or (d) any proceeding under any insolvency laws relating to a Party or to all or any material part of its property is instituted without the consent of the Party and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding, the other Party shall have the right to require the insolvent Party to transfer all (but not less than all) of the insolvent Party's Participating Interests, to the other Party, free of any Encumbrances, at a purchase price equal to the Fair Market Value of such Participating Interest.

14.3 Rights of Called Party

Upon any exercise by a Party of a call right set out in this Article 14, the other Party and its Affiliates shall cease to have any further interest in the Joint Venture or rights or obligations in or in respect of the Property, the Assets, this Agreement or the Project, other than any rights or obligations which have accrued or arisen under this Agreement prior to the time of such exercise, including any liability, whether accruing before or after such exercise, which arises out of activities or operations conducted prior to such exercise.

14.4 Fair Market Value

For purposes of Section 14.2, the "Fair Market Value" of the Participating Interests held by a Party shall be the fair market value of same as determined by a qualified independent appraiser nominated by the Party exercising its right to purchase the applicable Participating Interests pursuant to Section 14.2 (such Party, the "**Non-Defaulting Called Party**") from the other Party (such Party, the "**Defaulting Called Party**"). If the Defaulting Called Party objects to the appraiser so appointed within ten (10) calendar days of receiving

notice thereof, then it shall nominate a qualified independent appraiser. The qualified independent appraiser that determines Fair Market Value shall then be appointed by the joint action of the qualified independent appraiser nominated by the Non-Defaulting Called Party and the qualified independent appraiser appointed by the Defaulting Called Party; *provided*, that if the Defaulting Called Party fails to designate a qualified independent appraiser for such purpose within ten (10) calendar days of such objection, then the appraiser originally nominated by the Non-Defaulting Called Party shall be appointed as the appraiser. If the appraisers nominated by each of the Parties fail to appoint a third qualified independent appraiser within five (5) calendar days of the nomination of the last of them, then either Party may apply to the Superior Court of Québec to request the appointment of an independent appraiser. The appraiser so appointed shall have thirty (30) calendar days from the date of being appointed to determine the Fair Market Value of the Participating Interests and such determination shall be final and binding on the Parties and determinative of the Fair Market Value of the Participating Interests. The costs associated with the appraiser shall be borne by the Defaulting Called Party. Each of the Parties and the Operator shall provide the appraiser, in a timely fashion, with all documentation, data, invoices, accounts, records, reports and information requested by the appraiser. Any appraiser appointed, nominated or selected under this Section 14.4 shall be a partner at a nationally recognized valuation or accounting firm in Canada. For purposes of this Section 14.4, an appraiser shall be deemed to be “independent” if such appraiser is independent of the Non-Defaulting Called Party (or both the Defaulting Called Party and the Non-Defaulting Called Party, in the case of appointment by joint action as discussed above), as determined in accordance with *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (Québec).

15. PURCHASES AND SALES OF PARTICIPATING INTERESTS

15.1 Defined Terms

In this Article 15:

- (a) the term “**Purchased Interest**” means the Participating Interest to be purchased from any Party pursuant to Sections 6.4, 8.7 (only if the Forced Sale Transaction is a sale of Participating Interests) 13.4, 13.5, 14.1 or 14.2; and
- (b) the terms “**Seller**” and “**Purchaser**” shall refer to the Person or Persons selling or issuing, and purchasing, the Purchased Interests, respectively.

15.2 Time and Date of Closing

The closing of the purchase and sale of Purchased Interests, in the absence of an agreement to the contrary between the Seller and the Purchaser, except as modified by written agreement between the Seller and the Purchaser, shall be completed in accordance with this Article 15 and, in respect of a closing of a purchase and sale under:

- (a) Section 6.4, 13.4, 13.5 or 14.1, at the location designated by the Purchaser, acting reasonably, at 11:00 a.m. (local time) on the closing day referred to in such section or as agreed to by the Purchaser and Seller, acting reasonably, as the case may be; and
- (b) Section 14.2, at the location designated by Purchaser, acting reasonably, at 11:00 a.m. (local time) on the tenth (10th) Business Day following the date that the Fair Market Value of the Purchased Interests is determined under Section 14.4.

Such date and such time on such date are referred to herein as the “**Closing Date**” and the “**Time of Closing**”, respectively.

15.3 Closing Procedure

At the Time of Closing:

- (a) the Purchaser shall satisfy the aggregate purchase price: (i) payable to the Seller for the Purchased Interests by delivery to the Seller by way of a certified cheque, wire transfer or banker's draft made payable to the Seller; or (ii) as consideration for the Purchased Interests may otherwise be satisfied in accordance with the terms of this Agreement; and
- (b) the Seller shall deliver to the Purchaser:
 - (i) documentation evidencing the transfer of the Seller's rights and obligations under this Agreement to the Purchaser;
 - (ii) documentation evidencing the transfer of any Assets held by the Seller, including but not limited to filings the documents, forms and authorizing resolutions appropriate for registration, as applicable, in the Register of Real Rights of State Resource Development (Québec), the Public Register of Real and Immovable Mining Rights (Québec) or such other register kept by the *ministère de l'Énergie et des Ressources naturelles* pursuant to the Mining Act or such other Governmental Authority charged with the application of other Applicable Laws in respect of recording of Mining Rights, notarial deeds of sale in the case of any immovable rights and invoices in the case of moveable goods;
 - (iii) a receipt for the purchase price for the Purchased Interests;
 - (iv) a certificate certified by the Seller stating that the Seller is the owner of the Purchased Interests, free and clear of all Encumbrances;
 - (v) all books, data, maps, accounts, files, records and technical information relating to the Project in the possession or control of the Seller and its Affiliates; and
 - (vi) all such other documents, instruments, certificates and opinions as the Purchaser reasonably deems necessary or appropriate to properly complete the Transfer of the Purchased Interest to the Purchaser.

15.4 Default Provisions

- (a) If in respect of any purchase and sale of a Purchased Interest to be completed in accordance with this Agreement any Seller is not present or represented at the Time of Closing, or is present or represented but fails for any reason other than the default of the Purchaser to produce and deliver to the Purchaser the documents required to be delivered at such time in accordance with the provisions hereof, then, at the option of the Purchaser and in addition to any remedies which the Purchaser may have at law or in equity in respect of such default:
 - (i) notwithstanding any other provision of this Agreement, the aggregate purchase price in cash payable by the Purchaser to that Seller may be deposited into a special account of a branch of the Purchaser's principal banker in the name of or in trust for the Seller; or
 - (ii) the Purchaser may elect not to purchase the Seller's rights and obligations under this Agreement and other Assets owned by the Seller at such time.

If subsection 15.4(a)(i) above is complied with, then such deposit and delivery shall constitute valid and effective payment of the purchase price or consideration to the Seller for the Purchased Interests purchased from it even if the Seller has purported to Encumber or Transfer any of the Purchased Interests and notwithstanding the fact that any of the Purchased Interests has not been delivered to the Purchaser and may have been delivered to any other Person in breach of subsection 13.6(c), and from and after the date of such deposit or delivery, as the case may be, the purchase of the Purchased Interests shall be deemed to have been duly completed and all the right, title, benefit and interest, both at law and in equity, in and to the Purchased Interests, free and clear of any Encumbrance, shall be conclusively deemed to have been transferred and assigned to and become vested in the Purchaser and all the right, title, benefit and interest, both at law and in equity, of the Seller, whether as a Party or otherwise, shall cease and terminate.

- (b) A defaulting Seller shall be entitled to receive any monies deposited in an account in its name with the principal banker of the Purchaser pursuant to subsection 15.4(a)(i) without interest from escrow only upon delivery to the Purchaser of all of the documents the Seller was required to deliver to the Purchaser at the Time of Closing in accordance with subsection 15.3(b).
- (c) Each Seller of a Purchased Interest hereby irrevocably constitutes and appoints the Purchaser of such Purchased Interest or any officer or person of similar authority of the Purchaser as its true and lawful attorney in fact and agent, with full power of substitution, for, in the name of and on behalf of the Seller, to execute and deliver all such assignments, transfers, instruments and other documents, including a transfer form, as may be necessary effectively to transfer and assign to the Purchaser the Purchased Interest. Such appointment and power of attorney, being coupled with an interest, shall be irrevocable by the Seller and shall not be revoked by the insolvency, bankruptcy, incapacity, dissolution, liquidation or other termination of the existence of the Seller and each Seller hereby ratifies and confirms and agrees to ratify and confirm all that such attorney may lawfully do or cause to be done by virtue of the provisions hereof.
- (d) Each Party hereby consents to any Transfer of Purchased Interests made pursuant to this Section 15.4.

16. ACQUISITIONS WITHIN THE AREA OF INTEREST

16.1 Acquisitions within the Area of Interest

As of the Option Exercise Date:

- (a) no Parties may stake, apply for or otherwise attempt to create or acquire any Mining Rights, surface rights and/or ancillary rights, including water rights over areas that fall in whole or in part of the Area of Interest that do not exist of the Effective Date, without the prior written consent of the other Party and in breach of this Article 16;
- (b) notwithstanding subsection 16.1(a), the Operator may, from time to time, locate additional Mining Rights, apply for or acquire Mining Rights, surface rights and/or ancillary rights, including water rights over areas that fall in whole or in part of the Area of Interest;
- (c) if Mining Rights, surface rights and/or ancillary rights, including water rights, are issued to or acquired by a Party or an Affiliate of a Party (the “**Acquiring Party**”) over areas that

are in whole or in part within the Area of Interest (the “**Additional Rights**”), the Acquiring Party shall promptly provide written notice containing full particulars of the Additional Rights but only as to those areas or those parts of areas that actually fall within the Area of Interest, including the costs of acquisition (“**Acquisition Costs**”) which are to be estimated in such notice, to the Operator or the Management Committee, as the case may be, and the other Party (the “**Non-Acquiring Party**”);

- (d) if, in respect of the Additional Rights referred to in the notice provided under subsection 16.1(c), the Management Committee gives notice (the “**Acquisition Notice**”) to the Acquiring Party within ninety (90) days following receipt of such notice from the Acquiring Party that the Management Committee requires that all of such Additional Rights or such of them as may be specified in the Acquisition Notice shall be included in the Property, then the Acquiring Party shall thereafter hold such Additional Rights for the benefit of the Parties under the terms of this Agreement and such Additional Rights shall thereafter be included in, and form part of, the Property for all purposes of this Agreement. The Management Committee shall concurrently provide a copy of the Acquisition Notice to the Operator and the Non-Acquiring Party;
- (e) upon compliance by the Acquiring Party with subsection 16.1(c) and upon the provision by the Management Committee of an Acquisition Notice pursuant to subsection 16.1(d), the Operator shall reimburse the Acquiring Party (using Funds contributed or to be contributed by the Parties) for the actual Acquisition Costs attributable to the relevant Additional Rights. The Acquisition Costs shall be included in the calculation of Expenditures, as applicable;
- (f) subject to subsection 16.1(g), if an Acquiring Party gives notice under subsection 16.1(c) and the Management Committee does not respond with an Acquisition Notice within the ninety (90)-day period set out in subsection 16.1(d), then the Joint Venture and the Non-Acquiring Party forego any future rights under this Article 16 to the Additional Rights set out in such notice;
- (g) if, in respect of the Additional Rights referred to in the notice provided under subsection 16.1(c), the Non-Acquiring Party gives notice to the Management Committee and the Acquiring Party within sixty (60) days following receipt of such notice from the Acquiring Party that it wishes to have the Additional Rights included in the Property and Assets, then the Management Committee shall be required to give the Acquisition Notice in accordance with subsection 16.1(d); and
- (h) notwithstanding anything to the contrary in this Article 16, subsection 16.1(a) shall not apply to Mining Rights, surface rights and/or ancillary rights, including water rights, that may be acquired incidental to a Party’s (or its Affiliates’) merger or amalgamation with, or acquisition of, a Third Party holding such rights within the Area of Interest.

17. CONFIDENTIALITY

17.1 Confidential Information

The terms of this Agreement and all information (whether embodied in tangible or electronic form) obtained in connection with the performance of obligations, or the exercise of rights granted, under this Agreement or relating to the Joint Venture (“**Confidential Information**”) shall be the exclusive property of the Parties and, except as provided in Section 17.2, shall not be disclosed to any Person at any time or in any manner without the prior written consent of each Party, which consent may be withheld for any

reason. In the event of any conflict or inconsistency between the provisions of this Article 17 and the provisions of the Confidentiality Agreement, the provisions of this Article 17 shall prevail. For greater certainty, (i) information that is or becomes generally available to the public, other than as a result of disclosure in violation of the Agreement; (ii) information that was disclosed by a Party independent of any information regarding the Joint Venture; and (iii) information that is or becomes available to a Party on a non-confidential basis from a source other than the other Party shall not be considered Confidential Information for purposes of the provisions of this Article 17. The provisions of this Article 17 shall apply during the term of this Agreement and shall continue to apply to any Party who withdraws from the Joint Venture or whose Participating Interests are reduced to zero.

17.2 Exceptions

The consent required by Section 17.1 shall not apply to any disclosure of Confidential Information:

- (a) to any Party or to any of the Affiliates of a Party that have a *bona fide* need to be informed provided that such Affiliates are advised by the disclosing Party of the confidential nature of such Confidential Information;
- (b) subject to the restrictions in Article 13, to any Third Party to whom the disclosing Party *bona fide* contemplates a Transfer of all or any part of its interest in or to this Agreement, or all or any part of its Participating Interests, and such Third Party has a legitimate business need to know;
- (c) to a bank, lender, underwriter, investor or other financial institution considering the provision of or, which has provided financial accommodation to, a Party or an Affiliate of a Party or to a trustee, representative or agent or such a bank, lender, underwriter, investor or financial institution, in each case which or who has entered into a confidentiality agreement with the disclosing Party that contains provisions substantially similar to and no less stringent than those contained in this Article 17 (except where professional rules of conduct or codes of ethics provide for substantially similar undertakings); *provided*, that (i) such bank, lender, underwriter, investor or other financial institution is advised by the disclosing Party of the confidential nature of such Confidential Information, and (ii) as it relates to an investor, (A) such investor has a legitimate business need to know such Confidential Information, and (B) there is *bona fide* expectation that such investor will beneficially own at least 10% of the voting securities of the Party as a result of the investment;
- (d) by a Party to legal, financial and other professional advisers, auditors and other consultants, officers and employees of a Party or a Party's Affiliate, provided that such legal, financial and other professional advisers, auditors and other consultants, officers and employees of a Party or a Party's Affiliate have first been made aware that the Confidential Information is confidential and have agreed to maintain the confidentiality of the Confidential Information or are otherwise required to maintain such confidentiality pursuant to professional rules of conduct or codes of ethics; and
- (e) to the extent required by Applicable Law or by a lawful requirement of any Governmental Authority or stock exchange having jurisdiction over the Party or its Affiliates; *provided*, that any Party that intends to make such required disclosure shall (to the extent permitted by Applicable Laws) provide the other Party with the full written text of the proposed required disclosure at least two (2) Business Days before its first disclosure or publication, unless pursuant to Applicable Laws such required disclosure must be made within a shorter period, in which case the Party intending to make such required disclosure shall provide

the full written text of the proposed required disclosure to the other Party for as long a period as is practicable in advance of its first disclosure or publication. The Party making such required disclosure shall consider in good faith all reasonable amendments to the required disclosure as may be proposed by the other Party and shall, to the extent practicable in the circumstances, use its reasonable endeavours to obtain assurances from the Governmental Authority that any such required disclosure shall be treated confidentially. The Party making a required disclosure shall be solely and entirely responsible for the contents of such required disclosure and shall include in the required disclosure a statement as to that Party's sole and entire responsibility.

17.3 Public Disclosure

- (a) Neither Party nor any of its Affiliates may, without the prior written consent of the other Party, issue a press release containing or otherwise make Public Disclosure of any Confidential Information or that includes the name, logo of, or otherwise references in any way, the other Party or any of its Affiliates. For greater certainty, "Public Disclosure" shall include any news release, public notice or other publicity concerning this Agreement, or any other matter contemplated herein or the activities of either Party with respect thereto, and any corporate presentations, conference materials, social media postings or other content available on any website maintained by a Party or any of its Affiliates.
- (b) The Parties shall consult with each other prior to making any Public Disclosure, with the disclosing Party advising the other Party of the form and content of the proposed Public Disclosure. The other Party shall have two (2) Business Days to provide the disclosing Party with comments on the proposed Public Disclosure, and if comments are received from the other Party within such time the disclosing Party shall incorporate the other Party's reasonable changes to the Public Disclosure before the Public Disclosure is made. If such comments are not received by the disclosing Party within two (2) Business Days, the disclosing Party is then free to proceed with such Public Disclosure as originally proposed. If a Public Disclosure is required by Applicable Law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, and in the reasonable opinion of the disclosing Party is required by such Applicable Law or rules and regulations to be released earlier than would permit the other Party two (2) Business Days to provide comments, then the other Party shall provide its comments at the earliest possible time following receipt of the proposed Public Disclosure, provided that nothing herein shall prevent a Party from making a Public Disclosure without having received the comments of the other Party if such immediate disclosure, in the reasonable opinion of counsel to the disclosing Party, is required by such Applicable Law or rules and regulations. Upon disclosure in a Public Disclosure being approved by a Party pursuant to this Section 17.3 ("**Approved Disclosure**") and publicly disseminated, the provisions of this Section 17.3 shall no longer be applicable for subsequent use of such Approved Disclosure in any future disclosure or use by any Party.
- (c) If a Party determines that it is required to publish or disclose the text of this Agreement in accordance with any Applicable Laws, it shall provide the other Party with an opportunity to propose appropriate redactions to the text of this Agreement, and the disclosing Party hereby agrees to accept any such suggested redactions to the extent permitted by such Applicable Laws. If a Party does not respond to a request for comments within three (3) Business Days, the disclosing Party shall be entitled to publish or disclose the text of this Agreement without the input of the other Party.

17.4 Regulation 43-101

- (a) Where a Party or its Affiliate (collectively, the “**Discloser**”) is required by Applicable Securities Laws (including Regulation 43-101) to file a Technical Report with respect to the Project, or if a Party wishes to file a Technical Report with respect to the Project, the other Party shall provide to the Discloser such access to the Project as is necessary to enable the Discloser to comply with its obligations under Applicable Securities Laws (including Regulation 43-101), provided that:
- (i) except for any Technical Report required under the Second Option Condition, none of the non-disclosing Party or its Affiliates have any obligation to the Discloser to prepare or provide the Technical Report or any part thereof;
 - (ii) except as may be consented to in writing by the non-disclosing Party, the Discloser will not designate any other Party or any associate, Affiliate or employee of, or retained by, any other Party, as a Qualified Person in respect of any disclosure;
 - (iii) the Discloser shall be responsible for the cost of preparing or providing the Technical Report; and
 - (iv) the non-disclosing Party shall be entitled to access all pertinent information pertaining to the Project and will be afforded a reasonable opportunity to review and require changes to the Technical Report prior to the filing of the Technical Report with the applicable Governmental Authorities and/or public disclosure thereof.
- (b) If the Management Committee (or the Operator, upon the approval of the Management Committee) determines that it is necessary to prepare a Technical Report as set out in Section, it shall so notify the Parties prior to engagement of any Qualified Person or other professional to prepare such a report or compilation of Data for the purpose of such a report. If the Parties have a need or desire for the same or a comparable or similar report, the Parties shall endeavour, as an amendment to the existing Approved Work Program and Budget, to identify a Qualified Person and to define the scope of the Technical Report that will allow the preparation of a Technical Report chargeable to the Joint Account, meeting the requirements of both Parties (a “**Joint Report**”). If, upon using commercially reasonable efforts, the Parties cannot agree on the Qualified Person, scope or timing of the Joint Report, any Party may proceed, at its sole cost, to prepare a Technical Report pursuant to Section 17.4(a).

18. WITHDRAWAL AND TERMINATION

18.1 Termination on the Option Termination Date

This Agreement shall automatically terminate pursuant to Section 3.7 and subsection 3.8(g).

18.2 Termination by Expiration or Agreement

This Agreement shall terminate as expressly provided herein, unless earlier terminated by written agreement of the Parties.

18.3 Withdrawal

After the Option Exercise Date, a Party may, at any time, elect to withdraw as a Party from this Agreement by giving notice to the other Party of the effective date of withdrawal, which shall be at least thirty (30) days but no more than ninety (90) days after the date of the notice. Upon such withdrawal, this Agreement shall terminate, and the withdrawing Party shall be deemed to have transferred to the remaining Party, without cost and free and clear of royalties and Encumbrance other than those provided for herein, all of its Participating Interest and all of its right, title and interest under this Agreement, unless the remaining Party refuses such transfer, in which case the withdrawing Party shall remain a party to this Agreement.

18.4 Continuing Obligations

Upon termination of this Agreement pursuant to Section 18.2 or 18.3, the Parties shall remain liable for any obligations or liabilities accrued or accruing to them under this Agreement, including its respective share of liabilities to Third Parties (whether such arises before or after such termination or withdrawal), including any Continuing Obligations, except where such obligations or liabilities have been transferred or assigned to, and assumed by, a successor to the Joint Venture on a restructuring contemplated by Section 18.5. A Party's share of such liabilities shall be equal to its Participating Interests at the time such act or omission giving rise to the liability occurred (or, if not the result of an act or omission, the time the condition thereto arose).

18.5 Restructuring Upon Production Decision

The Parties agree that, in the event a Production Decision is made, the Parties shall cooperate in good faith to review and consider modifying the financial reporting practices and structure of the Joint Venture represented by this Agreement, in order to achieve a structure for the operation of the Project that is most tax-efficient for the Parties and best accommodates their respective desired objectives with respect to accounting, reporting, liability and other matters. The agreements or constating documents governing any restructuring of the Joint Venture shall preserve, *inter alia*, the economic and governance aspects of this Agreement.

18.6 Continuing Authority

Promptly after termination of this Agreement under Section 18.2 or 18.3 or a restructuring contemplated by Section 18.5, the Operator shall have the power and authority, subject to the control of the Management Committee, to do all things on behalf of the Parties which are reasonably necessary or convenient to: (a) wind up Operations; and (b) complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or restructuring, if the transaction or obligation arises out of Operations prior to such termination or restructuring. The Operator shall have the power and authority, subject to the control of the Management Committee, to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of the Parties, hypothecate Assets or the Property, and take any other reasonable action in any matter with respect to which the former Parties continue to have, or appear or are alleged to have, a common interest or a common liability.

19. CURE PERIOD, FORCE MAJEURE AND DEFAULT

19.1 Cure Period and Force Majeure

The Funding or incurring (as the case may be) of Expenditures are subject to Force Majeure pursuant to Section 19.2 and are subject to the cure period set out in Section 19.3 in which to satisfy such obligations.

19.2 Force Majeure

- (a) For the purposes of this Section 19.2, “**Party**” shall include the Parties to this Agreement and the Operator. No Party shall be liable to another Party and no Party shall be deemed in default under this Agreement for any failure or delay to perform any of its covenants and agreements when such performance is directly prevented as a consequence of an event of Force Majeure. For the purposes of this Agreement, “**Force Majeure**” means any event or circumstance, or a combination of events and/or circumstances:
- (i) that causes or results in the prevention or delay of a Party from performing any of its obligations in this Agreement;
 - (ii) which is beyond the reasonable control of that Party; and
 - (iii) could not, or the effects of that event or circumstance, could not have been prevented or delayed, overcome or remedied by the relevant Party acting reasonably,

and, provided the event or circumstance meets the foregoing criteria, includes:

- (A) acts of war (whether war be declared or not); public disorders, insurrection, rebellion, revolution, terrorist acts, sabotage, riots, violent demonstrations or general outbreak of illness, including COVID-19, but only to the extent that there is any material adverse development related thereto after the Effective Date;
- (B) civil disobedience, caused by Aboriginal Groups, Environmental lobbyists, non-governmental organizations or local community groups or other Persons;
- (C) injunctions imposed by any Governmental Authority except if caused by a breach of the law or a court resolution;
- (D) explosions, fires or floods not caused by or attributable to a Party;
- (E) floods, earthquakes, hurricanes or other natural calamities or acts of God;
- (F) shortages in workforce, equipment or supplies, travel and access restrictions imposed by government or other Third Parties, or other delays caused by endemics, epidemics or pandemics;
- (G) strike or lockout or other industrial labour action or disruption (including unlawful but excluding lawful strikes or lockouts or other industrial labour action) which:
 - (I) has national, regional, provincial or state-wide application,
 - (II) directly affects the performance of the obligations under this Agreement, and
 - (III) lasts for more than seven consecutive calendar days;
- (H) any action or failure to act within a reasonable time without justifiable cause by any Governmental Authority, its employees or agents including

the denial of or delay in granting any land tenure, concession, Governmental Authorization or lease which denial or delay shall imply a Material Adverse Effect on the construction or Operation of the Property , upon due, timely and good faith application and diligent effort by the Party or the Operator (as the case may be) to obtain same, or the failure once granted to remain (without justifiable cause) in full force and effect or to be renewed on substantially similar terms;

- (I) discovery of artifacts or archaeological ruins or any historic heritage;
 - (J) denial of access to the Property by any surface-landowner or occupant in the area where the Property is located; and
 - (K) injunctions not caused by any breach of this Agreement by any Party whether of the kind enumerated above or whether foreseen, foreseeable or otherwise unforeseeable.
- (b) So far as possible, the Party affected shall make all reasonable commercial efforts to remedy the delay caused by the events referred to above as soon as feasible, provided, however, that nothing contained in this Section 19.2 shall require any Party to settle any industrial dispute or to test the constitutionality of any law, and failure to use such reasonable commercial efforts shall preclude a Party from continuing to claim Force Majeure.
- (c) A lack of funds shall not be considered an event of Force Majeure, and the payment of monies from one Party to the other Party shall be deemed to be within the reasonable control of the Party which is to pay and the lack of funds for any such payment shall not be considered an event of Force Majeure.
- (d) The Party suffering Force Majeure shall notify the other Party in writing of the expected period during which the Force Majeure shall persist and take all such reasonable steps to cure its inability to perform as a result of the Force Majeure.
- (e) If a Party notifies the other Party of a Force Majeure, the performance of its obligations shall be suspended for up to an aggregate period of 18 months and the time for performance of such obligations shall be extended for a period equivalent to the total period from the time the notice of Force Majeure is delivered until the Force Majeure is remedied or completed, or such 18-month period has elapsed.

19.3 Default

Except as otherwise provided in this Agreement, if any Party (in this Section 19.3, a “**Defaulting Party**”) is in default of any requirement herein set forth, the other Party may give written notice to the Defaulting Party specifying the default. The Defaulting Party shall not, except as specifically otherwise provided herein, lose any rights under this Agreement unless, within ninety (90) days following the giving of notice of default by the non-Defaulting Party, the Defaulting Party has failed to take (or to commence and be diligently pursuing) reasonable steps to cure the default by the appropriate performance or the Defaulting Party fails to dispute the notice of default. Upon any such failure, the non-Defaulting Party shall be entitled to seek any appropriate remedy (including dilution of the Defaulting Party to the fullest extent) it may have on account of such default.

20. TECHNICAL ADJUDICATION

20.1 Technical Claim

Any dispute, claim, controversies, disagreement, question or difference arising out of or related to any Work Program and Budget and any other matters set forth in subsections 7.10(a) and (b) (a “**Technical Claim**”) which shall not be settled amicably by the Parties shall be submitted to a Consultant in accordance with the procedure set forth in Section 20.2, it being understood that the Consultant shall have exclusive jurisdiction to deal with such matters.

20.2 Technical Adjudication Procedure

- (a) The Parties shall promptly refer the Technical Claim to a senior member of the management of each Party, and such senior members of management of the Parties shall meet to discuss and attempt to resolve the Technical Claim.
- (b) If the Technical Claim is not resolved pursuant to the procedure set forth in subsection 20.2(a) within a period of ten (10) days from the date the senior members first met to discuss and attempt to resolve the Technical Claim, then one Party shall deliver a written notice (the “**Technical Adjudication Notice**”) to institute a technical adjudication procedure under this Article 20 (the “**Technical Adjudication**”) to the other Party. Any Technical Adjudication shall be conducted by a Consultant unanimously agreed to by the Parties within ten (10) days of receipt of the Technical Adjudication Notice. If the Parties do not reach an agreement on the selection of the Consultant within such period, there shall be three (3) Consultants, two (2) of which shall be designated individually by each Party and the two (2) Consultants so designated shall designate the third Consultant (the “**Lead Consultant**”) who shall preside over the Technical Adjudication procedure. Should any Consultant forming part of such a panel (the “**Consultant Panel**”) for any reason refuse or be unable to continue his or her functions as Consultant, then a replacement Consultant shall either (i) be agreed upon by the remaining Consultants if such refusing or unable Consultant is the Lead Consultant; or (ii) be designated by the Party which has designated such refusing or unable Consultant, in any case within seven (7) days of both Parties becoming aware of the Consultant’s refusal or inability to continue. If the remaining Consultants or a Party which is entitled to designate a replacement Consultant, as the case may be, fails to designate such replacement Consultant within such period of seven (7) days, the Technical Adjudication procedure shall be conducted by the remaining Consultants.
- (c) The Parties are obligated to file and exchange their written arguments as follows, it being understood that such arguments shall be supported by all the documentary evidence necessary to substantiate their allegations:
 - (i) within 30 days following the appointment of the Consultant, the Party seeking Technical Adjudication shall file its written arguments with the Consultant or the Consultant Panel, as the case may be, and deliver a copy thereof to the other Party. Such arguments shall set forth particulars of the matters subject to the Technical Adjudication and reasonable details of the position taken by such Party; and
 - (ii) within 15 days following the time period set out in subparagraph (i) hereof, the other Party shall file its response with the Consultant or the Consultant Panel, as the case may be, and deliver a copy thereof to the other Party.

- (d) The Consultant or the Consultant Panel, as the case may be, shall proceed as promptly as reasonably possible to establish the facts of the Technical Claim by all appropriate means. After study of the written arguments of the Parties and of all documents relied upon, the Consultant or the Consultant Panel, as the case may be, shall hear the Parties together in person if one of the Parties so requests, or if the Consultant or the Consultant Panel, as the case may be, deems it appropriate to exercise its duty under this Article 20. In addition, the Consultant or the Consultant Panel, as the case may be, may elect to hear any other Person in the presence of the Parties or in their absence as it deems appropriate.
- (e) The Parties shall be entitled to be represented at the Technical Adjudication hearing by counsel.
- (f) The Consultant or the Consultant Panel, as the case may be, shall consider, as an expert and not as an arbitrator, only those matters which are referred to the Consultant or the Consultant Panel, as the case may be, pursuant to this Article 20.
- (g) The reasonable fees and expenses of the Consultant or the Consultant Panel, as the case may be, shall be paid by the Party initiating the Technical Adjudication procedure, unless the Technical Claim of such Party is upheld by the Consultant or the Consultant Panel, as the case may be, in which event such fees and expenses shall be paid by the other Party.
- (h) The Consultant has jurisdiction, power or ability to make any order or determination, or grant any award or remedy (each, a “**Technical Adjudication Award**”), that would have the effect of (i) determining the content, substance or timing of any Work Program and Budget, subject to such Work Program and Budget not proposing Expenditures that are 110% or more of the proposed Expenditures set out in the Work Program and Budget which proposes the greatest amount of Expenditures; (ii) requiring any Party to approve any Work Program and Budget; (iii) approving a decision to suspend Operations for a period longer than three (3) months; or (iv) making a Production Decision.
- (i) The Technical Adjudication Award shall be delivered to the Parties within 30 days following the date of commencement of the hearings under subsection 20.2(d) and shall be made in writing stating the reasons upon which it is based.
- (j) With the exception of the reasonable fees and expenses of the Consultant or the Consultant Panel, as the case may be, as set forth in subsection 20.2(g), each Party shall be responsible for its own expenses in connection with any Technical Adjudication pursuant to this Article 20.
- (k) The Technical Adjudication Award shall be deemed accepted by the Parties and shall be final and binding upon the Parties for all purposes and shall preclude, in respect of the Technical Claim, any further or other recourse to any court otherwise having jurisdiction.
- (l) The Parties agree that any Technical Adjudication shall take place in Montréal, Québec.
- (m) The Party prevailing in the Technical Adjudication may enforce the award by any means permitted by Applicable Laws, including entering the award as a judgment of any court.

21. DISPUTE RESOLUTION

21.1 Disputes

- (a) Except as otherwise in Article 20, in the event of any dispute, claim, controversies, disagreement, question or difference arising between the Parties, in respect of either Party or their respective Affiliate or in respect of a Party in its capacity as Operator, in respect of the subject matter, enforceability, interpretation or effect of this Agreement (the “**Applicable Claim**”), the Parties shall use commercially reasonable efforts to settle such Applicable Claim. To this effect, they shall consult and negotiate with each other in good faith to reach a resolution satisfactory to the Parties.
- (b) If the Applicable Claim is arising from a deadlock of the Management Committee and the Parties do not reach a resolution within a period of ten (10) days from the date that written notice by one Party to the other Party of the Applicable Claim was first given, then the Parties shall refer the Applicable Claim to a senior member of the management of each Party, and such senior members of management of the Parties shall meet to discuss and attempt to resolve the matter.

21.2 Arbitration

- (n) If the Parties do not reach a resolution within a period of 30 days from the date that written notice by one Party to the other Party of an Applicable Claim was first given, then such Applicable Claim shall be referred to and finally settled by arbitration pursuant to the Articles 620 and following of the *Code of Civil Procedure* (Québec) or any successor or replacement legislation which may be in force, except as otherwise expressly set forth herein.
- (o) The place of arbitration shall be Montréal, Québec, and the arbitration shall be conducted in the English language.
- (p) The arbitration shall be conducted by one arbitrator, to be selected by the Parties.
- (q) In the event that the Parties are unable to agree upon the selection of one arbitrator, either Party may apply to a judge of the Superior Court of Justice of Québec for the appointment of the arbitrator. The arbitrator shall be qualified by experience and skill in the area(s) covered by the dispute and, unless both Parties agree in writing following full disclosure of any facts giving rise to a possible conflict, free from legal or business conflicts of interest in relation to the Parties.
- (r) Each Party undertakes to keep confidential all information regarding the existence of the arbitration, the identity of the arbitrator, all disclosures made during the arbitration, all materials created or used for the purpose of the arbitration, all materials and information produced during the arbitration and all other documents produced by the Party in the proceedings as well as all awards and orders made by the arbitrator, except to the extent that disclosure may be required by Applicable Laws, including to protect or pursue a legal right or to enforce or challenge an award in *bona fide* legal proceedings before a court.
- (s) The arbitrator shall render a determination and order in respect of the arbitration within five (5) months of the date of the delivery of the notice of arbitration.
- (t) The award of the arbitrator shall be final and binding with no right of appeal.

- (u) The arbitrator may award to the Party prevailing in the arbitration its reasonable costs, including fees and expenses of the arbitrator and legal counsel incurred in the arbitration proceedings.
- (v) The award shall include interest from the date of any breach of the Agreement found by the arbitrator, as well as from the date of the award until paid in full, at a rate to be fixed by the arbitrator.
- (w) The Party prevailing in the arbitration may enforce the award by any means permitted by Applicable Laws, including entering the award as a judgment of any court.
- (x) In case this Agreement or any part of it is assigned or transferred to a Third Party, such Third Party shall automatically be bound by the provisions of this Section 21.2.

22. GENERAL

22.1 Costs

Each Party shall bear its own costs in respect of the negotiation, drafting and settlement of this Agreement.

22.2 Governing Law

- (a) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein, without regard to any conflict of laws or choice of laws principle that would permit or require the application of the laws of any other jurisdiction.
- (b) Each of the Parties hereby irrevocably attorns and submits to the Technical Adjudication or arbitral jurisdiction set forth in Section 20.2 or 21.2, respectively, and, with respect to any matters not determined by Technical Adjudication or arbitration, to the non-exclusive jurisdiction of the courts of the Province of Québec, District of Montréal, respecting all matters relating to this Agreement and the rights and obligations of the Parties.

22.3 Notice

All notices and other communications under this Agreement shall be in writing and may be delivered personally or transmitted by email as follows:

- (a) If to Nouveau Monde:

Nouveau Monde Graphite Inc.
481 Brassard Street
Saint-Michel-des-Saints, Québec
J0K 3B0.

Attention: Éric Desaulniers, President and Chief Executive Officer
Email: edesaulniers@nmg.com

with a copy (which shall not constitute notice) to:

Stein Monast LLP

Édifice Stein Monast
70 Dalhousie, Suite 300
Québec, Québec
G1K 4B2

Attention: Richard Provencher, Partner
Email: richard.provencher@steinmonast.ca

(b) If to Mason:

Mason Graphite Inc.
3030 Le Carrefour Blvd.
Suite 600
Laval, Québec
H7T 2P5

Attention: Peter Damouni, Executive Director
Email: pdamouni@masongraphite.com

with a copy (which shall not constitute notice) to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Avenue, 26th Floor
Montréal, Québec
H3A 3N9

Attention: Nicolas Morin
Email: nmorin@dwpv.com

or to such addresses as each Party may from time to time specify by notice. Any notice shall be deemed to have been given and received if personally delivered, then on the day and time of personal service to the recipient Party, and if sent by email then on the day on which it was transmitted (or, if such day is not a Business Day or such notice or communication was delivered or transmitted after 5:00 p.m. (recipient's time), at 8:30 a.m. (recipient's time) on the next following Business Day).

22.4 Further Assurances

The Parties shall take from time to time such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement. Without limiting the generality of the foregoing, the Parties agree to consent to any amendments to this Agreement as may be reasonably required thereto in order to obtain consistency with the form, shape and minimum specified area requirements of any Mining Right, as applicable, pursuant to the Applicable Law.

22.5 Counterparts

This Agreement may be executed in any number of counterparts and by the different Parties hereto on separate counterparts and may be delivered by regular post, courier or electronic mail, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

22.6 Waiver of Right to Partition or Other Division of Property and Assets

The Parties, during the term of this Agreement, hereby waive and release all rights to partition, or sale in lieu thereof, or other division of the Property or the Assets, under the *Civil Code of Québec*.

22.7 Entire Agreement

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement, constitute the entire understanding of the Parties with respect to the subject matter of same and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral, express or implied, statutory or otherwise, with the exception of each of the Confidentiality Agreement and the Investment Agreement, and, upon its execution, as applicable, the Distribution and Purchase Agreement, which shall remain in full force and effect until its termination in accordance with the terms thereof.

22.8 Assignment, Successors, etc.

- (a) This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns. No Party may assign this Agreement or any of the benefits hereof or obligations hereunder without the prior written consent of the other Party, except: (i) as expressly provided herein (including the Transfers of Participating Interest permitted by Article 13); and (ii) an assignment of a security interest in a Party's Participating Interest to a bona fide lender who reasonably requires such assignment as security under a loan facility, the proceeds of which are reasonably required to complete Cash Calls made under Sections 9.10, 9.11, 9.12, 9.13 or 9.14 or for financing obligations of the Party in respect of the Joint Venture; *provided*, however, that (x) no such assignment shall have recourse against the Property or the Assets, and (y) such an assignment shall remain subject to the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.
- (b) Except as may otherwise be permitted pursuant to the terms of this Agreement, in the event that a Party proposes to enter into an acquisition, amalgamation, arrangement, merger or combination or any transaction pursuant to which another Person or a successor to such Party becomes bound by this Agreement by agreement or by operation of Applicable Laws, the Person resulting from such acquisition, amalgamation, arrangement, merger, combination or transaction shall enter into an agreement with the other Party, in the form attached hereto as Schedule D, pursuant to which such Person agrees to be bound by this Agreement as though it were a party hereto in the place of the Party entering into the acquisition, amalgamation, arrangement, merger, combination or transaction.

22.9 Interpretation

In the event that a court of competent jurisdiction determines that any term, part, or provision of this Agreement is unenforceable, illegal, or in conflict with any Applicable Laws to which this Agreement is subject, the Parties intend that the court reform that term, part, or provision within the limits permissible under the law in such manner as to approximate most closely the intent of the Parties to this Agreement; *provided*, that, if the court cannot make such reformation, then that term, part, or provision shall be considered severed from this Agreement. The remaining portions of this Agreement shall not be affected, and this Agreement shall be construed and enforced as if it did not contain that term, part, or provision.

22.10 Severability

If any provision of this Agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this Agreement.

22.11 Waiver

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

22.12 Amendment

No amendment, modification or waiver of any provision of this Agreement or consent to any departure by any Party from any provision of this Agreement shall in any event be effective unless it is confirmed in writing by the other Party and then the amendment, modification, waiver or consent shall be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

22.13 No Third Party Beneficiary

Except as specifically provided herein, no term or provision of this Agreement is intended to be, or shall be construed to be, for the benefit of any Person that is not a Party hereto and no such Person shall have any right or cause of action hereunder.

22.14 No Partnership

- (a) Nothing contained in this Agreement shall be deemed to constitute a Party the partner of the other Party, or, except as otherwise herein expressly provided, to constitute any Party the agent or legal representative of the other, or to create any fiduciary relationship between them. The Parties do not intend to create, and this Agreement shall not be construed to create, any mining, commercial or other partnership, for legal or tax purposes. No Party, its Affiliates or their respective directors, officers, employees, agents and attorneys, shall act for or assume any obligation or responsibility on behalf of any other Party, except as otherwise expressly provided herein, and any such action or assumption by a Party's directors, officers, employees, agents and attorneys, or Affiliates shall be a breach by such Party of this Agreement.
- (b) No Party shall, by virtue of executing this Agreement, be responsible or liable for any indebtedness or obligation of the other Party incurred or arising either before or after the Effective Date, except as to those joint responsibilities, liabilities, indebtedness, or obligations expressly assumed by the Parties as of the Effective Date or incurred after the Effective Date pursuant to and as limited by the terms of this Agreement.
- (c) Each Party covenants and agrees with the other Party that it will not, at any time, allege or claim that a relationship of partnership or, except as expressly provided in this Agreement, agency was or is created hereby. Each Party intends to rely upon the provisions of the *Civil Code of Québec* to the effect, *inter alia*, that an undivided co-ownership does not in itself create a partnership as to anything so held or owned. For greater certainty, the contractual relationship between the Parties is not governed by the rules devoted to partnerships and associations in Book Five, Title Two, Chapter X of the *Civil Code of Québec*.

22.15 Joint Liability

- (a) Unless otherwise approved by the Parties, the rights and obligations of each Party shall in every case be joint to the extent of its Participating Interests from time to time and not solidary or joint and solidary, and without limiting the generality of the foregoing, each instrument creating obligations of the Parties to Third Parties in respect of the Joint Venture or any component thereof shall contain provisions to the effect that: (i) the rights and obligations of each Party thereunder shall be joint and not solidary or joint and solidary, and shall be limited to such Party's Participating Interests; and (ii) only each Party's Participating Interests or component thereof shall be bound thereby and that the obligations thereunder are not otherwise personally binding upon nor shall be binding upon any other property, assets or revenues of any of the Parties.
- (b) Each Party hereby agrees that: (i) if the Parties are deemed or held to be solidarily or jointly and solidarily liable, or (ii) if, by agreement or otherwise, the Parties are solidarily or jointly and solidarily liable, for any obligations which have been approved by the Parties, in each case, notwithstanding the provisions of this Section 22.15, whether such obligations arise by law, statute or by a court or otherwise, the respective liability of each of the Parties, as between themselves, shall be joint (and not solidary or joint and solidary) and limited to their respective Participating Interests. Each Party agrees that the indemnification provisions of Section 22.17 shall apply to all costs, expenses, losses, damages or liabilities, including attorney's and consultant's fees and other costs of litigation (either threatened or pending) of the other Party arising out of or based on a Party's liability hereunder being agreed, found, determined or alleged to be solidary or joint and solidary.

22.16 No Implied Covenants

There are no implied covenants contained in this Agreement other than those of good faith and fair dealing. No Party or Member shall have any fiduciary or other duties (including duties of loyalty and care) to the other Party, except as expressly provided in this Agreement.

22.17 Indemnities/Limitation of Liability

- (a) Without limiting anything otherwise set forth in this Agreement, each Party shall indemnify and save harmless the other Party, its Affiliates and their respective directors, officers, employees, agents and attorneys (each an "**Indemnified Party**") from and against the entire amount of any Material Loss. A "Material Loss" shall mean all costs, expenses, losses, damages or liabilities, including attorneys', experts' and consultants' fees and other costs of litigation (either threatened or pending) arising out of or based on a breach by a Party (the "**Indemnifying Party**") of any representation, warranty or covenant (other than a breach of covenant for which a remedy is otherwise available pursuant to Section 9.12) contained in this Agreement, including:
 - (i) any action taken for or obligation or responsibility assumed on behalf of an Indemnified Party, its Affiliates, their respective directors, officers, employees, agents and attorneys, by an Indemnifying Party in violation of Section 22.14;
 - (ii) failure of such Party or its Affiliates to comply with the Area of Interest provisions of Article 16 ;
 - (iii) failure of such Party or its Affiliates to comply with the restrictions on transfers, preferential rights or "tag-along" rights under Article 13;

- (iv) failure of such Party or its Affiliates to comply with the call provisions of Section 14.2; and
 - (v) as it relates to Nouveau Monde only, failure of such Party or its Affiliates to comply with the provisions of call provisions of Section 14.1. A Material Loss shall not be deemed to have occurred until the Indemnified Party and its Affiliates incur aggregate costs, expenses, losses, damages or liabilities in excess of \$100,000 relating to breaches of warranties, representations and covenants contained in this Agreement.
- (b) If any Claim is asserted against an Indemnified Party in respect of which such Indemnified Party may be entitled to indemnification under this Agreement, written notice of such claim or demand shall promptly be given to the Indemnifying Party. Failure to provide such notification shall not relieve the Indemnifying Party of any of its obligations under this Agreement unless and, only to the extent that, the Indemnifying Party is prejudiced by such failure to notify. The Indemnifying Party shall have the right, but not the obligation, by notifying the Indemnified Party within thirty (30) days after its receipt of the notice of the Claim, to assume the entire control of (subject to the right of the Indemnified Party to participate, at the Indemnified Party's expense and with counsel of the Indemnified Party's choice), the defense, compromise, or settlement of the matter, including, at the Indemnifying Party's expense, engagement of counsel of the Indemnifying Party's choice. Any damages to the assets or business of the Indemnified Party caused by a failure by the Indemnifying Party to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Party, after the Indemnifying Party has given notice that it will assume control of the defense, compromise, or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party. Any settlement or compromise of a matter by the Indemnifying Party shall include a full release of claims against the Indemnified Party which has arisen out of the indemnified Claim.
- (c) The Parties hereby acknowledge and agree that, with respect to this Section 22.17, the Parties are contracting on their own behalf and as agents for the Indemnified Parties not party to this Agreement. In this regard, such Party shall act as trustee for the beneficiaries of the covenants of the Indemnifying Parties under this Section 22.17 and each such Party accepts these trusts and will hold and enforce those covenants on behalf of such Indemnified Parties.

22.18 Liability Related to GST and QST

Nouveau Monde or Mason, as applicable, shall be liable for and shall pay promptly when due (i) directly to the appropriate Governmental Authority, or (ii) to Mason or Nouveau Monde, as applicable, as the supplier for purposes of the ETA/QSTA, as the case may be, all sales and transfer Taxes, including GST and QST properly payable by it as the recipient for purposes of the ETA/QSTA in connection with the transactions contemplated by this Agreement. Any amounts paid to Mason or Nouveau Monde under this Section 22.18 shall be remitted by Mason or Nouveau Monde, as the case may be, to the appropriate Governmental Authority as and when due.

22.19 Joint Venture Election

- (a) Each Party shall execute a joint election under section 273 of the ETA and under section 346 of the QSTA appointing Nouveau Monde as the “operator” of the Joint Venture for GST and QST purposes, including remitting such Taxes and claiming any applicable input

Tax credits and refunds, and making all necessary GST and QST filings, relating to all property and services supplied, acquired or imported with respect to the Project.

- (b) Upon the earliest to occur of: (i) an Operator (other than Nouveau Monde) being appointed under the terms of this Agreement; (ii) Nouveau Monde defaulting on its obligations under this Agreement; or (iii) the Option Termination Date, the Parties agree to: (A) execute a joint election under section 273 of the ETA and under section 346 of the QSTA appointing an Operator, if any, as “operator” of the Joint Venture for GST and QST purposes, or (B) at Mason’s request, revoke the operator election following which each of the Parties shall remit their share of Taxes and claiming their share of the applicable input Tax credits and refunds.
- (c) The activity of the Joint Venture is the exercise of the rights or privileges, or the performance of the duties or obligations, of ownership of the Property and the Assets, including any related Operations, the purpose of which is to derive revenue from the Property and the Assets.
- (d) The Parties do not intend to constitute a partnership between them or among the Operator and the Parties, as more fully set out in Section 22.14.

22.20 Labour Responsibilities

- (a) Under no circumstance shall Mason be considered as an Affiliate, mandatory or agent, or in any way related to Nouveau Monde or any employee or personnel hired by Nouveau Monde. Additionally, Nouveau Monde will not be considered as an Affiliate, mandatory or agent, or in any way related to Mason with respect to the personnel or any employee hired by Mason.
- (b) Each of the Parties shall be responsible for the payments of salaries, fees, indemnification, professional risks or any other obligation or benefit under the *Act respecting labour standards* (Québec), the *Act respecting occupational health and safety* (Québec), the *Pay Equity Act* (Québec), or any other Applicable Laws, regarding the workers or employees hired by either Party to carry out the activities under this Agreement, without considering Mason or Nouveau Monde, as the case may be, as direct or substitute employer. Likewise, the Parties agree that this Agreement does not constitute any kind of association or labor relationship between Mason and Nouveau Monde or any of their respective Affiliates.
- (c) Each Party further agrees to indemnify the other Party from any Claim relating to its employer-worker obligations, in which it could have been involved, including its contractors and consultants.

22.21 Liabilities Relating to the NM Demonstration Plant

Except as expressly provided in this Agreement, Mason shall not be liable for any activities carried out at the NM Demonstration Plant and for any Claim relating to such activities, including under Environmental Laws or other Applicable Laws, and Nouveau Monde shall indemnify and hold Mason harmless from any Claims relating to any activities carried out at or in connection with the NM Demonstration Plant.

22.22 Parties’ Rights to Conduct Other Business

- (a) Outside of the Area of Interest and except as expressly provided in this Agreement, the Parties and their respective Affiliates shall be free to engage in any business or other

activity, whether or not competitive with the activities of the other Party, including the conduct of the Second Transformation Business, and whether or not such business activity or acquisition is a result of reviewing the information obtained according to this Agreement, and in particular, this Agreement may not be construed to prevent a Party from acquiring any Mining Rights or interests therein, real property rights, water rights, or other associated rights outside of the boundaries of the Area of Interest. No Party shall have any obligation to the other Party with respect to any opportunity to acquire any property that is not, in whole or in part, included in the Area of Interest at any time, or after the termination of this Agreement.

- (b) No Party shall be under any fiduciary or other obligation to any other Party which shall prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Parties hereunder, including the conduct of the Second Transformation Business.

22.23 No Reliance or Inducement

Each Party warrants and agrees that when entering into this Agreement it relied exclusively on the following matters independently of any statements, inducements or representations made by or on behalf of any other Party (including by any agents acting on behalf of a Party):

- (a) its own inspections, investigations, skill and judgement;
- (b) the terms expressly contained in this Agreement; and
- (c) opinions and advice obtained independently of any Party.

22.24 Mutual Interest

Notwithstanding the fact that any part of this Agreement has been drafted or prepared by or on behalf of one of the Parties, all Parties confirm that they and their respective counsel have reviewed and negotiated this Agreement and that the Parties have adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and the Parties waive the application of any Applicable Laws or rule or construction providing that ambiguities in any agreement or other document will be construed against the Party drafting such agreement or other document and agree that no rule of construction providing that a provision is to be interpreted in favour of the Person who contracted the obligation and against the Person who stipulated it will be applied against any Party.

22.25 Language

This Agreement has been drawn up in the English language at the express request of the Parties. *Cette convention a été rédigée en anglais à la demande expresse des parties.*

[INTENTIONALLY LEFT BLANK]

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

NOUVEAU MONDE GRAPHITE INC.

By: (signed) *Éric Desaulniers*
Name: *Éric Desaulniers*
Title: President and Chief Executive Officer

MASON GRAPHITE INC.

By: (signed) *Peter Damouni*
Name: *Peter Damouni*
Title: Executive Director

SCHEDULE A-1
DESCRIPTION OF THE PROPERTY

(see attached)

1856983

Jean L'Heureux (Intervenant numéro : 91690)

3030, boulevard Le Carrefour, bureau 600, Laval
Montréal, Québec
Canada , H7T 2P5**Titulaire(s)**

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1037496	22N03 X 0014 0055 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037497	22N03 X 0014 0056 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037498	22N03 X 0015 0055 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037499	22N03 X 0015 0056 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037518	22N03 X 0014 0052 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037519	22N03 X 0014 0053 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037520	22N03 X 0014 0054 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1037521	22N03 X 0015 0052 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040764	22N03 X 0014 0051 0	54,0600	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040765	22N03 X 0015 0051 0	54,0500	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

1856983

Titulaire(s)

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1040948	22N03 X 0012 0049 0	54,0800	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040949	22N03 X 0013 0047 0	54,0700	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041003	22N03 X 0014 0047 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041007	22N03 X 0015 0046 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041010	22N03 X 0016 0047 0	54,0400	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049515	22N03 X 0016 0046 0	54,0400	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049520	22N03 X 0017 0047 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049527	22N03 X 0018 0047 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049528	22N03 X 0018 0048 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049529	22N03 X 0018 0049 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105005	22N03 X 0019 0049 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105006	22N03 X 0019 0050 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

1856983

Titulaire(s)

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1105015	22N03 X 0019 0051 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105021	22N03 X 0020 0051 0	54,0000	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105022	22N03 X 0020 0052 0	54,0000	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105023	22N03 X 0020 0053 0	54,0000	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105024	22N03 X 0020 0054 0	54,0000	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105025	22N03 X 0020 0055 0	54,0000	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

Le titulaire de claim doit se conformer aux conditions, obligations ou restrictions qui s'appliquent, en vertu de la Loi sur les mines, à l'exercice du droit minier notamment :

En application de l'article 65 de la Loi sur les mines, lorsque le claim se trouve sur le territoire d'une municipalité locale, le titulaire doit informer cette dernière et le propriétaire du terrain privé des travaux qui seront exécutés au moins 30 jours avant le début de ces travaux.

En application de l'article 71.1 de la Loi sur les mines, au plus tard le 31 décembre de chaque année, le titulaire doit transmettre au ministre un compte rendu des travaux effectués au cours de la dernière année.

1856983

En application de l'article 72 de la Loi sur les mines, le titulaire du claim doit faire rapport au ministre, avant le sixième jour qui précède la date de son expiration, de tous les travaux exécutés, dont ceux pour lesquels une allocation pour exploration ou une allocation pour aménagement et mise en valeur avant production peut être réclamée en vertu de la Loi sur l'impôt minier (chapitre I-0.4), quelle le soit ou non. Il peut toutefois, moyennant le versement d'un montant supplémentaire fixé par règlement, transmettre son rapport après cette date, pourvu que ce soit avant la date d'expiration du claim.

En application de l'article 232.1 de la Loi sur les mines, le titulaire du claim doit, avant le début des travaux d'exploration, visés à l'article 108 du Règlement sur les substances minérales autres que le pétrole, le gaz naturel et la saumure, obtenir l'approbation du ministre sur un plan de réaménagement et de restauration du terrain et fournir une garantie financière.

Québec, le 04 mai 2022

Le registraire : Sylvie Villeneuve

1856983

Jean L'Heureux (Intervenant numéro : 91690)

3030, boulevard Le Carrefour, bureau 600, Laval
Montréal, Québec
Canada , H7T 2P5**Titulaire(s)**

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1037522	22N03 X 0015 0053 0	54,0500	2021-07-18 au 2023-07-17	10
CDC 1037523	22N03 X 0015 0054 0	54,0500	2022-07-18 au 2024-07-17	10
Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)				
CDC 1040768	22N03 X 0016 0053 0	54,0400	2021-07-18 au 2023-07-17	11
CDC 1040769	22N03 X 0016 0054 0	54,0400	2021-07-18 au 2023-07-17	11
CDC 1106112	22K14 X 0029 0029 0	54,2000	2022-07-18 au 2024-07-17	9
Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)				
CDC 1118348	22N03 X 0005 0028 0	54,1500	2022-07-18 au 2024-07-17	9
Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)				
CDC 1118449	22K14 X 0026 0057 0	54,2300	2022-07-18 au 2024-07-17	9
Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)				
CDC 1118548	22K14 X 0025 0058 0	54,2400	2022-07-18 au 2024-07-17	9
Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)				

Le titulaire de claim doit se conformer aux conditions, obligations ou restrictions qui s'appliquent, en vertu de la Loi sur les mines, à l'exercice du droit minier notamment :

En application de l'article 65 de la Loi sur les mines, lorsque le claim se trouve sur le territoire d'une municipalité locale, le titulaire doit informer cette dernière et le propriétaire du terrain privé des travaux qui seront exécutés au moins 30 jours avant le début de ces travaux.

En application de l'article 71.1 de la Loi sur les mines, au plus tard le 31 décembre de chaque année, le titulaire doit transmettre au ministre un compte rendu des travaux effectués au cours de la dernière année.

1856983

En application de l'article 72 de la Loi sur les mines, le titulaire du claim doit faire rapport au ministre, avant le sixième jour qui précède la date de son expiration, de tous les travaux exécutés, dont ceux pour lesquels une allocation pour exploration ou une allocation pour aménagement et mise en valeur avant production peut être réclamée en vertu de la Loi sur l'impôt minier (chapitre I-0.4), quelle le soit ou non. Il peut toutefois, moyennant le versement d'un montant supplémentaire fixé par règlement, transmettre son rapport après cette date, pourvu que ce soit avant la date d'expiration du claim.

En application de l'article 232.1 de la Loi sur les mines, le titulaire du claim doit, avant le début des travaux d'exploration, visés à l'article 108 du Règlement sur les substances minérales autres que le pétrole, le gaz naturel et la saumure, obtenir l'approbation du ministre sur un plan de réaménagement et de restauration du terrain et fournir une garantie financière.

Québec, le 21 avril 2022

Le registraire : Sylvie Villeneuve

1856983

Jean L'Heureux (Intervenant numéro : 91690)

3030, boulevard Le Carrefour, bureau 600, Laval
Montréal, Québec
Canada , H7T 2P5**Titulaire(s)**

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1040766	22N03 X 0016 0051 0	54,0400	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040767	22N03 X 0016 0052 0	54,0400	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040770	22N03 X 0016 0055 0	54,0400	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040771	22N03 X 0016 0056 0	54,0400	2022-07-18 au 2024-07-17	11
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040950	22N03 X 0013 0048 0	54,0700	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040951	22N03 X 0013 0049 0	54,0700	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040952	22N03 X 0013 0050 0	54,0700	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040953	22N03 X 0013 0051 0	54,0700	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040956	22N03 X 0014 0048 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040957	22N03 X 0014 0049 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

1856983

Titulaire(s)

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1040958	22N03 X 0014 0050 0	54,0600	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040959	22N03 X 0015 0049 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040960	22N03 X 0015 0050 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040965	22N03 X 0016 0050 0	54,0400	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040970	22N03 X 0017 0050 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040971	22N03 X 0017 0051 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040972	22N03 X 0017 0052 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040973	22N03 X 0017 0053 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040974	22N03 X 0017 0054 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040975	22N03 X 0017 0055 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040992	22N03 X 0012 0050 0	54,0800	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1040993	22N03 X 0012 0051 0	54,0800	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

1856983

Titulaire(s)

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1041008	22N03 X 0015 0047 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041009	22N03 X 0015 0048 0	54,0500	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041011	22N03 X 0016 0048 0	54,0400	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041012	22N03 X 0016 0049 0	54,0400	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041013	22N03 X 0018 0052 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041014	22N03 X 0018 0053 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041015	22N03 X 0018 0054 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1041016	22N03 X 0018 0055 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049521	22N03 X 0017 0048 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049522	22N03 X 0017 0049 0	54,0300	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049530	22N03 X 0018 0050 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1049531	22N03 X 0018 0051 0	54,0200	2022-07-18 au 2024-07-17	10
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

1856983

Titulaire(s)

Numéro	Nom	Pourcentage(%)
92235	Mason Graphite inc.	100

Titre(s)

Numéro	Polygone	Superficie (ha)	Période	Nb de renouv. à ce jour
CDC 1105016	22N03 X 0019 0052 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105017	22N03 X 0019 0053 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105018	22N03 X 0019 0054 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			
CDC 1105019	22N03 X 0019 0055 0	54,0100	2022-07-18 au 2024-07-17	9
	Description : Période de validité suspendue du 9 avril 2020 au 9 avril 2021, Déc. minis. 2020-04-09, (32-22283)			

Le titulaire de claim doit se conformer aux conditions, obligations ou restrictions qui s'appliquent, en vertu de la Loi sur les mines, à l'exercice du droit minier notamment :

En application de l'article 65 de la Loi sur les mines, lorsque le claim se trouve sur le territoire d'une municipalité locale, le titulaire doit informer cette dernière et le propriétaire du terrain privé des travaux qui seront exécutés au moins 30 jours avant le début de ces travaux.

En application de l'article 71.1 de la Loi sur les mines, au plus tard le 31 décembre de chaque année, le titulaire doit transmettre au ministre un compte rendu des travaux effectués au cours de la dernière année.

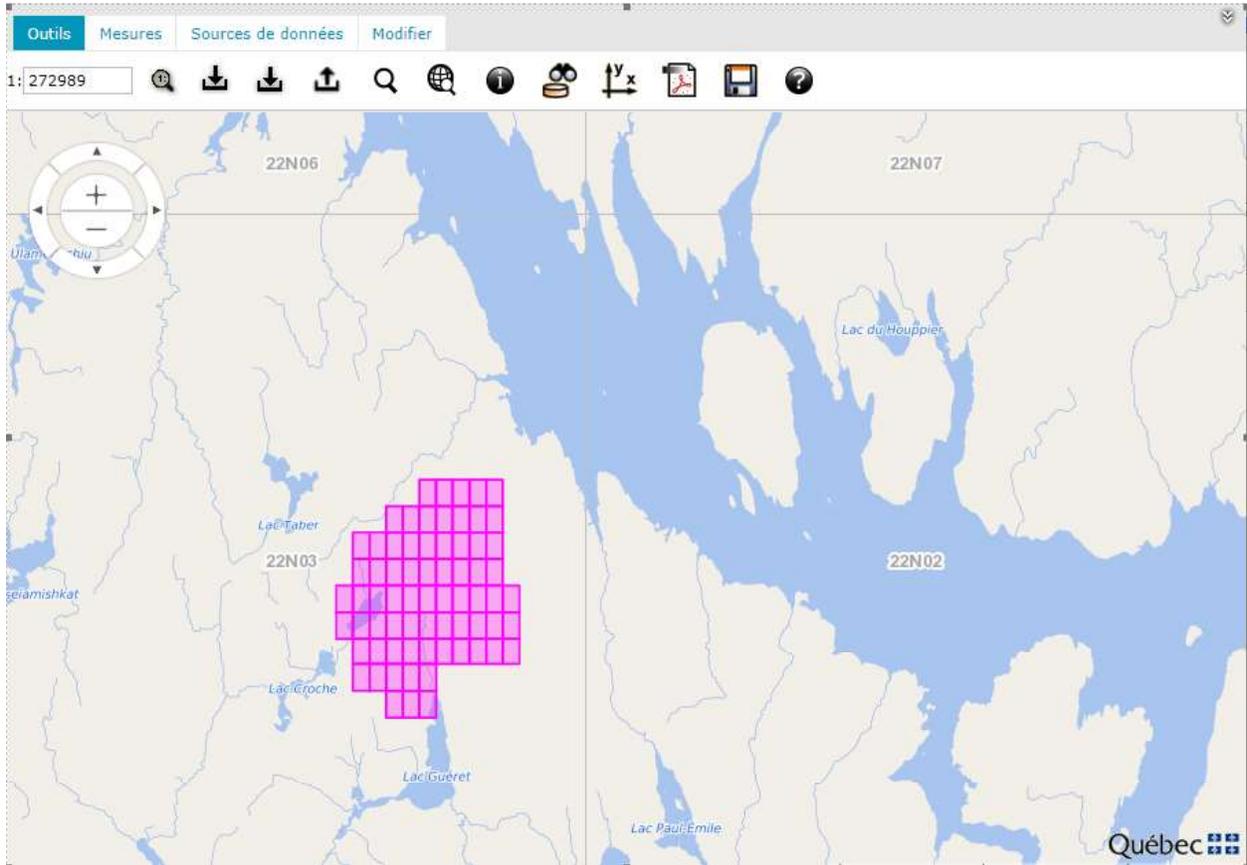
En application de l'article 72 de la Loi sur les mines, le titulaire du claim doit faire rapport au ministre, avant le soixantième jour qui précède la date de son expiration, de tous les travaux exécutés, dont ceux pour lesquels une allocation pour exploration ou une allocation pour aménagement et mise en valeur avant production peut être réclamée en vertu de la Loi sur l'impôt minier (chapitre I-0.4), quelle le soit ou non. Il peut toutefois, moyennant le versement d'un montant supplémentaire fixé par règlement, transmettre son rapport après cette date, pourvu que ce soit avant la date d'expiration du claim.

En application de l'article 232.1 de la Loi sur les mines, le titulaire du claim doit, avant le début des travaux d'exploration, visés à l'article 108 du Règlement sur les substances minérales autres que le pétrole, le gaz naturel et la saumure, obtenir l'approbation du ministre sur un plan de réaménagement et de restauration du terrain et fournir une garantie financière.

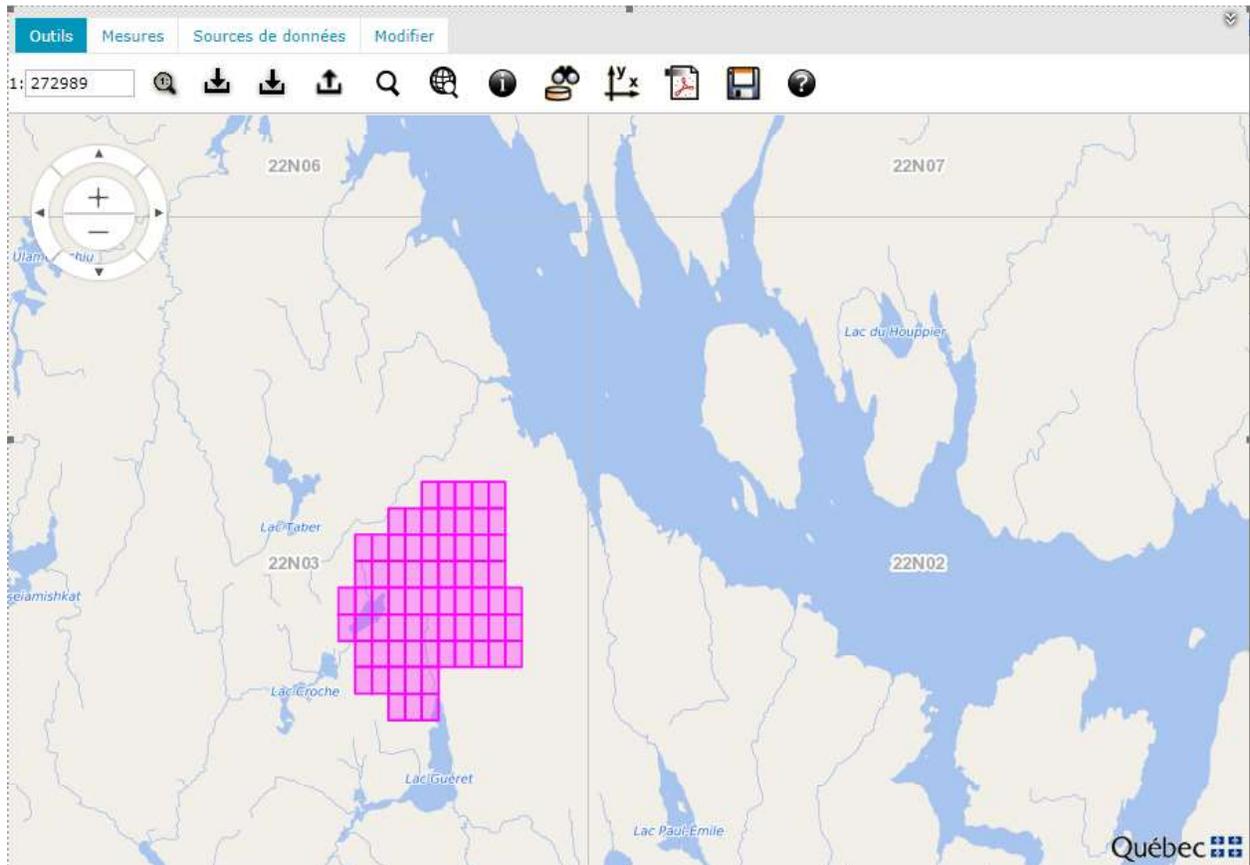
Québec, le 04 mai 2022

Le registraire : Sylvie Villeneuve

SCHEDULE "A-2"
MAP OF THE PROPERTY



SCHEDULE A-2
MAP OF THE PROPERTY



SCHEDULE B
NET SMELTER RETURN ROYALTY AGREEMENT

(see attached)

[MINORITY PARTY]

- AND -

[REMAINING PARTY]

**NET SMELTER RETURN ROYALTY AGREEMENT
(LAC GUÉRET PROPERTY)**

TABLE OF CONTENTS

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APPENDICES

APPENDIX A-1 DESCRIPTION OF THE PROPERTY

APPENDIX A-2 MAP OF THE PROPERTY

THIS NET SMELTER RETURN ROYALTY AGREEMENT dated as of the ● day of 20●,

BETWEEN:

[MINORITY PARTY],
a corporation **[continued / amalgamated]** pursuant to the
Canada Business Corporations Act

(hereinafter referred to as the “**Royalty Holder**”)

AND:

[REMAINING PARTY],
a corporation **[continued / amalgamated]** pursuant to the
Canada Business Corporations Act

(hereinafter referred to as the “**Owner**”)

(the Royalty Holder and the Owner are sometimes
hereinafter each referred to as a “**Party**” and collectively
as the “**Parties**”)

WHEREAS:

- A. The Royalty Holder and the Owner entered into an option and joint venture agreement (the “**Option and Joint Venture Agreement**”) dated July 20, 2022, pursuant to which the Royalty Holder and the Owner agreed, *inter alia*, to enter into this Royalty Agreement in the event that the Participating Interest (as such term is defined in the Option and Joint Venture Agreement) of a Party becomes less than 10%;
- B. As of the date hereof, the Royalty Holder’s Participating Interest is less than 10% and, as a result, in accordance with the Option and Joint Venture Agreement, (i) the Royalty Holder is deemed to have withdrawn from the Joint Venture (as such term is defined in the Option and Joint Venture Agreement), (ii) the Royalty Holder’s remaining Participating Interest is being transferred to the Owner, and (iii) the Owner is granting the Royalty contemplated hereunder; and
- C. As of the date hereof, the Owner is the sole owner of the Property (as such term is defined in the Option and Joint Venture Agreement) and the Option and Joint Venture Agreement has been terminated in accordance with Section ● thereof.

NOW THEREFORE THIS ROYALTY AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each Party), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

The following terms shall have the following meanings in this Royalty Agreement:

“**Abandonment Date**” has the meaning ascribed thereto in Subsection 7.2(a);

“**Abandonment Notice**” has the meaning ascribed thereto in Subsection 7.2(a);

“**Abandonment Property**” has the meaning ascribed thereto in Subsection 7.2(a);

“**Affiliate**” means an “affiliate” within the meaning of the *Securities Act* (Québec);

“**Allowable Deductions**” means the following, in each case determined without duplication:

- (a) the costs, charges and expenses incurred and paid by or on behalf of the Owner during such period in connection with the processing, solution extraction, electrowinning and other beneficiation processes (including handling, provisional settlement fees, weighing, sampling, assaying, umpire and representation costs) smelting, refining, treatment and/or Sale of such Primary Transformation Graphite Products, comprising the following:
 - (i) smelting and refining charges, treatment charges and penalties, including all costs of assaying, analyzing, sampling or representation, custom-smelting, minting and refining, representative and umpire charges, metal deductions and losses, penalties for impurities and charges for treating, refining, beneficiating, storing and handling the Products levied by the smelter, refinery or other place of treatment or beneficiation;
 - (ii) costs of transporting Products (including loading, freight, insurance, security, transportation, Taxes, handling, port, demurrage, delay and forwarding expenses incurred by reason of or in the course of transportation) from the Property or from a mill or processing plant, whether situated on or off the Property, to any smelter, refinery or other place of treatment or beneficiation and then to the place where such Products are Sold or otherwise disposed of;
 - (iii) any Taxes payable directly on, or assessed against, the value or quantity of Products and for which the Owner is not entitled to an input tax credit or refund, but excluding, for greater certainty, any and all government royalties or Taxes based upon the net or gross income, gross revenue or outstanding capital of the Owner or other operator of the Property, the value of the Property or the privilege of doing business and excluding other Taxes assessed on a similar basis;
 - (iv) costs or charges of any nature for or in connection with insurance or storage at a plant for Products; and
 - (v) marketing and other sales costs, including sales commissions or brokerage costs and fees, incurred in selling the Products;
- (b) with respect to all Minerals, other than Primary Transformation Graphite Products:
 - (i) all the charges listed in Subsections (a)(i) through (a)(v) of this definition of “Allowable Deductions”, as applicable;
 - (ii) all the charges imposed by the Processor, the Owner or any of its Affiliate for smelting, refining and processing the Minerals contained in such production and any other expense at the smelter or other point of sale; and

- (iii) federal or provincial production royalties payable, if any, unless the Owner has the right to be reimbursed for such royalties;]

in each case provided that: (A) where Products are processed on or off the Property in a facility wholly or partially owned by the Owner or an Affiliate of the Owner, Allowable Deductions will not include any costs that are in excess of those that would be incurred on an arm's length basis at market terms, or which would not be Allowable Deductions if those Products were processed by a Third Party; and (B) there will be no Allowable Deductions for any Gross Proceeds received as a result of a Loss;

“**Applicable Claim**” has the meaning ascribed thereto in Section 10.1;

“**Applicable Law**” means all applicable federal, provincial, territorial, regional and local laws (including Environmental Laws and the Mining Act), whether statutory or common, by-laws, rules, ordinances (including zoning and mineral removal ordinances), regulations, grants, concessions, franchises, licences, orders, protocols, guidelines, directives, judgments, instructions and decrees of any Governmental Authority having jurisdiction or purported jurisdiction, and other applicable restrictions of any Governmental Authority, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, in each case, as amended, modified, codified, replaced or re-enacted, in whole or in part, from time to time;

“**Applicable Securities Laws**” means the *Securities Act* (Québec) and any other applicable securities act of a province of Canada, and the regulations, instruments and rules thereunder;

“**Books and Records**” means all scientific and technical, financial, accounting, business, Tax and employee information, records and files, in any form whatsoever (including written, printed or electronic form or stored on computer discs or other data and software storage devices) related to the Property, including regulatory filings and returns, books of accounts and related original source documentation, actuarial, Tax and accounting information, geological and metallurgical data, drill hole logs, cross sections and assay results, reports, files, lists, drawings, plans, logs, briefs, computer program documentation, employee data and records, deeds, certificates, contracts, surveys, title and legal opinions, records of payment, asset documentation, written employment manuals and employment policies;

“**Business Day**” means a day that is not a Saturday, Sunday or any other day which is a statutory holiday or a bank holiday in Montreal, Québec;

“**Claims**” means any claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions, requests for information or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, injuries, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel, experts and consultants on a full indemnity basis, and all costs incurred in investigating or pursuing or responding to any of the foregoing or any proceeding relating to any of the foregoing;

“**Compensation Disposition**” means any allocation of Products to the Owner or any of its Affiliates for the purposes of the Secondary Transformation Graphite Products or any other business of the Owner and its Affiliates;

“**Confidential Information**” has the meaning ascribed thereto in Section 9.1;

“**Effective Date**” means the date first written above;

“Encumbrance” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, covenant, condition, lease, license, security interest of any nature, adverse Claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, right-of-way, right-of-entry, any matter capable of registration against title, option, assignment, right of first offer or refusal or similar right, right of pre-emption, privilege or any other encumbrance or charge or title defect of any nature whatsoever, regardless of form, whether or not registered or registrable and whether or not consensual or arising by any Applicable Law;

“Environment” means all components of the Earth, including: (a) water (whether surface water or groundwater, and including any drinking water supply and sewer system); (b) air (whether ambient air or the Earth’s atmosphere); (c) soil, land surface and subsurface strata (whether submerged or covered by a structure); (d) natural resources, (e) organic and inorganic matter; living species and organisms; or (f) a combination of any of the foregoing; and, generally, the ambient milieu or ecosystem in which living species and organisms have dynamic relations. **“Environmental”** will have a similar extended meaning;

“Environmental Laws” means all Applicable Laws and all contracts with Governmental Authorities relating in whole or in part to the Environment, including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, release or disposal of any Hazardous Substance or exposure thereto, as well as, to the extent they pertain to Environmental matters, to occupational health and safety and public health;

“Exchange Rate” means, during any calendar month and at the time a conversion needs to be made, the result obtained by dividing the sum of the daily US/Canadian dollar exchange rates published by the Bank of Canada and posted on its website (or if the Bank of Canada ceases to publish such rates, any other similar publication or index agreed to by the Parties) on each day such rate was posted by the number of such days;

“Fair Market Value” means the fair market value of Products being the price which an arm’s length Third Party would pay in a competitive and open market on the effective date of such valuation for the Products, taking into account various criteria including, without limitation, the price of the last Sale made to a Third Party, the price established by other producers and market indexes such as Benchmark Mineral Intelligence, Avicen, Roskill/Wood Mackenzie and Fast Market;

“Governmental Authority” means any federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, including any political subdivision of any of the foregoing, any multinational organization or body comprised of one of the foregoing, any agency, department, commission, board, bureau, court, tribunal or other authority thereof, or any quasi-governmental or private body exercising any executive, legislative, judicial, administrative, police, regulatory or taxing authority or power of any nature and including, for greater certainty, the TSX-V;

“Gross Proceeds”, for any given Quarter, means the payments received by the Owner or any of its Affiliates for any Products Sold by the Owner from the Property . The amount of such payments shall be determined as follows:

- (a) if Products are Sold to a Third Party and not to a Processor or an Affiliate of the Owner, then the Gross Proceeds in respect of such Products shall be equal to the proceeds actually received by the Owner or any of its Affiliates from the Sale of such Products to the Third Party;
- (b) if Products are Sold to a Processor, then the Gross Proceeds in respect of such Products shall be equal to the proceeds actually received by the Owner or any of its Affiliates from the Sale of the Products to the Processor, including any bonuses, premiums and subsidies arising out of or received in connection with any Sale of Products;

- (c) if Products are Sold to an Affiliate of the Owner, then the Gross Proceeds in respect of such Products shall be the greater of (i) the proceeds actually received by the Owner or any of its Affiliates from the Sale of such Products to such Affiliate, and (ii) the Gross Proceeds that would have been received had such Products been Sold to a Third Party in an arm's length transaction;
- (d) if Products are Sold as part of a Compensation Disposition, then the Gross Proceeds in respect of such Products shall be deemed to be based on the Fair Market Value thereof;
- (e) if Products are Sold in connection with Trading Activities, then the Gross Proceeds in respect of such Products shall be equal to the Fair Market Value of such Products during the applicable Quarter, without regard to the proceeds actually received by the Owner or any of its Affiliates; and
- (f) if there is a Loss, then the Gross Proceeds shall be equal to the sum of the insurance proceeds actually received by the Owner or any of its Affiliates in respect of such Loss;

“Hazardous Substance” means any substance or material that is prohibited, listed, defined, designated, classified or regulated as deleterious, dangerous, hazardous, radioactive, corrosive, oxidizing, leachable, explosive, flammable, infectious, poisonous, carcinogenic, mutagenic, toxic, waste, hazardous waste, residual material, hazardous residual material, pollutant or contaminant under or pursuant to, or that could result in liability under, any applicable Environmental Laws or is otherwise hazardous to human health or the Environment, including petroleum and all derivatives thereof or synthetic substitutes therefor, hydrogen sulphide, arsenic, cadmium, lead, mercury, polychlorinated biphenyls (“**PCBs**”), PCB-containing equipment and material, mould, asbestos, asbestos-containing material, urea-formaldehyde, urea-formaldehyde-containing material, chlorinated solvents, wastewater, effluents, and any other material or substance or any noise or odour that may impair the Environment, the human health, property or plant or animal life;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“Indemnified Parties” has the meaning ascribed thereto in Section 6.1;

“Loss” means an insurable loss of or damage to Products, whether or not occurring on or off the Property and whether the Products are in the possession of the Owner or its Affiliates or otherwise;

“Materials” has the meaning ascribed thereto in Section 4.4;

“Minerals” means all Ores, intermediate products and concentrates or metals derived from them, containing precious, base, rare and other locatable minerals and which are found in, on or under, mined or otherwise produced and removed from the Property and may lawfully be explored for, mined and sold pursuant to the rights granted with respect to the Property and by other instruments of title under which any of the Property are held;

“Mining Act” means the *Mining Act* (Québec) and the regulations adopted thereunder;

“Mining Rights” means the mining claims, mining concessions, mining leases and other mining titles granted or delivered at any time and from time to time pursuant to the provisions of the Mining Act and the rights each such title confers to its holder(s) with respect to and in connection with Minerals in or under the lands subject to any such title pursuant to the Mining Act and to all Products extracted, mined, produced, resulting or derived therefrom;

“**Net Smelter Return**” means, in any Quarter after a Sale first occurs, the amount, if any, by which the Gross Proceeds exceeds the Allowable Deductions for such period;

“**Notice**” has the meaning ascribed thereto in Section 11.4;

“**Operations Report**” has the meaning ascribed thereto in Section 5.2;

“**Option and Joint Venture Agreement**” has the meaning ascribed thereto in the recitals;

“**Ore**” means mineralised material located on the Property from which Minerals can be economically recovered;

“**Other Source Products**” has the meaning ascribed thereto in Section 4.2;

“**Owner**” shall refer to the Owner and its successors in interest, including without limitation, assignees, partners, joint venture partners, lessees, and when applicable hypothec beneficiaries and Affiliates having or claiming an interest in the Property;

“**Party**” or “**Parties**” has the meaning ascribed thereto in the recitals;

“**Permitted Encumbrance**” means:

- (a) any security interest or hypothec arising by operation of Applicable Laws or in the ordinary course of business in connection with or to secure the performance of bids, tenders, contracts, leases, statutory obligations, surety bonds or appeal bonds;
- (b) any undetermined or inchoate legal hypothec or prior Claim or any like lien or right of set-off arising in the ordinary course of business or under Applicable Laws, securing obligations incurred in connection with the Property which are not yet overdue or which are being contested or litigated in good faith;
- (c) any security interest or hypothec for Taxes, assessments or governmental charges not yet due or being contested in good faith (but only so long as such contest will not involve any possibility of the sale, loss or forfeiture of the Property and, where Applicable Laws require such amounts to be paid while being contested, such amounts have been paid);
- (d) minor easements, rights of way, servitudes or other similar rights or restrictions, granted to or reserved by any Person, including rights of way or servitudes for electric lines, telephone lines, other communications infrastructures and installations, gas lines, sewers, and other rights and restrictions for similar purposes, or zoning or other restrictions as to the use of an immovable property that may, at any time and from time to time, affect or concern any immovable property or any real and immovable right, to the extent any such easement, right of way, servitude or other similar right or restriction does not, alone or in the aggregate, materially affect the value of the Property, or any part thereof, or materially impair the operations, uses and activities on or in connection with the Property;
- (e) any notice of and/or land use restriction, registered under Environmental Laws, against title to land where the Property is located;
- (f) reservations, limitations, provisions and conditions, if any, expressed in any original grants from Her Majesty in right of Canada; and

(g) any security interest or hypothec incurred or deposit made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other forms of governmental insurance or benefits;

"Person" means an individual, corporation, trust, partnership, limited liability company, contractual mining company, joint venture, unincorporated organization, firm, estate, Governmental Authority or other entity;

"Primary Transformation Graphite Products" means primary transformation graphite Products produced using primary transformation processes (mining extraction, crushing, grinding, flotation, dewatering and drying, and sorting and bagging) without any smelting, refining or processing;

"Prime Rate" means the per annum rate quoted or announced from time to time by the principal office of Royal Bank of Canada in Montreal, Québec as its reference rate of interest for Canadian dollar loans made in Canada;

"Processor" means any Third Party smelter, refiner or processor of Products other than the Owner or its Affiliates;

"Products" means any and all metals, minerals, including the Minerals, of whatever kind and nature in, under or upon the surface or subsurface of the Property (including, without limitation, Ore, metals, precious metals, base metals, graphite, uranium, industrial minerals, concentrates, gems, diamonds, commercially valuable rock, aggregate, clays and other Minerals which are mined, excavated or extracted solely from the Property) and that may lawfully be explored for, mined and sold pursuant to the rights granted by the Mining Rights and other instruments of title under which the Property is held, excluding, for greater certainty, the Secondary Transformation Graphite Products;

"Property" means the Mining Rights described in Appendix "A-1" and depicted in Appendix "A-2" and all amendments and relocations of such Mining Rights and all other mineral property interests derived from such Mining Rights, and any reference herein to any Mining Rights or other mineral property interests comprised in the Property shall also include any other interests into which such Mining Rights or other mineral property interests may have been converted;

"Quarter" means each three-month period ending March 31st, June 30th, September 30th and December 31st of each calendar year; and **"Quarterly"** has a correlative meaning;

"Receiving Party" has the meaning ascribed thereto in Section 9.1;

"Representatives" means, collectively, with respect to a Party, that Party's officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors);

"Royalty" has the meaning ascribed thereto in Section 2.1;

"Royalty Agreement" means this Net Smelter Return Royalty Agreement including its recital and appendices, as said agreement may from time, be amended, restarted, supplemented or replaced;

"Royalty Holder" shall refer to the Royalty Holder, its Affiliates or successors in interest, including without limitation any assignees;

"Royalty Payment" has the meaning ascribed thereto in Subsection 3.1(b);

"Sale" or **"Sold"** means the earlier of:

- (a) the transfer of title to Products from the Owner or its Affiliates to a buyer;
- (b) any Loss occurring prior to any transfer or deemed transfer to a buyer of title to Products;
- (c) a Compensation Disposition;

“**Secondary Transformation Graphite Products**” means any graphite Product that is not a Primary Transformation Graphite Product produced using any transformation process that is not considered to be a primary transformation process;

“**Tax**” means all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital gains, profits, business royalty or selected items of income, earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, mining taxes, payroll taxes, health taxes, employment taxes, withholding taxes, sales taxes, use taxes, goods and services taxes, custom duties, value-added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, licence taxes, occupation taxes, immovable (real) and movable (personal) property taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker’s compensation premiums and pension (including Canada Pension Plan) payments, and other taxes, fees, imposts, assessments or charges of any kind whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof;

“**Third Party**”, in relation to any Party, means a Person with whom such Party deals at arm’s length within the meaning of the *Income Tax Act* (Canada); and

“**Trading Activities**” means any and all price hedging and price protection activities undertaken by the Owner or its Affiliates with respect to any Products or currency exchanges, including any forward sale and/or purchase contracts, spot-deferred contracts, option contracts, speculative purchases and sales of forward, futures and option contracts, both on and off commodity exchanges.

1.2 **Appendices**

The following appendices are attached to and form an integral part of this Royalty Agreement:

Appendix “A-1” – Description of the Property

Appendix “A-2” – Description of the Property

1.3 **Entire Agreement**

This Royalty Agreement and all documents contemplated by or delivered under or in connection with this Royalty Agreement, constitute the entire understanding of the Parties with respect to the subject matter of same and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral, express or implied, statutory or otherwise.

1.4 Interpretation

In the event that a court of competent jurisdiction determines that any term, part, or provision of this Royalty Agreement is unenforceable, illegal, or in conflict with any Applicable Laws to which this Royalty Agreement is subject, the Parties intend that the court reform that term, part, or provision within the limits permissible under the Applicable Laws in such manner as to approximate most closely the intent of the Parties to this Agreement; provided, that, if the court cannot make such reformation, then that term, part, or provision shall be considered severed from this Royalty Agreement. The remaining portions of this Agreement shall not be affected, and this Agreement shall be construed and enforced as if it did not contain that term, part, or provision.

1.5 Severability

If any provision of this Royalty Agreement is held to be illegal, invalid or unenforceable under present or future Applicable Laws, such provision shall be fully severable, this Royalty Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision formed no part of this Royalty Agreement and the remainder of this Royalty Agreement shall remain in full force and effect and shall not be affected by such provision or by its severance from this Royalty Agreement. Upon such determination that any term or other provision is illegal, invalid or incapable of being enforced, the Parties shall negotiate in good faith to modify this Royalty Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

1.6 Performance on Days other than Business Days

If any action is required to be taken pursuant to this Royalty Agreement on or by a specified date which is not a Business Day, then such action will be valid if taken on or by the next Business Day.

1.7 Calculation of Time

Unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends.

1.8 Currency

Unless otherwise indicated, all references to currency herein, including "\$" are to lawful money of Canada. Any amounts originating or expressed in United States of America dollars shall be converted into Canadian dollars using the Exchange Rate applicable at the time such conversion must be made.

1.9 Consent

Whenever a provision of this Royalty Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise agreed, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

1.10 Rules of Construction

Unless the context otherwise requires, in this Royalty Agreement:

- (b) the singular includes the plural and vice versa;
- (c) the masculine includes the feminine and vice versa;
- (d) the term “includes” or “including” means “including without limiting the generality of the foregoing”;
- (e) references to “Article”, “Section”, “Subsection” and “Appendix” are to articles, sections, subsections and appendices of this Royalty Agreement, respectively;
- (f) the division of this Royalty Agreement into articles, sections and subsections, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Royalty Agreement;
- (g) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (h) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words “covenants” or “agrees” or “promises”;
- (i) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise; and
- (j) the terms “this Royalty Agreement”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions when used in this Royalty Agreement refer to the whole of this Royalty Agreement and not to any particular Article, Section, Subsection, Appendix or portion thereof.

ARTICLE 2
NET SMELTER RETURN ROYALTY

2.1 Grant of Royalty

On the terms and subject to the conditions of this Royalty Agreement, the Owner hereby grants to the Royalty Holder a royalty equal to two percent (2%) of the Net Smelter Return, payable in cash as provided herein (the “**Royalty**”).

2.2 Interest in the Property

- (a) On the terms and subject to the conditions of this Royalty Agreement, the Owner hereby grants, transfers and conveys to the Royalty Holder an interest in and right to the Property and the Minerals derived from the Property, to the extent of the Royalty payable hereunder.
- (b) The Parties intend that the Royalty, to the fullest extent permissible under Applicable Laws, constitutes a real right in the Property and, accordingly, agree that, to the fullest extent permissible by Applicable Laws:
 - (i) the Royalty will run with the Property and any disposition or transfer of the Property, or any interest therein, shall be subject to the Royalty;

- (ii) any sale or other disposition of any interest in the Property by the Owner will be effective only in accordance with Section 8.3;
- (iii) the Royalty Holder may, as permitted by Applicable Laws, register this Royalty Agreement in the *Register of Real Rights of State Resource Development* (Québec) and, to the extent the Royalty contemplated hereunder constitutes a real right under Applicable Laws, in the *Public Register of Real and Immoveable Mining Rights* (Québec), and the Owner shall sign and deliver to the Royalty Holder any and all forms or other documents, and use its commercially reasonable efforts to take any actions required, as the Royalty Holder may reasonably request so that the Royalty Holder may register this Royalty Agreement in the *Register of Real Rights of State Resource Development* (Québec) and in the *Public Register of Real and Immoveable Mining Rights* (Québec); and
- (iv) the Royalty Holder may at any time require the Owner or its Affiliates to grant to it a hypothec or security interest over the Property or other security interest in Products extracted from the Property to secure the payment of the Royalty and the covenants and obligations under this Royalty Agreement. The hypothec and/or security documents shall be in a form acceptable to the Royalty Holder, acting reasonably, and shall be recorded against the Property, senior to any and all other Encumbrances, other than the Permitted Encumbrances and any Encumbrances created in accordance with Subsection 7.3(c).

2.3 **Term**

The Royalty shall be perpetual. If a court of competent jurisdiction determines that any provision hereof violates a legal rule against perpetuities, then such provision shall automatically be revised and reformed as necessary in order for the Royalty to terminate at the end of the maximum time permitted under Applicable Law for the Royalty to be valid.

ARTICLE 3 **ROYALTY PAYMENTS**

3.1 **Payment of Royalty**

- (a) The Owner shall pay the Royalty to the Royalty Holder commencing with the first Sale of Products following the Effective Date (provided that any Royalty due in respect of a Loss will accrue when the insurance proceeds are received by the Owner), and for all subsequent Sales of Products.
- (b) The Royalty is payable on a Quarterly basis, within 30 days following the end of each Quarter (each, a “**Royalty Payment**”). Subject to Subsection 3.1(b), the Owner shall pay the Royalty Payments to the Royalty Holder by wire transfer of immediately available funds as directed by the Royalty Holder.
- (c) Without limiting the rights of the Royalty Holder with respect to any breach of this Royalty Agreement by the Owner, if the Owner fails to make any Royalty Payment when due pursuant hereto, the Owner shall pay to the Royalty Holder interest on the outstanding amount of such unpaid Royalty Payment, calculated daily and compounded monthly at the rate per annum equal to Prime Rate plus two percent (2%) from and after the date on which such Royalty Payment was due to and including the date on which such Royalty Payment is paid in full.

- (d) Each Royalty Payment under this Article 3 shall be accompanied by an Operation Report.
- (e) All Royalty Payments due to the Royalty Holder shall be held for and in the name of the Royalty Holder by the Owner or any other Person designated by the Owner until paid to the Royalty Holder in accordance with the terms of this Royalty Agreement.

3.2 Right to Purchase Products at Fair Market Value

- (a) At any time and from time to time, the Royalty Owner shall have the right to use all or part of a Royalty Payment to purchase Products from the Owner at Fair Market Value, up to a maximum quantity of Products equal to the quotient of the Royalty Payment divided by the Fair Market Value thereof.
- (b) If the Royalty Holder and the Owner disagree on the Fair Market Value of the Products, the matter will be referred to an independent expert chosen by both Parties having knowledge in evaluating minerals such as the Products and who has no potential or apparent conflict of interest. If the Parties are unable to agree as to the appointment of such independent expert, the independent expert chosen as a result of the dispute resolution procedure set out in Article 10 hereof.

3.3 Other Accounting Matters

- (a) Where a Sale (including an insurance settlement in respect of a Loss) is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of Products (or the value of the Loss) credited by such provisional settlement, but will be adjusted in the next Quarterly payment due thereafter to account for the amount of Products (or the value of the Loss) established by final settlement with the plant or with the purchaser or insurer of Products, as the case may be.
- (b) The Owner shall not deduct the costs of mining, milling, leaching, concentrating and other similar costs of processing Ore (other than Allowable Deductions) incurred by the Owner or its Affiliates in the determination of the Net Smelter Return.
- (c) The Owner shall have the right to mine, remove and sell small amounts of Products as is reasonably necessary for sampling, assaying, metallurgical testing and evaluation of the mineral potential of the Property, provided that in the event such removed Products are Sold, the proceeds from such Sale shall be included in the Gross Proceeds.
- (d) The Owner shall be permitted to sell any form of Products to an Affiliate of the Owner, provided that such Sales will be deemed, for the purposes of this Royalty Agreement, to have been Sold at prices and on terms no less favourable to the Owner than those that would be extended by a Third Party in an arm's length transaction under similar circumstances and, where applicable, shall be determined based on the value of the Products as set out under the definition of "Gross Proceeds" herein. If the Owner proposes to sell any form of Products to an Affiliate of the Owner, the Owner shall provide advance Notice of the Sale to the Royalty Holder. The Owner will be permitted to contract with an Affiliate of the Owner or a Third Party for the processing of Products, provided that such contract is on an arm's length basis at market terms.
- (e) Any Trading Activities engaged in by the Owner or its Affiliates in respect of Products, and the profits and losses generated thereby, shall not, in any manner, be taken into account in the calculation of Royalty Payments due to the Royalty Holder. The Royalty Holder

acknowledges that the Owner or its Affiliates engaging in Trading Activities may result in the Owner or its Affiliates realizing from time to time fewer or more dollars for Products than the amount determined for Gross Proceeds. Similarly, the Royalty Holder shall not be obligated to share in any losses generated by any such Trading Activities with respect to any Product.

3.4 Audit Rights

- (a) Any Royalty Payment made hereunder shall be considered final and in full satisfaction of all obligations of the Owner hereunder in respect of the Royalty payable for the period to which such payment relates, unless within one (1) year after receipt by the Royalty Holder of the Operations Report that relates to the applicable Royalty Payment, the Royalty Holder provides a written Notice of its objection (describing in detail the specific objection and its basis therefor) to the Owner.
- (b) If the Royalty Holder objects to a particular Royalty Payment as calculated in the applicable Operations Report, then the Royalty Holder shall have the right, for a period of 90 days after the Owner receives Notice of such objection, upon reasonable Notice and at all reasonable times, to have the Owner's Books and Records relating to the calculation of the applicable Royalty Payment audited by an independent firm of chartered professional accountants selected by the Royalty Holder. If such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next Quarterly Royalty payment due. The Royalty Holder shall pay all costs of such audit unless a deficiency of 5% or more of the amount due to the Royalty Holder is determined to exist. The Owner shall pay the costs of such audit if a deficiency of 5% or more of the amount due to the Royalty Holder is determined to exist. Failure on the part of the Royalty Holder to make Claim on the Owner for adjustment in such one (1) year period will establish the correctness of the concerned Royalty Payment and preclude the filing of exceptions or making claims for adjustment thereto; provided, however, that if fraud, or gross negligence is reasonably determined by the Royalty Holder to exist in respect of any Royalty Payment, then no time limit shall preclude audits and adjustments on past Royalty Payments.

ARTICLE 4 OPERATION OF THE PROPERTY

4.1 Owner to Determine Operations

The Royalty Holder acknowledges and agrees that any decision to commence, pursue, suspend or cease mining on the Property is solely a matter for the Owner, acting reasonably.

4.2 Storage

In the event that the Owner stores or holds inventory of any Product, the Owners shall do so and shall ensure security for the site where such materials are stored or held in accordance with industry standards.

4.3 Commingling

The Owner shall have the right to commingle Products with Ores, concentrates, precipitates, or other intermediate products, metals, minerals or mineral by-products mined and removed from other properties (the “**Other Source Products**”), provided that:

- (a) reasonable and customary procedures are established for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Products and Other Source Products;
- (b) representative samples of the Products shall be retained by the Owner and assays (including moisture and penalty substances) and other appropriate analyses of these samples must be made before commingling to determine gross metal content of the Products and that the Owner shall retain such analyses for a reasonable amount of time, but not less than 24 months, after receipt by the Royalty Holder of the applicable Royalty payment with respect to such commingled Products from the Property;
- (c) the amount of valuable metals contained in such Products and Other Source Products is capable of being accurately verified by audit under Section 3.4; and
- (d) the Royalty Holder shall not be disadvantaged as a result of such commingling in priority to, or concurrently with the Products.

4.4 Tailings

All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively, “**Materials**”) resulting from the Owner’s operations and activities on the Property shall remain the sole property of the Owner but shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the Sale or other disposition of Products. Notwithstanding the foregoing, the Owner shall have the right to dispose of Materials from the Property on or off of the Property and, subject to Section 4.2, to commingle the same with Other Source Products.

4.5 Activities to be conducted in a Proper Manner

The Owner shall conduct its activities in relation to the Property in a commercially reasonable manner in accordance with all Applicable Laws and generally accepted standards and practices in the mining industry in Canada.

4.6 Owner to use Commercial Endeavours

The Owner shall use commercially reasonable efforts to sell Products derived from the Property as soon as commercially reasonable and on such terms, including bona fide Trading Activities, which the Owner in its sole discretion determines. The Owner shall use commercially reasonable effort to obtain the best prevailing market price for any Sale of Products made to Third Parties under this Royalty Agreement.

4.7 Change of Plant

The Owner shall provide written Notice to the Royalty Holder within 10 days of any change of plant to be used by the Owner.

ARTICLE 5
RECORDS, ACCESS AND REPORTING

5.1 Books and Records; Inspection Rights

The Owner shall, from and after the date hereof:

- (a) keep true, accurate and complete Books and Records in accordance with IFRS to enable the Royalty to be calculated in accordance with this Royalty Agreement;
- (b) permit the Royalty Holder, after it has given reasonable Notice to the Owner, to inspect at the Owner's premises and at all reasonable times and with access to the Owner's relevant personnel, the Owner's Books and Records referred to in Subsection 5.1(a), and to make and take away with it copies of such Books and Records; and
- (c) permit the Royalty Holder, after it has given at least 48 hours' prior Notice to the Owner, to enter the Property at its own cost and risk for the purpose of inspecting the area and operations in it, provided that the Royalty Holder does not unreasonably hinder the Owner's operations on or pertaining to the Property and complies with the Owner's instructions and directions, including in relation to health and safety and site inductions; provided further that the foregoing site visits shall not occur more than once per year, unless an audit under Section 3.4 shows that the Royalty Holder has been underpaid, in which case the Royalty Holder may conduct site visits at all reasonable times for a period of three years following such audit. The Royalty Holder shall indemnify and hold the Owner and its Affiliates and their respective officers, directors and employees harmless from and against any Claims, (but excluding consequential, indirect and special damages and loss of profits, whether characterized as direct or indirect) which may be suffered by any of them by reason of damage to property or injury to the Royalty Holder or any of its Representatives caused by the Royalty Holder's exercises of its rights under this Section 5.1(c), except where such damage or injury was caused by the gross negligence or wilful misconduct of the Owner or any such Person seeking such indemnity.

5.2 Operations Reports

Each Royalty Payment under Article 3 shall be accompanied by a report from the Owner setting out in reasonable detail the following information (the "**Operations Report**"):

- (a) the quantity, type and grade of Products extracted during that Quarter;
- (b) the quantity, type and grade of Products that have been processed during that Quarter and the location of the relevant facilities;
- (c) the quantity, type and grade of all Products that have been Sold during that Quarter;
- (d) the quantity and type of Products held or unsold during that Quarter;
- (e) the Royalty Payment for that Quarter, and details on the Gross Proceeds (including the pricing utilized in calculating the Gross Proceeds) and Allowable Deductions underlying the calculation of the Royalty Payment;
- (f) the cumulative total of Royalty Payments paid to the Royalty Holder under this Royalty Agreement (including any Royalty Payment for that Quarter); and

- (g) other pertinent information in sufficient detail to explain the calculation of the Royalty Payment.

5.3 Annual Reports

The Owner shall provide to the Royalty Holder an annual report on or before 90 days after the last day of each fiscal year of the Owner, setting out the following:

- (a) the work carried out by or on behalf of the Owner during that year;
- (b) reasonable detail of the Owner's proposed activities during the next year;
- (c) updated estimated mineral resources and mineral reserves on the Property prepared by the Owner's qualified persons;
- (d) operating and exploration expenditures and forecast; and
- (e) annual production forecast, annual budget and life of mine plan.

5.4 New Product Resources or Reserves

If the Owner establishes a new mineral resource or mineral reserve on the Property, the Owner shall provide to the Royalty Holder the reports pertaining to such mineral resource or mineral reserve as soon as practicable after the Owner makes its first public disclosure with respect to the establishment thereof.

ARTICLE 6 **INDEMNITY**

6.1 Indemnity

The Owner agrees that it will defend, indemnify, reimburse and hold harmless the Royalty Holder, its Affiliates, and their respective agents and employees and their successors and assigns (collectively the "**Indemnified Parties**"), and each of them, for, from and against any and all Claims that may be made or brought against the Indemnified Parties or which the Indemnified Parties may sustain, pay or incur that result from or relate to operations conducted on or in respect of the Property that result from or relate to the mining, processing of the Products or to their handling or transportation, including Claims in any way arising from or connected with any non-compliance with applicable Environmental Laws or any contaminants or Hazardous Substances on, in or under the Property or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any contaminants or Hazardous Substances on any other lands or areas having originated or migrated from the Property or the soil, sediment, water or groundwater forming part thereof.

6.2 Limitation

The indemnity provided in Section 6.1 is limited to Claims that may be made or taken against an Indemnified Party in its capacity as or related to the Royalty Holder as a holder of the Royalty and will not include any indemnity in respect of any Claims against an Indemnified Party in any other capacity.

6.3 **Enforcement of Indemnity**

It is not necessary for an Indemnified Party to incur expense or make payment before enforcing a right of indemnity conferred by this Royalty Agreement.

6.4 **Survival of Indemnity**

The indemnity in Section 6.1 is a continuing obligation, separate and independent from other obligations and will not be discharged by any one payment or act and will survive expiration or earlier termination of this Royalty Agreement.

ARTICLE 7 **TITLE MAINTENANCE**

7.1 **Title Maintenance and Taxes**

The Owner shall:

- (a) not do or permit to be done, anything that may render its interest in the Property liable for forfeiture;
- (b) maintain title to the Property, including without limitation, paying when due all Taxes, duties or other payments on or with respect to the Property and doing all things and making any payments or investments required by Applicable Law or appropriate to maintain the right, title and interest of the Owner and the Royalty Holder, respectively, in the Property and under this Royalty Agreement;
- (c) perform all required assessment work (whether statutory or contractual), pay all maintenance fees and make such filings and recordings on the Property as are necessary to maintain title to the Property in accordance with Applicable Law; and
- (d) maintain in good standing any policies of insurance maintained by the Owner in respect of the Property and present all Claims under such policies in a due and timely manner.

7.2 **Abandonment**

- (a) If the Owner intends to surrender, abandon, relinquish or let lapse or expire a portion or all of the Property (the “**Abandonment Property**”), the Owner shall give Notice of such intention (an “**Abandonment Notice**”) to the Royalty Holder at least 120 days in advance of the proposed date of surrender, abandonment or relinquishment or the applicable date of expiration (one or the other, an “**Abandonment Date**”) along with details of the Abandonment Date and details of any Encumbrance on the Abandonment Property created by, through or under the Owner. Within 60 days of receipt of the Abandonment Notice, the Royalty Holder may deliver Notice to the Owner that the Royalty Holder desires the Owner to convey the Abandonment Property to the Royalty Holder or an assignee thereof at least 30 days prior to the Abandonment Date and, if the Royalty Holder desires to have the Abandonment Property conveyed to it or to an assignee, then the Owner shall convey the Abandonment Property to the Royalty Holder or such assignee, as applicable, which will be on an “as is” basis in consideration for the sum of \$1.00 and the Owner shall have no further obligations in respect of the Abandonment Property under this Royalty Agreement. The Owner shall use commercially reasonable efforts to obtain all approvals and consents required by any Third Party or Governmental Authority to effect this transfer.

- (b) If the Royalty Holder does not request conveyance of the Abandonment Property within 60 days of receipt of the Abandonment Notice from the Owner then, subject to Subsection 7.2(c), the Royalty Holder's right to have the Abandonment Property conveyed will be terminated and the Owner may abandon the Abandonment Property and shall thereafter have no further obligations in respect of the Abandonment Property under this Royalty Agreement.
- (c) For greater certainty, if, for any reason, the Abandonment Property is not surrendered, abandoned or transferred to the Royalty Holder in accordance with this Section 7.2, then the Royalty shall continue to be payable on such Abandonment Property and the Owner will not allow the Abandonment Property to lapse or proceed with any abandonment or surrender of such Abandonment Property without again complying with the provisions of this Section 7.2 and so on from time to time. In the event that the Owner or any of its Affiliates directly or indirectly re-acquires any interest in any Abandonment Property, then the Owner shall provide prompt Notice of such reacquisition to the Royalty Holder and the Royalty shall apply to such interest so reacquired.
- (d) The Owner covenants and agrees that it shall forthwith provide written Notice to the Royalty Holder of its or its Affiliates internal or third-party documents relating to amendments, revisions and/or expansions with respect to the Property.

7.3 Grant of Encumbrances

- (a) Except as permitted in Subsections 7.3(b) and 7.3(c), the Owner covenants in favour of the Royalty Holder that it will not grant any Encumbrance over the Property.
- (b) The Parties agree that the Owner may grant a Permitted Encumbrance over the Property.
- (c) The Owner may obtain project or corporate financing in respect of its operations generally from one or more financial institution or institutional lender and such financing may be secured by an Encumbrance over the universality or a portion of its property (including the Property) ranking in priority to any hypothec granted in favor of the Royalty Holder which shall be subordinate to such Encumbrance created in favor of the financial institution or institutional lender. The Owner may, at its sole and entire cost, register at the same registries as for the Property, any cession of rank automatically flowing from the provisions of this Section, and the Royalty Holder agrees to promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Owner may request for such purposes. Prior to the execution of any financing agreement or the granting of any Encumbrance pursuant to this Section 7.3(c), the Owner undertakes to deliver Notice to such financial institution or institutional lender, with a copy to the Royalty Holder, that the Property is subject to a real right created in favor of the Royalty Holder as per this Royalty Agreement.

ARTICLE 8 **ASSIGNMENT**

8.1 Assignment by the Royalty Holder

The Royalty Holder may assign this Royalty Agreement in whole or in part provided that such assignment will not be effective against the Owner until the Royalty Holder has delivered Notice of the assignment to the Owner.

8.2 Assignment by the Owner

The Owner shall not assign this Royalty Agreement or any rights and obligations under this Royalty Agreement without the written consent of the Royalty Holder (such consent not to be unreasonably withheld) except to an Affiliate of the Owner or in connection with a transfer contemplated by Section 8.3, provided that such Affiliate or other transferee agrees in writing to assume the obligations of the Owner hereunder and to be bound by the provisions of this Royalty Agreement in all respects and to the same extent as the Owner is bound. If the assignment is to an Affiliate of the Owner, the Owner shall continue to be bound by all of the obligations as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails to do so and remains an Affiliate of the Owner.

8.3 Transfer by Owner

The Owner shall not transfer, sell, lease, assign or otherwise dispose of all or any of its rights, title and interest in and to the Property unless:

- (a) the Owner delivers Notice to the Royalty Holder of the transfer, sale, lease, assignment or other disposition of any of its rights, title and interest in and to the Property;
- (b) the transferee, purchaser, lessee or assignee, agrees in writing to assume the obligations of the Owner hereunder and to be bound by the terms of this Royalty Agreement (to the extent of the interest that is transferred, sold, leased or assigned); and
- (c) if the Royalty Holder has been granted a hypothec or other security agreement in respect of the Property which secures the payment of the Royalty and obligations contained in this Royalty Agreement, then the transferee, purchaser, lessee or assignee must covenant to be bound by the terms of such hypothec or security agreement in a form acceptable to the Royalty Holder.

Notwithstanding any other provision in this Royalty Agreement, including the provisions of this Section 8.3, the Owner shall remain liable for all covenants, agreements and obligations of the Owner contained in this Royalty Agreement, despite any transfer, sale, lease or assignment of any interest in the Property by the Owner (or an Affiliate of the Owner), until such time as any transferee, purchaser, lessee or assignee assumes such covenants, agreements and obligations in writing.

ARTICLE 9 **CONFIDENTIALITY AND PUBLIC DISCLOSURE**

9.1 Confidentiality

Each Party (in this Section, a “**Receiving Party**”) agrees that it shall not use any Confidential Information (as defined herein) other than for the purposes of this Royalty Agreement and shall maintain as confidential and shall not disclose the terms of this Royalty Agreement and all non-public, confidential or proprietary information (whether written, oral or in electronic format) received from the other Party in connection with this Royalty Agreement (in this Section, collectively, the “**Confidential Information**”), provided that a Receiving Party may disclose Confidential Information in the following circumstances:

- (a) the disclosure is expressly permitted by this Royalty Agreement;

- (b) where such disclosure may be necessary for the observance by the Receiving Party of any Applicable Laws or stock exchange requirements or is pursuant to the order of any Governmental Authority, provided that such disclosure is limited to only that Confidential Information so required to be disclosed;
- (c) where such disclosure may be necessary in relation to any discovery of documents, or any proceedings before an arbitrator, court, tribunal, other Governmental Authority, securities regulator or stock exchange; or
- (d) such disclosure is reasonably necessary for the fulfillment or performance by the Receiving Party of its obligations under this Royalty Agreement, the implementation of the transactions contemplated hereby or the enforcement by the Receiving Party of its rights under this Royalty Agreement, provided that such disclosure is limited to only that Confidential Information so required to be disclosed;
- (e) such information is reasonably required to be disclosed on a confidential basis to the Representatives of the Receiving Party or its Affiliates;
- (f) such information is now or subsequently becomes lawfully available to the public other than as a result of disclosure by a Party, its Affiliates or its Representatives; or
- (g) where such disclosure is made on a confidential basis to a prospective assignee or financier of the Party, or to any other person who proposes to enter into contractual relations with the Party and agrees to keep the disclosure confidential in accordance with this Section 9.1; and
- (h) such information was already known by the Receiving Party or its Representatives prior to its disclosure to the Receiving Party by another Party as evidenced by written records.

9.2 Public Disclosure

The content of any public disclosure or press release respecting this Royalty Agreement or the transactions contemplated hereby shall be approved by both Parties prior to the making of such public disclosure or press release, which approval shall not be unreasonably withheld, delayed or conditioned by the Party not subject to such disclosure requirements, provided that this Section 9.2 is subject always to all disclosure obligations of each Party under Applicable Securities Laws.

ARTICLE 10 DISPUTE RESOLUTION

10.1 Disputes

Except as otherwise provided herein, in the event of any dispute, claim, controversies, disagreement, question or difference arising between the Parties, in respect of either Party or their respective Affiliate, in respect of the subject matter, enforceability, interpretation or effect of this Royalty Agreement (the “**Applicable Claim**”), the Parties shall use commercially reasonable efforts to settle such Applicable Claim. To this effect, they shall consult and negotiate with each other in good faith to reach a resolution satisfactory to the Parties.

10.2 Arbitration

- (a) If the Parties do not reach a resolution within a period of 30 days from the date that written Notice by one Party to the other Party of an Applicable Claim was first given, then such Applicable Claim shall be referred to and finally settled by arbitration pursuant to the Articles 620 and following of the *Code of Civil Procedure* (Québec) or any successor or replacement legislation which may be in force, except as otherwise expressly set forth herein.
- (b) The place of arbitration shall be Montreal, Québec, and the arbitration shall be conducted in the English language.
- (c) The arbitration shall be conducted by one arbitrator, to be selected by the Parties.
- (d) In the event that the Parties are unable to agree upon the selection of one arbitrator, either Party may apply to a judge of the Superior Court of Justice of Québec for the appointment of the arbitrator. The arbitrator shall be qualified by experience and skill in the area(s) covered by the dispute and, unless both Parties agree in writing following full disclosure of any facts giving rise to a possible conflict, free from legal or business conflicts of interest in relation to the Parties.
- (e) Each Party undertakes to keep confidential all information regarding the existence of the arbitration, the identity of the arbitrator, all disclosures made during the arbitration, all materials created or used for the purpose of the arbitration, all materials and information produced during the arbitration and all other documents produced by the Party in the proceedings as well as all awards and orders made by the arbitrator, except to the extent that disclosure may be required by Applicable Laws, including to protect or pursue a legal right or to enforce or challenge an award in *bona fide* legal proceedings before a court.
- (f) The arbitrator shall render a determination and order in respect of the arbitration within five (5) months of the date of the delivery of the Notice of arbitration.
- (g) The award of the arbitrator shall be final and binding with no right of appeal.
- (h) The arbitrator may award to the Party prevailing in the arbitration its reasonable costs, including fees and expenses of the arbitrator and legal counsel incurred in the arbitration proceedings.
- (i) The award shall include interest from the date of any breach of the Royalty Agreement found by the arbitrator, as well as from the date of the award until paid in full, at a rate to be fixed by the arbitrator.
- (j) The Party prevailing in the arbitration may enforce the award by any means permitted by Applicable Laws, including entering the award as a judgment of any court.

ARTICLE 11
MISCELLANEOUS

11.1 Governing Law; Attornment

- (a) This Royalty Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein, other than such laws relating to conflict of laws.
- (b) Subject to Article 10, the Parties irrevocably submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in the Province of Québec in the judicial district of Montreal, Québec and any court that may hear appeals from any of those courts for any proceeding in connection with this Royalty Agreement, subject only to the right to enforce a judgment obtained from any of those courts in any other jurisdiction.

11.2 Other Activities and Interests

This Royalty Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all other business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein, including activities involving mining titles adjoining the Property.

11.3 No Partnership

- (a) Nothing contained in this Royalty Agreement shall be deemed to constitute a Party the partner of the other Party, or, except as otherwise herein expressly provided, to constitute any Party the agent or legal representative of the other, or to create any fiduciary relationship between them. The Parties do not intend to create, and this Agreement shall not be construed to create, any mining, commercial or other partnership, for legal or tax purposes. No Party, its Affiliates or their respective directors, officers, employees, agents and attorneys, shall act for or assume any obligation or responsibility on behalf of any other Party, except as otherwise expressly provided herein, and any such action or assumption by a Party's directors, officers, employees, agents and attorneys, or Affiliates shall be a breach by such Party of this Agreement.
- (b) No Party shall, by virtue of executing this Royalty Agreement, be responsible or liable for any indebtedness or obligation of the other Party incurred or arising either before or after the Effective Date, except as to those joint responsibilities, liabilities, indebtedness, or obligations expressly assumed by the Parties as of the Effective Date or incurred after the Effective Date pursuant to and as limited by the terms of this Royalty Agreement.
- (c) Each Party covenants and agrees with the other Party that it will not, at any time, allege or claim that a relationship of partnership or, except as expressly provided in this Royalty Agreement, agency was or is created hereby. Each Party intends to rely upon the provisions of the *Civil Code of Québec* to the effect, inter alia, that undivided co-ownership does not in itself create a partnership as to anything so held or owned. For greater certainty, the contractual relationship between the Parties is not governed by the rules devoted to partnerships and associations in Book Five, Title Two, Chapter X of the *Civil Code of Québec*.

11.4 Notice

- (a) Any notice, request, demand, approval, consent or other communication required or permitted to be given by any Party to another pursuant to this Agreement (each, a “**Notice**”) shall be given by delivery or electronic communication which results in a written or printed notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a notice:

If to Nouveau Monde Graphite Inc.:

Nouveau Monde Graphite Inc.
481 Brassard Street
Saint-Michel-des-Saints, Québec
J0K 3B0

Attention: Éric Desaulniers, President and Chief Executive Officer
Email: edesaulniers@nmg.com

with a copy (which shall not constitute Notice) to:

Stein Monast L.L.P.
Édifice Stein Monast
70 Dalhousie, Suite 300
Québec, Québec
G1K 4B2

Attention: Richard Provencher, Partner
Email: richard.provencher@steinmonast.ca

If to Mason Graphite Inc.:

Mason Graphite Inc.
3030 Le Carrefour Blvd., Suite 600
Laval, Québec
H7T 2P5

Attention: Peter Damouni, Executive Director
Email: pdamouni@masongraphite.com

with a copy (which shall not constitute Notice) to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Avenue
Montreal, Québec
H3A 3N9

Attention: Nicolas Morin
Email: nmorin@dwpv.com

- (b) Any Notice, if delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by electronic communication with

confirmation of transmission, shall be deemed to have been validly and effectively given and received on the next Business Day following the day it was received.

- (c) Either Party may at any time change its address for Notices from time to time by giving Notice to the other Party in accordance with this Section 11.4.

11.5 Site Tours

Upon reasonable Notice to Owner and not more frequently than annually, Royalty Holder and its parent company shall have the right to conduct investor tours on the Property and facilities associated therewith; provided that such tours shall not unreasonably interfere with Owner's activities and operations. Such investors tours shall be at the sole risk of Royalty Holder and its invitees, and Royalty Holder shall indemnify and hold the Owner and its Affiliates and their respective officers, directors and employees harmless from and against any Claims (but excluding consequential, indirect and special damages and loss of profits, whether characterized as direct or indirect) arising out of any Claim or cause of action for loss or damage to property or injury to any Persons caused by or resulting from such site visits. Royalty Holder and its Affiliates shall have the right to use for their own purposes, including, without limitation, reproduction, publication annual reports or other public filings or presentations made public by Royalty Holder or its Affiliates, such images, data, and other information concerning the Property made available to the public by Owner and its Affiliates.

11.6 Further Assurances

Each Party will, at the request of the other Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effectuate the purposes and intent of this Royalty Agreement.

11.7 Waiver

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

11.8 Amendment

No amendment, modification or waiver of any provision of this Royalty Agreement or consent to any departure by any Party from any provision of this Royalty Agreement shall in any event be effective unless it is confirmed in writing by the other Party and then the amendment, modification, waiver or consent shall be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

11.9 No Third Party Beneficiary

Except as specifically provided herein, no term or provision of this Royalty Agreement is intended to be, or shall be construed to be, for the benefit of any Person that is not a Party hereto and no such Person shall have any right or cause of action hereunder.

11.10 Time of the Essence

Time is of the essence in the performance of any and all of the obligations of the Parties, including, without limitation, the payment of monies.

11.11 Counterparts

This Royalty Agreement may be executed in two or more counterparts (including counterparts delivered by facsimile or email), all of which, taken together, shall be regarded as one and the same Royalty Agreement. Counterparts may be delivered by facsimile or email and the Parties adopt any signatures received by facsimile or email as original signatures of the Parties.

11.12 Parties in Interest

This Royalty Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

11.13 Language

The Parties have expressly required that this Royalty Agreement, any communication and all other contracts, documents and Notices relating to this Royalty Agreement be drafted in the English language. *Les parties ont expressément exigé que la présente convention, la communication et tous les autres contrats, documents et avis qui y sont afférents soient rédigés dans la langue anglaise.*

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Royalty Agreement to be executed and delivered as of the date first set forth above.

[REMAINING PARTICIPANT]

Name:
Title:

[MINORITY PARTICIPANT]

Name:
Title

**APPENDIX A
DESCRIPTION OF THE PROPERTY**

[Tables of Mining Rights to be inserted in the final draft of this Royalty Agreement]

**APPENDIX A-2
MAP OF THE PROPERTY**

[Map of the Property to be inserted in the final draft of this Royalty Agreement]

SCHEDULE C
DISTRIBUTION AND PURCHASE AGREEMENT

(see attached)

DISTRIBUTION AND PURCHASE AGREEMENT

THIS AGREEMENT made as of the ● day of ● (the “**Effective Date**”),

BETWEEN:

NOUVEAU MONDE GRAPHITE INC.,
a corporation amalgamated pursuant to the *Canada Business Corporations Act*, with its registered office at 481 Brassard Street, Saint-Michel-des-Saints, Québec, J0K 3B0

(hereinafter referred to as “**Nouveau Monde**”),

- and -

MASON GRAPHITE INC.,
a corporation continued pursuant to the *Canada Business Corporations Act*, with its registered office at 3030 Le Carrefour Blvd., Suite 600, Laval, Québec, H7T 2P5

(hereinafter referred to as “**Mason**”)

WHEREAS Nouveau Monde and Mason (in such capacity, each a “**JV Member**”, and collectively, the “**JV Members**”) have entered into an option and joint venture agreement dated as of July 20, 2022 (as the same may be amended from time to time, the “**OJV Agreement**”) pursuant to which, among other things, (i) Mason has granted to Nouveau Monde an exclusive, irrevocable and non-assignable option (the “**Option**”) to acquire a fifty-one (51%) Interest (as defined below) in the Property (as defined below) and the Assets (as defined below); and (ii) the JV Members have agreed to form a Joint Venture (as defined below), upon the exercise by Nouveau Monde of the Option, for the purposes of, *inter alia*, conducting certain operations at the Property;

WHEREAS the Option has been exercised or deemed to be exercised by Nouveau Monde pursuant to the OJV Agreement and the JV Members have formed the Joint Venture;

WHEREAS the JV Members wish to enter into this Agreement for purposes of, *inter alia*, (i) appointing Nouveau Monde (in such capacity, the “**Agent**” and, collectively with the JV Members, the “**Parties**”) to act as their sole and exclusive agent with respect to the sale of the Minerals (as defined below) as provided herein, (ii) providing for the sale by either JV Member of a portion of its Proportionate Share (as defined below) to the other JV Member, as may be needed by such other JV Member from time to time, and (iii) arranging for the sale of Minerals to Third Parties (as defined below) through the Agent.

NOW THEREFORE, in consideration of the terms and conditions set out in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Certain Definitions**

For the purposes of this Agreement, the following terms have the meanings indicated below.

“**Affiliate**” means an “affiliate” within the meaning of the *Canada Business Corporations Act*;

“**Agent**” has the meaning given to such term in the preamble;

“**Applicable Laws**” means all applicable federal, provincial, territorial, regional and local laws, whether statutory or common, by-laws, rules (including any rules of any stock exchange imposing disclosure requirements), ordinances (including zoning and Mineral removal ordinances), regulations, grants, concessions, franchises, licences, orders, protocols, guidelines, directives, judgments, instructions and decrees of any Governmental Authority having jurisdiction or purported jurisdiction, and other applicable restrictions of any Governmental Authority, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, in each case, as amended, modified, codified, replaced or re-enacted, in whole or in part, from time to time;

“**Assets**” has the meaning given to such term in the OJV Agreement;

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Québec, on which commercial banks in Montréal, Québec, are open for business;

“**Confidential Information**” has the meaning given to such term in Section 9.1(a);

“**day**” means a calendar day;

“**Defaulting Party**” has the meaning given to such term in Section 6.2;

“**Delivery**” means the physical delivery and storing of Minerals to a Purchasing JV Member Ex Works at the Lac Guéret Mine Complex in accordance with the relevant Incoterms 2010 and “**Deliver**”, “**Delivered**” and other derivations thereof shall be construed accordingly;

“**Delivery Date**” has the meaning given to such term in Section 3.2(a);

“**Disabling Conduct**” means, in respect of any Person, an act or omission (i) that is a criminal act by such Person that such Person had no reasonable cause to believe was lawful or (ii) that constitutes fraud, gross negligence or willful misconduct by such Person;

“**Effective Date**” meaning given to such term in the preamble;

“**Ex Works**” means “Ex Works” delivery terms as defined in Incoterms 2010;

“**Fair Market Value**” means the fair market value of Minerals being the price which an arm’s length Third Party would pay in a competitive and open market on the effective date of such valuation for the Minerals, taking into account various criteria including, without limitation, the price of the last Sale made hereunder to a Third Party, the price established by other producers and market indexes such as Benchmark Mineral Intelligence, Avicen, Roskill/Wood Mackenzie and

Fast Market;

“**Force Majeure**” has the meaning given to such term in Section 10.4(a);

“**Governmental Authority**” means any federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, including any political subdivision of any of the foregoing, any multi-national organization or body comprised of one of the foregoing, any agency, department, commission, board, bureau, court, tribunal or other authority thereof, or any quasigovernmental or private body exercising any executive, legislative, judicial, administrative, police, regulatory or taxing authority or power of any nature;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**Incoterms 2010**” means the International Chamber of Commerce’s official rules for the interpretation of trade terms, which rules came into force on January 1, 2011, as amended or updated from time to time by the International Chamber of Commerce;

“**Interest**” means an undivided legal and co-ownership interest in the Property and the Assets expressed as a percentage in accordance with the OJV Agreement;

“**Investment Agreement**” means the investment agreement dated as of May 15, 2022 between Nouveau Monde and Mason;

“**Joint Venture**” means the contractual relationship between the JV Members to be formed pursuant to, and be subject to the terms and conditions of, the OJV Agreement;

“**JV Member**” has the meaning given to such term in the preamble;

“**Lac Guéret Mine Complex**” means a mine, processing plant and related facilities (other than the NM Demonstration Plant) constructed and operated to produce Minerals, including any modifications thereto;

“**LIBOR**” means the rate per annum equal to the London Interbank Offer Rate as fixed by the ICE Benchmark Administration Limited (or any successors thereof) for 3 month deposits in United States Dollars at or about 11:00 a.m. (London time) on any day. If LIBOR is not available for any reason or is no longer used by financial institutions in financial transactions as a current representative interest rate benchmark, then the JV Members, acting in good faith, shall determine any other reasonably comparable interest rate offered on the same day;

“**Minerals**” has the meaning given to such term in the OJV Agreement;

“**NM Demonstration Plant**” means the Mine Demonstration Plant owned by Nouveau Monde and located in Saint-Michel-des-Saints, Québec and operated by Nouveau Monde;

“**OJV Agreement**” has the meaning given to such term in the preamble;

“**Option**” has the meaning given to such term in the preamble;

“**Participating Interest**” has the meaning given to such term in the OJV Agreement;

“**Parties**” has the meaning given to such term in the preamble; and “**Party**” means any of the Parties;

“**Person**” means an individual, corporation, trust, partnership, limited liability company, contractual mining company, joint venture, unincorporated organization, firm, estate, Governmental Authority or other entity;

“**Property**” has the meaning given to such term in the OJV Agreement;

“**Proportionate Share**” has the meaning given to such term in the OJV Agreement;

“**Purchase Order**” has the meaning given to such term in Section 3.1(b);

“**Purchased Minerals**” means the Minerals purchased by a Purchasing JV Member under a Purchase Order;

“**Purchasing JV Member**” has the meaning given to such term in Section 3.1(b);

“**Relevant Person**” has the meaning given to such term in Section 9.1(a);

“**Sale Statement**” has the meaning given to such term in Section 3.1(a);

“**Term**” has the meaning given to such term in Section 6.1;

“**Third Parties**” means a Person that is not a Party or an Affiliate of a Party;

“**Tonne**” means a metric tonne of one thousand (1,000) kilograms, which is equal to two thousand, two hundred and four point six two pounds (2,204.62 lbs); and

“**WMT**” means wet metric Tonne.

1.2 Rules of Construction

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article” or “Section” followed by a number refer to the specified Article or Section of this Agreement;
- (c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;
- (e) the word “including” is deemed to mean “including without limitation”;

- (f) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time;
- (g) all dollar amounts refer to Canadian dollars; and
- (h) in the calculation of delays provided hereunder, the first day is not included but the last is. When the date on which a delay expires or a payment has to be made or an act has to be done is not a Business Day, the delay expires or the payment must be made or the act must be done on the following Business Day, unless the context indicates otherwise.

1.3 Entire Agreement

This Agreement and the OJV Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided herein or therein.

1.4 Conflicts and Inconsistencies

In the event of a conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the OJV Agreement, the terms and conditions of the OJV Agreement shall govern and be paramount to the extent of any such conflict or inconsistency, and the terms and conditions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency.

1.5 Time of the Essence

Time shall be of the essence of this Agreement. Each of the Parties shall be in default by the mere lapse of time for performing its obligations hereunder, without the necessity of further notice or delay, as contemplated by article 1594 of the *Civil Code of Québec*.

1.6 Governing Law and Dispute Resolution

(a) This Agreement shall be interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Québec and the federal laws of Canada applicable in that province.

(b) Any dispute, controversy or claim between the Parties arising from or relating to this Agreement, its validity, its enforceability or any Purchase Order shall be resolved as provided in the OJV Agreement.

1.7 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

ARTICLE 2
APPOINTMENT OF AGENT

2.1 **Appointment of Agent**

The JV Members hereby appoint the Agent to act as their sole and exclusive agent with respect to the sale of the Minerals as provided herein, and the Agent hereby accepts such appointment on the terms and conditions contained herein. Such appointment shall be on an exclusive basis during the Term, and the JV Members agree that, during the Term, and subject to Article 7, they will not appoint any other Person to act as its agent with respect to sales of the Minerals.

ARTICLE 3
SALES OF MINERALS BETWEEN JV MEMBERS

3.1 **Purchase Orders**

(a) *Delivery of Sale Statement.* On the twentieth (20th) day of each month, the Agent shall deliver to the JV Members a statement (a “**Sale Statement**”) detailing (i) the quantity of Minerals the Joint Venture is capable of delivering for the immediately succeeding month; (ii) the Proportionate Share of Minerals to which each JV Member is entitled; and (iii) the Fair Market Value of the Minerals as calculated on the date of such Sale Statement (the “**Purchase Price**”).

(b) *Placement of Purchase Orders.* Within seven (7) Business Days of receiving a Sale Statement, each JV Member (in such capacity, a “**Purchasing JV Member**”) may deliver a purchase order to the Agent and the other JV Member detailing (i) the quantity of Minerals it desires to purchase from the Joint Venture, provided that such quantity shall not be more than the total quantity of Minerals set forth in such Sale Statement, and provided further that in the event of competing purchase orders from the JV Members, the quantity of Minerals shall be automatically adjusted to a ratio equal to their Proportionate Share of Minerals, and (ii) the requested delivery date (each a “**Purchase Order**”). Each Purchase Order shall state that it is being made pursuant to, and shall incorporate by reference, the terms of this Agreement.

(c) *Acknowledgement of Purchase Orders.* Within two (2) Business Days of receiving a Purchase Order, the Agent shall acknowledge and provide confirmation of its acceptance of such Purchase Order by written notice via e-mail transmission delivered to the JV Members. No response shall be deemed acceptance of the Purchase Order.

(d) *Integration.* All accepted Purchase Orders during the Term are hereby incorporated into this Agreement and made part of this Agreement for all purposes. Should any terms within this Agreement conflict with the terms of any accepted Purchase Order, the terms of this Agreement shall control the interpretation thereof unless otherwise expressly stated in this Agreement or agreed to in writing by the JV Members.

(e) *Fair Market Value.* If the JV Members disagree on the Fair Market Value of the Minerals, the matter will be referred to an independent expert chosen by both Parties having knowledge in evaluating minerals such as the Minerals and who has no potential or apparent conflict of interest. If the Parties are unable to agree as to the appointment of such independent expert, the independent expert chosen as a result of the dispute resolution procedure set out in Section 1.6 hereof and Section 21 of the OJV Agreement.

3.2 Delivery, Title, Risk of Loss

(a) *Delivery.* The Agent shall Deliver the Purchased Minerals in the quantity and on the date specified in the Purchase Order or as otherwise agreed in writing by the Agent and the Purchasing JV Member (the “**Delivery Date**”). If no Delivery Date is specified, the Agent shall Deliver the Purchased Minerals within ten (10) Business Days of the Agent’s receipt of the Purchase Order.

(b) *Delivery Point and Storage.* Unless otherwise agreed in writing by the Agent and the Purchasing JV Member, the Agent shall Deliver the Purchased Minerals to the Purchasing JV Member, and the Purchasing JV Member shall take Delivery of the Purchased Minerals from the Agent, Ex Works at the Lac Guéret Mine Complex. All Purchased Minerals shall be stored in a secure, segregated and demarcated storage with appropriate signage indicating that the Minerals contained therein are the property of the Purchasing JV Member.

(c) *Transfer of Risk of Loss, Title and Property.* Transfer of risk, title and property in the Purchased Minerals shall pass from the JV Members, respectively to the extent of their Participating Interest, to the Purchasing JV Member, fully, at the time that such Purchased Minerals are placed into a storage at the Lac Guéret Mine Complex. Each JV Member represents and warrants to the other JV Member that its Proportionate Share of the Purchased Minerals will be sold free and clear of all liens, claims, security interests or other encumbrances arising by or through such JV Member.

(d) *Insurance.* Following passing of risk, title and property to the Purchasing JV Member, the Purchasing JV Member shall be responsible for covering and maintaining at all times, at its expense, valid insurance for a minimum of 110% of the value of the Purchased Minerals. The Joint Venture shall be responsible for covering and maintaining at all times, at its expense, such contingent insurance as it considers necessary for its own obligations and risks.

3.3 Pricing and Payments

(a) *Purchase Price.* The Agent shall identify the Purchase Price in each Sale Statement delivered to the JV Members pursuant to Section 3.1.

(b) *Payment.* The Agent shall issue an invoice in Canadian dollars to the Purchasing JV Member, with a copy to be sent to the other JV Member, for a Delivery of Purchased Minerals once such Purchased Minerals have been Delivered. The invoice shall set out any applicable taxes or fees payable by the Purchasing JV Member. The Parties agree that the foregoing invoice shall constitute the invoice in respect of the supply of the Purchased Minerals by the other JV Member to the Purchasing JV Member for purposes Part IX of the *Excise Tax Act* (Canada) and equivalent provincial legislation and the other JV Member confirms that the Agent is authorized to issue such invoice on its behalf. The Purchasing JV Member shall pay the aggregate Purchase Price as follows:

- (i) no amount shall be payable in respect of such Purchasing JV Member’s Proportionate Share of the aggregate Purchase Price due to confusion of the qualities of creditor and debtor of such Purchasing JV Member and the resulting extinguishment of the obligation to pay in accordance with article 1683 of the *Civil Code of Québec*; and
- (ii) an amount equal to the other JV Member’s Proportionate Share of the aggregate Purchase Price shall be paid to the other JV Member, by wire transfer of immediately available funds as directed by such other JV Member, within ten (10) Business Days following receipt of an invoice.

By way of example only, in circumstances where (A) Nouveau Monde is a Purchasing JV Member and issues a Purchaser Order for 70,000 Tonnes of Purchased Minerals, (B) the Purchase Price on the Delivery Date is \$500 per WMT, and (C) the Proportionate Shares of Nouveau Monde and Mason are respectively 51% and 49%, then Nouveau Monde shall pay to Mason a sum of \$17,150,000 (exclusive of taxes).

(c) *Delay in Payment.* If the Purchasing JV Member delays payment to the other JV Member of any amount due and payable, the Purchasing JV Member shall pay, as liquidated damages, interest calculated daily at a rate equal to LIBOR + 2% per annum on the amount of the delayed payment. Interest shall accrue daily and be compounded monthly until the amount due is actually paid. For purposes hereof, whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(d) *No Set-Off.* All payments under this Agreement must be made in full, without any set-off or counterclaim whatsoever and free and clear of any deductions or withholdings.

(e) *Taxes and Governmental Charges.* The Purchase Price does not include taxes that may be imposed by any authority on any sale of Minerals under any Purchase Order or on commercial documents relating thereto or on the Delivery of Purchased Minerals. The Purchasing JV Member shall be responsible for all taxes, duties, import/export fees and any other taxes or fees imposed on or in connection with the Purchase Order by any Governmental Authority . Each JV Member shall cooperate with reasonable requests of the other JV Member in any efforts to obtain exemption from, or to minimize, any such taxes or fees. Such taxes or fees shall be paid concurrently with such JV Member’s Proportionate Share of the invoiced Purchase Price.

ARTICLE 4

SALES OF MINERALS TO THIRD PARTIES

(a) *Sales to Third Parties.* Pursuant to the terms and conditions hereof and from time to time during the Term, the JV Members may, acting through the Agent, as agent of the JV Members, sell Minerals to Third Parties.

(b) *Best Prevailing Market Price.* The Agent shall use commercially reasonable effort to obtain the best prevailing market price for any sale of Minerals made to Third Parties under this Article 4.

(c) *Expenses.* The Joint Venture will reimburse the reasonable and documented out-of-pocket costs and expenses incurred by the Agent in connection with any sale of Minerals made to Third Parties under this Article 4. Such costs and expenses will be paid promptly by each JV Member to the extent of its Proportionate Share, after receipt from the Agent of invoices or other substantiating documentation.

(d) *Taxes and Governmental Charges.* The Agent shall be responsible for withholding, collecting and remitting or arranging to be remitted all taxes, duties, import/export fees and any other taxes or fees imposed on or in connection with the Sale of Minerals to Third Parties pursuant to applicable law, having regard to the application of any tax elections that may be in place in respect of such taxes or fees. The Agent shall separately invoice the purchasing Third Parties, on its own behalf and on behalf of the other JV Members, as applicable, for any such taxes or fees that the JV Members are obligated by law or regulation to collect from the purchasing Third Parties.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

All representations and warranties of the Parties are set out in the Investment Agreement. No further representations and warranties is provided herein, except as expressly provided.

ARTICLE 6
TERM AND TERMINATION

6.1 **Term**

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and continue until the expiration or earlier termination of the OJV Agreement.

6.2 **Termination**

Either JV Member may terminate this Agreement, effective upon written notice to the other JV Member (the “**Defaulting Party**”), if the Defaulting Party:

- (a) materially breaches this Agreement and such breach is incapable of cure or, with respect to a material breach capable of cure, the Defaulting Party does not cure such breach within thirty (30) days after receipt of written notice of such breach; or
- (b) becomes insolvent or admits its inability to pay its debts generally as they become due; is dissolved or liquidated or takes any corporate action for such purpose; makes a general assignment for the benefit of creditors; has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business; or becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency.

6.3 **Payment Upon Termination**

Upon the termination or expiration of this Agreement, the Parties shall pay all unpaid and outstanding amounts due hereunder.

ARTICLE 7
REPLACEMENT OF AGENT

At any time, a Party other than the Agent may, upon thirty (30) days’ written notice given to the other Parties, remove the Agent if any of the events described occurs:

- (a) the Agent fails to perform a material obligation imposed upon it under this Agreement (including any material failure to claim payments from Third Parties) and such failure continues for a period of thirty (30) days after notice from the other Party demanding performance;
- (b) the Agent has engaged in Disabling Conduct;
- (c) a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for a substantial part of the Agent’s assets is appointed and such appointment is neither made

ineffective nor discharged within sixty (60) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Agent;

- (d) the Agent seeks protection from creditors before any court or pursuant to any legislation, proposes a compromise or arrangement to its creditors generally, takes any act or undertakes or becomes subject to a proceeding with respect to a compromise or arrangement, takes any act or undertakes or becomes subject to or has been threatened with a proceeding to be declared bankrupt, makes any assignment for the benefit of its creditors, has a receiver take possession of any of its property or has been threatened with any petition for a receiving order in bankruptcy filed against it or to declare it bankrupt or insolvent; or
- (e) entry is made against the Agent of a judgment, decree or order for relief affecting its ability to serve as Agent, or a substantial part of its Participating Interests or its other assets by a court of competent jurisdiction in a proceeding case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Upon such removal, the JV Members shall cooperate to appoint a new agent agreeable to both JV Members, acting reasonably.

ARTICLE 8

ACCOUNTING AND REPORTING

8.1 Books and Records

During the Term, the Agent shall keep or cause to be kept on behalf of the JV Members in accordance with IFRS, accurate books and records reflecting the sales of Minerals made pursuant to this Agreement. Such books, records and register shall include, without limitation, the following information:

- (a) the quantity, type, grade of all Minerals that have been sold, and the gross proceeds (including the pricing utilized in calculating the gross proceeds) for each such sale; and
- (b) the taxes on any sale of Minerals withheld, collected, remitted or paid by the Agent in accordance with Section 8.2 hereof.

8.2 Reporting to the JV Members

The Agent shall provide or cause to be provided to the JV Members quarterly the following information:

- (a) a statement of the sales pursuant to this Agreement for the relevant quarter; and
- (b) any other information or report as reasonably requested by any JV Member.

8.3 Audit Rights

Any JV Member shall have the right to perform such audits of the books and records maintained by the Agent as and when it desires in its sole discretion. Any such audit shall be at the sole expense of such JV Member, unless such audit reveals any gross negligence, willful misconduct or fraud on the part of the Agent, in which case the Agent shall reimburse such JV Member for the cost of such audit. The Agent shall reasonably cooperate with any such audit by, among other things, providing access to the Agent's books, records and back-up information, making available Purchase Orders received from

Purchasing JV Members and invoices issued to purchasing Third Parties, and making the Agent's personnel available at reasonable times to respond to any such JV Member inquiry. The Agent shall in good faith follow any reasonable recommendations of the JV Member or its respective advisors arising from such audit.

ARTICLE 9 **CONFIDENTIALITY**

9.1 **Confidentiality**

(a) None of the Parties shall disclose to any Third Party or the public any information acquired or developed in connection with the performance of its obligations under this Agreement (“**Confidential Information**”), except with the express consent from the Party whose Confidential Information is being disclosed, which consent shall not be unreasonably withheld; provided, however, that consent to disclosure shall not be required in respect of a disclosure to an Affiliate, consultant, contractor or subcontractor of the disclosing Party (each, a “**Relevant Person**”) that has a bona fide need to be informed for purposes of performing the obligations of the disclosing Party under this Agreement provided that only such Confidential information as the Relevant Person shall have a legitimate business need to know shall be disclosed and the Relevant Person shall first agree in writing to protect all Confidential Information from further disclosure to the same extent as the disclosing Party or Relevant Person, as the case may be, is obligated under this Section 9.1. Confidential Information shall not include information which a disclosing Party or Relevant Person, as the case may be, clearly demonstrates: (i) was public prior to its receipt; (ii) is public through no fault of the disclosing Party or the Relevant Person; (iii) was available and non-confidential prior to the disclosing Party acquiring such information in connection with the performance of its obligations under this Agreement; or (iv) was received in good faith from a third party who to the best knowledge of the receiving Party legally held and transmitted it without breaching an obligation of confidentiality.

(b) Notwithstanding anything to the contrary stated herein, each Party may disclose Confidential Information as required by law or Governmental Authority, provided that such Party shall promptly inform the other Party of any such requirement, if it is not otherwise prohibited by the terms of such requirement, and reasonably cooperate with such other Party in any lawful effort undertaken by such other Party to prevent or limit any such disclosure by any appropriate action or proceeding pursuant to the terms of the requirement received by such Party.

(c) The obligations of confidentiality under Section 9.1 do not extend to: (i) a bona fide prospective purchaser or financier of an interest in either JV Member or any of their respective Affiliates, (ii) a financier (and its consultants and advisors) of either JV Member or any of their respective Affiliates, (iii) an underwriter or dealer pursuant to a bona fide capital raising transaction on the public debt or equity markets, (iv) any disclosure by any of the JV Members to the extent such information is required to be disclosed to obtain any consent or regulatory approval necessary for the provision of services hereunder, such disclosure to be in a form and scope approved by the Parties, acting reasonably, or (v) any disclosure by either JV Member or any of their respective Affiliates to the extent such information is required to be disclosed in a prospectus, registration statement or similar disclosure document pursuant to a bona fide public distribution of securities in accordance with all applicable securities laws; provided that (x) the recipient of any Confidential Information pursuant to any of (i), (ii) or (iii) above either (A) enters into a confidentiality agreement with the applicable entity for the benefit of the Parties under which it agrees to comply with the obligations contained in Section 9.1, with appropriate changes necessary to apply it to these circumstances, the form of which confidentiality agreement has been approved by each Party to this Agreement, acting reasonably, or (B) is subject to a legal regime that imposes comparable confidentiality requirements with respect to information received from prospective borrowers and (y) the Party disclosing

the Confidential Information must use reasonable endeavours to protect commercially sensitive information by way of redaction and other appropriate sale protocols.

ARTICLE 10 **GENERAL**

10.1 **Notices**

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by fax or e-mail or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

If to Nouveau Monde:

Nouveau Monde Graphite Inc.
481 Brassard Street
Saint-Michel-des-Saints, Québec
J0K 3B0

Attention: Éric Desaulniers, President and Chief Executive Officer
E-mail: edesaulniers@nmg.com

If to Mason:

Mason Graphite Inc.
3030 Le Carrefour Boulevard
Suite 600
Laval, Québec
H7T 2P5

Attention: Peter Damouni, Executive Director
E-mail: pdamouni@masongraphite.com

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered (or, if such day is not a Business Day or if delivery or transmission is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day), or if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforementioned.

(c) Any Party may at any time change its address for service from time to time by giving notice to the other Party in accordance with this Section.

10.2 **Amendments and Waivers**

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

10.3 Specific Performance

The Parties acknowledge and agree that in the event of a Party's breach or failure to perform its obligations under this Agreement, any other Party shall be entitled to an injunction to prevent or restrain breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches of, or to enforce compliance with, the obligations under this Agreement. Each of the Parties agrees not to raise any objections to, or request the posting of a bond for, the availability of the equitable remedy of specific performance to prevent or restrain breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches of, or to enforce compliance with, the obligations of the parties under this Agreement.

10.4 Force Majeure

(a) For the purposes of this Agreement, "**Force Majeure**" means any unforeseeable event which is not within the reasonable control of the party invoking its application to excuse non-performance hereunder, which could not have been prevented by the exercise of reasonable diligence by such party, including, without limitation, war, hostility, military operation of any character, civil commotion, sabotage, quarantine restriction, power shortage, landslide, acts of God, acts of government, fire, floods, explosions, epidemic, strikes or other labour disputes, interference by indigenous peoples or embargoes, provided that lack of funds on the part of such party shall not constitute an event of Force Majeure excusing performance hereunder.

(b) If either Party fails to meet any of its obligations under this Agreement within the time periods prescribed, and such failure is caused by an event of Force Majeure, such failure shall be deemed not to constitute a breach by such Party of its obligations hereunder and the time for performing those obligations shall be extended by a period of time equal to the length of time during which such event of Force Majeure prevents performance of those obligations; provided that the breach of any obligation to pay a sum of money due hereunder shall not be excused by an event of Force Majeure.

(c) If a Party desires to invoke Force Majeure, such party shall give notice to the other party of the commencement of the event of Force Majeure and reasonable evidence of such event and the actions taken to attempt to cure it. The Party affected by the event of Force Majeure shall (a) use reasonable efforts to put itself in a position to carry out its obligations, (b) provide ongoing periodic notice in writing to the other party of the status of such event of Force Majeure within 15 days of the end of each calendar month during the period of Force Majeure, and (c) provide immediate notice of the termination of such event of Force Majeure. Nothing in this Section 10.4 shall require a Party affected by an event of Force Majeure to settle labour disputes contrary to its wishes or question the validity of any act of a Governmental Authority. Subject to the requirement to use reasonable efforts referred to above, there shall be no obligation to remove or remedy a Force Majeure event resulting from any actions by indigenous peoples.

10.5 Compliance with Applicable Laws

(a) Notwithstanding anything to the contrary herein, nothing in this Agreement is intended, and nothing herein should be interpreted or construed, to induce or require any Party hereto to act in any manner (including taking or failing to take any actions in connection with a transaction) which is inconsistent with, penalised or prohibited under any Applicable Laws which relate to international boycotts of any type.

(b) Notwithstanding anything to the contrary herein, no Party shall be obliged to perform any obligation otherwise required by this Agreement if this would be in violation of, inconsistent with, or expose such Party to punitive measures under any laws, regulations, decrees, ordinances, orders, demands,

requests, rules or requirements of Canada applicable to that Party relating to economic sanctions, foreign trade controls, export controls, non-proliferation, anti-terrorism and similar laws.

(c) Each Party will indemnify the other in respect of any costs, losses, damages or expenses of any kind whatsoever incurred by the other Party if the first Party takes or fails to take any action in connection with this Agreement which results in or contributes to the other Party being placed in a position of non-compliance with any of the aforementioned laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements applicable.

(d) Each Party shall comply with all Applicable Laws in the performance of its obligations under this Agreement and, in connection therewith, each Party must not undertake or cause to be undertaken any activity which is illegal or unlawful under Applicable Laws.

10.6 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the Parties and their respective successors and permitted assignees. Other than as set forth in Section [22.8] of the OJV Agreement, no Party may assign this Agreement or any of the benefits hereof or obligations hereunder without the prior written consent of the other Party.

10.7 No Third Party Beneficiaries

Nothing expressed or implied in this Agreement is intended or will be construed to confer upon or give to any person other than the Parties and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

10.8 Further Assurances

Each Party will execute all documents and take such other actions as any other Party may reasonably request in order to consummate the transactions contemplated herein and to accomplish the purposes of this Agreement.

10.9 Counterparts

This Agreement may be executed and delivered, including by electronic means, in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts will be construed together to be an original and will constitute one and the same agreement.

10.10 Language

This Agreement has been drafted in the English language at the express request of the Parties. *Cette convention a été rédigée en anglais à la demande expresse des parties.*

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties as of the date first above written.

NOUVEAU MONDE GRAPHITE INC., in its capacities as JV Member and Agent

by _____
Name: Eric Desaulniers
Title: President and Chief Executive Officer

MASON GRAPHITE INC., in its capacity as JV Member

by _____
Name: Peter Damouni
Title: Executive Director

SCHEDULE D
AGREEMENT TO BE BOUND

(see attached)

AGREEMENT TO BE BOUND

THIS AGREEMENT TO BE BOUND dated as of the ● day of 20●,

AMONG:

[ASSIGNEE],
a corporation incorporated pursuant to the ●

(hereinafter referred to as the “**Assignee**”)

– and –

[MASON GRAPHITE INC. / NOUVEAU MONDE GRAPHITE INC.],
a corporation [**continued / amalgamated**] pursuant to the *Canada Business Corporations Act*

(hereinafter referred to as the “**Assignor**”)

– and –

[NOUVEAU MONDE GRAPHITE INC. / MASON GRAPHITE INC. /],
a corporation [**amalgamated / continued**] pursuant to the *Canada Business Corporations Act*

(hereinafter referred to as the “[**Nouveau Monde / Mason**]”)

(the Assignee, the Assignor and [**Nouveau Monde / Mason**] are sometimes hereinafter each referred to as a “**Party**” and collectively as the “**Parties**”)

WHEREAS the Assignor and [**Nouveau Monde / Mason**] entered into an option and joint venture agreement dated July 20, 2022, as the same may have been amended, varied, supplemented, modified, transferred and assigned from time to time (the “**Option and Joint Venture Agreement**”). Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Option and Joint Venture Agreement;

WHEREAS the Assignor, among others, entered into a ●¹;

¹ **Note to Draft:** Choose one of :

1. [**insert title of agreement**] with the Assignee pursuant to which all of the Assignor’s Participating Interest is being Transferred to the Assignee (the “**Transfer**”)
2. [**insert description of transaction/title of agreement**] with the Assignee pursuant to which [**all of the shares of/substantially all of the assets of**] the Assignor were acquired by the Assignee (the “**Transfer**”)

[WHEREAS the Assignee is a Wholly-Owned Affiliate of the Assignor;]²

WHEREAS pursuant to Section [13.2 / 13.4 / 13.6(e) / 22.8(b)] of the Option and Joint Venture Agreement, in order for the Transfer to be permitted thereunder, the Assignee must enter into this Agreement To Be Bound pursuant to which it agrees to be bound by the terms of the Option and Joint Venture Agreement in the place of the Assignor, as if the Assignee were originally party to the Option and Joint Venture Agreement as the Assignor; and

WHEREAS the Transfer is expected to be effective as of ●, 20● or such other date as the Assignor, the Assignee and **[any other party]** may agree in writing (the “**Effective Date**”);

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby acknowledge, covenant and agree as follows:

1. Agreement to Be Bound, Assume Liabilities and Perform Obligations.

Effective as of the Effective Date:

- (a) the Assignee represents and warrants that it has received a copy of the Option and Joint Venture Agreement and has reviewed and understands the provisions thereof; **[and]**
- (b) **[the Assignee hereby agrees to adopt and be bound by the terms and conditions of the Option and Joint Venture Agreement, on and subject to the terms and conditions thereof, and agrees to assume all liabilities and perform all obligations of the Assignor thereunder in place of the Assignor as if an original party to the Option and Joint Venture Agreement.]³**
- (c) **[the Assignor and Assignee, jointly and solidarily represent and warrant and agree that: (i) the Transfer is being undertaken in accordance with Section 13.2 of the Option and Joint Venture Agreement; (ii) the Assignee shall remain a Wholly-Owned Affiliate of the Assignor for so long as the Assignee holds any Participating Interest; and (iii) the Assignor will remain jointly and severally liable with the Assignee under the Option and Joint Venture Agreement; and**
- (d) **the Assignee hereby agrees: (i) to be bound by the terms and conditions of the Option and Joint Venture Agreement, on and subject to the terms and conditions thereof, and agrees to assume all liabilities and perform all obligations of the Assignor thereunder as if an original party to the Option and Joint Venture Agreement; (ii) that, prior to the Assignee ceasing to be an Affiliate of the Assignor it shall Transfer all (but not less than all) of its Participating Interest to another Affiliate of the**

-
3. **[insert description of transaction/title of agreement]** with **[counterparty]** pursuant to which the Assignor and the **[counterparty]** **[amalgamated/merged/etc.]** (the “**Transfer**”) to create the Assignee

² **Note to Draft:** To be included in the event of a Transfer pursuant to Section 13.2 of the Option and Joint Venture Agreement.

³ **Note to Draft:** To be included in the event of a Transfer pursuant to Section 13.4, Section 13.6(e) or Section 22.8(b) of the Option and Joint Venture Agreement.

Transferor which Transfer shall comply with Section 13.2 of the Option and Joint Venture Agreement.]⁴

3. [Release]

The Parties hereby agree that, as of the Effective Date, the Assignor is hereby released from all liabilities and obligations under the Option and Joint Venture Agreement, except in respect of any such liabilities or obligations: (a) that arose or accrued prior to the Transfer; or (b) whether accruing before or after such Transfer, that arose out of Operations prior to such Transfer.]⁵

4. Continuing Effect of Agreement.

Except as specifically set forth herein, the Option and Joint Venture Agreement shall continue in full force and effect, unamended and unaffected by this Agreement To Be Bound.

5. Notice.

Notice is being provided in accordance with Section 22.3 of the Option and Joint Venture Agreement that the address for service and other notice information in respect of the Assignor is being replaced with the following in respect of the Assignee:

Assignee:

**[Legal Name]
[Address]**

Attention: •
Email: •

6. Governing Law; Attornment

(a) This Agreement To Be Bound shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein, other than such laws relating to conflict of laws.

(b) Each of the Parties hereby irrevocably attorns and submits to the arbitral jurisdiction set out in Section 21.2 of the Option and Joint Venture Agreement and, with respect to any matters not determined by arbitration, to the non-exclusive jurisdiction of the courts of the Province of Québec, District of Montréal, respecting all matters relating to this Agreement To Be Bound and the rights and obligations of the Parties hereunder. Each of the Parties hereby agrees that service of any document in any arbitral or legal proceedings relating to this Agreement To Be Bound may be made by physical delivery thereof to its address provided in, or in accordance with, Section 21.1 of the Option and Joint Venture Agreement, as the same has been supplemented by Section 5 of this Agreement To Be Bound.

⁴ **Note to Draft:** To be included in the event of a Transfer pursuant to Section 13.2 of the Option and Joint Venture Agreement.

⁵ **Note to Draft:** To be included if applicable, unless Transfer is to a Wholly-Owned Affiliate.

7. Further Assurances

Each Party will execute all documents and take such other actions as any other Party may reasonably request in order to consummate the transactions contemplated herein and to accomplish the purposes of this Agreement To Be Bound.

8. Counterparts.

This Agreement To Be Bound may be executed and delivered, including by electronic means, in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts will be construed together to be an original and will constitute one and the same agreement.

9. Language

This Agreement To Be Bound has been drafted in the English language at the express request of the Parties. *Cette convention a été rédigée en anglais à la demande expresse des parties.*

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Agreement To Be Bound on the date first written above.

[ASSIGNEE]

by _____
Name:
Title:

[ASSIGNOR]

by _____
Name:
Title:

**[NOUVEAU MONDE GRAPHITE INC. /
MASON GRAPHITE INC.]**

by _____
Name:
Title:

SCHEDULE E
ACCOUNTING PROCEDURES

(see attached)

SCHEDULE E

ACCOUNTING PROCEDURES

The financing and accounting procedures to be followed by the Operator and the Parties under this Agreement are set out below. All capitalized terms in these Accounting Procedures shall have the definition attributed to them in this Agreement, unless defined otherwise herein. References to Sections refer to Sections of this Agreement and references to Paragraphs refer to Paragraphs of these Accounting Procedures.

The purpose of these Accounting Procedures is to establish equitable methods for determining charges and credits applicable to the Operations. Except as expressly set forth in this Agreement and these Accounting Procedures, it is the intent of the Parties that neither of them shall lose or profit by reason of the designation of one of them to exercise the duties and responsibilities of the Operator. The Parties shall meet and in good faith endeavour to agree upon changes deemed necessary to correct any unfairness or inequity or to adjust any amount set forth herein to consider inflation. In the event of a conflict between the provisions of these Accounting Procedures and those of this Agreement, the provisions of this Agreement shall control.

ARTICLE 1

GENERAL PROVISIONS

1.1 General Accounting Records

The Operator shall maintain detailed and comprehensive cost accounting records in accordance with these Accounting Procedures, including general ledgers, supporting and subsidiary journals, invoices, cheques and other customary documentation, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of Operations for managerial, tax, regulatory or other financial, regulatory, or legal reporting purposes related to the Joint Venture. Such records shall be retained for the duration of the period allowed to the Parties for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Parties, including their Participating Interest.

1.2 Cash Management Accounts

The Operator shall maintain with an “Approved Bank” (as defined herein) one or more separate cash accounts for the payment of all expenses and the deposit of all cash receipts for the Joint Venture. The funds shall not be invested by the Operator, other than in savings accounts (including high-interest savings accounts) of an Approved Bank and guaranteed investment certificates issued by an Approved Bank. “Approved Bank” means any of the Bank of Nova Scotia, the Royal Bank of Canada, the Bank of Montreal, the Canadian Imperial Bank of Commerce, the National Bank of Canada or the Toronto-Dominion Bank.

1.3 Statements and Invoices

The Operator shall prepare statements and invoices as provided in Section 9.8 and bill the Parties as provided in Sections 9.9 to 9.15. Payment of any such invoices by either Party, including the Operator, shall not prejudice such Party’s right to protest or question the correctness thereof pursuant to Section 10. The time period permitted for adjustments hereunder shall not apply to adjustments resulting from periodic inventories as provided in Paragraphs 5.1 and 5.2.

ARTICLE 2
CHARGES TO JOINT ACCOUNT

Subject to the limitations hereinafter set out, the Operator shall charge the Joint Account with the following:

2.1 Materials, Equipment and Supplies

The cost of Equipment purchased from unaffiliated Third Parties or furnished by either Party as provided in Paragraph 3.1. The Operator shall purchase or furnish only so much Equipment as may be required for immediate use in efficient and economical Operations. The Operator shall also maintain inventory levels of Equipment at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.2 Equipment and Facilities Furnished by a Party

Except for the Assets, the cost of Equipment and facilities owned by a Party and used in Operations or used to provide support or utility services to Operations charged at rates commensurate with the actual costs of ownership and operation of such Equipment and facilities. Such rates shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus 3% per annum. Such rates shall not exceed the average commercial rates currently prevailing in the vicinity of the Operations and shall not be charged to the Joint Account to the extent such costs represent existing overhead of the applicable Party.

2.3 Contract Services and Utilities

The cost of contract services and utilities procured from outside sources, other than services described in Paragraph 2.5. If contract services are performed by the Operator or a Party or an Affiliate thereof, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market within the vicinity of Operations. The cost of professional consultant services procured from outside in excess of \$25,000 per annum per contract shall not be charged to the Joint Account unless approved by the Management Committee or included in an Approved Work Program and Budget.

2.4 Damages and Losses

All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets or Equipment resulting from any cause other than the willful misconduct or gross negligence of the Operator which shall be for the account of Nouveau Monde. The Operator shall furnish the Management Committee with written notice of damages or losses as soon as practicable and a report thereof setting forth in reasonable details such damages or losses.

2.5 Legal and Regulatory Expense

All reasonable legal and regulatory costs and expenses incurred in or resulting from Operations or necessary to protect or recover the Property, the Assets or the Equipment, including costs of title investigation and title curative services. All reasonable attorneys fees and other legal costs to handle, investigate and settle litigation or claims, and amounts paid in settlement of such litigation or claims shall be approved by the Management Committee.

2.6 Audit

Cost of audits under Section 11.1.

2.7 District and Camp Expense (Field Supervision and Camp Expenses)

A *pro rata* portion of: (i) the salaries and expenses of any Party's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, (ii) the costs of maintaining and operating an office and any necessary sub office, (iii) the costs of maintaining and operating the NM Demonstration Plant, and (iv) all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. The total of such charges for all properties served by any Party's employees, the NM Demonstration Plant and facilities shall be apportioned to the Joint Account on the basis of a ratio of actual production hours to be approved by the Management Committee.

2.8 Environmental Compliance Fund

Costs of reasonably anticipated Environmental Compliance and Continuing Obligations which, on a Work Program basis, shall be determined by the Management Committee and shall be based on proportionate funding in an amount sufficient to establish a reserve fund, which through successive proportionate funding during the life of the Joint Venture, will pay for ongoing Environmental Compliance conducted during Operations and which will aggregate the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and Continuing Obligations.

2.9 General and Administrative Charge

The Operator shall be entitled to charge an amount of a maximum of 10% of all amounts charged to the Joint Account (other than the general and administrative charges pursuant to this Paragraph 2.9) for general and administrative expenses (within the meaning of IFRS applied on a basis consistent in accordance with past practice), which, for purposes of this Paragraph 2.9, shall also include the salaries and wages (on a cost recovery basis) of any employee (including any technical, Environmental or accounting personnel) whose time is directly allocated to the Operations from time to time, and which will be detailed in any statement and invoice prepared pursuant to Paragraph 1.3 for its conduct of Operations on an annual basis, which shall be payable to (or compensated, as applicable, by) the Operator on a quarterly basis.

2.10 Other Expenditures

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

**ARTICLE 3
BASIS OF CHARGES TO JOINT ACCOUNT**

3.1 Purchases

Equipment purchased and services procured from Third Parties shall be charged to the Joint Account at invoiced cost, including applicable transfer taxes, less all discounts taken. If any Equipment is determined to be defective or is returned to a vendor for any other reason, the Operator shall credit the Joint Account when an adjustment is received from the vendor.

3.2 Equipment Furnished by a Party for Use by the Joint Venture

Subject to any approval requirement set forth in the Agreement and except for the Assets being contributed upon the formation of the Joint Venture, any Equipment furnished by either Party for use by or on behalf of the Parties in accordance with this Agreement or distributed to either Party by or on behalf of the Parties

in accordance with this Agreement shall be priced on the following basis, provided that such prices are determined by the Operator to be reasonable in the circumstances and taking into account the condition of the Equipment and other available alternatives:

(a) New Equipment:

New Equipment furnished by either Party shall be priced F.O.B. the nearest reputable supply store or railway receiving point, where like Equipment is available, at the current replacement cost of the same kind of Equipment, exclusive of any available cash discounts, at the time it is furnished (herein called “**New Price**”).

(b) Used Equipment.

(i) Used Equipment in sound and serviceable condition and suitable for reuse without reconditioning shall be priced as follows:

(A) Used Equipment furnished by either Party shall be priced at 75% of the New Price;

(B) Used Equipment distributed to either Party shall be priced (i) at 75% of the New Price if such Equipment was originally charged to the Joint Account as new Equipment, or (ii) at 65% of the New Price if such Equipment was originally charged to the Joint Account as good used Equipment at 75% of the New Price.

(ii) Other used Equipment that, after reconditioning, will be further serviceable for original function as good second-hand Equipment, or that is serviceable for original function but not substantially suitable for reconditioning, shall be priced at 50% of New Price. The cost of any reconditioning shall be borne by the transferee.

(iii) Bad-Order Equipment which is no longer usable for its original purpose without excessive repair cost but further usable for some other purpose shall be priced on a basis comparable with items normally used for that purpose.

(iv) All other Equipment, including junk, shall be priced at a value commensurate with its use or at prevailing prices.

(c) Obsolete Equipment.

Any Equipment that is serviceable and usable for its original function, but its condition is not equivalent to that which would justify a price as provided above, shall be priced by the Management Committee. Such price shall be set at a level that will result in a charge to the Joint Account equal to the value of the service to be rendered by such Equipment.

3.3 Premium Prices

Whenever Equipment is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual circumstances over which the Operator has no control, the Operator may charge the Joint Account for the required Equipment on the basis of the Operator’s direct cost and expenses incurred in procuring such Equipment and making it suitable for use. The Operator shall give written notice

of the proposed charge to the Parties prior to the time when such charge is to be billed, whereupon either Party shall have the right, by notifying the Operator within 10 days of the delivery of the notice from the Operator, to furnish at the usual receiving point all or part of its share of Equipment suitable for use and acceptable to the Operator.

3.4 Warranty of Equipment Furnished by the Operator or the Parties

Neither Party warrants any Equipment furnished beyond any dealer's or manufacturer's warranty and no credits shall be made to the Joint Account for defective Equipment until adjustments are received from the dealer, manufacturer or their respective agents.

ARTICLE 4 DISPOSAL OF EQUIPMENT

4.1 Disposition Generally

The Operator shall have no obligation to purchase either Party's interest in Equipment. The Management Committee shall determine the disposition of major items of surplus Equipment, provided the Operator shall have the right to dispose of normal accumulations of junk and scrap Equipment either by sale or by transfer to the Parties as provided in Paragraph 4.2.

4.2 Distribution to Parties

Any Equipment to be distributed to the Parties shall be made in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account on the basis provided in Paragraph 3.2.

4.3 Sales

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

ARTICLE 5 INVENTORIES

5.1 Periodic Inventories, Notice and Representations

At reasonable intervals, inventories shall be taken by the Operator, which shall include all such Equipment as is ordinarily considered controllable by operators of mining properties, and the expense of conducting such periodic inventories shall be charged to the Joint Account. The Operator shall give written notice to the Parties of its intent to take any inventory at least 30 days before such inventory is scheduled to take place. A Party shall be deemed to have accepted the results of any inventory taken by the Operator if the Party fails to be represented at such inventory.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Management Committee within 6 months after the inventory is taken. Inventory adjustments shall be made by the Operator to the Joint Account for overages and shortages, but the Operator shall be held accountable to the Parties only for shortages due to lack of reasonable prudence and diligence.

SCHEDULE F
EXAMPLES OF DILUTION CALCULATION

[Examples Redacted]