

the amount of such net profits as certified by the auditors of the Purchaser and the net profits as determined by the representatives of His Majesty, the matter shall be referred to the Exchequer Court of Canada.

5. *Possession.*—Possession of the said property shall be given to the Purchaser forthwith after the execution of this agreement and the Purchaser agrees that it will thereupon assume all risks and liabilities of ownership and all obligations in respect of the property to the entire exoneration of His Majesty. The Purchaser also agrees that it accepts the property in its present condition without any warranty of any kind by His Majesty in respect thereof.

6. (a) *Commencement of Operations, etc.*—The Purchaser agrees to commence operations at the property as soon as practicable after being given possession thereof and to operate and maintain the property (or cause the same to be operated and maintained) in accordance with good mining and milling practice, provided, however, that the Purchaser shall at all times and from time to time be fully at liberty to suspend operations on the property, if, in the opinion of the Purchaser such operation is not commercially warranted, or if, in the opinion of the Purchaser, operations are prevented or seriously interfered with by Act of God, fire, flood, weather, accident, strikes, lockouts, or any other cause or circumstances of whatsoever nature beyond the control of the Purchaser.

(b) *Prospecting and development work, etc.*—Prospecting and mine Development work, additions to or replacements of equipment and/or buildings, technical and market research and similar work conducive to the operation and development of the property shall be carried out in accordance with the decision of the Purchaser, which decision shall be based on the future well-being of the property and the operation and development thereof. All costs and expenses incurred in connection with the above shall be charged as capital or operating expenses in accordance with sound accounting practice.

(c) *Working Capital.*—In the event of the operation of the property being carried on by the Purchaser itself, the sum of One Hundred Thousand Dollars (\$100,000.00) shall be appropriated and set aside by the Purchaser for such operation, and all accounts and records in respect thereof shall be kept separately and distinct from accounts and records in respect of other operations, activities or interests of the Purchaser. In the event of such operation being carried on by an operating company as hereinafter mentioned, the Purchaser shall cause the operating company to be financed with the sum of One Hundred Thousand Dollars (\$100,000.00) as working capital, and such further working capital as may from time to time be required by it, and the operating company shall not engage in any other operation, activity or undertaking.

(d) *Taxes, assessment work, etc.*—The Purchaser shall, (unless otherwise consented or agreed to by His Majesty) keep or cause to be kept in good standing all mineral claims included in the property, whether or not Crown-granted, and shall do all such work, pay all such taxes, assessments or charges and execute and register all such documents or instruments as may be necessary therefor or shall cause the same to be done, paid, executed and registered.

(e) *Insurance.*—The Purchaser shall at all times keep such parts of the said property as are liable to be destroyed or injured by fire insured against loss or damage to the extent that such property is usually insured by companies operating like properties under similar circumstances and will also carry such other insurance (if any) upon the said property as is usually carried by companies operating similar properties under like circumstances, loss under any policies effecting any such above mentioned insurance to be made payable to His Majesty or to the Purchaser as their respective interests may appear, provided that the proceeds of such insurance shall, if so required by the Purchaser, be