

GEOSCIENCE BC – TERMS AND OBLIGATIONS OF PROJECT FUNDING

Geoscience BC Reference:

Principal Proponent:

1.0 **FINANCIAL SPECIFICATIONS AND REQUIREMENTS**

1.1 **Payment Schedule**

Geoscience BC hereby agrees to make payment to the Principal Proponent an amount equal to Cdn. \$XX over one year, funding to be advanced for the project as follows:

- a) 75% upon execution of this agreement;
- b) 15% upon completion of the field component of the project and submission to Geoscience BC of (a) a technical progress report, and (b) a statement of expenditures to date using the budget template provided.; and,
- c) 10% upon receipt by Geoscience BC of all project deliverables as defined in Part 2 of this agreement, and a final statement of expenditures using the budget template provided.

1.2 **Payments**

Payment will be made by cheque to an organization or individual (the “payee”) specified by the Principal Proponent. The Principal Proponent will be responsible for managing the expenditures of funds for this project and will be responsible for all financial reporting required or requested by Geoscience BC.

Please indicate the name and address of the payee below.

Payee:

Address:

1.3 **Project Bank Account**

Geoscience BC requires that a separate bank account is set up and used for this project unless the Principal Proponent is an organization or company with established financial and accounting systems.

1.4 **Financial Information and Audit**

A statement of expenditures from the Principal Proponent (**using the budget template submitted to Geoscience BC with the project proposal**, attached to this agreement as Schedule A) is required at two stages:

- a) A statement of expenditures to date must be submitted before the second payment is made.
- b) A final statement of expenditures must be submitted along with final project deliverables before the final payment is made.

The statements must be signed by the Principal Proponent. A digital version of the budget template is available from Geoscience BC.

Geoscience BC reserves the right to audit expenses or receive copies of invoices, including those of any non-arm's length parties that will incur expenses on behalf of the Principal Proponent. The Principal Proponent will ensure that supporting documentation, in relation to all payments, is maintained during the term of the work and for a period of 6 years after the work had been completed.

1.5 **Tax Remittances and GST**

The Principal Proponent alone, and not Geoscience BC, is responsible for honouring and paying all contracts it enters into for the purpose of carrying out the work to be funded and for remitting as and when required all applicable income tax source deductions, EI and CPP premiums to CRA for salaried employees hired to perform work, as well as all premiums due the Workers Compensation Board for these employees.

Funding for this project does not include GST, as Geoscience BC does not consider the funding provided to comprise a 'Taxable Supply' under the Excise Tax Act. Geoscience BC considers funding to be exclusive of GST to the extent that the Principal Proponent is entitled to claim input tax credits or rebates in respect to their expenditure of these monies. If GST paid is included as an expense under this grant, the Principal Proponent will provide Geoscience BC with a detailed breakdown of these amounts together with an explanation as why they were not claimed as input tax credits or GST rebates.

1.6 **Completion Under Budget**

If the project is completed under budget any funds unused and not committed must be returned to Geoscience BC within 2 weeks of the completion of the project.

2.0 **TECHNICAL REQUIREMENTS AND DELIVERABLES**

2.1 **Standard of Project Execution and Delivery**

All projects must be performed, completed and reported on using the highest technical standards required by professional and statutory organizations in British Columbia. Where applicable, projects must adhere to the “Exploration Best Practices” guidelines as established by the Canadian Institute of Mining and recommended in Nation Instrument 43-101 including properly designed and executed QA-QC procedures (please see: <http://www.cim.org/definitions/explorationBESTPRACTICE.pdf>).

2.2 **Project Description**

The purpose and scope of the Project are outlined in the proposal document: “_____”; a research proposal submitted to Geoscience BC on [Date] by _____, and attached to this Agreement as Schedule B.

2.3 **Deliverables**

All deliverables, unless otherwise indicated, must be received in electronic format and Geoscience BC reserves the right to circulate and distribute the deliverables by way of the internet and other mediums.

- a) ***Abstract and Location Map*** – A 200-400 word abstract on the project and information on the geographical location that outlines the area where the work will be performed must be submitted in digital form along with your acceptance of this agreement. The abstract and map will be used to promote the projects supported by Geoscience BC including publication on Geoscience BC’s website.
 - i. Ideally, project location information should be submitted in ArcGIS file formats and should be represented by area outline(s) or point feature(s) in the ArcGIS file, along with a brief description on the location in relation to local towns or cities, mines or major geological features. Alternately, Geoscience BC will accept location information given in geographical coordinates (lat/long), or the NTS mapsheets the project covers (1:250,000 or 1:50,000 depending on the size of the project).
- b) ***Report on Activities*** – Projects are required to produce a technical report that will be published in GBC’s annual “Summary of Activities” for each year that the project is active. Projects are expected to publish either full results of their programs or a shorter report of activities and the status of the project work annually for the duration of the project. Manuscripts are to be a maximum of 10 published pages in length including all text, photos and illustrations. Manuscripts will be required to conform to established publication standards of GBC. Details on specifications of this report will be provided in August 2009. The deadline for submission will be around the middle of October, 2009.
- c) ***Digital data*** – Where applicable, all data produced from this project must be provided in a format that allows it to be integrated into Geoscience BC’s digital

databases. Details of data formats are available on request. Geoscience BC will also, where applicable, help facilitate the transfer of project data into the BC Ministry of Energy and Mines' Map Place website.

- d) ***Progress report*** – A one page technical progress report, and a statement of expenditures to date using the budget template provided in the proposal, is required to receive the second payment (see above).
- e) ***Final Project Deliverables*** – In addition to the items listed above this project shall deliver:

2.4 **Project End Date**

This project should be completed by March 31, 2011. Any extension to the project deadline must be approved by Geoscience BC.

2.5 **Publication Numbers**

All publications, with the exception of abstracts, talks and posters at conferences, arising out of work funded by Geoscience BC must include a Geoscience BC Report number. The Principal Proponent must contact Geoscience BC to obtain a number for every publication that arises out of this work.

2.6 **Recognition of Geoscience BC**

All publications arising out of work funded by Geoscience BC, including abstracts, talks and poster at conferences, must acknowledge Geoscience BC as a sponsor of the project and owner of the data. All posters and visual presentations must include Geoscience BC's logo.

3.0 **CONFIDENTIALITY, CONFLICT OF INTEREST & CLAIM STAKING**

3.1 **Confidentiality**

The Principal Proponent will disclose and make available to Geoscience BC certain Confidential Information for Geoscience BC's use.

Except as provided for in this agreement, the Principal Proponent will keep the Confidential Information confidential and not disclose the Confidential Information to any person or entity until such time as Geoscience BC releases the Confidential Information into the public domain, or Geoscience BC hereafter agrees in writing that the Principal Proponent may release such Confidential Information (which agreement may be withheld for any reason or for no reason).

The Principal Proponent may release Confidential Information to the industry partner (the company or companies providing funding for the project as approved by Geoscience BC) only for data that is obtained over the industry partner's claims. Confidential Information should not be disclosed for areas outside of the industry partner's claims irregardless of whether it is relevant to the area underlain by the industry partner's claims.

The term “Confidential Information” as used in this agreement:

- a) means all information, data, knowledge, and know how (in whatever form and however communicated) relating, directly or indirectly, to the Principal Proponent’s project that is delivered or disclosed by the Principal Proponent or any of its officers, directors, partners, members, employees, agents, affiliates, or shareholders to Geoscience BC in writing, electronically, verbally, or through visual means, or which Geoscience BC learns or obtains aurally, through observation or through analyses, interpretations, compilations, studies, or evaluations of such information, data, knowledge, or know how; but
- b) does not include information, data, knowledge, and know how, as shown by written records, that:
 - i. is in the public domain before disclosure to Geoscience BC; or
 - ii. lawfully enters the public domain through no violation of this agreement after disclosure to Geoscience BC; but
- c) includes all analyses, interpretations, compilations, studies, and evaluations of such information, data, knowledge, and know how generated or prepared by or on behalf of the Principal Proponent or Geoscience BC in relation to the project.

The term “document”, as used in this agreement, includes any writing, instrument, agreement, letter, memorandum, chart, graph, blueprint, photograph, financial statement, or data, telex, facsimile, cable, tape, disk, or other electronic, digital, magnetic, laser, or other recording or image and without limiting the generality of the foregoing include maps, reports, cross-sections, assay records, geophysical data, geological data and geochemical data in whatever form or medium.

3.2 **Disclosure of conflicts**

The Principal Proponent is required to complete the attached Schedule C, disclosing any existing or potential conflicts of interest in relation to the project. Where the Principal Proponent is comprised of multiple persons or corporations, each must complete a Schedule C.

The term “conflict of interest” as used in this agreement is any situation where

- a) the Principal Proponent’s personal interests, or,
- b) those of a close friend, family member, business associate, corporation, partnership, or other entity in which the Principal Proponent holds a significant interest, or a person to whom the Principal Proponent owes an obligation

in properties, companies or contractors, could benefit from the project or could provide services to the project.

3.3 **Staking of properties**

The Principal Proponent will not

- a) stake, or acquire an interest, directly or indirectly, in any mineral property located within the project area; and
- b) acquire shares or securities, or options to acquire shares, either directly or indirectly, in any corporation, partnership, syndicate, or other organization or body which owns mineral properties within the project area

until the project has been completed and until six months (6) after Geoscience BC has released the Confidential Information generated by the Principal Proponent into the public domain.

4.0 **GENERAL**

4.1 **Insurance coverage**

The Principal Proponent will at all times ensure that adequate insurance coverage is maintained in good standing on all individuals and contractors assisting in the completion of the project, including without limitation general comprehensive liability, unemployment and workers' compensation coverage.

4.2 **Limitation of Liability**

The Principal Proponent shall release Geoscience BC, its partners, employees and agents, and their respective successors and assigns, from and against any and all claims, losses, monetary damages, liabilities, taxes, fines, fees, penalties, expenses or costs, plus reasonable attorneys' fees and expenses, including court costs and expert witness fees and costs, that Geoscience BC, its partners, employees and agents, and their respective successors and assigns, may have for any past, present or future loss or damage arising, directly or indirectly, from the funding of the Principal Proponent's project under this agreement, other than those liabilities which a court of competent jurisdiction, in a final judgment, has determined arise solely by reason of the gross negligence or willful misconduct of Geoscience BC.

The Principal Proponent shall indemnify and hold harmless Geoscience BC, its partners, employees and agents, and their respective successors and assigns, from and against any and all claims, losses, monetary damages, liabilities, taxes, fines, fees, penalties, expenses or costs, plus reasonable attorneys' fees and expenses, including court costs and expert witness fees and costs, that Geoscience BC, its partners, employees and agents, and their respective successors and assigns, may incur, suffer or pay in relation to the Principal Proponent or its project, other than those liabilities which a court of competent jurisdiction, in a final judgment, has determined arise solely by reason of the gross negligence or willful misconduct of Geoscience BC.

4.3 **Intellectual Property Rights**

It is agreed by the parties that all intellectual property rights, including patent, copyright, trademark, industrial design and trade secrets in any product developed through a Geoscience BC funded project shall be assigned to Geoscience BC, and the parties will cooperate, at Geoscience BC's expense, in the pursuit of intellectual property applications and registrations, and the prosecution of such applications and registrations. The parties are obligated to effect any agreement necessary to effect such rights.

In addition, Geoscience BC trademarks are not licensed and trademark rights are not granted.

4.4 **Lack of Performance**

If the failure by the Principal Proponent to perform any of its obligations under this agreement is caused by the occurrence of an event of Force Majeure, such failure shall not be construed as a breach by that party of this agreement, provided that the Principal Proponent diligently takes all reasonable steps to overcome and remedy the effect of the event of Force Majeure. For the purposes of this agreement, "Force Majeure" includes any act of God, strikes, lockouts, acts of sabotage or war, blockades and insurrections, riots, landslides, earthquakes, storms, floods, fires, explosions or any other event or occurrence which is not reasonably within the control of the party claiming suspension and which by the exercise of reasonable diligence the Principal Proponent is not able to overcome and if any of the foregoing events or occurrences has the effect of preventing the Principal Proponent from performing its obligations under this agreement, provided that in no event will lack of finances or the direct or indirect result thereof be considered as an event or occurrence of Force Majeure.

The Principal Proponent must immediately notify Geoscience BC upon the occurrence of an event of Force Majeure, and must, within four weeks of the notification, provide Geoscience BC with a written report outlining its reasons for failure to perform any of its obligations under this agreement.

Consideration will be given to rescheduling the completion of the project but failing a mutual agreement by the parties, Geoscience BC retains the right to require the return of all funds advanced to the Principal Proponent that are unused and not committed.

4.5 **Governing Law**

Any dispute arising from this agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, and the parties consent to the exclusive jurisdiction and venue in any court of competent jurisdiction in British Columbia, and to service of process under the statutes of British Columbia.

4.6 **Amendments to the Agreement**

No waiver of any term, provision or condition of the Funding Terms and Obligations, whether express or implied, whether by conduct or otherwise, shall be valid unless the waiver is given in writing by Geoscience BC and any valid written notice shall not be construed as a further or continuing waiver upon its expressed terms.

4.7 **Assignment of Rights and Obligations**

The Principal Proponent shall not assign, pledge or otherwise transfer his respective rights and obligations under the Funding Terms and Conditions without the prior written consent of Geoscience BC.

4.8 **Severability of the Agreement**

If any provision of this agreement is invalid or unenforceable in any jurisdiction, such provision will be fully severable from this agreement and the other provisions hereof will remain in full force and effect in such jurisdiction and the remaining provisions hereof will be liberally construed to carry out the provisions and intent hereof.

The invalidity or unenforceability of any provision of this agreement in any jurisdiction will not affect the validity or enforceability of such provision in any other jurisdiction, nor will the invalidity or unenforceability of any provision of this agreement with respect to any person or entity affect the validity or enforceability of such provision with respect to any other person or entity.

The terms and obligations set forth above are accepted by:

_____ Date: _____
C.D. ('Lyn) Anglin, Ph.D.
President and CEO
GEOSCIENCE BC

_____ Date: _____
{Principal Proponent}

Schedule C – Conflict of Interest Statement

Please outline any conflicts of interest that may exist in relation to the funded project.

The term “conflict of interest” as used in this agreement is any situation where

- i. the Principal Proponent’s personal interests, or,
- ii. those of a close friend, family member, business associate, corporation, partnership, or other entity in which the Principal Proponent holds a significant interest, or a person to whom the Principal Proponent owes an obligation

in properties, companies or contractors, could benefit from the project or could provide services to the project.

Each person or company listed as a proponent in the proposal must complete a Schedule 1.

Project Reference:

Name:

Conflict of Interest Details: