

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Alacer Gold Corp. ("Alacer")
9635 Maroon Circle, Suite 300
Englewood, Colorado 80112

Item 2 Date of Material Change

February 10, 2013

Item 3 News Release

A press release was issued on February 10, 2013 and was disseminated through Canadian News Wire and filed on SEDAR.

Item 4 Summary of Material Change

On February 10, 2013, Alacer announced that it had entered into a binding asset sale and purchase agreement (the "**Asset Agreement**") with La Mancha Resources Australia Pty Limited ("**La Mancha**") to sell to La Mancha its 49% minority interest in the Frog's Leg Mine joint venture, its 24.5% interest in the Lake Greta joint venture and its 40% interest in the Avoca joint venture (the "**Frog's Leg JVs**") and to provide toll milling services to La Mancha for 18 months using its Jubilee processing facility located at its South Kalgoorlie Operations. The total aggregate value of these transactions is approximately A\$166 million (or approximately US\$171 million based on the A\$/US\$ exchange rate on February 8, 2013).

Pursuant to the terms of the Asset Agreement, Alacer will receive approximately A\$141 million for its interest in the Frog's Leg JVs. The Lake Greta and Avoca joint ventures are exploration stage projects. The sale of Alacer's interest in the Frog's Leg JVs is subject to customary negotiated terms and conditions, and completion of the transactions is subject to certain conditions, including the approval of the Foreign Investment Review Board in Australia. As a result of the sale of Alacer's 49% interest in the Frog's Leg JVs to La Mancha, Alacer intends to make a distribution to shareholders of approximately US\$70 million as a special dividend.

Item 5 Full Description of Material Change

On February 10, 2013, Alacer announced that it had entered into an Asset Agreement with La Mancha to sell to La Mancha its 49% minority interest in the Frog's Leg Mine joint venture, its 24.5% interest in the Lake Greta joint venture and its 40% interest in the Avoca joint venture and to provide toll milling services to La Mancha for 18 months using its Jubilee processing facility located at its South Kalgoorlie Operations. The total aggregate value of these transactions is approximately A\$166

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Pursuant to the terms of the 18-month toll treatment agreement (the "**18-month Toll Treatment Agreement**"), La Mancha will pay Alacer approximately A\$25 million in six equal, advance quarterly payments beginning on February 22, 2013 and ending on April 1, 2014. In addition, certain amounts are payable for variable costs based on the actual use of certain key consumable items at Alacer's Jubilee processing facility. The obligation to toll-treat ore for La Mancha continues until 345 days of processing capacity has been provided, which is expected by June 30, 2014 (subject to processing schedule changes and force majeure events). The terms of the current Frog's Leg Mine joint venture agreement will continue to operate until completion of the sale of Alacer's interest in the Frog's Leg JVs to La Mancha.

Pending completion of the sale of Alacer's interest in the Frog's Leg JVs to La Mancha, La Mancha and Alacer entered into an interim 12-month toll treatment agreement (the "**Interim Toll Treatment Agreement**") under which toll milling services are provided for ore produced from Frog's Leg on substantially the same terms as prescribed by the 18-month Toll Treatment Agreement. Unless terminated earlier, the obligation to toll-treat the Frog's Leg ore pursuant to the Interim Toll Treatment Agreement continues until 230 days of processing capacity has been provided (subject to processing schedule changes and force majeure events). Any amounts paid pursuant to the Interim Toll Treatment Agreement shall be deemed to have been paid under the 18-month Toll Treatment Agreement on completion of the sale of Alacer's interest in the Frog's Leg JVs to La Mancha.

Full copies of the Asset Agreement, the 18-month Toll Treatment Agreement and the Interim Toll Treatment Agreement can be found on Alacer's profile on SEDAR at www.sedar.com; copies of the Asset Agreement, the 18-month Toll Treatment Agreement and the Interim Toll Treatment Agreement have also been released to the Australian Stock Exchange (and are available at www.asx.com.au).

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

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Item 8 Executive Officer

For further information please contact David Quinlivan, President and Chief Executive Officer of Alacer at +61 8 9426 7500.

Item 9 Date of Report

February 15, 2013

(signed) "Geoffrey T. Williams, Jr."

Name: Geoffrey T. Williams, Jr.

Title: Chief Legal Officer & Secretary

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Asset Sale and Purchase Agreement

Dioro Exploration NL

Avoca Resources Limited

La Mancha Resources Australia Pty Limited

HBJ Minerals Pty Limited

Sale of Dioro Exploration NL's interests in the Mungari East and Lake Greta Joint Ventures and Avoca Resources Limited's interest in the Avoca Joint Venture, and Provision of Toll Treatment Services by HBJ Minerals Pty Limited to La Mancha Resources Australia Pty Limited

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Date	9 February	2013
Parties	<ol style="list-style-type: none">1. Dioro Exploration NL (ABN 31 009 271 532) of Level 3, 18-32 Parliament Place, West Perth, Western Australia 6005 (Dioro).2. Avoca Resources Limited (ABN 30 097 083 282) of Level 3, 18-32 Parliament Place, West Perth, Western Australia 6005 (Avoca).3. La Mancha Resources Australia Pty Limited (ABN 90 002 124 745) of 1st Floor, 12 St Georges Terrace, Perth, Western Australia 6000 (La Mancha or the Purchaser).4. HBJ Minerals Pty Limited (ABN 30 127 026 519) of Level 3, 18-32 Parliament Place, West Perth, WA 6005 (HBJ).	
Recitals	<p>A Dioro and La Mancha are parties to:</p> <ol style="list-style-type: none">(a) the Mungari East Joint Venture Agreement under which they hold, respectively, a 49% interest and a 51% interest in the Mungari East Joint Venture; and(b) the Lake Greta Joint Venture Agreement under which they hold, respectively, a 24.5% interest and a 75.5% interest in the Lake Greta Joint Venture. <p>B Avoca and La Mancha are parties to the Avoca Joint Venture Agreement under which they hold, respectively, interests of approximately 40% and 60% in the Avoca Joint Venture.</p> <p>C Dioro currently processes its share of production from the Frog's Leg Mine through the Jubilee Treatment Plant.</p> <p>D On the Date of this Agreement, HBJ, La Mancha and Dioro entered into a toll treatment agreement under which HBJ (as the owner and operator of the Jubilee Treatment Plant) has agreed to provide toll milling services to La Mancha and Dioro in respect of their respective shares of ore derived from the Frog's Leg Mine for a period of approximately 12 months, unless terminated earlier or extended in accordance with its terms (the 12-Month Toll Treatment Agreement).</p> <p>E The Parties have agreed to enter into a transaction (the Transaction) involving:</p> <ol style="list-style-type: none">(a) the purchase by La Mancha of Dioro and Avoca's interests in:<ol style="list-style-type: none">(i) the Mungari East Joint Venture;	

F	<p>(ii) the Lake Greta Joint Venture; and</p> <p>(iii) the Avoca Joint Venture,</p> <p>in each case on the terms set out in this Agreement; and</p> <p>(b) the provision of toll milling services by HBJ (as the owner and operator of the Jubilee Treatment Plant) from the Completion Date on the terms set out in the 18-Month Toll Treatment Agreement.</p> <p>In order to give effect to the Transaction contemplated by Recital E, the Parties have agreed to enter into this Agreement and, subject to Completion, the 18-Month Toll Treatment Agreement.</p>
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It is agreed as follows.

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

12-Month Toll Treatment Agreement has the meaning given in Recital D.

18-Month Toll Treatment Agreement means a toll treatment agreement between HBJ and La Mancha in the form set out in Schedule 7.

Act means the *Mining Act 1978* (WA) and any regulations made under it.

Adjustment Amount means the amount calculated in accordance with clause 10 and Schedule 1.

Adjustment Date has the meaning given in item 1 of Schedule 1.

Agreement means this agreement and more specifically means the terms of this agreement which relate to the sale and purchase of the Sale Interests, and excludes, for the avoidance of doubt, the 18-Month Toll Treatment Agreement.

Applications means the Vendors' interest in the applications for mining leases, prospecting licences, licences, permits or other authorities.

Assumed Liabilities means all of the Liabilities relating or attaching to the Sale Interests whenever and however arising, except the Excluded Liabilities.

Avoca Joint Venture means the Avoca joint venture between Avoca and La Mancha established under the Avoca Joint Venture Agreement.

Avoca Joint Venture Agreement means the proposed farm-in and joint venture letter dated 19 November 2003 sent by La Mancha (formerly Mines and Resources Australia Pty Limited) to Avoca and the farm-in agreement dated 7 January 2004 entered into between La Mancha (formerly Mines and Resources Australia Pty Limited) and Avoca.

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Avoca JV Sale Interest means all right, title, assets and interest of Avoca which arises out of the 'Participating Interest' (as defined in the Avoca Joint Venture Agreement) held by Avoca in the Avoca Joint Venture as at the Completion Date, including:

- (a) the Mining Tenements listed in item 3 of Schedule 4;
- (b) any Business Records relating to the Avoca Joint Venture; and
- (c) any Mining Information relating to the Avoca Joint Venture.

Base Purchase Price has the meaning given in clause 5.1(a)(i).

Business means the mining, exploration and related businesses and operations conducted by or on behalf of the Vendors in connection with the Joint Ventures.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

Business Records means all books of account, accounts, records and data of whatever kind and all other documents which are owned by and in the possession or control of the Vendors or any other member of the Vendors Group at the Completion Date and which relate exclusively to the Business and the Sale Interests, other than the Excluded Business Records.

Claim means, in relation to a Party, a demand, claim, action or proceeding made or brought by or against the Party, however arising and whether present, unascertained, immediate, future or contingent.

Clean Break Date has the meaning given in clause 11.3(a).

Completion means completion by the Parties of the sale and purchase of the Sale Interests under this Agreement in accordance with clause 9.

Completion Date means the date on which Completion occurs.

Conditions Precedent has the meaning given in clause 2.1.

Conditions Precedent End Date means the later of:

- (a) 40 days from the Date of this Agreement; and
- (b) the later of:
 - (i) if the review period for the FIRB Application is extended by the Treasurer (or his or her delegate), then the date on which the extended review period expires; or
 - (ii) if the FIRB Application is withdrawn by the Purchaser and resubmitted at the request of FIRB (which must be done promptly following the request for withdrawal), then the date which is 40 days after the Purchaser files the resubmitted application; and
- (c) such other date as the Vendors and the Purchaser may agree in writing prior to the expiry of the later of the dates referred to in paragraphs (a) and (b) above.

Confidential Information means:

- (a) all information exchanged between the Parties under or in connection with this Agreement or during the negotiations preceding this Agreement; and
- (b) any information of any kind, relating to or in connection with a Party or any of its Related Bodies Corporate and its business, accounts, reserves, personnel, directors, shareholders and management which is disclosed by such Party to one of the other Parties in connection with this Agreement,

regardless, in either case, of whether such information has been prepared by the disclosing party, its advisers or any other person on behalf of the disclosing party.

Contracts means all right, title and interest held by the Vendors in all agreements and arrangements exclusively relating to the Business to which one of the Vendors is a Party, or in relation to which one of the Vendors is a principal (either disclosed or undisclosed), at the Completion Date, including the contracts listed in Schedule 5.

Corporations Act means the *Corporations Act 2001* (Cth).

Date of this Agreement means the date on which all of the Parties will have executed this Agreement.

Deferred Consideration has the meaning given in clause 5.1(b).

Excluded Assets means:

- (a) any future Income Tax benefits to which each of the Vendors is entitled;
- (b) any rights of the Vendors under or in connection with this Agreement or any agreement or instrument executed in connection with this Agreement or delivered pursuant to this Agreement;
- (c) cash deposits held by or on behalf of the Vendors with banks and other financial institutions or on hand;
- (d) without prejudice to clause 11, insurance policies, claims and payments made under insurance policies in respect of events occurring prior to the Completion Date; and
- (e) without prejudice to clause 4.4(b), Mineralised Waste.

Excluded Business Records means those Business Records which:

- (a) the Vendors are required by law to retain;
- (b) were prepared for the purposes of the Transaction;
- (c) are draft and not a final document or record;
- (d) constitute internal email messages within the Vendor Group or between a member of the Vendor Group and its Representatives;
- (e) constitute matters relating to the corporate affairs of the Vendor Group, including board minutes, tax returns and corporate filings; and
- (f) relate to the affairs or operations of the Vendor Group beyond the Sale Interests.

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Excluded Liabilities means:

- (a) any Liability of the Vendors arising as a consequence of a failure to comply with any law or provision of this Agreement;
- (b) any liability arising from the fraudulent act or omission or wilful misconduct of the Vendors;
- (c) all Income Tax for which the Vendors are liable; and
- (d) damages payable by the Vendors for breach of this Agreement (including, subject to clause 6.7, the Vendors Warranties).

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB Application has the meaning give in clause 3.5(a).

Frog's Leg Mine means the gold mine located in the district of Coolgardie, Western Australia, and, as at the Date of this Agreement, covered by the mining tenements M 15/688, M 15/689, M 15/836, M 15/837, M 15/1188, M 15/1287 and L 15/246.

Governmental Agency means any government or governmental or semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, government Minister, agency, instrumentality or entity. It also includes a self-regulatory organisation established under statute or a stock exchange.

Income Tax means tax imposed on income, profits, or gains (including capital gains) under the Tax Act.

Interest Amount has the meaning given in clause 5.1(a)(ii).

Interest Rate means the daily buying rate displayed at or about 10.30am (Sydney time) on the Reuters screen BBSW page for Australian bank bills of a three month duration on the first Business Day of the relevant period in respect of which interest is to be calculated.

Joint Ventures means collectively:

- (a) the Mungari East Joint Venture;
- (b) the Lake Greta Joint Venture; and
- (c) the Avoca Joint Venture.

Joint Venture Agreements means collectively:

- (a) the Mungari East Joint Venture Agreement;
- (b) the Lake Greta Joint Venture Agreement; and
- (c) the Avoca Joint Venture Agreement.

Jubilee Treatment Plant or Plant means the Jubilee treatment plant owned and operated by HBJ, and located in the district of Kalgoorlie, Western Australia (or any replacement or expansion of that plant).

Lake Greta Joint Venture means the Lake Greta joint venture between Dioro and La Mancha established under the Lake Greta Joint Venture Agreement.

Lake Greta Joint Venture Agreement means the joint venture agreement dated 12 February 2004 originally entered into between La Mancha (formerly Mines and Resources Australia Pty Limited), Gilt-Edged Mining NL (being the predecessor in title to La Mancha), Dioro and Barrick (PD) Australia Limited (formerly Placer Dome Asia Pacific Limited, as the former operator of the Lake Greta Joint Venture).

Lake Greta JV Sale Interest means all right, title, assets and interest of Dioro which arises out of the 'Interest' (as defined in the Lake Greta Joint Venture Agreement) held by Dioro in the Lake Greta Joint Venture as at the Completion Date, including:

- (a) the Mining Tenements listed in item 2 of Schedule 4;
- (b) any Business Records relating to the Lake Greta Joint Venture; and
- (c) any Mining Information relating to the Lake Greta Joint Venture.

Liabilities means Claims, losses, liabilities, costs or expenses of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent and those the amount of which for the time being is not ascertained or ascertainable.

Licences means all right, title and interest held by the Vendors in all licences, permits and authorisations exclusively relating to the Business to which one of the Vendors is a Party, or in relation to which one of the Vendors is a principal (either disclosed or undisclosed), at the Completion Date, including the licences and permits listed in Schedule 6.

Mineralised Waste means Dioro's 49% interest in the low grade, gold bearing waste material extracted from and stockpiled at the designated waste stockpile at the Frog's Leg Mine as at 31 December 2012.

Mining Information means all geological, drill core, metallurgical, pre-feasibility study and project development data and analyses, maps, samples and technical reports prepared for or carried out by or for the Vendors and copyright in any of them, relating solely to the Mining Tenements and owned by and in the possession of the Vendors as at Completion and includes any drill core pieces and other equipment or materials upon which such data is stored.

Mining Tenements means any tenement granted pursuant to any exploration, prospecting, development and mining titles and any application for any such title held on the Date of this Agreement, applied for or held for the purposes of Joint Ventures together with all extensions, variations, substitutions, and renewals thereof and all grants of further rights arising out of or flowing from any of the foregoing, and includes the tenements listed in Schedule 4.

Minister means the minister responsible for administering the Act.

Motor Vehicles means the trucks and motor vehicles forming part of the Sale Interests.

Mungari East Joint Venture means the Mungari East joint venture between Dioro and La Mancha established under the Mungari East Joint Venture Agreement.

Mungari East Joint Venture Agreement means the joint venture agreement relating to the Frog's Leg Mine dated 6 September 1991 originally entered into between Kalbara Mining NL (being the predecessor in title to Dioro) and Afmeco Pty Limited (being the predecessor in title to La Mancha).

Mungari East JV Sale Interest means all right, title, assets (including Motor Vehicles) and interest of Dioro which arises out of the 'Interest' (as defined in the Mungari East Joint Venture Agreement) held by Dioro in the Mungari East Joint Venture as at the Completion Date, including:

- (a) the Mining Tenements listed in item 1 of Schedule 4;
- (b) the benefit of the Contracts and the Licences;
- (c) any Business Records relating to the Mungari East Joint Venture;
- (d) any Mining Information relating to the Mungari East Joint Venture; and
- (e) any ore (ie, gold bearing material) extracted from the Frog's Leg Mine.

Notified Pre-2013 Liability has the meaning given in clause 11.3(c)(i).

Officer means, in respect of a Party, a director, company secretary, assistant secretary, chief executive officer, chief financial officer or general manager of that Party.

Ore means gold bearing material derived from the operations of the Frog's Leg Mine.

Parties means Dioro, Avoca, La Mancha and HBJ and **Party** means any of them.

Payer has the meaning given in clause 18.4.

Pre-2013 Liability means any Assumed Liability which accrued in the period up to (but excluding) 1 January 2013.

Purchase Price has the meaning given in clause 5.1(a).

Purchaser Group means the Purchaser and its Related Bodies Corporate.

Purchaser Warranties means the representations and warranties in respect of the Purchaser set out in Schedule 2.

Quarter means a 3-month period commencing on the first day of the months of January, April, July or October.

Related Body Corporate has the meaning given in the Corporations Act, but on the basis that:

- (a) Subsidiary has the meaning given in this Agreement;
- (b) a body corporate includes any entity or trust;
- (c) in the case of the Purchaser or any other member of the Purchaser Group, the term extends to include any other member of the Purchaser Group; and
- (d) in the case of the Vendors or any other member of the Vendors Group, the term extends to include any other member of the Vendors Group.

Representative means, in respect of a Party, an Officer, employee, agent, adviser or financier of that Party, or any other person acting on behalf of that Party in relation to the transactions contemplated by this Agreement.

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Sale Interests means collectively:

- (a) the Mungari East JV Sale Interest;
- (b) the Lake Greta JV Sale Interest; and
- (c) the Avoca JV Sale Interest,

but excludes, in each case, the Excluded Assets or the Vendors' interests in the Excluded Assets.

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind. It includes:

- (a) anything which gives a creditor priority to other creditors with respect to any asset; and
- (b) retention of title (other than in the ordinary course of day to day trading) and a deposit of money by way of security.

It does not include:

- (c) an interest of the kind referred to in section 12(3) of the *Personal Property Securities Act 2009* (Cth) where the transaction concerned does not, in substance, secure payment or performance of an obligation;
- (d) a charge or lien arising in favour of a Governmental Agency by operation of statute unless there is default in payment of money secured by that charge or lien; or
- (e) any lien or retention of title arrangement securing the unpaid balance of purchase money for property acquired in the ordinary course of business.

Specified Clauses means clauses 1, 17, 26 and 27.

Subsidiary has the meaning given in the Corporations Act, but so that:

- (a) an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled by that body corporate (expressions used in this paragraph have the meaning given for the purposes of Part 1.2, Division 6 of the Corporations Act);
- (b) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interested will be regarded as a share; and
- (c) a body corporate or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a body corporate.

Tax means any Income Tax, land tax, sales tax, payroll tax, fringe benefits tax, group tax, withholding tax, franking deficits tax, goods and services tax, debits tax or any other taxes imposed in Australia by any government or Governmental Agency (including diesel fuel taxes and rebates, fines, additional tax, interest or penalties).

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) or both the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (Cth), as appropriate.

Transaction has the meaning given in Recital E.

Transaction Document means this Agreement, the 18-Month Toll Treatment Agreement, any documents entered into in connection with the satisfaction of the Conditions Precedent, the deeds of assignment and novation deeds referred to in clause 12 and any other documents entered into by the Parties in connection with this Agreement.

Vendors means each of Dioro and Avoca.

Vendors Group means the Vendors and their Related Bodies Corporate.

Vendors Warranties or **Vendors Warranty** means the representations and warranties made by the Vendors in Schedule 3.

Warranty Claim means any Claim by the Purchaser arising out of a breach of a Vendors Warranty, including (to avoid doubt) a Claim by the Purchaser under clause 6.4.

1.2 Interpretation

The following rules apply unless the context requires otherwise:

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) Nothing in this Agreement is to be interpreted against a Party solely on the ground that the Party put forward this Agreement or a relevant part of it.
- (d) A reference to a Party using or obligation on a Party to use its best endeavours or reasonable endeavours does not oblige that Party to:
 - (i) pay money:
 - (A) in the form of an inducement or consideration to a third party to procure something (other than the payment of immaterial expenses or costs, including costs of advisers, to procure the relevant thing); or
 - (B) in circumstances that are commercially onerous or unreasonable in the context of this Agreement;
 - (ii) provide other valuable consideration to or for the benefit of any person; or
 - (iii) agree to commercially onerous or unreasonable conditions.
- (e) The singular includes the plural, and the converse also applies.
- (f) A gender includes all genders.
- (g) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (h) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (i) A reference to a clause, schedule or annexure is a reference to a clause of, or schedule or annexure to, this Agreement.
- (j) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented, novated

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or replaced, except to the extent prohibited by this Agreement or that other agreement or document.

- (k) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
- (l) A reference to a Party to this Agreement or another agreement or document includes the Party's successors, permitted substitutes and permitted assigns (and, where applicable, the Party's legal personal representatives).
- (m) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (n) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (o) A reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (p) A reference to A\$, \$, AUD, dollars or cents is to the lawful currency of the Commonwealth of Australia from time to time.
- (q) A reference to a *right* or *obligation* of any two or more people comprising a single Party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that Party is a reference to each of those people separately (so that, for example, a representation or warranty by that Party is given by each of them separately).
- (r) A reference to an *asset* includes any real or personal, present or future, tangible or intangible property or asset (including intellectual property) and any right, interest, revenue or benefit in, under or derived from the property or asset.
- (s) A reference to an amount for which a person is contingently liable includes an amount that that person may become actually or contingently liable to pay if a contingency occurs, whether or not that liability actually arises.
- (t) A *month* means a calendar month.

1.3 Consents or approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a Party or is within the discretion of a Party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the Party in its absolute discretion, unless expressly provided otherwise.

1.4 Method of payment

All payments required to be made under this Agreement must be tendered by way of direct transfer of immediately available funds to the bank account nominated in writing by the Party to whom the payment is due, and by not later than 4pm Perth time on the due date for payment. Any payment tendered under this Agreement after 4pm Perth time on any

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date will be taken to have been made on the next succeeding Business Day (the **deemed payment date**) after the date on which payment was tendered, and if the deemed payment date is after the relevant due date for payment, interest will accrue under clause 1.5 accordingly.

1.5 Interest on amounts payable

- (a) Without prejudice to clause 10 and Schedule 1, but subject to paragraph (b), if any Party fails to pay any amount payable by it under or in accordance with this Agreement, that Party must, if demand is made, pay simple interest on that amount from the due date for payment until that amount is paid in full at the rate per annum which is the sum of the Interest Rate on the date on which the payment was due, plus a margin of 2%, calculated daily. The right to require payment of interest under this clause is without prejudice to any other rights the non-defaulting Party may have against the defaulting Party at law or in equity.
- (b) If the Purchaser fails to pay the Purchase Price on the date for Completion contemplated in clause 9.1:
 - (i) the Interest Amount (and the Purchase Price) will be calculated in accordance with clause 5.1(a)(ii) for the period up to and including when the Purchase Price is paid and Completion occurs; and
 - (ii) the Vendors shall not be entitled to interest on the Purchase Price under paragraph (a).

2. Conditions Precedent to Completion

2.1 Conditions Precedent

Completion will not proceed unless and until the following conditions (the **Conditions Precedent**) are fulfilled, or waived by the Purchaser, in accordance with this Agreement:

- (a) **(FIRB)** either:
 - (i) the Purchaser has received a written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia stating, or to the effect that, the Commonwealth Government does not object to the acquisitions contemplated by this Agreement, either unconditionally or on terms that, in the reasonable opinion of the Purchaser, do not impose unduly onerous obligations on the Purchaser;
 - (ii) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of this Agreement and the acquisitions contemplated by this Agreement under the FATA; or
 - (iii) if an interim order is made under the FATA in respect of the acquisitions contemplated by this Agreement, the subsequent period for making a final order prohibiting the acquisition contemplated by this Agreement elapses without a final order being made; and

- (b) **(Mining Act)** the Minister giving the Purchaser notice to the effect that the Minister will approve the transfer to the Purchaser of the Vendor's interest in the Mining Tenements the subject of the Sale Interests (to the extent required).

2.2 Benefit and Waiver of Conditions Precedent

- (a) Each of the Conditions Precedent is for the benefit of the Purchaser, and any non-satisfaction of a Condition Precedent may only be waived with the prior written consent of the Purchaser.
- (b) The Purchaser may waive the non-fulfilment of a Condition Precedent pursuant to this clause 2.2 in its absolute discretion and nothing in this Agreement will oblige the Purchaser to waive any Condition Precedent.

2.3 Termination before Completion

The Vendors or Purchaser may terminate this Agreement prior to Completion with two Business Days notice, if:

- (a) any of the Conditions Precedent are not satisfied, or waived in accordance with clause 2.2, on or before the Conditions Precedent End Date; or
- (b) the Vendors and the Purchaser agree that any of the Conditions Precedent are incapable of being fulfilled on or before the Conditions Precedent End Date, provided that the Party giving notice has complied with clause 3.

2.4 Agreement null and void

If this Agreement is terminated under clause 2.3, then this Agreement will be null and void and of no effect, except for this clause 2.4 and the Specified Clauses.

3. Covenants

3.1 Covenants

The Vendors and the Purchaser each covenant to perform their respective obligations as set out in this clause 3.

3.2 Parties must co-operate

- (a) Subject to clause 3.4, each Party must co-operate with the other and use its best endeavours to procure that the Conditions Precedent are fulfilled as soon as reasonably practicable, and in any event on or before the Conditions Precedent End Date.
- (b) To the extent that any further consents or approvals are required, each Party will provide reasonable assistance to the other to obtain such consents or approvals.

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3.3 Specific obligations of co-operation

Without limiting the generality of clause 3.2(a):

- (a) each Party must make all necessary and appropriate applications and supply all necessary and appropriate information for the purpose of enabling the Conditions Precedent to be fulfilled;
- (b) unless requested by the relevant Governmental Agency, no Party may withdraw or procure the withdrawal of any application made or information supplied under paragraph (a) without the prior written consent of the other Parties, which may not be unreasonably withheld;
- (c) subject to clause 3.4, no Party may take any action that would or would be likely to prevent or hinder the fulfilment of the Conditions Precedent; and
- (d) each Party must:
 - (i) supply to the other Parties copies of all applications made and all information supplied for the purpose of enabling the Conditions Precedent to be fulfilled;
 - (ii) keep the other Parties informed in a timely manner of the status of any discussions or negotiations with relevant third parties regarding the Conditions Precedent; and
 - (iii) promptly notify the other Parties on becoming aware of the fulfilment of any Condition Precedent or of any Condition Precedent becoming incapable of being fulfilled.

3.4 Limits on cooperation

Nothing in clauses 3.1, 3.2 or 3.3 will require the Vendors or any other member of the Vendors Group, or the Purchaser or any member of the Purchaser Group, to pay any money or provide other valuable consideration to or for the benefit of any person, or otherwise take any action which, in the Vendors' or the Purchaser's reasonable opinion (as the case may be), would or may impact adversely on or otherwise be contrary to the interests of, respectively, any member of the Vendors Group or the Purchaser Group.

3.5 FIRB Covenant

- (a) For the purposes of satisfying the Condition Precedent in clause 2.1(a), the Purchaser must submit a full and complete application in respect of its proposed purchase of the Sale Interests (the **FIRB Application**) to FIRB on or before the Date of this Agreement and must provide the Vendors with a copy of the FIRB Application and proof of receipt of the FIRB Application from FIRB as soon as reasonably practicable. The Purchaser may redact from the copy of the FIRB Application provided to the Vendors such information as the Purchaser, acting reasonably, considers to be commercially sensitive.

- (b) To the extent that the Purchaser or its Representative is having or proposing discussions or communications with FIRB in relation to the FIRB Application, the Purchaser must:
- (i) give the Vendors prior notice of the discussion or communication;
 - (ii) attend to the discussion or communication as soon as reasonably practicable; and
 - (iii) inform the Vendors of the substance of such discussions or communications as soon as practicable after they have been held.
- (c) The Purchaser must promptly give the Vendors copies of all notices, applications and any associated written correspondence given to or received from FIRB.

4. Sale and Purchase of the Sale Interests

4.1 Sale Interests

Subject to the terms and conditions of this Agreement, the Vendors agree to sell, and the Purchaser agrees to purchase, the Sale Interests at Completion, free and clear from all Security Interests.

4.2 Title and property

Title to and property in the Sale Interests:

- (a) until Completion, remains solely with the Vendors; and
- (b) subject to the provisions of this Agreement, passes to the Purchaser with effect on and from Completion.

4.3 Acknowledgement in respect of Sale Interests

The Parties acknowledge that:

- (a) the Vendors intend to sell, and Purchaser intends to purchase, together the interests held by Dioro and Avoca in the Mungari East JV Sale Interest, Lake Greta JV Sale Interest and Avoca JV Sale Interest; and
- (b) no Party intends for the sale and purchase of the Sale Interests under this Agreement to proceed unless each of the Mungari East JV Sale Interest, Lake Greta JV Sale Interest and Avoca JV Sale Interest is sold and purchased at Completion.

4.4 Acknowledgement in respect of Mineralised Waste

- (a) The Parties acknowledge that:
 - (i) the Mineralised Waste is excluded from the sale and purchase of the Sale Interests under this Agreement; and
 - (ii) the amount of Mineralised Waste to which Dioro is entitled to remove in accordance with paragraph (b) is 57,032 tonnes.

- (b) Until the date that is 12 months after Completion, the Purchaser will not remove all or any part of that Mineralised Waste from its current location and such Mineralised Waste will be made available to Dioro for removal from that location at the Frog's Leg Mine (to avoid doubt, such removal to be at Dioro's cost). If any Mineralised Waste is not removed by Dioro by the date that is 12 months from the date of Completion, all title to and property in that Mineralised Waste will pass to the Purchaser at that date.

5. Price and Payment

5.1 Consideration

The consideration payable by the Purchaser in connection with the Transaction comprises the following components:

- (a) a purchase price of:
- (i) AUD 135,976,508 (the **Base Purchase Price**); and
 - (ii) interest on the Base Purchase Price, calculated at the rate of 7.24% p.a. for the period from and including 1 January 2013 to the Completion Date (the **Interest Amount**),
- (the **Purchase Price**), to be paid on the Completion Date in accordance with clause 9.3(b) and to be subject to any Adjustment Amount payable in accordance with clause 10 and Schedule 1;
- (b) deferred consideration in the amount of AUD 5,000,000 to be paid in accordance with clause 5.2(b) (**Deferred Consideration**); and
- (c) the amount of AUD 25,485,854, which shall be payable in accordance with the terms of the 18-Month Toll Treatment Agreement and the 12-Month Toll Treatment Agreement.

5.2 Payment of Purchase Price and Deferred Consideration

- (a) Without prejudice to clause 6.5 or the payment of any Adjustment Amount payable in accordance with clause 10 and Schedule 1, the payment of the Purchase Price pursuant to clause 5.1 shall be in accordance with clause 1.4 without set-off, counter claim or other deduction.
- (b) Subject to paragraph (c) and to Completion occurring, the payment of the Deferred Consideration shall be made to, or at the direction of, the Vendors in accordance with clause 1.4 and by way of four advance equal Quarterly instalments as follows:
- (i) in respect of the first Quarter, the applicable Quarterly instalment shall be deemed to have been paid upon the payment by the Purchaser of the Toll Treatment Fee (as defined in the 12-Month Toll Treatment Agreement) in respect of the first Quarter under the 12-Month Toll Treatment Agreement;
 - (ii) in respect of the second Quarter, on 1 April 2013;
 - (iii) in respect of the third Quarter, on 1 July 2013; and

(iv) in respect of the fourth Quarter, on 1 October 2013.

If any of these payment dates do not fall on a Business Day, the payment of the Deferred Consideration will be made on the immediately preceding Business Day.

(c) Upon the payment in full of the Toll Treatment Fee (as defined in the 12-Month Toll Treatment Agreement) in respect of any Quarter pursuant to the 12-Month Toll Treatment Agreement, the applicable Quarterly instalment under paragraph (b) shall be deemed to have been paid in respect of that Quarter for the purposes of paragraph (b) above (including, for the avoidance of doubt, in respect of the first Quarter as contemplated under paragraph (b)(i) above).

6. Vendors Warranties and Waiver

6.1 Warranties

Each Vendor represents and warrants to the Purchaser that each of the Vendors Warranties is true and correct.

6.2 When Vendors Warranties given

Each of the Vendors Warranties:

- (a) is given as at the Date of this Agreement and as at the time immediately prior to Completion; and
- (b) will remain in full force and effect after the Completion Date despite Completion occurring.

6.3 Construction

Each Vendors Warranty is to be construed independently of the others and is not limited by reference to any other Vendors Warranty.

6.4 Liabilities indemnity

Subject to clause 6.7, each Vendor indemnifies the Purchaser against all Liabilities which may be incurred by the Purchaser as a result of a breach of any of the Vendors Warranties. For the avoidance of doubt, in respect of any breach of a Vendors Warranty, Liabilities include an amount that would be necessary to put the Purchaser in the same position as if the Vendors Warranty had been true.

6.5 Reduction of Purchase Price

Any monetary compensation received by the Purchaser as a result of any breach by the Vendors of any Vendors Warranty will be in reduction and refund of the Purchase Price.

6.6 Waiver and Release

- (a) Subject to paragraph (b), with effect on and from the Completion Date and to the extent permitted by law, each Party forming part of the Vendors Group releases (and will procure that each member of the Vendors Group and their respective Representatives release) each member of the Purchaser Group from, and agrees

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not to make and waives any right it might have to make, any Claim against any member of the Purchaser Group (including the Purchaser in its capacity as operator under the Joint Venture Agreements) and each of the Purchaser's Representatives arising out of or in connection with the Joint Ventures.

- (b) The release and waiver given in paragraph (a) shall not operate to the extent that a Claim arises out of the fraudulent act or omission or wilful misconduct of any member of the Purchaser Group or any of the Purchaser's Representatives.

6.7 Limitations of liability of the Vendors

- (a) None of the Vendors nor any member of the Vendors Group are liable in respect of a Warranty Claim or any other Claim under or in connection with this Agreement arising in relation to the 'No material claims' Vendors Warranty set out in item 8 of Schedule 3 if the fact, matter or circumstance giving rise to the Warranty Claim or other Claim:

- (i) was known to the Purchaser or the Purchaser's Representatives; or
- (ii) ought reasonably to have been known to the Purchaser or was something that a reasonably prudent operator of a mining or exploration joint venture in Australia acting in accordance with good mining practices could reasonably be expected to know,

in either case as at the Date of this Agreement.

- (b) None of the Vendors nor any member of the Vendors Group are liable in respect of a Warranty Claim unless:

- (i) the Purchaser gives the Vendors notice describing in reasonable detail each fact, matter or circumstance giving rise to the Claim and stating why that fact, matter or circumstance gives rise to a Claim and including an estimate of the amount of the Claim (**Claim Notice**) promptly after the Purchaser first becomes aware of that fact, matter or circumstance and, in any event:

- (A) in respect of Warranty Claims relating to all Vendors Warranties in Schedule 3 other than Vendors Warranty 7 (Good title), no later than 6 months after Completion; or
- (B) in respect of Warranty Claims relating to Vendors Warranty 7 (Good title), no later than 31 December 2013; and

- (ii) within 6 months after the Claim Notice is received by the Vendors either the Warranty Claim has been satisfied or settled or the Purchaser has commenced legal proceedings against the Vendor in respect of the Claim.

- (c) None of the Vendors nor any member of the Vendors Group are liable in respect of a Warranty Claim or any other Claim under or in connection with this Agreement to the extent that any member of the Purchaser Group:

- (i) fails to mitigate its loss or damage, whether or not it has an obligation to do so at law or otherwise; or

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- (ii) has a right to recover the amount of the Claim under any contract of insurance in respect of any fact, matter or circumstance giving rise to the Warranty Claim or such other Claim, provided that in the case of a partial right of recovery, the liability of the Vendors or of any member of the Vendors Group shall be limited to the amount of the Claim not recovered.
- (d) None of the Vendors nor any member of the Vendors Group are liable in respect of a Warranty Claim or any other Claim under or in connection with this Agreement to the extent that the Claim:
- (i) is caused by any act or omission of a member of the Purchaser Group, whether or not such act or omission is in its personal capacity or in its capacity as operator under a Joint Venture, and whether or not the act or omission was in accordance with or permitted by a Joint Venture Agreement; or
- (ii) arises out of anything done or omitted to be done in accordance with the terms of any Transaction Document or with the prior written approval of the Purchaser.
- (e) None of the Vendors nor any member of the Vendors Group are liable for any Liability relating to this Agreement (including loss or damage resulting from a breach of this Agreement or in respect of a Warranty Claim):
- (i) which does not arise naturally or in the usual course of things from that breach; or
- (ii) which constitutes, or arises from or in connection with, a loss of revenue, profit or opportunity, loss of goodwill or loss of business reputation, or is otherwise an indirect loss or damage, even if that loss arises naturally or in the usual course of things from that breach.

7. Purchaser Warranties and Waiver

7.1 Purchaser Warranties

The Purchaser represents and warrants to the Vendors that, as at the Date of this Agreement and at the Completion Date, each of the Purchaser Warranties is correct.

7.2 Continued operation

The Purchaser Warranties will remain in full force and effect after the Completion Date despite Completion.

7.3 Waiver and Release

- (a) Subject to paragraph (b), with effect on and from the Completion Date and to the extent permitted by law, the Purchaser releases (and will procure that each member of the Purchaser Group and their respective Representatives release) each member of the Vendors Group from, and agrees not to make and waives any right it might have to make, any Claim against any member of the Vendors Group

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and each of the Vendors' Representatives in relation to any breach by the Vendors arising out of or in connection with the Joint Ventures prior to the Completion Date.

- (b) The release and waiver given in paragraph (a) shall not operate to the extent that a Claim arises out of the fraudulent act or omission or wilful misconduct of any member of the Vendor Group or any of the Vendors' Representatives.

8. Obligations prior to the Completion Date

8.1 Acknowledgment in respect of Joint Ventures

The Parties:

- (a) acknowledge that the Joint Venture Agreements shall remain in full force and effect until such time as they are terminated pursuant to clause 9.6; and
- (b) except as otherwise expressly provided in this Agreement, agree that they will continue to conduct all operations of the Joint Ventures in accordance with the terms of the Joint Venture Agreements until the Completion Date.

8.2 Obligations of the Purchaser

Except as expressly permitted by this Agreement or consented to by the Vendors, prior to the Completion Date the Purchaser (in its own capacity and as operator under the Joint Ventures) undertakes to continue to perform its obligations:

- (a) in the ordinary course of business and in accordance with agreed programmes and budgets relating to the operations of the Joint Ventures; and
- (b) otherwise in accordance with the Joint Venture Agreements.

8.3 Obligations of the Vendors

Except as expressly permitted by this Agreement or consented to by the Purchaser, prior to the Completion Date the Vendors must not, except for disposals in the ordinary and usual course of business, dispose of, agree to dispose of, encumber or grant an option over, or declare themselves trustee of all or any part of the Sale Interests.

9. Completion

9.1 Completion Date and Place

Subject to any other provision of this Agreement (including clause 2), Completion of the sale and purchase of the Sale Interests will take place on:

- (a) the later of:
 - (i) the date that is 40 days from the Date of this Agreement; and
 - (ii) the date that is 5 Business Days after the date on which the Condition Precedent referred to in clause 2.1(a) has been satisfied (or waived in accordance with clause 2.2); or
- (b) such other date as the Vendors and the Purchaser may agree in writing,

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at the Purchaser's solicitor's office in Perth or at any other place as the Vendors and the Purchaser may agree.

9.2 Obligations of the Vendors on Completion

On the Completion Date, subject to the due performance by the Purchaser of its obligations under clause 9.3, the Vendors must deliver or make available to the Purchaser:

- (a) duly executed deeds, instruments and documents as may properly be required by the Vendors or the Purchaser to vest legal and beneficial ownership of all of the Sale Interests in the Purchaser subject to and in accordance with the terms of this Agreement, being duly executed:
 - (i) instruments of transfer in registrable form (other than stamping) of the Mining Tenements; and
 - (ii) instruments of transfer in registrable form (other than stamping) of any licences, permits, approvals or authorisations forming part of the Sale Interests;
- (b) executed counterparts of any deeds of novation and assignment in respect of the Contracts that have been obtained prior to the Completion Date; and
- (c) duly executed copies of any documentation as are required to release, discharge and deregister:
 - (i) any Security Interests in respect of the Sale Interests (including the mining mortgage) held by CBA Corporate Services (NSW) Pty Ltd in respect of certain of the Mining Tenements;
 - (ii) the deed of cross charge entered into pursuant to clause 13 of the Mungari East Joint Venture Agreement and associated mining mortgages which provide security in favour of Dioro; and
 - (iii) any encumbrances granted over the interests held by Dioro or Avoca pursuant to the Joint Ventures, being:
 - (A) any caveats or other dealings registered against the Mining Tenements; and
 - (B) any Security Interest registered pursuant to the *Personal Property Securities Act 2009* (Cth) in respect of the Sale Interests,

and the Vendors take such other steps as may be necessary to release, discharge and deregister such Security Interests promptly following Completion.

In this clause 9.2, duly executed means duly executed by all parties (including third parties) to the relevant document or instrument, except (where relevant) the Purchaser.

9.3 Obligations of Purchaser on Completion

On the Completion Date, subject to the due performance by the Vendors of their obligations under clause 9.2, the Purchaser must:

- (a) deliver to the Vendors counterparts, duly executed by the Purchaser, of any of the documents referred to in clause 9.2 required to be executed by the Purchaser to be effective;
- (b) pay the Purchase Price to, or at the direction of, the Vendors;
- (c) deliver copies of any documentation (duly executed by the Purchaser) as are required to release, discharge and deregister the deed of cross charge entered into pursuant to clause 13 of the Mungari East Joint Venture Agreement and associated mining mortgages which provide security in favour of the Purchaser; and
- (d) deliver to HBJ an original counterpart of the 18-Month Toll Treatment Agreement duly executed by the Purchaser.

9.4 Obligation of HBJ on Completion

On the Completion Date, subject to the due performance by the Purchaser of its obligations under clause 9.3, HBJ must deliver to the Purchaser an original counterpart of the 18-Month Toll Treatment Agreement duly executed by HBJ.

9.5 Sale Interests

Effective on and from Completion:

- (a) the Vendors, as sole beneficial owners of the Sale Interests, shall assign to the Purchaser, and the Purchaser shall take an assignment of, the Sale Interests, free from all Security Interests;
- (b) the Purchaser shall assume all Assumed Liabilities, subject to and in accordance with clause 11; and
- (c) the Purchaser shall be entitled to exclusive ownership and possession of, and shall assume the risks of, the Sale Interests.

9.6 Termination of Joint Venture Agreements

- (a) The Vendors and the Purchaser each agree that execution of this Agreement shall be deemed to satisfy any requirement under the Joint Venture Agreements in respect of entering into any deed or other instrument of assignment and assumption, including pursuant to:
 - (i) clause 15 of the Mungari East Joint Venture Agreement;
 - (ii) clause 15 of the Lake Greta Joint Venture Agreement; or
 - (iii) article A of the of the Avoca Joint Venture Agreement.
- (b) The Parties acknowledge and agree that on the Completion Date each Joint Venture Agreement shall terminate and be of no further force or effect.

9.7 Interdependency and mechanics of assignment

- (a) The obligations of the Parties in respect of Completion are interdependent and the activities described in this clause 9 shall be regarded as occurring simultaneously

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and none of those activities shall be considered to have been completed until all other activities have been completed.

- (b) If this Agreement terminates pursuant to clause 15.3, then:
- (i) there is no obligation on any Party to undertake or perform any of the Completion obligations required by it under this clause 9;
 - (ii) to the extent that such actions and obligations have already been undertaken or satisfied, the Parties must do everything reasonably required to reverse those actions; and
 - (iii) the Vendors, the Purchaser and HBJ (as applicable) must each return to the delivering Party all documents delivered to it under this clause 9, and the Vendors must repay to the Purchaser all payments received by it in respect of the Purchase Price under clause 9.3(b), without prejudice to any other rights any Party may have in respect of that termination.
- (c) It is intended that the Sale Interests will be assigned by the Vendors to the Purchaser at the Completion Date by the operation of this Agreement, except to the extent that provision is made elsewhere in this Agreement for all or part of the relevant interest to be assigned by the Vendors to the Purchaser pursuant to a separate instrument of transfer.

10. Adjustments to Purchase Price

10.1 Acknowledgement

The Parties acknowledge and agree that the consideration for the Transaction has been determined based on their agreed assessment of the value of the Transaction as at 1 January 2013 and that, as a consequence:

- (a) of the fact that the Purchase Price will not be paid until the Completion Date, it will be necessary to adjust the Base Purchase Price so as to take into account the interest on the Base Purchase Price at the rate set out in, and to be paid in accordance with, clause 5.1(a)(ii) for the period commencing on 1 January 2013 and ending on the Completion Date; and
- (b) certain adjustments will have to be made to the Purchase Price to ensure that the Purchaser and Dioro are placed in the same economic position as they would have been in had Completion occurred on 1 January 2013, such adjustments being reflected by the Adjustment Amount as determined in accordance with clause 10.2.

10.2 Post-Completion Adjustment mechanism

The Parties agree to adjust the Purchase Price, after Completion and on the Adjustment Date, in accordance with the methodology set out in Schedule 1.

11. Assumed Liabilities

11.1 Assumption of Assumed Liabilities

- (a) Notwithstanding the terms of any deed of novation or assignment or other Transaction Document entered into in connection with this Agreement, on and from the Completion Date and except as otherwise provided in clause 11.3 and the Vendors Warranties in clause 6, the Purchaser accepts and assumes responsibility for all the Assumed Liabilities.
- (b) If a Claim is made by a third party against either of the Vendors or any member of the Vendors Group in relation to an Assumed Liability, then:
- (i) the relevant Vendor or, in the case of a Claim made against any member of the Vendors Group, any Vendor must, as soon as possible after becoming aware of the Claim, give the Purchaser full details of the Claim to the extent those details are known to the relevant Vendor or member of the Vendors Group, and any further material information in relation to the Claim of which it becomes aware and any material documents;
 - (ii) the relevant Vendor or member of the Vendors Group must not knowingly make any admission of liability, agreement or compromise with any person in relation to the Claim without first consulting with and obtaining the approval of the Purchaser (which approval must not be unreasonably withheld or delayed), failure of which will result in the loss of the right of indemnification for the Claim concerned; and
 - (iii) the Purchaser must reimburse the relevant Vendor or member of the Vendors Group on demand for its reasonable out-of-pocket expenses in complying with this clause 11.1(b), including legal costs on a solicitor and own client basis.

11.2 Indemnity

Notwithstanding the provisions of clause 12 or any deed of novation, assignment or assumption entered into in connection with this Agreement, the Purchaser indemnifies and agrees to hold harmless each Vendor from and against all Assumed Liabilities, including to avoid doubt all Liabilities which may arise or be incurred or sustained by any member of this Vendors Group from or in connection with a breach by the Purchaser of clause 11.1. The Vendors holds on trust for each member of the Vendors Group the benefit of this clause to the extent that this clause applies to those members of the Vendors Group and is entitled to enforce this clause on behalf of those members of the Vendors Group and their Officers.

11.3 Excluded Liabilities and Vendor Indemnity

- (a) Notwithstanding clauses 11.1 and 11.2, the Vendors agree that they shall remain liable for, and the Purchaser shall not assume any, Pre-2013 Liabilities until 1 January 2014 (the **Clean Break Date**).

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- (b) Notwithstanding termination of the Joint Venture Agreements pursuant to clause 9.6 on the Completion Date or the waivers set out in clauses 6.6 or 7.3, the Purchaser and the Vendors have agreed that the relevant Vendor shall be liable to the extent of its share of any Notified Pre-2013 Liabilities, but only to the extent that such Vendor would have been liable (and the Purchaser in its capacity as both participant and operator would not have solely been liable) under the terms of the applicable Joint Venture Agreement.
 - (c) If a Claim is made by a third party against the Purchaser in relation to a Pre-2013 Liability before the Clean Break Date, then:
 - (i) the Purchaser must, as soon as possible after becoming aware of the Claim, give the relevant Vendor full details of the Claim to the extent those details are known to the Purchaser, and any further material information in relation to the Claim of which it becomes aware and any material documents. A Pre-2013 Liability the subject of a Claim so notified on or prior to the Clean Break Date is a **Notified Pre-2013 Liability**;
 - (ii) the Purchaser must not knowingly make any admission of liability, agreement or compromise with any person in relation to the Claim without first consulting with and obtaining the approval of the relevant Vendor (which approval must not be unreasonably withheld or delayed), failure of which will result in the loss of the right of indemnification for the Claim concerned; and
 - (iii) the relevant Vendor must reimburse the Purchaser and the relevant member of the Purchaser Group on demand for its share of reasonable out-of-pocket expenses in complying with this paragraph (c), including legal costs on a solicitor and own client basis.
 - (d) Notwithstanding the provisions of clause 12 or any deed of novation, assignment or assumption entered into in connection with this Agreement but subject to clause 6.7(c) and paragraph (e) below, the Vendors indemnify and agree to hold harmless the Purchaser from and against all Liabilities which may arise or be incurred or sustained by any member of the Purchaser Group arising out of or in connection with a Notified Pre-2013 Liability. The Purchaser holds on trust for each member of the Purchaser Group the benefit of this clause to the extent that this clause applies to those members of the Purchaser Group and is entitled to enforce this clause on behalf of those members of the Purchaser Group and their Officers.
 - (e) Neither of the Vendors are liable for a Pre-2013 Liability or a Claim in respect thereof (including under the indemnity in paragraph (d)), if the fact, matter or circumstance giving rise to the Pre-2013 Liability:
 - (i) was known to the Purchaser or the Purchaser's Representatives as at the Date of this Agreement;

- (ii) ought reasonably to have been known to the Purchaser as at the Date of this Agreement, or was something that a reasonably prudent operator of a mining or exploration joint venture in Australia acting in accordance with good mining practices as at the Date of this Agreement could reasonably be expected to know; or
- (iii) was caused by a breach by the Purchaser (in its capacity as either participant or operator) of the relevant Joint Venture Agreement.
- (f) For the avoidance of doubt:
- (i) the Vendors shall not be liable for any Claim in respect of Pre-2013 Liabilities for which the Purchaser has not provided details to the relevant Vendor in accordance with paragraph (c)(i) on or prior to the Clean Break Date; and
- (ii) other than in relation to any Notified Pre-2013 Liability, on and from the Clean Break Date the Purchaser will assume all Pre-2013 Liabilities and the provisions of clauses 11.1 and 11.2 shall operate.

12. Contracts

12.1 Purchaser entitled to benefit of Contracts

On and from Completion, the Purchaser is beneficially entitled to the benefit of the Contracts, including under any contract of insurance taken out by or on behalf of the Joint Ventures.

12.2 Novation or Assignment of Contracts

If any Contracts have not been novated or assigned on or before the Completion Date, the Vendors must use reasonable endeavours to assist the Purchaser to obtain any third party consent to such Contracts (where consent is required) to the novation or assignment of those Contracts to the Purchaser, on terms acceptable to the Purchaser (acting reasonably).

12.3 Assumption of responsibility for Contracts

To the extent permitted by the relevant Contract, the Purchaser must from Completion assume responsibility for the performance of, and perform and comply with the terms of, all Contracts (which have not been or cannot be novated or assigned) on behalf of the Vendors, but at the risk and expense of the Purchaser (except in case of fraudulent act or omission or wilful misconduct of the Vendors). The Vendors shall provide all reasonable assistance to the Purchaser (at the Purchaser's expense) to ensure that the provisions of any such Contracts are complied with.

12.4 Purchaser's indemnity

Subject to the Vendors complying with their obligations under clause 12.2, and except as a result of fraudulent act or omission or wilful misconduct of the Vendors, the Purchaser must indemnify the Vendors against any liability which may be incurred by the Vendors in relation to any breach of or failure to fulfil or comply with the terms of the Contracts by the Purchaser after Completion.

13. Mining Tenements, Applications and Licences**13.1 Period pending transfer or grant**

Without limiting any other obligation under this Agreement, with effect from the Date of this Agreement until the transfer of the Mining Tenements to the Purchaser or the grant of the Applications (as the case may be) and (where required by the Act) completion of registration of those transfers or grants, the following provisions apply:

- (a) the Vendors must take no steps to surrender, cancel or transfer the Mining Tenements or withdraw or amend the Applications, and must not assign, transfer, encumber, declare themselves a trustee of or otherwise deal with or dispose of any of those Mining Tenements or Applications or their interest in them or agree to a variation of the terms of any of those Mining Tenements or Applications which would have a material adverse effect on the Joint Ventures or the Business, except in each case, in accordance with clause 8 or upon the written direction of the Purchaser; and
- (b) the Purchaser must comply, at its cost and with the full reasonable cooperation of the Vendors, with the Act and the proper requirements of Governmental Authorities in connection with the transfer or grant of the Mining Tenements and the Applications (as the case may be) or other authorisations, including the execution or provision of any documents and any other information in support of the processing or grant of the Applications.

13.2 Responsibility for Applications

Without limiting clause 13.1(b), the Purchaser will, following Completion, to the maximum extent legally permissible have responsibility for (at its own cost and expense) all aspects of the processing and grant of the Applications.

13.3 Licences

- (a) On and from Completion, the Purchaser is beneficially entitled to the benefit of the Licences.
- (b) Following Completion, the Vendors will provide the Purchaser with such assistance as it reasonably requires in order to transfer (if possible) or replace (if necessary) the Licences.

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- (c) With effect on and from Completion (in respect of (i) below) and the Date of this Agreement (in respect of (ii) below) until the transfer or replacement of the Licences in accordance with paragraph (b):
- (i) the Purchaser must, at its cost, ensure that the operations of the Joint Ventures are carried on in compliance with the requirements of the Licences; and
 - (ii) the Vendors must take no steps to surrender, cancel or transfer any of the Licences and must not assign, transfer, encumber, declare itself a trustee of or otherwise deal with or dispose of any of the Licences or its interest in them or agree to a variation of the terms of any Licence which (in the Vendors' reasonable opinion) would have a material adverse effect on the Joint Ventures or the Business, except in each case in accordance with clause 8 of this Agreement or upon the written direction of the Purchaser.

13.4 Costs and expenses

- (a) The Purchaser must reimburse the Vendors for all proper and reasonable out of pocket costs and expenses incurred by the Vendors under this clause 13 after Completion or as a result of the Vendor taking any action in respect of the Mining Tenements, Applications or Licences in accordance with the directions or instructions of the Purchaser.
- (b) Without limiting paragraph (a), the Purchaser must pay all registration fees payable in respect of the transfers and grants pursuant to or contemplated by this Agreement.

13.5 Indemnity

The Purchaser indemnifies and agree to hold harmless each Vendor from and against all Liability which may arise or be incurred or sustained by the Vendors from or in connection with a breach by the Purchaser of, or any conduct (including omissions) of the Purchaser, under this clause 13, including:

- (a) any failure by the Purchaser to comply with:
 - (i) any condition attaching to the Mining Tenements or the Act and any requirements of any Governmental Agency which are applicable to the Mining Tenements or which are made or are applicable in connection with the Applications; or
 - (ii) any requirements of the Licences;
- (b) any penalty to which either Vendor becomes liable as a consequence of those acts or omissions;
- (c) any action taken by the Vendors in respect of the Mining Tenements or Applications upon the direction or instruction of the Purchaser under this Agreement; and
- (d) any act or omission by the Purchaser in relation to the Applications following Completion.

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13.6 Directions of Purchaser

Notwithstanding any other provision of this clause 13, the Vendors will not be required to comply with any direction of the Purchaser under this clause which would breach any applicable law or regulation or the requirements of any Governmental Authority.

14. Books and Records

14.1 Business Records

All Business Records will become the property of the Purchaser at Completion in accordance with clause 9.

14.2 Vendors access to Business Records

- (a) On and from Completion, the Purchaser must allow the Vendors and their Representatives access during normal business hours on reasonable notice to the relevant location to remove the Excluded Business Records and copies of the Business Records which the Vendors reasonably require:
- (i) for their taxation or accountancy purposes;
 - (ii) to exercise any of their rights, or to comply with any of their obligations, under this Agreement; or
 - (iii) to do any thing that a Vendor is required by law to do, and which are stored or located at the relevant location, which the Vendors are not able to remove prior to Completion.
- (b) The Purchaser agrees that the Completion of this Agreement will not affect the rights granted to the Vendors and members of the Vendors Group under this clause 14.2.

14.3 Purchaser access to Business Records

On and from Completion, the Vendors must allow the Purchaser and their Representatives access during normal business hours on reasonable notice to the Vendors offices at Level 3, 18-32 Parliament Place, West Perth WA 6005 or elsewhere (as the case may be) to remove the Business Records which become the property of the Purchaser under this Agreement.

15. Remedies

15.1 Remedies of the Vendors

Unless otherwise provided in this Agreement (including clause 15.3), the sole remedy of the Vendors for a failure by the Purchaser to comply with this Agreement is damages.

15.2 Remedies of the Purchaser

Unless otherwise provided in this Agreement (including clause 15.3), the sole remedy of the Purchaser for a failure by the Vendors to comply with this Agreement is damages.

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15.3 Remedies in case of Failure to Comply with Completion Obligations

Without prejudice to the provisions of clauses 15.1 and 15.2, if the Conditions Precedent are satisfied, or waived in accordance with clause 2.2, prior to or on the Conditions Precedent End Date and a Party fails to comply with any of its obligations under clause 9 by the date on which Completion is due to occur under clause 9.1, then:

- (a) any non-defaulting Party may provide written notice to each other Party within 10 Business Days of such date setting out details of the non-compliance; and
- (b) unless otherwise agreed by the Parties, if:
 - (i) no notice is provided in accordance with paragraph (a), then this Agreement shall automatically terminate on the expiry of the 11th Business Day after the date on which Completion is due to occur under clause 9.1; or
 - (ii) a notice is provided in accordance with paragraph (a) and the defaulting Party has failed to remedy the non-compliance specified in that notice on or before the date that is five Business Days after the date on which such notice was provided, then this Agreement shall automatically terminate on the expiry of such date.

16. 18-Month Toll Treatment Agreement**16.1 Commencement Date of the 18-Month Toll Treatment Agreement**

The Parties have agreed that the executed 18-Month Toll Treatment Agreement shall be delivered at Completion and commence on the Completion Date.

16.2 Termination of the 12-Month Toll Treatment Agreement

The Parties acknowledge that the 12-Month Toll Treatment Agreement will terminate in accordance with clause 13.1(b) of that agreement on the Completion Date.

17. Confidentiality**17.1 Confidentiality Information not to be Disclosed**

Each Party undertakes that it shall not, and shall procure that its Related Bodies Corporate shall not:

- (a) disclose Confidential Information, including Confidential Information of the other Parties, to any person; or
- (b) use Confidential Information of the other Parties.

17.2 Permitted Disclosure

A Party may disclose Confidential Information:

- (a) to any of its Related Bodies Corporate or any person who holds a controlling shareholding in any such Related Body Corporate;

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- (b) to its directors, employees, officers and agents or of any of its Related Bodies Corporate;
- (c) to its professional advisers (including legal advisers) and consultants;
- (d) to a bank or other financial institution (and its professional advisers including legal advisers) in connection with any loan or other financial accommodation or application for a loan or financial accommodation to it or to any of its Related Bodies Corporate or the provision of underwriting for any issue of securities;
- (e) in connection with any bona fide potential disposal, security interest or investment to a third party either prior to or at any time after the disposal, security interest, or investment;
- (f) to the extent required under any applicable law or the rules or regulations of any recognised securities exchange which apply to it or to any of its Related Bodies Corporate;
- (g) if the disclosure is required for the purposes of any legal, arbitral, administrative or other proceedings involving it or any of its Related Bodies Corporate; and
- (h) to the extent required for the satisfaction of the Conditions Precedent,

provided however that the beneficiaries of the disclosure of the Confidential Information referred to in paragraphs (c) to (e) shall have agreed to be bound by a confidentiality agreement in substantially the same terms as this clause 17, unless they are bound by a professional duty of confidentiality providing substantially the same standard of confidentiality as provided under this clause 17.

17.3 Injunctive Relief

Each Party acknowledges that any breach of this clause 17 will cause material damage to the other Parties. Consequently, each Party has the right, in addition to any other remedies available at law or in equity, to seek injunctive relief against another Party or any of its servants or agents in respect of any such breach by the other Party or its servants or agents.

17.4 Public announcements

- (a) The Parties must in good faith agree the form or forms of press announcement or public statements (if any) that they will each make following execution of this Agreement and following Completion, including any disclosure which is required pursuant to any applicable law, or to any regulatory body or Governmental Agency, or pursuant to the rules of any stock exchange (to the extent practicable in the circumstances). Any member of the Vendors Group may make or cause to be released announcements in the form agreed prior to the Date of this Agreement, such forms having been initialled on behalf of Alacer Gold Corporation and relevant member(s) of the Purchaser Group (for identification purposes only).
- (b) No Party may make any other public or press announcement or statement concerning this Agreement or Completion without the prior approval of the other Parties (such approval not to be unreasonably withheld or delayed).

17.5 Former Party Bound

This clause 17 will continue to bind a Party for a period of three years following the date at which:

- (a) it ceases to be a party to this Agreement; or
- (b) this Agreement terminates in accordance with its terms.

18. GST**18.1 Supply of a going concern**

- (a) Dioro, as vendor, and La Mancha, as purchaser, agree that the supply of the Mungari East JV Sale Interest under this Agreement is the supply of a going concern for the purposes of the GST law.
- (b) Dioro, as vendor, and La Mancha, as purchaser, agree that the supply of the Lake Greta JV Sale Interest under this Agreement is the supply of a going concern for the purposes of the GST law.
- (c) Avoca, as vendor, and La Mancha, as purchaser, agree that the supply of the Avoca JV Sale Interest under this Agreement is the supply of a going concern for the purposes of the GST law.
- (d) Each Vendor covenants that it will carry on its enterprise in connection with the Sale Interest being supplied by it under this Agreement until Completion.
- (e) The Purchaser covenants that it is registered for GST.
- (f) If, despite paragraphs (a), (b) and (c) or the Purchaser and the Vendors agree in writing before the Completion Date that, the supply of all or any part of a Sale Interest is not the supply of a going concern for GST purposes and is a taxable supply:
 - (i) the Purchaser must also pay the GST Amount as additional consideration for that supply within 5 Business Days of receipt of a written demand by the relevant Vendor. The written demand must be in the form of, or accompanied by a tax invoice;
 - (ii) in addition to any amount payable under paragraph (i) the Purchaser must pay to the relevant Vendor all interest, fines, penalties, charges, and additional amounts payable as a result of the supply being incorrectly treated in whole or in part as the supply of a going concern or as a result of the GST payable on the supply being paid late or as a result of the GST Amount being paid late; and
 - (iii) it will not be a defence to any claim against the Purchaser pursuant to this clause that the relevant Vendor has failed to mitigate the Vendor's damages by paying an amount of GST when it fell due under the GST law.

18.2 Recovery of GST

If GST is payable on a supply made under, by reference to or in connection with this Agreement, other than a supply subject to clause 18.1, the Party providing the consideration for that supply must, subject to the prior receipt of a tax invoice, also pay the GST Amount as additional consideration for that supply. This clause does not apply to the extent that the consideration for the supply is expressly stated to be GST inclusive or the supply is subject to reverse charge.

18.3 Liability net of GST

- (a) Any reference in the calculation of consideration under this Agreement to a cost, expense or other liability incurred by a Party, shall exclude the amount of any input tax credit entitlement of that Party (or another member of the same GST group) in relation to the relevant cost, expense or other liability.
- (b) Where any indemnity, reimbursement or similar payment under this Agreement is based on any cost, expense or other liability, it will be reduced by any input tax credit entitlement in relation to the relevant cost, expense or other liability.
- (c) Where paragraph (a) or (b) applies, a Party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the consideration must be provided.

18.4 Variation of GST

If the GST Amount recovered by the supplier under clause 18.1 or 18.2 for a supply differs for any reason from the amount of GST paid or payable by the supplier on that supply, then the party providing consideration for the supply (**Payer**) must pay to the supplier on demand (or the supplier credit the Payer with) the amount of that difference. If an adjustment event occurs in relation to the supply, the supplier must give the Payer an adjustment note within 14 days after the date of the adjustment event.

18.5 Definitions

In this clause:

- (a) **GST Amount** means, in relation to a taxable supply, the amount of GST payable in respect of that taxable supply.
- (b) Unless the context requires otherwise, words and phrases used in this clause 18 that have a specific meaning in the GST law (as defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)) will have the same meaning in this clause.

18.6 Survival

This clause will not merge upon Completion and will continue to apply after the expiration or termination of this Agreement.

19. Costs and Stamp Duty

Each Party must bear its own costs arising out of the negotiation, preparation and execution of this Agreement. All stamp duty (including fines, penalties and interest) payable on or in connection with this Agreement, any other Transaction Document and any instrument executed under any of them must be borne by the Purchaser.

20. No Merger

The rights and obligations of the Parties will not merge on the completion of any transaction contemplated by this Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction.

21. Assignment

Neither Party can assign, charge, encumber or otherwise deal with any of its rights or obligations under this Agreement, or attempt or purport to do so, without the prior written consent of other Party.

22. Further Assurances

Each Party must do anything (including executing agreements and documents) necessary to give full effect to this Agreement and the Transactions contemplated by it.

23. Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively **Conduct**) relied on by the Parties and supersedes all earlier Conduct by or between the Parties in connection with its subject matter.

24. No Waiver

A failure to exercise or a delay in exercising any right, power or remedy under this Agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the Party granting that waiver unless made in writing.

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25. Person Liability

The Parties agree that:

- (a) no natural person will bear any Liability to any Party in respect of this Agreement or the transactions contemplated by this Agreement, other than for an act of fraud by that person;
- (b) no existing or former Officer of the Vendors, and no current adviser of the Vendors advising in its capacity as such in relation to the transactions contemplated by this Agreement, will be liable to the Purchaser in respect of any act, matter or thing which occurred before, at or after Completion, other than an act of fraud by that person; and
- (c) references to the Vendors and the Purchaser in paragraphs (a) and (b) include their respective Related Bodies Corporate (if any).

26. Notices

26.1 How Notice to be given

Any notice, demand, consent or other communication (a **Notice**) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) in the case of email, must be in pdf or other format that is a scanned image of the original of the Notice, including a handwritten signature from the sender or a person duly authorised by the sender, and be attached to an email that states that the attachment is a Notice under this Agreement; and
- (c) must be addressed and delivered to the intended recipient at the address, fax number or email address below or the address, fax number or email address last notified by the intended recipient to the sender after the Date of this Agreement:
 - (i) to Dioro: Level 3, 18-32 Parliament Place
West Perth WA 6005
Attention: President - Australian Business Unit
Fax: +61 8 9226 0629
Email: tony.james@alacergold.com, with a copy to
jan.macpherson@alacergold.com
 - (ii) to Avoca: Level 3, 18-32 Parliament Place
West Perth WA 6005
Attention: President - Australian Business Unit
Fax: +61 8 9226 0629
Email: tony.james@alacergold.com, with a copy to
jan.macpherson@alacergold.com

(iii) to La Mancha: 1st Floor, 12 St Georges Terrace
Perth WA 6000
Attention: The Company Secretary
Fax: INT + (61 8) 9202 1100
Email: rod.johns@lamancharresources.com.au and
Jeff.Boal@lamancharresources.com.au

Copy to;
La Mancha Services France
56A, rue du Faubourg Saint-Honoré
75008 Paris
France
Attention: Président and Strategy and Business
Development VP
Email: legal@lamancha.com

(iv) to HBJ: Level 3, 18-32 Parliament Place
West Perth WA 6005
Attention: President - Australian Business Unit
Fax: +61 8 9226 0629
Email: tony.james@alacergold.com, with a copy to
jan.macpherson@alacergold.com

26.2 When Notice taken to be received

For the purposes of this Agreement:

- (a) a Notice delivered by hand to the physical address of a Party is deemed to be received if it is handed (with or without acknowledgment of delivery) to any person at that address who, in the reasonable judgment of the person making the delivery (upon making appropriate enquiries), appears to be and represents himself as a manager or officer of the Party to whom the Notice is addressed;
- (b) a notice which is posted is deemed to be received by the Party to whom the Notice is addressed on the second Business Day in the place to which the Notice is addressed after the day on which the notice is posted;
- (c) a notice sent by fax transmission which is transmitted:
 - (i) prior to 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the date of transmission if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and
 - (ii) after 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of transmission,

and the production of the transmission report or a printout of a transmission log generated by the sender's fax machine (or other fax transmission device) showing

successful uninterrupted fax transmission of all pages of the relevant notice to the fax number of the Party to whom it is addressed constitutes prima facie evidence that the fax was sent and received; and

- (d) an email notice which is sent:
- (i) prior to 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the date of sending if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and
 - (ii) after 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of sending,

unless the sender receives an email message showing the failure of the email; and proof of the fact that the email message was sent but that the sender received no email message showing that it failed constitutes prima facie evidence that the email was sent and received.

27. Governing Law and Jurisdiction

This Agreement is governed by the laws of Western Australia. In relation to it and related non-contractual matters each Party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to claim that those courts are an inconvenient forum.

28. Counterparts

This Agreement may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

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Schedule 1

Adjustment to Purchase Price

1. Definitions and Interpretation

In this Schedule 1, unless the context requires otherwise, the definitions and rules for interpretation set out in clause 1 of the Agreement apply and:

Adjustment Amount means the aggregate of the amounts calculated, subject to item 4, in accordance with item 2.2.

Adjustment Date means the date that is 30 Business Days after the Completion Date or, if a Dispute Notice is provided pursuant to item 4.1(a), such later date as may be required to determine the Adjustment Amount.

Adjustment Period means the period commencing on and including 1 January 2013 and ending on the Completion Date.

Adjustment Statement means the special purpose statement prepared by, or on behalf of the Purchaser, for the purposes of calculating the adjustments under this Schedule 1, in accordance with and subject to item 3.

Dispute Notice has the meaning given in item 4.1(a).

Expert means the expert selected in accordance with item 4.4(a).

Gold Price means the daily PM USD spot gold price as quoted by the London Bullion Market Association at the relevant time and converted to AUD pursuant to the Reserve Bank of Australia USD-AUD exchange rate for the same day as the applicable spot gold price.

Response has the meaning given in item 4.2(a).

2. Adjustment of Purchase Price

2.1. Adjustment of Purchase Price

Pursuant to clause 10, the Purchase Price shall be adjusted in accordance with, and subject to, this Schedule 1.

2.2. Calculation of Adjustment Amount in respect of Sale Interests

- (a) **(Operating and Capital Expenditures – as of 31 December 2012)** The Adjustment Amount shall include an amount, credited to the Vendors (if positive) or the Purchaser (if negative) equal to:
- (i) the sum of any amount paid by Dioro or Avoca (as applicable) on account of cash calls made by La Mancha (in its capacity as operator of the Joint

Ventures) up to and including 31 December 2012 in connection with the operations of the Joint Ventures; minus

- (ii) the sum of Dioro's and Avoca's respective proportionate shares of the actual operating and capital expenditures incurred in connection with the operations of the Joint Ventures up to and including 31 December 2012.
- (b) **(Gold Produced – Adjustment Period)** A full metallurgical balance for the Adjustment Period will be prepared by the operator of the Mungari East Joint Venture at the Completion Date in accordance with the operating procedures set out in the appendices of the 12-Month Toll Treatment Agreement for the purposes of determining the respective pro rata entitlements of Dioro and La Mancha to gold produced from Ore supplied during the Adjustment Period. The Adjustment Amount shall include an amount, credited to the Purchaser, which is equal to Dioro's share of such gold produced during the Adjustment Period, calculated on the basis of the number of ounces of such gold multiplied by the Gold Price as at the date of each Mint out-turn during the Adjustment Period. To avoid doubt, for the purpose of this provision, Dioro's pro rata entitlement to gold does not include gold derived from Reserve Capacity Ore (as defined in the 12-Month Toll Treatment Agreement) that is delivered to HBJ (being the HBJ Share, as defined in the 12-Month Toll Treatment Agreement).
- (c) **(Reimbursement of Operating Costs – Adjustment Period)** The Parties acknowledge and agree that, notwithstanding any provision of the Joint Venture Agreements, during the Adjustment Period, any cash calls made by La Mancha (in its capacity as operator under the Joint Venture Agreements) on Dioro or Avoca (as applicable) shall only include operating costs relating to the operations of the Joint Ventures, including, for the avoidance of doubt:
- (i) mining and associated costs incurred in connection with the operation of the Frog's Leg Mine (excluding any capital costs); and
 - (ii) the actual processing costs of the Ore, including:
 - (A) the per tonne haulage costs to the Plant on the terms set out in the operator of the Mungari East Joint Venture's haulage arrangements under which it delivers Ore to the Plant;
 - (B) the per tonne processing costs associated with treating the Ore at the Plant on the terms set out in the 12-Month Toll Treatment Agreement; and
 - (C) the refining costs associated with processing any gold doré to gold and silver at the Perth Mint on the terms of La Mancha's refining agreement with the Perth Mint.

The Adjustment Amount shall include an amount, to be credited to the Vendors, equal to the amount paid by Dioro or Avoca (as applicable) to La Mancha (in its capacity as operator under the Joint Venture Agreements) on account of such cash calls during the Adjustment Period.

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Other than as required by this item 2.2 and without prejudice to the quarterly cash call procedure for the payment of fees under the 12-Month Toll Treatment Agreement, La Mancha shall make cash calls in a manner consistent with past practice and in any event such that they represent a reasonable estimate of actual costs.

2.3 Acknowledgment in respect of Adjustment Amount

The Parties acknowledge and agree that:

- (a) any stockpile of Ore as at 31 December 2012 has already been collected by Dioro from the run of mine stockpile or any other stockpile at the Frog's Leg Mine and, accordingly, it is unnecessary to provide for any financial adjustment in relation to stockpiles as at 31 December 2012; and
- (b) if this Agreement is terminated or Completion does not occur, then Dioro and Avoca (as applicable) shall pay to La Mancha (in its capacity as operator under the Joint Venture Agreements) an amount that is equal to its share of all capital expenditures incurred by La Mancha in connection with the operations of the Joint Ventures within 30 days of the date on which La Mancha (in its capacity as operator under the Joint Venture Agreements) provides a cash call in respect of the reimbursement of such amount and the applicable provisions of the Joint Venture Agreements shall apply to such cash call, provided that Dioro shall be required to pay 100% of that amount.

3. Adjustment Statement

3.1 Adjustment Statement

Not later than 20 Business Days after the Completion Date, the Purchaser shall prepare and provide to the Vendors a special purpose statement which sets out in a reasonable level of detail the individual components set out in item 2.2 which comprise the Adjustment Amount, together with the aggregate balance to be applied as a reduction to, or increase of, the Purchase Price (**Adjustment Statement**).

3.2 Cooperation

Without limiting the terms of this Agreement, the Vendors must fully cooperate with the Purchaser (including by providing access to documentation, records and personnel) as reasonably necessary to enable the Purchaser to prepare the Adjustment Statement.

4. Dispute resolution procedure

4.1 Dispute Notice

- (a) Subject to item 5, if the Vendors, acting in good faith, dispute all or any component of the Adjustment Amount, then the Vendors may give a notice (**Dispute Notice**) to the Purchaser by not later than 10 Business Days after receipt of the Adjustment Statement from the Purchaser pursuant to item 3.1. Such Dispute Notice must set out:

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- (i) details of each of the matters in dispute;
- (ii) a separate dollar value for each of those matters; and
- (iii) full details of the reasons why each of those matters is disputed.

The Vendors may collectively give only one Dispute Notice.

- (b) If:
 - (i) no Dispute Notice is provided by the Vendors prior to the date referred to in paragraph (a), the Adjustment Amount determined by the Purchaser shall be taken to be final; or
 - (ii) a Dispute Notice is provided by the Vendors prior to the date referred to in paragraph (a), then the dispute will be determined in accordance with the remaining provisions of this item 4.
- (c) Any undisputed amount of the Adjustment Amount must be paid in accordance with item 6(a).

4.2 Purchaser's Response

- (a) Within 7 Business Days of the Vendors having delivered a Dispute Notice to the Purchaser, the Purchaser must deliver to the Vendors a response in writing on the disputed matters (**Response**).
- (b) If the Purchaser does not deliver a Response within that 7 Business Day period, then the Adjustment Amount will be deemed to be amended as required by the Purchaser and will be taken to comprise the final Adjustment Amount.

4.3 Referral to Senior Management

- (a) If the dispute is not resolved within 10 Business Days of the delivery of the Response to the Vendors, then any of the Vendors or the Purchaser may, by written notice, refer the dispute to the President of the Alacer Gold Australian Business Unit for the Vendors and the General Manager of La Mancha for the Purchaser for them to attempt to resolve the dispute.
- (b) If the nominated senior managers referred to in paragraph (a) have not resolved the dispute within 10 Business Days of it being referred to them, the dispute must promptly be submitted for determination to an Expert who will determine the matter(s) in dispute in accordance with item 4.4.

4.4 Expert Determination

- (a) The Expert must be selected by agreement between the Vendors and the Purchaser, or failing agreement between them within 5 Business Days after they commence to discuss the selection of the Expert, selected by the President for the time being of the Institute of Arbitrators and Mediators Australia.
- (b) The disputed matters must be referred to the Expert by written submissions of the Vendors and the Purchaser, which must only include:
 - (i) the Adjustment Statement (together with any working papers);

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- (ii) the Dispute Notice;
 - (iii) the Response; and
 - (iv) an extract of the relevant provisions of this Agreement.
- (c) The Expert must be instructed to decide the matters of disagreement and finish its determination and provide it to the Vendors and the Purchaser by not later than 20 Business Days after receipt of the submission (or such other period agreed by the Purchaser and the Vendors having regard to the matters in dispute).
- (d) The Vendors and the Purchaser must promptly supply the Expert with any information, assistance and co-operation requested in writing by the Expert in connection with his or her determination. All correspondence between the Expert and a Party must be copied to the other Party.
- (e) In the absence of agreement between the Vendors and the Purchaser, the Expert will decide the procedures to be followed to resolve the matters of disagreement.
- (f) The Expert must act as an expert and not as an arbitrator. The Expert's written determination will be final and binding on the Parties in the absence of manifest error and the Adjustment Statement will be deemed to be amended accordingly and will be taken to comprise the Adjustment Statement.

4.5 Costs of Expert

The cost of a determination by the Expert pursuant to this item 4 must be borne by the Vendors and the Purchaser in such manner as the Expert determines (having regard to the merits of the dispute).

5. Dispute threshold

Despite any other provision of this Agreement, the Vendors are not entitled to raise a dispute under item 4 unless the total aggregate amount disputed is greater than AUD 500,000.

6. Payment of Adjustment Amount

- (a) Subject to paragraph (b), the Adjustment Amount (if any) must be paid:
- (i) in the event that the Adjustment Amount is in the Purchaser's favour, by the Vendors to the Purchaser on the Adjustment Date; and
 - (ii) in the event that the Adjustment Amount is in the Vendors' favour, by the Purchaser to the Vendors on the Adjustment Date,
- in either case, constituting an adjustment to the Purchase Price.
- (b) If all or any part of the Adjustment Amount is determined by an Expert pursuant to item 4, then the disputed portion of the Adjustment Amount must be paid by the Vendors or the Purchaser (to the extent necessary) by not later than 10 Business Days after the Expert has made its determination pursuant to item 4.

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Schedule 2

Purchaser Warranties

1. **(Status)** The Purchaser is duly incorporated and validly exists under the law of its place of incorporation.
2. **(Solvency)** The Purchaser is not:
 - (a) insolvent and no receiver has been appointed over any part of its assets and no such appointment has been threatened; and
 - (b) in liquidation or official management and no proceedings have been brought or threatened for the purpose of winding up the Purchaser or placing it under official management,and to the best of the knowledge, information and belief of the Purchaser, there are no facts, matters or circumstances which give any person the right to apply to liquidate or wind up the Purchaser or place the Purchaser under official management.
3. **(Execution and delivery)** The execution and delivery of this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement has been properly authorised by all necessary corporate action of the Purchaser.
4. **(Corporate authorisations)** The Purchaser has full corporate power and lawful authority to execute and deliver this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and to consummate and perform or cause to be performed its obligations under this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and each transaction contemplated by this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement to be performed by it.
5. **(Documents binding)** This Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement constitute a legal, valid and binding obligation of the Purchaser, enforceable in accordance with their terms by appropriate legal remedy.
6. **(Transactions permitted)** The execution, delivery and performance by the Purchaser of this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and each transaction contemplated by this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement does not or will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with or result in a breach of or default under:
 - (a) any provision of the constitution of the Purchaser;
 - (b) as at the Completion Date, any material term or provision of any security arrangement, undertaking, agreement or deed; or
 - (c) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound.

7. **(Disclosure)** The Purchaser has disclosed to the Vendors all information that is known to the Purchaser at the Date of this Agreement and which satisfies each of the following:
- (a) the Purchaser (in its own capacity or as operator under any Joint Venture Agreement) is required to disclose such information under or in connection with any Joint Venture Agreement; and
 - (b) the information will have, or is reasonably likely to have, a material effect on the willingness of the Vendors to sell the Sale Interests (as a whole) or the price on which the Vendors would be willing to sell the Sale Interests (as a whole).

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Schedule 3

Vendors Warranties

1. **(Status)** Each Vendor is duly incorporated and validly exists under the law of its place of incorporation.
2. **(Solvency)** Each Vendor is not:
 - (a) insolvent and no receiver has been appointed over any part of its assets and no such appointment has been threatened; and
 - (b) in liquidation or official management and no proceedings have been brought or threatened for the purpose of winding up either Vendor or placing either Vendor under official management,and to the best of the knowledge, information and belief of each Vendor, there are no facts, matters or circumstances which give any person the right to apply to liquidate or wind up the Vendors or place the Vendors under official management.
3. **(Execution and delivery)** The execution and delivery of this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement has been properly authorised by all necessary corporate action of each member of the Vendors Group that is a Party.
4. **(Corporate authorisations)** Each member of the Vendors Group that is a Party has full corporate power and lawful authority to execute and deliver this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and to consummate and perform or cause to be performed its obligations under this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and each transaction contemplated by this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement to be performed by it.
5. **(Documents binding)** This Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement constitute a legal, valid and binding obligation of each member of the Vendors Group that is a Party, enforceable in accordance with their terms by appropriate legal remedy.
6. **(Transactions permitted)** The execution, delivery and performance by each member of the Vendors Group that is a Party of this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement and each transaction contemplated by this Agreement, the 12-Month Toll Treatment Agreement and the 18-Month Toll Treatment Agreement does not or will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with or result in a breach of or default under:
 - (a) any provision of the constitution of each member of the Vendors Group that is a Party;
 - (b) as at the Completion Date, any material term or provision of any security arrangement, undertaking, agreement or deed; or

- (c) any writ, order or injunction, judgment, law, rule or regulation to which such Party is a party or is subject or by which it is bound.
7. **(Good title)** The Vendors are together the sole beneficial owners of the Sale Interests free (as at Completion) from all Security Interests (subject to Completion and the perfection of the releases, discharges and deregistrations contemplated in clauses 9.2(c) and 9.3(c)), and have all right and authority to sell and dispose of the Sale Interests to the Purchaser, subject to satisfaction of the conditions specified in this Agreement.
8. **(No material claims)** There is no material demand or material liability against or over the property or assets comprised in the Sale Interests or any of them.

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Schedule 4**Mining Tenements**

1. Mungari East Joint Venture

1.1 Granted Tenements

- (a) M 15/688
- (b) M 15/689
- (c) M 15/836
- (d) M 15/837
- (e) M 15/1188
- (f) M 15/1287
- (g) L 15/246

1.2 Tenement Applications

Not applicable

2. Lake Greta Joint Venture

2.1 Granted Tenements

- (a) M 15/1408
- (b) M 15/1741

2.2 Tenements Applications

Not applicable

3. Avoca Joint Venture

3.1 Granted Tenements

- (a) E 15/934
- (b) P 15/4821
- (c) P 15/4822
- (d) P 15/4823
- (e) P 15/4824
- (f) P 15/4825
- (g) P 15/4826

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- (h) P 15/4827
- (i) P 15/4828
- (j) P 15/5173
- (k) P 15/5174
- (l) P 15/5175

3.2 Tenements Applications

Not Applicable

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Schedule 5**Contracts**

- (a) (No. LFL 1027) Equipment Construction/Lease/Maintenance Deed between Lime Systems - Bulk Storage Solutions Pty Ltd, La Mancha Resources Australia Pty Ltd and Dioro Exploration NL dated 2010
- (b) Master Lease-Purchase Agreement between Caterpillar Financial Australia Limited, La Mancha Resources Australia Pty Ltd (as operator of and agent for and on behalf of itself and Dioro Exploration NL as participants in the Mungari East JV), La Mancha Resources Inc, Dioro Exploration NL and La Mancha Resources Australia Pty Ltd dated 21 October 2008
- (c) (No. LFL 1099) Mine Dewater Discharge Agreement between Barrick (PD) Australia Limited, Kundana Gold Pty Ltd, Mines and Resources Australia Pty Ltd (in its capacity as operator of and agent for Mungari East JV and Mungari West JV) and Compagnie Française De Mines Et Métaux dated 12 February 2004, as amended by Deed of Variation dated 27 July 2006
- (d) (No. LFL 1069) Electricity Sale Agreement (Form of Agreement) between La Mancha Resources Australia Pty Ltd and Electricity Retail Corporation trading as Synergy in relation to supply of electricity for the Frog's Leg Mine Site (commencement date January 2011) + Curtailable Load (Certified Reserve Capacity) Agreement between Electricity Retail Corporation and La Mancha Resources Australia Pty Ltd dated 23 July 2012
- (e) (No. LFL 1019) Forward Purchase Agreement for Supply of Paste Fill Binder (cement) between La Mancha Resources Australia Pty Ltd and BGC (Australia) Pty Ltd
- (f) (No. LFL 1032) Contract for Supply of Explosives - Frog's Leg Mine between La Mancha Resources Australia and Orica Australia Pty Ltd dated 13 September 2011
- (g) (No. LFL 1056) Contract for Ground Support and Related Technical Services - Frogs Leg between La Mancha Resources Australia Pty Ltd and Fero Group dated 21 June 2012
- (h) (No. LFL 1036) Contract for Drilling Consumables - Frog's Leg between La Mancha Resources Australia Pty Ltd and Atlas Copco Australia Pty Limited dated 7 February 2011
- (i) (No. LFL 1039) Tailings Sale Agreement and Licence to Remove from Tails Dam between Kundana Gold Pty Limited and Kundana Gold Pty Limited dated 2009 (as varied by Letter of Variation dated 19 October 2011)
- (j) (No. LFL 1046) Contract for Tailings Haulage between La Mancha Resources Australia and Clune Plant Hire dated 11 March 2010

- (k) (No. LFL 1132) Hire Agreement between La Mancha Resources Australia Pty Ltd and Pit n Portal Equipment Hire, Plant Number AD55B#102 dated 4 July 2012
- (l) (No. LFL 1133) Hire Agreement between La Mancha Resources Australia Pty Ltd and Pit n Portal Equipment Hire, Plant Number D1700G#286 dated 4 July 2012
- (m) (No. LFL 1137) Hire Agreement between La Mancha Resources Australia Pty Ltd and Pit n Portal Equipment Hire, Plant Number AD55#366 dated 1 November 2012
- (n) (No. LFL 1077) Costs Agreement between Castledine Gregory and La Mancha Resources Australia Pty Ltd dated 25 June 2012
- (o) (No. LFL 1112) Water Supply Agreement between Water Corporation and La Mancha Resources Australia Pty Ltd dated 23 July 2009
- (p) (No. LFL 1009) Decline Maintenance Agreement between Kosmow Pty Ltd and La Mancha Resources Australia Pty Ltd dated 10 May 2010
- (q) (No. LFL 1049) Industrial Gas Supply Agreement BOC Ltd and La Mancha Resources Australia Pty Ltd dated 1 April 2011
- (r) (No. LFL 1021) Supply of Clothing Agreement between RSEA Safety and La Mancha Resources Australia Pty Ltd dated 1 April 2012
- (s) (No. LFL 1025) Waste Management Agreement between Sita Australia Pty Ltd and La Mancha Resources Australia Pty Ltd dated 10 May 2010. July 2012
- (t) (No. LFL 1061) General and Express Freight Services Agreement between Toll Transport Pty Ltd and La Mancha Resources Australia Pty Ltd dated 1 April 2012
- (u) (No. LFL 1064) Supply of Office Stationary & Consumables Agreement between Office Max Australia Ltd and La Mancha Resources Australia Pty Ltd dated 1 November 2011
- (v) (No. LFL 1128) Customer Agreement between PPC Worldwide Pty Ltd and La Mancha Resources Australia Pty Ltd dated 22 August 2012
- (w) (No. LFL 1129) Contract for Servicing of Compressor between Atlas Copco Compressors Australia and La Mancha Resources Australia Pty Ltd dated 30 August 2012
- (x) (No. LFL 1130) Contract for Underground Production Drilling Services between Full Boar Mining & Maintenance Pty Ltd and La Mancha Resources Australia Pty Ltd dated 29 August 2012
- (y) (No. LFL 1141) Deed of Access to use Road between Redemption Management Pty Ltd, Mines & Resources Australia Pty Ltd, EKJV Management Pty Ltd, Tribune Resources NL, Rand Mining NL and Rand Exploration NL dated 15 August 2006
- (z) (No. LFL 1118) Contract for the Supply of OTR & LV Tyres between La Mancha Resources Australia Pty Ltd and Bridgestone Earthmoving Tyres Pty Ltd dated 31 August 2012
- (aa) (No. LFL 1074) Contract for the Supply and Installation of Fibrecrete between La Mancha Resources Australia Pty Ltd and Stratacrete Pty Ltd dated 21 May 2012

- (bb) (No. LFL 1073) Contract for OHS Specialised Training between La Mancha Resources Australia Pty Ltd and Absolute Training, Emergency & Safety Services dated 10 January 2012
- (cc) (No. LFL 1055) Contract for Assay Services between La Mancha Resources Australia Pty Ltd and Amdel Pty Ltd dated 28 March 2012
- (dd) (No. LFL 1063) Forward Purchase Agreement for Supply of Mining Consumables between La Mancha Resources Australia Pty Ltd and Aqua-Terra Oil and Mineral Services & Supply Co. Pty Ltd dated 25 October 2012
- (ee) (No. LFL 1062) Contract for the Supply of PPE between La Mancha Resources Australia Pty Ltd and Atom Supply dated 21 August 2012
- (ff) (No. LFL 1066) Contract for the Servicing of Light Vehicles between La Mancha Resources Australia Pty Ltd and Ryan's Mechanical Contracting dated 16 March 2012
- (gg) (No. LFL 1004) Contract for the Supply of Underground Diamond Drilling Services between La Mancha Resources Australia Pty Ltd and SMS Operations Pty Ltd dated 10 April 2012

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Schedule 6**Licences**

- (a) Encroachment Licence (Hornet) 04/08 between Mines and Resources Australia Pty Ltd (as operator of and agent for participants in Mungari East JV) and EKJV Management Pty Ltd dated 12 February 2004
- (b) Encroachment Licence (Frog's Leg) 04/07 between Mines and Resources Australia Pty Ltd (as operator and agent for participants in Mungari East JV) and Mines and Resources Australia Pty Ltd (as operator and agent for participants in West Kalgoorlie JV) dated 12 February 2004
- (c) Licence to Take Water (M15/688 Frog's Leg, Mungari East Project, Kalgoorlie) granted to La Mancha Resources Australia Pty Ltd, valid from 31 March 2010 to 31 March 2015
- (d) Environmental Protection Act 1986 Licence (L7887/2003/6, Frog's Leg Gold Project) granted to La Mancha Resources Australia Pty Ltd, valid from 27 January 2011 to 26 January 2016
- (e) Clearing Permit Decision Report (Frog's Leg Mine) to La Mancha Resources Australia Pty Ltd

Schedule 7

18-Month Toll Treatment Agreement

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Toll Treatment Agreement

HBJ Minerals Pty Limited

La Mancha Resources Australia Pty Limited

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Date	2013
Parties	
1.	HBJ Minerals Pty Limited (ABN 30 127 026 519) of Level 3, 18-32 Parliament Place, West Perth, WA 6005 (HBJ).
2.	La Mancha Resources Australia Pty Limited (ABN 90 002 124 745) of Level 1, 12 St Georges Terrace, Perth, Western Australia 6000 (La Mancha).
Recitals	
A	HBJ is the owner and operator of the Jubilee Treatment Plant.
B	HBJ, Dioro Exploration NL (Dioro) and La Mancha are parties to a toll treatment agreement under which HBJ (as the owner and operator of the Jubilee Treatment Plant) has agreed to provide toll treatment services on the ore derived from the operations of the Frog's Leg Mine and supplied by Dioro and La Mancha (the 12-Month Toll Treatment Agreement).
C	On or about the date of execution of the 12-Month Toll Treatment Agreement, the Parties, together with Dioro and Avoca Resources Limited (Avoca), entered into a sale and purchase agreement (the Sale and Purchase Agreement) under which those parties agreed to enter into a transaction (the Transaction) involving: <ul style="list-style-type: none"> (a) the purchase by La Mancha of Dioro and Avoca's interests in: <ul style="list-style-type: none"> (i) the Mungari East Joint Venture; (ii) the Lake Greta Joint Venture; and (iii) the Avoca Joint Venture, <p style="margin-left: 40px;">in each case on the terms set out in the Sale and Purchase Agreement; and</p> (b) the entry into of this Agreement on the Completion Date.
D	Under the terms of the 12-Month Toll Treatment Agreement and the Sale and Purchase Agreement, HBJ, Dioro and La Mancha have agreed that the 12-Month Toll Treatment Agreement shall, subject to the terms of the 12-Month Toll Treatment Agreement, be terminated and replaced by this Agreement.
E	In order to give effect to the arrangements described above, HBJ has agreed to provide the Services to La Mancha, and La Mancha has agreed to engage HBJ to provide the Services, on the terms and conditions set out in this Agreement.

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It is agreed as follows.

1. Definitions and Interpretation

1.1 Definitions

12-Month Toll Treatment Agreement has the meaning given in Recital B.

Adjustment Amount has the meaning given in clause 5.2.

Agreement means the agreement constituted by this document.

Available Capacity has the meaning given in clause 3.2(a).

Average Available Capacity means, in respect of a period, the average daily availability rate of the Plant over that period.

Blending and Flushing Material means low grade material processed at the end of a Campaign Period to clean the Plant of any high grade Ore that may be residing within the Plant or low grade material blended with the Ore during a Campaign Period to facilitate the processing of that Ore.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

Campaign Period means a continuous period during which the Available Capacity is made available by HBJ to La Mancha for the treatment of Ore through the Plant, being (unless otherwise specified in Appendix 1 or agreed by the Parties to the contrary) a continuous period of up to six weeks in duration or such longer period as may be required to make up any shortfall in Available Capacity pursuant to clause 3.2(b), it being acknowledged that a Campaign Period may commence prior to the Commencement Date under the terms of the 12-Month Toll Treatment Agreement and continue after the Commencement Date under the terms of this Agreement.

Claim means, in relation to a Party, a demand, claim, action or proceeding made or brought by or against the Party, however arising and whether present, unascertained, immediate, future or contingent.

Commencement Date means the date of execution of this Agreement.

Completion Date has the meaning given in the Sale and Purchase Agreement.

Confidential Information means:

- (a) all information exchanged between the Parties under or in connection with this Agreement or during the negotiations preceding this Agreement; and
- (b) any information of any kind, relating to or in connection with a Party or any of its Related Bodies Corporate and its business, accounts, reserves, personnel, directors, shareholders and management which is disclosed by such Party to the other Party in connection with this Agreement,

regardless, in either case, of whether such information has been prepared by the disclosing Party, its advisers or any other person on behalf of the disclosing Party.

Corporations Act means the *Corporations Act 2001* (Cth).

Delivery Point means the run of mine or delivery pad adjacent to the Plant.

Expert means an independent expert appointed in accordance with the provisions of clause 12.

Force Majeure means strikes, lockouts or other differences with workers, accidents, damage to plant, insufficiency of supplies or transportation, or interference caused by war, insurrection, native title claims, acts of intervention of constituted authorities or any other contingency beyond the reasonable control of a Party which hinders or prevents either:

- (a) La Mancha from mining, forwarding or delivering Ore to the Plant; or
- (b) HBJ from carrying out the Services.

Frog's Leg Mine means the gold mine located in the district of Coolgardie, Western Australia, and, as at the date of this Agreement, covered by the mining tenements M 15/688, M 15/689, M 15/836, M 15/837, M 15/1188, M 15/1287 and L 15/246.

GIC means gold in circuit.

GST has the meaning given to it in the GST Act.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and any regulations thereto or such other act or regulations of equivalent effect.

Insolvency Event means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller (as that term is defined in section 9 of the Corporations Act) is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a person;
- (c) an application is made to a court for an order, or an order is made, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraph (a) or (b);
 - (ii) winding up a person; or
 - (iii) proposing or implementing a scheme or arrangement under the Corporations Act in respect of a person (other than for a reconstruction or amalgamation while solvent),and that application is not stayed, withdrawn or dismissed within 14 days;
- (d) a person stops or suspends payment to creditors generally or, except to reconstruct, amalgamate or refinance while solvent, enters into an arrangement, assignment or composition with or for the benefit of its creditors generally or any class of them or formally proposes to do so; or
- (e) a person is unable to pay all of its debts as and when they become due and payable.

Jubilee Treatment Plant or **Plant** means the Jubilee treatment plant, located in the district of Kalgoorlie, Western Australia (or any replacement or expansion of that plant), which is owned and operated by HBJ.

Liabilities means claims, losses, liabilities, costs or expenses of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent.

Metallurgical Parameters means the mill operating parameters as defined in Appendix 7.

Mint means the Perth Mint located in Perth, Western Australia.

Operating Procedures means the procedures set out in Appendices 2 to 7.

Ore means gold bearing material derived from the operations of the Frog's Leg Mine and supplied by La Mancha to HBJ pursuant to this Agreement and, subject to and in accordance with clause 3.7, such other ore as the Parties may agree.

Parties means each of HBJ and La Mancha, and **Party** means either of them.

Quarter means a 3 month period commencing on the first day of the months of January, April, July and October and, where the context requires, includes any lesser period at the beginning and end of the Term.

Related Body Corporate has the meaning given in the Corporations Act, but on the basis that:

- (a) Subsidiary has the meaning given in this Agreement;
- (b) that body corporate includes any entity or trust;
- (c) in the case of La Mancha or any other member of La Mancha's group, the term extends to include any other member of La Mancha's group; and
- (d) in the case of HBJ or any other member of HBJ's group, the term extends to include any other member of HBJ's group.

Reserved Capacity has the meaning given in clause 3.4(a).

Reserved Capacity Ore has the meaning given in clause 3.4(a).

Sale and Purchase Agreement has the meaning given in Recital C.

Services means the provision of toll treatment services to be carried out at the Plant by HBJ and all obligations imposed on HBJ as detailed in this Agreement.

Subsidiary has the meaning given in the Corporations Act, but so that:

- (a) an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled by that body corporate (expressions used in this paragraph have the meaning given for the purposes of Part 1.2, Division 6 of the Corporations Act);
- (b) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interested will be regarded as a share; and
- (c) a body corporate or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a body corporate.

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Term means the term of this Agreement, commencing on the Commencement Date and terminating on the Termination Date.

Termination Date means the date of termination of this Agreement in accordance with clause 13.

Toll Treatment Fee means an amount of AUD 20,593,064 to be paid subject to and in accordance with clause 5.

Toll Treatment Schedule has the meaning given in clause 3.1(a), as such schedule may be adjusted in accordance with clause 3.1(a).

Transaction has the meaning given in Recital C.

Variable Costs means an amount of AUD 4,892,790 to be paid subject to and in accordance with clause 5. To avoid doubt, the figure of AUD 4,892,790 shall in no way limit the operation of the adjustment mechanism in clauses 5.2 and 5.3.

Variable Costs Components means the variable cost components listed in Appendix 8.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included;
- (c) the singular includes the plural, and the converse also applies;
- (d) a gender includes all genders;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity;
- (g) a reference to a clause, schedule, appendix or annexure is a reference to a clause of, or schedule or annexure or Appendix to, this Agreement;
- (h) a reference to an agreement or document (including a reference to this Agreement) is to this Agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other agreement or document;
- (i) a reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form;
- (j) a reference to a Party to this Agreement or another agreement or document includes the Party's successors, permitted substitutes and permitted assigns (and, where applicable, the Party's legal personal representatives);
- (k) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;

- (l) a reference to *conduct* includes an omission, statement or undertaking, whether or not in writing;
- (m) a reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (n) a reference to *AUD, dollars* and *\$* is to the lawful currency of the Commonwealth of Australia from time to time; and
- (o) a *month* means a calendar month.

2. Appointment to Provide Services and Term

2.1 Appointment

- (a) With effect from the Commencement Date, La Mancha hereby appoints HBJ to provide the Services on the terms and conditions set out in this Agreement.
- (b) HBJ accepts its appointment to provide the Services to La Mancha and to perform its other duties and obligations under this Agreement on and from the Commencement Date in accordance with the terms and conditions of this Agreement.
- (c) The Services shall be provided on a continuous basis in Campaign Periods unless otherwise agreed between the Parties or if an event of Force Majeure occurs.

2.2 Term

HBJ's appointment to provide the Services shall commence on the Commencement Date and continue until the Termination Date.

2.3 Consideration

In consideration of HBJ providing the Services, La Mancha agrees to pay:

- (a) the Toll Treatment Fee; and
- (b) the Variable Costs,

subject to and in accordance with the provisions of clause 5.

3. Toll Treatment Schedule and Availability of the Plant

3.1 Toll Treatment Schedule

- (a) The Parties acknowledge and agree that the Plant will be made available to process the Ore during the Term on the basis of the indicative toll treatment schedule set out in Appendix 1 (the ***Toll Treatment Schedule***). If the commencement date of the 12-Month Toll Treatment Agreement occurs after the starting date for the first Quarter set out in Appendix 1, then, for the purpose of this Agreement, that starting date shall be deemed to correspond to the

commencement date of the 12-Month Toll Treatment Agreement and, subject to the provisions of this Agreement, any days of Available Capacity relating to the first Quarter that have not been made available shall be provided by HBJ during the remainder of the Term.

- (b) Notwithstanding paragraph (a), HBJ and La Mancha agree to conduct together joint meetings and discussions on a regular basis in order to assess and agree, in good faith, whether any adjustment to the Toll Treatment Schedule is required in respect of any Campaign Period. For the purposes of any meetings and discussions, HBJ and La Mancha agree to have due regard to:
- (i) the periods during which La Mancha will be able to deliver Ore to the Delivery Point in respect of any Campaign Period;
 - (ii) HBJ's other commitments in respect of the Plant;
 - (iii) ensuring that each Campaign Period occurs at reasonably evenly spread intervals during both the Term and each Quarter during the Term and, in any case, ensuring that the 345 days of Available Capacity are provided during the Term; and
 - (iv) the agreed principle that Average Available Capacity of 98% plant availability (based on a 24 hour operating day) shall be made available to La Mancha during Campaign Periods, with HBJ being entitled, subject to clauses 3.2(b) and 3.4, to exclusive use of the Plant for the two weeks following the Campaign Period, on a rolling basis.
- (c) In the event that HBJ and La Mancha cannot reach an agreement on an adjustment to the Toll Treatment Schedule (subject to any adjustments agreed pursuant to paragraph (b)), then the provisions of the Toll Treatment Schedule set out in Appendix 1 shall apply.

3.2 Available Capacity

- (a) Subject to paragraph (b) and clauses 3.4 and 7 and any adjustments agreed pursuant to clause 3.1(b), HBJ undertakes and agrees that it will make the Plant available to process Ore supplied by La Mancha to the Delivery Point for 345 days during the Term in accordance with the Toll Treatment Schedule, with a 98% plant availability rate for each of those days based on a 24 hour operating day (the **Available Capacity**).
- (b) If any available capacity in respect of a Quarter has been provided by HBJ pursuant to the terms of the 12-Month Toll Treatment Agreement, then such available capacity shall be deemed to have been provided under this Agreement, with the effect that the number of days corresponding to the Available Capacity to be provided pursuant to paragraph (a) shall be reduced by the number of days that have already been made available pursuant to the 12-Month Toll Treatment Agreement.
- (c) In the event that the Average Available Capacity in any given Campaign Period is less than 98% plant availability (based on a 24 hour operating day) (**Capacity**

Shortfall), then La Mancha shall be compensated by HBJ allocating La Mancha with additional processing time by either:

- (i) adding additional processing time to the end of the time scheduled for the completion of the relevant Campaign Period; or
- (ii) adding additional processing time to either the commencement time or completion time of a future Campaign Period with such additional time to be provided by not later than two Campaign Periods after the Campaign Period during which such Capacity Shortfall arose,

in either case to ensure that capacity equivalent to that Capacity Shortfall is provided.

3.3 Throughput Rate

- (a) The Parties agree that La Mancha will be entitled to determine the throughput rate applicable for each day during which Available Capacity is provided by HBJ to La Mancha, provided that such throughput rate is within the specifications of the Plant.
- (b) The Parties acknowledge that it is currently anticipated that the total average throughput rate, including in respect of any Reserved Capacity, should be approximately 2,705 tonnes per day.
- (c) If La Mancha determines a throughput rate in accordance with clause 3.3(a) that is less than 115 tonnes per hour and which, in the reasonable view of the HBJ-appointed processing superintendent (**Supervisor**), is actually or potentially causing physical damage to the Plant, La Mancha will increase the throughput rate in accordance with the instructions of the Supervisor provided the Supervisor cannot demand a rate in excess of 115 tonnes per hour.

3.4 Reserved Capacity

The Parties agree that for each day during which Available Capacity is provided to La Mancha:

- (a) capacity sufficient to ensure that at least 250 tonnes of ore not supplied by La Mancha (**Reserved Capacity Ore**) will be made available to HBJ (the **Reserved Capacity**); and
- (b) HBJ will be entitled to the processed product, or the proceeds therefrom, produced out of the Reserved Capacity, with La Mancha being entitled to receive the balance of product processed by the Plant during such day.

To avoid doubt, the processing of Reserved Capacity Ore during a Campaign Period will be without cost to HBJ.

3.5 Tonnes Milled

- (a) The tonnes milled for a Campaign Period are actual dry tonnes of Ore fed to the mill calculated from the wet tonnes measured by the mill feed conveyor CV12 weightometer minus an allowance for contained moisture.

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- (b) Prior to the commencement and at the completion of a Campaign Period, the weightometers on the crushing circuit and the mill feed conveyor are to be calibrated to allow accurate reconciliation of the processed tonnage. The weightometer measured tonnage can be reconciled against haulage tonnage.

3.6 Moisture Content

The moisture content of the mill feed will be calculated according to the procedure outlined in Appendix 2.

3.7 Non-Frog's Leg Mine ore

- (a) The Parties acknowledge that the Toll Treatment Fee has been agreed on the basis that all ore supplied and treated under this Agreement will be derived from the operations of the Frog's Leg Mine.
- (b) If La Mancha wishes to supply gold bearing ore from a source other than the Frog's Leg Mine (**Non-Frog's Leg Ore**) for treatment under the terms of this Agreement, La Mancha will give notice to HBJ and the Parties will negotiate in good faith with a view to agreeing reasonable and appropriate variations to the Toll Treatment Fee to account for differences in the cost to HBJ of treating the Non-Frog's Leg Ore, having regard to differences in the specifications of that Non-Frog's Leg Ore as compared with ore derived from the operations of the Frog's Leg Mine.

4. Delivery of Ore and Release of Gold and Silver

4.1 Delivery of Ore and gold doré bars

- (a) La Mancha agrees to provide sufficient quantities of Ore to the Delivery Point to enable HBJ to provide the Services in accordance with the Toll Treatment Schedule.
- (b) La Mancha will be fully responsible for the delivery of all Ore to the Delivery Point and costs incurred in connection with such delivery shall be borne by La Mancha.
- (c) Title and risk to the Ore delivered by La Mancha and any gold or silver derived from such Ore shall remain with La Mancha at all times, subject to clause 10.
- (d) Custody of any Ore delivered by La Mancha is transferred to HBJ upon unloading at the Delivery Point for the sole purpose of treating the Ore. Custody of gold doré derived from such Ore is retained by HBJ until such time as it is transferred to La Mancha in accordance with clause 4.1(e).
- (e) La Mancha shall take custody of all gold doré derived from Ore and from the Reserved Capacity Ore with effect from the time at which such gold doré is taken from the Plant under the terms of a relevant refining agreement pursuant to which such gold doré is delivered to the Mint for refining.

4.2 Release of Gold and Silver

- (a) As soon as practicable after the gold and silver derived from the gold doré bars referred to in clause 4.1(e) becomes available by way of turn-out from the Mint (**Delivered Metal**), La Mancha will release, and instruct the Mint to release, all such Delivered Metal into the metal accounts of HBJ and La Mancha in the following manner:
- (i) the HBJ Share is to be released into the HBJ metal account HBJ 001 held at the Mint; and
 - (ii) the La Mancha Share is to be released into the La Mancha metal account LAMA 01 held at the Mint.
- (b) For the purposes of this clause 4.2:
- (i) **HBJ Share** means, in respect of a delivery of Delivered Metal, a quantity of that Delivered Metal determined in accordance with the following formula:
$$HS = RS \times RT$$
where:
 HS = the HBJ Share
 RS = the quantity of gold and silver in the Reserved Capacity Ore which was consumed in the production of the Delivered Metal, which is to be determined by the application of an assumed grade of the Reserved Capacity Ore (which grade shall be agreed by representatives of HBJ and La Mancha before the commencement of the relevant Campaign Period) to the volume of Reserved Capacity Ore which was consumed in the production of the Delivered Metal; and
 RT = the average recovery rate achieved during the Campaign Period from which the Delivered Metal was derived, expressed as a percentage; and
 - (ii) **La Mancha Share** means, in respect of a delivery of Delivered Metal, a quantity of that Delivered Metal determined by subtracting the HBJ Share from the Delivered Metal.
- (c) Upon request from HBJ, La Mancha will provide, or procure the provision of, a copy of all Mint documentation evidencing the HBJ Share of Delivered Metal, including recovery, to HBJ.

5. Payment of Toll Treatment Fee and Variable Costs

5.1 Toll Treatment Fee and Variable Costs

- (a) Subject to paragraph (b), unless this Agreement is terminated in accordance with clause 13, La Mancha shall pay the Toll Treatment Fee and the Variable Costs (subject to any adjustment pursuant to clause 5.2) to HBJ in six advance equal Quarterly instalments as follows:
- (i) in respect of the first Quarter, on the date which is 10 Business Days after the commencement date of the 12-Month Toll Treatment Agreement;
 - (ii) in respect of the second Quarter, on 1 April 2013;
 - (iii) in respect of the third Quarter, on 1 July 2013;
 - (iv) in respect of the fourth Quarter, on 1 October 2013;
 - (v) in respect of the fifth Quarter, on 1 January 2014; and
 - (vi) in respect of the sixth Quarter, on 1 April 2014.

If any of these payment dates do not fall on a Business Day, the payment of the Toll Treatment Fee and the Variable Costs will be made on the immediately preceding Business Day.

- (b) If any amount has been paid pursuant to the 12-Month Toll Treatment Agreement, then such amount shall be deemed to have been paid under this Agreement, with the effect that:
- (i) the amount of the Toll Treatment Fee and the Variable Costs shall be reduced by a corresponding amount and the obligation to pay the applicable Quarterly payment or payments referred to in paragraph (a) shall be extinguished; and
 - (ii) any amount paid on account of an adjustment to the variable costs under the 12-Month Toll Treatment Agreement shall not be payable under this Agreement.
- (c) On the due date for payment, La Mancha will electronically transfer funds in payment of the Toll Treatment Fee and Variable Costs to an account nominated by HBJ on the due date for payment.

5.2 Adjustment of Variable Costs

- (a) Subject to clause 5.2(b), the amount paid by La Mancha on account of Variable Costs shall be adjusted by HBJ and La Mancha at the end of each Campaign Period based on the final actual consumption of the Variable Cost Components used to treat Ore supplied by La Mancha and the Reserved Capacity Ore during the relevant Campaign Period and the actual cost of those Variable Cost Components (the **Adjustment Amount**).
- (b) La Mancha shall be under no obligation to pay any amount of the Variable Costs that arise as a consequence of a material breakdown at the Plant that is not caused by La Mancha.

- (c) In the event that HBJ and La Mancha cannot reach an agreement on the Adjustment Amount regarding any Campaign Period, then either HBJ or La Mancha may, by written notice, refer the dispute to the President of the Alacer Gold Australian Business Unit for HBJ and the General Manager of La Mancha for La Mancha for them to attempt to resolve the dispute.
- (d) If the nominated senior managers referred to in clause 5.2(c) have not resolved the dispute within 10 Business Days of it being referred to them, the dispute must promptly be submitted for determination by an Expert who will determine the matter(s) in dispute in accordance with clause 12.

5.3 Payment of Adjustments to Variable Costs

- (a) Upon agreement or determination by an Expert (as applicable), HBJ shall promptly issue an invoice or credit note (as appropriate) to La Mancha stating the Adjustment Amount. The net aggregate of all Adjustment Amounts agreed or determined (as applicable) during any Quarter (other than the period commencing on 1 April 2014 and ending on the Termination Date to which paragraph (b) applies) shall be applied to:
 - (i) if the net aggregate amount of the actual Variable Costs for the relevant Quarter is greater than the advance payment made for Variable Costs under clause 5.1 for that Quarter, increase the amount payable by La Mancha on account of the Variable Costs for the Quarter immediately following the Quarter in respect of the period to which the Adjustment Amounts relate; or
 - (ii) if the net aggregate amount of the actual Variable Costs for the relevant Quarter is less than the advance payment made for Variable Costs under clause 5.1 for that Quarter, decrease the amount payable by La Mancha on account of the Variable Costs for the Quarter immediately following the Quarter in respect of the period to which the Adjustment Amounts relate.
- (b) In respect of any agreed or determined (as applicable) Adjustment Amounts for the period commencing on 1 April 2014 and ending on the Termination Date (**Final Period**), HBJ shall issue an invoice or credit note (as appropriate) as soon as practicable following the final Campaign Period during the Term and:
 - (i) if the net aggregate amount of the actual Variable Costs for the Final Period is greater than the advance payment made under clause 5.1 for the Final Period, then La Mancha shall pay to HBJ the difference within 10 Business Days of receipt of the invoice from HBJ; or
 - (ii) if the net aggregate amount of the actual Variable Costs for the Final Period is less than the advance payment made under clause 5.1 for the Final Period, then HBJ shall pay to La Mancha the difference within 10 Business Days of receipt of the credit note from HBJ.

6. Repairs and Maintenance of the Plant

During the Term, HBJ covenants and agrees (but without prejudice to any other right or remedy of La Mancha) to keep and maintain the Plant in accordance with HBJ's Plant maintenance plan and schedule from time to time.

7. Force Majeure

7.1 Relief from Performance

- (a) The Services shall be provided until the Termination Date unless an event of Force Majeure occurs.
- (b) If an event of Force Majeure occurs, then:
 - (i) the affected Party claiming the benefit or protection of Force Majeure must immediately after the occurrence or the discovery of the event of Force Majeure, and in any event by not later than two Business Days after the occurrence or the discovery of that event of Force Majeure, provide to the other Party written notice (a **FM Notice**) specifying in a reasonable level of detail:
 - (A) the circumstances that have given rise to the event of Force Majeure; and
 - (B) the expected consequences in respect of the affected Party's obligations under this Agreement, including the affected Party's good faith estimate of the expected duration of the event of Force Majeure;
 - (ii) for the duration of the event of Force Majeure, the affected Party shall be excused from performance of, and shall not be liable to the other Party for any failure in carrying out any of, its obligations under this Agreement (including, if applicable, the provision of the Services);
 - (iii) subject to clause 7.2(d), any moneys which are or become due and payable shall be paid in accordance with this Agreement; and
 - (iv) without prejudice to clause 13.1, and subject to clause 7.2(d), the Term will be extended by a period equal to the duration of the event of Force Majeure. For the avoidance of doubt, the extension of the Term will not result in La Mancha being required to make any payments in respect of the Toll Treatment Fee or Variable Costs (or adjustments thereto) that are not contemplated by clauses 5 or 7.2(d).

7.2 Procedure following FM Notice

- (a) Each Party must do all things reasonably possible to reduce any further expense or cost it incurs as soon as it receives a FM Notice.
- (b) As soon as practicable after the provision of a FM Notice under clause 7.1(b)(i), the Parties will meet to discuss and agree, in good faith, the implications of the event

of Force Majeure on the ability of the Parties to perform their respective obligations under this Agreement and the steps that each Party should take in the circumstances.

- (c) If the Parties cannot reach an agreement on the steps that each Party should take under paragraph (b) within a period of 15 days from the date on which the FM Notice is provided, then:
- (i) if HBJ is the affected Party claiming the benefit or protection of Force Majeure:
 - (A) without prejudice to paragraph (B), clauses 7.1(b)(ii) to 7.1(b)(iv) shall (for the avoidance of doubt) continue to apply; and
 - (B) if the duration of the event of Force Majeure is anticipated to be at least 30 days from the occurrence or the discovery of the event of Force Majeure, paragraph (d) shall apply; or
 - (ii) if La Mancha is the affected Party claiming the benefit or protection of Force Majeure, clauses 7.1(b)(ii) to 7.1(b)(iv) shall (for the avoidance of doubt) continue to apply.
- (d) If HBJ is subject to an event of Force Majeure leading to the suspension of the Services that lasts for a period of more than 30 days and the Parties cannot reach an agreement on the steps to be taken pursuant to paragraph (b), then the following provisions shall apply:
- (i) La Mancha may, in its discretion, utilise the services of other contractors while the Services are so suspended, in which case the 345 days of Available Capacity will be reduced accordingly;
 - (ii) any payment obligations relating to the period commencing on the date on which the Services are so suspended and finishing on the date on which the performance of the Services is resumed by HBJ shall be suspended for same period;
 - (iii) HBJ shall be obliged to refund any amount of the Toll Treatment Fee and Variable Costs paid by La Mancha under clause 5.1 for which Services are so suspended during the Quarter in which the suspension occurs, provided that within 10 Business Days of the resumption of performance of the Services by HBJ, La Mancha shall repay, subject to paragraph (iv), such amount to HBJ; and
 - (iv) if La Mancha elects to utilise the services of other contractors pursuant to paragraph (i), then the amount that La Mancha is obliged to repay to HBJ under paragraph (iii) shall be reduced by an amount that corresponds to the number of days of Available Capacity for which La Mancha has utilised the services of other contractors pursuant to paragraph (i).
- (e) In the event that HBJ and La Mancha cannot reach an agreement on the amount required to be refunded pursuant to paragraph (d)(iii), then either HBJ or La Mancha may, by written notice, refer the dispute to the President of the Alacer

Gold Australian Business Unit for HBJ and the General Manager of La Mancha for La Mancha for them to attempt to resolve the dispute.

- (f) If the nominated senior managers referred to in paragraph (e) have not resolved the dispute within 10 Business Days of it being referred to them, the dispute must promptly be submitted for determination by an Expert who will determine the matter(s) in dispute in accordance with clause 12.

7.3 Actions during Force Majeure events

An affected Party claiming the benefit or protection of Force Majeure shall:

- (a) take all reasonable steps to ameliorate and remedy the consequences of that occurrence without delay;
- (b) maintain regular communication with the other Party to describe what is being done to remedy the Force Majeure; and
- (c) resume performance in full of its obligations under this Agreement as soon as reasonably practicable,

but the settlement of strikes, lockouts, or other industrial disputes or disturbances which constitute Force Majeure shall be entirely within the discretion of the affected Party and the affected Party may refrain from settling the strike, lockout or dispute or may settle it at such time and on such terms as it considers to be in its best interests.

7.4 Extended Force Majeure event

If an event of Force Majeure subsists and causes one Party to be unable to perform its obligations for a continuous period of at least nine months after a FM Notice is provided pursuant to clause 7.1(b), then this Agreement may be terminated by the Party that is not affected by the event of Force Majeure providing written notice to that effect to the affected Party.

8. Gold in Circuit and Flushing

8.1 Gold in Circuit

- (a) HBJ and La Mancha will, immediately prior to the commencement of and immediately after the completion of each Campaign Period, ascertain and use their best endeavours to agree the precise inventory of GIC in the processing plant. An accurate metallurgical balance will be prepared to the reasonable satisfaction of HBJ and La Mancha. The Parties will use their best endeavours to minimise build up or reduction of the GIC between the opening and closing of Ore treatment.
- (b) The procedure for determination of opening GIC at the commencement of Ore treatment and closing GIC at the completion of Ore treatment is outlined in Appendix 3. The Parties will compensate each other for any gold removed from or accumulated in circuit at the end of Ore processing due to change in the GIC by means of physical gold payments. The procedure for allocation of gold due to the change in gold inventory is outlined in Appendix 3.

8.2 Blending and Flushing

- (a) In the event that HBJ and La Mancha deem it necessary to run Blending or Flushing Material, HBJ will make available low grade material suitable for blending and flushing the circuit.
- (b) The duration of the blending and flushing period is to be negotiated and agreed by HBJ and La Mancha. The grade and gold recovery factor of the Blending and Flushing Material is to be agreed by HBJ and La Mancha prior to commencement of the Campaign Period. Gold produced from the Blending and Flushing Material will be allocated to the Party who supplied the material according to the processed tonnage and agreed grade and gold recovery factor.

9. Safety, Environmental & Metallurgical Obligations

9.1 Safety Practices

All employees, subcontractors and agents of the Parties working at the Plant will comply with HBJ's site safety and environmental rules, a copy of which will be made available for inspection by the other Party and their representatives, on request.

9.2 General

HBJ will treat the Ore delivered by La Mancha to the Plant in accordance with the Operating Procedures set out in the appendices.

9.3 Standard of Care

- (a) In providing the Services, HBJ shall adopt good workmanlike and commercially reasonable practices and shall at all times act with the reasonable standard of diligence and care normally exercised by duly qualified persons in the performance of comparable work.
- (b) Without limiting the generality of the foregoing, HBJ shall keep true and correct accounts and records of its operations pursuant to this Agreement.
- (c) HBJ will use reasonable endeavours to maximise gold recovery from the Ore.

9.4 Direction of Operation

- (a) When milling the Ore, HBJ will use its reasonable endeavours to comply with the Metallurgical Parameters as may be varied in accordance with this Agreement.
- (b) HBJ will as soon as reasonably possible, implement any reasonable change in Metallurgical Parameters reasonably requested in writing by La Mancha's metallurgist and may refuse to do so only for the following reasons:
 - (i) for valid safety reasons including the actual or potential endangering of personnel or equipment;
 - (ii) if HBJ reasonably determines that this decision will require the use of equipment or plant outside of the operational parameters set by its manufacturers or will result in material increased costs;

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- (iii) the change is not technically capable of being implemented at the throughput rate; or
- (iv) if HBJ reasonably determines that the requested change:
 - (A) may have a material adverse impact on the environment or on the recovery of gold from other ores to be treated at the Plant or on the Plant's facilities, or
 - (B) may result in costs to HBJ that cannot be recovered from La Mancha under this Agreement, unless La Mancha agrees to meet such costs.
- (c) If any of the above reasons apply, then HBJ shall have an overriding right to adjust the Plant's technical operating parameters.

9.5 Right of Inspection

- (a) La Mancha will appoint a qualified representative to monitor all operations at the Plant and La Mancha's representative will be fully trained at La Mancha's cost in the HBJ safety systems and operational parameters.
- (b) La Mancha's representative will have full access to the Plant at any time when HBJ is processing the Ore for the purposes of inspection and observation.
- (c) La Mancha's representative will be granted access to all metallurgical and sampling results, data and information collected by HBJ in respect to each Campaign Period. It is acknowledged that whenever HBJ takes samples, it will take a sample for La Mancha and make such sample available to La Mancha.
- (d) The following will apply:
 - (i) during normal business hours which are between 7am and 4pm, Monday to Friday, La Mancha and its authorised personnel and representatives shall on one hour's notice have access to the Plant at all times when HBJ is processing ore for purposes of inspecting and observing the Plant and its surrounds and gaining access to such other, metallurgical and sampling results, data and information relating to this Agreement; and
 - (ii) should La Mancha and its authorised personnel and representatives wish to carry out any inspection or observation outside the hours referred to above it shall give at least 12 hours' written notice of its intention to do so and thereafter it shall follow the reasonable directions of HBJ's onsite personnel.
- (e) La Mancha will be solely liable for all loss, damage or injury to any person or property caused by the acts or omissions of La Mancha, its authorised personnel or representatives while inspecting or observing the Plant.
- (f) La Mancha shall ensure its authorised personnel and representatives comply with the safety policies and legal directions of HBJ whilst visiting or working at the Plant.

9.6 Recovery

HBJ gives no guarantee to La Mancha in respect of recovery rates achieved by the Plant, provided however that nothing in this clause 9.6 reduces, alters or waives in any way the obligations of HBJ to provide the Services in accordance with this Agreement.

10. Acknowledgment by La Mancha

La Mancha acknowledges that full title to all tailings deposited in the Plant's tailings disposal facility will pass to HBJ at the discharge point.

11. Liabilities

11.1 HBJ Liabilities

Subject to clause 13.3(c), HBJ shall have no liability whatsoever to La Mancha or any other person for:

- (a) loss or damage to or theft from La Mancha's stockpiles of Ore;
- (b) any consequential loss or business interruption suffered by La Mancha arising from any loss or damage to the Plant whatsoever; or
- (c) loss or damage to or theft from La Mancha's refined bullion or gold in circuit while stored in the gold room or in transit from the Plant site to any refinery,

unless such loss, damage or theft is caused by any act or omission on the part of HBJ, its employees, consultants or agents in wilful disregard for the harmful foreseeable and avoidable consequences which result from the act or omission.

11.2 Liability of La Mancha

Subject to clause 13.3(b), La Mancha shall have no liability whatsoever to HBJ or any other person for any consequential loss or business interruption suffered by HBJ arising from any loss or damage to the Plant whatsoever, unless such loss or damage is caused by any act or omission on the part of La Mancha or its employees, consultants or agents in wilful disregard for the harmful foreseeable and avoidable consequences which result from the act or omission.

12. Expert

Either HBJ or La Mancha may refer the matter in issue referred to in clauses 5.2(d) and 7.2(f) to an Expert for determination and the following will apply:

- (a) the procedure for the appointment of an Expert is as follows:
 - (i) the Party wishing the appointment to be made must give notice in writing to that effect to the other Party and give details of the matter which it proposes be resolved by the Expert;
 - (ii) within seven days from the date of that notice HBJ and La Mancha must meet in an endeavour to agree upon a single Expert (who must be

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independent of the Parties and must have qualifications and experience appropriate to the matter in dispute) to whom the matter will be referred for determination; and

- (iii) if within 14 days of the said notice HBJ and La Mancha fail to agree upon the appointment of a single Expert, any Party may request the then President of the Australasian Institute of Mining and Metallurgy to appoint the Expert;
- (b) the Expert must be instructed to:
 - (i) determine the matter within the shortest practicable time; and
 - (ii) deliver a report stating his opinion with respect to the matters in dispute setting out the reasons for the decision;
- (c) the Expert must determine the procedures for the conduct of the process in order to resolve the matter and must provide each of HBJ and La Mancha with a fair opportunity to make submissions in relation to the matter in issue;
- (d) any process or determination of the dispute by the Expert is made as an Expert and not as an arbitrator and the determination of the Expert is final and binding on the Parties without appeal so far as the law allows and except in the case of manifest error;
- (e) each Party must bear its own costs of and incidental to any proceedings under this clause; and
- (f) the costs of the Expert must be borne equally by La Mancha and HBJ.

13. Termination

13.1 Termination

This Agreement shall commence on the Commencement Date and shall remain in full force and effect until the earlier of:

- (a) the later of 30 June 2014 and the date on which 345 days of Average Available Capacity of 98% has been provided;
- (b) the Parties mutually agreeing in writing to terminate this Agreement;
- (c) HBJ providing written notice terminating the Agreement if an Insolvency Event occurs in relation to La Mancha;
- (d) La Mancha providing written notice terminating the Agreement if an Insolvency Event occurs in relation to HBJ;
- (e) the date on which a notice is served pursuant to clause 7.4; and
- (f) the date on which a Termination Notice served pursuant to clause 13.2 takes effect.

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13.2 Termination for material breach

- (a) This Agreement may be terminated by:
- (i) HBJ for any material breach or contravention of a term of this Agreement by La Mancha which is not remedied by La Mancha within 20 days after receipt of written notice from HBJ requiring the breach to be remedied; or
 - (ii) La Mancha for any material breach or contravention of a term of this Agreement by HBJ which is not remedied by HBJ within 20 days after receipt of written notice from La Mancha requiring the breach to be remedied,
- provided that such material breach by the defaulting Party is not due to an act or omission of the non-defaulting Party.
- (b) If the breach or contravention is not remedied within the period prescribed in clause 13.2(a), HBJ or La Mancha (as the case may be) may terminate this Agreement by serving on the defaulting Party notice in writing (**Termination Notice**) of its intention to do so.
- (c) This Agreement will be terminated from and including the date specified in the Termination Notice and, if no date is specified, on the date which is five days from the date on which the Termination Notice is deemed to have been received by the defaulting Party.

13.3 Effect of Termination

- (a) Subject to paragraphs (b), (c) and (d), after the Termination Date, HBJ shall cease performance of the Services in accordance with the notice and the Parties shall be discharged from their obligations under this Agreement, without prejudice to any rights, obligations or liabilities that have accrued up to the Termination Date.
- (b) La Mancha shall, provided HBJ is not in unremedied material breach of this Agreement, pay HBJ the value of the Services performed in accordance with this Agreement up to and including the Termination Date in accordance with clause 5. Further (and without prejudice to any duty at law to mitigate any loss or damage that HBJ may suffer or incur as a result of the termination or the conduct giving rise to the termination), if HBJ terminates this Agreement by reason of La Mancha suffering an Insolvency Event or following HBJ serving a Termination Notice, HBJ shall be entitled to claim damages for the non-payment of that part of the Toll Treatment Fee as remains unpaid at the time of termination.
- (c) Notwithstanding the provisions of clause 11.1 and without prejudice to any duty at law to mitigate any loss or damage that La Mancha may suffer or incur as a result of the termination or the conduct giving rise to the termination, if La Mancha terminates this Agreement by reason of HBJ suffering an Insolvency Event or following La Mancha serving a Termination Notice, La Mancha shall be entitled to claim damages against HBJ for any unremedied material breach of this Agreement at the time of termination.

- (d) In the event of termination of this Agreement under clause 13.2, the non-defaulting Party shall do everything reasonably practicable to mitigate any costs incurred by it arising from such material breach.

14. Assignment

- (a) Subject to paragraph (b), no Party (the **Assigning Party**) shall assign its rights or obligations under this Agreement to any person without the consent of the other Party (the **Non-Assigning Party**), which consent shall not be withheld or delayed if the assignee demonstrates to the reasonable satisfaction of the Non-Assigning Party that it will assume the obligations of the Assigning Party on substantially the same terms as this Agreement.
- (b) An assignment under paragraph (a) will have no force or effect until the assignee of the Assigning Party has entered into a covenant with the Non-Assigning Party in terms to the reasonable satisfaction of the Non-Assigning Party binding it to observe and perform all the terms and conditions of this Agreement.

15. GST

All amounts referred to in this Agreement are exclusive of GST. If GST is imposed on any supply made under this Agreement, the recipient of the supply must, subject to receipt of a valid tax invoice, pay to the supplier an additional amount equal to the GST payable on or in respect of the supply at the same time as payment for the supply is required to be made under this Agreement.

16. Announcements

Save as required by law, no Party may make any public announcement in relation to this Agreement or the provision of the Services or the matters contained in this Agreement without the prior written approval of the other Party, which approval must not be unreasonably withheld or delayed. Any approval provided in relation to the Sale and Purchase Agreement shall, if the public announcement refers to matters under this Agreement, be taken to be approved for the purposes of this clause 16 as well.

17. Confidentiality

17.1 Confidentiality Information not to be Disclosed

Each Party undertakes that it shall not, and shall procure that its Related Bodies Corporate shall not:

- (a) disclose Confidential Information, including Confidential Information of the other Party, to any person; or
- (b) use Confidential Information of the other Party.

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17.2 Permitted Disclosure

A Party may disclose Confidential Information:

- (a) to any of its Related Bodies Corporate or any person who holds a controlling shareholding in any such Related Body Corporate;
- (b) to its directors, employees, officers and agents or of any of its Related Bodies Corporate;
- (c) to its professional advisers (including legal advisers) and consultants;
- (d) to a bank or other financial institution (and its professional advisers including legal advisers) in connection with any loan or other financial accommodation or application for a loan or financial accommodation to it or to any of its Related Bodies Corporate or the provision of underwriting for any issue of securities;
- (e) in connection with any bona fide potential disposal, security interest or investment to a third party either prior to or at any time after the disposal, security interest, or investment;
- (f) to the extent required under any applicable law or the rules or regulations of any recognised securities exchange which apply to it or to any of its Related Bodies Corporate; and
- (g) if the disclosure is required for the purposes of any legal, arbitral, administrative or other proceedings involving it or any of its Related Bodies Corporate,

provided however that the beneficiaries of the disclosure of the Confidential Information referred to in paragraphs (c) to (e) shall have agreed to be bound by a confidentiality agreement in substantially the same terms as this clause 17, unless they are bound by a professional duty of confidentiality providing substantially the same standard of confidentiality as provided under this clause 17.

17.3 Injunctive Relief

Each Party acknowledges that any breach of this clause 17 will cause material damage to the other Party. Consequently, each Party has the right, in addition to any other remedies available at law or in equity, to seek injunctive relief against the other Party or any of its servants or agents in respect of any such breach by the other Party or its servants or agents.

17.4 Former Party Bound

This clause 17 will continue to bind a Party for a period of three years after following the date at which:

- (a) it ceases to be a party to this Agreement; or
- (b) this Agreement terminates in accordance with its terms.

18. Notices

18.1 How Notice to be given

Any notice, demand, consent or other communication (a **Notice**) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) in the case of email, must be in pdf or other format that is a scanned image of the original of the Notice, including a handwritten signature from the sender or a person duly authorised by the sender, and be attached to an email that states that the attachment is a Notice under this Agreement; and
- (c) must be addressed and delivered to the intended recipient at the address, fax number or email address below or the address, fax number or email address last notified by the intended recipient to the sender after the date of this Agreement:

- (i) to HBJ: Level 3, 18-32 Parliament Place
West Perth WA 6005
Attention: President - Alacer Gold Australian
Business Unit
Fax: +61 8 9226 0629
E-mail: tony.james@alacergold.com, with
a copy to jan.macpherson@alacergold.com

- (ii) to La Mancha: Level 1 – 12 St Georges Terrace
Perth WA 6000
Attention: The Company Secretary
Fax: INT + (61 8) 9202 1100
E-mail: rod.johns@lamancharresources.com.au,
with a copy to
Brett.Fordham@lamancharresources.com.au

and copied to:

La Mancha Services France
56A rue du Faubourg St Honoré 75008 Paris
France
Attention: Président / Strategy and Business
Development VP
E-mail: legal@lamancha.com

18.2 When Notice taken to be received

For the purposes of this Agreement:

- (a) a Notice delivered by hand to the physical address of a Party is deemed to be received if it is handed (with or without acknowledgment of delivery) to any person at that address who, in the reasonable judgment of the person making the delivery (upon making appropriate enquiries), appears to be and represents himself as a manager or officer of the Party to whom the Notice is addressed;
- (b) a notice which is posted is deemed to be received by the Party to whom the Notice is addressed on the second Business Day in the place to which the Notice is addressed after the day on which the notice is posted;
- (c) a notice sent by fax transmission which is transmitted:
 - (i) prior to 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the date of transmission if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and
 - (ii) after 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of transmission,

and the production of the transmission report or a printout of a transmission log generated by the sender's fax machine (or other fax transmission device) showing successful uninterrupted fax transmission of all pages of the relevant notice to the fax number of the Party to whom it is addressed constitutes prima facie evidence that the fax was sent and received; and

- (d) an email notice which is sent:
 - (i) prior to 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the date of sending if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and
 - (ii) after 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of sending,

unless the sender receives an email message showing the failure of the email; and proof of the fact that the email message was sent but that the sender received no email message showing that it failed constitutes prima facie evidence that the email was sent and received.

19. Further Assurances

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and conditions of this Agreement.

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20. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia. In relation to it and related non-contractual matters each Party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to claim that those courts are an inconvenient forum.

21. Miscellaneous

21.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

21.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements or prior understandings on the subject of this Agreement.

21.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile and electronic transmission) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

21.4 Time

Time shall be of the essence in this Agreement in all respects.

21.5 Approvals and consents

Except where this Agreement expressly states otherwise, a Party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Agreement.

21.6 Survival

Any indemnity or any obligation of confidence under this Agreement is independent and survives termination of this Agreement. Any other term by its nature intended to survive termination of this Agreement survives termination of this Agreement.

21.7 No merger

The rights and obligations of the Parties under this Agreement do not merge on completion of any transaction contemplated by this Agreement.

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21.8 Waiver

A Party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the Party giving the waiver.

21.9 Relationship

Except where this Agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the Parties.

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Appendix 1: Toll Treatment Schedule

Quarter	Days on which the Available Capacity will be made available	Total days
1	8 February 2013 to 31 March 2013 (inclusive)	51
2	1 April 2013 - 30 June 2013 (inclusive)	59
3	5 July 2013 – 3 September 2013 (inclusive)	60
4	6 October 2013 - 4 December 2013 (inclusive)	60
5	1 January 2014 to 1 March 2014 (inclusive)	60
6	5 April 2014 to 29 May 2014 (inclusive)	55

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Appendix 2: Measurement of Physical Properties

1.1 General

- (a) 'Measurement of physical properties' as covered by this procedure includes all operations required to measure a physical property.
- (b) In carrying out the measurement of physical properties, HBJ shall adopt such good workmanlike procedures, specifications and standards as accepted in the gold industry.

1.2 Operational measurements

(a) General

- (i) HBJ will carry out as a minimum the measurement of the parameters listed below at the specified frequencies. La Mancha's Representative may carry out at its cost any duplicate or additional measurements while La Mancha Ore is treated.
- (ii) If on a duplicate measurement, other than when measuring physical properties for the purpose of circuit stock determinations, the difference between HBJ's and La Mancha's measurements is more than 10%, the measurement shall be repeated. If the repeated measurement again shows a difference of more than 10%, the measurement process shall be audited and corrective measures applied to the satisfaction of both HBJ and La Mancha.

(b) Parameters measured

(i) Dry Tonnes Milled

The Dry Tonnes Milled are the actual dry tonnes of Ore fed to the mill, calculated from the wet tonnes measured by the mill feed conveyor weightometer minus an allowance for contained moisture.

- (A) The moisture content of Ore will be determined by taking approximately 1 kg samples from the mill feed conveyor on a two hourly basis to form a 24 hour composite sample each day. The samples will be stored during sampling to minimise evaporation and drying. The sample will be weighed, dried in a laboratory drying oven and reweighed.
- (B) The percentage moisture is determined by the following equation:
$$\% \text{ Moisture} = ((\text{Wet Weight} - \text{Dry Weight}) \times 100) / (\text{Wet Weight})$$
- (C) The weightometer located on the mill feed conveyor will be calibrated at least monthly or as mutually agreed.

(ii) Leach Feed Grade

The Leach Feed Grade will be determined by taking 1 litre samples from the trash screen feed hopper on a two hourly basis to form two 12 hour

composite samples each day. The pulp density of the sample will be measured using a Marcy Scale. The composite sample will be filtered and the solids and solution assayed. The solids SG used for the Marcy determination will be determined in the laboratory from time to time. The solution SG will be used in calculating the solution factor for determination of total leach feed grade.

(iii) Leach Tailings Grade

The Leach Tailings Grade will be determined by taking 1 litre samples from TK7 and TK8 discharge on a two hourly basis to form two 12 hour composite samples each day. The pulp density of the sample will be measured using a Marcy Scale. The composite sample will be filtered and the solids and solution assayed. The solution SG will be used in calculating the solution factor for determination of total tailings grade.

(iv) Loaded Carbon Grade

The Loaded Carbon Grade will be determined by taking grab samples from the loaded carbon screen to form a loaded carbon composite sample for each elution performed. The composite sample will be washed, dried and assayed.

(v) Barren Carbon Grade

The Barren Carbon Grade will be determined by taking grab samples from the elution circuit transfer to form a barren carbon composite sample for each elution performed. The composite sample will be washed, dried and assayed.

(vi) Barren Electrolyte Grade

The Barren Electrolyte Grade will be determined by taking a sample from the electrolyte tank at the completion of the electrowinning cycle. The sample will be assayed.

(vii) Bullion Bar Characteristics

(A) Each bullion bar will be cleaned, dried and weighed. The bullion fineness will be determined by vacuum tube samples from each bullion bar. A La Mancha sample and umpire sample are to be taken with the samples retained in the safe for each bar. The samples will be available to both La Mancha and HBJ for check assay if required. The weight of bullion bar and the assayed fineness can then be compared with the Mint out-turn.

(B) Samples remaining in the safe at the completion of Campaign Period will be included in smelts in subsequent Campaign Periods unless otherwise advised.

(viii) Slurry Samples from leach tanks

Slurry samples will be taken from the leach tank 34 every two hours for the determination of pH and cyanide. Oxygen concentration is measured every

two hours by way of in tank probe. The addition rate of lime, cyanide and oxygen will be varied to maintain the desired pH, cyanide and oxygen concentration as requested by La Mancha's Representative, during a Campaign Period.

(ix) Slurry Samples from adsorption tanks

Slurry samples will be taken from the adsorption tanks each shift for the determination of carbon concentrations. The operation of carbon transfer pumps and airlifts will be varied to maintain the required carbon concentrations as requested by La Mancha's Representative, during a Campaign Period.

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Appendix 3: Circuit Stock Procedures

This circuit stock procedure shall be adopted by the Parties in determining the level of gold in the circuit (**GIC**). This circuit stock procedure will occur at the commencement and completion of each Campaign Period, for the purpose of determining the Opening and Closing Circuit Stock, or at any other time that is mutually agreed.

1.1 Preparation for Sampling

The following operations shall be carried out before any sampling occurs:

- (a) All loaded carbon present in the elution circuit at the completion of ore treatment will be processed and returned to the adsorption circuit.
- (b) Any carbon spillage contained in hoppers or bunded areas will be returned to the adsorption circuit prior to stocktaking.
- (c) All carbon transfers are to be completed at least two hours before sampling commences.
- (d) All steel wool in the electrowinning cells and any electrowinning cell sludge will be treated through to doré bullion.
- (e) All slag from the gold room will be crushed and returned to the milling circuit. Slag from the final bars poured shall be set aside for return to circuit during subsequent Campaign Periods.
- (f) The gold room floor and sump will be cleaned and residues returned to the process circuit prior to the determination of the closing circuit stock.
- (g) The Knelson concentrator shall be shut-down and cleaned of concentrate at the completion of the Campaign Period. The gravity concentrate from the final days processing will be transferred to the Acacia Reactor for leaching. Gold from the final leach solution batch will be electrowon, processed to doré and included in the production of such week. Acacia leach tails will be collected and stored in sealed drums to await processing in the next Campaign Period.

1.2 Sampling procedure

- (a) At the opening and closing of each Campaign Period, three sets of samples will be taken by HBJ in the presence of La Mancha's Representative. The three sample sets taken shall be distributed as follows:
 - (i) HBJ for analysis;
 - (ii) La Mancha for analysis; and
 - (iii) Umpire for analysis.
- (b) Each of HBJ and La Mancha will analyse its sample. The umpire sample will be sent for analysis to an independent assayer to be selected by agreement between HBJ and La Mancha or, failing agreement, by the President for the time being of the Australasian Institute of Mining and Metallurgy.

1.3 Determination of Gold in pulp

- (a) Pulp samples for each sample set will be taken at the agreed sample points from each of the 11 process circuit tanks. Samples taken in the direction from the tails to the feed. Each sample shall consist of 3 litres of pulp taken from the sample airlifts. On site, each pulp sample will be weighed, filtered, solution sample collected, with the solids rinsed then dried and weighed.
- (b) The solution and the solids will be prepared and split into 3, and distributed as follows:
 - (i) HBJ for analysis;
 - (ii) La Mancha for analysis; and
 - (iii) Umpire for analysis.
- (c) Determination of percent solids and total gold in pulp will be carried out on the samples taken. The pulp volume in each tank will be calculated from tank freeboard measurements prior to sampling.
- (d) If the HBJ and La Mancha assay results for total gold in solid and solution for each sample differ by less than 10%; the average of the two results will be taken as final. If the assays differ by more than 10% and the umpire sample assay falls between the assays of HBJ and La Mancha, then the umpire sample assay will be taken as final, in the event the umpire sample assay falls outside the assays of HBJ and La Mancha, then the assay closest to the umpire assay will be taken as final.
- (e) The tank solids assays will be corrected for recoverable gold content prior to inclusion in GIC calculation. The correction will be made by subtracting the average tail solid grade for the 48 hour period prior to the GIC sampling from the individual tank solid assays at the time of sampling.

1.4 Determination of Gold on carbon

- (a) Samples will be taken from all adsorption tanks for carbon determination. Each sample will consist of 30 litres of pulp taken from the sample airlifts. Each sample will be screened through an 850 micron screen. Screen oversize ie, carbon will be washed, dried and weighed. Dried carbon will be split into 3 and distributed as follows:
 - (i) HBJ for analysis;
 - (ii) La Mancha for analysis; and
 - (iii) Umpire for analysis.
- (b) The weight of carbon contained in each adsorption tank will be calculated from the dry weight of carbon in the 30 litre sample and the pulp volume contained in each tank. The pulp volume in each tank will be calculated from tank freeboard measurements prior to sampling.
- (c) If the calculated carbon inventory differs by more than +/- 10% of previous GIC determination due to slurry SG issues caused by the ore, then the ratio of carbon in

each tank will be multiplied by an agreed carbon inventory averaged from previous GIC data.

- (d) If the HBJ and La Mancha assay results for total gold on carbon for each sample differ by less than 10%, the average of the two results will be taken as final. If the assays differ by more than 10% and the umpire sample assay falls between the assays of HBJ and La Mancha, then the umpire sample assay will be taken as final; in the event the umpire sample assay falls outside the assays of the HBJ and La Mancha, then the assay closest to the umpire assay will be taken as final.

1.5 Circuit Stock

The Circuit Stock will be determined after agreement has been reached on all assays and measures. The Circuit Stock will be obtained by the addition of the calculated gold content of each vessel. Total gold in circuit is given by:

$$A + B + C$$

Where:

A = gold in solids in leach and adsorption tanks

B = Gold in solution in leach and adsorption tanks

C = Gold on carbon in adsorption tanks

1.6 Total Gold Recovered

The total gold recovered for each Campaign Period shall be calculated by the application of the following formula:

$$\text{Gold Recovered} = B + CS - OS$$

Where:

B = Fine Gold In Bullion calculated from Mint Out Turns for the relevant time period.

CS = Closing Stock

OS = Opening Stock

1.7 Gold Allocation

- (a) A Change in Gold in Stocks (the difference between the level of gold in the circuit at the start to that at the end of the Campaign Period) will result in an adjustment to either Party's metal account:
- (i) If the Gold in Circuit has increased, HBJ will allocate that increased amount of gold to La Manchas' metal accounts;
 - (ii) If the Gold in Circuit has decreased, La Mancha will allocate that decreased amount of gold to the HBJ metal account.
- (b) Any differences between the gold supplied by HBJ and La Mancha as calculated above will be adjusted by payment of gold, at the Mint, during the month after the calculations are finalised and agreed.

- (c) This circuit stock procedure shall be adopted by the Parties in determining the level of gold in the circuit. This circuit stock procedure will occur at the completion of each Campaign Period, or at any other time that is mutually agreed, for the purpose of determining the Closing Circuit Stock. The circuit stocks will be measured at the end of Campaign Period according to normal site procedures.

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Appendix 4: Changeover Procedure

1. Crusher

- (a) Empty live capacity of Run of Mine Bin.
- (b) Crush out circuit and clean ore from feeders, crushers, apron feeder and chutes.
- (c) Draw down live capacity of the Coarse Ore Bin to the agreed level.
- (d) Remove all fine ore from Fine Ore Bin, dig out to the satisfaction of both Parties.
- (e) Commence crushing of ore.

2. Mill

- (a) In the 12 hours prior to shutdown make sure all floor spillage is cleaned up. Agitate mill discharge hoppers and possible gold traps with water spears. Hose down and completely clean out cyclone launder.
- (b) Hose out the gravity screen feed distributor, feed box and underpan thoroughly.
- (c) Grind out mill for 20 minutes and shut-down mill. The Knelson Concentrator is to be shut down after the feed to the mill has been shut off and immediately before the mill is shutdown to enable processing of the mill circulating load.
- (d) Record weightometer reading.
- (e) Perform weightometer calibration.
- (f) Drain all sumps.
- (g) Empty Knelson Concentrator and process all material from concentrate tank in Acacia Reactor.
- (h) Clean out the mill and gravity circuit sumps. Drum the clean-up material for storage and processing in future Campaign Periods.
- (i) Perform Circuit Stock measurement.
- (j) Record electricity and stock levels for all reagents.
- (k) Re-start mill.

Appendix 5: Reports

- 1.1 During each period HBJ is treating a Batch, they shall routinely furnish to La Mancha reports providing such information as required by La Mancha and which details the matters referred to in the attached Appendices.
- 1.2 HBJ will provide to La Mancha daily reports with the following information:
- (a) Crushed tonnes by ore source, crusher availability and throughput;
 - (b) Milled tonnes by ore source, mill availability and throughput;
 - (c) Gravity circuit availability and gold recovered;
 - (d) Mill head grade assay, moisture, leach and tail grade assays;
 - (e) Gold produced; and
 - (f) Plant recovery.
- 1.3 Such daily reports shall be provided to La Mancha as soon as a prudent operator of the Plant could be expected to provide such reports after the date of treatment.
- 1.4 Monthly reports will also be provided including calculated head grade using the change in circuit stocks measured at the end of each month, in addition to the daily report described above. The carbon profile will be measured and reported at least every two weeks or mid-month.

Appendix 6: Gold Room Procedures

The Gold room security procedures are detailed in the HBJ Plant Operating Procedure – PPR481 Gold Security. Gold Room access for La Mancha's Representative will be granted under the provisions of this procedure.

1. Gravity Gold

- (a) The Knelson Concentrator is operated on auto dump cycles on a frequency determined by plant management. The Knelson concentrate is transferred to the Acacia Leach Reactor storage bin immediately after dumping. Tailings from the Knelson Concentrator are returned to the ball mill for further processing.
- (b) The stored concentrate is leached in the Acacia Reactor in a daily batch process. Pregnant leach solution is transferred to the elution circuit eluate tank for electrowinning concurrent with carbon stripping circuit pregnant eluate. Gravity circuit recovery is calculated and apportioned from Acacia pregnant solution volume and assay. Tailings from the Acacia Reactor are returned to the mill discharge hopper.
- (c) Gold produced from the gravity circuit is poured into bars along with the gold produced from carbon elution.

2. Elution Gold

- (a) Gold stripped from carbon in the elution circuit is recovered onto stainless steel cathodes when pregnant eluate is circulated through the electrowinning cells. When sufficient gold has been recovered onto the cathodes they are high pressure cleaned to remove a gold sludge. The sludge is then dried and fluxed for smelting.
- (b) The strip number for each elution will be unique, with gold recovered calculated for each strip. For the Campaign Period, the loaded carbon and barren carbons and eluate will be used to produce a strip summary and this compared with the fine gold recovered from smelting.

3. Gold Bars

- (a) The bars produced during a Campaign Period will be numbered: MJVFL to XX in sequential order. The bars will be sampled by vacuum tube on pouring.
- (b) After the bars have been cleaned to remove slag, they are stamped with the identifying (alpha-numeric) bar number. The bar number and weight are recorded in the Gold room Log Book. The weight of sample is also entered in the Gold room Log Book.
- (c) The bullion is stored in the safe until it is shipped by secure transport to the refinery. The gold shipment is to be lodged in La Mancha's gold account held at the Perth Mint styled 01.
- (d) Any slag from smelting concentrates of La Mancha is to be stored and returned to the mill feed with La Mancha's metallurgist witnessing and signing for such events.

- (e) All smelting during a Campaign Period is to be done in dedicated clay graphite pots and the old pots are to be stored for final gold recovery at the direction of La Mancha.

4. Bullion Samples

- (a) Each bar is sampled by vacuum tube on pouring. A La Mancha sample and umpire sample are to be taken with the samples retained in the safe for each bar. The samples will be available to HBJ and La Mancha for check assay if required. The weight of bullion bar and the assayed fineness can then be compared with the Mint out-turn.
- (b) Samples remaining in the safe at the completion of Campaign Periods will be included in smelts in subsequent weeks unless otherwise advised.
- (c) The number, origin and weight of each bar are recorded in the Bullion Book.

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Appendix 7: Metallurgical Parameters

1. Metallurgical Parameters

- (a) Metallurgical Parameters mean the mill operating parameters, as defined by La Mancha's metallurgist, required to optimise the treatment of the ore being fed to the plant at the time, with the objective to minimise treatment costs while maximising gold recovery. The Metallurgical Parameters are initially set in accordance with previous test work and may be updated based on plant performance, ore treatment costs, gold recovery and any new test work results.
- (b) When La Mancha's metallurgist elects to change these parameters from time to time, updated instructions in La Mancha's Instructions logbook will be issued. HBJ will assist all investigations carried out by La Mancha's metallurgist aimed at improving the Metallurgical Parameters.
- (c) A number of Metallurgical Parameters are listed below, with proposed initial settings for the Ore supplied by La Mancha.

Metallurgical Parameters	Target settings for the Ore
Selection of feed blend from ROM pad	100% Ore supplied by La Mancha to the Delivery Point
Comminution	Target grind size of P80=106µm (expected Bond Ball Mill Wi 14 to 16)
Gravity circuit operating parameters & frequency of emptying	Knelson minimum emptying rate of 12 dumps per day Target >30% of gold as gravity To be reviewed during run
Reagents consumption & quality checks	Free cyanide level: tank 34 > 300ppm, last tank >80 ppm (To be reviewed during run) (expected NaCN consumption 0.8-1.1kg/t) Oxygen level: tank 34 = 20 ppm, other tanks > 7 ppm (0.3 m³/t) pH level in leach: 9.0 – dependent on water quality
Leach and adsorption operating parameters (densities, carbon advance & concentrations, carbon addition)	CIL Residence time > 24h Target spot solution loss < 0.015 ppm
Stripping operating parameters & frequency	Carbon loading in Ads Tank 1: Target 2500 – 5000 g/t Barren carbon loading < 100 g/t Electro-winning tail < 3 ppm Relative carbon activity: 80% of new carbon

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Metallurgical Parameters	Target settings for the Ore
Gold room operating parameters	Maintain optimum conditions and cleanliness
Water management (tailings return water usage, process water allocation, alternative water sources)	Maximise tailings return water

2. Ore Testwork Summary

Key Findings

Aspect	Underground ore
Nature	Simple Free milling ore- not complex- no specific metallurgical issues
Ore grade Au g/t	Expected 4.0 to 9.0 g/t
Mineralogy	Mostly free fine gold. Pyrrhotite major sulphide species
Gravity Gold Recovery %	30-50% in laboratory and plant parcels
Bond Ball Mill Work Index	14 -16.6 kWh/t
Grind Sensitivity	moderate dependence
Cyanide Consumption	0.5-0.7 kg/t tap water
Lime consumption	0.2 – 0.3 kg/t tap water
Oxygen Injection	Yes
Optimised Overall Au Recovery (24 hrs residence)	>94%

Appendix 8: Variable Costs Components

- Grinding Balls
- Cyanide
- Lime
- Caustic
- Oxygen
- Carbon
- Acid
- L.P. Gas

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Executed as an agreement.

Executed in accordance with section 127 of the *Corporations Act 2001* by **HBJ Minerals Pty Ltd:**

Director Signature

Print Name

Director/Secretary Signature

Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **La Mancha Resources Australia Pty Ltd:**

Director Signature

Print Name

Director/Secretary Signature

Print Name

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Executed as an agreement.

Executed in accordance with section 127 of the *Corporations Act 2001* by **Dioro**

Exploration NL:

(signed) "*Rohan Williams*"

Director Signature

Rohan Williams

Print Name

(signed) "*Louw Smith*"

Director Signature

Louw Smith

Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **Avoca**

Resources Limited:

(signed) "*Rohan Williams*"

Director Signature

Rohan Williams

Print Name

(signed) "*Louw Smith*"

Director Signature

Louw Smith

Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **La Mancha**

Resources Australia Pty Ltd:

(signed) "*Rodney Johns*"

Director Signature

Rodney William Johns

Print Name

(signed) "*Jeffrey Boal*"

Secretary Signature

Jeffrey Arnold Boal

Print Name

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Executed in accordance with section 127 of the *Corporations Act 2001* by **HBJ Minerals Pty Limited**:

(signed) "*Rohan Williams*"

Director Signature

Rohan Williams

Print Name

(signed) "*Louw Smith*"

Director Signature

Louw Smith

Print Name

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Toll Treatment Agreement

HBJ Minerals Pty Limited

La Mancha Resources Australia Pty Limited

Dioro Exploration NL

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Date	9 February	2013
Parties	<ol style="list-style-type: none"> 1. HBJ Minerals Pty Limited (ABN 30 127 026 519) of Level 3, 18-32 Parliament Place, West Perth, WA 6005 (HBJ). 2. La Mancha Resources Australia Pty Limited (ABN 90 002 124 745) of Level 1, 12 St Georges Terrace, Perth, Western Australia 6000, both in its own capacity and in its capacity as Operator under the Mungari East Joint Venture Agreement (La Mancha). 3. Dioro Exploration NL (ABN 31 009 271 532) of Level 3, 18-32 Parliament Place, West Perth, WA 6005 (Dioro). 	
Recitals	<p>A HBJ is a wholly owned subsidiary of Dioro, and the owner and operator of the Jubilee Treatment Plant.</p> <p>B Dioro and La Mancha (together the Joint Venturers) are parties to the Mungari East Joint Venture Agreement under which they hold, respectively, a 49% interest and a 51% interest in the Mungari East Joint Venture in respect of the Frog's Leg Mine.</p> <p>C Under the terms of the Mungari East Joint Venture Agreement, La Mancha has been appointed as the Operator of the Mungari East Joint Venture and the Joint Venturers have authorised La Mancha in that capacity to perform the functions conferred on it as Operator under this Agreement.</p> <p>D The Parties have agreed that HBJ (as the owner and operator of the Jubilee Treatment Plant) will provide toll treatment services in respect of 100% of the Ore extracted from the Frog's Leg Mine for a period commencing on the date of execution of this Agreement and ending on 31 December 2013 (or such other date as is contemplated by the terms of this Agreement).</p> <p>E In order to give effect to the arrangements described in Recital D, HBJ has agreed to provide the Services to La Mancha and Dioro, and La Mancha and Dioro have agreed to engage HBJ to provide the Services, on the terms and conditions set out in this Agreement.</p>	

It is agreed as follows.

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1. Definitions and Interpretation

1.1 Definitions

Adjustment Amount has the meaning given in clause 5.2.

Agreement means the agreement constituted by this document.

Available Capacity has the meaning given in clause 3.2(a).

Average Available Capacity means, in respect of a period, the average daily availability rate of the Plant over that period.

Blending and Flushing Material means low grade material processed at the end of a Campaign Period to clean the Plant of any high grade Ore that may be residing within the Plant or low grade material blended with the Ore during a Campaign Period to facilitate the processing of that Ore.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

Campaign Period means a continuous period during which the Available Capacity is made available by HBJ to the Joint Venturers for the treatment of Ore through the Plant, being (unless otherwise specified in Appendix 1 or agreed by the Parties to the contrary) a continuous period of up to six weeks in duration or such longer period as may be required to make up any shortfall in Available Capacity pursuant to clause 3.2(b).

Claim means, in relation to a Party, a demand, claim, action or proceeding made or brought by or against the Party, however arising and whether present, unascertained, immediate, future or contingent.

Commencement Date means the date of execution of this Agreement.

Completion has the meaning given in the Sale and Purchase Agreement.

Confidential Information means:

- (a) all information exchanged between the Parties under or in connection with this Agreement or during the negotiations preceding this Agreement; and
- (b) any information of any kind, relating to or in connection with a Party or any of its Related Bodies Corporate and its business, accounts, reserves, personnel, directors, shareholders and management which is disclosed by such Party to one of the other Parties in connection with this Agreement,

regardless, in either case, of whether such information has been prepared by the disclosing Party, its advisers or any other person on behalf of the disclosing Party.

Corporations Act means the *Corporations Act 2001* (Cth).

Delivery Point means the run of mine or delivery pad adjacent to the Plant.

Expert means an independent expert appointed in accordance with the provisions of clause 12.

Force Majeure means strikes, lockouts or other differences with workers, accidents, damage to plant, insufficiency of supplies or transportation, or interference caused by war,

insurrection, native title claims, acts of intervention of constituted authorities or any other contingency beyond the reasonable control of a Party which hinders or prevents either:

- (a) the Operator or the Joint Venturers from mining, forwarding or delivering Ore to the Plant; or
- (b) HBJ from carrying out the Services.

Frog's Leg Mine means the gold mine located in the district of Coolgardie, Western Australia, and, as at the date of this Agreement, covered by the mining tenements M 15/688, M 15/689, M 15/836, M 15/837, M 15/1188, M 15/1287 and L 15/246.

GIC means gold in circuit.

GST has the meaning given to it in the GST Act.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and any regulations thereto or such other act or regulations of equivalent effect.

Insolvency Event means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller (as that term is defined in section 9 of the Corporations Act) is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a person;
- (c) an application is made to a court for an order, or an order is made, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraph (a) or (b);
 - (ii) winding up a person; or
 - (iii) proposing or implementing a scheme or arrangement under the Corporations Act in respect of a person (other than for a reconstruction or amalgamation while solvent),
 and that application is not stayed, withdrawn or dismissed within 14 days;
- (d) a person stops or suspends payment to creditors generally or, except to reconstruct, amalgamate or refinance while solvent, enters into an arrangement, assignment or composition with or for the benefit of its creditors generally or any class of them or formally proposes to do so; or
- (e) a person is unable to pay all of its debts as and when they become due and payable.

Interest has the meaning given in the Mungari East Joint Venture Agreement.

Joint Venturers has the meaning given in Recital B.

Jubilee Treatment Plant or **Plant** means the Jubilee treatment plant, located in the district of Kalgoorlie, Western Australia (or any replacement or expansion of that plant), which is owned and operated by HBJ.

Liabilities means claims, losses, liabilities, costs or expenses of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent.

Metallurgical Parameters means the mill operating parameters as defined in Appendix 7.

Mint means the Perth Mint located in Perth, Western Australia.

Mungari East Joint Venture means the Mungari East joint venture between Dioro and La Mancha established under the Mungari East Joint Venture Agreement.

Mungari East Joint Venture Agreement means the joint venture agreement relating to the Frog's Leg Mine dated 6 September 1991 entered into originally between Kalbara Mining NL (being the predecessor in title to Dioro) and Afmeco Pty Limited (being the predecessor in title to La Mancha).

Operating Procedures means the procedures set out in Appendices 2 to 7.

Operator has the meaning given in the Mungari East Joint Venture Agreement.

Ore means gold bearing material derived from the operations of the Frog's Leg Mine and supplied by the Operator, on behalf of the Joint Venturers, to HBJ pursuant to this Agreement.

Parties means each of HBJ, La Mancha and Dioro, and **Party** means any of them.

Quarter means a 3 month period commencing on the first day of the months of January, April, July and October and, where the context requires, includes any lesser period at the beginning and end of the Term.

Related Body Corporate has the meaning given in the Corporations Act, but on the basis that:

- (a) Subsidiary has the meaning given in this Agreement;
- (b) that body corporate includes any entity or trust;
- (c) in the case of La Mancha or any other member of La Mancha's group, the term extends to include any other member of La Mancha's group; and
- (d) in the case of Dioro and HBJ or any other member of Dioro and HBJ's group, the term extends to include any other member of Dioro and HBJ's group.

Reserved Capacity has the meaning given in clause 3.4(a).

Reserved Capacity Ore has the meaning given in clause 3.4(a).

Sale and Purchase Agreement means the sale and purchase agreement that has been entered into on or about the date of this Agreement, in respect of, amongst other matters, the sale by Dioro of its Interest in the Mungari East Joint Venture to La Mancha.

Services means the provision of toll treatment services to be carried out at the Plant by HBJ and all obligations imposed on HBJ as detailed in this Agreement.

Subsidiary has the meaning given in the Corporations Act, but so that:

- (a) an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled by that body corporate (expressions used in this paragraph have the meaning given for the purposes of Part 1.2, Division 6 of the Corporations Act);
- (b) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interested will be regarded as a share; and
- (c) a body corporate or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a body corporate.

Term means the term of this Agreement, commencing on the Commencement Date and terminating on the Termination Date.

Termination Date means the date of termination of this Agreement in accordance with clause 13.

Toll Treatment Fee means an amount of AUD 17,062,042 to be paid in accordance with clause 5.

Toll Treatment Schedule has the meaning given in clause 3.1(a), as such schedule may be adjusted in accordance with clause 3.1(b).

Variable Costs means an amount of AUD 3,261,860 to be paid subject to and in accordance with clause 5. To avoid doubt, the figure of AUD 3,261,860 shall in no way limit the operation of the adjustment mechanism in clauses 5.2 and 5.3.

Variable Costs Components means the variable cost components listed in Appendix 8.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included;
- (c) the singular includes the plural, and the converse also applies;
- (d) a gender includes all genders;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity;
- (g) a reference to a clause, schedule, appendix or annexure is a reference to a clause of, or schedule or annexure or Appendix to, this Agreement;
- (h) a reference to an agreement or document (including a reference to this Agreement) is to this Agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other agreement or document;
- (i) a reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form;

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- (j) a reference to a Party to this Agreement or another agreement or document includes the Party's successors, permitted substitutes and permitted assigns (and, where applicable, the Party's legal personal representatives);
- (k) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (l) a reference to *conduct* includes an omission, statement or undertaking, whether or not in writing;
- (m) a reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (n) a reference to *AUD*, *dollars* and *\$* is to the lawful currency of the Commonwealth of Australia from time to time; and
- (o) a *month* means a calendar month.

1.3 Capacity of La Mancha as Operator

- (a) The Operator enters into this Agreement in its capacity as operator of the Mungari East Joint Venture and will act in all respects for and on behalf of the Joint Venturers and may perform the obligations and exercise the rights of the Joint Venturers under this Agreement, provided however, that the Operator agrees not to make and waives any Claim it may be entitled to make in respect of any breach by HBJ arising out of or in connection with this Agreement to the extent that such Claim relates to the several interest of Dioro under this Agreement. For the avoidance of doubt, the Operator is only entitled to seek to enforce the rights against, or recover any Liabilities from, HBJ under this Agreement in respect of the several interest of La Mancha under this Agreement.
- (b) All consents, reports, communications, notices, approvals or other action to be given to the Joint Venturers under this Agreement may be made, received or taken by the Operator either in its own name or on behalf of the Joint Venturers.

1.4 Capacity of Joint Venturers

- (a) The Parties acknowledge that Dioro and La Mancha enter into this Agreement in their own capacity as participants in the Mungari East Joint Venture.
- (b) An obligation or liability that is imposed on the Joint Venturers collectively under this Agreement is an obligation or liability imposed severally (and not jointly or jointly and severally) on each Joint Venturer in proportion to its Interest.
- (c) Any right granted to the Joint Venturers under this Agreement may be exercised by the Joint Venturers severally and, where the context permits, in proportion to their Interests.
- (d) To avoid doubt:

- (i) nothing in this Agreement affects the rights, liabilities and obligations of the Joint Venturers or the Operator under the Mungari East Joint Venture Agreement and each Joint Venturer acknowledges that any payment to be made under this Agreement by the Operator shall be called by the Operator and paid by each Joint Venturer in proportion to their respective Interests in accordance with the applicable provisions of the Mungari East Joint Venture Agreement (including, for the avoidance of doubt, all amounts which are referable to the Reserved Capacity), except that such an amount shall be called on a Quarterly basis; and
- (ii) HBJ may bring a Claim against one Joint Venturer and not the other.

2. Appointment to Provide Services and Term

2.1 Appointment

- (a) With effect from the Commencement Date, the Joint Venturers hereby severally appoint HBJ to provide the Services on the terms and conditions set out in this Agreement.
- (b) HBJ accepts its appointment to provide the Services to the Joint Venturers and to perform its other duties and obligations under this Agreement on and from the Commencement Date in accordance with the terms and conditions of this Agreement.
- (c) The Services shall be provided on a continuous basis in Campaign Periods unless otherwise agreed between the Parties or if an event of Force Majeure occurs.

2.2 Term

HBJ's appointment to provide the Services shall commence on the Commencement Date and continue until the Termination Date.

2.3 Consideration

In consideration of HBJ providing the Services, the Operator, on behalf of the Joint Venturers, agrees to pay:

- (a) the Toll Treatment Fee; and
- (b) the Variable Costs,

subject to and in accordance with the provisions of clause 5.

3. Toll Treatment Schedule and Availability of the Plant

3.1 Toll Treatment Schedule

- (a) The Parties acknowledge and agree that the Plant will be made available to process the Ore during the Term on the basis of the indicative toll treatment schedule set out in Appendix 1 (the **Toll Treatment Schedule**). If the Commencement Date occurs after the starting date for the first Quarter set out in

Appendix 1, then that starting date shall be deemed to correspond to the Commencement Date and, subject to the provisions of this Agreement, any days of Available Capacity relating to the first Quarter that have not been made available shall be provided by HBJ during the remainder of the Term.

- (b) Notwithstanding paragraph (a), HBJ and the Operator agree to conduct together joint meetings and discussions on a regular basis in order to assess and agree, in good faith, whether any adjustment to the Toll Treatment Schedule is required in respect of any Campaign Period. For the purposes of any meetings and discussions, HBJ and the Operator agree to have due regard to:
- (i) the periods during which the Operator will be able to deliver Ore to the Delivery Point in respect of any Campaign Period;
 - (ii) HBJ's other commitments in respect of the Plant;
 - (iii) ensuring that each Campaign Period occurs at reasonably evenly spread intervals during both the Term and each Quarter during the Term and, in any case, ensuring that the 230 days of Available Capacity are provided during the Term; and
 - (iv) the agreed principle that Average Available Capacity of 98% plant availability (based on a 24 hour operating day) shall be made available to the Joint Venturers during Campaign Periods, with HBJ being entitled, subject to clauses 3.2(b) and 3.4, to exclusive use of the Plant for the two weeks following the Campaign Period, on a rolling basis.
- (c) In the event that HBJ and La Mancha cannot reach an agreement on an adjustment to the Toll Treatment Schedule (subject to any adjustments agreed pursuant to paragraph (b)), then the provisions of the Toll Treatment Schedule set out in Appendix 1 shall apply.

3.2 Available Capacity

- (a) Subject to clauses 3.4 and 7 and any adjustments agreed pursuant to clause 3.1(b), HBJ undertakes and agrees that it will make the Plant available to process Ore supplied by the Operator, on behalf of the Joint Venturers, to the Delivery Point for 230 days during the Term in accordance with the Toll Treatment Schedule, with a 98% plant availability rate for each of those days based on a 24 hour operating day (the **Available Capacity**).
- (b) In the event that the Average Available Capacity in any given Campaign Period is less than 98% plant availability (based on a 24 hour operating day) (**Capacity Shortfall**), then the Joint Venturers shall be compensated by HBJ allocating the Joint Venturers with additional processing time by either:
- (i) adding additional processing time to the end of the time scheduled for the completion of the relevant Campaign Period; or
 - (ii) adding additional processing time to either the commencement time or completion time of a future Campaign Period with such additional time to

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be provided by not later than two Campaign Periods after the Campaign Period during which such Capacity Shortfall arose,

in either case to ensure that capacity equivalent to that Capacity Shortfall is provided.

3.3 Throughput Rate

- (a) The Parties agree that the Operator will be entitled to determine the throughput rate applicable for each day during which Available Capacity is provided by HBJ to the Joint Venturers, provided that such throughput rate is within the specifications of the Plant.
- (b) The Parties acknowledge that it is currently anticipated that the total average throughput rate, including in respect of any Reserved Capacity, should be approximately 2,705 tonnes per day.
- (c) If the Operator determines a throughput rate in accordance with clause 3.3(a) that is less than 115 tonnes per hour and which, in the reasonable view of the HBJ-appointed processing superintendent (**Supervisor**), is actually or potentially causing physical damage to the Plant, the Operator will increase the throughput rate in accordance with the instructions of the Supervisor provided the Supervisor cannot demand a rate in excess of 115 tonnes per hour.

3.4 Reserved Capacity

The Parties agree that for each day during which Available Capacity is provided to the Joint Venturers:

- (a) capacity sufficient to ensure that at least 250 tonnes of ore not supplied by the Joint Venturers (**Reserved Capacity Ore**) will be made available to HBJ (the **Reserved Capacity**); and
- (b) HBJ will be entitled to the processed product, or the proceeds therefrom, produced out of the Reserved Capacity, with the Joint Venturers being entitled to receive the balance of product processed by the Plant during such day.

To avoid doubt, the processing of Reserved Capacity Ore during a Campaign Period will be without cost to HBJ.

3.5 Tonnes Milled

- (a) The tonnes milled for a Campaign Period are actual dry tonnes of Ore fed to the mill calculated from the wet tonnes measured by the mill feed conveyor CV12 weightometer minus an allowance for contained moisture.
- (b) Prior to the commencement and at the completion of a Campaign Period, the weightometers on the crushing circuit and the mill feed conveyor are to be calibrated to allow accurate reconciliation of the processed tonnage. The weightometer measured tonnage can be reconciled against haulage tonnage.

3.6 Moisture Content

The moisture content of the mill feed will be calculated according to the procedure outlined in Appendix 2.

4. Delivery of Ore and Release of Gold and Silver

4.1 Delivery of Ore and gold doré bars

- (a) The Operator agrees to provide sufficient quantities of Ore to the Delivery Point to enable HBJ to provide the Services in accordance with the Toll Treatment Schedule.
- (b) The Operator will be fully responsible for the delivery of all Ore to the Delivery Point on behalf of the Joint Venturers, and costs incurred in connection with such delivery shall be borne by the Operator on behalf of the Joint Venturers.
- (c) Title and risk to the Ore delivered by the Operator and any gold or silver derived from such Ore shall remain with the Joint Venturers at all times, subject to clause 10.
- (d) Custody of any Ore delivered by the Operator is transferred to HBJ upon unloading at the Delivery Point for the sole purpose of treating the Ore. Custody of gold doré derived from such Ore is retained by HBJ until such time as it is transferred to Operator in accordance with clause 4.1(e).
- (e) The Operator shall take custody of all gold doré derived from Ore and from the Reserved Capacity Ore with effect from the time at which such gold doré is taken from the Plant under the terms of a relevant refining agreement pursuant to which such gold doré is delivered to the Mint for refining.

4.2 Release of Gold and Silver

- (a) As soon as practicable after the gold and silver derived from the gold doré bars referred to in clause 4.1(e) becomes available by way of turn-out from the Mint (**Delivered Metal**), the Operator will release, and instruct the Mint to release, all such Delivered Metal into the metal accounts of HBJ and La Mancha in the following manner:
 - (i) the HBJ Share and the Dioro Share is to be released into the HBJ metal account HBJ 001 held at the Mint; and
 - (ii) the La Mancha Share is to be released into the La Mancha metal account LAMA 01 held at the Mint.
- (b) For the purposes of this clause 4.2:
 - (i) **HBJ Share** means, in respect of a delivery of Delivered Metal, a quantity of that Delivered Metal determined in accordance with the following formula:

$$HS = RS \times RT$$
 where:

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HS = the HBJ Share

RS = the quantity of gold and silver in the Reserved Capacity Ore which was consumed in the production of the Delivered Metal, which is to be determined by the application of an assumed grade of the Reserved Capacity Ore (which grade shall be agreed by representatives of HBJ and the Operator before the commencement of the relevant Campaign Period) to the volume of Reserved Capacity Ore which was consumed in the production of the Delivered Metal; and

RT = the average recovery rate achieved during the Campaign Period from which the Delivered Metal was derived, expressed as a percentage;

- (ii) **Dioro Share** means, in respect of a delivery of Delivered Metal, a quantity of that Delivered Metal determined by subtracting the HBJ Share from the Delivered Metal and multiplying the result by 0.49; and
 - (iii) **La Mancha Share** means, in respect of a delivery of Delivered Metal, a quantity of that Delivered Metal determined by subtracting the HBJ Share from the Delivered Metal and multiplying the result by 0.51.
- (c) Upon request from HBJ or Dioro, La Mancha will provide, or procure the provision of, a copy of all Mint documentation evidencing the HBJ Share and Dioro Share of Delivered Metal, including recovery, to HBJ and/or Dioro (as the case may be).

5. Payment of Toll Treatment Fee and Variable Costs

5.1 Toll Treatment Fee and Variable Costs

- (a) Unless this Agreement is terminated in accordance with clause 13, the Operator shall pay, on behalf of the Joint Venturers, the Toll Treatment Fee and the Variable Costs (subject to any adjustment pursuant to clause 5.2) to HBJ in four advance equal Quarterly instalments as follows:
 - (i) in respect of the first Quarter, on the date which is 10 Business Days after the Commencement Date;
 - (ii) in respect of the second Quarter, on 1 April 2013;
 - (iii) in respect of the third Quarter, on 1 July 2013; and
 - (iv) in respect of the fourth Quarter, on 1 October 2013.

If any of these payment dates do not fall on a Business Day, the payment of the Toll Treatment Fee and the Variable Costs will be made on the immediately preceding Business Day.

- (b) On the due date for payment, the Operator will electronically transfer funds in payment of the Toll Treatment Fee and Variable Costs to an account nominated by HBJ on the due date for payment.

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5.2 Adjustment of Variable Costs

- (a) Subject to clause 5.2(b), the amount paid by the Operator on account of Variable Costs shall be adjusted by HBJ and the Operator at the end of each Campaign Period based on the final actual consumption of the Variable Cost Components used to treat Ore supplied by the Operator and the Reserved Capacity Ore during the relevant Campaign Period and the actual cost of those Variable Cost Components (the **Adjustment Amount**).
- (b) The Joint Venturers shall be under no obligation to pay any amount of the Variable Costs that arise as a consequence of a material breakdown at the Plant that is not caused by the Joint Venturers.
- (c) In the event that HBJ and the Operator cannot reach an agreement on the Adjustment Amount regarding any Campaign Period, then either HBJ or the Operator may, by written notice, refer the dispute to the President of the Alacer Gold Australian Business Unit for HBJ and the General Manager of La Mancha for the Operator for them to attempt to resolve the dispute.
- (d) If the nominated senior managers referred to in clause 5.2(c) have not resolved the dispute within 10 Business Days of it being referred to them, the dispute must promptly be submitted for determination by an Expert who will determine the matter(s) in dispute in accordance with clause 12.

5.3 Payment of Adjustments to Variable Costs

- (a) Upon agreement or determination by an Expert (as applicable), HBJ shall promptly issue an invoice or credit note (as appropriate) to the Operator stating the Adjustment Amount. The net aggregate of all Adjustment Amounts agreed or determined (as applicable) during any Quarter (other than the period commencing on 1 October 2013 and ending on the Termination Date to which paragraph (b) applies) shall be applied to:
 - (i) if the net aggregate amount of the actual Variable Costs for the relevant Quarter is greater than the advance payment made for Variable Costs under clause 5.1 for that Quarter, increase the amount payable by the Operator on account of the Variable Costs for the Quarter immediately following the Quarter in respect of the period to which the Adjustment Amounts relate; or
 - (ii) if the net aggregate amount of the actual Variable Costs for the relevant Quarter is less than the advance payment made for Variable Costs under clause 5.1 for that Quarter, decrease the amount payable by the Operator on account of the Variable Costs for the Quarter immediately following the Quarter in respect of the period to which the Adjustment Amounts relate.
- (b) In respect of any agreed or determined (as applicable) Adjustment Amounts for the period commencing on 1 October 2013 and ending on the Termination Date (**Final Period**), HBJ shall issue an invoice or credit note (as appropriate) as soon as practicable following the final Campaign Period during the Term and:

- (i) if the net aggregate amount of the actual Variable Costs for the Final Period is greater than the advance payment made under clause 5.1 for the Final Period, then the Operator shall pay to HBJ the difference within 10 Business Days of receipt of the invoice from HBJ; or
- (ii) if the net aggregate amount of the actual Variable Costs for the Final Period is less than the advance payment made under clause 5.1 for the Final Period, then HBJ shall pay to the Operator the difference within 10 Business Days of receipt of the credit note from HBJ.

6. Repairs and Maintenance of the Plant

During the Term, HBJ covenants and agrees (but without prejudice to any other right or remedy of the Operator or the Joint Venturers) to keep and maintain the Plant in accordance with HBJ's Plant maintenance plan and schedule from time to time.

7. Force Majeure

7.1 Relief from Performance

- (a) The Services shall be provided until the Termination Date unless an event of Force Majeure occurs.
- (b) If an event of Force Majeure occurs, then:
 - (i) the affected Party claiming the benefit or protection of Force Majeure must immediately after the occurrence or the discovery of the event of Force Majeure, and in any event by not later than two Business Days after the occurrence or the discovery of that event of Force Majeure, provide to the other Parties written notice (a **FM Notice**) specifying in a reasonable level of detail:
 - (A) the circumstances that have given rise to the event of Force Majeure; and
 - (B) the expected consequences in respect of the affected Party's obligations under this Agreement, including the affected Party's good faith estimate of the expected duration of the event of Force Majeure;
 - (ii) for the duration of the event of Force Majeure, the affected Party shall be excused from performance of, and shall not be liable to the other Parties for any failure in carrying out any of, its obligations under this Agreement (including, if applicable, the provision of the Services);
 - (iii) subject to clause 7.2(d), any moneys which are or become due and payable shall be paid in accordance with this Agreement; and
 - (iv) without prejudice to clause 13.1, and subject to clause 7.2(d), the Term will be extended by a period equal to the duration of the event of Force Majeure. For the avoidance of doubt, the extension of the Term will not

result in the Operator being required to make any payments in respect of the Toll Treatment Fee or Variable Costs (or adjustments thereto) that are not contemplated by clauses 5 or 7.2(d).

7.2 Procedure following FM Notice

- (a) Each Party must do all things reasonably possible to reduce any further expense or cost it incurs as soon as it receives a FM Notice.
- (b) As soon as practicable after the provision of a FM Notice under clause 7.1(b)(i), the Parties will meet to discuss and agree, in good faith, the implications of the event of Force Majeure on the ability of the Parties to perform their respective obligations under this Agreement and the steps that each Party should take in the circumstances.
- (c) If the Parties cannot reach an agreement on the steps that each Party should take under paragraph (b) within a period of 15 days from the date on which the FM Notice is provided, then:
- (i) if HBJ is the affected Party claiming the benefit or protection of Force Majeure:
 - (A) without prejudice to paragraph (B), clauses 7.1(b)(ii) to 7.1(b)(iv) shall (for the avoidance of doubt) continue to apply; and
 - (B) if the duration of the event of Force Majeure is anticipated to be at least 30 days from the occurrence or the discovery of the event of Force Majeure, paragraph (d) shall apply; or
 - (ii) if the Operator is the affected Party claiming the benefit or protection of Force Majeure, clauses 7.1(b)(ii) to 7.1(b)(iv) shall (for the avoidance of doubt) continue to apply.
- (d) If HBJ is subject to an event of Force Majeure leading to the suspension of the Services that lasts for a period of more than 30 days and the Parties cannot reach an agreement on the steps to be taken pursuant to paragraph (b), then the following provisions shall apply:
- (i) the Operator may, in its discretion, utilise the services of other contractors while the Services are so suspended, in which case the 230 days of Available Capacity will be reduced accordingly;
 - (ii) any payment obligations relating to the period commencing on the date on which the Services are so suspended and finishing on the date on which the performance of the Services is resumed by HBJ shall be suspended for same period;
 - (iii) HBJ shall be obliged to refund any amount of the Toll Treatment Fee and Variable Costs paid by the Operator under clause 5.1 for which Services are so suspended during the Quarter in which the suspension occurs, provided that within 10 Business Days of the resumption of performance of the Services by HBJ, the Operator shall repay, subject to paragraph (iv), such amount to HBJ; and

- (iv) if the Operator elects to utilise the services of other contractors pursuant to paragraph (i), then the amount that the Operator is obliged to repay to HBJ under paragraph (iii) shall be reduced by an amount that corresponds to the number of days of Available Capacity for which the Operator has utilised the services of other contractors pursuant to paragraph (i).
- (e) In the event that HBJ and the Operator cannot reach an agreement on the amount required to be refunded pursuant to paragraph (d)(iii), then either HBJ or the Operator may, by written notice, refer the dispute to the President of the Alacer Gold Australian Business Unit for HBJ and the General Manager of La Mancha for the Operator for them to attempt to resolve the dispute.
- (f) If the nominated senior managers referred to in paragraph (e) have not resolved the dispute within 10 Business Days of it being referred to them, the dispute must promptly be submitted for determination by an Expert who will determine the matter(s) in dispute in accordance with clause 12.

7.3 Actions during Force Majeure events

An affected Party claiming the benefit or protection of Force Majeure shall:

- (a) take all reasonable steps to ameliorate and remedy the consequences of that occurrence without delay;
- (b) maintain regular communication with the other Parties to describe what is being done to remedy the Force Majeure; and
- (c) resume performance in full of its obligations under this Agreement as soon as reasonably practicable,

but the settlement of strikes, lockouts, or other industrial disputes or disturbances which constitute Force Majeure shall be entirely within the discretion of the affected Party and the affected Party may refrain from settling the strike, lockout or dispute or may settle it at such time and on such terms as it considers to be in its best interests.

7.4 Extended Force Majeure event

If an event of Force Majeure subsists and causes either the Operator or HBJ to be unable to perform its obligations for a continuous period of at least six months after a FM Notice is provided pursuant to clause 7.1(b), then this Agreement may be terminated by whichever of the Operator or HBJ is not affected by the event of Force Majeure providing written notice to that effect to the other Parties.

8. Gold in Circuit and Flushing

8.1 Gold in Circuit

- (a) HBJ and the Operator will, immediately prior to the commencement of and immediately after the completion of each Campaign Period, ascertain and use their best endeavours to agree the precise inventory of GIC in the processing plant. An accurate metallurgical balance will be prepared to the reasonable satisfaction of

HBJ and the Operator. The Parties will use their best endeavours to minimise build up or reduction of the GIC between the opening and closing of Ore treatment.

- (b) The procedure for determination of opening GIC at the commencement of Ore treatment and closing GIC at the completion of Ore treatment is outlined in Appendix 3. The Parties will compensate each other for any gold removed from or accumulated in circuit at the end of Ore processing due to change in the GIC by means of physical gold payments. The procedure for allocation of gold due to the change in gold inventory is outlined in Appendix 3.

8.2 Blending and Flushing

- (a) In the event that HBJ and the Operator deem it necessary to run Blending or Flushing Material, HBJ will make available low grade material suitable for blending and flushing the circuit.
- (b) The duration of the blending and flushing period is to be negotiated and agreed by HBJ and the Operator. The grade and gold recovery factor of the Blending and Flushing Material is to be agreed by HBJ and the Operator prior to commencement of the Campaign Period. Gold produced from the Blending and Flushing Material will be allocated to the Party who supplied the material according to the processed tonnage and agreed grade and gold recovery factor.

9. Safety, Environmental & Metallurgical Obligations

9.1 Safety Practices

All employees, subcontractors and agents of the Parties working at the Plant will comply with HBJ's site safety and environmental rules, a copy of which will be made available for inspection by the other Parties and their representatives, on request.

9.2 General

HBJ will treat the Ore delivered by the Operator to the Plant in accordance with the Operating Procedures set out in the appendices.

9.3 Standard of Care

- (a) In providing the Services, HBJ shall adopt good workmanlike and commercially reasonable practices and shall at all times act with the reasonable standard of diligence and care normally exercised by duly qualified persons in the performance of comparable work.
- (b) Without limiting the generality of the foregoing, HBJ shall keep true and correct accounts and records of its operations pursuant to this Agreement.
- (c) HBJ will use reasonable endeavours to maximise gold recovery from the Ore.

9.4 Direction of Operation

- (a) When milling the Ore, HBJ will use its reasonable endeavours to comply with the Metallurgical Parameters as may be varied in accordance with this Agreement.

- (b) HBJ will as soon as reasonably possible, implement any reasonable change in Metallurgical Parameters reasonably requested in writing by the Operator's metallurgist and may refuse to do so only for the following reasons:
- (i) for valid safety reasons including the actual or potential endangering of personnel or equipment;
 - (ii) if HBJ reasonably determines that this decision will require the use of equipment or plant outside of the operational parameters set by its manufacturers or will result in material increased costs;
 - (iii) the change is not technically capable of being implemented at the throughput rate; or
 - (iv) if HBJ reasonably determines that the requested change:
 - (A) may have a material adverse impact on the environment or on the recovery of gold from other ores to be treated at the Plant or on the Plant's facilities, or
 - (B) may result in costs to HBJ that cannot be recovered from the Operator under this Agreement, unless the Operator agrees to meet such costs.
- (c) If any of the above reasons apply, then HBJ shall have an overriding right to adjust the Plant's technical operating parameters.

9.5 Right of Inspection

- (a) The Operator will appoint a qualified representative to monitor all operations at the Plant and the Operator's representative will be fully trained at the Operator's cost in the HBJ safety systems and operational parameters.
- (b) The Operator's representative will have full access to the Plant at any time when HBJ is processing the Ore for the purposes of inspection and observation.
- (c) The Operator's representative will be granted access to all metallurgical and sampling results, data and information collected by HBJ in respect to each Campaign Period. It is acknowledged that whenever HBJ takes samples, it will take a sample for the Operator and make such sample available to the Operator.
- (d) The following will apply:
 - (i) during normal business hours which are between 7am and 4pm, Monday to Friday, the Operator and its authorised personnel and representatives shall on one hour's notice have access to the Plant at all times when HBJ is processing ore for purposes of inspecting and observing the Plant and its surrounds and gaining access to such other, metallurgical and sampling results, data and information relating to this Agreement; and
 - (ii) should the Operator and its authorised personnel and representatives wish to carry out any inspection or observation outside the hours referred to above it shall give at least 12 hours' written notice of its intention to do so

and thereafter it shall follow the reasonable directions of HBJ's onsite personnel.

- (e) The Operator will be solely liable for all loss, damage or injury to any person or property caused by the acts or omissions of the Operator, its authorised personnel or representatives while inspecting or observing the Plant.
- (f) The Operator shall ensure its authorised personnel and representatives comply with the safety policies and legal directions of HBJ whilst visiting or working at the Plant.

9.6 Recovery

HBJ gives no guarantee to the Joint Venturers in respect of recovery rates achieved by the Plant, provided however that nothing in this clause 9.6 reduces, alters or waives in any way the obligations of HBJ to provide the Services in accordance with this Agreement.

10. Acknowledgment by the Joint Venturers

The Joint Venturers acknowledge that full title to all tailings deposited in the Plant's tailings disposal facility will pass to HBJ at the discharge point.

11. Liabilities

11.1 HBJ Liabilities

Subject to clause 13.3(c), HBJ shall have no liability whatsoever to the Joint Venturers, the Operator or any other person for:

- (a) loss or damage to or theft from the Joint Venturers' stockpiles of Ore;
- (b) any consequential loss or business interruption suffered by the Joint Venturers arising from any loss or damage to the Plant whatsoever; or
- (c) loss or damage to or theft from the Joint Venturers' refined bullion or gold in circuit while stored in the gold room or in transit from the Plant site to any refinery,

unless such loss, damage or theft is caused by any act or omission on the part of HBJ, its employees, consultants or agents in wilful disregard for the harmful foreseeable and avoidable consequences which result from the act or omission.

11.2 Liability of Operator and Joint Venturers

Subject to clause 13.3(b), neither the Operator nor the Joint Venturers shall have any liability whatsoever to HBJ or any other person for any consequential loss or business interruption suffered by HBJ arising from any loss or damage to the Plant whatsoever, unless such loss or damage is caused by any act or omission on the part of the Operator or the Joint Venturers or their respective employees, consultants or agents in wilful disregard for the harmful foreseeable and avoidable consequences which result from the act or omission.

12. Expert

Either HBJ or the Operator may refer the matter in issue referred to in clauses 5.2(d) or 7.2(f) to an Expert for determination and the following will apply:

- (a) the procedure for the appointment of an Expert is as follows:
 - (i) the Party wishing the appointment to be made must give notice in writing to that effect to the other Party and give details of the matter which it proposes be resolved by the Expert;
 - (ii) within seven days from the date of that notice HBJ and the Operator must meet in an endeavour to agree upon a single Expert (who must be independent of the Parties and must have qualifications and experience appropriate to the matter in dispute) to whom the matter will be referred for determination; and
 - (iii) if within 14 days of the said notice HBJ and the Operator fail to agree upon the appointment of a single Expert, any Party may request the then President of the Australasian Institute of Mining and Metallurgy to appoint the Expert;
- (b) the Expert must be instructed to:
 - (i) determine the matter within the shortest practicable time; and
 - (ii) deliver a report stating his opinion with respect to the matters in dispute setting out the reasons for the decision;
- (c) the Expert must determine the procedures for the conduct of the process in order to resolve the matter and must provide each of HBJ and the Operator with a fair opportunity to make submissions in relation to the matter in issue;
- (d) any process or determination of the dispute by the Expert is made as an Expert and not as an arbitrator and the determination of the Expert is final and binding on the Parties without appeal so far as the law allows and except in the case of manifest error;
- (e) each Party must bear its own costs of and incidental to any proceedings under this clause; and
- (f) the costs of the Expert must be borne equally by the Operator and HBJ.

13. Termination

13.1 Termination

This Agreement shall commence on the Commencement Date and shall remain in full force and effect until the earlier of:

- (a) the later of 31 December 2013 and the date on which 230 days of Average Available Capacity of 98% has been provided;
- (b) Completion occurring under the Sale and Purchase Agreement;

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- (c) the Sale and Purchase Agreement being terminated by reason of La Mancha's failure to pay the Purchase Price (as that term is defined in the Sale and Purchase Agreement) in accordance with clause 15.3 of the Sale and Purchase Agreement (and to avoid doubt, termination of the Sale and Purchase Agreement in any other circumstances, including following the failure of a condition precedent, shall not cause this Agreement to terminate). For the avoidance of doubt, this Agreement shall not terminate if the conditions precedent set out in clause 2.1 of the Sale and Purchase Agreement are satisfied or waived, but completion of the Sale and Purchase Agreement does not occur in accordance with the provisions of that agreement by reason of any action or omission by Dioro or any of its Related Bodies Corporate;
 - (d) the Parties mutually agreeing in writing to terminate this Agreement;
 - (e) HBJ providing written notice terminating the Agreement if an Insolvency Event occurs in relation to La Mancha;
 - (f) La Mancha providing written notice terminating the Agreement if an Insolvency Event occurs in relation to HBJ or Dioro;
 - (g) the date on which a notice is served pursuant to clause 7.4; and
 - (h) the date on which a Termination Notice served pursuant to clause 13.2 takes effect.

13.2 Termination for material breach

- (a) This Agreement may be terminated by:
 - (i) HBJ for any material breach or contravention of a term of this Agreement by the Operator which is not remedied by the Operator within 20 days after receipt of written notice from HBJ requiring the breach to be remedied; or
 - (ii) the Operator for any material breach or contravention of a term of this Agreement by HBJ which is not remedied by HBJ within 20 days after receipt of written notice from the Operator requiring the breach to be remedied,provided that such material breach by the defaulting Party is not due to an act or omission of the non-defaulting Party.
- (b) If the breach or contravention is not remedied within the period prescribed in clause 13.2(a), HBJ or the Operator (as the case may be) may terminate this Agreement by serving on the defaulting Party notice in writing (**Termination Notice**) of its intention to do so.
- (c) This Agreement will be terminated from and including the date specified in the Termination Notice and, if no date is specified, on the date which is five days from the date on which the Termination Notice is deemed to have been received by the defaulting Party.

13.3 Effect of Termination

- (a) Subject to paragraphs (b), (c) and (d), after the Termination Date, HBJ shall cease performance of the Services in accordance with the notice and the Parties shall be discharged from their obligations under this Agreement, without prejudice to any rights, obligations or liabilities that have accrued up to the Termination Date.
- (b) The Operator shall, provided HBJ is not in unremedied material breach of this Agreement, pay HBJ the value of the Services performed in accordance with this Agreement up to and including the Termination Date in accordance with clause 5. Further (and without prejudice to any duty at law to mitigate any loss or damage that HBJ may suffer or incur as a result of the termination or the conduct giving rise to the termination), if HBJ terminates this Agreement by reason of La Mancha suffering an Insolvency Event or following HBJ serving a Termination Notice, HBJ shall be entitled to claim damages for the non-payment of that part of the Toll Treatment Fee as remains unpaid at the time of termination.
- (c) Notwithstanding the provisions of clause 11.1 and without prejudice to any duty at law to mitigate any loss or damage that the Operator may suffer or incur as a result of the termination or the conduct giving rise to the termination, if La Mancha terminates this Agreement by reason of HBJ suffering an Insolvency Event or following La Mancha serving a Termination Notice, the Operator shall be entitled to claim damages against HBJ for any unremedied material breach of this Agreement at the time of termination.
- (d) In the event of termination of this Agreement under clause 13.2, the non-defaulting Party shall do everything reasonably practicable to mitigate any costs incurred by it arising from such material breach.

14. Assignment

- (a) Subject to paragraph (b), no Party (the **Assigning Party**) shall assign its rights or obligations under this Agreement to any person without the consent of the other Parties (the **Non-Assigning Parties**), which consent shall not be withheld or delayed if the assignee demonstrates to the reasonable satisfaction of the Non-Assigning Parties that it will assume the obligations of the Assigning Party on substantially the same terms as this Agreement.
- (b) An assignment under paragraph (a) will have no force or effect until the assignee of the Assigning Party has entered into a covenant with the Non-Assigning Parties in terms to the reasonable satisfaction of the Non-Assigning Parties binding it to observe and perform all the terms and conditions of this Agreement.

15. GST

All amounts referred to in this Agreement are exclusive of GST. If GST is imposed on any supply made under this Agreement, the recipient of the supply must, subject to receipt of a valid tax invoice, pay to the supplier an additional amount equal to the GST payable on or

in respect of the supply at the same time as payment for the supply is required to be made under this Agreement.

16. Announcements

Save as required by law, no Party may make any public announcement in relation to this Agreement or the provision of the Services or the matters contained in this Agreement, without the prior written approval of the other Parties, which approval must not be unreasonably withheld or delayed. Any approval provided in relation to the Sale and Purchase Agreement shall, if the public announcement refers to matters under this Agreement, be taken to be approved for the purposes of this clause 16 as well.

17. Confidentiality

17.1 Confidentiality Information not to be Disclosed

Each Party undertakes that it shall not, and shall procure that its Related Bodies Corporate shall not:

- (a) disclose Confidential Information, including Confidential Information of the other Parties, to any person; or
- (b) use Confidential Information of the other Parties.

17.2 Permitted Disclosure

A Party may disclose Confidential Information:

- (a) to any of its Related Bodies Corporate or any person who holds a controlling shareholding in any such Related Body Corporate;
- (b) to its directors, employees, officers and agents or of any of its Related Bodies Corporate;
- (c) to its professional advisers (including legal advisers) and consultants;
- (d) to a bank or other financial institution (and its professional advisers including legal advisers) in connection with any loan or other financial accommodation or application for a loan or financial accommodation to it or to any of its Related Bodies Corporate or the provision of underwriting for any issue of securities;
- (e) in connection with any bona fide potential disposal, security interest or investment to a third party either prior to or at any time after the disposal, security interest, or investment;
- (f) to the extent required under any applicable law or the rules or regulations of any recognised securities exchange which apply to it or to any of its Related Bodies Corporate; and
- (g) if the disclosure is required for the purposes of any legal, arbitral, administrative or other proceedings involving it or any of its Related Bodies Corporate,

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provided however that the beneficiaries of the disclosure of the Confidential Information referred to in paragraphs (c) to (e) shall have agreed to be bound by a confidentiality agreement in substantially the same terms as this clause 17, unless they are bound by a professional duty of confidentiality providing substantially the same standard of confidentiality as provided under this clause 17.

17.3 Injunctive Relief

Each Party acknowledges that any breach of this clause 17 will cause material damage to the other Parties. Consequently, each Party has the right, in addition to any other remedies available at law or in equity, to seek injunctive relief against another Party or any of its servants or agents in respect of any such breach by the other Party or its servants or agents.

17.4 Former Party Bound

This clause 17 will continue to bind a Party for a period of three years after following the date at which:

- (a) it ceases to be a party to this Agreement; or
- (b) this Agreement terminates in accordance with its terms.

18. Notices

18.1 How Notice to be given

Any notice, demand, consent or other communication (a **Notice**) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) in the case of email, must be in pdf or other format that is a scanned image of the original of the Notice, including a handwritten signature from the sender or a person duly authorised by the sender, and be attached to an email that states that the attachment is a Notice under this Agreement; and
- (c) must be addressed and delivered to the intended recipient at the address, fax number or email address below or the address, fax number or email address last notified by the intended recipient to the sender after the date of this Agreement:

- (i) to HBJ:
 - Level 3, 18-32 Parliament Place
 - West Perth WA 6005
 - Attention: President - Alacer Gold Australian Business Unit
 - Fax: +61 8 9226 0629
 - E-mail: tony.james@alacergold.com, with a copy to jan.macpherson@alacergold.com

(ii) to La Mancha: Level 1 – 12 St Georges Terrace
Perth WA 6000
Attention: The Company Secretary
Fax: INT + (61 8) 9202 1100
E-mail:
rod.johns@lamancharresources.com.au,
with a copy to
Brett.Fordham@lamancharresources.com.au

and copied to:

La Mancha Services France
56A rue du Faubourg St Honoré 75008 Paris
France
Attention: Président / Strategy and Business
Development VP
E-mail: legal@lamancha.com

(iii) to Dioro: Level 3, 18-32 Parliament Place
West Perth WA 6005
Attention: President - Alacer Gold Australian
Business Unit
Fax: +61 8 9226 0629
E-mail: tony.james@alacergold.com, with a
copy to jan.macpherson@alacergold.com

18.2 When Notice taken to be received

For the purposes of this Agreement:

- (a) a Notice delivered by hand to the physical address of a Party is deemed to be received if it is handed (with or without acknowledgment of delivery) to any person at that address who, in the reasonable judgment of the person making the delivery (upon making appropriate enquiries), appears to be and represents himself as a manager or officer of the Party to whom the Notice is addressed;
- (b) a notice which is posted is deemed to be received by the Party to whom the Notice is addressed on the second Business Day in the place to which the Notice is addressed after the day on which the notice is posted;
- (c) a notice sent by fax transmission which is transmitted:
 - (i) prior to 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the date of transmission if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and

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- (ii) after 4:00 p.m. local time at the place to which it is transmitted is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of transmission,

and the production of the transmission report or a printout of a transmission log generated by the sender's fax machine (or other fax transmission device) showing successful uninterrupted fax transmission of all pages of the relevant notice to the fax number of the Party to whom it is addressed constitutes prima facie evidence that the fax was sent and received; and

- (d) an email notice which is sent:
 - (i) prior to 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the date of sending if it is a Business Day in that place or, if it is not, then on the next day which is a Business Day in that place; and
 - (ii) after 4:00 p.m. local time at the physical address of the intended recipient is deemed to be received by the Party to whom it is addressed on the first Business Day in that place following the date of sending,

unless the sender receives an email message showing the failure of the email; and proof of the fact that the email message was sent but that the sender received no email message showing that it failed constitutes prima facie evidence that the email was sent and received.

19. Further Assurances

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Parties to effectively carry out and give effect to the terms and conditions of this Agreement.

20. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia. In relation to it and related non-contractual matters each Party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to claim that those courts are an inconvenient forum.

21. Miscellaneous

21.1 Severance

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

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21.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements or prior understandings on the subject of this Agreement.

21.3 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile and electronic transmission) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

21.4 Time

Time shall be of the essence in this Agreement in all respects.

21.5 Approvals and consents

Except where this Agreement expressly states otherwise, a Party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Agreement.

21.6 Survival

Any indemnity or any obligation of confidence under this Agreement is independent and survives termination of this Agreement. Any other term by its nature intended to survive termination of this Agreement survives termination of this Agreement.

21.7 No merger

The rights and obligations of the Parties under this Agreement do not merge on completion of any transaction contemplated by this Agreement.

21.8 Waiver

A Party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the Party giving the waiver.

21.9 Relationship

Except where this Agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the Parties.

Appendix 1: Toll Treatment Schedule

Quarter	Days on which the Available Capacity will be made available	Total days
1	8 February 2013 to 31 March 2013 (inclusive)	51
2	1 April 2013 - 30 June 2013 (inclusive)	59
3	5 July 2013 – 3 September 2013 (inclusive)	60
4	6 October 2013 - 4 December 2013 (inclusive)	60

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Appendix 2: Measurement of Physical Properties

1.1 General

- (a) 'Measurement of physical properties' as covered by this procedure includes all operations required to measure a physical property.
- (b) In carrying out the measurement of physical properties, HBJ shall adopt such good workmanlike procedures, specifications and standards as accepted in the gold industry.

1.2 Operational measurements

(a) General

- (i) HBJ will carry out as a minimum the measurement of the parameters listed below at the specified frequencies. The Operator's Representative may carry out at its cost any duplicate or additional measurements while the Joint Venturers Ore is treated.
- (ii) If on a duplicate measurement, other than when measuring physical properties for the purpose of circuit stock determinations, the difference between HBJ's and the Operator's measurements is more than 10%, the measurement shall be repeated. If the repeated measurement again shows a difference of more than 10%, the measurement process shall be audited and corrective measures applied to the satisfaction of both HBJ and the Operator.

(b) Parameters measured

(i) Dry Tonnes Milled

The Dry Tonnes Milled are the actual dry tonnes of Ore fed to the mill, calculated from the wet tonnes measured by the mill feed conveyor weightometer minus an allowance for contained moisture.

- (A) The moisture content of Ore will be determined by taking approximately 1 kg samples from the mill feed conveyor on a two hourly basis to form a 24 hour composite sample each day. The samples will be stored during sampling to minimise evaporation and drying. The sample will be weighed, dried in a laboratory drying oven and reweighed.
- (B) The percentage moisture is determined by the following equation:
$$\% \text{ Moisture} = ((\text{Wet Weight} - \text{Dry Weight}) \times 100) / (\text{Wet Weight})$$
- (C) The weightometer located on the mill feed conveyor will be calibrated at least monthly or as mutually agreed.

(ii) Leach Feed Grade

The Leach Feed Grade will be determined by taking 1 litre samples from the trash screen feed hopper on a two hourly basis to form two 12 hour composite samples each day. The pulp density of the sample will be measured using a Marcy Scale. The composite sample will be filtered and the solids and solution assayed. The solids SG used for the Marcy determination will be determined in the laboratory from time to time. The solution SG will be used in calculating the solution factor for determination of total leach feed grade.

(iii) Leach Tailings Grade

The Leach Tailings Grade will be determined by taking 1 litre samples from TK7 and TK8 discharge on a two hourly basis to form two 12 hour composite samples each day. The pulp density of the sample will be measured using a Marcy Scale. The composite sample will be filtered and the solids and solution assayed. The solution SG will be used in calculating the solution factor for determination of total tailings grade.

(iv) Loaded Carbon Grade

The Loaded Carbon Grade will be determined by taking grab samples from the loaded carbon screen to form a loaded carbon composite sample for each elution performed. The composite sample will be washed, dried and assayed.

(v) Barren Carbon Grade

The Barren Carbon Grade will be determined by taking grab samples from the elution circuit transfer to form a barren carbon composite sample for each elution performed. The composite sample will be washed, dried and assayed.

(vi) Barren Electrolyte Grade

The Barren Electrolyte Grade will be determined by taking a sample from the electrolyte tank at the completion of the electrowinning cycle. The sample will be assayed.

(vii) Bullion Bar Characteristics

- (A) Each bullion bar will be cleaned, dried and weighed. The bullion fineness will be determined by vacuum tube samples from each bullion bar. An Operator sample and umpire sample are to be taken with the samples retained in the safe for each bar. The samples will be available to both the Operator and HBJ for check assay if required. The weight of bullion bar and the assayed fineness can then be compared with the Mint out-turn.
- (B) Samples remaining in the safe at the completion of Campaign Period will be included in smelts in subsequent Campaign Periods unless otherwise advised.

(viii) Slurry Samples from leach tanks

Slurry samples will be taken from the leach tank 34 every two hours for the determination of pH and cyanide. Oxygen concentration is measured every two hours by way of in tank probe. The addition rate of lime, cyanide and oxygen will be varied to maintain the desired pH, cyanide and oxygen concentration as requested by the Operator's Representative, during a Campaign Period.

(ix) Slurry Samples from adsorption tanks

Slurry samples will be taken from the adsorption tanks each shift for the determination of carbon concentrations. The operation of carbon transfer pumps and airlifts will be varied to maintain the required carbon concentrations as requested by the Operator's Representative, during a Campaign Period.

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Appendix 3: Circuit Stock Procedures

This circuit stock procedure shall be adopted by the Parties in determining the level of gold in the circuit (**GIC**). This circuit stock procedure will occur at the commencement and completion of each Campaign Period, for the purpose of determining the Opening and Closing Circuit Stock, or at any other time that is mutually agreed.

1.1 Preparation for Sampling

The following operations shall be carried out before any sampling occurs:

- (a) All loaded carbon present in the elution circuit at the completion of ore treatment will be processed and returned to the adsorption circuit.
- (b) Any carbon spillage contained in hoppers or banded areas will be returned to the adsorption circuit prior to stocktaking.
- (c) All carbon transfers are to be completed at least two hours before sampling commences.
- (d) All steel wool in the electrowinning cells and any electrowinning cell sludge will be treated through to doré bullion.
- (e) All slag from the gold room will be crushed and returned to the milling circuit. Slag from the final bars poured shall be set aside for return to circuit during subsequent Campaign Periods.
- (f) The gold room floor and sump will be cleaned and residues returned to the process circuit prior to the determination of the closing circuit stock.
- (g) The Knelson concentrator shall be shut-down and cleaned of concentrate at the completion of the Campaign Period. The gravity concentrate from the final days processing will be transferred to the Acacia Reactor for leaching. Gold from the final leach solution batch will be electrowon, processed to doré and included in the production of such week. Acacia leach tails will be collected and stored in sealed drums to await processing in the next Campaign Period.

1.2 Sampling procedure

- (a) At the opening and closing of each Campaign Period, three sets of samples will be taken by HBJ in the presence of the Operator's Representative. The three sample sets taken shall be distributed as follows:
 - (i) HBJ for analysis;
 - (ii) the Operator for analysis; and
 - (iii) Umpire for analysis.
- (b) Each of HBJ and the Operator will analyse its sample. The umpire sample will be sent for analysis to an independent assayer to be selected by agreement between HBJ and the Operator or, failing agreement, by the President for the time being of the Australasian Institute of Mining and Metallurgy.

(c) Determination of Gold in pulp

- (i) Pulp samples for each sample set will be taken at the agreed sample points from each of the 11 process circuit tanks. Samples taken in the direction from the tails to the feed. Each sample shall consist of 3 litres of pulp taken from the sample airlifts. On site, each pulp sample will be weighed, filtered, solution sample collected, with the solids rinsed then dried and weighed.
- (ii) The solution and the solids will be prepared and split into 3, and distributed as follows:
 - (A) HBJ for analysis;
 - (B) La Mancha for analysis; and
 - (C) Umpire for analysis.
- (iii) Determination of percent solids and total gold in pulp will be carried out on the samples taken. The pulp volume in each tank will be calculated from tank freeboard measurements prior to sampling.
- (iv) If the HBJ and Operator assay results for total gold in solid and solution for each sample differ by less than 10%; the average of the two results will be taken as final. If the assays differ by more than 10% and the umpire sample assay falls between the assays of HBJ and the Operator, then the umpire sample assay will be taken as final, in the event the umpire sample assay falls outside the assays of HBJ and the Operator, then the assay closest to the umpire assay will be taken as final.
- (v) The tank solids assays will be corrected for recoverable gold content prior to inclusion in GIC calculation. The correction will be made by subtracting the average tail solid grade for the 48 hour period prior to the GIC sampling from the individual tank solid assays at the time of sampling.

(d) Determination of Gold on carbon

- (i) Samples will be taken from all adsorption tanks for carbon determination. Each sample will consist of 30 litres of pulp taken from the sample airlifts. Each sample will be screened through an 850 micron screen. Screen oversize ie, carbon will be washed, dried and weighed. Dried carbon will be split into 3 and distributed as follows:
 - (A) HBJ for analysis;
 - (B) the Operator for analysis; and
 - (C) Umpire for analysis.
- (ii) The weight of carbon contained in each adsorption tank will be calculated from the dry weight of carbon in the 30 litre sample and the pulp volume contained in each tank. The pulp volume in each tank will be calculated from tank freeboard measurements prior to sampling.

- (iii) If the calculated carbon inventory differs by more than +/- 10% of previous GIC determination due to slurry SG issues caused by the ore, then the ratio of carbon in each tank will be multiplied by an agreed carbon inventory averaged from previous GIC data.
- (iv) If the HBJ and Operator assay results for total gold on carbon for each sample differ by less than 10%, the average of the two results will be taken as final. If the assays differ by more than 10% and the umpire sample assay falls between the assays of HBJ and the Operator, then the umpire sample assay will be taken as final; in the event the umpire sample assay falls outside the assays of the HBJ and the Operator, then the assay closest to the umpire assay will be taken as final.

1.3 Circuit Stock

The Circuit Stock will be determined after agreement has been reached on all assays and measures. The Circuit Stock will be obtained by the addition of the calculated gold content of each vessel. Total gold in circuit is given by:

$$A + B + C$$

Where:

A = gold in solids in leach and adsorption tanks

B = Gold in solution in leach and adsorption tanks

C = Gold on carbon in adsorption tanks

1.4 Total Gold Recovered

The total gold recovered for each Campaign Period shall be calculated by the application of the following formula:

$$\text{Gold Recovered} = B + CS - OS$$

Where:

B = Fine Gold In Bullion calculated from Mint Out Turns for the relevant time period.

CS = Closing Stock

OS = Opening Stock

1.5 Gold Allocation

- (a) A Change in Gold in Stocks (the difference between the level of gold in the circuit at the start to that at the end of the Campaign Period) will result in an adjustment to either Party's metal account:
 - (i) If the Gold in Circuit has increased, HBJ will allocate that increased amount of gold to the Operators' metal accounts;
 - (ii) If the Gold in Circuit has decreased, the Operator will allocate that decreased amount of gold to the HBJ metal account.

- (b) Any differences between the gold supplied by HBJ and the Operator as calculated above will be adjusted by payment of gold, at the Mint, during the month after the calculations are finalised and agreed.
- (c) This circuit stock procedure shall be adopted by the Parties in determining the level of gold in the circuit. This circuit stock procedure will occur at the completion of each Campaign Period, or at any other time that is mutually agreed, for the purpose of determining the Closing Circuit Stock. The circuit stocks will be measured at the end of Campaign Period according to normal site procedures.

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Appendix 4: Changeover Procedure

1.1 Crusher

- (a) Empty live capacity of Run of Mine Bin.
- (b) Crush out circuit and clean ore from feeders, crushers, apron feeder and chutes.
- (c) Draw down live capacity of the Coarse Ore Bin to the agreed level.
- (d) Remove all fine ore from Fine Ore Bin, dig out to the satisfaction of both Parties.
- (e) Commence crushing of ore.

1.2 Mill

- (a) In the 12 hours prior to shutdown make sure all floor spillage is cleaned up. Agitate mill discharge hoppers and possible gold traps with water spears. Hose down and completely clean out cyclone launder.
- (b) Hose out the gravity screen feed distributor, feed box and underpan thoroughly.
- (c) Grind out mill for 20 minutes and shut-down mill. The Knelson Concentrator is to be shut down after the feed to the mill has been shut off and immediately before the mill is shutdown to enable processing of the mill circulating load.
- (d) Record weightometer reading.
- (e) Perform weightometer calibration.
- (f) Drain all sumps.
- (g) Empty Knelson Concentrator and process all material from concentrate tank in Acacia Reactor.
- (h) Clean out the mill and gravity circuit sumps. Drum the clean-up material for storage and processing in future Campaign Periods.
- (i) Perform Circuit Stock measurement.
- (j) Record electricity and stock levels for all reagents.
- (k) Re-start mill.

Appendix 5: Reports

- 1.1 During each period HBJ is treating a Batch, they shall routinely furnish to the Operator reports providing such information as required by the Operator and which details the matters referred to in the attached Appendices.
- 1.2 HBJ will provide to the Operator daily reports with the following information:
- (i) Crushed tonnes by ore source, crusher availability and throughput;
 - (ii) Milled tonnes by ore source, mill availability and throughput;
 - (iii) Gravity circuit availability and gold recovered;
 - (iv) Mill head grade assay, moisture, leach and tail grade assays;
 - (v) Gold produced; and
 - (vi) Plant recovery.
- 1.3 Such daily reports shall be provided to the Operator as soon as a prudent operator of the Plant could be expected to provide such reports after the date of treatment.
- 1.4 Monthly reports will also be provided including calculated head grade using the change in circuit stocks measured at the end of each month, in addition to the daily report described above. The carbon profile will be measured and reported at least every two weeks or mid-month.

Appendix 6: Gold Room Procedures

The Gold room security procedures are detailed in the HBJ Plant Operating Procedure – PPR481 Gold Security. Gold Room access for the Operator's Representative will be granted under the provisions of this procedure.

1.1 Gravity Gold

- (a) The Knelson Concentrator is operated on auto dump cycles on a frequency determined by plant management. The Knelson concentrate is transferred to the Acacia Leach Reactor storage bin immediately after dumping. Tailings from the Knelson Concentrator are returned to the ball mill for further processing.
- (b) The stored concentrate is leached in the Acacia Reactor in a daily batch process. Pregnant leach solution is transferred to the elution circuit eluate tank for electrowinning concurrent with carbon stripping circuit pregnant eluate. Gravity circuit recovery is calculated and apportioned from Acacia pregnant solution volume and assay. Tailings from the Acacia Reactor are returned to the mill discharge hopper.
- (c) Gold produced from the gravity circuit is poured into bars along with the gold produced from carbon elution.

1.2 Elution Gold

- (a) Gold stripped from carbon in the elution circuit is recovered onto stainless steel cathodes when pregnant eluate is circulated through the electrowinning cells. When sufficient gold has been recovered onto the cathodes they are high pressure cleaned to remove a gold sludge. The sludge is then dried and fluxed for smelting.
- (b) The strip number for each elution will be unique, with gold recovered calculated for each strip. For the Campaign Period, the loaded carbon and barren carbons and eluate will be used to produce a strip summary and this compared with the fine gold recovered from smelting.

1.3 Gold Bars

- (a) The bars produced during a Campaign Period will be numbered: MJVFL to XX in sequential order. The bars will be sampled by vacuum tube on pouring.
- (b) After the bars have been cleaned to remove slag, they are stamped with the identifying (alpha-numeric) bar number. The bar number and weight are recorded in the Gold room Log Book. The weight of sample is also entered in the Gold room Log Book.
- (c) The bullion is stored in the safe until it is shipped by secure transport to the refinery. The gold shipment is to be lodged in the Operator's gold account held at the Perth Mint styled 01.

-
- (d) Any slag from smelting concentrates of the Joint Venturers is to be stored and returned to the mill feed with the Operator's metallurgist witnessing and signing for such events.
 - (e) All smelting during a Campaign Period is to be done in dedicated clay graphite pots and the old pots are to be stored for final gold recovery at the direction of the Operator.

1.4 Bullion Samples

- (a) Each bar is sampled by vacuum tube on pouring. An Operator sample and umpire sample are to be taken with the samples retained in the safe for each bar. The samples will be available to HBJ and the Operator for check assay if required. The weight of bullion bar and the assayed fineness can then be compared with the Mint out-turn.
- (b) Samples remaining in the safe at the completion of Campaign Periods will be included in smelts in subsequent weeks unless otherwise advised.
- (c) The number, origin and weight of each bar are recorded in the Bullion Book.

Appendix 7: Metallurgical Parameters

1.1 Metallurgical Parameters

- (a) Metallurgical Parameters mean the mill operating parameters, as defined by the Operator's metallurgist, required to optimise the treatment of the ore being fed to the plant at the time, with the objective to minimise treatment costs while maximising gold recovery. The Metallurgical Parameters are initially set in accordance with previous test work and may be updated based on plant performance, ore treatment costs, gold recovery and any new test work results.
- (b) When the Operator's metallurgist elects to change these parameters from time to time, updated instructions in the Operator's Instructions logbook will be issued. HBJ will assist all investigations carried out by the Operator's metallurgist aimed at improving the Metallurgical Parameters.
- (c) A number of Metallurgical Parameters are listed below, with proposed initial settings for the Ore supplied by the Operator.

Metallurgical Parameters	Target settings for Frog's Leg ores
Selection of feed blend from ROM pad	100% Ore supplied by the Operator to the Delivery Point
Comminution	Target grind size of P80=106µm (<i>expected Bond Ball Mill Wi 14 to 16</i>)
Gravity circuit operating parameters & frequency of emptying	Knelson minimum emptying rate of 12 dumps per day Target >30% of gold as gravity To be reviewed during run
Reagents consumption & quality checks	Free cyanide level: tank 34 > 300ppm, last tank >80 ppm (To be reviewed during run) (<i>expected NaCN consumption 0.8-1.1kg/t</i>) Oxygen level: tank 34 = 20 ppm, other tanks > 7 ppm (<i>0.3 m³/t</i>) pH level in leach: 9.0 – dependent on water quality
Leach and adsorption operating parameters (densities, carbon advance & concentrations, carbon addition)	CIL Residence time > 24h Target spot solution loss < 0.015 ppm
Stripping operating parameters & frequency	Carbon loading in Ads Tank 1: Target 2500 – 5000 g/t Barren carbon loading < 100 g/t Electro-winning tail < 3 ppm Relative carbon activity:

Metallurgical Parameters	Target settings for Frog's Leg ores
	80% of new carbon
Gold room operating parameters	Maintain optimum conditions and cleanliness
Water management (tailings return water usage, process water allocation, alternative water sources)	Maximise tailings return water

1.2 Frogs Leg Testwork Summary

Key Findings

Aspect	Underground ore
Nature	Simple Free milling ore- not complex- no specific metallurgical issues
Ore grade Au g/t	Expected 4.0 to 9.0 g/t
Mineralogy	Mostly free fine gold. Pyrrhotite major sulphide species
Gravity Gold Recovery %	30-50% in laboratory and plant parcels
Bond Ball Mill Work Index	14 -16.6 kWh/t
Grind Sensitivity	moderate dependence
Cyanide Consumption	0.5-0.7 kg/t tap water
Lime consumption	0.2 – 0.3 kg/t tap water
Oxygen Injection	Yes
Optimised Overall Au Recovery (24 hrs residence)	>94%

Appendix 8: Variable Costs Components

- Grinding Balls
- Cyanide
- Lime
- Caustic
- Oxygen
- Carbon
- Acid
- L.P. Gas

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Executed as an agreement.

Executed in accordance with section 127 of the *Corporations Act 2001* by **HBJ Minerals Pty Ltd:**

(signed) "*Rohan Williams*"

Director Signature

Rohan Williams

Print Name

(signed) "*Louw Smith*"

Director Signature

Louw Smith

Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **La Mancha Resources Australia Pty Ltd:**

(signed) "*Rodney Johns*"

Director Signature

Rodney William Johns

Print Name

(signed) "*Jeffrey Boal*"

Secretary Signature

Jeffrey Arnold Boal

Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **Dioro Exploration NL:**

(signed) "*Rohan Williams*"

Director Signature

Rohan Williams

Print Name

(signed) "*Louw Smith*"

Director Signature

Louw Smith

Print Name

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