

## MEMORANDUM OF AGREEMENT

This agreement entered into the \_\_\_\_\_ day of \_\_\_\_\_, 1984, by and between Applied Research Group Inc. (ARGI) and Giant Yellowknife Ltd. (GYK).

Whereas, ARGI has developed proprietary processes and has experience relating to the development and implementation of processes, and marketing of the resulting products; and

Whereas, GYK is engaged in the business of minerals exploration, mine development, mine operations, mine financing and the sales of the resource based products;

Now, therefore, in accordance with the terms and conditions contained herein, ARGI and GYK agree as follows:

### I. SCOPE OF AGREEMENT

- A. GYK and ARGI intend to undertake a cooperative program involving joint development of various arsenic based wood preservatives, based on using the arsenic reserves and production at GYK. ARGI will assume the leadership of this effort. GYK will support ARGI by providing services relating to arsenic recovery from storage areas, arsenic transportation, storage and handling on site, site selection, gold recovery from residues, and residue disposal, plus consultation on

metallurgical process selection and flowsheet development, pilot plant design and operation and evaluation. Design of a commercial plant will be sponsored by ARG I but will require detailed approval by GYK.

- B. The initial phase of the program will be the joint development of a business strategy and the necessary promotional material to establish and market a full range of products to the wood preserving industry.
- C. Subsequent phases may include various efforts <sup>to</sup> prove up the capabilities of the ARG I process or processes. Particular emphasis will be placed on the special qualifications of the two companies to combine engineering, pilot plant, construction and operations expertise.
- D. The parties shall mutually agree upon all phases of the program and the specific function of each party on a project-by-project basis.

## II. DURATION OF AGREEMENT

The initial agreement shall become effective on the execution date and will continue in effect for three years therefrom. The agreement would then continue on an annual basis unless either party notifies the other of intention to dissolve the agreement. Such intention must be delivered in writing more than 30 days prior to the anniversary of the agreement. Separate existing contracts with specific clients would not be affected by the existence of this agreement or its termination.

### III. FUNDING OF THE PROGRAM

- A. Each party shall absorb all its own costs and expenses relating to promotion of the program except that ARGI will bear all the cost of any ~~promotional activities or other sales related activity.~~
- B. The costs and expenses for other portions of the program shall be shared by the parties as mutually agreed to prior to undertaking that portion of the program. These will include process development, market research, pilot scale work, commercialization of the process, sales and marketing.

### IV. EXCLUSIVITY

- A. Nothing in this agreement shall prevent ARGI from entering into development or research agreements to provide services to other companies in the mineral or related industries. Exclusive of the process now under study or its successor or derivation.
- B. Nothing in this agreement shall prevent GYK from entering into contractual agreements with or obtaining services from other research organizations and/or development organizations for the purpose of their work in the minerals business. No other agreements on the joint development of processes for the use of arsenical minerals are permitted.

- C. Since the process being studied is considered to be suitable for application to arsenical products from sources in other countries, patents will be applied for in the name of ARG I and revenues from licensing and sales agreements will be solely for the account of ARG I. Except that ARG I will undertake to ensure a market position for the product produced from GYK material in preference to other sources.

IF GIANT  
PAYS FOR PROGS  
DEVELOPMENT,  
THEY SHOULD  
RECEIVE IT.

- D. ARG I will market the products produced from the process and will provide GYK with an outlet for its crude  $As_2O_3$  as long as this and subsequent agreements are in force.

NEEDS TO  
BE RECORDED.  
ARG I IS TO  
GIVE PREVIEW FOR  
NEXT ROAD TO  
GIANT.

#### V. CONFIDENTIALITY

- A. GYK recognizes and agrees that ARG I<sup>11</sup> has developed certain process know-how; business, marketing and cost/pricing data; and other information (herein collectively called "Confidential Information") that is proprietary to ARG I. GYK further recognizes and agrees that GYK may be in a position of access to such Confidential Information and other information, knowledge, facts and data relating thereto. Upon disclosure of Confidential Information by ARG I to GYK or access to or obtainment of Confidential Information and knowledge, facts, data and information relating thereto by GYK, GYK agrees not to use or to disclose the Confidential Information to any third parties except as may be authorized in writing by ARG I. The only exceptions are such Confidential Information which:

- 1) Was in possession of GYK prior to the disclosure by ARG I or obtainment from ARG I; or

2) Was a part of the public domain at the time of disclosure or obtainment, or thereafter becomes part of the public domain, through no fault, directly or indirectly of GYK or any of its employees; or

3) GYK can demonstrate has been received by GYK from a party other than ARG I, directly or indirectly, which receipt was not in contravention of law, or confidentiality agreement.

B. ARG I recognizes and agrees that GYK has developed certain process technology, operating practices, marketing and cost/pricing data, and other information (herein collectively called "Confidential Information") that is proprietary to GYK. ARG I further recognizes and agrees that ARG I may be in a position of access to such Confidential Information and other information, knowledge, facts and data relating thereto. Upon disclosure of Confidential Information by GYK to ARG I or access to or obtainment of Confidential Information and knowledge, facts, data and information relating thereto by GYK, ARG I agrees not to use or to disclose the Confidential Information to any third parties except as may be authorized in writing by GYK. The only exceptions are such Confidential Information which:

1) Was in possession of ARG I prior to the disclosure by GYK or obtainment from GYK; or

- 2) Was a part of the public domain at the time of disclosure or obtainment, or thereafter becomes part of the public domain, through no fault, directly or indirectly of ARG I or any of its employees; or
  - 3) ARG I can demonstrate has been received by ARG I from a party other than GYK, directly or indirectly, which receipt was not in contravention of law.
- C. Nothing herein shall be construed or implied that ARG I and GYK have granted each other any rights with respect to confidential and proprietary information as herein described.
- D. The parties shall mutually develop appropriate secrecy and confidentiality agreements, as and when necessary, covering disclosure of any and all proprietary information of both parties hereto to potential clients, lenders, contractors and all others.
- E. GYK and ARG I shall guard all information, not subject to the foregoing confidentiality agreements, generate during the development of the Program as it does its own proprietary information. Neither ARG I nor GYK will release such information to third parties until the expiration of ten (10) years from the effective date of this agreement.

VI. LIABILITY

Both GYK and ARG I acknowledge that the breach by either party of the covenants contained in Article V would result in irreparable damage to the other party that could not be adequately compensated for in monetary damages. Therefore, both parties agree that either party shall be entitled to an injunction to specifically enforce the provisions of the Agreement in any court of competent jurisdiction.

VII. IMPLEMENTATION OF THE AGREEMENT

- A. The parties agree that upon their decision to present proposal(s) to their respective boards a project agreement shall be entered into by and between GYK and ARG I defining each party's rights, duties and obligations regarding cost sharing, assumption of liability and risk, inventions and patent rights thereon, work execution, distribution of profits, points of contact, and any other necessary or required matters.

VIII. SEVERABILITY

The invalidity of any provision of this Agreement shall not affect the validity of the other provisions of this Agreement.

EXECUTED as of the \_\_\_\_\_ day of \_\_\_\_\_, 1985.

APPLIED RESEARCH GROUP INC.

GIANT YELLOWKNIFE LTD.

By \_\_\_\_\_

Title

Title

PJR-91