

**DATED 1 JUNE 2017**

**(1) BUCHANS RESOURCES LIMITED**

**(2) MINCO PLC**

**AND**

**(3) DALRADIAN RESOURCES INC**

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**DEED OF INDEMNITY  
(MISCELLANEOUS)**

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**THIS DEED** is dated this 1<sup>st</sup> day of June 2017

**PARTIES:**

(1) **BUCHANS RESOURCES LIMITED**, a company incorporated under the laws of the Province of Ontario with company registration number 1935474 and which has its registered office at 1805, 55 University Avenue, Toronto, Ontario, Canada ("**Buchans**");

(2) **MINCO PLC**, a public company incorporated in Ireland with registered number 38284 and which has its registered office at 27 Hatch Street Lower, Dublin 2 ("**Minco**");

AND

(3) **DALRADIAN RESOURCES INC.**, a company incorporated under the laws of the Province of Ontario with registered number 002201851 and which has its registered office is at Queens Quay Terminal 207 Queens Quay West, Suite 416, Toronto, Ontario, Canada M5J 1A7 ("**Dalradian**");

(together, the "**Parties**").

**BACKGROUND:**

A. On or about the date hereof Minco and Dalradian announced that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of Minco by Dalradian, and the demerger of Buchans, a wholly owned subsidiary of Minco, to the shareholders of Minco by way of a scheme of arrangement pursuant to Section 450 of the Companies Act, 2014 (the "**Scheme**").

B. The parties wish to provide for an indemnity from Buchans in favour of Minco and Dalradian in respect of (i) any liability pursuant to Environmental Law (as defined in Clause 1 below) suffered by Minco after the Effective Date (as defined below), and (ii) any liability suffered by Minco after the Effective Date in respect of the Minco Advisers Invoices (as defined below), on the terms set out below.

This Deed witnesses as follows:

**1. DEFINITIONS**

"**Acquisition**" the acquisition by Dalradian of the entire issued share capital of Minco, to be implemented pursuant to the Scheme;

"**Demerger**" the demerger of Minco's interest in Buchans to be implemented through the Scheme in accordance with the Implementation Agreement;

"**Effective Date**" the date of the completion of the Scheme;

"**Environment**" (a) land, including without limitation, surface land, sub-surface strata, sea bed and river bed under water (as defined in paragraph (b)) and natural and man-made structures;

(b) water, including, without limitation, coastal and inland waters, surface waters, aquatic sediment, ground waters, and water in drains and sewers;

(c) air, including, without limitation, air inside buildings and other natural and man-made structures above or below ground; and

(d) any living systems or organisms supported by the media set out in (a), (b) or (c) above.

<b>“Environmental Claim”</b>	the issue of any notice, demand, letter or other document by or on behalf of any authority responsible for the enforcement of Environmental Law or the imposition (or any document referring to the proposed imposition) from which it appears that any liability pursuant to Environmental Law may be imposed on or become due by Minco or which may result in a claim against Buchans under this Deed;
<b>“Environmental Dispute”</b>	any dispute, demand, appeal, negotiations or other proceedings in connection with an Environmental Claim;
<b>“Environmental Law”</b>	all European Community, Canadian, Irish, national, state, federal, regional or local laws, common law, statutes, ordinances, directives, regulations, notices, standards having force of law, relevant clean-up standards, judgements, decrees or orders, codes of practice, the requirements and conditions of all Environmental Permits, both express and implied covenants, agreements, circulars, guidance notes (statutory or otherwise), judicial and administrative interpretations of each of the foregoing concerning (without limitation) the protection of human health or the Environment or the conditions of the work place and process safety, or the generation, transportation, storage, treatment or disposal of any Hazardous Substance, as enacted, amended, replaced or supplemented from time to time;
<b>“Environmental Permits”</b>	any permits, consents, licences, certificates, notices, filings, lodgements, agreements, directions, declarations, exemptions, variations, renewals and amendments and other authorisations and approvals required or provided under Environmental Law which to the best knowledge of Minco are necessary to conduct the business of Minco;
<b>“Hazardous Substance”</b>	any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour) or organism (including genetically modified organisms) whether alone or in combination with any other substance capable of causing harm to man or any other living organism supported by the Environment or which restricts or makes more costly the use, development, ownership or occupation of the any properties owned, occupied or used by Minco or is capable of damaging the Environment or human health or welfare including but not limited to asbestos or any controlled, special, hazardous, toxic or dangerous chemical, substance or waste;
<b>“Implementation Agreement”</b>	the implementation agreement entered into between Minco, Buchans and Dalradian in relation to the Scheme and the Demerger;
<b>“Minco Advisers”</b>	all of the advisers to Minco including without limitation in connection with the Acquisition, the Demerger and the Scheme being McEvoy Partners, Davy Corporate Finance, UHY Farrelly Dawe White Limited, Computershare Services (Ireland) Limited, KPMG and any other advisers that may have been engaged by Minco in connection with the transactions contemplated herein and not specifically listed in the foregoing;
<b>“Minco Advisers Invoices”</b>	the full and final invoices addressed to Minco in relation to the Minco Costs;
<b>“Minco Costs”</b>	all costs, fees, expenses and expenditure whatsoever including the professional fees and outlay of the Minco Advisers incurred or recorded by the Minco Advisers and payable by Minco including, without

limitation, in connection with the Acquisition, the Demerger and the Scheme and which are outstanding and un-paid on the Effective Date;

**“Relief”**

any loss, allowance, credit, relief, deduction, exemption, charge or set-off in respect of or against any Tax or in computing income, profits or gains for the purposes of any Tax and any right to a repayment of Tax;

**“Tax”**

includes (without limitation):-

- (a) corporation tax (including any surcharge), advance corporation tax, income tax (including tax or amounts on account of tax required to be deducted or withheld from or accounted for in respect of any payment), capital gains tax, inheritance tax, gift tax, capital acquisition tax, value added tax, dividend (distribution) withholding tax, national insurance contribution, PAYE deductions, universal social charge, pay related social insurance and levies, capital duty, stamp duty, deposit interest retention tax, professional services withholding tax, relevant contracts tax, duties of customs and excise and import, petroleum revenue tax, environmental levy on plastic bags, rates and all taxes, duties or similar charges replaced by or replacing any of the foregoing;
- (b) all other taxes on gross or net income, profits or gains, distributions, receipts, sales, use, occupation, franchise, value added and personal property;
- (c) all taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever chargeable by any Tax Authority in any jurisdiction;
- (d) any payment whatsoever which Minco may be or become bound to make to any person as a result of the discharge by that person of any tax which Minco has failed to discharge; and
- (e) any payment which Minco is obliged to make to another person as a result of an enactment relating to Tax;

together with all penalties, fines, charges and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them, and regardless of whether any such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to Minco or any other person and regardless of whether any amount in respect of any of them is recoverable from any other person; and

**“Tax Authority”**

any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect Tax in Ireland, Canada or elsewhere.

**2. INDEMNITY**

- 2.1 With effect from the Effective Date, Buchans shall **HOLD HARMLESS AND INDEMNIFY AND KEEP INDEMNIFIED** Minco (and the directors of Minco) and Dalradian (and the directors of Dalradian), and shall compensate and reimburse Minco and Dalradian, for any loss, damage, claim, demand, settlement, judgment, award, fine, penalty and fee (including but not limited to any direct, indirect or consequential losses, loss of profit, and all penalties,

legal or other professional fees, outlay and interest) which are suffered or incurred by Minco in respect of or in connection with:

- (a) any liability arising pursuant to Environmental Law; and/or
- (b) the failure by Buchans to pay the Minco Advisers Invoices in accordance with the Implementation Agreement. For the avoidance of doubt, the indemnity shall extend to any costs incurred by Minco and/or Dalradian in defending or settling any legal action or threat thereof by the Minco Advisers in relation to the payment of the Minco Advisers Invoices.

### **3 NO WITHHOLDING AND LIABILITY**

- 3.1 All sums payable by Buchans under this Deed shall be paid free and clear of all deductions, withholdings or set-off whatsoever save only as may be required by law.
- 3.2 If any deductions or withholdings are required by law to be made from any sums payable by Buchans hereunder, Buchans shall be obliged to pay to Dalradian or Minco such amount as will after the deduction or withholding has been made, leave Dalradian or Minco with the same amount as it would have been entitled to receive but for such deduction or withholding.
- 3.3 If Dalradian or Minco is liable to make a payment of taxation in any country in respect of any payment by Buchans under this Deed (or would have been so liable but for the availability of any Relief (other than a Relief arising in respect of a period prior to the Effective Date)), Buchans hereby covenants with Dalradian and Minco to pay to Dalradian and Minco such additional sum as would have been required to be paid under Clause 3.2 had the amount of such payment of Tax by Dalradian or Minco been a deduction or withholding from the payment by Buchans which gave rise to the liability to make such payment of Tax.
- 3.4 In the event that Dalradian recovers any amount pursuant to this Deed any such recovery shall be treated as a repayment of and reduction in the amount of the consideration payable by Dalradian in respect of the Acquisition.
- 3.5 The maximum amount of the liability of Buchans arising for any reason whatsoever under this Deed shall be limited to CAN\$10 million.
- 3.6 The liability of Buchans arising pursuant to this Deed shall survive the termination for any reason or the expiry of the Implementation Agreement and not be limited in any way in the event of such expiry or termination. This Deed shall terminate on the tenth anniversary of the date of this Deed.
- 3.7 Buchans hereby warrants and represents to Minco and Dalradian that it has been duly authorised to enter into this Deed.

### **4 RECOVERY FROM THIRD PARTIES**

- 4.1 If Buchans makes any payment to Minco pursuant to this Deed and, after making the relevant payment, Minco or Dalradian becomes entitled to recover from a third party a sum which would have reduced the liability of Buchans to make such payment, Dalradian shall or shall procure that Minco shall:
  - 4.1.1 notify Buchans of their entitlement as soon as reasonably practicable;
  - 4.1.2 if so requested by Buchans (and subject to being indemnified to its reasonable satisfaction by Buchans against all losses, damages, costs and expenses including professional fees which may be reasonably incurred in connection with recovering the relevant sum), procure that Minco shall take all necessary steps to enforce that recovery (keeping Buchans fully informed of the progress of any action taken); and
  - 4.1.3 once Dalradian or Minco has received such sum, as soon as practicable repay to Buchans the lesser of:

4.1.3.1 the amount (including any related interest or related repayment supplement) recovered from the third party; and

4.1.3.2 the sum paid by Buchans to Minco pursuant to this Deed in respect of the Environmental Liability, or the liability in relation to the Minco Advisers Invoices in question;

in each case less the reasonable costs and expenses of recovery incurred or paid by Dalradian or Minco relating to such recovery.

## **5 CONDUCT OF CLAIMS**

5.1 If Dalradian or Minco becomes aware of an Environmental Claim, Dalradian shall give or procure that notice in writing is given by Minco to Buchans or to Buchans' duly authorised agent as soon as is reasonably practicable.

5.2 Subject to Clause 5.3, Dalradian shall take and shall procure that Minco shall take any action that Buchans may reasonably request by notice in writing given to Dalradian and/or Minco to avoid, dispute, defend, resist, appeal, compromise or request a review of any Environmental Claim **PROVIDED THAT** Buchans shall promptly indemnify Minco and/or Dalradian to Dalradian's reasonable satisfaction against all liabilities, costs (including professional fees and outlay), damages or expenses that may be incurred by Minco in so doing.

5.3 Minco shall not be obliged to avoid, dispute, defend, resist, appeal, compromise or request a review of any Environmental Claim and will (without prejudice to Dalradian's right under this Deed) be free to pay or settle any Environmental Claim on such terms as Dalradian or Minco may in their absolute discretion consider fit if:

5.3.1 Dalradian, having given Buchans written notice of that assessment, does not receive written instructions to do so from Buchans within thirty (30) Business Days;

5.3.2 a barrister admitted by the Bar Council of Ireland to practice for at least ten years and appointed under this clause 5.3.2 has delivered an opinion that it is likely on the balance of probabilities that the proposed appeal or legal proceedings will not succeed. In this regard the barrister shall be proposed by Dalradian and appointed by mutual agreement of the parties within fourteen (14) days of the proposal from Dalradian. If the parties fail to agree on the identity of the barrister the parties shall refer the decision on the identity of the barrister to the President of the Law Society of Ireland whose decision shall be final.

The parties shall without delay cooperate with and provide all relevant documentation and information to the barrister so appointed in order to allow the barrister to make a decision within twenty eight (28) days of the appointment of the barrister as to whether it is likely that on the balance of probabilities the proposed appeal or legal proceedings will not succeed.

The opinion of a barrister appointed under this clause 5.3.2 shall be final, the barrister shall act as an expert and not an arbitrator and the Arbitration Act, 2010 shall not apply. The costs of the barrister shall be paid as the barrister shall decide.

5.4 If requested in writing by Buchans, the conduct of any Environmental Dispute may be delegated to Buchans, provided that, unless Dalradian and Buchans specifically agree otherwise in writing, Buchans shall:

5.4.1 without delay, inform Dalradian of all matters relating to an Environmental Dispute and shall without delay provide Dalradian with copies of all material correspondence and notes, or other material written records of telephone conversations or meetings relating to an Environmental Dispute;

- 5.4.2 submit to Dalradian for prior written approval (not to be unreasonably withheld or delayed) all material written communications relating to the Environmental Dispute to be transmitted to the relevant authority responsible for Environmental Law and shall make any amendments Dalradian reasonably requests; and
- 5.4.3 not settle or compromise the Environmental Dispute or agree any matter relating to it without Dalradian's prior written approval (not to be unreasonably withheld or delayed).
- 5.5 Dalradian shall provide and shall procure that Minco provides to Buchans and Buchans' professional advisors reasonable access to any relevant, documents and records in their power, possession or control to investigate the matter and enable Buchans to take any action referred to in this Clause 5.
- 5.6 Neither Dalradian nor Minco will be subject to any claim by or any liability to Buchans for non-compliance with any of the foregoing provisions of this Clause 5 if Dalradian or Minco shall have acted bona fides in accordance with the written instructions of a director of Buchans.

## **6 MISCELLANEOUS PROVISIONS**

- 6.1 The terms and matters set out in this Deed are strictly confidential and the parties hereto shall maintain the confidentiality of this agreement unless otherwise required by law or regulation but details of this Deed may be contained in the Scheme document and the rule 2.5 announcement.
- 6.2 Nothing in this Deed shall restrict or limit the parties' general obligation at law to mitigate a loss it may suffer or incur as a result of an event that may give rise to a claim under this Deed.
- 6.3 The obligations created pursuant to this Deed shall not be assignable by the parties without the prior consent in writing of the other parties hereto.
- 6.4 No amendment to this Deed shall be effective unless it is in writing, dated and signed on behalf of each party.
- 6.5 If any provision of this Deed (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties hereto.
- 6.6 This Deed may be executed together in any number of counterparts, each of which is an original and which together shall have the same effect as if each party had signed the same document.
- 6.7 This Deed and any disputes or claims arising out of or in connection with its subject matter shall be governed by and construed in accordance with the law of the Republic of Ireland. The Parties irrevocably agree that Dalradian shall be entitled to elect the courts of the Republic of Ireland or the courts of any other jurisdiction including Canada to settle any claim, dispute or legal action under this Deed in that arises out of or in connection with this Deed.

**Entered into and delivered as a Deed** by the parties on the date shown at the top of page 1.

**PRESENT WHEN THE COMMON SEAL**  
of **MINCO PLC**  
was affixed to this deed and this  
deed was delivered:-

*"John F. Kearney"*

\_\_\_\_\_  
DIRECTOR

*"Danesh K. Varma"*

\_\_\_\_\_  
DIRECTOR/SECRETARY

*"Keith D. McKay"*

\_\_\_\_\_  
**SIGNED AND DELIVERED**  
as a deed by  
**DALRADIAN RESOURCES INC.**

*"John F. Kearney"*

\_\_\_\_\_  
**SIGNED AND DELIVERED**  
as a deed by  
**BUCHANS RESOURCES LIMITED**