



# Project Grubstake Background and Application/Reporting Guidelines

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## Background

**Innovative Resource Partners** manages a private investment fund offering financing for prospectors working, initially, in the Larder Lake mining division of Ontario.

*Project Grubstake* is structured along the lines of the traditional grubstakes that were the backbone of the early years of prospecting in Canada. Grubstakes led to the discovery of many of the most profitable mining operations in the country and in Ontario, in particular.

*Project Grubstake* is more fully described on its own page on **Innovative's** web site, [www.innovativerp.ca](http://www.innovativerp.ca)

## Focus

With this background in mind, **Innovative** is inviting applications for financing on the Grubstake model. **Innovative** is keeping the application and reporting simple with the normal cycle of modern-day prospecting work in mind.

**Innovative** is targeting projects that focus on long term success in finding profitable precious metal and base metal deposits (particularly gold and zinc). We want to hear, in prospectors' own telling, why their project warrants **Innovative's** financial participation.

**Innovative** is taking a long-term view on the eventual success of the projects it finances. Therefore, our focus will be to retain a small net smelter royalty (NSR) in the mineral rights acquired by prospectors under *Project Grubstake*.

This guideline should be read together with the information on the *Project Grubstake* page of **Innovative's** web site.

## Applications

**Innovative** has published an '*Application for Funding*' form that sets out the basic information considered important in our evaluations. The application form can be downloaded from **Innovative's** website. Applicants are free to use attachments to support information requested on the actual form when more appropriate. All the topics included on the form should be covered.

A prospector's application should be regarded as a 'sales pitch' so it should provide all the information that the applicant considers important to a competitive evaluation in a clearly set out and organized manner.

Applications are reviewed by **Innovative's** geologists and partners who all have a long history of working in exploration in Canada and in the Larder Lake District in particular.

**Innovative** prefers that applications be submitted in typed form saved as PDF files and transmitted by email, but other formats and handwritten applications are also acceptable. Applications should preferably be submitted by email, or regular mail – contact information is given on the application form.

**Innovative** wants to understand the relationship of all individuals and companies involved in your project. Please be clear about interests, including royalties and options, held on the mineral rights covered by the application. Please be certain to cover this requirement in your application as relevant.

**Innovative** also requires an understanding of any commitments under option or purchase agreements that may exist on the mineral rights covered by the application. Please be certain to cover this requirement in your application as relevant.

#### Actions Required for Release of Funds

Approval of Project – “Up front” funds released – no further action required by the prospector.

Approved Work Completed – the prospector should send a note, preferably by email, to **Innovative** to certify that the approved work programme has been completed. **Innovative** will then release the agreed interim funds.

Final Report - following the receipt and approval by **Innovative** of the final technical and expenditure reports, **Innovative** will automatically release the final funds. At this point **Innovative** will have earned the royalty interest in the subject mineral rights as agreed.

#### Reporting to **Innovative**

In all phases of work carried out with **Innovative’s Project Grubstake** financing, reporting of results and expenditures should be done using the format for reporting assessment work in Ontario. This includes both the technical results and qualifying expenditures. In most cases, copies of assessment work submissions are all that is required.

If a project is carried out on leased or patented mineral rights for which assessment work is not required to be submitted to the government, reports to **Innovative** should be made in the same format as if assessment work was being submitted.

In the case of assessment work submitted to the government, copies of documents regarding the submission should be copied to **Innovative** including the notice of approval from the government.

**In all cases, qualifying expenditures submitted to Innovate must be supported by copies of receipts.**