EXECUTION VERSION

ROYALTY AGREEMENT

dated 28 AUGUST 2019

between

NICKEL PRODUCTION SERVICES B.V.
(the "**Grantor**")

and

OMF FUND III (MG) LTD
(the "**Royalty Holder**")

and

HORIZONTE MINERALS PLC

ARAGUAIA NIQUEL METAIS LTDA

HORIZONTE EXPLORATION LTD

HORIZONTE MINERALS (IOM) LTD

HORIZONTE NICKEL (IOM) LTD

CLUNY (IOM) LTD

TYPHON BRASIL MINERACAO LTDA

(the "**Grantor Guarantors**")

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THIS AGREEMENT (the "**Agreement**") made the ____________ day of ________________ 2019

BETWEEN:

(1) **NICKEL PRODUCTION SERVICES B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its registered office is at Amsterdam, the Netherlands, and its business address at Strawinskylaan 3127, 8ste verdieping, 1077ZX Amsterdam, the Netherlands, and registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 75620561 ("**Grantor**");

(2) **OMF FUND III (MG) LTD**, a company incorporated under the laws of the Cayman Islands (company number 354405) whose registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands ("**Royalty Holder**");

(3) **HORIZONTE MINERALS PLC**, a company incorporated under the laws of England (company number 05676866) whose registered office is at Rex House, 4-12 Regent Street, London, SW1 4RG ("**Parent**");

(4) **ARAGUAIA NIQUEL METAIS LTDA**, a company incorporated under the laws of Brazil (CNPJ number 7.515.035/0001-03) whose registered office is at Avenida Getúlio Vargas, 1.300, sala 1.407, Bairro Savassi, Belo Horizonte, MG, CEP 30.112-024 ("**MineCo**").

(5) **HORIZONTE EXPLORATION LTD**, a company incorporated under the laws of England (company number 05480064) whose registered office is at Rex House, 4-12 Regent Street, London, SW1 4RG;

(6) **HORIZONTE MINERALS (IOM) LTD**, a company incorporated under the laws of the Isle of Man (company number 114274C) whose registered office is at 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man IM8 1GB;

(7) **HORIZONTE NICKEL (IOM) LTD**, a company incorporated under the laws of the Isle of Man (company number 009985V) whose registered office is at 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man IM8 1GB;

(8) **CLUNY (IOM) LTD**., a company incorporated under the laws of the Isle of Man (company number 012567V) whose registered office is at 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man IM8 1GB; and

(9) **TYPHON BRASIL MINERACAO LTDA**, a company incorporated under the laws of Brazil (CNPJ number 23.282.640/0001-37) whose registered office is at Alameda Ezequiel Dias, nº 427, 2º Andar, bairro Santa Efigenia, CEP 30.130-110 ("**Typhon**"),

the Parties identified at paragraphs (3) to (9) above, the "**Grantor Guarantors**".

WHEREAS:

(A) The Grantor has agreed to pay the Royalty to the Royalty Holder in respect of the sale or other disposal of Nickel Products that are extracted and recovered from the Mining Area.

(B) The Parties have executed this Agreement to record the terms and conditions of the

Royalty.

(C) The Grantor Guarantors each wish to guarantee, on a joint and several basis, all of the obligations of the Grantor arising under this Agreement.

THE PARTIES AGREE:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**ABC Policy**" has the meaning given to it in Clause 8.7(a);

"**Accounting Standards**" means the accounting standards required to be complied with by the Grantor under IFRS;

"**Adjusted Revenue Return**" means, for a Quarter, Gross Revenue and Adjustments (whether plus or minus) minus Allowable Deductions for that Quarter;

"**Adjustment**" means any adjustment:

(a) which arises from a subsequent adjustment to the volume of Nickel Products actually sold by or on behalf of MineCo;

(b) to correct any accounting or recording errors from previous Quarters; or

(c) which are agreed by the Parties in writing;

"**Affiliate**" means in relation to any Party, any person which directly or indirectly:

(a) Controls such Party;

(b) such Party Controls; or

(c) is Controlled by a person who also, directly or indirectly, Controls such Party;

"**Allowable Deductions**" mean all road, sea and rail freight costs and expenses incurred in relation to the transportation of Nickel Products between the outer boundary of, or adjacent to, the Mining Area and the point of delivery of the Nickel Products into a Refinery to the extent actually paid or incurred by MineCo, in US Dollars, or in the US Dollar Equivalent, in relation to Nickel Products extracted and recovered from the Mining Area and sold by or on behalf of MineCo (provided that to the extent that any such costs or expenses are reimbursable to MineCo or any of its Affiliates under any agreement they will not be Allowable Deductions). "Allowable Deductions" shall not include any costs or expenses relating to any product or Minerals other than such Nickel Products;

"**Anti-Bribery Laws and Obligations**" means, for each Party:

(a) the Laws relating to combating bribery and corruption, and/or the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's commentaries;

(b) the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the United Kingdom Bribery Act 2010, the Brazilian Law No. 12846 dated 1 August 2013, and the United States Foreign Corrupt Practices Act of 1977 (which shall each be deemed, for the purposes of this Agreement, to apply to the Grantor and each Grantor Guarantor as if it was subject to such laws in all respects); and

(c) the Laws relating to combating bribery and corruption in the countries of such Party's place of incorporation, principal place of business, and/or place of registration as an issuer of securities, and/or in the countries of such Party's ultimate parent company's place of incorporation, principal place of business, and/or place of registration as an issuer of securities;

"**Appointing Authority**" means the Institute of Chartered Accountants of England and Wales pursuant to the "President's Appointments Scheme";

"**Arm's Length Terms**" means prices and terms no less favourable to the Grantor or MineCo (as applicable) than those which would be paid and agreed to by a Third Party in an arm's length transaction under similar circumstances;

"**Assignment**" has the meaning set out in Clause 11.5;

"**Authority**" is any government department, local government council, government or statutory authority or any other party under a Law which has a right to impose a requirement or whose consent is required with respect to any matter or thing arising under, or affected by, this Agreement including the National Mining Agency;

"**Business Day**" means a day that is not a Saturday, Sunday or any other day which is a statutory holiday or a bank holiday in London, England, the Isle of Man or Brasilia, Brazil;

"**Buyback Completion**" has the meaning given to it in Clause 4.4(c);

"**Buyback Fee**" [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

Formula for calculating the Buyback Fee redacted.

"**Buyback Reduced Royalty Rate**" means the royalty rate payable by the Grantor to the Royalty Holder calculated by multiplying the Royalty Rate immediately prior to Buyback Completion by 0.5;

"**Buyback Reduced Royalty Notice**" has the meaning set out in Clause 4.2(a);

"**Call Option Completion**" has the meaning given to it in Clause 5.4(c);

"**Call Option Fee**" [redacted]

[redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted]

[redacted] Formula for calculating the Call Option Fee redacted.

[redacted]

"**Call Option Reduced Royalty Rate**" means the Initial Royalty Rate (once determined) multiplied by the percentage specified in the Call Option Notice;

"**Call Option Notice**" has the meaning set out in Clause 5.2(a);

"**Change of Control Event**" means in relation to the Grantor, MineCo or the Parent, a direct or indirect change in the Control (whether through merger, spin-off, sale of shares or other equity interests or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees;

"**Commencement of Major Construction Works**" means the point at which:

(a) financial close has occurred in respect of the Project Financing;

(b) design work for the Project is sufficiently mature to enable construction of the Project to commence in accordance with Good Mining Practice;

(c) the board of directors of MineCo has resolved unconditionally to proceed with and complete the development and construction of the Project; and

(d) at least US$ 30,000,000 of capital expenditure has been contractually committed/incurred by MineCo in relation to the construction of the Project, provided that the following might otherwise constitute capital expenditure they will be disregarded for the purposes of this definition and shall not constitute capital expenditure in relation to the construction of the Project:

(i) cost of acquiring and / or maintaining ownership of any real estate or interests in land;
(ii) any operating and general and administrative costs of MineCo;
(iii) cost of acquiring and maintaining any Mining Rights;
(iv) the first $5,000,000 of costs incurred following the Execution Date for upgrading any roads and / or access routes; and
(v) design and engineering costs;

"**Commercial Production Date**" means the date on which the Project has been fully commissioned and has achieved a production rate of at least 1,182 metric tonnes of Payable Nickel per month over a continuous six month period, as declared by the Grantor, and such declaration has been confirmed in writing by the Independent Engineer;

"**Concentrate**" means Ore in which nickel is a component having commercial value;

"**Confidential Information**" means all confidential, non-public or proprietary information of a Party regardless of how the information is stored or delivered, which is exchanged between the Parties before, on or after the Execution Date in connection with this Agreement, other than information:

(a) which is in or becomes part of the public domain other than through breach of this Agreement or an obligation of confidence owed to the disclosing Party; or

(b) which the recipient can prove by contemporaneous written documentation was already known by it at the time of disclosure to it, unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality;

"**Control**" means, in relation to a Person, indirectly or directly:

(a) the holding and/or the ownership of the legal and/or the beneficial interests in and/or the ability or right to vote in respect of more than fifty percent (50%) of the shares of a company or other entity in shareholder meetings; and/or

(b) the power or right to control, appoint or remove more than fifty percent (50%) of the members of the board of directors or the equivalent management body of the company or other entity or the power to direct or cause the direction of the general management and policies of that person whether through the ownership of share capital, the possession of voting power, by contract or otherwise,

and "**Controlled by**" shall be construed accordingly;

"**Deed of Assumption**" means a deed of assumption in respect of a Mining Right, or any rights in relation to Nickel Products extracted and recovered from the Mining Area in the form set out in Schedule 4;

"**Default**" has the meaning set out in Clause 12.1;

"**Disposal**" has the meaning given to it in Clause 14.1;

"**Dispute**" means a dispute or difference between the Parties in relation to the rights or obligations of the Parties under, or in relation to, this Agreement, including the calculation and payment of the Royalty;

“**Dispute Notice**” means a written notice given by one Party to the other Parties that a Dispute has arisen which requires resolution in accordance with this Agreement;

“**Encumbrance**” means any security interest, mortgage, hypothecation, pledge, lien, charge, title retention arrangement, trust or power, or other form of security or interest having effect as a security for the payment of any monetary obligation or the observance of any other obligation whether existing or agreed to be granted or created;

“**Encumbrancee**” means a person who is entitled to the benefit of an Encumbrance over any of the Mining Rights, the Royalty or over a Party’s rights under this Agreement;

“**Environmental Laws**” means all Laws relating to the protection of the environment, natural resources, human health and safety, hazardous substances, the assessment of environmental and social impacts or the rehabilitation, reclamation and closure of lands used in connection with the Property;

“**Exchange Rate**” means, in respect of any currency other than US Dollars:

(a) the average of the buy and sell rates for that currency, in US Dollars, as quoted in the London Financial Times;

(b) if those rates are not quoted, then the average of the buy and sell rates for the currency as quoted by any two major international banks that must be selected by the Grantor in good faith and on a consistent basis; or

(c) in respect only of payments made from Brazil, the Brazilian Central Bank’s published exchange rate for the relevant currency,

in respect of the day on which the Exchange Rate is to be determined or, if the Exchange Rate is to be determined on a day that is not a Business Day, then on the immediately preceding Business Day;

“**Execution Date**” means the date of this Agreement;

“**Excluded Phase II Expansion Products**” means, if the Phase II Expansion has been completed, 60% of the Quarterly production of Payable Nickel in excess of the amount stipulated in Line 46 of the Quarterly Cash Flow tab of the Financial Model;

“**Expert**” means a suitably qualified independent person appointed in accordance with this Agreement;

“**Expiry Date**” means the date on which the Royalty Holder has received Royalty payments in respect of at least 426,429 metric tonnes of Payable Nickel and all other amounts owing to the Royalty Holder under or in connection with this Agreement have been paid;

“**Financial Model**” means the Microsoft Excel file with file as attached to the email from Philip Clegg to Jeremy Martin at 20:32 UK time on 13 August 2019;

“**Good Mining Practice**” means, in relation to any decision or undertaking, the exercise of a degree of diligence, skill, care and prudence which would reasonably be expected to be observed by skilled and experienced professionals in the Brazilian or international mining industry (whichever standard is higher) engaged in the same type of undertaking under the same or similar circumstances;

"**Grantor's Bank Account**" means the bank account nominated by the Grantor to the Royalty Holder for the purpose of receipt of the Royalty Purchase Price;

"**Gross Revenue**" means:

(a) the aggregate of:

(i) the Payable Nickel sold or otherwise disposed of in the relevant Quarter by or on behalf of MineCo, including by provision of bulk samples to a smelter, other purchaser or disposee, less the Excluded Phase II Expansion Products (if any);

(ii) the volume of Payable Nickel in respect of which proceeds were received in the relevant Quarter by or on behalf of MineCo or any of its Affiliates from an insurer in the case of loss of, or damage to, Payable Nickel;

(iii) the volume of Payable Nickel in respect of which proceeds were received in the relevant Quarter by or on behalf of MineCo or any of its Affiliates from any deposit, forward payment or any other form of prepayment made in respect of a future sale of Nickel Products (including any streaming arrangement), provided that such volume of Payable Nickel shall only contribute to the calculation of Gross Revenue on the date on which the Nickel Products associated with such deposit, forward payment or other form of prepayment are actually delivered; and

(iv) the volume of Payable Nickel in respect of which any proceeds were received in the relevant Quarter by or on behalf of MineCo or any of its Affiliates from a Third Party as consideration for toll milling or treating of the Ore of a Third Party in the Mining Area,

in each case without double-counting;

<u>multiplied by</u>

(b) the Nickel Price;

"**Group**" means, in relation to a Party, that Party and any Person which is an Affiliate of that Party at the relevant time;

"**IFRS**" means international accounting standards and interpretations adopted by the International Accounting Standards Board, or any successor entity thereto, as amended from time to time;

"**Indemnified Parties**" has the meaning set out in Clause 10.6;

"**Independent Engineer**" has the meaning given to it in Clause 9.8(a);

"**Initial Royalty Rate**" means the applicable rate specified in Schedule 3, or, if:

(a) a Make Whole Notice has been given and not validly withdrawn in accordance with this Agreement; and

(b) the Royalty Holder has received the full amount of every Make Whole Royalty payment for its own benefit, without any suspension or obligation, under any agreement or otherwise, to refund to, turn over to, hold on trust for or otherwise transfer to any Person (who is not an Affiliate of the Royalty Holder) all or any of the amount of or benefit of any such Make Whole Royalty payment,

2.25%;

"**IRR**" means internal rate of return, calculated using the XIRR function in Microsoft Excel 2016 (or updated versions thereof), based on the payments made and received by the Royalty Holder as of the respective dates on which such payments are made or received;

"**Law**" is all applicable legislation statutes, directives, regulations, judgments, decisions, licences, permits, consents, decrees, notices, directives, policies, orders, by-laws and other legislative measures or decisions, treaties, conventions and other agreements between states, or between states and supranational bodies and rules of common or civil law, in each case, having the force of law and having effect in any jurisdiction and which applies to any matter or thing arising under, or affected by, this Agreement, and "**Lawful**" shall be construed accordingly;

"**LCIA**" means the London Court of International Arbitration;

"**LCIA Rules**" means the current version of the LCIA Arbitration Rules, published by LCIA from time to time;

"**LIBOR**" means:

(a) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for three (3) months US Dollar deposits, as published in London by the Financial Times or if not published, then by The Wall Street Journal, and if LIBOR is a negative number it shall be deemed to be zero; or

(b) if such London interbank offered rate ceases to be published, any replacement rate which the Grantor and the Royalty Holder agree in writing or, if such replacement rate is not agreed within five (5) Business Days of the last publication of such London interbank offered rate, five (5) per cent.;

"**Make Whole Notice**" has the meaning given to it in Clause 6.1;

"**Make Whole Period**" means the period from and including the first day of the Quarter in which the Target Production Date falls until and including the last day of the Quarter in which the Commercial Production Date occurs;

"**Make Whole Royalty**" has the meaning given to it in Clause 6.2;

"**Make Whole Royalty Rate**" means 2.25%;

"**Material Adverse Event**" means any change, event, occurrence, circumstance, fact or effect that, when taken individually or together with all other events, occurrences, changes or effects has, or could reasonably be expected to have, a material adverse effect on:

(a) the operations, results of operations, business, affairs, properties, assets, liabilities and obligations (contingent or otherwise), capitalization or condition (financial or otherwise) of the Grantor or any Grantor Guarantor, in each case taking the relevant Party as a whole;

(b) the Mining Operations, including:

(i) the ability of:

(A) the Grantor or any Grantor Guarantor to perform its obligations under this Agreement or any Offtake Agreement; or

(B) MineCo to operate the Mining Operations substantially in accordance with the Operating Plan in effect at the time of the occurrence of such change, event, occurrence, circumstance, fact or effect; or

(ii) expected Nickel Product production from the Mining Rights based on the Operating Plan in effect at the time of the occurrence of such change, event, occurrence, circumstance, fact or effect; or

(c) the legality, validity, binding effect or enforceability against the Grantor or any Grantor Guarantor of this Agreement,

provided that in no circumstances will any change in market conditions or in any prices for Nickel Products, constitute or cause a Material Adverse Event or be taken into account when determining whether or not a Material Adverse Event has occurred;

"**Material Breach**" has the meaning set out in Clause 9.5(c);

"**Minerals**" means any and all mineral elements and compounds, metals and mineral rights of whatever kind and nature in, under or upon the surface or sub-surface of the Mining Area including, without limitation, metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth which are mined, extracted or otherwise recovered from the Mining Area;

"**Mining Area**" means the geographic area to which the mineral rights in Schedule 1 relate as at the Execution Date as illustrated as the area indicated in Schedule 2 and any other additional area in respect of any extension, renewal, variation, conversion, amalgamation, replacement of substitution thereof;

"**Mining Code**" means Decree-law No. 227, dated 28 February 1967, as subequently amended, supplemented or replaced;

"**Mining Concession**" means the concession granted to a mining company by the Brazilian Ministry of Mines and Energy (or any other applicable authority) to mine a deposit and undertake beneficiation works in accordance with a mine development plan (*plano de aproveitamento econônico*), as amended from time to time, in relation to the Project;

"**Mining Operations**" means every kind of work and activities carried out on or in respect of the Mining Rights including but without limitation the following:

(a) the acquisition, registration and maintenance of the Mining Rights;

(b) developing, designing, constructing and equipping all mining facilities;

(c) extracting, mining, producing, improving, smelting, treating, refining, transporting and handling of Nickel Products and Tailings and disposing of Tailings and despatching Nickel Products won under authority of the Mining Rights;

(d) the construction and re-location of any roads, railway lines, telephone lines, waterways or other natural or man-made utilities required in order to facilitate any activity conducted under authority of the Mining Rights; and

(e) the restoration of the Mining Area and all other work done after the completion of mining activities to comply with environmental and like requirements;

"**Mining Rights**" means:

(a) the Mining Concession and any other governmental or other approval, authorisation, claim, concession, lease, licence, tenement, Mineral right, permit, surface right, subsurface right or other right to conduct exploration, development and/or mining of the Nickel Product under or deriving from the documents set out in Schedule 1; and

(b) any other rights (whether past, present or future) to conduct exploration, development and/or mining issued in respect of any extension, renewal, variation, conversion, amalgamation, replacement or substitution of those set out in paragraph (a),

and "**Mining Right**" shall be construed accordingly;

"**Nickel Price**" means, for a Quarter, the mean average of the official LME Official Settlement Price for nickel over that Quarter. If the LME Official Settlement Price for nickel, for any reason, is no longer provided, confirmed, acknowledged or quoted by the LME, whether or not on a temporary or permanent basis, the Nickel Price shall be determined by reference to the price of refined nickel on a commodity exchange stipulated by the Royalty Holder (acting reasonably);

"**Nickel Product**" means a nickel product in any form or compound extracted, recovered or processed from the Mining Area which is capable of being sold or otherwise disposed of, including nickel cathode, nickel Ores, Concentrates, nickel sulphate, nickel hydroxide and any other nickel intermediates;

"**Notice**" has the meaning set out in Clause 19.1;

"**Offtake Agreement**" means any Nickel Products offtake agreement (or other agreement under which MineCo otherwise disposes of or grants rights in respect of Nickel Products) between MineCo as seller and any Person as purchaser in respect of Nickel Product;

"**Offtaker**" means any person that enters into an Offtake Agreement with MineCo;

"**Operating Plan**" means the development plan or operating plan for the Mining Operations in place from time to time, as approved by the relevant Authority;

“**Ore**” means any Mineral or mixture of minerals of intrinsic economic interest located in or on the Earth’s crust at a concentration above background level;

“**Party**” means a Party to this Agreement and includes that Party’s executors, administrators, liquidators, substitutes, successors and permitted assigns;

“**Payable Nickel**” means payable nickel in any Nickel Products in any form or compound, provided that for the purposes of paragraph (iv) of the definition of Gross Revenue “Payable Nickel” means the Nickel Products in respect of which any proceeds were received in the relevant Quarter by or on behalf of MineCo or any of its Affiliates from a Third Party as consideration for toll milling or treating of the Ore of a Third Party in the Mining Area;

“**Permits**” means all material licences, permits, approvals (including environmental approvals), authorisations, rights (including surface and access rights), privileges or concessions necessary for the Mining Operations;

“**Permitted Encumbrances**” means any:

(a) Encumbrance granted in connection with any Senior Lienholder Indebtedness;

(b) Encumbrances for Taxes not yet due and payable (or which are subject to contest);

(c) Encumbrances imposed by Law;

(d) easements, rights of way and other Encumbrances on title to the Mining Rights or the Mining Area that do not materially adversely affect the use of property encumbered thereby for its intended purposes; and

(e) Encumbrances created by the lessor of any property leased by MineCo;

“**Person**” means any individual, firm, company or other body corporate, an unincorporated association or a person’s executors or administrators;

“**Phase II Expansion**” means the expansion of the Project to increase the output of processed Ore from the Project from approximately 900,000 tonnes per annum to approximately 1,800,000 tonnes per annum;

“**Project**” means the Araguaia nickel project in Para, Brazil, including any expansion thereof;

“**Project Financing**” means any arrangements for borrowings entered into or to be entered into by the Grantor and/or MineCo in order to finance the majority or substantially all (excluding equity funding) of the remaining cost of the development, construction and operation of the Project, including any associated security, intercreditor and direct agreements and any other financing arrangements;

“**Property**” has the meaning set out in Clause 2.1(a);

“**Public Official**” means:

(a) any officer, employee, director, principal, consultant, agent or representative whether appointed or elected, of any government (whether central, federal, state of provincial), ministry, body, department, agency, instrumentality or part of any of them, or any public international organisation, or any state or government owned or controlled entity, agency, enterprise, joint venture, or partnership; or

(b) any person acting in an official capacity for or on behalf of:

(i) any government, ministry, body, department, agency, instrumentality or part of any of them;

(ii) any public international organisation; or

(iii) any political party or political party official or candidate for office;

"**Put Option Completion**" has the meaning given to it in Clause 7.4(c);

"**Put Option Fee**" [redacted]

[redacted] [redacted]

[redacted] Formula for calculating the Put Option Fee redacted.

[redacted] [redacted]

"**Put Option Reduced Royalty Rate**" means the Royalty Rate immediately before Put Option Completion multiplied by the percentage specified in the Put Option Reduced Royalty Notice;

"**Put Option Reduced Royalty Notice**" has the meaning set out in Clause 7.2(a);

"**Quarter**" means a period of three (3) consecutive months commencing on 1 January, 1 April, 1 July or 1 October in any year, other than the first Quarter which commences on the Execution Date and expires on the date immediately preceding the next to occur of 1 January, 1 April, 1 July or 1 October;

"**Refinery**" means a smelter, refinery or other processing facility;

"**Related Entity**" means an Affiliate of a Party, the subsidiary, related or associated companies of the Party and its Affiliates, a joint venture between a Third Party and a Party or its Related Entity, and each of the respective directors of such companies, and their spouses and family members, and the trustees and beneficiaries of each of such directors, spouses and family members;

"**Representative**" of a Party includes an employee, agent, officer, director, auditor, advisor, partner, consultant, joint venturer or sub-contractor of that Party;

"**Royalty**" means the royalty payable by the Grantor to the Royalty Holder calculated by multiplying the applicable Royalty Rate by the Adjusted Revenue Return, provided that during any Make Whole Period the Royalty for a given Quarter will be the Make Whole Royalty for that Quarter;

“**Royalty Interest**” means any royalty or streaming interest, or any agreements that are similar to a royalty or streaming interest agreement, in each case in respect of any Nickel Product (save that where this term is used in Clause 13 reference to “Nickel Product” in this definition shall be deemed to be replaced with reference to ‘any nickel product in any form or compound extracted from any area which is capable of being sold or otherwise disposed of, including nickel cathode, ores, concentrates, sulphate and hydroxide and other nickel intermediaries);

“**Royalty Purchase Price**” means twenty five million US Dollars (US$25,000,000);

“**Royalty Rate**” means, as applicable:

(a) the Initial Royalty Rate;

(b) if Buyback Completion has occurred, with effect from the Quarter following the Quarter in which Buyback Completion occurred, the Buyback Reduced Royalty Rate;

(c) if Call Option Completion has occurred, with effect from the Quarter following the Quarter in which Call Option Completion occurred, the Call Option Reduced Royalty Rate; or

(d) if Put Option Completion has occurred, with effect from the Quarter following the Quarter in which Put Option Completion occurred, the Put Option Reduced Royalty Rate;

“**Royalty Records**” means the books, accounts and records maintained by or on behalf of the Grantor showing reasonable detail in relation to:

(a) the quantity of Nickel Products produced in each Quarter;

(b) the quantity of Nickel Products sold in each Quarter;

(c) the calculation of each component of the Royalty for each Quarter;

(d) the payment of the Royalty in each Quarter;

(e) where there is any commingling of Minerals in a Quarter with materials from areas extracted outside the Mining Area, the measures, moistures and assays of the minerals and substances in the Minerals extracted and recovered from the Mining Area prior to the commingling; and

(f) all other information required for the preparation of any Statement;

“**Sanctions**” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any governmental body, the U.S. Departments of State or Commerce in the United States of America, Her Majesty’s Treasury, the United Nations Security Council, the European Union or OFAC;

“**Senior Lienholder Indebtedness**” means indebtedness of the Grantor or MineCo now or hereafter existing that is, or is intended to be, secured by an Encumbrance ranking pari passu to Adjusted Royalty Purchase Price (as defined in Schedule 5) and senior to any other amounts outstanding under the Royalty Agreement; provided that the aggregate outstanding principal amount of such indebtedness taken together shall not at any time exceed US$ 550,000,000;

"**Specified Terms**" has the meaning given to it in Clause 14.9;

"**Statement**" means, for a Quarter, a statement setting out in reasonable detail:

(a) the quantities and grades of Nickel Product and Payable Nickel produced and sold during the Quarter (specifying the Nickel Product and Payable Nickel type as Concentrate, cathode premium, off-spec or other);

(b) the individual elements which make up the Royalty calculation, being the Gross Revenue, Adjustments and Allowable Deductions (if any) for the Quarter;

(c) the Royalty payable for that Quarter, also specifying:

(i) sufficient information to demonstrate how the Royalty was calculated; and

(ii) any other pertinent information in sufficient detail to explain the calculation of the Royalty;

(d) confirmation that all sales of Nickel Product have been on Arm's Length Terms;

(e) for each of the subsequent four Quarters, the estimated quantities of Nickel Product and Payable Nickel expected to be produced and sold during each Quarter;

(f) any other material information which is relevant in verifying the accuracy of the calculation of the Royalty payment;

"**Surviving Provisions**" means Clauses 1, 12.2(b)(ii), 16, 17, 0, 18, 19, 20, 21, 21.5 and 22;

"**Tailings**" means any waste dumps including any tailings, residues, waste rock, spoiled leach materials and other materials resulting from Mining Operations and activities conducted on or adjacent to the Mining Area, whether such operations and activities took place before or after the Execution Date;

"**Target Production Date**" means 30 September 2022;

"**Taxes**" means all taxes, duties, levies, imposts, tariffs, fees, assessments, reassessments, withholdings, dues and other charges of any nature, whether disputed or not, by an Authority, and instalments in respect thereof, including such amounts imposed or collected on the basis of: income; capital, real or personal property; payments, deliveries or transfers of property of any kind to residents or non-residents; purchases, consumption, sales, use, import, export of goods and services; mining; distributions; equity; together with penalties, fines, additions to tax and interest thereon, and "**Tax**" shall have a corresponding meaning;

"**Tax Deduction**" has the meaning set out in Clause 2.4(c);

"**Termination Amount**" means the higher of:

(a) US$ 40,000,000; and

(b) the net present value of the Royalty projected from the Financial Model (as may be amended by the Grantor, acting reasonably, from time to time) at a 8% discount rate (calculated on the basis of Duff & Phelps consensus pricing (or to the extent it does not exist a similarly reputable independent research analyst forecast));

"**Termination Notice**" has the meaning set out in Clause 12.2(a);

"**Third Party**" means a person that is not a Party, or an Affiliate or Related Entity of that Party, to this Agreement;

"**Transfer**" has the meaning set out in Clause 11.1;

"**Transferee**" has the meaning set out in Clause 11.1; and

"**US Dollar Equivalent**" means, where sum to which this Agreement relates is not stated in US Dollars, the amount determined by converting the amount in foreign currency into US Dollars at the Exchange Rate existing when the relevant revenue was earned or receivable, or the relevant expenditure was incurred, by the Grantor.

1.2 Interpretation

In this Agreement:

(a) the singular includes the plural and vice versa;

(b) the headings in this Agreement are for convenience only and do not affect the interpretation of this Agreement;

(c) a reference to a "**Clause**" or "**Schedule**" shall be a reference to a clause, exhibit or schedule (as the case may be) of or to this Agreement;

(d) a reference to an agreement, instrument or other document includes such agreement, instrument or other document as amended, novated, supplemented or replaced from time to time;

(e) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinated legislation issued under, that legislation or legislative provision;

(f) a reference to a day, month or year is relevantly to a calendar day, calendar month or calendar year;

(g) a reference to a time of day is a reference to that time in London;

(h) a reference to "**$**", "**US$**", "**USD**", "**US Dollars**", "**United States dollars**" or "**dollars**" is to the lawful currency of the United States of America;

(i) the expressions "**including**", "**includes**" and "**include**" have the meaning as if followed by "**without limitation**";

(j) where provision is made for an agreement or the giving of notice, approval or consent by any Person, unless otherwise specified, such agreement, notice, approval or consent shall be in writing;

(k) writing includes any mode of reproducing words in a legible and non-transitory form;

(l) no rule of construction is to apply to the disadvantage of a Party on the basis that such Party drafted the whole or any part of this Agreement; and

(m) a reference to "MineCo" includes any Person who from time to time assumes or performs all or any of MineCo's functions or activities in relation to all or any of the Project, the Mining Rights and / or the Mining Area.

2. ROYALTY

2.1 Royalty obligation

(a) The Grantor hereby grants and conveys the Royalty in relation to the Mining Area and the Mining Rights (together, the "**Property**") to the Royalty Holder.

(b) The Royalty shall:

(i) to the extent possible under Law, run with the Property and constitute a real property interest in the Property;

(ii) bind the Grantor and its successors and assigns, and the Grantor shall procure that all such successors and assigns shall execute such documents as may be required by the Royalty Holder to ensure that the Royalty shall so bind all such successors and assigns;

(iii) to the extent possible under Law, run with the title of MineCo to the Property and, in any case, shall bind all successors and assigns of MineCo in title to the Property (including pursuant to any Transfer of all or part of any interest or right in the Property, or in respect of any joint venture participant, lessee, mortgagee or other relevant third party that does or may assert title to, or an interest in, the Property), and the Grantor and MineCo shall procure that all such successors and assigns shall execute such documents as may be required by the Royalty Holder to ensure that the Royalty shall so, run with the title of MineCo to the Property and bind all such successors and assigns of MineCo; and

(iv) expire on the Expiry Date in accordance with Clause 2.10.

(c) Subject to payment of the Royalty Purchase Price by the Royalty Holder to the Grantor in accordance with Clause 3.1 (*Payment*), the Grantor agrees to pay the Royalty to the Royalty Holder in US Dollars in respect of each Quarter on and from the Execution Date in accordance with the terms of this Agreement.

(d) Notwithstanding that the Royalty has been granted by the Grantor, and without prejudice to any other obligation, MineCo will be jointly and severally liable for payment of the Royalty and any other amount due from the Grantor to the Royalty Holder.

2.2 Calculation and payment of Royalty

Subject to payment of the Royalty Purchase Price by the Royalty Holder to the Grantor in accordance with Clause 3.1 (*Payment*), within thirty (30) days after the end of each Quarter, the Grantor shall:

(a) calculate the Royalty payable for that Quarter, if any;

(b) deliver a Statement in respect of that Quarter to the Royalty Holder; and

(c) pay the Royalty due by it for that Quarter to the Royalty Holder in immediately available funds without demand, reduction or set-off (except any deduction or withholding required by Law) by direct deposit to the bank account nominated by the Royalty Holder, which the Royalty Holder may, by notice to the Grantor, change from time to time.

2.3 Royalty based on volumes sold

(a) The Parties acknowledge that:

(i) the Grantor may make adjustments to the Royalty Records following determination of an Adjustment; and

(ii) the amounts set out in each Statement shall be based on the aggregate amount of Payable Nickel which constitutes "Gross Revenue" in respect of the relevant Quarter (such that any Adjustment shall be reflected in the Statement for the Quarter in which any adjustment to the Gross Revenue relating to such Adjustment occurs).

2.4 Deduction from Royalty and other payments

(a) Each Party shall make all payments to be made by it under or in connection with this Agreement without any deduction, unless such deduction is required by Law.

(b) Except as otherwise provided in this Agreement, if a Party making a payment to another Party under this Agreement is legally required to deduct any tax, duty, levy, impost, deduction, charge or withholding from that payment, the deduction is for the account of the Party making the payment.

(c) If the Grantor or any Grantor Guarantor is required by Law to deduct any tax, duty, impost, charge or withholding from a payment of Royalty or any other payment due to the Royalty Holder under or in connection with this Agreement (the "**Tax Deduction**"), such Party shall:

(i) promptly, upon becoming aware that it is required to make the Tax Deduction, or if there is any change in the rate or the basis of the Tax

Deduction, notify the Royalty Holder of the amount, date and proposed recipient of the required Tax Deduction;

(ii) make the Tax Deduction and pay the minimum amount required by Law to the relevant Authority within the time allowed;

(iii) pay to the Royalty Holder such additional amount as will, after the Tax Deduction has been made, leave the Royalty Holder with the same amount as it would have been entitled to receive in the absence of such requirement to make the Tax Deduction; and

(iv) within thirty (30) days of making either the Tax Deduction or any payment required in connection with that Tax Deduction, deliver to the Royalty Holder evidence satisfactory to the Royalty Holder, acting reasonably, that the Tax Deduction has been made and paid as required (including an official proof of payment from the Grantor or any Grantor Guarantor's bank (as applicable) in the event a payment has been made to the relevant Authority pursuant to this Clause 2.4(c)).

2.5 Interest and costs

Without limiting the rights of the Royalty Holder in relation to any breach of this Agreement by the Grantor or any Grantor Guarantor, if the Grantor or any Grantor Guarantor fails to pay the Royalty due under this Agreement on or before the due date for payment, then it shall also pay to the Royalty Holder immediately on demand:

(a) interest at the rate of LIBOR plus ten percent (10%) on the amount due from the due date up to and including the date upon which the moneys are paid, calculated on a daily basis and compounded monthly; and

(b) all costs and expenses (including legal costs and expenses on a full indemnity basis) incurred by the Royalty Holder which are attributable to such failure to pay by the due date.

2.6 Finality of Statement

A Statement for a Quarter and payment of the Royalty in accordance with that Statement is final and in full satisfaction of all obligations of the Grantor with respect to payment of the Royalty for that Quarter unless:

(a) the Royalty Holder does not agree with the Statement, in which case the Royalty Holder may, within eighteen (18) months of receiving the Statement or the report of an auditor appointed in accordance with this Agreement (whichever is the later), give the Grantor a Dispute Notice in which case the dispute resolution procedures in this Agreement apply; or

(b) there has been any fraud, deliberate miscalculation, or reckless calculation of the Royalty by the Grantor or MineCo.

2.7 Royalty a continuing obligation

Until the Expiry Date or earlier termination of this Agreement in accordance with its terms, the obligations to pay the Royalty continue, with respect to each Mining Right, for the full term of the Mining Right.

2.8 Perpetuity period

If the vesting of any interest under this Agreement would, but for this clause, be void under the rule against perpetuities at common law or under any statute imposing perpetuity periods, then that interest terminates one day before the end of the maximum time from the date of this Agreement permitted by the Laws of Brazil.

2.9 Further assurance

If the Grantor or MineCo intends to extend, renew, convert or substitute any Mining Right described in Schedule 1 for a new Mining Right, the Grantor or MineCo (as applicable) shall give the Royalty Holder at least thirty (30) days prior notice of its intention to do so, and the Royalty Holder may then require the Grantor and / or MineCo to execute a Deed of Assumption confirming that this Agreement applies to the new Mining Right. The Grantor and each Grantor Guarantor shall take all action contemplated by Clause 10 to protect the Royalty and shall take such other steps and execute such other documents as the Royalty Holder may require in order to protect the Royalty and the Royalty Holder's rights under or in connection with this Agreement.

2.10 Expiry

The Royalty and this Agreement will expire on the earlier of the:

(a) Expiry Date;

(b) termination of this Agreement in accordance with Clause 12.2 (*Consequences of Default*); or

(c) date on which (i) the Royalty Rate is reduced to zero further to Clause 5 and (ii) all amounts owing to the Royalty Holder under or in connection with this Agreement have been paid,

except for the Surviving Provisions which shall remain in force. Such expiry shall be without prejudice to any obligation to make Royalty or other payments due to the Royalty Holder on the relevant expiry date.

3. ROYALTY PURCHASE PRICE

3.1 Payment

The Royalty Holder shall pay the Royalty Purchase Price to the Grantor by direct deposit in immediately available funds to the Grantor's Bank Account on the date falling ten Business Days after the later of:

(a) the Execution Date; and

(b) the date on which the security referred to in Clauses 17.1 to 17.3 is granted and perfected on terms and in form and substance satisfactory to the Royalty Holder in accordance with Clause 17.

3.2 Use of proceeds

The Grantor, MineCo and each Grantor Guarantor undertakes to ensure that the proceeds of the Royalty Purchase Price are used solely to fund the engineering, construction, costs of upgrading any roads and/or access routes, land acquisition and working capital requirements of the Project to be carried out by MineCo.

4. ROYALTY BUYBACK

4.1 Reduced Royalty

At any time on and from the Commercial Production Date, but provided that neither a Call Option Notice nor Put Option Reduced Royalty Notice has been given (unless validly withdrawn in accordance with this Agreement), the Grantor shall be entitled, in its sole discretion, to reduce the Royalty Rate to the Buyback Reduced Royalty Rate by payment to the Royalty Holder of the Buyback Fee in accordance with this Clause 4.

4.2 Buyback Reduced Royalty Notice

(a) If the Grantor wishes to reduce the Royalty Rate to the Buyback Reduced Royalty Rate, it shall deliver a notice ("**Buyback Reduced Royalty Notice**") to the Royalty Holder that states:

(i) its intention to reduce the Royalty Rate to the Buyback Reduced Royalty Rate; and

(ii) its good faith calculation of the Buyback Fee, together with all mathematical workings and supporting materials relating to such calculation.

(b) Once delivered, the Buyback Reduced Royalty Notice cannot be revoked, except with the written consent of the Grantor and the Royalty Holder.

4.3 Buyback Fee

(a) The Royalty Holder shall have a period of thirty (30) days from receipt of the Reduced Royalty Notice to deliver to the Grantor a notice stating whether it agrees with the calculation of the Buyback Fee. If the Royalty Holder fails to deliver such a notice within such thirty (30) day period it shall be deemed to have agreed with the Grantor's calculation of the Buyback Fee.

(b) If the notice delivered by the Royalty Holder under Clause 4.3(a) states that the Royalty Holder does not agree with the calculation of the Buyback Fee, the Dispute shall be referred to an Expert under Clause 21.2.

4.4 Payment

(a) Pending resolution of any Dispute regarding the amount of the Buyback Fee, the Grantor shall pay to the Royalty Holder the full amount of the Buyback Fee specified in the Buyback Reduced Royalty Notice no later than thirty (30) days from receipt of the Buyback Reduced Royalty Notice.

(b) Upon the agreement or resolution (in accordance with Clause 21) of the amount of the Buyback Fee, the Grantor shall pay to the Royalty Holder the balance of the amount of the Buyback Fee as agreed or determined, if any, within ten (10) Business Days of such agreement or determination.

(c) From the first day of the Quarter following the Quarter in which the Royalty Holder receives the Buyback Fee from the Grantor ("**Buyback Completion**"), the applicable Royalty Rate under this Agreement shall be the Buyback Reduced Royalty Rate.

5. CALL OPTION

5.1 Call Option Reduced Royalty

(a) If

(i) a Change of Control Event occurs; and

(ii) Commencement of Major Construction Works is, or is forecast by the Independent Engineer further to Clause 9.8(c) to be, delayed until after 31 March 2021,

then the Grantor must notify the Royalty Holder within six (6) months of the last of such events having occurred that it chooses to either:

(A) reduce the Royalty Rate to the Call Option Reduced Royalty Rate by payment to the Royalty Holder of the Call Option Fee in accordance with this Clause 5; or

(B) pay the Make Whole Royalty during the Make Whole Period in accordance with Clause 6.

(b) The Grantor may not give a notice referred to in Clause 5.1(a) after the Target Production Date.

5.2 Call Option Notice

(a) If the Grantor chooses to reduce the Royalty Rate to the Call Option Reduced Royalty Rate, then the notice given further to Clause 5.1 (which shall then be a "**Call Option Notice**") shall:

(i) state its intention to reduce the Royalty Rate to the Call Option Reduced Royalty Rate;

(ii) specify the percentage used to calculate the Call Option Reduced Royalty Rate and Call Option Fee, which shall be a percentage rate between 0% and 50%; and

(iii) include its good faith calculation of the Call Option Fee, together with all mathematical workings and supporting materials relating to such calculation.

(b) Once delivered, the Call Option Notice cannot be revoked, except with the written consent of the Grantor and the Royalty Holder.

5.3 Call Option Fee

(a) The Royalty Holder shall have a period of thirty (30) days from receipt of the Call Option Notice to deliver to the Grantor a notice stating whether it agrees with the calculation of the Call Option Fee. If the Royalty Holder fails to deliver such a notice within such thirty (30) day period it shall be deemed to have agreed with the Grantor's calculation of the Call Option Fee.

(b) If the notice delivered by the Royalty Holder under Clause 5.3(a) states that the Royalty Holder does not agree with the calculation of the Call Option Fee, the Dispute shall be referred to an Expert under Clause 21.2.

5.4 Payment

(a) Pending resolution of any Dispute regarding the amount of the Call Option Fee, the Grantor shall pay to the Royalty Holder the full amount of the Call Option Fee specified in the Call Option Notice no later than thirty (30) days from receipt of the Call Option Notice.

(b) Upon the agreement or resolution (in accordance with Clause 21) of the amount of the Call Option Fee, the Grantor shall pay to the Royalty Holder the balance of the amount of the Call Option Fee as agreed or determined, if any, within ten (10) Business Days of such agreement or determination.

(c) From the first day of the Quarter following the Quarter in which the Royalty Holder receives the Call Option Fee from the Grantor ("**Call Option Completion**"), the applicable Royalty Rate payable by the Grantor to the Royalty Holder under this Agreement shall be the Call Option Reduced Royalty Rate.

6. MAKE WHOLE OPTION

6.1 Make Whole Notice

If the Grantor chooses to pay the Make Whole Royalty then the notice given further to Clause 5.1 (which shall then be a "**Make Whole Notice**") shall state its intention to pay the Make Whole Royalty. Once delivered, the Make Whole Notice cannot be revoked, except with the written consent of the Grantor and the Royalty Holder.

6.2 Make Whole Royalty

The Royalty payable for each Quarter during the Make Whole Period will be an amount equal to:

(a) the amount of Payable Nickel set out in respect of such Quarter in Line 46 of the Quarterly Cash Flow tab of the Financial Model;

<u>multiplied by</u>

(b) the Nickel Price for such Quarter;

<u>multiplied by</u>

(c) the Make Whole Royalty Rate,

(such amount, the "**Make Whole Royalty**") and such amount will be used for the purposes of Clause 2.2.

7. PUT OPTION

7.1 Put Option Reduced Royalty

If the Grantor has not given notice to the Royalty Holder in accordance with Clause 5.1, then the Royalty Holder may choose to reduce the Royalty Rate to the Put Option Reduced Royalty Rate in accordance with this Clause 7 by giving a Put Option Reduced Royalty Notice on or before the date falling two months after the Target Production Date.

7.2 Put Option Reduced Royalty Notice

(a) If the Royalty Holder chooses to reduce the Royalty Rate to the Put Option Reduced Royalty Rate, it shall deliver a notice ("**Put Option Reduced Royalty Notice**") to the Grantor that states:

(i) its intention to reduce the Royalty Rate to the Put Option Reduced Royalty Rate;

(ii) the percentage to be used to calculate the Put Option Reduced Royalty Rate and Put Option Fee, which must be a percentage rate between 0% and 50%; and

(iii) its good faith calculation of the Put Option Fee, together with all mathematical workings and supporting materials relating to such calculation.

(b) Once delivered, the Put Option Reduced Royalty Notice cannot be revoked, except with the written consent of the Grantor and the Royalty Holder.

7.3 Put Option Fee

(a) The Grantor shall have a period of thirty (30) days from receipt of the Put Option Reduced Royalty Notice to deliver to the Royalty Holder a notice stating whether it agrees with the calculation of the Put Option Fee. If the Grantor fails to deliver such a notice within such thirty (30) day period it shall be deemed to have agreed with the Royalty Holder's calculation of the Put Option Fee.

(b) If the notice delivered by the Grantor under Clause 5.3(a) states that the Grantor does not agree with the calculation of the Put Option Fee, the Dispute shall be referred to an Expert under Clause 21.2.

7.4 Payment

(a) Pending resolution of any Dispute regarding the amount of the Put Option Fee, the Grantor shall pay to the Royalty Holder the full amount of the Put Option Fee specified in the Put Option Reduced Royalty Notice no later than thirty (30) days from receipt of the Put Option Reduced Royalty Notice.

(b) Upon the agreement or resolution (in accordance with Clause 21) of the amount of the Put Option Fee, the Grantor shall pay to the Royalty Holder the balance of the amount of the Put Option Fee as agreed or determined, if any, within ten (10) Business Days of such agreement or determination.

(c) From the first day of the Quarter following the Quarter in which the Royalty Holder receives the Put Option Fee from the Grantor ("**Put Option Completion**"), the applicable Royalty Rate under this Agreement shall be the Put Option Reduced Royalty Rate.

8. MINING OPERATIONS

8.1 Mining Operations obligations

(a) The Royalty Holder acknowledges and agrees that, subject to Clause 8.1(b):

(i) MineCo owes the Royalty Holder no duty to explore, develop or mine any of the Property, or to do so at any rate or in any manner other than that which MineCo may determine in its sole and unfettered discretion;

(ii) any decision to commence, pursue, suspend or cease Mining Operations at the Project is solely a matter for MineCo;

(iii) MineCo may, but is not obliged to, treat, mill, sort, concentrate, refine, or otherwise process, beneficiate or upgrade ores, concentrates and Nickel Products extracted from the Property; and

(iv) MineCo is not liable for any mineral or commercial value lost in processing ores, concentrates and Nickel Products extracted from the Property and no Royalty is due on any such lost value.

(b) MineCo shall:

(i) use its reasonable efforts to conduct any Mining Operations on or about the Mining Area safely and in accordance with Good Mining Practice; and

(ii) use all commercially reasonable efforts to obtain any Permits necessary to commence and continue the Mining Operations in accordance with the Operating Plan and comply with the Mining Code.

(c) Except pursuant to the exercise of its rights under or in connection with this Agreement, the Royalty Holder shall not interfere with the carrying out of Mining Operations or the business carried on by the Grantor conducted under authority of the Mining Rights.

8.2 Commingling

(a) Subject to Clause 8.2(b), MineCo may commingle Nickel Products with other Minerals extracted from the Mining Area prior to such Nickel Products being dispatched with other Minerals produced elsewhere in accordance with Good Mining Practice.

(b) Prior to any commingling of Nickel Products with other Minerals, MineCo shall take, measure and retain representative samples of such Nickel Products and other Minerals for moisture, metal, commercial minerals, penalty substances and other appropriate content so as to be able to determine their metal or mineral content, using the same procedures for each separate Ore source.

(c) MineCo shall establish, and record in the Royalty Records, the methods and practices adopted by MineCo necessary to weigh, sample, assay and perform other measuring or testing necessary to allocate to each relevant party the valuable minerals and metals contained in the Minerals extracted and recovered from the Mining Area prior to being dispatched from the Mining Area.

(d) MineCo shall retain:

(i) the representative samples taken from the Mining Area for not less than eighteen (18) months after notice of collection is given to the Royalty Holder, with the Royalty Holder being entitled to inspect the same; and

(ii) the Royalty Records for a reasonable amount of time, but not less than eighteen (18) months, after receipt by the Royalty Holder of the Royalty paid on commingled Ores extracted from the Mining Area.

8.3 Tailings

If any Tailings that have been, or are, extracted in the Mining Area are processed or reprocessed at any time following the Execution Date and result in Nickel Products, those Nickel Products shall be subject to payment of the Royalty. Notwithstanding the foregoing, MineCo shall have the right to deal with Tailings otherwise than processing or reprocessing into Nickel Products.

8.4 MineCo covenants concerning Mining Rights

Subject to clause 8.1(a), MineCo covenants for the benefit of the Royalty Holder that it will, at MineCo's cost, for the duration of this Agreement, use commercially reasonable efforts to:

(a) keep the Mining Rights in good standing under the Mining Code and applicable regulations;

(b) observe the provisions of the Mining Code and all other Laws affecting the Mining Rights;

(c) comply with the terms and conditions of each of the Mining Rights in all material respects;

(d) renew and extend each Mining Right as and when it becomes due for renewal and extension in accordance with the Mining Code and applicable regulations;

(e) not relinquish or surrender any of the Mining Rights or part thereof; and

(f) not permit the creation of any Encumbrance, or sell, assign or otherwise deal with or dispose of the whole or any part of its interest or right in a Mining Right, except in accordance with this Agreement.

8.5 Offtake Agreements

(a) MineCo shall ensure that when Nickel Product is sold or otherwise disposed of, all such Nickel Product is sold or otherwise disposed of to an Offtaker pursuant to an Offtake Agreement.

(b) MineCo shall ensure that all Offtake Agreements entered into by it in respect of Nickel Product shall be on commercially reasonable Arm's Length Terms for products similar in make-up and quality to the relevant Nickel Product, including in respect of payable quantities, and shall include appropriate and separate sampling and assaying so that the Grantor and the applicable Offtaker can determine the grade or content of Nickel Product and other Minerals in each delivery to an Offtaker.

(c) With respect to any Offtake Agreements entered into after the Execution Date, MineCo shall promptly provide to the Royalty Holder confirmation of the terms of any such Offtake Agreement and, within five (5) Business Days after the execution thereof by each of the parties thereto, MineCo shall provide to the Royalty Holder a final signed copy of such Offtake Agreement, except to the extent prohibited from doing so by Law or, provided that MineCo has used reasonable endeavours to obtain consent to disclose such Offtake Agreement, by any confidentiality obligations under such Offtake Agreement.

(d) MineCo shall notify the Royalty Holder in writing when any dispute in respect of a material matter arising out of or in connection with any Offtake Agreement is commenced in respect of Nickel Product and shall provide the Royalty Holder with timely updates of the status of any such dispute and the final decision and award of the court or arbitration panel with respect to such dispute, as the case may be.

8.6 Acknowledgement of other activities

Each Party acknowledges to, and for the benefit of the other Parties, that each other Party has the free and unrestricted right to enter into, conduct and benefit from any and all Lawful business ventures of any kind whatsoever, whether or not competitive with the activities undertaken under this Agreement, without being obliged to disclose such activities to the other Parties or invite or allow any other Party to participate in those activities including activities involving mining rights adjoining the Mining Area.

8.7 ABC policy

Each of the Grantor and each Grantor Guarantor shall, and shall ensure that each of the other Parties (excluding the Royalty Holder) shall:

(a) not later than two months after the Execution Date, adopt a reasonable but comprehensive anti-bribery corruption policy so as to ensure it complies with all Anti-Bribery Laws and Obligations, such policy to be in form and substance satisfactory to the Royalty Holder (such policy, the "**ABC Policy**");

(b) in the event of any changes to the Anti-Bribery Laws and Obligations, update the ABC Policy as required by the Royalty Holder, acting reasonably, to reflect such changes; and

(c) comply with the ABC Policy.

8.8 Grantor and Grantor Guarantors to procure compliance

The Grantor and each Grantor Guarantor will procure that MineCo will comply with its obligations under this Clause 8.

8.9 Reorganisation of Vermelho asset

(a) Subject to Clause 8.9(b), the Royalty Holder acknowledges that Typhon currently owns the Vermelho asset and certain development rights in respect of the Project and agrees to take, or cause to be taken, at Typhon's sole discretion, cost and expense, such action as Typhon, the Grantor or MineCo may reasonably request to transfer ownership of the Vermelho asset to another member of their Group and the development rights in respect of the Project to MineCo.

(b) If the Vermelho asset is to be transferred to any member of the Group that is not already a party to this Agreement, the provisions of Clause 13.3 shall apply.

8.10 Transfer of Mining Rights from Trias Brasil Mineração Ltda to MineCo

The Grantor and Grantor Guarantors shall ensure that the Mining Rights listed in Schedule 1 with reference 850.512/2003 and 850.514/2003 (known between the Parties as 'the Serra do Tapa licenses') are transferred from Trias Brasil Mineração Ltda to MineCo as soon as reasonably practicable and in any event prior to any application for a mining concession being submitted in relation to all or part of the area that such Mining Rights relate to.

9. INFORMATION AND AUDIT

9.1 Royalty Records

The Grantor shall keep, or cause to be kept, true and accurate Royalty Records in accordance with the Accounting Standards and Good Mining Practice, including tonnage, volume of Nickel Products, analyses of Nickel Products, weight, moisture, assays of payable content and other records and supporting materials, as appropriate, related to the computation of the Royalty hereunder, and shall permit the Royalty Holder or its Representatives to inspect such records.

9.2 Information and reporting

(a) The Royalty Holder may request from the Grantor or MineCo, from time to time, and they shall provide, such general information as the Royalty Holder might reasonably require for the purpose of determining the amount of Nickel Products and Payable Nickel derived from Mining Operations and the amount of Royalty to which the Royalty Holder is, or may in future be, entitled pursuant to this Agreement.

(b) Within ninety (90) days following the end of each calendar year, to the extent not already published or publicly disclosed to the Royalty Holder, the Grantor shall provide the Royalty Holder with an annual report of Mining Operations during the preceding calendar year, which report shall include details of:

(i) Mining Operations conducted on the Mining Area;

(ii) the amount of Nickel Products and Payable Nickel produced from the Mining Area during the calendar year (specifying the Nickel Product and Payable Nickel type);

(iii) Ore reserve data for the calendar year; and

(iv) estimates of proposed expenditures upon, anticipated production from and estimated remaining Ore reserves of proposed Mining Operations for the succeeding calendar year and any changes to, or replacements of, the mine plan or any 'life of mine plan' with respect to the Mining Operations and the Mining Area.

(c) If MineCo establishes or alters a mineral resource or mineral reserve on any of the Property, MineCo shall, and the Grantor shall procure that it shall, provide to the Royalty Holder details of such resource or reserve as soon as practicable, along with a copy of all technical reports pertaining thereto. Where necessary for the purposes of the public disclosure obligations of the Royalty Holder or its Affiliates, the Grantor agrees to provide or procure the provision of technical reports as soon as reasonably practicable in a form as may be required by the Royalty Holder, provided however that all costs in respect of such reports shall be borne by the Royalty Holder.

(d) Within twenty-one (21) days following the end of each calendar month the Grantor and MineCo shall provide the Royalty Holder with a monthly report in relation to Mining Operations during the previous calendar month, which report shall be in the form set out in Schedule 6.

9.3 Inspection and financial audit of Royalty Records

(a) The Royalty Holder may, upon 20 Business Days written notice to MineCo and the Grantor and at reasonable times of business and at its own cost, within eighteen (18) months of receiving the Statement in respect of a Quarter, inspect and audit, or appoint a suitably qualified independent accounting firm to inspect, audit and report on, the Royalty Records of MineCo and the Grantor to the Royalty Holder in respect of that Quarter.

(b) MineCo and the Grantor shall each give the auditor appointed by the Royalty Holder full and free access to the Royalty Records of the MineCo and the Grantor at its offices, or elsewhere as agreed, in respect of the payment of the Royalty for that Quarter.

(c) Without prejudice to Clause 2.6(a), if the Royalty Holder does not exercise its rights in accordance with Clause 9.3(a) in respect of any Royalty Records, then the contents of such Royalty Records shall be deemed final and shall not thereafter be subject to any audit or challenge, unless there has been any fraud, deliberate miscalculation, or reckless calculation of the Royalty by the Grantor or MineCo.

9.4 Access, inspection and technical audit

(a) The Royalty Holder and its Representatives may, upon reasonable notice to the Grantor and MineCo and at reasonable times of business and at its own cost and risk, inspect any operations carried on within and adjacent to the Mining Area, provided that the Royalty Holder shall ensure that it does not unduly interfere with the operations or with the general conduct by MineCo of its business and complies with the reasonable requirements of MineCo and its safety officers.

(b) The Grantor and MineCo shall procure, at the Royalty Holder’s cost, all reasonable access for the Royalty Holder and for any Representative appointed by the Royalty Holder as may be sufficient and necessary to reasonably carry out such technical audit.

(c) The Royalty Holder shall ensure that any audit undertaken by, or on behalf of, the Royalty Holder is conducted and concluded promptly and diligently.

(d) Where MineCo is commingling Nickel Products extracted under authority of a Mining Right prior to being dispatched from the Mining Area with other Minerals produced elsewhere:

  (i) the Royalty Holder may, at reasonable times and at its own cost and risk and not more than once in every twelve (12) months upon reasonable notice to MineCo, by itself or by a qualified and recognised mining engineer appointed by it, inspect and conduct a technical audit on the methods and practices used by MineCo in weighing, sampling, assaying or other measuring or testing extracted from the Mining Area; and

  (ii) in doing so shall comply with the reasonable requirements of MineCo and its safety officers.

9.5 Audit frequency

(a) Subject to Clause 9.5(b), the Royalty Holder is entitled to carry out:

  (i) a financial audit under Clause 9.3 not more frequently than once in every twelve (12) months; and

  (ii) a technical audit under Clause 9.4 not more frequently than once in every twelve (12) months.

(b) Where either a financial audit under Clause 9.3 or a technical audit under Clause 9.4 reveals a Material Breach, the Royalty Holder is entitled to carry out financial audits under Clause 9.3 or technical audits under Clause 9.4 without restriction, until such time as two consecutive audits performed at least six (6) months apart do not reveal any Material Breaches.

(c) For the purposes of this Clause 9.5, “**Material Breach**” shall mean the Royalty Holder or its auditor identifying following a financial audit under Clause 9.3 or a technical audit under Clause 9.4:

(i) a breach, in any material respect, of any provision of this Agreement; or

(ii) that the amount that should have been paid by the Grantor to the Royalty Holder as Royalty under a Statement exceeds the amount that was actually paid to the Royalty Holder as Royalty under such Statement by five percent (5%) or more.

9.6 Consequences of financial audit

(a) If the Royalty Holder notifies the Grantor of any underpayment or overpayment of the Royalty which the Royalty Holder's auditor, in its reasonable opinion, considers exists, or the audit determines that any Royalty paid has been calculated in error, the Grantor shall, on being provided with a copy of the report of the Royalty Holder's auditor, make a corresponding Adjustment of the Royalty payable for the next Quarter, unless the Grantor delivers a Dispute Notice to the Royalty Holder in relation to the relevant Statement within one (1) month of receiving the report of the Royalty Holder's auditor. If the Grantor delivers such a Dispute Notice the dispute resolution procedures set out in this Agreement shall apply.

(b) If the Royalty that should have been payable in respect of a Quarter under a Statement is established by audit or pursuant to a Dispute Notice to be greater or less than the Royalty set out in the Statement provided by the Grantor by five percent (5%) or more, the Grantor shall immediately on demand pay the costs of the audit to the Royalty Holder. In all other circumstances, the Royalty Holder shall bear the costs of audit.

9.7 Consequences of technical audit

(a) The Royalty Holder may deliver to the Grantor a copy of any technical report arising from a technical audit conducted under Clause 9.4 which raises, as a matter of concern, any matter concerning the weighing, sampling, assaying or any other measuring or testing practice which is not consistent with Good Mining Practice applied reasonably.

(b) If the Grantor does not accept that there is a matter of Good Mining Practice which it is prepared to, and does, correct, either Party may give a Dispute Notice under this Agreement in relation to that matter within three (3) months of receiving the technical report, in which case the dispute resolution procedures set out in this Agreement shall apply.

9.8 Technical Committee

(a) The Grantor will procure that MineCo will, within thirty (30) days of the Execution Date, establish and maintain, until the Commercial Production Date, a technical committee (the "**Technical Committee**") comprising at least a representative of senior management of the Grantor, MineCo, a representative of the Royalty Holder and an independent engineer nominated by the Grantor, with the prior written consent of the Royalty Holder (the "**Independent Engineer**") for the purposes of monitoring the construction of the Project. The Technical Committee may include other members with mutual consent from the Grantor and the Royalty Holder. The Grantor shall be responsible for paying or reimbursing, as applicable, the fees and reasonable and evidenced costs and expenses of the Royalty Holder's representative in connection with its participation in the Technical Committee and all costs and fees of the Independent Engineer. Each of the Grantor and MineCo shall procure that the Independent Engineer shall carry out the role of the Independent Engineer as specified in this Agreement.

(b) The Technical Committee will meet at least once per month before the Commercial Production Date to discuss relevant matters. At least once each Quarter the Technical Committee will visit the Project site to evaluate and report on the progress of construction and commissioning of the Project, provided that the Technical Committee shall ensure that it does not unduly interfere with the operations or with the general conduct by MineCo of its business and complies with the reasonable requirements of MineCo and its safety officers. Each of the Grantor and MineCo will procure that any member of the Technical Committee is provided with such information and access as it may reasonably request.

(c) The Technical Committee shall have no executive authority in respect of the management of MineCo and shall be advisory in nature. It shall promptly after each meeting and Project site visit make written recommendations to MineCo, copied to the Royalty Holder, in respect of the implementation of the Project and MineCo will have due regard for such recommendations. The Grantor and MineCo shall each procure that within seven (7) days after the end of each calendar month, the Independent Engineer (following consultation with the Technical Committee) will submit to each of the Grantor, MineCo and the Royalty Holder a forecast for the Commencement of Major Construction Works.

10. PROTECTION OF ROYALTY INTEREST

10.1 Insurance

(a) The Grantor and MineCo shall maintain at all times with reputable insurance companies insurance in good standing with respect to the Project, the Mining Area and the operations conducted on and in respect thereof (including against loss of or damage to Nickel Products), consistent with Good Mining Practice.

(b) Without prejudice to any of their obligations to make any payment under or in connection with this Agreement, including pursuant to Clause 2, if the Grantor or MineCo have received payment under an insurance policy in respect of any Nickel Products then to the extent that any Royalty has not been paid to the Royalty Holder, the Royalty Holder shall be entitled to receive sums equivalent to a percentage equal to the relevant Royalty Rate of any insurance proceeds received in satisfaction of that Royalty payment.

(c) The Grantor shall procure that the policies of insurance referred to above contain customary endorsements for the benefit of the Royalty Holder, all in a form acceptable to the Royalty Holder, acting reasonably, and as soon as reasonably practicable after the date hereof and include a provision that such policies will not be amended in any manner which is prejudicial to the Royalty Holder or be cancelled without 10 days' prior written notice being given to the Royalty Holder by the issuers thereof. The Grantor shall cause the Royalty Holder to be added and maintained as a named insured with respect to its interest under such policies of insurance. The Grantor shall provide the Royalty Holder promptly with such evidence of insurances and/or insurance policy information as the Royalty Holder may from time to time reasonably require.

10.2 Preservation of Corporate Existence and Property

(a) Each of the Grantor and each Grantor Guarantor shall at all times from and after the date hereof do and cause to be done all things necessary or advisable to maintain its corporate existence.

(b) Each of the Grantor and each Grantor Guarantor shall not change its name or the jurisdiction of its registered office or the jurisdiction in which any of its tangible assets are located without providing the Royalty Holder with fifteen (15) Business Days' prior written notice.

10.3 Purpose

(a) MineCo's sole purpose will be to develop, construct, finance, operate and decommission the Project and it shall not carry out any other activities.

(b) The Grantor's sole purpose will be to obtain funding for MineCo to carry out its purpose as identified in Clause 10.2, 10.3(a) and to grant and perform its obligations under and in connection with this Agreement and any documents entered into by it in connection with the Project Financing and it shall not carry out any other activities.

10.4 Encumbrances

(a) Neither of the Grantor nor MineCo shall permit the aggregate outstanding principal amount of all debt secured by an Encumbrance in respect of the Project, MineCo or the Grantor or any element thereof taken together at any time outstanding to exceed US$ 550,000,000 in aggregate.

(b) Neither the Grantor nor MineCo shall permit any Encumbrances on the Mining Rights other than the Permitted Encumbrances.

10.5 No assumption of liability

The Royalty Holder does not assume, by its execution of this Agreement or acceptance of the Royalty, any liability, obligation or commitment of the Grantor or any Grantor Guarantor, whether known or unknown, actual or contingent, now-existing or hereafter arising in respect of the Property, including any and all obligations and liabilities of the Grantor or any Grantor Guarantor:

(a) relating to or arising from the environmental or other conditions in respect of any portion of the Mining Area;

(b) relating to the Mining Operations;

(c) to any grantor of the Mining Rights or any other Authority; and

(d) to any third party with a contractual or proprietary interest in the Property, including any contractor or agent of the Grantor, any Grantor Guarantor, an Offtaker, refiner or lender.

10.6 Indemnity

Each of the Grantor and each Grantor Guarantor indemnifies and holds harmless the Royalty Holder and its Affiliates (the "**Indemnified Parties**") from any loss, cost or liability (including legal fees) incurred or suffered by the Royalty Holder or any of its Affiliates that arises from a claim against the Royalty Holder or its Affiliates in respect of:

(a) any failure by the Grantor or any Grantor Guarantor or any of their respective Affiliates to at all times comply with all Laws relating to any of them, the Property or the Mining Operations (as applicable);

(b) any failure by the Grantor or MineCo or any of their respective Affiliates to timely and fully perform all waste disposal, abandonment, restoration, remediation, reclamation or other obligations required by relevant Authorities (including the terms and conditions of Laws) pertaining or related to the Mining Operations or required under this Agreement or otherwise to prevent liability in respect of the Property;

(c) any claims by third parties against the Royalty Holder or any of its Affiliates, including in respect of property damage or injury or death to persons, arising out of the Mining Operations or other activities on or with respect to the Property;

(d) the Grantor or MineCo or any of their respective Affiliates causing, suffering, or permitting any condition or activity at, on or in the vicinity of the Mining Area which constitutes a nuisance;

(e) any failure by the Grantor or any Grantor Guarantor, or any of their respective Affiliates, to comply with Anti-Bribery and Corruption Laws, the ABC Policy or their obligations under Clause 8.7 and also in relation to a breach of Clause 15.3; or

(f) the enforcement of the rights of the Royalty Holder and its Affiliates under this clause,

provided that:

(i) if such loss, cost or liability was contributed to by any act or omission by any Indemnified Party, the indemnity to the Indemnified Parties is reduced by the proportion in which the relevant Indemnified Party contributed to such loss, cost or liability; and

(ii) the indemnity is limited to any claims that may be made against an Indemnified Party arising out of or in connection with, directly or indirectly and in whole or in part:

(A) its status as the Royalty Holder or an Affiliate of the Royalty Holder (as applicable) from time to time: or

(B) the Project, the Mining Area, the Mining Operations or the Mining Rights,

and shall not include any indemnity in respect of any claims against an Indemnified Party that does not relate to the above.

10.7 MineCo to assume obligations

If at any time the Grantor's obligations under this Agreement cease to be valid, binding, enforceable and/or in full force and effect against it for any reason then MineCo will on notice to it from the Royalty Holder be deemed to be the Grantor and will assume all of the obligations of the Grantor in connection with this Agreement, including any obligations that have arisen but have not been discharged as at such date, and any references in this Agreement to the "Grantor" will be deemed to mean MineCo.

11. TRANSFER AND ENCUMBRANCES

11.1 Transfer by or of Grantor or MineCo

Neither the Grantor, MineCo nor any Grantor Guarantor, nor any other owner of the Grantor or MineCo, shall sell, transfer, grant, assign, encumber or otherwise dispose of all, part of, or any interest or right in, the Grantor, MineCo, any of the Mining Rights, or any rights in relation to Nickel Products extracted and recovered or to be extracted and recovered from the Mining Area ("**Transfer**") to any Person or Persons (a "**Transferee**") except with the prior written consent of the Royalty Holder or in accordance with Clause 11.2.

11.2 Permitted Transfer

(a) A Transfer of all, part of, or any interest or right in, the Grantor, MineCo, any of the Mining Rights, or any rights in relation to Nickel Products extracted and recovered or to be extracted and recovered from the Mining Area will not be a breach of Clause 11.1 or a Default if:

(i) the Grantor shall have provided the Royalty Holder with at least 30 days prior written notice of the proposed Change of Control;

(ii) the Royalty Holder does not reasonably expect such Transfer or Change of Control to have a Material Adverse Effect (where, in the definition of "Material Adverse Effect", references to "the Grantor or any Grantor Guarantor" shall also refer to the applicable acquiring entity or Affiliate of the acquiring entity and any guarantors in respect of either);

(iii) the Transferee, its Affiliates and each person which has a direct or indirect interest in the Transferred rights and interests grants the same charges and security interests in, to and over such rights and interests, and enters into the same security documents, as required further to Clause 17;

(iv) the Royalty Holder is satisfied that the proposed Transferee is a Person that has sufficient financial resources and technical and operational capability to continue the development and operation of the Project in a manner that provides reasonable assurance that the Project will be developed and operated in a commercially reasonable manner and in accordance with this Agreement; and

(v) the Transferee's obligations under and in connection with this Agreement are fully and unconditionally guaranteed by Affiliate(s) of the Transferee satisfactory to the Royalty Holder pursuant to an instrument in writing executed and delivered by such Affiliate in favour of the Royalty Holder (in form and substance satisfactory to the Royalty Holder) and such Affiliate provides such credit support as the Royalty Holder may reasonably require.

11.3 Validity of Transfer

In addition to the foregoing, any Transfer shall only be considered valid if the Transferee expressly acknowledges in writing, in form and substance satisfactory to the Royalty Holder, the existence of this Agreement and the Royalty and agrees to be bound by the terms herein as if it was the original Party in place of the relevant transferor.

11.4 Indemnity and damages

(a) Each of the Grantor and MineCo shall indemnify and hold the Royalty Holder harmless against all loss, damage, claims and expenses (including legal costs on a full indemnity basis) resulting from any breach by any of them of this Agreement in relation to any Transfer or purported Transfer. Any Transfer or purported Transfer that does not comply strictly with the requirements of this Agreement shall be void.

(b) If any act or omission of a Party under this Agreement gives a Party a right to damages or gives rise to liability of a Party under any indemnity given under this Agreement, then except where this Agreement specifically provides otherwise, such damages or liability shall be limited to the direct, proximate and foreseeable loss attributable to such act or omission, after taking into account any obligation of the Party seeking damages or indemnification to mitigate its loss, and neither Party nor any other person claiming through or under a Party shall be entitled to damages or indemnification for indirect, remote or unforeseeable loss or for any loss in the nature of compensation for loss or denial of opportunity, loss of goodwill or business reputation or other similar indirect or pure economic loss occasioned by that act or omission.

11.5 Sale of interest by Royalty Holder

The Royalty Holder may sell, transfer, grant, assign or otherwise dispose of (an "**Assignment**") all or part of its rights and interests and obligations under this Agreement without requiring the consent of any other Party to this Agreement. The Grantor and each Grantor Guarantor shall execute all such documents as the Royalty Holder may reasonably require to effect any such Assignment.

12. DEFAULT

12.1 Grantor Default

It shall be a default (a "**Default**") if:

(a) the Grantor or, where applicable, MineCo or a Grantor Guarantor:

(i) does not pay when due the Royalty in accordance with Clause 2, or any other amount due to the Royalty Holder or any of its Affiliates in accordance with this Agreement, if such breach is not remedied by the Grantor within ten days after delivery of a notice of breach from the Royalty Holder to the Grantor. If the Grantor or, where applicable, MineCo or a Grantor Guarantor is prevented from making, or the Royalty Holder is prevented from demanding, receiving or retaining, under any agreement, including any intercreditor agreement, any such payment then this will not prevent such non-payment from being a Default;

(ii) does not comply with the use of proceeds restrictions set out in Clause 3.2;

(iii) does not comply with its obligations under Clause 8.1, if such breach is not remedied by MineCo within 30 days after delivery of a notice of breach from the Royalty Holder to MineCo;

(iv) does not comply with its obligations in respect of an Encumbrance under Clause 10.4, if such breach is not remedied within 30 days after delivery of a notice of breach from the Royalty Holder to the Grantor;

(v) is in breach of any of the warranties given at the Execution Date under Clause 15.1 or 15.2 and such breach does, or could reasonably be expected to, result in a Material Adverse Event, and, if remediable, such breach is not remedied within 30 days after delivery of a notice of breach from the Royalty Holder to the Grantor; or

(vi) does not comply with its obligations under Clause 8.7 or Clause 15.3;

(b) a Transfer occurs other than in accordance with Clause 11;

(c) any security granted by MineCo or (in relation to the Project) Typhon in accordance with Clause 17 becomes invalid or unenforceable or is repudiated or extinguished or any Person (other than the Royalty Holder) Lawfully purports or seeks to repudiate or extinguish any such security or make any of it invalid or unenforceable;

(d) the intercreditor agreement referred to in Clause 17.5(b) is not entered into when required in accordance with the principles set out in Schedule 5;

(e) the finance parties in respect of the Project Financing do not comply with any of their obligations under the intercreditor agreement referred to in Clause 17.5(b) which reflect the principles set out in paragraphs 3.2 to 3.5 of Schedule 5;

(f) any Authority condemns, expropriates, seizes, relinquishes, withdraws, repudiates, cancels or appropriates any property or assets or part thereof which, when combined with any other property or assets previously condemned, expropriated, seized, relinquished, withdrawn, repudiated, cancelled or appropriated, forms a material part of the Mining Operations or Property or any such Authority purports or seeks to do any of the foregoing;

(g) any Permit that has been previously obtained by MineCo is suspended, cancelled, revoked, forfeited, surrendered, refused renewal or terminated (whether in whole or in part) or is not, or ceases to be, in full force and effect, in each case for a period exceeding 90 days;

(h) it is or becomes unlawful for the Grantor or any Grantor Guarantor to perform any of its obligations under or in connection with this Agreement or:

(i) any of them; or

(ii) any other Person (other than the Royalty Holder) Lawfully,

repudiates, extinguishes or rescinds this Agreement or purports or seeks to repudiate, extinguish or rescind this Agreement;

(i) a catastrophic event occurs affecting all or a substantial part of the Project, Mining Area and/or the operations conducted on and in respect thereof and any proceeds of the insurances maintained in accordance with Clause 10.1(a) in respect of such event are not applied to reinstate the Project, Mining Area and/or such operations;

(j) the Grantor or any Grantor Guarantor enters into (or resolves to enter into) any voluntary arrangement, composition or similar arrangement for the benefit of creditors or any class of them;

(k) the Grantor or any Grantor Guarantor commences any insolvency proceedings in respect of it in any relevant jurisdictions, which are not discharged within forty five (45) days of being filed or presented in any applicable court or other competent body;

(l) a liquidator or provisional liquidator being appointed or an administrative receiver, receiver, administrator, trustee or the equivalent in any relevant jurisdiction is validly appointed over, the whole or any material part of the undertaking, property or assets of the Grantor or any Grantor Guarantor;

(m) an application or order is made or resolution is passed for the winding-up of the Grantor or any Grantor Guarantor;

(n) any voluntary dissolution (other than in connection with insolvency or bankruptcy) of the Grantor or any Grantor Guarantor takes place other than with the prior written consent (not to be unreasonably withheld) of the Royalty Holder; or

(o) the Grantor or MineCo fails to comply with Clause 17.

12.2 Consequences of Default

(a) If there is a Default, the Royalty Holder shall be entitled to deliver a notice to the Grantor and / or MineCo that it wishes to terminate this Agreement ("**Termination Notice**"). Upon delivery of a Termination Notice and provided that the Royalty Holder has paid the Royalty Purchase Price to the Grantor in accordance with Clause 3.1 (*Payment*), the Grantor and MineCo shall be jointly and severally liable to pay the Termination Amount to the Royalty Holder within ten (10) Business Days in immediately available funds by direct deposit to the bank account nominated by the Royalty Holder in the Termination Notice.

(b) If the Royalty Holder issues a Termination Notice in accordance with Clause 12.2(a):

(i) this Agreement shall terminate with effect from the date of payment of the Termination Amount to the Royalty Holder, except for the Surviving Provisions, which shall remain in force; and

(ii) any and all accrued rights or liabilities of any Party in respect of damages for non-performance of any obligation falling due for performance or otherwise for breach of this Agreement prior to such termination shall continue to exist.

(c) The Parties confirm that the Termination Amount set out in this Clause 12.2:

(i) constitutes liquidated damages;

(ii) is reasonable and proportionate to protect the Royalty Holder's legitimate interest in the performance of this Agreement;

(iii) is not extravagant and/or unconscionable; and

(iv) is not a penalty.

13. RIGHT OF FIRST OFFER

13.1 Grantor, etc. to Inform

During the period of 5 years commencing on the Execution Date (the "**ROFO Period**"), the Grantor and the Grantor Guarantors shall keep the Royalty Holder informed of any decision by them or any of their Affiliates from time to time to seek offers for or to create new Royalty Interests (including in respect of the Vermelho project, but excluding any Royalty Interest on or in connection with the Project or the Mining Area), with the intention of giving the Royalty Holder (or any Affiliate of the Royalty Holder, as nominated by the Royalty Holder) an opportunity to acquire such Royalty Interests.

13.2 Offer

Before any such Royalty Interest may be offered to a third party, the Grantor and the Grantor Guarantors shall (and shall ensure that any of their Affiliates offering such Royalty Interest shall) ensure that such Royalty Interest is first offered to the Royalty Holder (or any Affiliate of the Royalty Holder, as nominated by the Royalty Holder) in writing. The Royalty Holder (or any such Affiliate) and the Grantor and / or the applicable Grantor Guarantor(s) shall (and shall ensure that any of their Affiliates offering such Royalty Interest shall) then discuss and negotiate (in good faith) the terms upon which such Royalty Interest may be granted to the Royalty Holder (or any such Affiliate). If such Parties have not agreed the terms relating to such Royalty Interest within sixty (60) Business Days of the Royalty Interest being offered to the Royalty Holder (or, as applicable, any such Affiliate), then (but only then) the Royalty Interest may be offered to a third party. However, the Grantor and the Grantor Guarantors shall (and shall ensure that any of their Affiliates offering such Royalty

Interest shall) ensure that the Royalty Interest is not offered to any such third party on better terms (whether such terms are taken as a whole or individually) than those offered to the Royalty Holder (or, as applicable, any such Affiliate).

13.3 Deed of undertaking

The Grantor and the Grantor Guarantors shall ensure that (a) any member of their Group that ceases to be a member of their Group during the ROFO period, (b) any Person(s) to whom any assets of its Group are transferred during the ROFO Period and (c) any member of the Group that is not already a party to this Agreement to whom the Vermelho asset is transferred to during the ROFO Period (each a "**Continuing Obligor**") enters into an irrevocable deed of undertaking in favour of the Royalty Holder immediately prior to (i) ceasing to be a member of the Group of the Grantor or (ii) acquiring any asset of such Group (iii) or acquiring the Vermelho asset, as applicable. Under such deed the relevant Continuing Obligor shall undertake to comply with the terms of this Clause 13 as if it was a party to this Agreement as a Grantor Guarantor.

14. RIGHT OF FIRST REFUSAL

14.1 Seller Offer

During the period of 5 years commencing on the Execution Date, if any of the Grantor and / or any Grantor Guarantor (or any of their Affiliates) (such person, the "**Seller**"):

(a) wishes to offer for sale, or dispose of or grant rights for value to any third party, in respect of, any Royalty Interest on or in connection with the Project, the Mining Area or the Mining Rights; or

(b) following an offer by a third party to purchase or acquire for value any such Royalty Interest on or in connection with the Project, the Mining Area or the Mining Rights (or rights in any such Royalty Interest) (a "**Third Party Offer**"), wishes to accept such Third Party Offer,

(each a "**Disposal**") the Seller shall, and the Grantor shall procure that the Seller shall, by notice in writing to the Royalty Holder first offer to sell such Royalty Interest to the Royalty Holder (the "**Seller Offer**").

14.2 Terms of Seller Offer

The Seller Offer must be capable of acceptance by the Royalty Holder and must set out all of the material terms and conditions related to the sale of the Royalty Interest, including:

(a) the Specified Terms that the Seller proposes to offer to a third party or that have been included in the Third Party Offer (as applicable);

(b) where the Third Party Offer includes consideration other than cash, at the Royalty Holder's option, the terms of the Seller Offer will permit the Royalty Holder to pay an amount in cash equivalent to the value of such non-cash consideration in the Third Party Offer; and

(c) the Seller Offer must be consistent with the terms of this Agreement, except to the extent that the Royalty Holder (acting reasonably) requires them to be amended in order to take account of the terms referred to in Clauses 14.2(a) and / or 14.2(b) and / or the nature of the Royalty Interest and / or any other terms of the Seller Offer.

14.3 Review Period

Upon receipt of a Seller Offer, the Royalty Holder shall have a period of up to forty-five (45) days (the "**Review Period**") in which to indicate whether it wishes to accept the Seller Offer. During the Review Period, the Seller shall, and the Grantor shall procure that the Seller shall:

(a) deal exclusively with the Royalty Holder with respect to the Seller Offer and any other potential disposition of the Royalty Interest; and

(b) provide to the Royalty Holder all information and materials that the Royalty Holder may reasonably require to consider the Seller Offer.

14.4 Acceptance of Seller Offer

If, prior to the end of the Review Period, the Royalty Holder accepts the Seller Offer by notice in writing to the Grantor and the Seller, then the Seller shall be, and the Grantor shall procure that the Seller shall be, and the Royalty Holder shall be bound by the Seller Offer on the terms set out therein subject to any other changes agreed on in writing during the Review Period.

14.5 Seller Offer Further Assurance

If a Seller Offer is accepted pursuant to Clause 14.4, the Seller shall, and the Grantor shall procure that the Seller shall, and the Royalty Holder shall cause all such further agreements, instruments and documents to be executed and delivered and all such further acts, opinions and other documents, instruments and agreements in connection therewith and things to be done as the Seller or the Royalty Holder may from time to time reasonably require to give effect to the Seller Offer.

14.6 Lapse of Seller Offer

If, the Seller and the Royalty Holder have not entered into a definitive agreement and proceeded to close the transaction within 180 days of the acceptance of the Seller Offer pursuant to Clause 14.4, the Seller's right to accept a Third Party Offer shall revive, provided that:

(a) the terms of the Disposal further to such Third Party Offer are no more favourable to the relevant third party than those included in either the Seller Offer or the most recent draft of such definitive agreement provided to the Royalty Holder (whichever was most favourable to the Royalty Holder); and

(b) such Disposal is completed within 60 days of the end of the expiry of such 180 day period.

14.7 Non-acceptance of Seller Offer

If, by the end of the Review Period, the Royalty Holder has not accepted the Seller Offer, then the Seller may proceed with the Disposal of the Royalty Interest which is the subject of the Seller Offer, provided that:

(a) the terms of the Disposal are no more favourable to the relevant third party than those included in the Seller Offer; and

(b) such Disposal is completed within 60 days of the end of the Review Period.

14.8 Subsequent Disposal

If a Disposal of the Royalty Interest has not been completed within the 60 day period referred to in Clause 14.7(b), the provisions of Clauses 14.1 to 14.6 shall apply to any subsequent proposed Disposal of any Royalty Interest by the Grantor and / or any Grantor Guarantor (or any of their Affiliates).

14.9 Definition

"**Specified Terms**" means, in respect of the Seller Offer, the nature of the Royalty Interest, the deposit amount, Minerals purchase price, designated percentage of payable Minerals, volume of Minerals to be sold and delivered, delivery and payment terms, required security, commencement date and expiry date of the proposed Royalty Interest agreement.

15. WARRANTIES

15.1 Warranties by all Parties

Each Party warrants as at the Execution Date for the benefit of the other Parties that:

(a) it is validly incorporated, organised and subsisting in accordance with the Laws of its place of incorporation;

(b) it has full power and capacity to enter into and perform its obligations under this Agreement;

(c) all necessary authorisations for the execution, delivery and performance by it of this Agreement in accordance with its terms have been obtained;

(d) its execution, delivery and performance of this Agreement complies with its constitution and does not constitute a breach of any Law or obligation, or cause a default under any agreement by which it is bound; and

(e) no meeting has been convened, resolution proposed or order made for the winding up, or the appointment of an administrator, of it, and no mortgagee or chargee has taken, attempted to take or indicated an intention to exercise its rights under any security.

15.2 Warranties by the Grantor and the Grantor Guarantor

The Grantor and each Grantor Guarantor each warrant as at the Execution Date, for the benefit of the Royalty Holder, that:

(a) MineCo is the legal and beneficial owner of a one hundred percent (100%) interest in the Property, free of any Encumbrance (other than any Permitted Encumbrance);

(b) the Mining Rights are in good standing under the Mining Code and applicable regulations, have been fully and effectively acquired by MineCo and are not liable to cancellation or forfeiture for any reason and, to the knowledge of the Grantor and each Grantor Guarantor, it is not aware of any circumstances which may give rise to such cancellation or forfeiture;

(c) MineCo has complied with all Laws in respect of the Property in all material respects and all fees (including annual fees per hectare and State inspection fees), rents, rates, royalties (including statutory royalty and landowner's royalty), taxes and other similar payments due and payable in respect of all of the Mining Rights have been paid;

(d) each of the Grantor and each Grantor Guarantor is not engaged in any litigation, arbitration or other proceeding concerning the Property and it is not aware of any pending or threatened litigation, arbitration or other proceeding concerning the Property, which if successful would have a materially adverse effect on the value of the Property or the Grantor's interest or right in the Property;

(e) to the knowledge of the Grantor and each Grantor Guarantor, there is no basis for any claim adverse to the right, title and interest of the Grantor to the Property;

(f) apart from this Agreement there are no agreements, arrangements, understandings, rights or options to acquire or purchase the Property or any portion thereof or any interest therein (including any Encumbrance) or any claim to any royalty or other interest in the Property or production therefrom and no person other than MineCo and the Royalty Holder, has any right, title, interest or claim whatsoever in the Property or in production from the Property;

(g) MineCo holds all Permits and approvals and authorizations required from any Authority for MineCo to own its interest in the Property, to conduct Mining Operations on the Property, and to access the Property;

(h) MineCo has full, exclusive and continuous access to the Property for the performance of exploration, development and mining and related works on the Property and no event of default exists (and, to the knowledge of the Grantor and each Grantor Guarantor, no other circumstances exist which constitute or (with the giving of notice, lapse of time, determination of materiality, or the fulfilment of any other condition or any combination of the foregoing) would constitute a default) under the arrangements governing such rights of access to the Property;

(i) all material contracts to which MineCo or the Grantor is a party or by which it is otherwise bound are in full force and effect and constitute valid and enforceable obligations of the parties thereto;

(j) neither the Grantor nor any Grantor Guarantor nor, to any of their knowledge having made due enquiry, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation under any material contract in respect of the Project or any financing or indebtedness in respect of the Project, and, to the knowledge of the Grantor and each Grantor Guarantor, no event has occurred which, with notice or lapse of time or both, would constitute such a default;

(k) none of the Grantor or any Grantor Guarantor has received notice of any intention to terminate any such material contract referred to in Clauses 15.2(i) and / or 15.2(j) above or repudiate or disclaim any transaction contemplated thereby;

(l) MineCo has acted, and the Mining Operations have been operated, in compliance with all Environmental Laws in all material respects and, to the knowledge of the Grantor and each Grantor Guarantor, no event has occurred in connection with the Mining Operations which would constitute a material breach of Environmental Laws;

(m) all Mining Operations and all exploration activities in respect of the Property have been conducted in accordance with Good Mining Practice and all workers' compensation and health and safety regulations applicable to the Mining Operations or MineCo have been complied with in all material respects;

(n) all material Taxes due and payable by each of the Grantor and each Grantor Guarantor (whether or not shown due on any Tax returns and whether or not assessed (or reassessed) by the appropriate Authority) have been timely paid to the extent not disputed in good faith (and all Taxes disputed in good faith have been disclosed in reasonable detail to the Royalty Holder and properly provisioned for in the relevant Person's accounts). All assessments and reassessments received by each of the Grantor and each Grantor Guarantor in respect of Taxes have been paid to the extent not disputed in good faith and all assessments and reassessments disputed in good faith have been disclosed in reasonable detail to the Royalty Holder and properly provisioned for in the relevant Person's accounts;

(o) all Tax returns required by Law to be filed by or with respect to each of the Grantor any Grantor Guarantor have been properly prepared and timely filed and all such Tax returns (including information provided therewith or with respect thereto) are true, complete and correct in all material respects, and no material fact or facts have been omitted therefrom which would make any such Tax returns misleading;

(p) adequate provision has been made by each of the Grantor and each Grantor Guarantor in their respective financial statements for all Taxes for any period for which Tax returns are not yet required to be filed, or for which Taxes are not yet due or payable, up to the date of the financial statements;

(q) neither it nor any of its directors, officers or employees is or has been the subject of any claim by any Authority or any Person regarding any offence or alleged offence under any Anti-Bribery Laws and Obligations, and, to the knowledge of the Grantor and each Grantor Guarantor, no such claim has been threatened or is pending and there are no circumstances likely to give rise to any such claim;

(r) none of its, or nor any of its Affiliate's, directors, officers or employees is a Public Official, and no Public Official has any legal or beneficial interest in this Agreement or in any payments to be made by the Grantor hereunder, and

and where a warranty in this Clause 15.2 is qualified by the expression 'to the knowledge of the Grantor and each Grantor Guarantor' or any similar expression, that expression shall be deemed to include the actual knowledge of all directors, officers or employees of the relevant Person at the Execution Date, with those persons having made due and reasonable enquiries of any and all other Persons who may reasonably be expected to have knowledge of the facts, matters or circumstances to which the warranty relates.

15.3 Anti-Bribery Laws and Obligations and Sanctions

(a) The Grantor and each Grantor Guarantor:

(i) warrants that it and its Affiliates and their respective directors, officers and employees have complied with all material Anti-Bribery Laws and Obligations and Sanctions applicable to such Party or its activities; and

(ii) covenants that it and its Affiliates and their respective directors, officers and employees will comply with all material Anti-Bribery Laws and Obligations and Sanctions applicable to such Party or its activities,

and will sanction any breach of this provision in accordance with its ABC Policies.

(b) The Grantor and each Grantor Guarantor:

(i) warrants that such Party and its Affiliates and their respective directors, officers and employees have not made, offered or authorised; and

(ii) covenants that such Party and its Affiliates and their respective directors, officers and employees will not make, offer or authorise,

any payment, gift, promise or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any Public Official, any political party, political party official, or candidate for office.

16. GRANTOR GUARANTEES

16.1 Grantor Guarantor guarantees

Each Grantor Guarantor jointly and severally and unconditionally and irrevocably:

(a) guarantees as a primary obligation to the Royalty Holder the payment when due of the Royalty and all other amounts payable by the Grantor and/or each Grantor Guarantor under, or arising out of or in connection with, this Agreement;

(b) agrees that if and each time that the Grantor or any Grantor Guarantor fails to make any such payment when it is due, each Grantor Guarantor shall on demand (without requiring the Royalty Holder first to take steps against the Grantor, any other Grantor Guarantor or any other person) pay that amount to the Royalty Holder as if it were the principal obligor in respect of that amount; and

(c) agrees as principal debtor and primary obligor to indemnify the Royalty Holder against all costs, losses and damages sustained by it or any member of the Royalty Holder's Group flowing from any non-payment by the Grantor or any Grantor Guarantor of any amount due under or arising out of or in connection with this Agreement,

(the "**Guaranteed Obligations**").

This guarantee is to be a continuing guarantee and accordingly is to remain in force until all of the Guaranteed Obligations shall have been performed or satisfied in full. This guarantee is in addition to and without prejudice to and not in substitution for any rights or security which the Royalty Holder may now or hereafter have in connection with the performance and observance of the Guaranteed Obligations.

16.2 Waiver of defences

Each Grantor Guarantor's obligations under this Agreement shall not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including without limitation:

(a) any time or indulgence granted to, or composition with, the Grantor or any other person;

(b) the taking, variation, renewal or release of any right, guarantee, remedy or security from or against the Grantor or any other person;

(c) neglecting to perfect or enforce this Agreement against the Grantor or any other person;

(d) any variation or change to the terms of this Agreement; or

(e) any unenforceability or invalidity of any obligation of the Grantor or any Grantor Guarantor under this Agreement, so that this Agreement shall be construed as if there were no such unenforceability or invalidity.

17. SECURITY

17.1 MineCo and Typhon Security

(a) Within thirty (30) days after the Execution Date (or such longer period as mutually agreed in writing between the Grantor and the Royalty Holder), and, if such assets are acquired or obtained after the Execution Date, within thirty (30) days after them being acquired or obtained (or such longer period as mutually agreed in writing between the Grantor and the Royalty Holder), MineCo shall, and the Grantor shall procure that MineCo shall, grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on all of its assets (including Mining Rights over which security can be granted) as security for the Grantor's and MineCo's obligations to pay (i) the Royalty and any Termination Amount, and (ii) any other amounts due under or in connection with this Agreement. Such security will be granted and perfected on terms and in form and substance satisfactory to the Royalty Holder.

(b) Within thirty (30) days after the Execution Date (or such longer period as mutually agreed in writing between the Grantor and the Royalty Holder), Typhon shall, and the Grantor shall procure that Typhon shall, grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on all of its assets and rights relating to the Project (including Mining Rights over which security can be granted) as security for the Grantor's and MineCo's obligations to pay (i) the Royalty and any Termination Amount, and (ii) any other amounts due under or in connection with this Agreement. Such security will be granted and perfected on terms and in form and substance satisfactory to the Royalty Holder.

17.2 Loan Security

Within thirty (30) days after the Execution Date (or such longer period as mutually agreed in writing between the Grantor and the Royalty Holder), the Grantor and each Grantor Guarantor shall ensure that:

(a) the Royalty Holder is granted and maintains a fully-perfected first ranking security (subject only to Permitted Encumbrances) on any loans made by any member of their Group ("**Group Lenders**") to any of the Grantor or any Grantor Guarantor (including from the Grantor to MineCo from the proceeds of the Royalty Purchase Price) as security for the Grantor's and MineCo's obligations to pay (i) the Royalty and any Termination Amount, and (ii) any other amounts due under or in connection with this Agreement; and

(b) all such Group Lenders subordinate all of their rights and interests in such loans to the Royalty Holder.

Such security and subordinations will be granted and perfected on terms and in form and substance satisfactory to the Royalty Holder.

17.3 Share Security

Within thirty (30) days after the Execution Date (or such longer period as mutually agreed in writing between the Grantor and the Royalty Holder), the Grantor shall procure that:

(a) each of Horizonte Minerals (IOM) Ltd, Leawood Nominees Limited and Windwood Nominees Limited shall grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on 100% of the issued share capital in each of Horizonte Nickel (IOM) Ltd and Cluny (IOM) Ltd;

(b) Horizonte Nickel (IOM) Ltd shall grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on 100% of the issued share capital in MineCo;

(c) Cluny (IOM) Ltd shall grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on 100% of the issued share capital in Typhon; and

(d) Horizonte Minerals plc shall grant to the Royalty Holder and maintain a fully-perfected first ranking security (subject only to Permitted Encumbrances) on 100% of the issued share capital in the Grantor,

each as security for the Grantor's and MineCo's obligations to pay (i) the Royalty and any Termination Amount, and (ii) any other amounts due under or in connection with this Agreement. Such security will be granted and perfected on terms and in form and substance satisfactory to the Royalty Holder.

17.4 Further Assurance

Each of the Grantor and MineCo, and the immediate parent of MineCo shall, and the Grantor shall procure that the immediate parent of MineCo shall, all at their own cost, take, and shall cause each other Person providing security to take, or cause to be taken, such action and execute and deliver or cause to be executed and delivered to the Royalty Holder such agreements, documents and instruments as the Royalty Holder may reasonably request (including legal opinions and any necessary amendments to constitutional documents / articles of association), and register, file or record the same (or a notice or financing statement in respect thereof) in all offices where such registration, filing or recording is, in the opinion of the Royalty Holder, necessary or advisable to constitute, perfect and maintain the security referred to this Clause 17 as first-ranking security, subject only to the Permitted Encumbrances, in each case promptly after the request therefor by the Royalty Holder, and in each case in form and substance satisfactory to Royalty Holder.

17.5 Subordination and additional security

(a) In relation to any proposed Project Financing, the Royalty Holder agrees (at the Grantor's cost) to negotiate and enter into an intercreditor agreement with the proposed senior lenders to such Project Financing on terms that:

(i) reflect the principles set out in Schedule 5; and

(ii) are otherwise acceptable to such proposed senior lenders and the Royalty Holder, each acting reasonably.

(b) Each of the Grantor and MineCo will procure that each senior lender, and each other finance party including any security agent, to such Project Financing will enter into an intercreditor agreement with the Royalty Holder on terms that reflect the principles set out in Schedule 5. Breach of the terms of such agreement which reflect the principles set out in paragraphs 3.2 to 3.5 of Schedule 5 by any such finance parties, shall be deemed a breach of this Agreement by the Grantor and MineCo.

(c) The Grantor and each Grantor Guarantor shall ensure that any security not already to be granted to the Royalty Holder pursuant to Clauses 17.1 to 17.3 that is to be granted to any finance parties in connection with any Project Financing is granted to the Royalty Holder at the same time as it is granted to such finance parties. Such security shall be governed by the intercreditor agreement referred to in Clause 17.5(b) in the same way as other security is to be in accordance with the principles set out in Schedule 5.

17.6 Costs

For the avoidance of doubt, all costs incurred in connection with the security and other arrangements referred to in this Clause 17 shall be for the account of the Grantor and MineCo.

CONFIDENTIALITY

17.7 Non-disclosure of Confidential Information

A Party shall not disclose Confidential Information except:

(a) if the disclosure is expressly permitted by this Agreement;

(b) to its Representative, or the Representative of an Affiliate, who requires the information for the purposes of or related to this Agreement, the Mining Rights or the Royalty with the prior requirement that they keep the disclosed information confidential in accordance with this Clause 17;

(c) to the extent necessary in relation to the registration of the Royalty and/or this Agreement;

(d) with the written consent of the Party who supplied the Confidential Information, which consent may be given or withheld in its absolute discretion;

(e) if the Party, or an Affiliate of the Party, holding the Confidential Information is required to do so by Law, including by a recognised stock exchange, an Authority or in connection with legal proceedings relating to this Agreement; or

(f) if disclosure is made on a confidential basis to:

    (i) a prospective transferee or assignee of the Party's rights and obligations under this Agreement or of all or part of a Mining Right or interest in a Mining Right; or

    (ii) a prospective financier of the Party or its Related Entities,

    and any of their financial or legal advisors; provided each disclosee agrees to keep the disclosed information confidential in accordance with this Clause 17.

17.8 Disclosure by recipient of Confidential Information

A Party disclosing Confidential Information as permitted by this Agreement shall ensure that persons receiving Confidential Information from it do not disclose the Confidential Information except as permitted by this Agreement.

17.9 Return of Confidential Information

A Party who has disclosed Confidential Information to a prospective transferee, assignee or financier as provided for by this Agreement shall obtain from that person prior to disclosure an undertaking that, on the request of the disclosing Party, it will immediately deliver or re-deliver to that Party all documents or other materials containing or referring to the Confidential Information in its possession, power or control.

17.10 Survival of termination

This Clause 17 continues to bind a Person notwithstanding that such Person ceases to be a Party to this Agreement or this Agreement expires or is terminated for any reason, until the period that ends two (2) years after the date of expiry or earlier termination (as applicable) of this Agreement.

17.11 Announcements and press releases

A Party shall not make press or other announcements or releases relating to this Agreement and the transactions the subject of this Agreement without the approval of the other Parties to the form and manner of the announcement or release, such approval not to be unreasonably withheld or delayed, unless and to the extent that the announcement or release is required to be made by the Party, or an Affiliate of the Party, by Law, including by a recognised stock exchange.

18. TAXES

All amounts payable under or in connection with this Agreement are exclusive of any applicable goods and services tax or value added tax, unless indicated otherwise.

19. NOTICES

19.1 Form of Notice

Unless expressly stated otherwise in this Agreement, any notice, certificate, consent, approval, waiver or other communication in connection with this Agreement (the "**Notice**") shall be in writing and delivered or sent by hand, registered post or email to the party to be served at its address as follows:

To the Grantor at:	To any Grantor Guarantor other than MineCo at:
Address: Horizonte Minerals plc, Rex House, 4-12 Regent Street, London, SW1Y 4RG	Address: Horizonte Minerals plc, Rex House, 4-12 Regent Street, London, SW1Y 4RG
Email: j.martin@horizonteminerals.com	Email: j.martin@horizonteminerals.com
Attention: Jeremy Martin	Attention: Jeremy Martin
to MineCo at:	to the Royalty Holder at:
Address: Horizonte Minerals plc, Rex House, 4-12 Regent Street, London, SW1Y 4RG	Address: OMF Fund III (Mg) Ltd PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands
Email: j.martin@horizonteminerals.com	Email: notices@orionrp.com
Attention: Jeremy Martin	Attention: Garth Ebanks

19.2 When Notices are taken to have been delivered and received

(a) A Notice shall be regarded as delivered and received:

(i) if delivered by hand, when left at the address set out in Clause 19.1;

(ii) if sent by registered paid post, on the third day following the date of postage to the address set out in Clause 19.1; and

(iii) if sent by email, at the time shown in the delivery confirmation report generated by the sender's email system which indicates that the email was sent to the recipient's email address set out in Clause 19.1.

(b) A Notice delivered or received other than on a Business Day or after 5.00pm is regarded as received at 9.00am on the following Business Day. A Notice delivered or received before 9.00am is regarded as received at 9.00am.

20. ANCILLARY PROVISIONS

20.1 Entire agreement

(a) This Agreement contains the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all previous agreements (including the term sheet between the Parent and an Affiliate of the Royalty Holder dated 19 June 2019), whether oral or in writing, between the Parties relating to the subject matter of this Agreement, including any confidentiality undertakings given by any Party.

(b) Each Party acknowledges that it does not rely on, and has not been induced to enter into this Agreement on the basis of, any express or implied representation, warranty, covenant, undertaking, indemnity, collateral contract or other statement whatsoever made by or on behalf of any other Party at any time before the entering of this Agreement, except as expressly set out in this Agreement. Each Party waives all rights and remedies which, but for this Clause 20.1, might otherwise be available to it in respect of any such express or implied representation, warranty, collateral contract or other assurance.

(c) Nothing in this Clause 20.1 limits or excludes any liability for fraud.

20.2 Successors

The provisions of this Agreement enure for the benefit of and are binding on each Party and their respective successors and permitted assigns.

20.3 No partnership

The rights and obligations in this Agreement are not intended to, and shall not, create a relationship of partnership, agency, or trust between any of the Parties and no Party has any authority to bind another Party in any way.

20.4 Accounting matters

Unless otherwise agreed by the Parties, all accounting matters are to be determined in accordance with sound accounting practices and the Accounting Standards.

20.5 Amendment

(a) No modification, variation or amendment of this Agreement is of any force unless it is in writing and has been signed by each of the Parties.

(b) If requested by any Party in connection with any new Laws or changes to existing Laws in respect of Tax, the Parties shall use reasonable endeavours to discuss and (to the extent it would not result in the Party being requested to suffer or incur any cost, expense or liability nor be adverse to any of such Party's rights, interests or economic return under this Agreement) agree any amendments to this Agreement which may be necessary or desirable in connection with such changes.

20.6 Severability

The provisions contained in this Agreement shall be enforceable independently of each of the others and their validity shall not be affected if any of the others are invalid. If any provision is invalid but would be valid if some part of the provision were deleted, the provision in question shall apply with such modification as may be necessary to make it valid.

20.7 Waiver

A waiver of any right, power or remedy under this Agreement shall be in writing signed by the Party granting it. A waiver is only effective in relation to the particular right, power or remedy in respect of which it is given. It is not to be taken as an implied waiver of any other right, power or remedy or as an implied waiver of that obligation or breach in relation to any other occasion.

20.8 Remedies cumulative

The rights and remedies provided in this Agreement are in addition to other rights and remedies given by Law independently of this Agreement, except to the extent that they are expressly excluded.

20.9 Third party rights

Except for an Affiliate of the Royalty Holder referred to in Clause 10.6, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

20.10 No set-off

All amounts due under or in connection with this Agreement shall be paid in full without any set-off or counterclaim, whether arising under this Agreement or otherwise.

20.11 Further assurances

Each Party shall execute all documents and do all things reasonably necessary or desirable to give full effect to this Agreement and to any matter or thing contemplated pursuant to this Agreement.

20.12 Counterparts

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same Agreement, and any Party (including any duly authorised representative of a Party) may enter into this Agreement by executing a counterpart. Delivery of a counterpart of this Agreement by e-mail attachment shall be an effective mode of delivery.

21. DISPUTE RESOLUTION

21.1 Process

(a) Except where a time limitation is set out in this Agreement, and otherwise subject to the terms of this Agreement, a Party may give a Dispute Notice to the other Parties at any time.

(b) A Dispute Notice shall:

(i) describe the nature of the Dispute; and

(ii) nominate a Representative of the Party who is authorised to negotiate and settle the Dispute on the Party's behalf.

(c) Each other Party shall, within seven (7) days after the delivery of a Dispute Notice, nominate in writing to the other Parties a Representative authorised to negotiate and settle the Dispute on its behalf.

(d) The nominated Representatives shall meet to discuss the Dispute as soon as reasonably practicable with a view to resolving the Dispute within twenty one (21) days after the delivery of the Dispute Notice (or such longer period as those Representatives agree). If the Dispute has not been resolved within such period:

(i) any Party may immediately refer the Dispute to Expert determination in accordance with Clause 21.2 if it relates to:

(A) the calculation of the Royalty or any component of it;

(B) the calculation of the Buyback Fee, Call Option Fee or Put Option Fee or any component of any of them;

(C) the calculation of the Termination Amount or any component of it; or

(D) a matter arising out of a technical audit conducted in accordance with this Agreement; or

(ii) (subject to Clause 21.6) any Party may commence an arbitration in respect of the Dispute in accordance with Clauses 21.4 and 21.5 if it relates to any other matter.

21.2 Expert determination

Where a Dispute is permitted or required by this Agreement to be determined by an Expert, or the Parties agree that a Dispute should be determined by an Expert, the following provisions shall apply:

(a) the reference to the Expert is made in accordance with, and subject to, the Appointing Authority;

(b) the Expert determination shall be conducted by a Person agreed to by the Parties or failing agreement within fourteen (14) days by the Person nominated by the Appointing Authority; and

(c) in making a determination:

   (i) the Expert shall act in that capacity and not as an arbitrator;

   (ii) the Expert's finding is final and binding upon the Parties except in the case of fraud or manifest error;

   (iii) the Expert shall determine which Party or Parties should bear the costs of any such determination and in what proportion (and, in making this decision, the Expert shall consider the degree to which he or she considers such Party was unreasonable in failing to agree to the matter); and

   (iv) the Expert may employ consultants to carry out his or her duties.

21.3 Parties to continue to perform

Prior to resolution of the Dispute, the Parties shall continue to perform their respective obligations under this Agreement including all pre-existing obligations the subject of the Dispute, except only to the extent that lack of resolution of the Dispute prevents such performance.

21.4 Condition precedent to arbitration

A Party shall not commence an arbitration in respect of a Dispute:

(a) that this Agreement requires to be referred to an Expert; or

(b) in all other cases, unless a Dispute Notice has been given and the Representatives do not resolve the Dispute within twenty one (21) days after the receipt of the Dispute Notice (or such longer period as those Representatives agree).

21.5 Arbitration

(a) Subject to Clauses 21.1 to 21.4 and 21.6, any dispute, controversy or claim arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules (excluding the emergency arbitrator provisions), which LCIA Rules are deemed to be incorporated by reference into this clause.

(b) The number of arbitrators shall be three (3). Each party shall nominate an arbitrator and the two arbitrators so nominated shall nominate a third arbitrator who shall act as presiding arbitrator.

(c) The governing law for the arbitration shall be English Law. The arbitration panel shall not decide based on equity.

(d) The seat, or legal place, of arbitration shall be Brasilia, Brazil or London, United Kingdom at the option of the Royalty Holder.

(e) The language to be used in the arbitral proceedings shall be English.

21.6 Courts

(a) Nothing in this Clause 21, the LCIA Rules or the law of the seat chosen under Clause 21.5(d), shall prevent the Royalty Holder from commencing proceedings in the courts of any jurisdiction it chooses to obtain urgent interlocutory relief and the other Party/ies hereby submits to the jurisdiction of any such courts for the purpose of any urgent interlocutory relief.

(b) In addition, notwithstanding anything in this Clause 21, the LCIA Rules or the law of the seat chosen under Clause 21.5(d), the Royalty Holder shall be entitled to apply for any right, remedy or relief from any court in any jurisdiction and the other Parties hereby submits to the jurisdiction of any such courts.

22. APPLICABLE LAW

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

IN WITNESS OF WHICH the Parties have duly executed this Agreement as a deed.

NICKEL PRODUCTION SERVICES B.V.

By: [redacted]

(Signed) Gerard Jan Van Spall
Director B

By:

(Signed) J. Martin
Director

EXECUTED AS A DEED
for and on behalf of **OMF FUND III (MG) LTD**

by …………………………
Please print name of signatory

………………………………………………………

Signature

………………………………………………………

Title

in the presence of:
Signature of witness:

Name of witness:
Address of witness:

IN WITNESS OF WHICH the Parties have duly executed this Agreement as a deed.

NICKEL PRODUCTION SERVICES B.V.

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

EXECUTED AS A DEED
for and on behalf of **OMF FUND III (MG) LTD**

by .....Garth Ebanks......

Please print name of signatory

[redacted]

(Signed) Garth Ebanks

Director

Title

in the presence of:
Signature of witness:

Name of witness:
Address of witness:

[redacted]

Personal Details

EXECUTED AS A DEED by
HORIZONTE MINERALS PLC
acting by two Directors:

By: [redacted]

(Signed) J. Martin
C.E.O

By: [redacted]

(Signed) D.J. Hall
Director

ARAGUAIA NIQUEL METAIS LTDA

By: ______________________________

Name:

Title:

EXECUTED AS A DEED by
HORIZONTE MINERALS PLC
acting by two Directors:

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

ARAGUAIA NIQUEL METAIS LTDA

By: [redacted]

(Signed) Fabiano Araujo
Country Manager

EXECUTED AS A DEED by
HORIZONTE EXPLORATION LTD
acting by two Directors:

By: [redacted]

(Signed) J. Martin
C.E.O

By: [redacted]

(Signed) D.J. Hall

Director

EXECUTED AS A DEED by
HORIZONTE MINERALS (IOM) LTD
acting through two Directors:

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

EXECUTED AS A DEED by
HORIZONTE EXPLORATION LTD
acting by two Directors:

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

EXECUTED AS A DEED by
HORIZONTE MINERALS (IOM) LTD
acting through two Directors:

By: [redacted]

Name: Simon Retter

Title: Director

(Signed) Simon Retter
Director

By: [redacted]

(Signed) J. Martin
Director

EXECUTED AS A DEED by
HORIZONTE NICKEL (IOM) LTD
acting through one Director:

By: [redacted]

(Signed) J. Martin
Director

EXECUTED AS A DEED by
CLUNY (IOM) LTD
acting through one Director:

By: [redacted]

(Signed) J. Martin
Director

TYPHON BRASIL MINERACAO LTDA

By: ______________________________

Name:

Title:

EXECUTED AS A DEED by
HORIZONTE NICKEL (IOM) LTD
acting through one Director:

By: ______________________

Name:

Title:

EXECUTED AS A DEED by
CLUNY (IOM) LTD
acting through one Director:

By: ______________________

Name:

Title:

TYPHON BRASIL MINERACAO LTDA

By: [redacted]

(Signed) Aline Monteiro Ferreira De Almeida
CPF 039.216.136-20

Schedule 1

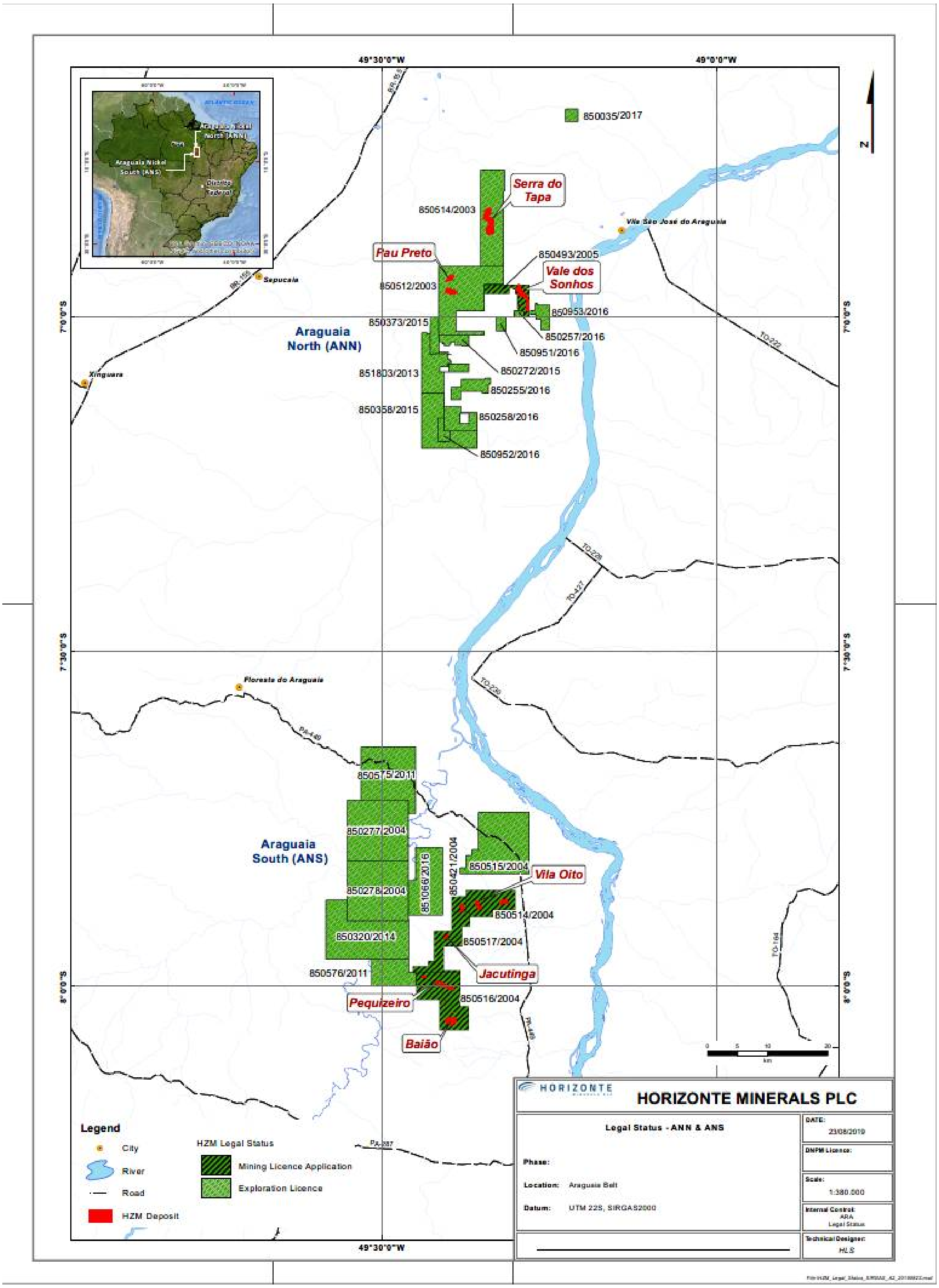
List of Mining Rights

ID	Permit	Land Status	Area (ha)	Sector
1	850421/2004	Mining Licence Application	567.90	Araguaia South
2	850514/2004	Mining Licence Application	3079.48	Araguaia South
3	850516/2004	Mining Licence Application	5401.66	Araguaia South
4	850517/2004	Mining Licence Application	3210.28	Araguaia South
5	850493/2005	Mining Licence Application	1598.89	Araguaia North
6	850035/2017	Exploration Licence	400.02	Araguaia North
7	850255/2016	Exploration Licence	1308.49	Araguaia North
8	850257/2016	Exploration Licence	188.74	Araguaia North
9	850258/2016	Exploration Licence	1644.28	Araguaia North
10	850272/2015	Exploration Licence	796.65	Araguaia North
11	850277/2004	Exploration Licence	10000.00	Araguaia South
12	850278/2004	Exploration Licence	10000.00	Araguaia South
13	850320/2014	Exploration Licence	9755.36	Araguaia South
14	850358/2015	Exploration Licence	4314.56	Araguaia North
15	850373/2015	Exploration Licence	884.33	Araguaia North
16	850515/2004	Exploration Licence	9361.30	Araguaia South

17	850575/2011	Exploration Licence	8173.93	Araguaia South
18	850576/2011	Exploration Licence	2945.08	Araguaia South
19	850951/2016	Exploration Licence	371.80	Araguaia North
20	850952/2016	Exploration Licence	527.32	Araguaia North
21	850953/2016	Exploration Licence	848.86	Araguaia North
22	851066/2016	Exploration Licence	5791.20	Araguaia South
23	851803/2013	Exploration Licence	3433.27	Araguaia North
24	850512/2003	Exploration Licence	7962.00	Araguaia North
25	850514/2003	Exploration Licence	6052.28	Araguaia North

Schedule 2

Map of Mining Rights Area



Schedule 3

Initial Royalty Rate

Date upon which (i) MineCo has received and/ or has contractually binding commitments to provide all of the required funding for construction of the Project and (ii) Commencement of Major Construction Works has occurred	Royalty Rate
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Schedule 4

Deed of Assumption

This deed of assumption (the "**Deed**") is made on [*insert date*] by [●], a company incorporated [*in* [●]] **OR** [*under the laws of* [●]] under registered number [●] whose [*registered/principal office is at* [●]] (the "[MineCo/Grantor]**[•]**").

RECITAL

(A) This Deed is entered into in compliance with clause 2.9 (*Further assurance*) of the royalty agreement between the Grantor, the Royalty Holder and the Grantor Guarantors dated [*insert date of Agreement*] as such agreement has been or may be amended, supplemented or novated from time to time (the "**Agreement**"). Unless otherwise defined in this Deed, capitalised terms used herein shall have the meanings ascribed to them in the Agreement.

(B) [MineCo/Grantor] is proposing to extend, renew, convert or substitute a Mining Right described in Schedule 1 of the Agreement for a new Mining Right [*insert details of the new Mining Right*] (the "**New Mining Right**").

IT IS AGREED as follows:

1. [MineCo/Grantor] agrees that the rights, obligations and terms of the Agreement applies to the New Mining Right from the date of this Deed as if such New Mining Right is a 'Mining Right' under the Agreement, and the 'Mining Area' shall be construed accordingly.

2. This Deed is made for the benefit of:

   (a) the original Parties to the Agreement; and

   (b) any other Person or Persons who after the date of the Agreement (and whether or not prior to or after the date of this Deed) adhere to the Agreement.

3. Clauses 1 (*Definitions and Interpretation*), 21 (*Dispute Resolution*) and 22 (*Applicable Law*) of the Agreement shall apply to this Deed as if set out in full herein.

IN WITNESS WHEREOF, the New Party has **EXECUTED** and **DELIVERED** this agreement as a **DEED** on the date first above written.

SIGNED BY [*INSERT NAME OF AUTHORISED SIGNATORY*] for and on behalf of **[*MINECO/GRANTOR*]**	))))	________________________________

In the presence of:

Signature of witness: ______________________________

Name of witness:

Occupation of witness:

Address of witness:

Schedule 5

Subordination Principles

1 Basic funding structure

1.1 The basic structure of the royalty transaction is as follows:

(a) The Horizonte Minerals Group will set up a new subsidiary in a treaty jurisdiction (**NewCo**) which will be an affiliate of the immediate owner of MineCo.

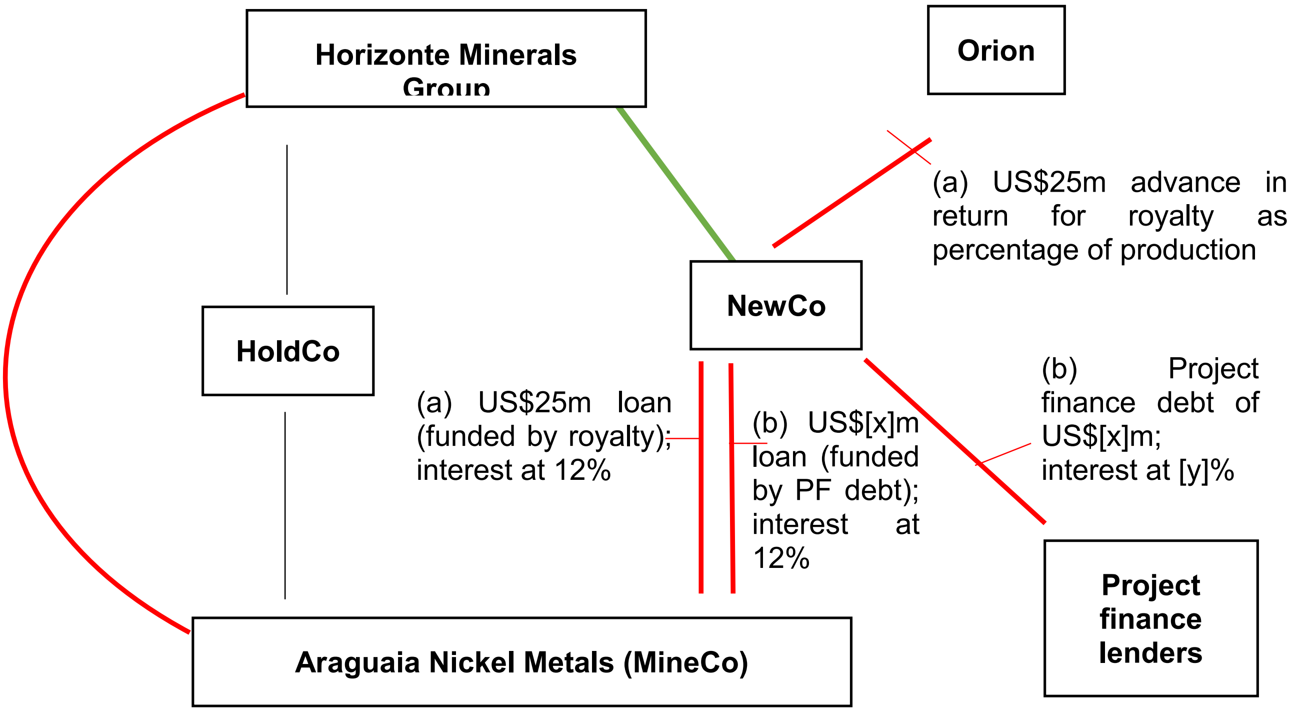
(b) NewCo will enter into a royalty agreement with Orion, pursuant to which NewCo will receive the royalty purchase price of US$25 million. Although NewCo will be the intended payor of the royalty in the ordinary course of business, MineCo will be jointly and severally liable to pay it.

(c) NewCo will lend US$25 million to Araguaia Nickel Metals Ltd (**MineCo**) at an interest rate of 12%. NewCo will fund the loan from the royalty purchase price received from Orion. NewCo will grant security over the loan to Orion.

(d) MineCo, Horizonte Mineral PLC (**Parent**), Horizonte Exploration Ltd, Horizonte Minerals (IOM) Ltd, Horizonte Nickel (IOM) Ltd, Araguaia Niquel Metais Ltda, Cluny (IOM) Ltd and Typhon Brasil Mineracao Ltda will provide guarantees (**Guarantors**) (see para 2 for details), to Orion of NewCo's obligations under the royalty agreement.

1.2 When the project finance is raised, the project finance lenders (the PF Lenders) will lend into NewCo and NewCo will on-lend the funds to MineCo.

1.3 This is the basic structure, assuming both those phases have been implemented:



2 Security

2.1 MineCo will offer all asset security (including over its mining licence, its title to land, fixed assets etc) for its obligations under the Royalty Agreement.

2.2 The following share security will be offered to Orion for MineCo's obligations under the Royalty Agreement:

(a) Horizonte Minerals (IOM) Ltd will offer share security over its shares in each of Horizonte Nickel (IOM) Ltd and Cluny (IOM) Ltd;

(b) Horizonte Nickel (IOM) Ltd will offer share security over its shares in MineCo;

(c) Cluny (IOM) Ltd will offer share security over its shares in Typhon Brasil Mineracao Ltda; and

(d) Horizonte Minerals plc will offer share security over its shares in the Grantor.

2.3 NewCo will offer security over the on-loan to MineCo to Orion as security for the funds received from Orion. Orion will also be granted security over any shareholder loans to any of the abovementioned Horizonte group companies (as well as Horizonte Exploration Ltd (UK)) and all providers of such loans will subordinate their rights and interests in relation to all such loans to Orion.

2.4 The security granted in favour of Orion will be held by a security agent (the **Security Agent**) for the benefit of Orion. The Security Agent will need to be a Brazilian entity, in case it needs to take ownership of the mining licence on enforcement of the security. The costs of the Security Agent will be for the Grantor's account.

2.5 When entering into the royalty agreement, Orion and the Security Agent will agree with MineCo and NewCo that, when NewCo raises project finance debt, the following principles will apply:

(a) The group companies will grant the same security offered to Orion to the PF Lenders.

(b) Orion will not be required to release and retake its security over the Brazilian assets. Instead, Orion's security will be amended so that it secures both Orion and the PF Lenders on the basis of the ranking described in paragraph 3.7 below. This does not affect the hardening period in respect of Orion's security as, once the security is registered, it cannot be challenged on MineCo's insolvency. The security document will be amended to provide for the order of priority of sharing of enforcement proceeds set out in these principles. The position on share security needs to enable the banks to share security as per paragraph 3.7. How this is done may differ in each jurisdiction.

(c) Orion will enter into a security sharing and intercreditor agreement with the PF Lenders, the Security Agent, NewCo and MineCo to implement the other principles set out in this paper, including the order of priority of sharing of enforcement proceeds and the principles set out in paragraph 3 (the **SSIA**).

2.6 When MineCo grants security in favour of the PF Lenders, it will grant it in favour of the Security Agent (the same Security Agent as holds Orion's security) for the benefit of the PF Lenders.

3 Permitted enforcement

3.1 Orion will only be entitled to exercise any right it may have to enforce its security (to the extent enforcement has not already been required by the PF Lenders) in the following circumstances (and subject to any applicable grace periods under clause 12.1 of the royalty agreement in respect of the relevant circumstances):

(a) the royalty agreement in respect of MineCo, or any of Orion's security granted by MineCo, becomes invalid or unenforceable or is repudiated or extinguished or any party other than Orion lawfully purports or seeks to repudiate or extinguish any of it or make any of it invalid or unenforceable, or the SSIA has not been entered into with the PF Lenders when required per 2.5(c) above;

(b) any of the secured assets forming a material part of the Mining Operations or Property under Orion's security granted by MineCo are expropriated, relinquished, withdrawn, repudiated or cancelled by any authority or any authority purports or seeks to do so;

(c) any insolvency event occurs which will result in the royalty agreement in respect of MineCo, or any of Orion's security granted by MineCo, becoming invalid, unenforceable, repudiated or extinguished; or

(d) the PF Lenders have not complied with any of paragraphs 3.32 to 3.45.

After service of a notice on the PF Lenders that an event referred to in paragraph 3.1 has occurred, Orion shall be entitled to exercise any right it may have to enforce its security:

(i) in respect of an event under paragraph 3.1(a), five (5) days after service of notice;

(ii) in respect of an event under paragraphs 3.1(b), 90 days after service of notice; and

(iii) in respect of an event under paragraphs 3.1(c) or (d), at any time following service of notice,

such periods to include any applicable grace periods under clause 12.1 of the royalty agreement in respect of such events.

3.2 The PF Lenders will be entitled to accelerate their debt and enforce their security in accordance with its terms, subject to paragraphs 3.3 to 3.45.

3.3 If the royalty agreement has not been terminated or has been terminated in connection with one of the circumstances set out in para 3.1, the PF Lenders shall only be entitled to enforce any security over Mineco's assets if they procure that either (i) the purchaser of the relevant asset undertakes to be bound by NewCo's and MineCo's obligations under the royalty agreement or (ii) before such purchase Orion is paid an amount equal to the aggregate amount that would be due under clause 12.2(a) and (b) of the royalty agreement following a Termination Notice.

3.4 If the royalty agreement has not been terminated or has been terminated in connection with one of the circumstances set out in para 3.1, the PF Lenders will agree to either (i) vote against and not to take any step in support of any restructuring plan or other insolvency process (and not to take any other action) to extinguish or avoid the royalty agreement or Orion's security or any guarantee in favour of Orion or that would have equivalent effect to any of the foregoing (without prejudice to the PF Lenders' rights to accelerate any of their debt or enforce any of their security in accordance with the principles set out in this paper), and without any restrictions or obligations for the PF Lenders with respect to any process in which they cannot vote or take any other step that can have the effect of procuring a specific outcome of such process or (ii) before voting on or taking any such step, procure that Orion is paid an amount equal to the aggregate amount that would be due under clause 12.2(a) and (b) of the royalty agreement following a Termination Notice.

3.5 If the royalty agreement has not been terminated or has been terminated in connection with one of the circumstances set out in para 3.1, to the extent within the PF Lenders' control, they will either (i) not allow a change of control of MineCo unless the new owner of MineCo and parent guarantor (to be of at least similar standing to the existing parent guarantor) and MineCo enter into a royalty agreement and guarantee in favour of Orion on the same terms nor allow the Project to be transferred unless the transferee and parent guarantor (to be of at least similar standing to the existing parent guarantor) enter into a royalty agreement and guarantee in favour of Orion on the same terms; or (ii) before any such change of control or transfer, procure that Orion is paid an amount equal to the aggregate amount that would be due under clause 12.2(a) and (b) of the royalty agreement following a Termination Notice. Nothing in this paragraph 3.4 will impose any restrictions or obligations on the PF Lenders with respect to any process in which they cannot vote or take any other step that can have the effect of procuring a specific outcome of such process.

3.6 The enforcement of any security will be undertaken by the Security Agent in accordance with the above principles.

3.7 Proceeds of the assets subject to the security to be held by the Security Agent for the PF Lenders and Orion (whether the security was granted for the benefit of the PF Lenders or Orion or both) will be distributed:

(a) first, in respect of all enforcement costs of the Security Agent;

(b) secondly on a pro rata and pari passu basis between (i) the PF Lenders in respect of all outstandings under the PF Lenders' finance documents (subject to such order of priority between such outstandings as the PF Lenders may agree with NewCo) and (ii) Orion in respect of an amount equal to the Adjusted Royalty Purchase Price (as defined below); and

(c) then in respect of all other outstandings due to Orion under the royalty agreement.

For the purposes of this paragraph 3.7, the **Adjusted Royalty Purchase Price** means:

(a) the royalty purchase price payable under the royalty agreement;

(b) multiplied by:

(i) until royalty receipts totalling US$50 million have been received under the royalty agreement, 13% per annum; and

(ii) at all times thereafter, 10% per annum; less

(c) royalty receipts under the royalty agreement,

provided that:

(i) the Adjusted Royalty Purchase Price shall be no lower than $12.5 million; and

(ii) in the event of any refinancing of the Project Financing or additional senior debt, the royalty purchase price shall instead be multiplied by Y%:

(A) where Y = the percentage increase in the invested amount of the debt i.e. refinanced amount / Project Finance amount

E.g. Y = $400m / $300m = 1.33

Royalty Purchase Price = $25m

Carrying Value of Royalty = $25m x 1.33 = $33.33m

3.8 Orion's other rights under the royalty agreement, including to terminate, may be exercisable by Orion at any time (but, subject to paragraphs 3.1 and 3.7, without any recourse to its security). However, following those rights being exercised, Orion will not petition to have MineCo or a guarantor of MineCo wound-up for at least 120 days after notice from Orion to MineCo and the PF Lenders.

4 Pre-enforcement ranking of royalty payments

4.1 The SSIA will require that the PF Lenders allow regular payments under the royalty agreement (but not any termination payment) to rank as operational expenditure (before service of the PF Lenders' debt) pre-enforcement.

5 Amendments and waivers

5.1 Subject to paragraphs 3.3 to 3.47 above, the PF Lenders will be entitled (with NewCo's consent) to amend or waive the terms of their finance documents without Orion's consent, except where such amendment or waiver would have the effect of discharging any security Orion benefits from or making such security unenforceable or there is a material threat of that happening. If new financing is added then the new lenders will accede to the SSIA (or another intercreditor agreement on the same terms) and thereby have the same, but no greater, rights and obligations under the SSIA as the PF Lenders have as at the moment immediately prior to the additional financing. Such new lenders will benefit from the same, but no better, security as the PF Lenders have as at the moment immediately prior to the new financing. If additional financing is provided by the existing PF Lenders they will confirm that the SSIA applies also to such additional financing. NewCo will bear Orion's reasonable and documented costs of agreeing such additional documentation. The total amount of MineCo's debt to PF Lenders (and under any refinancing) shall not exceed \$550m for the 'phase1' project (i.e. excluding future expansion costs).

5.2 Orion will be entitled (with NewCo's consent) to amend or waive the terms of the royalty agreement without the PF Lenders' consent, except where such amendment or waiver would or could have the effect of:

(a) increasing the amount of the regular royalty payments by more than 25% or increasing the principal amount of the royalty by more than 25%;

(b) discharging their security or making such security unenforceable; or

(c) changing the pre-enforcement ranking of regular royalty payments referred to in paragraph 4 above.

6 Refinancing of PF Lenders' debt

6.1 Orion shall, without requiring the payment of any fee but with payment by NewCo of its reasonable and documented costs, facilitate the refinancing of the PF Lenders' debt by permitting the provider of the new debt to:

(a) accede to the SSIA (or another intercreditor agreement based on the same principles described herein) and thereby have the same, but no greater, rights and obligations under the SSIA as the PF Lenders have as at the moment immediately prior to the refinancing; and

(b) benefit from the same, but no better, security as the PF Lenders have as at the moment immediately prior to the refinancing.

Schedule 6

Monthly Report

The following is a template that may not be suitable for *all* construction projects but provides a general outline for the criteria that Orion requests for monthly progress reporting. It is understood that each project is uniquely different. Modify where appropriate and necessary.

Provide any additional monthly information that will further Orion's understanding of the project construction progress and challenges. Inquire before omitting any category. Copy and paste charts and graphs using appropriate methods that retain the image quality and readability. All tabular data should also be provided in Excel format.

Although internal reporting protocols may be different, the below items must be included in the same or similar format.

Summary of Monthly Activities

Summarize any developments, opportunities, challenges, and successes encountered during the reporting month.

- Explain any variances along with the planned mitigation plan.
- All statements of project variance should be accompanied with relevant context and explanation why the target was or was not met.
- Summarize upcoming events or achievements that will be part of the next month's schedule.

Delivery of Monthly Report

The monthly report is due 10 business days following the completion of the reporting month.

Health & Safety

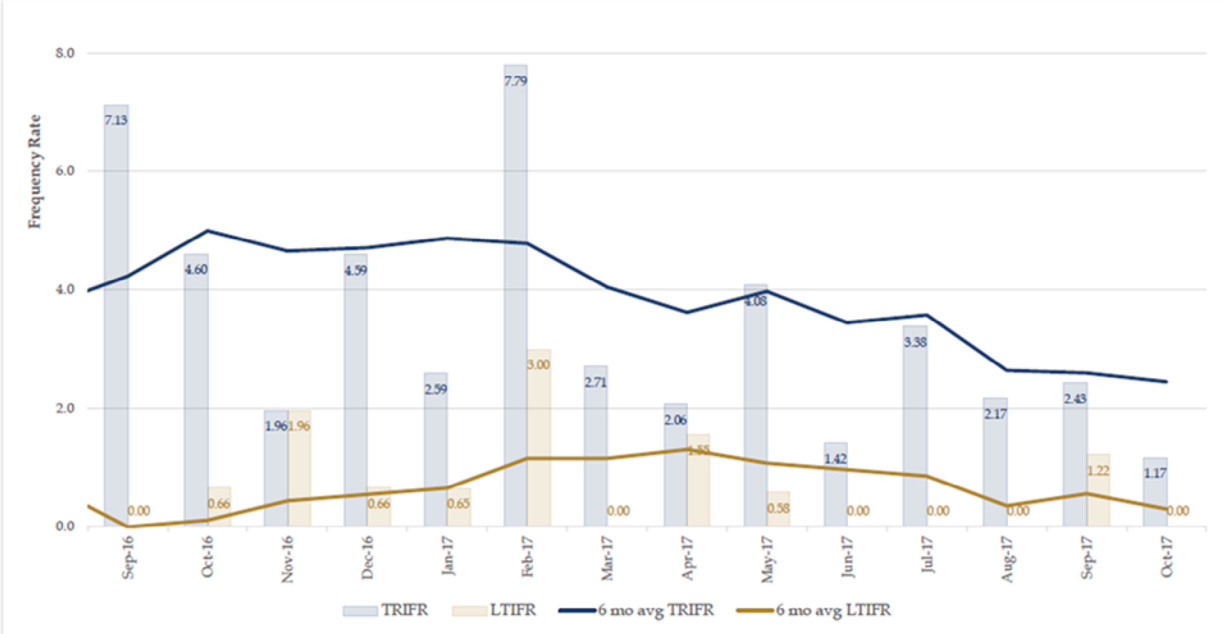
Provide a summary of proactive steps taken to foster a culture of worker health and wellbeing, including the following:

- A tabulation of leading indicators, such as safety meetings and trainings.
- A tabulation of worker hours, lost time injuries (LTI), LTI free days, recordable injuries LTI + medical treatment injuries (MTI) with the LTI and MTI rates and target rates. LTI frequency rate and Recordable Injury frequency rates (RIFR) and targets.

The report must also include a written description of any LTI and corrective measure taken.

The above should be accompanied by graphic trends, an example of the table format and graphic are shown below.

Category	Actual-Month	Budget-Month	% Deviation from Budget (A-B)/B	Actual-12 Month Running Total	Budget-12 Month Running Total
Hours					
Lost Time Injuries					
Medical Treatment Incidents					
First Aid Treatments					
Recordable Injuries (LTI + MTI)					
Near Miss Incidents (High Potential)					
LTIFR					
RIFR					



TRIFR: Total Recorded Injury Frequency Rate = (LTI + DI + MTI) × 200,000 / Hours Worked
LTI: (# of LTI's) × 200,000 / Hours Worked

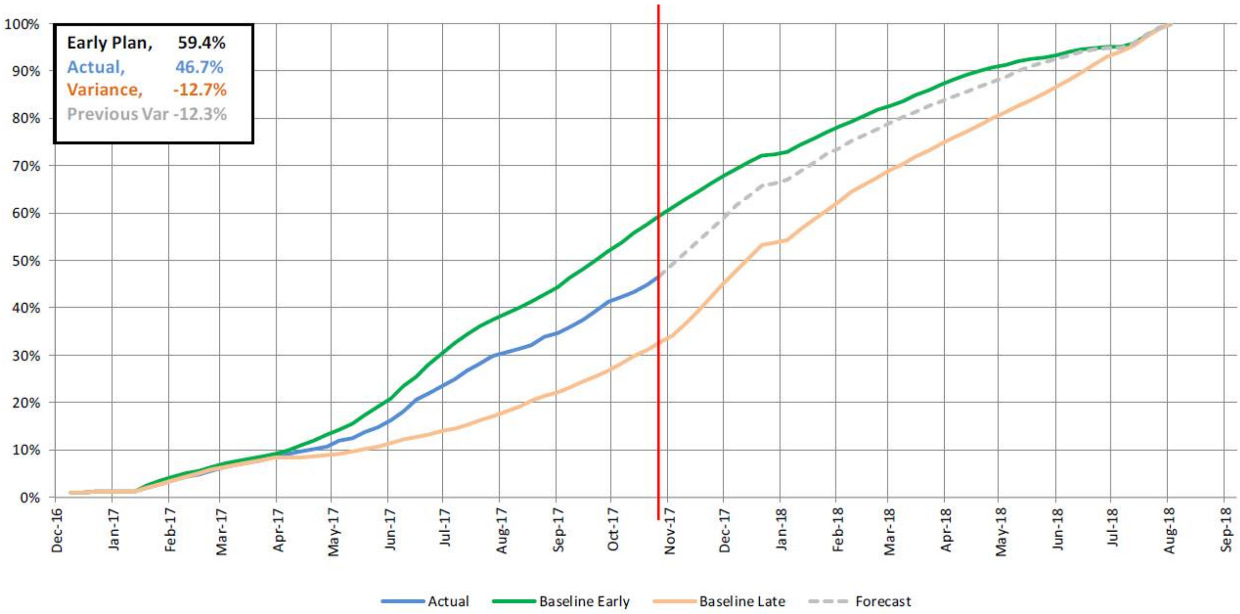
Project Progress and Schedule

Provide discussion for the following:

- Basic and detailed engineering
- Procurement
- Fabrication
- Logistics
- Construction
- Commissioning

Discussions should include S-curves (including actual, variance, and early plan) for each of the above (or similar) items and an overall project completion S-curve. For example the detailed engineering discussion should include number drawings completed, the procurement discussion should include tender documents, contracts awarded, etc.

Category	Weight%	Current Period Base Line Early	Current Period Actual	Previous Period Base Line Early	Previous Period Actual	Current Variance	Previous Variance	Growth (PV-CV)
Overall	100							
Engineering & Design								
Procurement								
Fabrication								
Delivery								
Construction								
Commissioning								



There should also be a detailed discussion of the project schedule including the critical path and a summary of the schedule for the next 30 days. Include a discussion of achievements of critical milestones.

Costs

Provide a discussion of original vs. current budget estimates as well as a discussion of committed expenditures vs. forecast expenditures, see example table below. Costs per the WBS with date of budget estimate clearly labelled.

Work Area and WBS Code	Original Budget	Approved Changes	Current Budget	Total Commitment	Forecast to Complete	Forecast Final Cost
1000						
2000						
3000						
5000						
5000						
Contingency						
Escallation						
Forex						
Savings						
Project Area						
Total						

Provide an overall cost variance table, an example of which is provided below.

Variations / Scope Changes	Cost
Total	**$**
Variation / Scope Changes	$
Contingency	$
Savings	$
Committed Cost	$
Future Expected Commitments	$
Potential Variantion / Over Runs-Sub Total	$
Item A	$
Item B	$
Item C	$
Potential Savings-Sub Total	$
Item A	$
Item B	$
Item C	$
Forecast Final Cost	$
Contingency (Forecast)	$
Potential Savings	$

Operational Readiness

Provide discussion of operational readiness specific to the project. Describe the handover from project construction the operations team. This section will be required as project construction nears completion.

Environmental, Permitting and Community Relations

A summary of permitting status along with a tabulation of permits, relevant dates and permit status.

Permit	Description	Date of Submission	Est. Date of Approval	Status	Expiry

Include discussion of environmental and community relations programs/activities in line with your

Land Acquisition

An overview of land acquisition status, including timeline versus target.

ABC Considerations

Confirm that there have been no incidents reported or identified with respect to the Company's Anti-Bribery and Anti-Corruption policy ("ABC Policy") or any known violations of applicable anti-corruption or anti-bribery laws or regulations. All transfers and expenditures where initiated and completed pursuant to the Company's internal policies and have been appropriately accounted for. There have been no incidents, reported or otherwise known, that were analyzed pursuant to the Company's ABC policies during the period.

Financial

Overview of key financial matters, including current cash versus budget, status of project finance, access to capital, etc.

Sales and Marketing

Overview of marketing work performed during the month.

Risk Register

Provide a table identifying material project risks, mitigation actions, and estimated time and budget to reduce the identified risks. Rank by highest impact to lowest. Provide an assessment of schedule risk, cost, and likely if mitigated and if not mitigated.

Risk	Mitigating Action	Estimated Time to Resolution	Estimated Budget to Resolution