

THIS **AGREEMENT** made as of 14th day of September, 2020

BETWEEN:

1200164 B.C. Ltd. dba Avalon West Acquisitions
1080 - 789 W Pender Street
Vancouver BC V6C 1H2

(herein referred to as the “**Optionee**”)

- and -

Ronald S. Fisher
[Redacted: Residential Address]

and

George E. Nicholson
[Redacted: Residential Address]

(hereinafter collectively referred to as the “**Optionors**”)

AND WHEREAS the Optionee wants an option to acquire a one hundred percent (100%) legal and beneficial ownership interest in the mineral property called the AT Mining Project and the mineral claims described in Schedule “A” from the Optionors (the “**Property**”);

NOW THEREFORE, In consideration of the payment by the Optionee of the sum of \$10.00 to the Optionors and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Optionors, the Optionors and the Optionee hereby agree as follows:

INTERPRERATION

This agreement (the “**Agreement**”) shall, upon its acceptance, set forth the terms and conditions upon which the Optionors shall grant to the Optionee an option to acquire 100% of the legal and beneficial ownership interest in the Property.

Capitalized words have the meanings given to them in the text of this Agreement and in Schedule “B”, as applicable.

1. THE PROPERTY

1.1 The Property. The Property is comprised of mineral claims as more particularly described in Schedule “A”.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations of the Optionors. The Optionors represent and warrant to the Optionee as follows, which representations and warranties shall be true at the time the Option is granted and at the time the Option is exercised:

- (a) The Optionors are the registered and beneficial owners of the mining claims comprising the Property. Ronald Fisher is the sole registered owner of the claims comprising the Property. The Optionors are the only beneficial ownership of the property with each owning the following percentages: Ronald Fisher 50%, and George Nicholson 50%.

- (b) the mineral claims comprising the Property are validly located, duly recorded and in good standing, free and clear of all Encumbrances and underlying interests whatsoever;
- (c) the Optionors have obtained all necessary governmental and other authorizations for the execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under the terms or provisions of any law or other instrument which it is a party or by which it or the Optionors' interest may be bound;
- (d) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which directly or indirectly relate to or affect the mineral claims of the Property or the interests of the Optionors therein nor are the Optionors aware of any acts that would lead them to suspect that the same might be initiated or threatened;
- (e) there are no outstanding agreements or options to purchase or otherwise acquire the Property or any portion thereof of any interest therein, and no person has any royalty or other interest whatsoever in the production from or profits earned from any of the mineral claims comprising the Property subject to the Underlying Royalty;
- (f) the Optionors are legally entitled to hold their interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by them and necessary for the exploitation of the Property, and will remain so entitled for so long as it holds any interest in the Property;
- (g) upon exercise of the Option, the Optionors will have the legal right and authority to transfer title to an undivided 100% legal and beneficial ownership interest in the Property to the Optionee;
- (h) there are no obligations or commitments for reclamation, closure or other environmental corrective, clean-up or remediation action directly or indirectly relating to the Property;
- (i) no environmental audit, assessment, study or test has been conducted on the Property by or on behalf of the Optionors nor are the Optionors aware after reasonable inquiry of any of the same having been conducted by or on behalf of any governmental authority or by any other person;
- (j) no proceedings are pending for, and the Optionors are unaware of any basis for the institution of any proceedings leading to, the placing of the Optionors in bankruptcy;
- (k) the Optionor hereby represents and warrants that it has sourced Qualified Persons (as such term is defined in National Instrument 43-101 *Standard of Disclosure for Mineral Projects* ("NI 43-101")) to visit the Property and author a NI 43-101 compliant technical on the Property (the "Technical Report");
- (l) The Technical Report will contain such information and work recommendations as are required to support a public listing of the Optionee or one of its Affiliates as a tier 2 mining issuer as determined by the policies of the TSX Venture Exchange; and
- (m) Neither Optionors have staked, acquired or acquired an interest, by option or joint venture, in a mineral claim or any other form of mineral tenure located wholly or partly in the Area of Interest (as defined below).

2.2 Representations of the Optionee. The Optionee represents and warrants to the Optionor as follows:

- (a) it has been duly incorporated and is a valid and subsisting body corporate under the laws of its jurisdiction of incorporation and is duly qualified to carry on business and to hold an interest in the Property;

- (b) no proceedings are pending for, and it is unaware of any basis for the institution of any proceedings leading to, its dissolution or winding up or the placing of it into bankruptcy or its subjection to any other law governing the affairs of bankrupt or insolvent persons;
- (c) it has full right, power and authority to enter into and accept the terms of this Agreement and to carry out the transactions contemplated therein; and
- (d) the shares issued under section 4.2 will, at the time of delivery to the Optionor, be duly authorized and validly allotted and issued as fully paid and non-assessable common shares of the Optionee.

3. **CONDITIONS PRECEDENT**

3.1 Intentionally removed.

4. **GRANT AND EXERCISE OF OPTION**

4.1 Grant of Option. The Optionors hereby grant to the Optionee the sole and exclusive right and option (the “**Option**”) to acquire an undivided 100% legal and beneficial ownership interest in and to the Property free and clear of all charges, encumbrances and claims.

4.2 Exercise of Option. The Optionee will be deemed to have exercised the Option upon:

- (a) the Optionee paying an aggregate maximum of \$260,000 to the Optionors as follows:
 - (i) \$10,000 on signing of this Agreement; and
 - (ii) 10% of Exploration Expenditures to be paid within 90 days of the completion of the work program during which such Exploration Expenditures were incurred up to a maximum aggregated amount of \$250,000 in payments.
- (b) the Optionee, or a successor or affiliate thereof (the “**Affiliate**”) whose shares are listed on a stock exchange in Canada that results from a Reorganization (as defined below), issuing an aggregate 300,000 common shares (the “**Shares**”) to the Optionors upon achieving a public listing where the Property is the “Qualifying Property” as such term is defined in the TSX Venture Exchange policies.

4.3 Positive Feasibility Decision: A Positive Feasibility Decision, the filing by the Optionee of a Feasibility Report with respect to the Property drafted in accordance with NI 43-101 which incorporates CIM standards, will result in the payment to the Optionors of 1,200,000 Shares.

4.4 Resale Restrictions of the Shares. The Optionors acknowledge and agree that the Shares to be issued by the Optionee pursuant to section 4.2(b) will be subject to resale restrictions pursuant to applicable securities laws, including the following resale restrictions, and consents to the placement of a legend or legends on any certificate or any other document evidencing any of the Shares setting forth or referring to the restrictions on transferability:

- a) the Shares will be subject to a hold period under National Instrument 45-102 (“NI 45-102”) and the Optionors cannot trade the Shares before the date that is four months and a day after the later of the distribution date and the date the Optionee becomes a reporting issuer in any province or territory in Canada.
- b) The Optionors acknowledges that, if issued, the Shares will be issued pursuant to an exemption from the prospectus requirements of applicable securities laws, and that, as a result, the Shares will be subject to restrictions on resale imposed by securities legislation until: (a) all applicable resale restrictions have been satisfied and the applicable statutory hold period has expired in accordance with NI 45-102; (b) a further statutory exemption under National Instrument 45-106 or applicable securities legislation is available; (c) an appropriate discretionary order under applicable securities

legislation is obtained; or (d) the Optionors, if a control person, has satisfied all conditions related to sales by control persons set out in NI 45-102 or the applicable securities legislation.

4.5 Determination of Exploration Expenditures. Exploration Expenditures shall be deemed to have been incurred by the Optionee when the Optionee has expended funds or has received goods or services from third parties for which the Optionee has an obligation to make payment, whether or not payment has been made. Where Exploration Expenditures are charged to the Optionee by an Affiliate of the Optionee for services rendered by such Affiliate, such Exploration Expenditures shall not exceed the fair market value of the services rendered.

4.6 Excess of Exploration Expenditures. Exploration Expenditures have no annual minimum or maximum so long as the Project is kept in good standing. The Optionee shall be under no obligation to incur any Exploration Expenditures.

4.7 Make-up Right. There are no make up rights on expenditures annually so long as the Property is kept in good standing.

4.8 Recording Agreement. This Agreement shall be recorded by the Optionee in the provincial government offices in order to give notice to third parties of the Optionee's interest in the Property and this Agreement. Each party covenants and agrees to the other to execute such documents as may be necessary to perfect such recording.

4.9 Exercise of Option. Upon exercise of the Option the Optionors shall cause the Optionee to be recorded as the registered owner of the mineral claims that comprise the Property.

5. ROYALTY

5.1 Royalty. The Optionee shall pay an aggregate of a 2.5% Net Smelter Royalty to the Optionors upon commencement of Commercial Production.

5.2 Royalty Purchase Option. The Optionee shall have the right to purchase 0.50% of the Net Smelter Royalty at any time upon payment of an aggregate of \$1,000,000 to the Optionors to be paid in the form of Shares. The Optionee shall have the right to purchase an additional 0.50% of the Net Smelter Royalty at any time upon payment of an aggregate of \$3,000,000 to the Optionors to be paid in the form of Shares.

5.3 Advance Royalty. An advance royalty of \$10,000 per year shall be payable to the Optionors commencing annually after the seventh anniversary of the Trading Date.

6. INDEMNIFICATION

6.1 Optionors' Indemnification. The Optionee shall not be responsible for any loss, liability, claim, demand, damage, expense, injury or death (including, without limiting the generality of the foregoing, legal fees) resulting from any claims, environmental or otherwise (the "Liabilities"), in respect of activities conducted on the Property by any other parties, including the Optionors prior to the date of this Agreement, and the Optionors shall indemnify and save the Optionee and its directors, officers, employees, consultants and agents harmless from and against any Liabilities resulting from any such claims upon the Property, up to the date of this Agreement.

6.2 Optionee's Indemnification. The Optionee shall indemnify and save the Optionors and its directors, officers, employees, consultants and agents harmless from and against any Liabilities in respect of activities conducted on the Property by any other parties, including the Optionee, other than the Optionors, after the date of this Agreement.

7. RIGHTS AND OBLIGATIONS

7.1 Work Program during Option Phase. The Optionee at its sole election, shall have the right to manage and operate its work programs in connection with exercising the Option and all such work programs shall be in the sole discretion of the Optionee. The Optionee is under no obligation to incur any Exploration Expenditures.

7.2 Additional Rights. For so long as the Option is outstanding, the Optionee, its Affiliates, employees, representatives, agents and independent contractors shall have the right:

- (a) to access all information in the possession or control of the Optionors relating to the prior operations of the Property, including all geological, geophysical and geochemical data and drill results;
- (b) to enter upon the Property and carry out such exploration and development work thereon and thereunder as the Optionee considers advisable, including removing material from the Property for the purpose of testing; and
- (c) to bring upon and erect upon the Property such structures, machinery and equipment, facilities and supplies as the Optionee considers advisable.

7.3 Optionors' Access. The Optionors shall have access to the Property, concurrently with the Optionee, at all reasonable times, at the Optionors' own risk and expense, for the purpose of inspecting the work being done by the Optionee, provided such inspection does not unduly interfere with any work being carried out by or on behalf of the Optionee.

7.4 Optionee Obligations. For as long as the Option is outstanding, the Optionee shall:

- (a) maintain in good standing those mineral claims comprising the Property by the doing and filing of assessment work or the making of payments in lieu thereof, by the payment of taxes and rentals, and the performance of all other actions which may be necessary in that regard and in order to keep such mineral claims free and clear of all liens and other charges arising from the Optionee's activities thereon except those at the time contested in good faith by the Optionee;
- (b) record all exploration work carried out on the Property by the Optionee as assessment work;
- (c) do all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority;
- (d) in the event of termination of the Agreement, the reclamation bond, if any, then in place will be maintained by the Optionee until a mines inspector has confirmed that all reclamation requirements have been satisfied;
- (e) permit the Optionors, at its own expense, reasonable access to the records of expenditures and the results of the work done on the Property during the last completed calendar year;
- (f) deliver to the Optionors, annually on or before each anniversary date of this Agreement, copies of all reports, maps, assay results and other technical data compiled by or prepared at the direction of the Optionee with respect to the Property; and
- (g) ensure a minimum of one (1) year of assessments are maintained at all times; and
- (h) use commercially reasonable efforts to communicate with and inform the applicable government, First Nations and any other interested parties, as required by applicable law, in connection with its exploration activities on the Property.

8. TERMINATION OF OPTION AND AGREEMENT

8.1 Termination. In addition to its rights of termination under section 3, the Option shall terminate:

- (a) at any time, by the Optionee giving thirty days notice of such termination to the Optionors; and

- (b) if the Optionee has failed to make the payments or issue the Shares as required pursuant to section 4.2 of this Agreement, upon the Optionors giving thirty days notice of such default to the Optionee,

8.2 Effect of Termination. If the Optionee or the Optionor give such notice of terminate as set out in section 8.1 of this Agreement, this Agreement shall terminate and no further obligations or liabilities to the Optionor (including in respect of any Exploration Expenditures).

8.3 Events on Termination. If the Option is terminated:

- (a) the Optionee shall deliver or make available at no cost to the Optionors within 90 days of such termination, all drill core, copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of the Optionee with respect to the Property and not theretofore furnished to the Optionors;
- (b) the Optionee shall perform all reclamation work as is deemed by the District Inspector of Mines to be necessary related solely to any work the Optionee performs on the Property; and
- (c) the Optionee shall have the right, within a period of 180 days following the end of the Option, to remove from the Property all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of the Optionee, and any such property not removed within such 180 day period shall thereafter become the property of the Optionors. Any such Property remaining on the Property after the 180 day period may, at the Optionors discretion, be removed by the Optionors and the costs incurred in such removal may be charged to the Optionee.

9. AREA OF INTEREST

9.1 Area of Interest. If either party or any of its Affiliates stakes, acquires or acquires an interest, by option or joint venture, in a mineral claims or any other form of mineral tenure (the "AOI Tenure") located wholly or partly in an area (the "Area of Interest") within five kilometres from any portion of the Property as it exists at the date of execution of this Agreement, the acquiring party shall forthwith give notice to the other party of such staking or acquisition, the costs thereof and all details in its possession with respect to the nature of the AOI Tenure and the known mineralization thereon. Upon delivery of such notice, the other party may elect by notice to the acquiring party to require that such AOI Tenure be included in and thereafter form part of the Property. If the Optionee so elects and if such AOI Tenure was staked or acquired by the Optionee or any of its Affiliates, the staking or acquisition costs shall not constitute Exploration Expenditures. If the Optionee so elects and if such AOI Tenure was staked or acquired by the Optionors or any of its Affiliates, the Optionee shall reimburse the Optionors for the staking or acquisition costs, which reimbursed costs shall also constitute Exploration Expenditures.

10. CONFIDENTIALITY

10.1 Confidentiality. Each party agrees to keep confidential any and all sensitive information and data ("Confidential Information") concerning the Property and the business and affairs of the other party. Confidential information may not be disclosed to any third party other than an Affiliate (except to the extent required by law or by regulation of any regulatory authority or stock exchange) without the prior written consent of the disclosing party, which consent shall be not be unreasonably withheld. All such Confidential Information in written form and documents will be returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not consummated.

10.2 Survival. The provisions of this Article 10 shall survive any termination of this Agreement and the acquisition of any interest in the Property by the Optionee hereunder.

11. ASSIGNMENT

11.1 Optionee Assignment. The Optionee may at any time either during the Option or thereafter, sell, transfer or otherwise dispose of all or any portion of its interest in and to the Property and this Agreement

provided that any purchaser, grantee or transferee of any such interest shall have first delivered to the Optionors its agreement relating to this Agreement and to the Property, containing:

- (a) a covenant to perform all the obligations of the Optionee to be performed under this Agreement in respect of the interest to be acquired by it from the Optionee to the same extent as if this Agreement had been originally executed by such purchaser, grantee or transferee; and
- (b) a provision subjecting any further sale, transfer or other disposition of such interest in the Property and this Agreement or any portion thereof to the restrictions contained in this section 11.1.

11.2 Optionee Obligations. No assignment by the Optionee of any interest less than its entire interest in this Agreement and in the Property shall, as between the Optionee and the Optionors, discharge it from any of its obligations hereunder, but upon the transfer by the Optionee of the entire interest at the time held by it in this Agreement, whether to one or more transferees and whether in one or in a number of successive transfers, the Optionee shall be deemed to be discharged from all obligations hereunder save and except for the fulfilment of contractual commitments accrued due prior to the date on which the Optionee shall have no further interest in this Agreement.

12. FORCE MAJEURE

12.1 Force Majeure. No party shall be liable to the other party hereto and no party shall be deemed in default hereunder for any failure to perform or delay in performing any of its obligations under this Agreement caused by or arising out of any event (a "force majeure event") beyond the reasonable control of such party, excluding lack of funds but including lack of rights or permission by government authorities or indigenous peoples' groups to enter upon the Property to conduct exploration, development and mining operations thereon, war conditions, actual or potential, earthquake, fire, storm, flood, explosions, strike, labor trouble, accident, riot, unavoidable casualty, act of restraint, present or future, of any lawful authority, act of God, protest or demonstrations by environmental lobbyists or indigenous peoples' groups, act of public enemy, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market or unavailability of equipment. No right of a party shall be affected for failure or delay of a party to perform any of its obligations under this Agreement, if the failure or delay is caused by a force majeure event. All times provided for in this Agreement shall be extended for the period equal to the period of delay. The affected party shall take all reasonable steps to remedy the cause of the delay attributable to the events referred to above, provided that nothing contained in this section shall require any party to settle any labor dispute, protest or demonstration, or to questions or test the validity of any governmental order, regulation, law or claim of right by indigenous peoples' groups. The affected party shall promptly give notice to the other party of the commencement and termination of each period of force majeure.

13. NOTICE

13.1 Notice. Any notice, election, consent or other writing required or permitted to be given hereunder shall be deemed to be sufficiently given if delivered or if mailed by registered air mail or by telegram or fax, or e-mail, addressed as follows.

In the case of the Optionors:

Ronald S. Fisher
[Redacted: Contact Information]

and

George E. Nicholson
[Redacted: Contact Information]

In the case of the Optionee:

1200164 B.C. Ltd. dba Avalon West Acquisitions
[Redacted: Contact Information]

and any such notice given as aforesaid shall be deemed to have been given to the parties hereto if delivered, when delivered, or if mailed, on the tenth Business Day following the date of mailing, or, if telegraphed or faxed, on the next succeeding day following the telegraphing or faxing thereof PROVIDED HOWEVER that during the period of any postal interruption in either the country of mailing or the country of delivery, any notice given hereunder by mail shall be deemed to have been given only as of the date of actual delivery of the same. Any party may from time to time by notice in writing change its address for the purpose of this paragraph. "Business Day" means a day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, Sunday or a day observed as a holiday in Vancouver, British Columbia under the Laws of the Province of British Columbia or the federal Laws of Canada.

14. CAPITAL ADJUSTMENT

14.1 Adjustment of number of Shares. The number of Shares issuable hereunder will be subject to adjustment in the event of and in the manner following:

- (a) If and whenever the Shares at any time outstanding are subdivided into a greater, or consolidated into a lesser, number of Shares, the number of Shares issuable hereunder will be decreased or increased proportionately as the case may be.
- (b) In the case of any capital reorganization or of any reclassification of the capital of the Optionee, or in the case of the consolidation, merger or amalgamation of the Optionee with or into any other company (hereinafter collectively referred to as a "**Reorganization**"), each Share will, after such Reorganization, confer the right to receive the number of Shares or other securities of the Optionee (or of the company resulting from such Reorganization) which the Optionor would have been entitled to upon the Reorganization if the Optionors had been a shareholder of the Optionee at the time of such Reorganization.
- (c) The adjustments provided for in this Section 14.1 are cumulative and will become effective immediately after the applicable record date or, if no record date is fixed, the effective date of the event which results in such adjustments.

15. GENERAL

15.1 Relationship. Nothing in this Agreement shall be deemed to constitute either party the partner, agent or legal representative of the other or to create any fiduciary relationship between them, for any person whatsoever.

15.2 Entire Agreement. This Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

15.3 Currency. All dollar amounts referred to in this Agreement are in Canadian funds, unless expressly stated otherwise.

15.4 Survival and Enurement. This Agreement shall enure to the benefit and be binding on the parties and their respective heirs, executors, administrators, successors and assigns.

15.5 Further Assurances. The parties hereto shall from time to time do such further acts and things and execute such further documents and instruments as may be reasonably required in order to carry out and implement this Agreement.

15.6 Amendments. No modification, variation or amendment of this Agreement shall be effective unless evidenced in writing, executed by both of the parties.

15.7 Applicable Laws. This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

15.8 Severance. If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, such provision may be severed from this Agreement, and the validity, legality and enforceability of the remaining provisions shall not be affected or impaired by reason thereof.

15.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which so signed, whether in original or facsimile or other electronic form, shall be deemed to be an original and bear the dates as set out above and all of which together will constitute one and the same instrument.

If the terms set out in this Agreement are acceptable to you, please sign this Agreement in the designated area below. This Agreement shall then constitute a binding Agreement between us.

SIGNATORY OF THE OPTIONORS

Per: (Signed) "Ronald S. Fisher"
Name: Ronald S. Fisher

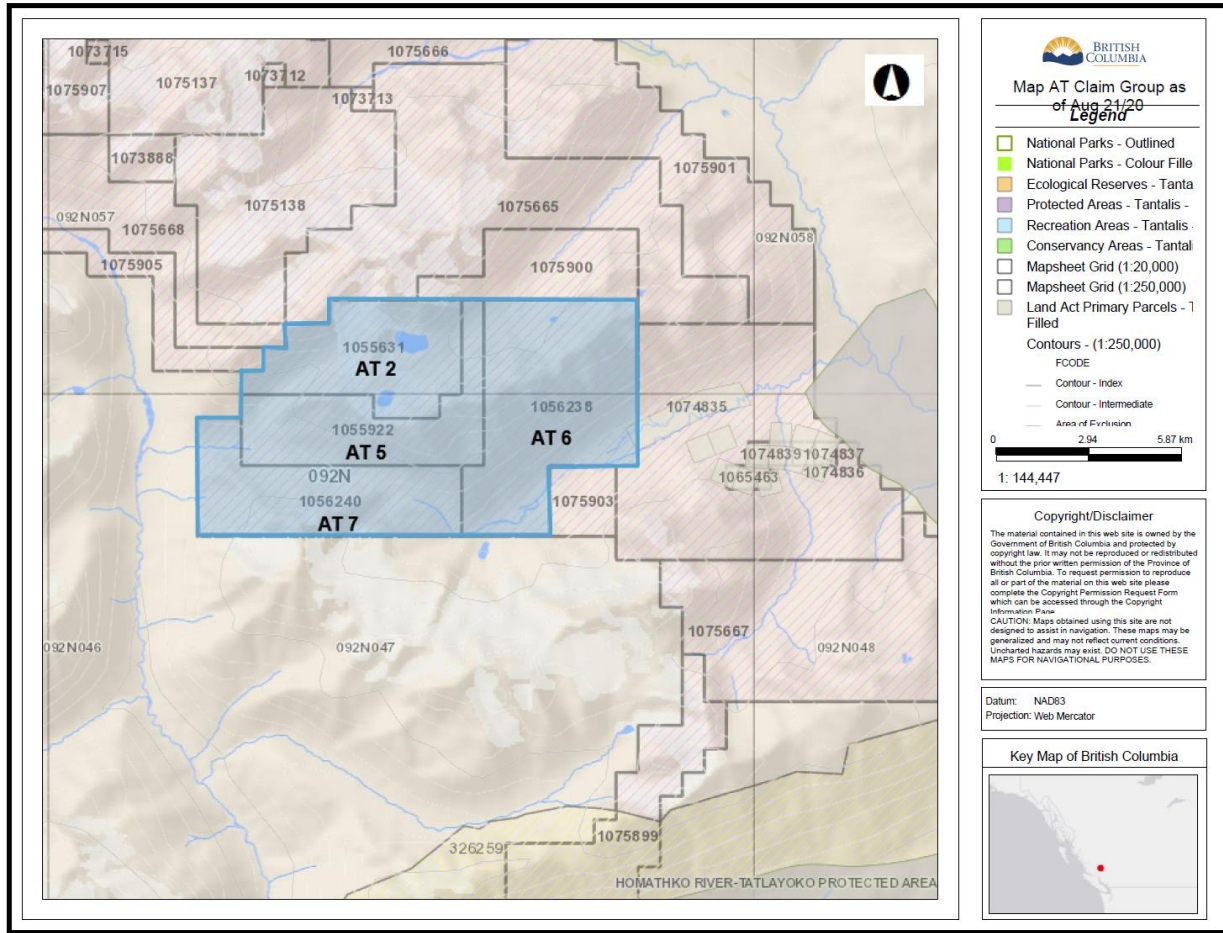
Per: (Signed) "George E. Nicholson"
Name: George E. Nicholson

ACCEPTED AND AGREED TO THIS 14th DAY OF September, 2020

1200164 B.C. Ltd. dba Avalon West Acquisitions

Per: (Signed) "Shayne Taker"
Name: Shayne Taker
Title: Director

Schedule "A"



Details - AT Claims Group as of Aug 21/20

Tenure #	Name	Title Holder	Map	Good to Dec 31/21	Hectares
1055631	AT 2	FISHER, RONALD SIDNEY	092N	PROTECTED	724.19
1055922	AT 5	FISHER, RONALD SIDNEY	092N	PROTECTED	684.12
1056238	AT 6	FISHER, RONALD SIDNEY	092N	PROTECTED	1227.35
1056240	AT 7	FISHER, RONALD SIDNEY	092N	PROTECTED	805.07

3440.73

Schedule "B"

ADDITIONAL DEFINITIONS

For the purposes of this Agreement, unless there is something in the subject matter or content inconsistent therewith:

1. "Affiliate" means a corporation that is affiliated with another corporation as described in the policies of the Exchange.
2. "Agreement" means this agreement and all of the schedules hereto, as may be amended from time to time.
3. "Commercial Production" means:
 - (a) if a mill is located on the Property, the last day of a period of forty (40) consecutive days in which, for not less than thirty (30) days, the mill processed ore from the Property at not less than sixty percent (60%) of its rated capacity; or
 - (b) if no mill is located on the Property, the last day of a period of thirty (30) consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,

but no period of time during which ore is shipped from the Property for testing purposes, and no period of time during which milling operations are undertaken as initial tune-up, shall be taken into account in determining the date of the commencement of Commercial Production.
4. "Encumbrances" means any privilege, mortgage, hypothec, lien, charge, pledge, security interest or adverse claim.
5. "Exchange" means the TSX Venture Exchange or Canadian Securities Exchange.
6. "Exploration Expenditures" means any exploration expenditures resulting or arising from, or relating to, geological and scientific surveys conducted on a mineral property where such surveys advanced a mineral project or enhanced the Optionee's geoscientific database but does not include any of the following costs or expenses: general and administrative, land maintenance, public affairs, required property payments, staking, property or project acquisition, flight expenditures of personnel where the project or property is non-domestic, tax and GST. .
7. "Net Smelter Royalty" The Optionee shall pay an aggregate of a 2.5% Net Smelter Royalty to the Optionor upon commencement of Commercial Production and has the meaning set forth in Schedule "C".
8. "Option" means the option to acquire a 100% undivided interest in and to the Property as provided in this Agreement.
9. "Optionors" Ronald Fisher and George Nicholson are collectively the Optionors of the Property having beneficial ownership with the following percentages: Ronald Fisher 50% and George Nicholson 50%.
10. "Positive Feasibility Decision" means: a Feasibility Study level report from an independent consultant recommending the development of a mine, within the Property, as being economically viable and profitable to exploit the relevant deposit or deposits according to the parameters established in such study, contemplating the maximum prospective development and operation as is reasonable and economically viable according to the data available at the time such study is prepared.

11. "Shares" means common shares in the capital of the Optionee.
12. "Trading Date" means the date the Shares of the Optionee or an affiliate thereof begin trading on an Exchange.

Schedule "C"

NET SMELTER ROYALTY

1. For the purposes of this Agreement, Net Smelter Royalty means the gross proceeds received from the sale of ores or concentrates (the "Productions") extracted from the Property less the following costs, charges and expenses paid or incurred by the Optionee with respect to such Products:
 - (a) all charges for treatment of the Products in the smelting and refining process (including handling, processing, and provisional settlement fees, sampling, assaying and representation costs, penalties and other processor deductions, and interest) provided that if such treatment is carried out in facilities owned or controlled, in whole or in part, by the Optionee, then the foregoing charges will be equal to the amount the Optionee would have incurred if such treatment were carried out at facilities not owned or controlled by the Optionee or one of its Affiliates, then offering comparable services for comparable Products on terms then prevailing in the area;
 - (b) the actual costs of transportation (including freight, insurance, security, transaction taxes, handling, port, demurrage, delay and forwarding expenses incurred by reason of or in the course of such transportation) of Products from the Property to the place of refining, beneficiation or treatment and then to the place of sale;
 - (c) use, gross receipts, severance, export, and ad valorem taxes and any other tax or government royalty or levy payable by the Optionee and based directly upon and actually assessed against the value or quality of Products sold or otherwise disposed or deemed disposed of, but excluding any and all taxes:
 - (A) based upon the net or gross income of the Optionee (i.e. income taxes); or
 - (B) based upon the value of the Property, the privilege of doing business and other similar based taxes.
2. Payments of a percentage of the Net Smelter Royalty shall be made within 30 days after the end of each calendar quarter in which the Net Smelter Royalty, as determined on the basis of final adjusted invoices, are received by the Optionee. All such payments shall be made in Canadian dollars.
3. The Optionor shall have the right to have the accounts and records relating to the calculation of the Net Smelter Royalty of the Property audited by a chartered accountant acceptable to the Optionor upon 30 days written notice to the Optionee. If such audit determines that there is a deficiency or an excess in payments made to the Optionor, such deficiency or excess shall be resolved by adjusting the next Net Smelter Royalty payment due hereunder. The Optionor shall pay all costs of such audit unless a deficiency of more than ten percent (10%) of the amount due is determined to exist. The Optionee shall pay all costs of such audit if a deficiency of more than ten percent (10%) of the amount due is determined to exist.
4. The Optionee shall be entitled to (a) make all operational decisions with respect to the methods and extend of mining and processing of ore, concentrate, metal and products produced from the Property (including the decision to process by heap leaching rather than conventional milling); (b) make all decisions relating to sales of such ore, concentrate, metal and products produced; and (c) make all decisions concerning temporary or long-term cessation of operations. In the event of a temporary cessation of operations for a period of greater than one calendar year, an advance royalty of \$30,000/year shall be payable by the Optionee to the Optionor until commercial production is resumed. Such advance royalties shall be deducted from future royalties and are payable only if the cessation is temporary and commercial production from the property is possible at some point in the future.