ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT dated as of September 4, 2020.

BETWEEN:

NUBIAN ROYALTY CORPORATION, a company duly incorporated under the laws of the British Virgin Islands having an office at Tortola Pier Park, Building 1, Second Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands

(the "**Royalty Holder**")

AND:

ALPHA EXPLORATION ERITREA LIMITED, a company duly incorporated under the laws of Eritrea having an office at Level 6, Room 602, S.A. Building, Warsay Street 189, P.O. Box 1114, Asmara, Eritrea

("**Alpha**")

WHEREAS:

A. Alpha is the owner of a 100% undivided interest in the Property (as herein defined); and

B. Alpha has agreed to grant to the Royalty Holder, and the Royalty Holder has agreed to purchase from Alpha, a net smelter return royalty on the production of metals and minerals from the Property on the terms set out in this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties hereto, it is agreed as follows:

1. DEFINITIONS

Unless the context otherwise requires, in this Agreement:

"**Abandoned Property**" has the meaning given in Section 17(c);

"**Agreement**" means this document including any schedule, exhibit or appendix to it;

"**Affiliate**" means any person which directly or indirectly controls, is controlled by, or is under common control with, a Party. For purposes of the preceding sentence, "**control**" means, in relation to any person, possession, directly or indirectly, of the power to direct or cause direction of management and policies of that person through ownership of voting securities, contract, voting trust or otherwise;

"**Allowable Deductions**" means:

(i) sales charges levied by any sales agent on the sale of Product,

(ii) transportation costs for Product from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Product to a purchaser thereof, including shipping, freight, handling and forwarding expenses,

(iii) all costs, expenses and charges of any nature whatsoever which are either paid or incurred in connection with refinement or beneficiation of Product, including all smelter and refinery charges and all weighing, sampling, assaying, and representation costs, any umpire charges, and any penalties charged by the processor, refinery or smelter, but not including mining, milling or concentration charges paid or incurred with respect to Product, and

(iv) all insurance on Product after they are transported from the Property;

Notwithstanding the foregoing and irrespective of whether Product is processed on or off the Property in a facility wholly or partially owned by Alpha or by an Affiliate of Alpha, Allowable Deductions will not include any costs that are in excess of those which would be incurred on an arm's length basis, or which would not be Allowable Deductions if that Product was processed by an independent third party;

"Alpha Payment" means the payment made by the Royalty Holder to Alpha in consideration for the granting of the Royalty hereunder;

"Applicable Laws" means any international, federal, state, provincial, territorial, local or municipal law, regulation, ordinance, code, order or other requirement or rule of law or the rules, policies, orders or regulations of any Governmental Authority or stock exchange, including any judicial or administrative interpretation thereof, applicable to a person or any of its properties, assets, business or operations;

"Average Spot Price" for any expired Quarter means:

(i) in respect of Gold, the arithmetic mean of the London AM and PM Price Fix for each day of the expired Quarter on which the London Bullion Market Association fixes a spot price per Troy ounce of Gold as published in *Metal Bulletin* or any successor publication;

(ii) in respect of Silver, the arithmetic mean of the LBMA Silver Price for each day of the expired Quarter on which the London Bullion Market Association fixes a spot price per Troy ounce of Silver as published in *Metal Bulletin* or any successor publication;

(iii) in respect of other precious metals, the arithmetic mean of the price of metal published in the *Metal Bulletin* or any successor publication, for each day of the expired Quarter on which the price of the precious metal is quoted;

(iv) in respect of copper, the arithmetic mean of the LME Grade A Cash Settlement Price for copper as published in *Metal Bulletin* or any successor publication, for each Business Day of the expired Quarter; and

(v) in respect of any other Mineral, the arithmetic mean of the price of such Mineral for each Business Day of the expired Quarter, where such price is arrived at using global industry standards for establishing the average spot price of any other such Mineral as published in *Metal Bulletin* or any successor publication;

"**Business Day**" means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

"**Confidential Information**" has the meaning given in Section 29(a);

"**Dispute**" means a dispute, controversy or claim arising out of or in relation to this Agreement including any question regarding its existence, interpretation, or validity;

"**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, option, right of pre-emption, privilege or any matter capable of registration against title or any contract to create any of the foregoing;

"**ENAMCO**" means the Eritrean National Mining Corporation.

"**ENAMCO Agreement**" means the Karkasha tenement farm-out agreement between Alpha and ENAMCO dated December 20, 2017 pursuant to which ENAMCO has a right to purchase an interest in any mining project developed on the Property;

"**ENAMCO Interest**" means the 10% free-carried interest in any project that is developed on the Property and the right to purchase a further 30% participating interest in any project that is developed on the Property pursuant to the ENAMCO Agreement;

"**Event of Default**" has the meaning given in Section 26;

"**Governmental Authority**" means any foreign, domestic, national, federal, provincial, territorial, state, regional, municipal or local government or authority, quasi government authority, fiscal or judicial body, government or self-regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing;

"**Gross Proceeds**" means, in respect of an expired Quarter the aggregate of:

(i) the gross proceeds that are actually received by Alpha or its Affiliates from the sale (whether immediate or for future delivery) during the expired Quarter from the sale or other disposition of all Product extracted from the Property, excluding, for greater certainty, any payments made to ENAMCO under the ENAMCO Interest;

(ii) if the metals account of Alpha or its Affiliates at a Mineral Processing Facility is credited with Minerals processed by the Mineral Processing Facility, the gross value of Minerals so credited to Alpha or its Affiliates calculated on the basis of the aggregate quantity of such Minerals so credited during the relevant time period multiplied by the Average Spot Price; and

(iii) if there is a Loss of Product, the insurance proceeds received by Alpha or its Affiliates during the expired Quarter in respect of such Loss;

"**Hedging Transactions**" has the meaning given in Section 13;

"**LIBO Rate**" on any date means the six-month rate of interest for deposits in U.S. dollars appearing on the Reuters LIBO page as of 11:00 a.m., London, England time, on such date; provided that if such rate does not appear on the Reuters LIBO page, the **"LIBO Rate"** shall instead be the rate per annum equal to the rate at which Credit Suisse AG offers in respect of U.S. dollar deposits at or about 11:00 a.m., London, England time, on such date in the London interbank Eurodollar market for a six-month period and in an amount comparable to the amount upon which interest is to be paid;

"Loss" means an insured loss of or damage to Product, whether or not occurring on or off the Property;

"Losses" means all claims, demands, proceedings, fines, losses, damages, liabilities, obligations, deficiencies, costs and expenses (including all reasonable legal and other professional fees and disbursements, interest, penalties, judgment and amounts paid in settlement of any demand, action, suit, proceeding, assessment, judgment or settlement or compromise), including any Taxes payable in respect thereof and, in the case of the Royalty Holder, loss of profits, loss of revenue or losses attributable to the failure of Alpha to perform its obligations under this Agreement, in connection with or in respect of any breach or default of this Agreement by the other Party.

"Mineral Processing Facility" means, collectively, at any time and from time to time, any ore concentrator, mill, smelter, refinery or other mineral processing facility used to process ore from the Property;

"Minerals" means any and all economic, marketable metal bearing material, such as ore in whatever form or state, including but not limited to gold, silver, platinum, palladium, copper, molybdenum, zinc, nickel, iron, lead, cobalt, titanium, uranium, coal, hydrocarbons and any "mineral resource" as that term is defined from time to time in the *Income Tax Act* (Canada);

"Mineral Rights" means patented and unpatented mining claims, prospecting licences, tenements, exploration licences, mining leases, mining licences, mineral concessions and claims and other forms of mineral tenure or other rights to minerals or to work upon lands for the purpose of searching for, developing or extracting minerals under any form of mineral title recognized under applicable law whether contractual, statutory or otherwise;

"Net Smelter Returns" means the Gross Proceeds less Allowable Deductions;

"NI 43-101" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, or any successor instrument, rule or policy;

"Notice" or **"notice"** has the meaning given in Section 30(a);

"Offtake Agreement" means any agreement entered into by Alpha (or an Affiliate of Alpha) with an Offtaker that includes:

(i) the Sale of Product to an Offtaker; or

(ii) the smelting, refining or other beneficiation of Product by an Offtaker for the benefit of Alpha (or an Affiliate of Alpha);

"Offtaker" means any person that purchases Product from Alpha (or an Affiliate of Alpha) or that takes delivery of Product for the purpose of smelting, refining or other beneficiation of such Product for the benefit of Alpha (or an Affiliate of Alpha) but if Alpha (or an Affiliate of Alpha) smelts, refines or beneficiates such Product, then **"Offtaker"** will mean such person;

"**Other Locations**" has the meaning given in Section 15;

"**Other Owner**" has the meaning given in Section 15;

"**Other Rights**" means any interest in real property, whether freehold, leasehold, license, right of way, easement, any other surface or other right in relation to real property, and any right, licence or permit in relation to the use or diversion of water, but excluding any Mineral Rights;

"**Party**" means the Royalty Holder and Alpha, as the context requires;

"**Parties**" means the Royalty Holder and Alpha;

"**Penalty**" or "**Penalties**" means a charge or charges made by a refinery, smelter or other third party processing facility, in addition to normal refining costs, for removing from the Product Minerals or other substances which are deleterious to the smelting and refining processes or where the cost of the removal exceeds the value of those Minerals or other substances;

"**Product**" means all Minerals extracted for use or commercial sale which is produced or extracted by or on behalf of Alpha or its Affiliates from the Property (whether in concentrate, doré and other mineral products in whatever form, metals or minerals which are derived therefrom, whether so derived on or off the Property or otherwise);

"**Product Interest**" means:

(i) the payment of any consideration measured, quantified or calculated based on, in whole or in part, any Product; or

(ii) the Sale of any Product;

pursuant to:

(iii) an agreement which provides for the payment of a royalty, net profits interest or other payments out of production (including without limitation, a net smelter returns royalty, a net profit royalty, a gross proceeds royalty, a product tonnage royalty or similar interest) having a term of more than one year (except that it is understood and agreed that any royalty, net profits interest or other payments out of production granted by Alpha or its Affiliates as part of the consideration to acquire Mineral Rights or Other Rights for the expansion or development (or both) of the Property shall not constitute a, and shall be excluded from the definition of, Product Interest); or

(iv) a mineral stream agreement pursuant to which a party is entitled to receive or purchase a percentage of the relevant minerals, or purchase any Product of any amount of Minerals determined in whole or in part by the amount of Product produced from the Property;

"**Property**" means the Mineral Rights described in Schedule A, together with any present or future renewal, modification, substitution or variation of any of those Mineral Rights;

"**Quarter**" means a period of 3 calendar months ending on 31 March, 30 June, 30 September, or 31 December and "**Quarterly**" has a corresponding meaning;

"**Relinquishment Event**" has the meaning given in Section 17(c);

"Reserves" means proven and probable reserves as defined and incorporated under NI 43-101;

"Resources" means measured, indicated and inferred resources as defined and incorporated under NI 43-101;

"RFR Offer" has the meaning given in Section 20(b);

"Royalty" means the percentage of the Net Smelter Returns to which the Royalty Holder is entitled under Section 2;

"Royalty Records" means the books, accounts and records maintained by or on behalf of Alpha and its Affiliates, showing reasonable detail in relation to:

(i) the quantity of Products sold in each Quarter or for which insurance proceeds have been received in the Quarter;

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

(iii) the payment of the Royalty in each Quarter; and

(iv) where there is any co-mingling in a Quarter of Products with materials extracted from land outside the boundaries of the Property, the measures, moistures and assays of the Minerals and substances in the Products extracted and recovered from the Property prior to the co-mingling;

"Royalty Statement" has the meaning given in Section 4(c);

"Sale" means a sale or other disposition of Product by or on behalf of Alpha or its Affiliates;

"Subsidiary" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a Subsidiary;

"Tax" or **"Taxes"** means all taxes, assessments and other charges, duties, and impositions, including any interest, penalties, tax instalment payments or other additions that may become payable in respect thereof, imposed by any Governmental Authority, which taxes shall include all income or profits taxes (including federal, provincial, and state income taxes), non-resident withholding taxes, sales and use taxes, branch profit taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business licence taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, land transfer taxes, capital taxes, extraordinary income taxes, surface area taxes, property taxes, asset transfer taxes, and other charges and obligations of the same or of a similar nature to any of the foregoing; and

"Third Party Offer" has the meaning given in Section 20(b);;

"Transfer" when used as a verb, means to sell, grant, assign, encumber, hypothecate, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions. When used as a noun, "**Transfer**" means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction;

2. GRANT OF ROYALTY

In consideration of the payment to Alpha of the Alpha Payment by the Royalty Holder, the receipt and sufficiency of which is hereby acknowledged, Alpha hereby grants and agrees to pay to the Royalty Holder a royalty equal to 2.0% of the Net Smelter Returns in respect of the Property, on the terms and conditions specified in this Agreement (the "**Royalty**").

3. TERM

(a) The Royalty shall exist in perpetuity. The Royalty shall not be terminated by reason of the suspension of operations or closure of any mine or mining operations on the Property. In the event a court of competent jurisdiction determines that the term or any other provision of this Agreement violates the statutory or common law rule against perpetuities, then the term of this Agreement shall automatically be revised and reformed to coincide with the maximum term permitted by the rule against perpetuities or such other provision shall automatically be revised and reformed as necessary to comply with the rule against perpetuities and this Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

(b) Alpha and the Royalty Holder agree that the Royalty shall run with and bind to the title of the Property, as applicable.

4. PAYMENTS

(a) The obligation to pay the Royalty will commence upon the date of this Agreement.

(b) The Royalty will be due and payable Quarterly on the last Business Day of the month following the end of the Quarter in which the Royalty accrued.

(c) Royalty payments will be accompanied by a statement (a "**Royalty Statement**") showing in reasonable detail:

(i) the quantities and grades of Product sold or deemed sold by Alpha (or its Affiliates) or for which insurance proceeds have been received in the preceding Quarter;

(ii) the Gross Proceeds for the preceding Quarter;

(iii) the applicable Allowable Deductions for the preceding Quarter;

(iv) other pertinent information in sufficient detail to explain the calculation of the Royalty payment;

(v) an estimate of anticipated production from the Property for the following Quarter; and

(vi) a statement setting out the Reserves and Resources for the Property and the assumptions used.

5. **ROYALTY PAYMENTS AND ADJUSTMENTS**

(a) Each Royalty payment will be considered in full satisfaction of all obligations of Alpha with respect to that particular payment, unless the Royalty Holder gives Alpha written notice describing and setting out a specific objection to the determination of that Royalty payment within twelve months after receipt by the Royalty Holder of the respective Royalty Statement that complies with Section 4(c).

(b) If the Royalty Holder objects to a particular Royalty Statement within the period of twelve months specified in Section 5(a) by providing a notice of objection Alpha, then the Royalty Holder shall have a period of three months after Alpha's receipt of notice of such objection to have the Royalty Records (including mining and production records) relating to the calculation of the Royalty payment in question audited by a chartered accountant selected by the Royalty Holder. Upon completion of the audit, the Royalty Holder shall ensure that a copy of the report of the auditor is provided to Alpha as soon as practicable.

(c) If an audit conducted in accordance with Section 5(b) determines that there has been a deficiency in the payment made to the Royalty Holder and as long as Alpha has been provided with a copy of the report of the auditor and has not disputed the auditor's findings by giving written notice to the Royalty Holder within 45 Business Days of receiving that report, such deficiency will be resolved by adjusting the next Quarterly Royalty payment due under this Agreement. If no Royalty is due to be paid in the next Quarter, then settlement will be made between the Parties by cash payment within ten Business Days of the expiration of the period of 45 Business Days referred to above. The Royalty Holder shall pay all costs of such audit unless a deficiency of $5,000 or more of the amount due to the Royalty Holder is determined to exist. Alpha shall pay the costs of such audit if a deficiency of $5,000 or more of the amount due is determined to exist. Failure on the part of the Royalty Holder to make claim on Alpha for adjustment within the period of 12 months specified in Section 5(a) will establish the correctness of the Royalty payment and preclude the making of claims for adjustment of the Royalty payment.

(d) All Royalty Records shall be kept according to international financial reporting standards.

(e) For the purpose of determining the Gross Proceeds:

(i) all receipts in a currency other than United States dollars shall be converted into United States dollars on the day of receipt; and

(ii) all disbursements in a currency other than United States dollars shall be converted into United States dollars at the average rate for the month of disbursement,

all such conversions being determined using the Federal Reserve Bank of New York noon rates.

6. **INTEREST**

If Alpha fails to pay any sum to the Royalty Holder payable by it under or in accordance with this Agreement then Alpha shall pay interest on that sum from the due date for payment until that sum is paid in full at the rate per annum which is the LIBO Rate on the date on which the payment was due calculated daily plus 8%. The right to require payment of interest under this Section 6 is without prejudice to any other rights the non-defaulting Party may have against the defaulting Party under this Agreement, at law or in equity.

7. REPRESENTATIONS AND WARRANTIES OF ALPHA

Alpha represents and warrants in favour of the Royalty Holder that, as of the date of this Agreement:

(a) Alpha is a corporation duly incorporated, amalgamated or continued, as the case may be, organized, validly existing and in good standing under the laws of its current governing jurisdiction.

(b) Alpha has all necessary corporate power and authority to enter into and perform its obligations under this Agreement, to own its existing Mineral Rights, and to carry on its business as now conducted and as currently proposed to be conducted.

(c) Alpha has taken all corporate steps and proceedings necessary to approve the transactions contemplated hereby, including the execution and delivery of this Agreement.

(d) This Agreement has been duly executed and delivered by Alpha and constitutes a legal, valid and binding obligation of Alpha, enforceable in accordance with its terms by the Royalty Holder against Alpha, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies.

(e) There are no actions, suits or proceedings pending or, to the best knowledge of Alpha, threatened against of affecting Alpha or the Property, before any court, arbitrator or governmental administrative body or agency, that might adversely affect the Property, or Alpha's interest therein, or challenge the validity or propriety of the transactions contemplated herein. None of Alpha or its Affiliates is in default under applicable statute, rule, order, decree or regulation of any court, arbitrator or Governmental Authority having jurisdiction over Alpha or its Affiliates, as applicable.

(f) Alpha has filed all tax returns that are required to be filed and have paid all Taxes that have become due pursuant to such returns or pursuant to any assessment received by Alpha.

(g) Alpha has a 100% undivided interest in the Mineral Rights comprising the Property, and is in exclusive possession of the Mineral Rights comprising the Property, subject only to the Encumbrances created by the Royalty, any security interest of the Royalty Holder in connection with this Agreement, any Encumbrances described in Schedule A hereto and the ENAMCO Agreement.

(h) The Mineral Rights relating to the Property are fully and accurately disclosed in Schedule A hereto, are in good standing, have been properly recorded in accordance with all applicable laws, all assessment work has been done and all rental and other amounts owing thereunder have been paid to the date hereof.

(i) There are no Encumbrances upon or with respect to the Property, receivables derived from the sale or other disposition of Minerals derived from the Property, or the income of Alpha, other than as set out above in this Section 7, as described in Schedule A hereto and in connection with ENAMCO Agreement and ENAMCO Interest.

(j) The Royalty will constitute an interest in the Property that runs with the Property and is enforceable against Alpha, and will be enforceable against any third party acquirer, assignee or transferee of all, or any part of, the Property.

8. ROYALTY HOLDER REPRESENTATIONS AND WARRANTIES

The Royalty Holder represents and warrants in favour of Alpha that, as of the date of this Agreement:

(a) The Royalty Holder is a corporation duly incorporated, amalgamated or continued, as the case may be, organized, validly existing and in good standing under the laws of its current governing jurisdiction.

(b) The Royalty Holder has all necessary corporate power and authority to enter into and perform its obligations under this Agreement and to carry on its business as now conducted and as currently proposed to be conducted.

(c) The Royalty Holder has taken all corporate steps and proceedings necessary to approve the transactions contemplated hereby, including the execution and delivery of this Agreement.

(d) This Agreement has been duly executed and delivered by the Royalty Holder and constitutes a legal, valid and binding obligation of the Royalty Holder enforceable in accordance with its terms by Alpha against the Royalty Holder, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies.

9. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

All representations, warranties, covenants and agreements of Alpha and the Royalty Holder set forth in this Agreement shall survive the completion of the transactions herein, notwithstanding any investigation made by or on behalf Alpha or the Royalty Holder, respectively, and all such representations, warranties, covenants and agreements of Alpha and the Royalty Holder shall continue in perpetuity in full force and effect for the benefit of Alpha and the Royalty Holder, respectively.

10. AREA OF INTEREST

Alpha agrees with the Royalty Holder that if Alpha or any of its Affiliates acquire any Mineral Rights within one (1) kilometre of the external boundaries of the Mineral Rights comprising the Property, then Alpha acknowledges and agrees that such acquired Mineral Rights will be subject to a royalty on the terms set out in this Agreement, and will promptly execute any further documentation as may be required by the Royalty Holder, acting reasonably, to evidence such royalty.

11. OPERATIONS ON THE PROPERTY

Alpha will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Property and may suspend operations and production on the Property at any time it considers prudent or appropriate to do so. Alpha will owe the Royalty Holder no duty to explore, develop or mine the Property, or to do so at any rate or in any manner other than that which Alpha may determine in its sole and unfettered discretion. For clarity, the Royalty Holder shall not have any contractual rights in connection with the development or operation of any of the operations of Alpha, including without limitation, with regards to the Property.

12. CO-MINGLING

Before any Product is co-mingled with minerals from any properties other than the Property, the Product shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, and other appropriate content. Representative samples of the Product shall be retained by Alpha and assays (including penalty substances) and other appropriate analyses of these samples shall be made before co-mingling to determine metal, mineral and other appropriate content and penalty substances of the Product. From this information, Alpha shall determine the quantity of the Product subject to the Royalty notwithstanding that the Product has been co-mingled with metals from other properties. The Royalty Holder will not be disadvantaged as a result of the quantity determination. Following the expiration of the period for objections described above in Subsection 5(a) above, and absent timely objection, if any, made by the Royalty Holder, Alpha may dispose of the materials and data required to be kept and produced by this Section.

13. HEDGING TRANSACTIONS

If Alpha or its Affiliates engages in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions (collectively **"Hedging Transactions"**), then all profits and losses resulting from such Hedging Transactions shall be specifically excluded from calculations of Royalty payments pursuant to this Agreement. All hedging transactions by Alpha or its Affiliates and all profits or losses associated therewith, if any, shall be solely for the company's account but shall be subject to the Royalty if such tailings are processed, sold or otherwise disposed of in the future.

14. TAILINGS

All tailings resulting from the operations and activities of Alpha or its Affiliates on the Property shall be the sole and exclusive property of Alpha, but shall be subject to the Royalty if such tailings are produced as a consequence of operations to process ore from the Property or concentrates derived from such ore, are processed in the future and result in the production of Minerals from the Property.

15. STOCKPILING

Alpha shall be entitled to stockpile, store or place Product from the Property in locations outside of the boundaries of the Property (the "**Other Locations**"); provided, however, Alpha has first obtained a written agreement from each owner (the "**Other Owner**") of the Other Locations where such Product will be stockpiled, stored or placed, in recordable form, in favour of the Royalty Holder and executed by such Other Owner in a form reasonably satisfactory to the Royalty Holder that provides: (i) that the Royalty Holder's rights with respect to the Product pursuant to this Agreement shall continue in full force and effect with respect to the Product stored at the Other Locations; (ii) that the Royalty Holder's rights with respect to the Product stored at such Other Locations shall have priority over the Other Owner's rights with respect to the Product stored at such Other Locations; and (iii) that the agreement executed by the Other Owner shall not be terminated as long as any Product is stored at the Other Locations.

16. INSPECTIONS

Upon not less than five Business Days' notice to Alpha, the Royalty Holder, or its authorized agents or representatives, may, under the direction and control of Alpha, enter upon all surface and subsurface portions of the Property for the purpose of inspecting the Property, all improvements thereto and operations thereon, and all production records and data pertaining to all production activities and operations on or with respect to the Property, including without limitation, records and data that are electronically maintained. The Royalty Holder, or its authorized agents or representatives, shall enter upon the Property at its or their own risk and expense and shall not hinder the operations and activities of Alpha or other operator on or relating to the Property.

17. MAINTENANCE OF CURRENT MINERAL RIGHTS

(a) Alpha shall use commercially reasonable efforts to do all things and make all payments necessary or appropriate to maintain the right, title and interest of Alpha in the Mineral Rights that comprise the Property and to maintain such Mineral Rights in good standing. Alpha shall pay all Taxes and other payments when due on or with respect to the Property, and shall do all things and make all payments necessary or appropriate to maintain the right, title and interest of the Royalty Holder in the Property and under this Agreement.

(b) Notwithstanding the foregoing, Alpha shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire Mineral Rights that comprise the Property or any portion thereof:

(i) if necessary to comply with applicable law, a court order or the requirement of a Governmental Authority; or

(ii) if Alpha determines, acting reasonably, that the portion of such Property is not economically viable or otherwise has insufficient value to warrant continued maintenance, but only if Alpha has first complied with the provisions of Section 17(c).

(c) If Alpha shall seek to relinquish, drop, abandon or allow to lapse (the "**Relinquishment Event**") any or its interest in any part or parts of the Property (the "**Abandoned Property**") otherwise than in accordance with Section 17(b)(i), then Alpha shall provide the Royalty Holder with a minimum of 30 days prior written notice of such intended Relinquishment Event. Upon receipt of the said notice, the Royalty Holder shall have a period of ten days within which to advise Alpha in writing that it shall seek to take an assignment of the Abandoned Property for consideration equal to $10. If the Royalty Holder shall forward such written notice to Alpha within the said ten day period, Alpha shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Royalty Holder's own sole cost and expense, to assign its interest in the Abandoned Property to the Royalty Holder for the said $10 and to have the Abandoned Property recorded or registered into the name of the Royalty Holder. If the Royalty Holder does not forward the said written notice to Alpha within the said ten day period, then Alpha shall have the right to complete the Relinquishment Event with respect to the applicable Abandoned Property. For certainty, the Royalty Holder agrees that no future Royalty shall be payable by Alpha in respect of any Product extracted or processed (or both) from a part of the Property after a Mineral Right comprising that part of the Property is transferred to the Royalty Holder under this Section 17(c).

(d) Notwithstanding anything else in this Agreement to the contrary, Alpha will not abandon or surrender, or allow to lapse or expire, any of its interest in any part or parts of the Property for the purpose of permitting any third party to acquire such portion of the Property or to otherwise avoid payment of the Royalty, and if Alpha, or any Affiliate of Alpha, directly or indirectly acquires any such Abandoned Property, then the calculation of the Royalty pursuant to this Agreement will include all Product relating to such Abandoned Property.

18. INSURANCE

Alpha and its Affiliates shall purchase or otherwise arrange at its own expense and shall keep in force, directly or through the services of an independent contractor, insurance (including, without limitation, comprehensive general public liability insurance) against claims for bodily injury or death or property damage arising out of or resulting from such activities or operations, in such amounts as will adequately protect Alpha and its Affiliates, the Royalty Holder and the Royalty from any and all claims, liabilities and damages which may arise with respect to the Property and the applicable Product, provided that such insurance is available and may be obtained on reasonable and customary commercial terms.

19. ALPHA ASSIGNMENT

Alpha may Transfer, in whole or in part: (i) legal or beneficial title in and to the Property; and (ii) its rights and obligations under this Agreement; so long as the following conditions are satisfied:

(a) Alpha provides the Royalty Holder with thirty (30) days prior written notice of the intent to Transfer to the Royalty Holder;

(b) any purchaser, merged company, transferee or assignee, as a condition to completion of the Transfer, agrees in writing in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section, pursuant to an instrument in writing that is satisfactory to the Royalty Holder, in its sole discretion;

(c) the Royalty Holder does not suffer a material adverse effect in relation to the transactions set forth in this Agreement;

(d) any transferee of Alpha that is a mortgagee, chargeholder or encumbrancer (i) agrees in favour of the Royalty Holder to be bound by the terms of this Agreement in the event it enforces or realizes on any security that may be granted to it over and in respect of the Property, and (ii) obtains an agreement in writing in favour of the Royalty Holder from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement (with respect to the latter, if applicable).

For the avoidance of doubt and for greater certainty:

(e) if Alpha wishes to Transfer its interest in this Agreement, it shall Transfer all of its right, title and interest in and to all of the Property to the same Person to whom it Transfers its interest in this Agreement; and

(f) this Section 19 shall apply if Alpha wishes to grant an option to any Person to acquire an interest in and to any of the Property or enter into a joint venture with respect to the Property.

20. ROYALTY HOLDER ASSIGNMENT OR TRANSFER

(a) Subject to Section (b)20(b), the Royalty Holder shall have the right to Transfer its rights in respect of the Royalty or any portion thereof to any lender, and shall have the right to assign or Transfer the Royalty or any portion thereof to any third party.

(b) If, at any time, the Royalty Holder receives an offer from a third party to purchase the Royalty or any portion thereof (a "**Third Party Offer**"), and the Royalty Holder is willing to accept such Third Party Offer, the Royalty Holder shall offer to Alpha, by notice delivered in writing, at the same price and otherwise on the same terms and conditions as are contained in the Third Party Offer, the right to purchase the Royalty or any portion thereof that is the subject of the Third Party Offer (the "**RFR Offer**"). Alpha may, within fifteen (15) Business Days from the date of delivery of the RFR Offer, accept the RFR Offer by notice in writing delivered to the Royalty Holder, in which event it will become a binding agreement between Alpha and the Royalty Holder at the price and on the terms and conditions contained in the RFR Offer.

(c) Without prejudice to the binding nature of the agreement between the Alpha and the Royalty Holder referred to in Section 20(b), Alpha and the Royalty Holder shall negotiate in good faith a definitive written agreement providing for Transfer of the Royalty of any portion thereof that is the subject of the RFR Offer on the terms and conditions of the RFR Offer, in form and content acceptable to the Royalty Holder and Alpha, acting reasonably, during the 30 Business Days following the date on which Alpha accepts the RFR Offer.

(d) If Alpha does not accept the RFR Offer within such fifteen (15) Business Day period set forth in Section 20(b), then the Royalty Holder shall be free to accept the Third Party Offer. If the Royalty Holder and the third party have not entered into a binding, written agreement within 60 days of the expiry of the fifteen (15) Business Day period set forth in Section 20(b), then the Royalty Holder shall again be required to comply with the terms of this Section 20 with respect to Third Party Offer before selling the Royalty or any portion thereof that is the subject of the Third Party Offer to a third party.

21. REGISTRATION

(a) The Royalty created herein shall be a real property interest in all portions of the Property to which the Royalty applies sufficient to secure the Royalty payments herein provided for.

(b) The Royalty Holder shall be entitled to require Alpha, and the Royalty Holder shall be entitled, by itself, to the extent permitted by applicable law, to issue a public deed in respect of this Agreement and file, record or register evidence of this Agreement or such deed in any land, title or other similar registry with any Governmental Authority in which title to the Property is recorded, including without limitation, the applicable mining authorities in Eritrea. Alpha agrees with the Royalty Holder to execute those documents that may be necessary to perfect such recording.

22. TAXES

All amounts paid hereunder shall be made without any deduction, withholding, charge or levy for or on account of any Taxes, all of which shall be for the account of the Party making such payment. If any such Taxes are so required to be deducted, withheld, charged or levied by the Party making such payment, then such Party shall make, in addition to such payment, such additional payment as is necessary to ensure that the net amount received by the other Party entitled to payment (free and clear and net of any such Taxes, including any Taxes required to be deducted, withheld, charged or levied on any such additional amount) equals the full amount such other Party would have received had no such deduction, withholding, charge or levy been required. To the extent a Party pays to an applicable Governmental Authority any Taxes that gives rise to a gross-up as contemplated by this Section 22, that Party shall provide to the other Party reasonable documentation of the payment of such Taxes within ten (10) days of such payment.

23. TECHNICAL REPORTS

(a) In the event that Alpha or its Affiliates are not required to file a technical report in compliance with NI 43-101 pertaining to the Property, then, upon the prior written notice to Alpha, which notice shall specify the date on which the Royalty Holder requires a technical report on the Property, Alpha shall permit the Royalty Holder to prepare its own technical reports pertaining to the Property, and in connection therewith shall grant, or cause to be granted, to the Royalty Holder, access to the Property and all books, records, data and information pertaining to the Property as is necessary for the Royalty Holder to prepare technical reports in accordance with NI 43-101, in order for the Royalty Holder to comply with its continuous disclosure requirements during the ordinary course of the operation of the Royalty Holder's business. If such technical report is addressed to the Royalty Holder, Alpha shall use reasonable commercial efforts to provide, or cause to be provided, to the Royalty Holder, at the cost of the Royalty Holder, any required qualified persons consents, qualified persons certificates, and access to such qualified persons for the purpose of filing the technical report and preparing any press releases in connection with the filing of any such technical report on SEDAR by the Royalty Holder.

(b) If the Royalty Holder is required to prepare and file on SEDAR any instrument or document other than a technical report (including prospectuses or Annual Information Forms), or issue any press release or other public announcement, containing technical information pertaining to the Property that requires qualified person consents or certificates, then Alpha shall use reasonable commercial efforts to provide, or cause to be provided, to the Royalty Holder, at the cost of the Royalty Holder, such qualified person consents, qualified person certificates and access to such qualified persons for the purpose of preparing and filing on SEDAR any such instrument or document or issuing any such press release or other public announcement. To the extent Alpha is unable to provide or cause to be provided to the Royalty Holder such qualified person consents, qualified person certificates or access to such qualified person, Alpha shall provide to the Royalty Holder: (i) prompt notice of the inability to provide such consents, certificates or access so that the Royalty Holder can retain a qualified person to prepare any such necessary consents or certificates in order for the Royalty Holder to comply with its continuous disclosure obligations under Applicable Laws; and (ii) access to such technical information so that the Royalty Holder can retain a qualified person to prepare any such necessary consents or certificates in order for the Royalty Holder to comply with its continuous disclosure obligations under Applicable Laws.

24. NO IMPLIED COVENANTS

The Parties agree that no implied covenants or duties relating to exploration, development, mining or the payment of production royalties or any other monies provided for herein shall affect any of their respective rights or obligations hereunder, and that the only covenants or duties which affect such rights and obligations shall be those expressly set forth and provided for in this Agreement.

25. RELATIONSHIP OF THE PARTICIPANTS

This Agreement is not intended to, and will be deemed not to, create any partnership among the Parties including a mining partnership or commercial partnership.

26. DEFAULT

If Alpha is in breach or default of any of its representations, warranties, covenants or obligations set forth in this Agreement in any material respect and such breach or default is not remedied within a period of thirty (30) days following delivery by the Royalty Holder to Alpha of written notice of such breach or default, or such longer period of time as the Royalty Holder may determine in its sole discretion (an "**Event of Default**"), the Royalty Holder shall have the right, upon written notice to Alpha, at its option and in addition to and not in substitution for any other remedies available at law or equity, demand all Losses suffered or incurred as a result of the occurrence of such Event of Default, including following termination, Losses based on the Royalty Holder's loss of the benefits from this Agreement.

27. INDEMNITY BY ALPHA

Alpha agrees to indemnify and hold harmless the Royalty Holder and its directors, officers, employees, agents, and Affiliates from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, law suit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon:

(a) any representation or warranty of Alpha contained herein being untrue in any material respect;

(b) any breach or failure by Alpha to comply with any covenant or agreement made by Alpha herein; or

(c) operations conducted on or in respect of the Property by or on behalf of Alpha or any of its Affiliates that result from or relate to the mining, handling, transportation, smelting or refining of Minerals, including without limitation Losses, in any way arising from or connected with any non-compliance with environmental laws or any contaminants or hazardous substances on, in or under the Property or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any contaminants or hazardous substances on any other lands or areas having originated or migrated from the Property or the soil, sediment, water or groundwater forming part thereof.

28. EXPENSES

Each Party shall be responsible for paying all fees and expenses incurred by such party in connection with this Agreement.

29. CONFIDENTIALITY

(a) The terms of this Agreement, any draft of this Agreement and all information (whether embodied in tangible or electronic form) obtained by the Royalty Holder in or from Royalty Records, Royalty Statements or otherwise relating to the Royalty or to the business and activities of Alpha or any of its Affiliates or any other person in relation to the Property, any Mineral Right held by Alpha (or an Affiliate), any Product or Product Interest, all of which will, for the purposes of this Section 29, be referred to as "**Confidential Information**", shall be treated by the Royalty Holder as confidential and shall not be disclosed to any person, except in the following circumstances:

(i) the Royalty Holder may disclose the Confidential Information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, as long as such non-party users are advised of the confidential nature of the Confidential Information and undertake to maintain the confidentiality of it;

(ii) the Royalty Holder may disclose the Confidential Information to a bona fide purchaser (whether actual or prospective) of all or part of the Royalty Holder's rights under this Agreement or to a bona fide financier (whether actual or prospective) as long as such purchaser or financier has first entered into a written undertaking in favour of Alpha to preserve the confidentiality of the Confidential Information to be disclosed in a manner at least as onerous on the purchaser or financier as this Section 29 is onerous on the Royalty Holder;

(iii) the Royalty Holder may disclose the Confidential Information where that disclosure is necessary to comply with its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements, as long as the proposed disclosure is limited to factual matters and the Royalty Holder has availed itself of the full benefits of any laws, rules, regulations or contractual rights as to disclosure on a confidential basis to which it may be entitled; or

(iv) with the prior written approval of Alpha.

(b) Any Confidential Information that becomes part of the public domain by no act or omission in breach of this Section 29 will cease to be Confidential Information for the purposes of this Section 30.

(c) Section 29(a) does not restrict the disclosure or use of Confidential Information for the purposes of, and to the extent required in connection with, legal action to enforce rights under, or to seek remedies in connection with, this Agreement.

30. NOTICES

(a) Any notice, consent, demand or other communication in relation to this Agreement ("**Notice**") shall be:

(i) in writing; and

(ii) delivered by hand or by prepaid, registered or certified mail or courier to the address, or sent to the facsimile number, or if sent electronically as an attachment to an email to the email or other internet address for each Party.

(b) A Notice is effective:

(i) if delivered by hand, on the date it is delivered to the addressee;

(ii) in the case of delivery by mail, five Business Days after the date of posting (if posted to an address in the same country) or ten Business Days after the date of posting (if posted to an address in another country);

(iii) if couriered, on the date on which the courier confirms delivery;

(iv) if sent by facsimile, on the date send-back confirmation of its receipt by the addressee's facsimile is received by the sender; or

(v) if sent electronically:

(A) at the time shown in the delivery confirmation report generated by the sender's email system; or

(B) if the sender's email system does not generate a delivery confirmation report within 12 hours of the time the email is sent, unless the sender receives a return email notification that the email was not delivered, undeliverable or similar, at the time which is at least 12 hours from the time the email was sent,

unless a later time is specified in the Notice.

(c) A Notice received after 5:00 p.m. in the place of receipt is taken to be received on the next Business Day in the place of receipt.

(d) An email does not itself constitute a Notice but a Notice may be transmitted as an attachment to an email.

(e) Each Party's address, facsimile number and email address will be as specified below or as notified in writing from time to time to the other Party:

(i) in the case of the Royalty Holder:

Nubian Royalty Corporation
c/o NWT Management S.A.
10 ue MuzyP.O. Box 6193
1211 Geneva 6
Switzerland

Attention: Anna Nydegger
Telephone: +41 22 317 73 73
Facsimile: +41 22 317 73 83
Email: anna.nydegger@nwt.ch

with a copy (which does not constitute notice) to:

Icaza, Gonzalez-Ruiz & Aleman (BVI) Trust Limited
Tortola Pier Park, Building 1
Second Floor, Wickhams Cay I
Road Town, Tortola
British Virgin Islands

(ii) in the case of Alpha:

Alpha Exploration Ltd.
c/o NWT Management S.A.
10 rue Muzy
P.O. Box 6193
1211 Geneva 6
Switzerland
Attention: Anna Nydegger

Telephone: +41 22 317 73 73
Facsimile: +41 22 317 73 83
Email: anna.nydegger@nwt.ch

with a copy to:

Borden Ladner Gervais LLP
Waterfront Centre
#1200, 200 Burrard Street
Vancouver, BC V7X 1T2
Attention: Stephen P. Robertson

(f) A Party may, from time to time, notify the other Party in writing of any change to its details in Section 30(e).

31. GENERAL

(a) **Interpretation.** Unless the context otherwise requires, in this Agreement:

(i) the singular includes the plural and conversely and a gender includes all genders;

(ii) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(iii) a reference to a person, corporation, trust, partnership, joint venture, unincorporated body or other entity includes any of them;

(iv) a reference to a section, schedule, exhibit or appendix is a reference to a section of or a schedule, exhibit or appendix to this Agreement;

(v) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document;

(vi) a reference to a party to an agreement (including this Agreement) or document includes the party's successors and permitted substitutes (including persons taking by novation) or assigns (and, where applicable, the party's legal personal representatives);

(vii) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation, code, by-law, ordinance or statutory instrument issued under it;

(viii) unless otherwise indicated, a reference to *dollars* and *$* is to the currency of United States;

(ix) the word "*including*" means "*including without limitation*" and "*include*" and, "*includes*" will be construed similarly;

(x) headings are for convenience only and do not form part of this Agreement or affect its interpretation;

(xi) a provision of this Agreement shall not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement;

(xii) if an act shall be done on a specified day which is not a Business Day, it shall be done instead on the next Business Day; and

(xiii) a reference to anything (including a right, obligation or concept) includes a part of that thing, but nothing in this section 31(a)(xiii) implies that performance of part of an obligation constitutes performance of the obligation.

(b) **Governing Law and Attornment.** This Agreement is governed by the law in force in Eritrea. The Parties irrevocably submit to the exclusive jurisdiction of the courts exercising jurisdiction in Eritrea to settle any dispute arising out of or in connection with this Agreement.

(c) **Time of Essence.** Time is of the essence in this Agreement.

(d) **Severability.** If anything in this Agreement is unenforceable, illegal or void then it is severed and the rest of this Agreement remains in force. Where a provision of this Agreement is prohibited or unenforceable, the Parties shall negotiate in good faith to replace the invalid provision with a provision which is in accordance with applicable law and which shall be as close as possible to the Parties' original intent and appropriate consequential amendments (if any) will be made to this Agreement.

(e) **No Violation.** If this Agreement is intended to be performed in more than one jurisdiction and its performance would be a violation of the applicable law of a jurisdiction where it is intended to be performed, this Agreement is binding in those jurisdictions in which it is valid and the Parties shall use their reasonable efforts to re-negotiate and amend this Agreement so that its performance does not involve a violation of the applicable law of the jurisdiction where its performance would be a violation.

(f) **Average Spot Price.** If an Average Spot Price specified in this Agreement ceases to exist, ceases to be published, or should no longer be internationally recognized as the basis for payment for the Mineral to which it relates then upon request by any Party, the Parties shall promptly consult together in good faith with the view to agreeing on whatever modifications to the terms of this Agreement should be considered necessary to make this Agreement again acceptable to the Parties and shall do their utmost to come to a fair and reasonable agreement based upon another internationally recognized metal price quotation for use in international trade.

(g) **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties in respect of its subject matter and supersedes all prior agreements, understandings, representations, warranties, promises, statements, negotiations, letters and documents in respect of its subject matter (if any) made or given prior to the date of this Agreement.

(h) **Further Assurances.** Each of the Parties shall promptly at its own cost do all things (including executing and if necessary delivering all documents) reasonably necessary or desirable to give full effect to this Agreement.

(i) **Amendment.** An amendment or variation to this Agreement is not effective unless it is in writing and signed by the Parties.

(j) **No Waiver.** A Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right. The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right. A waiver is not effective unless it is in writing. Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

(k) **Enurement.** This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

(l) **Counterparts.** This Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same agreement.

This Agreement is binding on the Parties on the exchange of counterparts. A copy of a counterpart sent by facsimile machine or by electronic mail:

(i) shall be treated as an original counterpart;

(ii) is sufficient evidence of the execution of the original; and

(iii) may be produced in evidence for all purposes in place of the original.

(m) **Authorization.** Each person signing this Agreement as an authorized officer of a Party hereby represents and warrants that he or she is duly authorized to sign this Agreement for that Party and that this Agreement will, upon having been so executed, be binding on that Party in accordance with its terms.

[The remainder of this page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

NUBIAN ROYALTY CORPORATION

By: *(signed) Atlas Directors Limited*
Name: Atlas Directors Limited
Title: Director

ALPHA EXPLORATION ERITREA LIMITED

By: *(signed) Alasdair Smith*
Name: Alasdair Smith
Title: Managing Director

SCHEDULE A

KERKASHA PROPERTY MINERAL RIGHTS

(See Attached)

SCHEDULE "A"

KERKASHA PROPERTY MINERAL RIGHTS

Exploration Licences Registered to the trade name of "Alpha Exploration Limited" (Alpha)

1. Kerkasha Exploration Licence

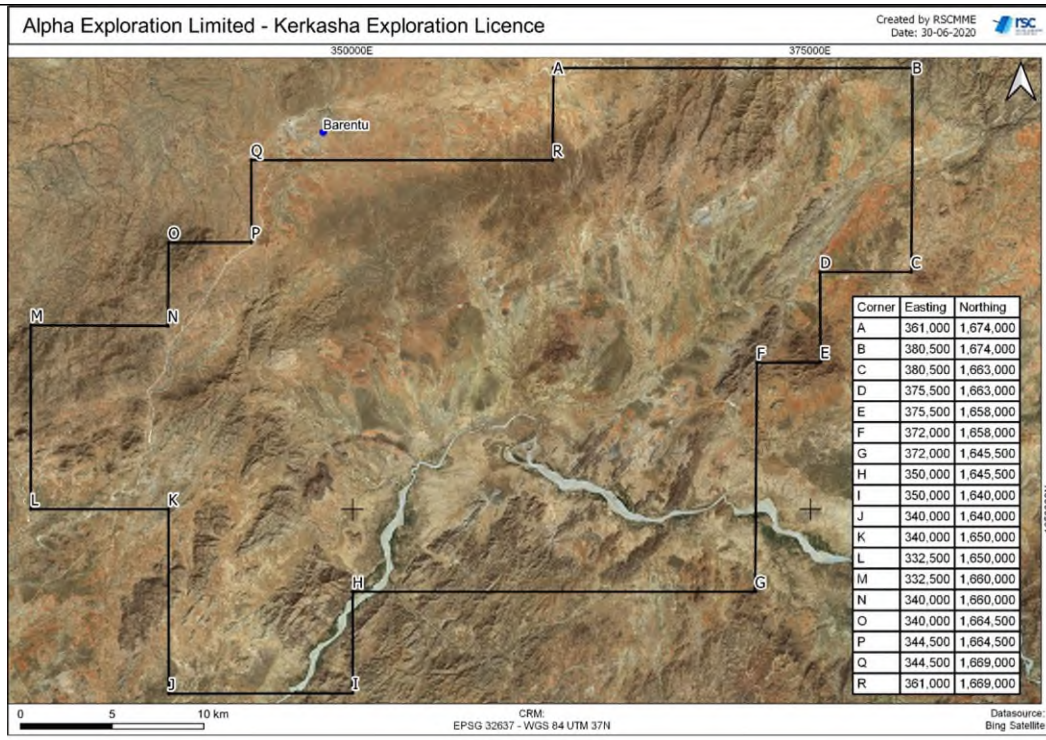
<table>
<tr><td>Area</td><td>Eritrea – Gash-Barka – Mogolo</td></tr>
<tr><td>Boundary</td><td>


Figure 1: The boundary of the Kerkasha exploration licence with labelled coordinates of the corners reproduced from the licence certificate provided to RSC Mining & Mineral Exploration (RSC).
</td></tr>
<tr><td>Size</td><td>1,028 km^2</td></tr>
<tr><td>Licence Owner</td><td>Alpha</td></tr>
<tr><td>Effective Date</td><td>10.01.2018</td></tr>
<tr><td>Expiry Date</td><td>09.01.2023</td></tr>
<tr><td>Notes:</td><td>
The Eritrean Mining Act allows the Eritrean National Mining Corporation (ENAMCO) to acquire a 10% free carried interest in any exploration and/or mining venture. Additional equity participation not exceeding a total of 30% may also be purchased by the government by agreement. The agreement will specify the percentage, timing, financing, resulting rights and obligations and other details of such participation. This allows the Eritrean Government to acquire a total of up to 40% interest in any project.

On the 20 December 2017, Alpha reached a formal agreement with ENAMCO (the ENAMCO Agreement) on the mechanism for ENAMCO to acquire their 30% participating interest that has the following key clauses:

ENAMCO shall inform the Ministry of Energy and Mines that ENAMCO and Alpha have reached an agreement and that Exploration Licence(s) should be issued to Alpha over the Property.
Alpha shall undertake exploration operations over the Kerkasha property as required by law and generally accepted exploration practices.
At any time after the issuance of the Kerkasha Exploration Licence (EL), but no later than three months after the completion of a bankable feasibility study, ENAMCO shall have, on behalf of the State of

</td></tr>
</table>

	Eritrea, the right to exercise free carried (of 10%) and paid participation interest (of up to 30%) in the EL as provided for in the Mining Proclamation 68/1995. 4. ENAMCO shall acquire the paid participation interest referred to above by reimbursing Alpha for all expenditures made exclusively and necessarily for the exploration of the Kerkasha property at historical cost as audited by an independent auditor. 5. Starting from the time ENAMCO has exercised its right to acquire participation interest in the EL, it shall contribute, in proportion to its paid Participation Interest, in all exploration and/or development expenditure on the Kerkasha property. 6. ENAMCO and Alpha shall form jointly a Share Company in accordance with the Commercial Code of Eritrea soon after ENAMCO has exercised its right of participation. Royalties are set at 5% for precious metals and 3.5% for other metallic ores. Corporation tax is set at 38% for mining with a 20% flat tax on expatriate employee earnings. There is a straight-line depreciation over four years on all capital costs for a mining operation that significantly off-set the 38% corporation tax. There is a no dividend tax. There is 0.5% chargeable on all imports of machinery equipment, vehicles, and parts. Based on its review of Alpha's agreement with The Ministry of Energy and Mines concerning exploration in the Kerkasha area, dated 10 January 2018, and other available material, RSC has identified nothing to suggest: • Alpha does not hold sufficient surface rights to allow it to effectively explore the EL; • Alpha is unduly affected by potential royalties or encumbrances with respect to the EL; • Alpha will be prohibited for environmental reasons from effectively exploring the EL; and • Alpha does not hold sufficient permits to allow it to effectively explore the EL, with the exception of an area (~43km²) in the central-southwest part of the EL that is a restricted area by the Eritrean military.