THIS OPTION AGREEMENT dated as of the 8th day of March, 2021.

AMONG:

KO GOLD NZ LIMITED
a company formed under the laws of New Zealand

(the "**Optionee**")

-and-

KO GOLD INC.
a company formed under the laws of Province of Ontario, Canada

("**KO Gold**")

-and-

HYDE RESOURCES LIMITED
a company formed under the laws of New Zealand

("**Hyde**")

-and-

SMYLERS GOLD LIMITED
a company formed under the laws of New Zealand

("**Smylers**")

WHEREAS Hyde and Smylers (collectively, the "**Optionors**") are the owners of a 100% undivided interest in the Property (as hereinafter defined) and seek to grant the Optionee the sole, immediate, exclusive and irrevocable option (the "**Option**") to acquire a 100% undivided interest in the Property and the Optionee is interested in acquiring the Option, all on and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants, conditions and premises herein contained, the sum of ONE DOLLAR now paid by each of the Parties (as hereinafter defined) to the other and for other good and valuable consideration (the receipt and sufficiency whereof being hereby acknowledged), the Parties do hereby covenant and agree as follows:

1. **DEFINITIONS**

1.1 <u>**Definitions**</u>. In this Agreement:

"**this Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions shall mean or refer to this Agreement and any and all agreements or instruments supplemental or ancillary hereto and the expression "**Section**" followed by a number means and refers to the specified Section of this Agreement.

"**Additional Property**" shall have the meaning given to it in Section 14.1.

"**Affiliate**" shall mean any person, partnership, joint venture, corporation or other form of enterprise which directly or indirectly Controls, is controlled by or is under common Control with a Party.

"**Agents**" shall mean servants, employees, agents, workmen and contractors.

"**Arbitration**" shall have the meaning given in Section 11.2.

"**Arbitration Act**" shall have the meaning given in Section 11.2.

"**Arbitrator**" shall have the meaning given in Section 11.4.

"**Area of Interest**" shall mean the Province of Otago, New Zealand.

"**Associate**" where used to indicate a relationship, shall mean: (a) any body corporate of which the Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the body corporate for the time being outstanding; (b) any partner of that Person; (c) any trust or estate in which the Person has a substantial beneficial interest or as to which the Person serves as trustee or in a similar capacity; (d) any relative of that Person, including the Person's spouse, where the relative has the same home as the Person; or (e) any relative of the Person where the relative has the same home as the Person.

"Control" shall mean possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

"**Dispute**" shall have the meaning given in Section 11.1.

"**Dunedin Office**" shall mean the offices of Hardie Pacific located at 57 Leith Street, Dunedin, New Zealand.

"**Effective Date**" shall mean April 1, 2021.

"**Encumbrances**" shall mean any and all mortgages, pledges, security interests, liens, charges, encumbrances, contractual obligations and claims of others, recorded and unrecorded, registered and unregistered.

"**Excess Expenditures**" shall have the meaning set forth in Section 5.2.

"**Expenditures**" means the sum of all costs incurred in acquiring, prospecting, exploring, geological, geophysical and geochemical surveying, sampling, examining, diamond and other types of drilling, developing, dewatering, assaying, testing, constructing, maintaining and operating roads, trails and bridges upon or across the Property, buildings, equipment, plant and supplies, salaries and wages (including fringe benefits) of employees and contractors directly engaged therein, insurance premiums, and all other expenses ordinarily incurred in prospecting, exploring and developing mining lands, together with all administrative and overhead costs directly incurred by the Operator and relating directly to the administration of the Property or Expenditures incurred with respect to the Property, provided that in no event shall such administrative and overhead costs exceed thirty percent (30%) of the initial $1,000,000 (plus GST) of Expenditures, and provided always that in no event shall such costs include non-project related overhead or legal or other consultants' fees related to the negotiation (including the conduct of due diligence), execution and delivery of this Agreement.

"**GST**" means goods and services tax as defined in the Goods and Services Tax Act 1985.

"**Hardie Pacific**" means Hardie Pacific Limited.

"**KO Gold**" shall mean KO Gold Inc.

"**KO Property**" shall mean Mineral Prospecting Permit 606674, the Carrick, German Hills, Hyde, and German Hills South Mineral Prospecting Permit Applications in the Province of Otago, and any permits, claims, leases or other form of mineral tenure which may replace the same, together with any right to or interest in any mining claim, licence, lease, grant, concession, permit, patent, or other mineral property (excluding any interest involving predominantly sand and gravel and other common non-metallic materials) located wholly or partially within the Area of Interest that either KO Gold or the Optionee stakes or otherwise acquires, directly or indirectly, during the Option Period.

"**Laws**" means collectively, all New Zealand statutes, provincial, territorial, municipal or local statutes, regulations and by-laws applicable to the Parties or the Property, or to any activities thereon, including without limitation, all orders, notices, rules, decrees, decisions, codes, guidelines, policies, directions, permits, approvals, licenses and similar authorizations issued, rendered or imposed by any level of government including any ministry, department or administrative or regulatory agency or authority.

"**Losses**" shall mean actual losses, liabilities, damages, injuries, costs or expenses.

"**Operator**" shall have the meaning set forth in Section 8.1.

"**Option**" shall have the meaning set forth in the preambles to this Agreement.

"**Optionee**" shall mean KO Gold NZ Limited.

"**Optionors**" shall mean collectively, Hyde Resources Limited and Smylers Gold Limited (who shall be treated as one Party for the purposes of this Agreement).

"**Option Period**" shall mean the period during which the Option is in full force and effect as provided herein.

"**Overheads**" shall mean the following costs and expenses of Hardie Pacific (which shall not exceed 30% or $300,000 (plus GST) in aggregate of the initial $1,000,000 (plus GST) of Expenditures incurred pursuant to Section 5.1 (a)) and shall consist of;

a) Administrative overheads amounting to $13,000 per month (plus GST) in the aggregate (the “Monthly Overhead’), which are comprised of:

   i. $5,000 per month (plus GST) for:

      A. rents, utilities, taxes, maintenance and cleaning in respect of the Dunedin Office ; and,

      B. secretarial and administrative services

   ii. $1,000 per month (plus GST) for general and administrative expenses related to the Property, including, computers, telephones/internet, office equipment and supplies;

   iii. $4,000 per month (plus GST) for the Operator’s managing director’s (Tom Ritchie) compensation;

   iv. $2,250 per month (plus GST) for the Operator’s permit manager and government liaison’s (Sue Pye) compensation;

   v. $750 per month (plus GST) for project marketing or promotion, consisting of industry conferences or trade shows;

b) Geologist services and related travel/transportation costs to visit the Property which are to be charged at the Operator’s cost; and

c) Field equipment/geological tools (eg: X-ray Fluorescence spectrometer, magnetometer) which are to be charged at the Operator’s daily rate.

The Monthly Overheads shall be charged to the Optionee by the Operator on the first day of each month. Documentation shall be provided by the Operator, at the time of invoicing, for any Overheads pursuant to (b) or (c) above. All Overhead payments are to be made within 5 days of receipt of Operator’s invoice. Operator to charge applicable sales taxes at time of invoice. Costs to be proportionately allocated in event this Agreement begins after the first day of a month or is terminated before the last day of a month or upon the $300,000 (plus GST) Overhead threshold being attained.

"**Parties**" shall mean collectively, the Optionors and the Optionee.

"**Party**" shall mean either the Optionors or the Optionee.

"**Person**" shall mean any individual, partnership, company, corporation, unincorporated association, person, government or governmental agency, authority or entity howsoever designated or constituted.

“**Principal Shareholders**” means Greg Isenor, Mark McMurdie and Chris Irwin.

"**Property**" shall mean those mineral permits located in the Province of Otago, New Zealand, as more particularly described in Schedule “A” and any claims, leases or other form of mineral tenure which may replace the same, and any and all surface, water, access and other non-mineral rights of and to any lands within the boundaries of such tenures including surface rights held in fee or under lease, licence, easement, right of way or other rights of any kind and all renewals, extensions and amendments thereof or substitutions therefor together with any Additional Property that becomes part of the Property pursuant to this Agreement. To avoid doubt, Property does not include any estate or interest in land subject to the Land Transfer Act 2017 .

"**Royalty Agreement**" shall mean the royalty agreement in the form attached hereto as Schedule "B" and forming a part hereof.

"**RSC**" shall mean RSC Consulting Limited.

"**Technical Committee**" shall have the meaning set forth in Section 8.2.

"**Termination Notice**" shall have the meaning set forth in Section 9.2.

"**Transfer**" when used as a verb, shall mean to sell, grant, assign, encumber, pledge or otherwise commit or dispose of, directly or indirectly, including through mergers, consolidations or asset purchases. When used as noun, "**Transfer**" shall mean a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, consolidations or asset purchases.

"**Working Capital**" shall mean the current assets of KO Gold and the Optionee, taken as a group, less the current liabilities of KO Gold and the Optionee, taken as a group, calculated in accordance with International Financial Reporting Standards.

2. SCHEDULES, GENDER AND NEW ZEALAND DOLLARS

2.1 **Schedules**. The following are the exhibits attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule "A" – Property Description
Schedule "B" – Royalty Agreement

2.2 **Gender and Extended Meanings**. In this Agreement all words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and pronoun. In this Agreement words importing the singular number include the plural and vice versa.

2.3 **New Zealand Dollars**. All dollar amounts or "$" referred to in this Agreement are in New Zealand funds.

2.4 **Business Days**. All references in this Agreement to business days are to days excluding Saturdays, Sundays and banking holidays in Dunedin, New Zealand or Toronto, Ontario.

2.5 **Period of Time**. When calculating the period of time within which or following which any act is to be done or step is to be taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

2.6 **Section Headings**. The Section and other headings contained in this Agreement or in the Exhibit are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

3. **REPRESENTATIONS AND WARRANTIES**

3.1 **Representation and Warranties of the Optionors**. Each of the Optionors hereby jointly and severally represents and warrants to the Optionee as follows and acknowledges that the Optionee is relying on such representations and warranties in entering into this Agreement and acknowledges and agrees that such representations and warranties shall be true and correct as of the Effective Date with the same force and effect as if made on and as of such date:

(a) **Due Incorporation.** It is a company duly incorporated under the laws of the jurisdiction of its incorporation and it is duly organized and validly subsisting under such laws and is duly licensed and qualified as necessary to carry on its business as currently conducted or as proposed to be conducted.

(b) **Corporate Power.** It has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder.

(c) **Corporate Approvals.** It has duly obtained all corporate and, all regulatory authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under or result in the creation of any Encumbrance under the provisions of its constating documents or any shareholders' or directors' resolution or any indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound and does not contravene any applicable Laws

(d) **No Acts of Bankruptcy.** Neither of the Optionors has committed an act of bankruptcy, is insolvent, has proposed a compromising arrangement to his creditors generally, has had any petition for a receiving order in bankruptcy filed against him, has made a voluntary assignment in bankruptcy, has taken any proceedings with respect to a compromise or arrangement, has taken any proceeding to have himself declared bankrupt or wound-up, has taken any proceeding to have a receiver appointed of any part of his assets, has had any encumbrancer take possession of any of his property or has had any execution or distress become enforceable or become levied upon any of his property.

(e) **Brokerage or Finder's Fee.** There is no Person acting or purporting to act at their request who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

(f) **Interest.** Collectively, the Optionors are the beneficial owners of a 100% undivided interest in the Property, free and clear of any and all Encumbrances. Each of the Optionors has the full power to hold their interest in the Property and hold recorded or registered title to the Property. The Property is duly recorded in the name of the Optionors as set out in Schedule "A" and is in good standing pursuant to all applicable Laws.

(g) **Permits in Good Standing**. All existing exploration, investigation and exploration permits in respect of the Property are in good standing and exploitation and exploration of the Property is allowed, provided that the Operator obtains all requisite government and regulatory approvals with respect to such activities.

(h) **Abutting Claims.** None of the Optionors own jointly and/or severally, any right, title or interest in or to any mineral claims abutting the Property. All of the mineral claims comprising the Property are contiguous.

(i) **Property Surveyed.** Each mineral claim forming part of the Property has been properly surveyed, located and recorded in accordance with applicable Laws.

(j) **Taxes, Charges and Assessments.** All taxes and charges with respect to the Property have been paid in full as of the date hereof. All requisite minimum assessment work has been performed and reported on the Property pursuant to applicable Laws. No Person has any proprietary or possessory interest in the Property. Save and except as provided in the Royalty Agreement, no Person is entitled to any royalty or other payment in the nature of rent or royalty on any minerals, metals or concentrates or any other such products removed or produced from the Property.

(k) **Adverse Claims**. There are no existing, pending or threatened adverse claims or challenges against or to the ownership of, possession, operation, control, management or title to the Property or substances thereon or therefrom nor, to the best knowledge of the Optionors, is there any basis therefor.

(l) **Compliance with Laws.** Each of the Optionors have fully complied with all Laws with respect to the Property and none of the Optionors has received notice of any breach, violation or default with respect to the Property. Conditions on and relating to the Property are in compliance with all applicable Laws.

(m) **Litigation.** There is no legal, administrative, arbitration or other proceeding, claim or action of any nature or investigation pending or, to the knowledge of the Optionors, threatened against or involving the Property or which questions or challenges the validity of this Agreement, or any action taken or to be taken by the Optionors pursuant to this Agreement or any other agreement or instrument to be executed and delivered by the Optionors in connection with the transactions contemplated hereby and none of the Optionors know or have any reason to know of any valid basis for any such legal, administrative, arbitration or other proceeding, claim, action of any nature or investigation. None of the Optionors is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had or may be expected to have an adverse effect on the Property.

(n) **All Material Information.** Each of the Optionors have made available to the Optionee all material information in their possession or control relating to the Property and throughout the Option Period, shall continue to make available to the Optionee all information in their possession or control relating to the Property.

(o) **No Additional Information**. None of the Optionors have any information or knowledge of any facts pertaining to the Property or substances thereon or therefrom not disclosed in writing to the Optionee, if known to the Optionee might reasonably be expected to deter the Optionee from completing the transactions contemplated hereby.

3.2 **Representations and Warranties of the Optionee.** The Optionee hereby represents and warrant to the Optionors as follows and acknowledges that the Optionors are relying on such representations and warranties in entering into this Agreement and acknowledges and agrees that such representations and warranties shall be true and correct as of the Effective Date with the same force and effect as if made on and as of such date:

(a) **Due Incorporation.** It is a company duly incorporated under the laws of the jurisdiction of its incorporation and it is duly organized and validly subsisting under such laws and is duly licensed and qualified as necessary to carry on its business as currently conducted or as proposed to be conducted.

(b) **Corporate Power.** It has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder.

(c) **Corporate Approvals.** It has duly obtained all corporate and all regulatory authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under or result in the creation of any Encumbrance under the provisions of its constating documents or any shareholders' or directors' resolution or any indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound and does not contravene any applicable Laws.

(d) **Due Execution and Delivery.** This Agreement has been duly executed and delivered by it and is valid, binding and enforceable against it in accordance with its terms.

(e) **No Acts of Bankruptcy.** It has not committed an act of bankruptcy, is not insolvent, has not proposed a compromising arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

(f) **Brokerage or Finder's Fee.** There is no Person acting or purporting to act at its request who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

(g) **Authorized Capital.** The authorized capital of the Optionee consists of an unlimited number of common shares which as at the Effective Date, 1,000,000 common shares are currently issued and outstanding, all of which shares are fully paid and non-assessable.

(h) **Litigation.** There is no legal, administrative or other proceeding, claim or action of any nature or investigation pending or, to the knowledge of the Optionee, threatened against or involving the Optionee or which questions or challenges the validity of this Agreement, or any action taken or to be taken by the Optionee pursuant to this Agreement or any other agreement or instrument to be executed and delivered by the Optionee in connection with the transactions contemplated hereby and the Optionee does not know or have any reason to know of any valid basis for any such legal, administrative, arbitration or other proceeding, claim, action of any nature or investigation.

3.3 **Representations and Warranties as Conditions**. Each Party:

(a) **Condition.** Acknowledges and agrees that the other Party is entering into this Agreement relying upon the representations and warranties made by it herein and the correctness of each such representation and warranty is a condition upon which such other Party is relying upon entering into this Agreement, each of which conditions may be waived in whole or in part solely by such other Party in writing and all such representations and warranties shall survive the execution, delivery and termination of this Agreement and the completion of the transactions contemplated hereby notwithstanding any independent investigations either Party may make.

(b) **Indemnification.** Agrees to indemnify and hold harmless the other Party from all Losses actually incurred by such other Party in connection with a breach of any representation or warranty made by it and contained herein, provided that such representations and warranties shall only have a survival period that terminates two years following: (i) the exercise of the Option; or (ii) the termination of the Option.

4. GRANT OF OPTION

4.1 **Grant**. In consideration of the covenants and agreements of the Optionee and the sum of $1 previously paid by the Optionee to the Optionors (the receipt whereof being hereby acknowledged by the Optionors), the Optionors do hereby give and grant to the Optionee, the sole, immediate, exclusive and irrevocable option to acquire a 100% undivided interest in the Property, subject to the provisions of the Royalty Agreement, free and clear of any and all Encumbrances, by satisfying within the time limits therefor, those obligations set forth in Section 5.

5. OPTION

5.1 **Option Payments.** The Option may be exercised by the Optionee incurring and funding aggregate Expenditures in the amount of $4,000,000 (plus GST) on the Property over a three-year period during the Option Period, as follows:

(a) the Optionee shall incur and fund a minimum of $1,000,000 in Expenditures (plus GST) on the Property on or before the date that is 18 months from the Effective Date; and

(b) the Optionee shall incur and fund an additional $3,000,000 in Expenditures (plus GST) on the Property on or before the third anniversary of the Effective Date.

5.2 **Excess Expenditures.** The Optionee may make Expenditures at a faster rate than that required by Section 5.1 (the "**Excess Expenditures**") and the Option will be effectively exercised when the Optionee has funded and incurred Expenditures which total $4,000,000 (plus GST). Any Excess Expenditures over the minimum Expenditures required by a particular date shall be credited toward the amount of Expenditures to be expended by the next due date in order to maintain the Option. All due dates for Expenditures, including the Option Period, shall be extended for such time as access to the Property and/or work on it is prevented by any condition of Force Majeure as described in Section 10.

5.3 **Operator's Delay**. If the Optionee fails to incur and fund the initial $1,000,000 of Expenditures (plus GST) during the requisite 18 month period primarily due to performance delays by the Operator (i.e. the Operator's failure to carry out the necessary works program during such period), then all due dates for Expenditures, including the Option Period, shall be automatically extended for such time as is required for the Optionee to incur and fund the initial $1,000,000 of Expenditures (plus GST).

5.4 **Statement as to Expenditures**. The Optionee agrees to deliver to the Optionors 60 days following the applicable time limit set forth in Section 5.1(a) and (b) for the incurring of the applicable Expenditures, a certificate stating the amount of Expenditures incurred and funded. The certificate shall be prima facie evidence of such Expenditures having been incurred and funded. The Optionors shall have 30 calendar days following receipt of such certificate to request an audit of the Expenditures represented on such certificate, which audit shall be conducted at the sole cost and expense of the Optionors. Should the Optionors so request, (which request shall be made within the aforesaid 30-day period), the Optionee shall make available to the Optionors, during normal business hours, all documents and records in support of the disputed certificate. The Optionors shall have 10 calendar days to review such documents and records, commencing with the date the same were first made available. The Optionee and the Optionors shall have 15 calendar days following the conclusion of the Optionors' review to negotiate in good faith an amicable resolution of any portion of the Expenditures that the Optionors continues to dispute. Failure of the Parties to mutually agree upon a resolution shall entitle either Party (the Optionors being treated as one Party) to submit such dispute to arbitration in accordance with the provisions of Section 11 of this Agreement.

6. EXERCISE OF OPTION

6.1 **Option Exercise**. If the Optionee has duly funded the Expenditures in accordance with the provisions of Section 5.1, and delivered the shares of KO Gold in accordance with subsection 7.2(b), the Optionee shall have duly exercised the Option as at such date and shall have earned a 100% undivided interest in the Property, free and clear of any and all Encumbrances, save and except as provided in the Royalty Agreement.

6.2 **No Partial Interest**. If the Optionee fails to exercise the Option within the time period provided in Section 5.1, the Optionee shall not be entitled to any partial interest in the Property.

6.3 **No Obligation.** Except as specifically provided elsewhere herein, this is an option agreement only and until the exercise of the Option, nothing herein contained and no act done nor Expenditure made hereunder shall obligate the Optionee to do any further act or acts or to make any further Expenditures and in no event shall this Agreement or any act done or any Expenditure made be construed as an obligation of the Optionee to do or perform any work or make any payments on or with respect to the Property.

7. TRANSFER OF DATA AND PROPERTY

7.1 **Data**. The Optionors do hereby jointly and severally agree to forthwith deliver to the Optionee photocopies of all maps, reports, results of surveys and drilling and any other reports of information the Optionors may have prepared or may have caused to be prepared or may have in their possession or under their control with respect to the Property.

7.2 **Title to Property**. During the Option Period, recorded title to the Property shall remain in the name of the Optionors, as set out in Schedule "A". From and after the due exercise of the Option by the Optionee, the Optionors and the Optionee shall use their good faith commercial best efforts to have:

(a) the Property transferred to the Optionee; and

(b) KO Gold shall issue such number of shares in the capital of KO Gold pursuant to the calculation in Section 7.3.

7.3 a) The number of shares, expressed as a percentage, in the capital of KO Gold to be issued to the Optionors, upon the Optionee duly incurring the Expenditures in accordance with Section 5.1, shall be calculated with the following formula:

$$\frac{P \quad \times \quad 50\%}{P + KP + WC}$$

Where:

P = The value of the Property as determined by RSC, acting reasonably;

KP = The value of KO Property as determined by RSC, acting reasonably; and

WC = Working Capital.

b) By way of example:

i. The Optionee exercises the Option to acquire 50% of the Optionor's Property and the Optionee has no other properties or working capital and RSC values 100% of the Optionors Property at $10,000,000, the Optionor's interest in KO Gold would be:

$$\frac{\$10{,}000{,}000 \quad \times \quad 50\% \quad = 50\%}{\$10{,}000{,}000}$$

ii. Upon the exercise of the Option, RSC values the Optionor's Property at $10,000,000, and RSC values the Optionee's property at $1,500,000 and its Working Capital is $1,000,000, the Optionor's interest in KO Gold would be:

$$\frac{\$10{,}000{,}000 \quad \times \quad 50\% \quad = 40\%}{\$10{,}000{,}000 + 1{,}500{,}000 + 1{,}000{,}000}$$

7.4 **Shareholder Agreement**. Within 60 days after the due exercise of the Option by the Optionee, the Principal Shareholders, the Optionors and KO Gold shall negotiate, execute and deliver, acting in good faith, a mutually acceptable shareholders' agreement with respect to the shareholdings in KO Gold. For greater certainty and without limitation, the shareholders' agreement shall include the following terms:

(a) provision agreeing to elect the following individuals to the board of directors of KO Gold: (i) three representatives designated by the Principal Shareholders; and (ii) one representative designated by the Optionors;

(b) provision agreeing to elect the following individuals to the board of directors of the Optionee: (i) three representatives designated by KO Gold; (ii) three representatives designated by the Optionors; and (iii) in the event of tie a representative of KO Gold shall have a casting vote.

(c) Provision stipulating that that Optionor is required to vote its shares in favour of the Principal Shareholders' directives

(d) Each of the Principal Shareholders and the Optionors will have a right to purchase its *pro rata* share of any offering of new securities by KO Gold, subject to customary exceptions;

(e) A "**Right of First Refusal**" which shall apply to a transfer, direct or indirect, of all or part of a Optionors' shareholdings of KO Gold; and

(f) An "Area of Interest" which shall be comprised of the Province of Otago, New Zealand.

7.5 **Transfer of Optionors.** During the Option Period, neither of the Optionors shall transfer all or part of their interest in the Property and/or this Agreement other than to the Optionee as provided herein.

8. OPERATOR OF THE OPTIONED PERMITS

8.1 **Appointment of Operator**. The Optionee shall retain Hardie Pacific to act as Operator (the "**Operator**") of the Property during the portion of the Option Period when the initial $1,000,000 of Expenditures (plus GST) are being incurred and funded pursuant to subsection 5.1(a) and the Optionee shall have the right to appoint the Operator during the portion of the Option Period when the additional Expenditures of $3,000,000 of Expenditures (plus GST) are being incurred and funded pursuant to subsection 5.1(b).

As the Operator, the applicable party shall be responsible in its sole discretion for carrying out and administering exploration, development and mining work on the Property. As Operator, the applicable party shall have the sole, exclusive and immediate right to enter upon, explore, develop and mine the Property and to have quiet and exclusive possession of the Property with sole power and authority to the Operator and its respective Agents to sample, extract, diamond drill, prospect, explore, develop and mine the Property in such manner as the Operator in its sole discretion may determine, including without limitation, the right to erect, bring and install thereon all buildings, machinery, equipment and supplies as the Operator shall deem necessary and proper and to remove therefrom reasonable quantities of ores, minerals or metals for assay and testing purposes.

8.2 **Technical Committee**. During the Option Period a technical committee (the "Technical Committee") consisting of four (4) members, comprised of two (2) members from the Optionors and two (2) members from the Optionee (with a nominee of the Optionee having a casting vote in the event of a tie vote) shall meet on at least a quarterly basis or on such shorter basis as mutually deemed necessary by the Optionors and Optionee, each acting reasonably, to address matters relating to work to be conducted by the

Operator pursuant to this Agreement. The Operator shall take into account in good faith any technical and managerial comments made by the members of the Technical Committee.

8.3 **Delivery of Annual Programs and Budgets**. During the Option Period, not less than 60 days prior to the commencement of any exploration program the Operator shall deliver to the Parties a written program and budget specifying in reasonable detail an outline of any and all research, prospecting, exploration and development proposed to be carried out during the next scheduled Expenditure period and the estimated Expenditures together with an activities schedule and timetable therefor, which shall be approved by the Technical Committee, acting reasonably. The Operator will give detailed advance notice in writing to the Parties of any material deviation from any program and budget, together with the reasons therefor and a revised program and budget for the remaining months of the applicable period, which shall be approved by the Technical Committee.

8.4 **Maintenance of Property**. During the Option Period the Optionors and/or their respective Affiliates shall do, record and/or pay annually or in advance, assessment work for the Property and shall pay such taxes, fees and rents as may be required to keep the Property in good standing. The Operator shall provide copies of all reports, maps or other documents to the Optionors and/or the Optionee. The Optionee shall co-operate with the Optionor as reasonably necessary in facilitating the making of payments.

8.5 **Option Regarding Commercial Production**. The Operator shall be under no obligation whatsoever to place the Property into commercial production and if the Property is placed into commercial production, the Operator shall have the right at any time to curtail or suspend such commercial production as the Operator in its absolute discretion deem advisable.

8.7 **Access to Property**. During the Option Period and only if the Optionors are not the Operator, upon the written request of the Optionors and subject to permission from the landowner, the Optionee shall provide the Optionors with access to the Property at a convenient time and day for the Optionee or its Affiliates in order to observe the conduct of the operations or to view drill cores and samples. Such access shall be at the Optionors' own sole cost, expense and risk and must not obstruct or interfere with the operation or activities conducted by the Optionee and/or its Affiliates.

8.8 **Standard of Care**. The prospecting work, processes, undertaking and other operations carried on or conducted by or on behalf of the Operator in respect of the Property shall be carried on or conducted in a sound and workmanlike manner and in compliance with sound geological and geophysical exploration and mining engineering and metallurgical practices. All such work, processes, undertaking and other operations shall be in compliance with all applicable Laws.

9. TERMINATION OF OPTION

9.1 **Termination of Option by the Optionee**. The Optionee shall have the right to terminate the Option at any time and thereafter, the Optionee shall have no further or other rights and obligations under this Agreement.

9.2 **Termination of Option by the Optionors**. The Optionors shall have the right to terminate the Option as a result of a breach of Section 5.1, on prior written notice to the Optionee (the "**Termination Notice**") if, within 90 days after receipt of the Termination Notice, the Optionee shall fail to fund the Expenditures as provided in Section 5.1 except where such failure is primarily due to performance delays by the Operator (i.e. the Operator's failure to carry out the necessary works program during the requisite period) and all due dates for Expenditures, including the Option Period, have been automatically extended pursuant to clause 5.3 in which case the Termination Notice shall be deemed to be of no effect.

10. FORCE MAJEURE - GENERAL

10.1 **Force Majeure**. Time shall be of the essence of this Agreement, provided however that notwithstanding anything to the contrary contained herein, if a Party should at any time or times during the currency of this Agreement be delayed in or prevented from complying with this Agreement by reason of wars, acts of God (including without limitation epidemic or pandemic, i.e. COVID-19) strike, lockouts or other industrial disputes, inability to access its place of business, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from regulatory authorities including environmental protection agencies, unavailability of equipment or qualified personnel, delays of transportation, breakdown of machinery, interference of persons primarily concerned about environmental issues or native rights pressure groups or other causes whether of the kind enumerated above or otherwise which are not reasonably within the control of the applicable Party (excluding for greater certainty and without limitation, unavailability of funds), the period of all such delays resulting from such causes or any of them, shall be excluded in computing the time within which anything required or permitted by the applicable Party to be done, is to be done hereunder, it being understood that the time within which anything is to be done hereunder shall be extended by the total period of all such delays. Nothing contained in this Section shall require the applicable Party to settle any industrial dispute or to test the constitutionality of any enacted Law.

11. ARBITRATION

11.1 **Dispute**. Any dispute or disagreement of any kind or nature between the Parties arising out of or in connection with this Agreement (a "**Dispute**") shall be resolved in accordance with this Section 11, to the extent permitted by Applicable Laws.

11.2 **Submit to Arbitration.** Any Dispute shall be submitted to arbitration (the "**Arbitration**") by one Arbitrator pursuant to the procedure set forth in this Section 11 and pursuant to the arbitration rules set forth in the Arbitration Act 1996 (the "**Arbitration Act**"). If the provisions of this Section 11 are inconsistent with the provisions of the Arbitration Act and to the extent of such inconsistency, the provisions of this Section 11 shall prevail in any Arbitration.

11.3 **Demand for Arbitration**. Any Party may make a demand for Arbitration by sending a notice in writing to another Party, setting forth the nature of the Dispute, the amount involved and the name of the Arbitrator it proposes to be appointed. The demand for Arbitration shall be made no later than thirty (30) days after notice is first given to the other Party concerning the event giving rise to the Dispute.

11.4 **Appointment of Arbitrator.** Within thirty (30) days after any demand for Arbitration under Section 11.3, the Parties shall have agreed on the designation of the Arbitrator or should the Parties fail to do so, the Arbitrator may be appointed by the President for the time being of the New Zealand Law Society upon motion of either Party (in either case, the "**Arbitrator**").

11.5 **Location of Arbitration.** The Arbitration hearings shall be held in Dunedin, New Zealand in the English language and shall commence no later than thirty (30) days after the determination of the Arbitrator under Section 11.4. The decision of the Arbitrator shall be made not later than sixty (60) days after its appointment. The decision of the Arbitrator, shall be final without appeal and binding on the Parties.

11.6 **Expenses.** The reasonable costs and expenses of all lawyers, consultants, advisors, witnesses and employees retained by each Party and the expenses of the Arbitrator shall be paid by the non-prevailing Party unless the Arbitrator otherwise provides in its award.

11.7 **Obligations Continue.** During the conduct of Dispute resolution procedures pursuant to this Section 11, the Parties shall continue to perform their respective obligations under this Agreement and neither Party shall exercise any other remedies to resolve a Dispute.

11.8 **Provisional Remedies.** The provisions of this Section 11 shall not operate to prevent recourse to a court of competent jurisdiction by any Party as permitted by the Arbitration Act with respect to injunctions, receiving orders or orders regarding the detention, preservation and inspection of property, or whenever enforcement of an arbitration award reasonably requires access to any remedy which an arbitrator has no power to award or enforce.

12. RELATIONSHIP AND OTHER OPPORTUNITIES - GENERAL

12.1 **Relationship of Parties**. The rights, privileges, duties, obligations and liabilities, as between the Parties, shall be separate and not joint or collective and nothing herein contained shall be construed as creating a partnership, an association, agency or subject as herein specifically provided, a trust of any kind or as imposing upon either of the Parties any partnership duty, obligation or liability. No Party is liable for the acts, covenants and agreements of any other Party, except as herein specifically provided.

12.2 **Other Opportunities**. Each of the Parties shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavours of any sort whatsoever whether or not competitive with the endeavours contemplated herein without consulting the other Party or inviting or allowing the other Party to participate therein. No Party shall be under any fiduciary or other duty to any other Party which shall prevent it from engaging in or enjoying the benefits of competing endeavours within the general scope of endeavours contemplated by this Agreement. The legal doctrine of "**corporate opportunity**" sometimes applied to persons engaged in a joint venture or having fiduciary status shall not apply in the case of a Party.

13. CONFIDENTIALITY

13.1 **Confidentiality**. No disclosure or announcement, public or otherwise, in respect of this Agreement or the transaction herein contained shall be made by any Party without the prior written consent of the other Party as to timing and content, provided that the obligations herein will not prevent either Party from making, after consultation with the other Party, such disclosure as its counsel may advise is required by applicable Law or the rules and policies of any securities regulatory authority or stock exchange having jurisdiction or potential jurisdiction.

14. AREA OF INTEREST

14.1 **Area of Interest**. If at any time during the currency of this Agreement, either of the Optionors, or their respective Affiliates or Associates, stakes or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, licence, lease, grant, concession, permit, patent, or other mineral property (excluding any interest involving predominantly non-industrial minerals, including sand and gravel and other common non-metallic materials) located wholly or partially within the Area of Interest (each, an "**Additional Property**"), the Optionors shall forthwith give notice to the Optionee of that staking or acquisition, the total cost thereof and all details in the possession of the Optionors with respect to the details of the acquisition, the nature of the property and the known mineralization. The Optionee may within thirty (30) days of receipt of the Optionors' notice, elect by notice to the Optionors, to require that the mineral properties and the right or interest acquired by such Optionor shall form part of the Property and the Optionee shall reimburse the respective Optionor its costs with respect to the acquisition. For the purpose of this Section 14 the Optionee and KO Gold shall be treated as one party and both of the Optionors shall be treated as one party.

15. **NOTICE - GENERAL**

15.1 **Notices**. All notices, requests, demands or other communications which by the terms hereof are permitted to be given by a Party to the other Parties shall be given in writing by personal delivery or email, addressed to such other Parties or delivered to such other Parties as follows:

(i) to the Optionee at:

KO Gold Inc.
Suite 902, Sun Tower
1550 Bedford Highway
Bedford, NS B4A 1E6

Attention: Greg Isenor, CEO and Mark McMurdie, CFO
Email: gpisenor@kogoldnz.com and mmcmurdie@kogoldnz.com

(ii) to the Optionors at:

Hardie Pacific Limited
PO Box 6280, Dunedin 9016
57 Leith Street, Dunedin 9016
New Zealand

Attention: Duncan Hardie and Tom Ritchie
Email: duncan@hardiepacific.com and tom@hardiepacific.com

or at such other addresses and to such other Person that may be given by any of them to the others in writing from time to time on ten days' prior written notice and such notices, requests, demands or other communications shall be deemed to have been received when delivered. Notwithstanding the foregoing, in the event of notice and/or deliveries to be made to the Optionors, it is understood and agreed that notice and/or deliveries shall be deemed to have been duly and properly given to the Optionors if the notice and/or delivery shall be delivered to Duncan Hardie and Tom Hardie.

16. **MISCELLANEOUS - GENERAL**

16.1 **Acts in Good Faith**. Each Party shall at all times during the currency of this Agreement and after the termination of the Option, act in good faith with respect to the other Party and shall do or cause to be done all things within their respective powers which may be necessary or desirable to give full effect to the provisions hereof.

16.2 **Severability**. Any provision of this Agreement which is invalid or unenforceable shall not effect any other provision and shall be deemed to be severable herefrom.

16.3 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of New Zealand.

16.4 **Further Assurances**. The Parties shall sign such further and other documents and do such further acts or things as may be necessary or desirable in order to give full force and effect to this Agreement and every part hereof, including for greater certainty and without limitation, any and all powers of attorney and documents as counsel for the Optionee shall deem necessary to deal with ongoing title and operational matters with respect to the Property during the Option Period and any and all public deeds and documents as counsel for the Optionee shall deem necessary to effect a registration of a short form notice of this Agreement against the Property to constitute notice to third Persons, on terms and conditions satisfactory to the Parties, as provided in Section 16.8 hereof.

16.5 **Amendment**. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties.

16.6 **Entire Agreement**. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof. The execution of this Agreement has not been induced by nor do the Parties rely upon or regard as material, any covenants, representations or warranties whatsoever not incorporated herein and made a part hereof.

16.7 **Enurement**. This Agreement shall enure to the benefit of and be binding upon the Parties and each of their respective heirs, executors, administrators, legal representatives, successors and permitted assigns, but no other Person.

16.8 **Registration of this Agreement**. The Optionee shall be entitled to register this Agreement against the Property in accordance with the Crown Minerals Act 1991 or as otherwise permitted under New Zealand law so as to give public notice of the existence of this Agreement. To avoid doubt, in accordance with clause 16.4, the Parties agree to sign such further and other documents and do such further acts or things as may be necessary in order to give full force and effect to this clause 16.8.

16.9 **Counterparts**. This Agreement may be executed and delivered in two or more counterparts and by facsimile and by electronic delivery. Each such counterpart, facsimile and electronically delivered copy shall be deemed to form one and the same and an originally executed instrument, bearing the date set forth on the face page hereof notwithstanding the date of execution or delivery.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Parties have executed these presents as of the Effective Date.

KO GOLD NZ LIMITED

Per: *"Gregory Isenor"*
Authorized Signing Officer

KO GOLD INC.

Per: *"Gregory Isenor"*

HYDE RESOURCES LIMITED

Per*:" Duncan Hardie"*
Authorized Signing Officer

SMYLERS GOLD LIMITED

Per*:" Duncan Hardie"*
Authorized Signing Officer

SCHEDULE "A"

Description of the Property

1. **Hyde Resources Limited (Smylers Gold) – Minerals Exploration Permit No. 60389**

2. **Hyde Resources Limited (Glenpark) – Mineral Exploration Permit No. 60129**

Crown Minerals Act 1991

Sections 25, 29A and 32

Minerals Exploration Permit 60389

I, ILANA ROBYN MILLER, National Manager Minerals, Energy and Resource Markets, acting pursuant to sections 25, 29A and 32 of the Crown Minerals Act 1991 and acting pursuant to delegated authority under section 41 of the State Sector Act 1988, grant to:

HYDE RESOURCES LIMITED **(Permit Operator)**

a subsequent permit to Minerals Prospecting Permit 60123 which gives the exclusive right to explore for all metallic minerals (excluding uranium) in the land described in Schedule 2.

This minerals exploration permit is granted for a term of 5 years commencing on 3 November 2017.

This permit is a Tier 2 permit unless and until a change to the tier status of the permit takes effect in accordance with section 2B or 2D of the Crown Minerals Act 1991.

This permit is granted subject to the Crown Minerals Act 1991 and all regulations made under that Act, and the conditions of the permit.

DATED this 3rd day of November 2017

[redacted]

[redacted]

Schedule 1

General Conditions

RIGHTS GRANTED BY THIS PERMIT

1 The permit holder has the right to prospect for the specified minerals, in the permit area.

2 The permit holder has the right to explore for the specified Crown-owned minerals in the permit area.

GOOD INDUSTRY PRACTICE

3 The permit holder must make all reasonable efforts to explore and delineate the mineral resource potential of the land to which the permit relates in a proactive and efficient manner in accordance with this permit and good industry practice.

COMPLIANCE AND CONSENTS

4 In carrying out activities under this permit, the permit holder must:

(a) comply with the Crown Minerals Act 1991 (Act) and all other relevant legislative requirements;

(b) obtain any consents and approvals required under the Resource Management Act 1991, the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 and any other applicable Acts; and

(c) in accordance with section 33A of the Act, obtain confirmation from the chief executive that WorkSafe has given its approval or consent before carrying out an activity under the permit that requires the approval or consent of WorkSafe (in respect of the requirements of the Health and Safety at Work Act 2015 or regulations made under that Act).

WORK PROGRAMME CONDITIONS

5 Where the permit holder is required to com [redacted] permit holder must satisfy the chief executiv [redacted] commitment.

RELINQUISHMENT OBLIGATIONS

6 In addition to any other relinquishment requirement imposed in accordance with the Act, the permit holder must (where required) relinquish an area of the permit determined in accordance with the Act and the Minerals Programme if an extension of duration is granted.

7 Where the permit holder is required to relinquish part of the permit area, the permit holder must submit to the chief executive a map of the proposed relinquishment area not later than 28 days before the relinquishment obligation is due.

SUBCONTRACTING

8 The permit holder is not discharged from any obligation arising under this permit by contracting a third party to perform the relevant obligation.

FEES

9 The permit holder must pay annual fees and any other applicable fees relating to this permit, in accordance with the relevant regulations.

ROYALTIES

10 In the event that minerals are produced from the permit area, the permit holder must notify the chief executive as soon as practicable.

11 The permit holder will be liable for payment of a royalty to the Crown calculated in accordance with the Crown Minerals (Royalties for Minerals Other than Petroleum) Regulations 2013.

12 In the event that royalties become payable under the permit, the Minister will determine the points of valuation for royalty calculation following consultation with the permit holder.

13 The permit holder must report and pay any [redacted] relevant regulations.

REPORTING

14 The permit holder must submit reports to th[redacted] relevant regulations.

ACTIVITIES OF OTHER OPERATORS IN [redacted] AREA

15 The permit holder must not unreasonably interfere with the activities of any other persons lawfully operating in the permit area.

RESTORATION

16 On completion of activities in the permit area, the permit holder must carry out restoration of the permit area in accordance with all regulatory requirements, consents and good industry practice.

[redacted]

Schedule 2

The Land to Which the Permit Relates

Land Area: 3827.636 hectares

Regional Council: Otago Region

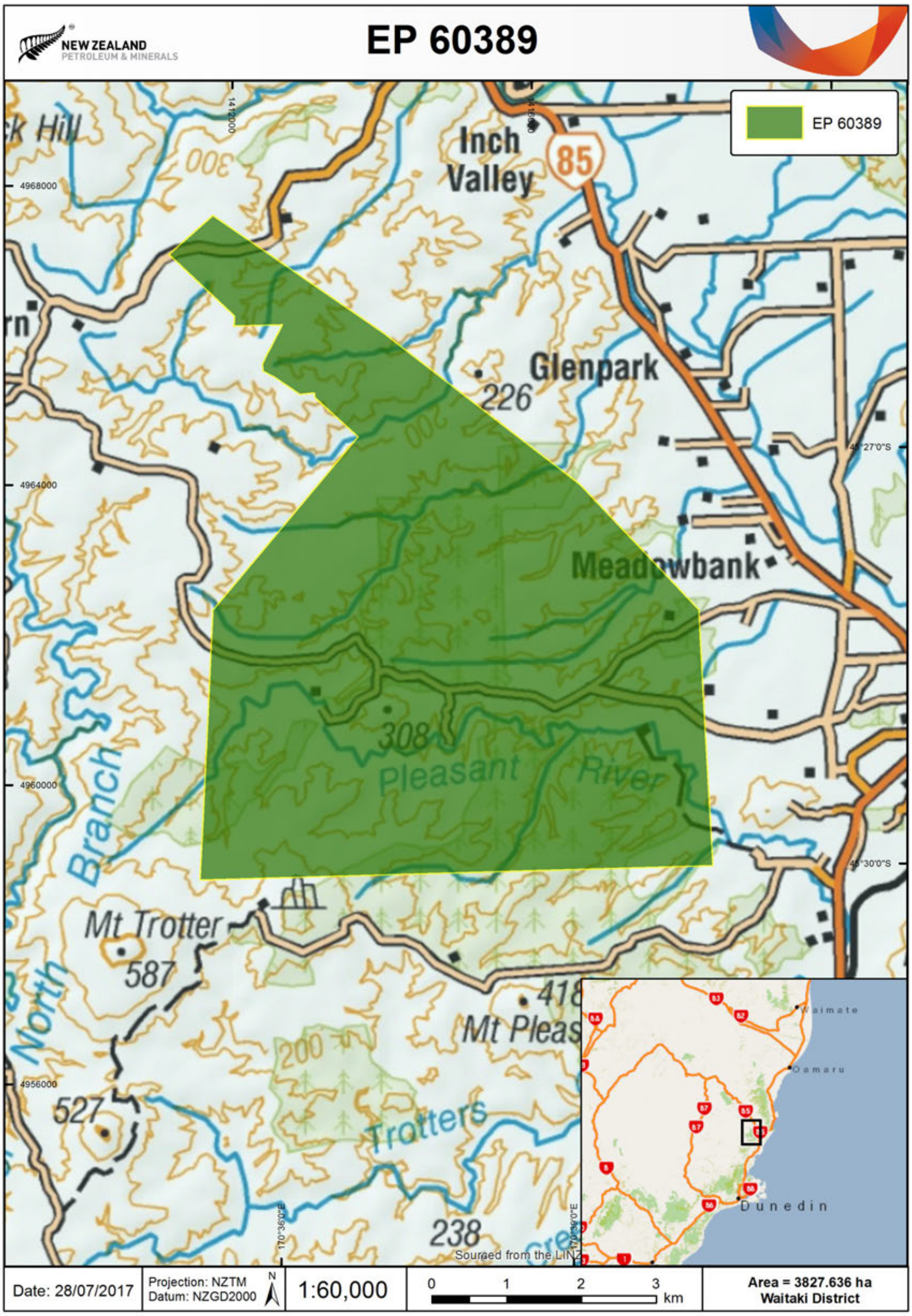
Territorial Authority: Waitaki District

Description of Land Area:

All that area of land as shown in the attached map and more particularly identified in the spatial database held by the chief executive.

Non-statute minerals (Aluminium, Antimony, Bismuth, Copper, Ilmenite, Iron, Ironsand, Lead, Magnesium, Magnetite, Manganese, Molybdenum, Nickel, Platinum Group Metals, Rare Earth Elements, Rutile, Tantalum, Tin, Titanium, Tungsten, Vanadium, Zinc) held in private ownership, as shown on the table below, are excluded from this permit.

Legal Description	Instrument of title	Ownership of non-statute minerals
Lot 2 DP 19442	OT11A/888	Private
Roads intersecting the Permit Area		Private
Sec 2 Blk VII Dunback SD	OT317/127	Private
Sec 19 Blk V Dunback SD	OT116/276	Private
Sec 9 Blk I Dunback SD	OT67/113	Private
Sec 11 Blk I Dunback SD	OT56/173	Private
Pt Sec 6 Blk I Dunback SD	OT18D/188	Private
Lot 1 DP 19442	OT11A/888	Private
Pt Lot 10 DP 2192	OT187/74	Private
Lot 9 DP 2194	OT5A/906	Private
Lot 1 DP 9634	OT413/125	[redacted]
Lot 11 DP 2449	OT181/194	[redacted]
Lot 12 DP 2449	OT181/194	[redacted]
Lot 7 DP 3380	OT7D/579	[redacted]
Pt Lot 1 DP 3379	OT16C/1068	[redacted]
Lot 1 DP 24750	OT16C/1067	[redacted]
Lot 2 DP 300520	2803	Private


NEW ZEALAND
PETROLEUM & MINERALS
EP 60389
EP 60389
Inch Valley
85
Glenpark
226
Meadowbank
308
Pleasant River
North Branch
Mt Trotter
587
527
418
Mt Pleas
Trotters
238
200
300
4968000
4964000
4960000
4956000
1412000
45°27'0"S
45°30'0"S
170°36'0"E
Waimate
Oamaru
Dunedin
Sourced from the LINZ
Date: 28/07/2017
Projection: NZTM
Datum: NZGD2000
N
1:60,000
0 1 2 3 km
Area = 3827.636 ha
Waitaki District

[redacted]

Schedule 3

Minimum Work Programme

1 Within 36 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

(a) complete a literature review and compile all available geological and geophysical data into a GIS database;

(b) complete a geological mapping programme and create a detailed geological map of the permit area;

(c) complete a hyperspectral mapping programme and create a series of hyperspectral mineral maps of the permit area;

(d) complete a programme of soil sampling consisting of a minimum of 1000 samples;

(e) complete a programme of drilling for a minimum of 1000m;

(f) create a geological model;

(g) compile a GIS database of all data obtained; and

(h) prepare a technical report detailing all work completed during this stage of the work programme to be submitted to the chief executive in accordance with the regulations.

2 Within 60 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief [redacted]

(a) complete a further programme of dril[redacted]

(b) complete a programme of trenching;[redacted]

(c) update the GIS database with all new [redacted]

(d) review and update the geological model;

(e) complete a resource estimate; and

(f) prepare a technical report detailing all work completed during this stage of the work programme to be submitted to the chief executive in accordance with the regulations.

[redacted]

Crown Minerals Act 1991

Section 40

Minerals Exploration Permit 60129

I, NATALIA ALBERT, Manager Minerals Operations, Energy and Resource Markets, acting pursuant to section 40 of the Crown Minerals Act 1991 and acting pursuant to delegated authority under section 41 of the State Sector Act 1988, hereby accept the application for partial surrender by

HYDE RESOURCES LIMITED (Permit Operator)

of part of the land area of the above-mentioned permit.

Schedule 2 of the permit is replaced with Schedule 2 attached to this Certificate.

This partial surrender is granted subject to the Crown Minerals Act 1991 and all regulations made under that Act, and the conditions of the permit.

DATED this 25th day of June 2019

[redacted]

NATALIA ALBERT

Schedule 2

The Land to Which the Permit Relates

Land Area: 4230.76 hectares

Regional Council: Otago Region

Territorial Authority: Waitaki District

Description of Land Area:

All that area of land as shown in the attached map and more particularly identified in the spatial database held by the chief executive.

Non-statute minerals (Aluminium, Antimony, Bismuth, Copper, Ilmenite, Iron, Ironsand, Lead, Magnesium, Magnetite, Manganese, Molybdenum, Nickel, Platinum Group Metals, Rare Earth Elements, Tantalum, Tin, Titanium, Tungsten, Vanadium, Zinc) held in private ownership, as shown on the table below, are excluded from this permit.

Legal Description	Instrument of title	Ownership of non-statute minerals
Parts Section 1, Block III, Dunback SD	17258	Private
Parts Closed Road, Block III, Dunback SD	17258	Private
Part Section 4, Block III, Dunback SD	17258	Private
Section 3, Block III, Dunback SD	17258	Private
Part Section 5, Block VI, Waihemo SD	17258	Private
Part Section 2, Block III, Dunback SD	17258	Private
Section 5, Block III, Dunback SD	OT201/235	Private
Section 6, Block III, Dunback SD	OT201/235	[redacted]
Section 11, Block III, Dunback SD	OT201/235	[redacted]
Section 1, Block XI, Dunback SD	OT201/234	[redacted]
Section 2, Block XI, Dunback SD	OT201/234	[redacted]
Section 2, Block XI, Dunback SD	OT201/234	Private
Section 7, Block III, Dunback SD	OT201/234	Private
Section 10, Block III, Dunback SD	OT201/234	Private

Section 9, Block III, Dunback SD	OT92/84	Private
Part Section 8, Block III, Dunback SD	OT92/84	Private
Section 1, Block IV, Dunback SD	OT5A/963	Private
Section 2, Block IV, Dunback SD	OT5A/963	Private
Section 3, Block IV, Dunback SD	OT1D/361	Private
Section 4, Block IV, Dunback SD	OT1D/361	Private
Part Section 5, Block IV, Dunback SD	OT378/148	Private
Part Section 10, Block IV, Dunback SD	OT5A/967	Private
Section 9, Block IV, Dunback SD	OT5A/965	Private
Section 8, Block IV, Dunback SD	OT141/267	Private
Section 11, Block IV, Dunback SD	OT141/267	Private
Section 12, Block IV, Dunback SD	OT141/267	Private
Section 13, Block IV, Dunback SD	OT116/149	Private
Lot 5 DP 396527	384763	Private
Lot 3 DP 396527	384761	Private
Lot 4 DP 396527	384762	Private
Lot 1 DP 20910	OT12C/406	Private
Section 2, Block VII, Dunback SD	OT317/217	Private
Part Section 1, Block VII, Dunback SD	OT18D/188	Private
Part Section 99, Block VII, Moeraki SD	OT18D/188	[redacted]
Part Section 2, Block VII, Moeraki SD	OT18D/188	[redacted]
Lot 4 DP 26670	OT18D/186	[redacted]
Lot 5 DP 26670	OT18D/187	[redacted]
Part Section 3, Block VII, Moeraki SD	OT18D/188	[redacted]
Part Section 4, Block VII, Moeraki SD	OT18D/188	Private
Lot 1 DP 22919	OT14D/1127	Private
Parts Section 6, Block VII, Moeraki SD	OT18D/188	Private

Parts Closed Road, Block VII, Moeraki SD	OT18D/188	Private
Part Section 5, Block VII, Moeraki SD	OT18D/188	Private
Part Section 1 of 7, Block VII, Moeraki SD	OT18D/188	Private
Part Section 6, Block I, Dunback SD	OT18D/188	Private
Lot 4 DP 390095	361548	Private
Lot 3 DP 390095	361547	Private
Lot 7 DP 406227	612486	Private
Roads intersecting the permit area	No Reg	Crown coal
Section 36A Blk III Waihemo SD	574568	Private
Pt Section 29 Blk IV Dunback SD	OT36/246	Private
Pt Closed Road Blk IV Dunback SD	OT5A/964	Private
Section 73 Blk V Waihemo SD	17258	Private
Pt Section 2 Blk III Dunback SD	17258	Private
Section 3 Blk III Dunback SD	17258	Private
Section 53 Block VII Waihemo SD		Private
Pt Section 1 Blk VII Waihemo SD	17258	Private
Section 74 Blk V Waihemo SD	17258	Private
Section 60 Blk VII Waihemo SD	17258	Private
Pt Section 58 Blk V Waihemo SD	17258	Private
Section 52 Blk V Waihemo SD	17258	[redacted]
Section 71 Blk V Waihemo SD	17258	[redacted]
Section 59 Blk VI Waihemo SD	17258	[redacted]
Section 76 Blk V Waihemo SD	17258	[redacted]
Pt Section 54 Blk V Waihemo SD	17258	Private
Pt Section 55 Block V Waihemo SD	17258	Private
Section 9 Blk IV Dunback SD	OT5A/965	Private
Section 2 Blk XI Dunback SD	OT201/234	Private

Section 4 Blk IV Dunback SD	OT1D/361	Private
Pt Section 10 Blk IV Dunback SD	OT5A/967	Private
Pts Section 1 Blk III Dunback SD	17258	Private
Section 57 Blk III Waihemo SD	OT4D/747	Private
Lot 1 DP 473828 (part not formerly Section 3 SO 389617)	648636	Private
Section 61 Blk III Waihemo SD	OT4D/748	Private
Pts Section 39 Blk IV Dunback SD	674762	Private
Section 38 Block III Waihemo SD	574568	Private
Pt Section 34 Blk III Waihemo SD	574568	Private
Pts Section 1 Blk XV Moeraki SD	674762	Private
Pt Section 33 Blk III Waihemo SD	574568	Private
Closed Road Blk IV Dunback SD	674762	Private
Pt Section 40 Block IV Dunback SD	OT149/28	Private
Section 68 Blk IV Waihemo SD	17258	Private
Section 60 Blk III Waihemo SD	OT4D/749	Private
Pt Section 20 Blk IV Waihemo SD	17258	Private
Pts Section 16 Blk VII Waihemo SD	17258	Private
Pts Section 16 Blk IV Waihemo SD	17258	[redacted]
Pts Section 5 Blk VI Waihemo SD	17258	[redacted]
Section 18 Blk VII Waihemo SD	17258	[redacted]
Section 20 Blk VII Waihemo SD	17258	[redacted]
Section 15 Blk VII Waihemo SD	17258	[redacted]
Pts Section 2 Blk VI Waihemo SD	17258	Private
Pts Section 19 Blk IV Waihemo SD	17258	Private
Closed Road Block V Waihemo SD		Private

Section 4 Blk VI Waihemo SD	17258	Private
Section 893R Blk VII Waihemo SD	17258	Private
Pts Section 1 Blk VI Waihemo SD	17258	Private
Closed Road Blk V Waihemo SD	17258	Private
Pts Closed Road Blk IV Waihemo SD	17258	Private
Pt Section 99 Blk VII Moeraki SD	OT18D/188	Private
Lot 4 DP 26670	OT18D/186	Private
Section 75 Blk V Waihemo SD	17258	Private
Section 6 Blk VII Waihemo SD	17255	Private
Closed Road Block II Dunback SD	574568	Private
Lot 1 DP 21480	OT13B/511	Private
Section 3 Blk IV Dunback SD	OT1D/361	Private
Section 2 Blk IV Dunback SD	OT5A/963	Private
Section 892R Blk VI Waihemo SD	17258	Private
Pt Section 4 Blk III Dunback SD	17258	Private
Section 1 Blk XI Dunback SD	OT201/234	Private
Pts Closed Road Blk III Dunback SD	17258	Private
Section 3 Blk VI Waihemo SD	17258	Private
Section 58 Blk III Waihemo SD	OT4D/747	Private
Pts Section 31 Blk IV Dunback SD	674762	Private
Section 35 Block III Waihemo SD	574568	[redacted]
Pt Section 44 Blk IV Dunback SD	674762	[redacted]
Pt Section 40 Blk IV Dunback SD	OT5A/966	[redacted]
Closed Road Block IV Waihemo SD	OT401/7	[redacted]
Pt Section 37 Blk III Waihemo SD	574568	Private
Pt Section 32 Blk III Waihemo SD	574568	Private
Section 36 Blk III Waihemo SD	574568	Private

Closed Road Blk II Dunback SD	OTA1/400	Private
Section 56 Blk III Waihemo SD	OT4D/748	Private
Section 72 Blk V Waihemo SD	17258	Private
Closed Road Blk IV Waihemo SD	17258	Private
Pts Section 24 Blk V Waihemo ASD	OT401/7	Private
Section 73 Blk IV Waihemo SD	OT4D/751	Private
Pts Section 50 Blk V Waihemo SD	17258	Private
Pt Section 24 Block II Dunback SD	OTA1/400	Private
Pts Section 11 Blk V Waihemo SD	17258	Private
Section 70 Blk IV Waihemo SD	OT4D/749	Private
Section 71 Blk IV Waihemo SD	OT4D/751	Private
Pts Section 22 Blk II Dunback SD	OTA1/400	Private
Pts Section 21 Blk II Dunback SD	OTA1/400	Private
Pt Section 14 Blk IV Waihemo SD	OT401/7	Private
Section 62 Blk III Waihemo SD	OT4D/749	Private
Pts Section 22 Blk V Waihemo SD	17258	Private
Section 36 Blk II Dunback SD	OT4D/204	Private
Section 37 Blk II Dunback SD	OT4D/204	Private
Pt Section 21 Blk II Dunback SD	674762	[redacted]
Lot 7 DP 406227	612486	[redacted]
Pt Section 15 Blk IV Waihemo SD	574568	[redacted]
Pt Section 23 Blk II Dunback SD	OTA1/400	[redacted]
Section 38 Blk II Dunback SD	OT4D/204	[redacted]
Section 67 Blk IV Waihemo SD	17258	Private
Section 9 Blk II Dunback SD	OT201/235	Private
Section 26 Blk II Dunback SD	OTA1/327	Private
Section 10 Blk II Dunback SD	OT10D/334	Private
Lot 1 DP 22919	OT14D/1127	Private

Section 6 Blk III Dunback SD	OT201/235	Private
Section 5 Blk III Dunback SD	OT201/235	Private
Section 53 Blk IV Waihemo SD	574568	Private
Pt Section 41 Block III Waihemo SD	574568	Private
Section 72 Blk IV Waihemo SD		Private
Pt Section 24 Blk II Dunback SD	574568	Private
Section 18 Blk IV Waihemo SD	574568	Private
Section 25 Blk II Dunback SD	OTA1/327	Private
Section 55 Blk III Waihemo SD	OT4D/748	Private
Pt Section 4 Blk VII Moeraki SD	OT18D/188	Private
Pts Section 1 of Section 7 Blk VII Dunback SD	OT18D/188	Private
Pt Section 41 Block IV Dunback SD	OT149/28	Private
Section 1 Blk IV Dunback SD	OT5A/963	Private
Pt Section 8 Blk III Dunback SD	OT92/84	Private
Section 53 Blk VII Waihemo SD	17258	Private
Section 12 Blk IV Dunback SD	OT141/267	Private
Section 9 Blk III Dunback SD	OT92/84	Private
Section 10 Blk III Dunback SD	OT201/234	Private
Section 28 Blk II Dunback SD	OTA1/327	Private
Pts Section 5 Blk VII Moeraki SD	OT18D/188	[redacted]
Pt Section 40 Blk III Waihemo SD	574568	[redacted]
Section 35 Blk II Dunback SD	OT4D/203	[redacted]
Section 38 Blk III Waihemo SD	574568	[redacted]
Pt Section 5 Block IV Dunback SD	OT378/149	[redacted]
Pt Section 41 Blk IV Dunback SD	OT5A/966	Private
Lot 1 DP 26670	OT18D/183	Private
Lot 2 DP 26670	OT18D/184	Private
Pts Section 2 Blk VII Moeraki SD	OT18D/188	Private

Section 23 Blk V Waihemo SD		Private
Section 7 Blk III Dunback SD	OT201/234	Private
Lot 1 DP 9645	OTA1/399	Private
Pt Section 3 Blk VII Moeraki SD	OT18D/188	Private
Pt Section 15 Block II Dunback SD	574568	Private
Pt Section 55 Blk V Waihemo SD		Private
Pts Section 21 Blk IV Waihemo SD	17258	Private
Closed Road Blk III Waihemo SD	574568	Private
Pt Section 35 Blk IV Dunback SD	536489	Private
Pt Sec 37 Block IV Dunback SD	337300	Private
Section 8 Blk IV Dunback SD	OT141/267	Private
Pt Section 37 Block IV Dunback SD	328178	Private
Section 11 Blk IV Dunback SD	OT141/267	Private
Pt Section 5 Blk IV Dunback SD	OT378/148	Private
Pt Section 10 Blk VII Waihemo SD	17255	Private
Lot 1 DP 362314	254245	Private
Lot 1 DP 381973	328178	Private
Lot 2 DP 381973	328179	Private
Macraes Road (Sec 2 SO 389617)	Road	Private
Macraes Road (Sec 5 SO 389617)	Road	[redacted]
Macraes Road (Sec 9 SO 389617)	Road	[redacted]
Macraes Road (Sec 13 SO 389617)	Road	[redacted]
Section 14 SO 389617	536489	[redacted]
Macraes Road (Sec 12 SO 389617)	Road	[redacted]
Section 15 SO 389617	536489	Private
Macraes Road (Sec 16 SO 389617)	Road	Private
Macraes Road (Sec 18 SO 389617)	Road	Private
Macraes Road (Sec 19 SO 389617)	Road	Private

Lot 3 DP 390095	361547	Private
Lot 4 DP 390095	361548	Private
Lot 4 DP 396527	384762	Private
Pt Section 32 Block IV Dunback SD	536489	Private
Pt Sec 32 Blk IV Dunback SD	536489	Private
Pts Closed Road Blk VII Moeraki SD	OT18D/188	Private
Pts Section 94 Blk VII Moeraki SD	OT140/77	Private
Section 1 Blk II Dunback SD	674762	Private
Section 30 Blk IV Dunback SD	674762	Private
Section 20 Blk II Dunback SD	674762	Private
Section 12 Blk VII Waihemo SD	17255	Private
Pt Section 4 Blk VII Waihemo SD	17255	Private
Lot 1 DP 20910	OT12C/406	Private
Section 11 Blk III Dunback SD	OT201/235	Private
Section 35 Blk III Waihemo SD	574568	Private
Section 27 Blk II Dunback SD	OTA1/327	Private
Pts Section 6 Blk VII Moeraki SD	OT18D/188	Private
Pt Sec 15 Block II Dunback SD	OTA1/400	Private
Pt Section 6 Blk VII Dunback SD	OT18D/188	Private
Pt Section 37 Blk IV Dunback SD	OT176/195	Private
Pt Section 1 Blk VII Dunback SD	OT18D/188	[redacted]
Section 48 Blk III Waihemo SD	574568	[redacted]
Pt Section 41 Blk III Waihemo SD	574568	[redacted]
Section 60 Blk IV Waihemo SD	OT7D/634	[redacted]
Section 49 Blk III Waihemo SD	OT4D/203	Private
Pt Section 15 Blk II Dunback SD	574568	Private
Section 59 Blk III Waihemo SD	OT12C/375	Private
Section 54 Blk III Waihemo SD	OT4D/747	Private

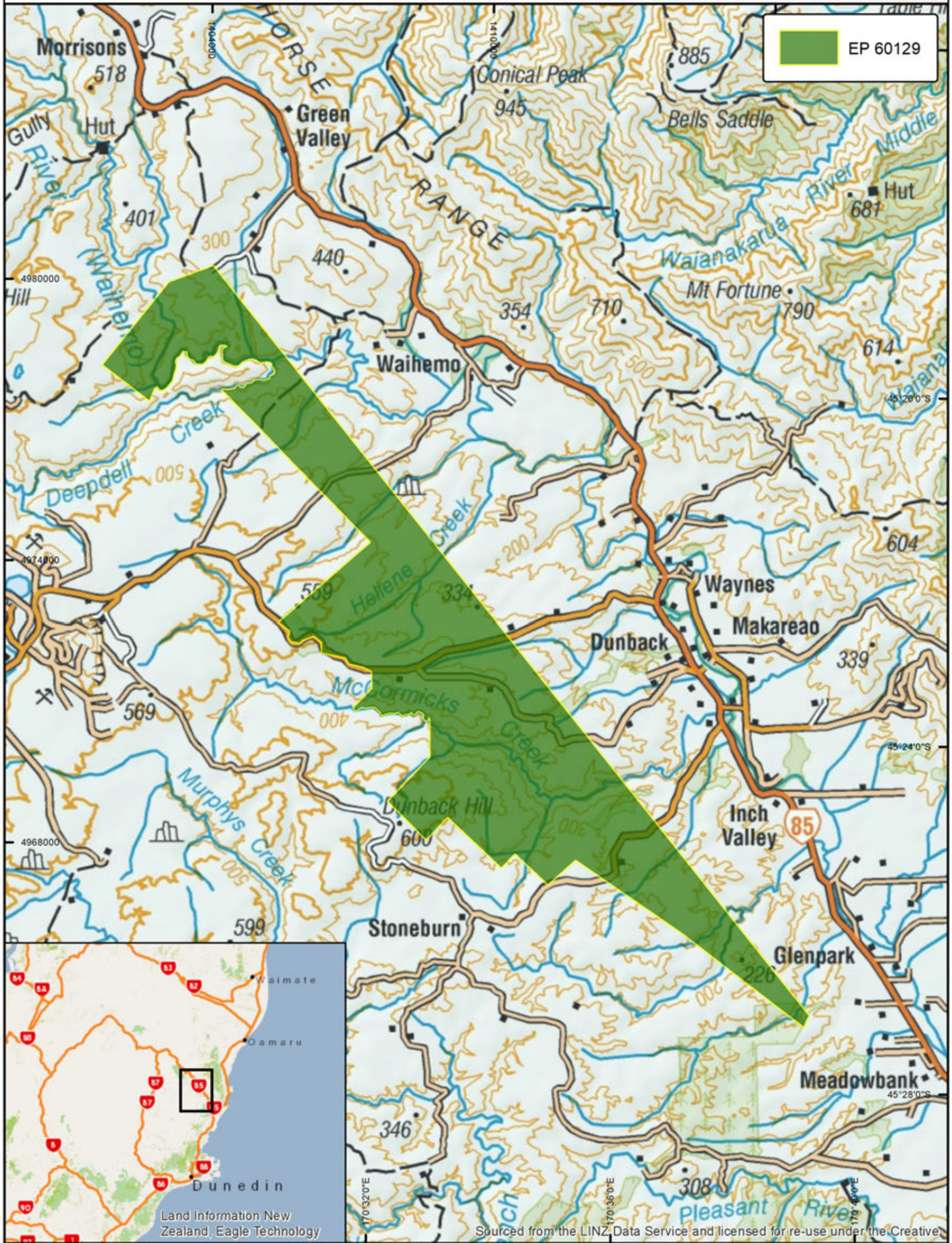
Section 1 Blk I Town of Waihemo	OT66/14	Private
Section 2 Blk I Town of Waihemo	OT66/14	Private
Lot 5 DP 396527	384763	Private
Section 2 Blk VII Dunback SD	OT317/127	Private
Section 13 Blk IV Dunback SD	OT116/149	Private
Pt Section 32 Blk IV Dunback SD	536489	Private
Section 7 SO 389617	674762	Private
Pts Closed Road Blk VI Waihemo SD	17258	Private
Section 17 Blk VII Waihemo SD	17258	Private
Part Section 13 Blk VII Waihemo SD	17255	Private
Pt Closed Rd defined on SO 2584		Private
Lot 5 DP 26670 (part not formerly Sec 88)	OT18D/187	Private
Lot 3 DP 26670 (part not formerly Sec 88)	OT18D/185	Private
Macraes Road The part of Section 8 taken on SO 10080	Road	Private
Macraes Road The part of Section 1 taken on SO 10080	Road	Private
Other roads within the permit area	Road	Coal Crown Other Minerals Private
Section 11 SO 389617	536489	Coal Crown Other Minerals Private
Section 1 SO 424904	574568	Coal Crown Other Minerals Private
Section 1 SO 389617	674762	[redacted]
Section 8 SO 389617	674762	[redacted]
Section 6 SO 389617	674762	[redacted]
Lot 1 DP 473828 (part formerly Section 3 SO 389617)	648636	[redacted]
Section 1 Blk XI Dunback SD	OT201/234	Private
Section 2 Blk XI Dunback SD	OT201/234	Private
Section 4 Blk IV Dunback SD	OT1D/361	Private
Section 2 Blk VII Dunback SD	OT317/127	Private
Pt Section 1 Blk VII Dunback SD	OT18D/188	Private

Section 19 Blk V Dunback SD	OT116/276	Private
Section 9 Blk I Dunback SD	OT67/113	Private
Pt Section 6 Blk I Dunback SD	OT18D/188	Private
Lot 3 DP 390095	361547	Private
McRaes Road		Coal Crown; Other Minerals Private
McDonald Road		Coal Crown; Other Minerals Private
Ritchie Road		Coal Crown; Other Minerals Private
Un-named Road (north side McCormacks Creek)		Coal Crown; Other Minerals Private
Un-named Road (south side McCormacks Creek)		Coal Crown; Other Minerals Private
Stoneburn Road		Coal Crown; Other Minerals Private
Bowker Road		Coal Crown; Other Minerals Private
Un-named Road (Parcel ID 3179765)		Coal Crown; Other Minerals Private
Blair Athol Road		Coal Crown; Other Minerals Private

[redacted]

NEW ZEALAND
PETROLEUM & MINERALS

EP 60129



Date: 30/05/2019	Projection: NZTM Datum: NZGD2000	1:100,000	0 2 4 km	Area = 4230.76 ha Waitaki District

SCHEDULE "B"

ROYALTY AGREEMENT

THIS AGREEMENT made as of the ____ day of ____________, __________________.

A M O N G:

KO Gold NZ Limited,
a company formed under the laws of New Zealand

(the "**Grantor**")

OF THE FIRST PART

- and -

Hyde Resources Limited ("Hyde")
a company formed under the laws of New Zealand

OF THE SECOND PART

- and -

Smylers Gold Limited ("Smylers")
a company formed under the laws of New Zealand

OF THE THIRD PART

WHEREAS Hyde and Smylers (collectively, the "**Grantees**") have transferred to the Grantor a 100% undivided interest in the Permits (as hereinafter defined) pursuant to an option agreement dated as of March 8, 2021 and as partial consideration for such transfer the Grantor has agreed to grant the Grantees a royalty (the "**Royalty**") equal to 2% of Net Returns (as hereinafter defined) all on and subject to the terms and conditions hereinafter contained:

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for good and valuable consideration the receipt and sufficiency whereof being acknowledged by each of the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. **DEFINITIONS**

"**Affiliate of the Grantor**" means any person, partnership, venture, corporation or other form of enterprise which directly or indirectly controls, is controlled by, or is under common control with, the Grantor.

"**Effective Date**" shall mean [●].

"**Gross Value**" shall mean the consideration actually received by the Grantor from the sale or other disposition of Minerals, provided that where the Grantor's sale or disposition is based upon a contract for the sale of Minerals that fixes a selling price for metals on other than a market price of the product on the date of delivery to the purchaser (less deductions normally negotiated as a part of such contracts), specifically including without limitation, forward sales, futures trading or commodity options trading and any other price hedging, price protection and speculative arrangements not involving physical delivery of Minerals produced from ores mined from the Property, Minerals shall be deemed to have been sold only at the time that refined metal attributable to such Minerals is physically delivered by the Grantor in satisfaction of such commitments. Gross Value of Minerals shall be based on the contained metal value of the Minerals actually delivered, calculated by dividing the sum of all such prices reported for each respective metal on each day of the calendar month by the number of days for which such prices were reported for the month in which the sale occurred, as such prices are quoted on the London Metal Exchange (LME) p.m. fix. The Royalty payable to the Grantees shall be based upon such Gross Value, net of the deductions more fully set forth below. In the event of cessation or suspension of quotations for a period of more than five consecutive days in a given month, the parties hereto shall agree on a reputable substitute quotation mechanism for each affected metal. If the Grantor terminates or "**buys-back**" any of such price protection arrangements without actual physical delivery of Minerals, the Grantees shall not share in any profits or losses therefrom.

"**Interest**" shall have the meaning set forth in Section 4.

"**Interest Transfer Acceptance Notice**" shall have the meaning set forth in Section 4.

"**Interest Transfer Notice**" shall have the meaning set forth in Section 4.

"**Minerals**" shall mean raw ores, concentrates, precipitates, leach liquor, metals, ore and mineral materials of every kind and character and all other naturally-occurring products contained within the Property which are sold by the Grantor to third parties (excluding only sand and gravel and other common non-metallic materials).

"**Offer**" shall have the meaning set forth in Section 4.

"**Produced**" shall mean the mining, saving, extraction from the soil or other creation of a marketable production containing Minerals from the Property.

"**Property**" shall mean those mineral claims located in the Province of Otago, New Zealand, as further set out in Schedule “A”.

"**Net Returns**" shall mean the "**Gross Value**" received by the Grantor from the sale or other disposition of Minerals, less the following expenses incurred by the Grantor with respect to such Minerals after they leave the Property: (i) actual charges for treatment in the smelting and refining process (including handling, assaying, processing, penalties, impurity charges, metal losses and other processor deductions); (ii) actual sales, marketing and brokerage costs; (iii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the sale or other disposition of Minerals; (iv) actual costs of transportation (including freight, insurance, security charges, transaction taxes, import and export duties, levies, imposts, handling, port, demurrage, delay, stowage and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, to the mill, smelter or other purchaser, user or customer. The Grantor shall be permitted to sell concentrates in the form usually commercially marketable to an Affiliate of the Grantor provided that such sales shall be considered, solely for the purpose of computing Net Returns, to have been sold at prices and on terms no less favourable than those which would be extended to an unaffiliated third party in a *bona fide* arm's length transaction under similar circumstances. Similarly, if the Grantor or an Affiliate of the Grantor incurs costs that are deductible or treats the Minerals in a smelter that the Grantor or the Affiliate of the Grantor owns or controls, the Grantor or the Affiliate of the Grantor may deduct treatment charges and costs, but only to the extent they are no more than the amount that the Grantor or the Affiliate of the Grantor would have charged an unaffiliated third party in a *bona fide* arm's length transaction under similar circumstances.

"**Reduction Notice**" shall have the meaning set forth in Section 5.

"**Reduction Price**" shall have the meaning set forth in Section 5.

"**Royalty**" shall have the meaning set forth in the preambles to this Agreement.

"**Transfer**" when used as a verb, shall mean to sell, grant, assign, encumber, pledge or otherwise commit or dispose of, directly or indirectly, including through mergers, consolidations or asset purchases. When used as a noun, "**Transfer**" shall mean a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, consolidations or asset purchases.

2. ROYALTY INTEREST

The Grantor does hereby grant the Royalty to the Grantees in perpetuity, subject to the terms and conditions of this Agreement. For the purposes of this Agreement, the Grantor shall treat the Grantees as one party (c/o Hardie Pacific Limited as provided in subsection 6(b) hereof)) and the Grantor shall not be obliged to inquire as to the equities (or subsequent transfers) among the Grantees. The Royalty shall run with the Property. The Royalty shall apply to any and all Minerals Produced from the Property. The Royalty shall be on the basis of the Net Returns received by the Grantor from the sale or other disposition of Minerals actually Produced from the Property.

3. GRANTOR'S OPERATIONS

(a) **Further Processing.** The Grantor may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt or otherwise process or upgrade the Minerals Produced from ores mined from the Property prior to sale, transfer, or conveyance to a purchaser, user or consumer other than the Grantor. The Grantor shall not be liable for mineral values lost in such processing except for losses resulting from the bad faith or gross negligence of the Grantor.

(b) **Weighing and Sampling – Commingling**. All ores, materials or products containing Minerals shall be weighed or measured, sampled and analyzed in accordance with the Grantor's standard mining and metallurgical practices. After such weights, measurements or samples are taken, at its discretion, the Grantor may mix or commingle such ores, materials or products with ores, materials or products from other properties or sources.

(c) **Information to Grantees**. All payments of the Royalty hereunder shall be accompanied by a smelter settlement sheet or other evidence of sale indicating the weight of materials received, contained mineral values and a statement of the Grantor as to the deductions made. If no Royalty is due the Grantees for any pay period, the Grantor shall nonetheless provide the Grantees with a statement showing in reasonable detail the quantities of Minerals produced from the Property.

(d) **Mining Methods - No Implied Covenants**. The Grantor shall have the sole and exclusive right to determine the timing and the manner of any production from the Property and all related exploration, development, operational and mining activities. Nothing in this Agreement shall require the Grantor to explore, develop or mine or continue operations on the Property or to process ores from the Property. The

Grantor shall not be responsible for nor be obliged to make any Royalty payments for Minerals values lost in any mining or processing of the Minerals conducted pursuant to customary mining practices. The Grantor shall not be required to mine or to preserve or protect the Minerals which under customary mining practices cannot be mined or shipped at a reasonable profit at the time mined.

(e) **Retention of Inventory.** The Grantor may, but is not obligated to, retain ore or treated ore products containing Minerals as inventory for any length of time and for any reason. At the Grantees' reasonable request, the Grantor shall deliver to the Grantees a monthly statement of such inventory, but the Grantees shall have no right to any Royalty payments until the Grantor actually delivers and sells the Minerals. Raw Minerals stockpiles are not subject to the Royalty until treated and the products are delivered and sold.

4. ROYALTY TRANSFER

The Grantees shall not have the right to Transfer the Royalty and/or their rights under this Agreement other than in accordance with the provisions of this Section. The Grantees shall only be permitted to: (i) Transfer all (but not less than all) of the Royalty and this Agreement (collectively, the "**Interest**"); (ii) complete the Transfer with a *bona fide* third party; and (iii) if and only if the Grantees shall have first complied with the provisions of this Section 4. If the Grantees shall determine that they shall seek to Transfer the Interest, the Grantees shall provide 30 days advance notice in writing to such effect to the Grantor (the "**Interest Transfer Notice**"). The Interest Transfer Notice shall; (i) set out the purchase price to be paid for the Interest and the mode of payment of the consideration; (ii) set out the anticipated closing date and all other pertinent terms and conditions appertaining to the Transfer of the Interest; and (iii) shall contain an offer to the Grantor to purchase the Interest upon such foregoing terms and conditions (the "**Offer**"). If the Grantor shall seek to accept the Offer, the Grantor shall send a written notice to such effect (the "**Interest Transfer Acceptance Notice**") to the Grantees ten days after the delivery of the Interest Transfer Notice to the Grantor, failing which, the Grantor shall be deemed to have refused the Offer. If the Grantor shall have duly delivered the Interest Transfer Acceptance Notice, closing of the Transfer of the Interest shall be consummated in accordance with the terms and conditions of the Interest Transfer Notice. If the Grantor refuses or is deemed to have refused the Offer, the Grantees shall have the right to Transfer the Interest to a *bona fide* third party on the same terms and conditions set forth in the Interest Transfer Notice; if closing does not occur within 45 days of the date of the Interest Transfer Notice or if the terms and conditions of the Transfer and the Offer shall be different than those set forth in the Interest Transfer Notice, the Grantor's rights under this Section shall be revived.

5. PARTIAL PURCHASE OF ROYALTY

At any time after the date of this Agreement and with a minimum of 60 days prior written notice to the Grantees (the "**Reduction Notice**"), the Grantor shall have, in its sole discretion, the right and option to purchase 1% of the Royalty (such that the remaining Royalty shall be reduced to 1% of Net Returns) for a price equal to CDN$3,000,000 (the "**Reduction Price**"). The Reduction Price shall be paid in cash. Closing shall occur within 15 days of the date of delivery of the Reduction Notice to the Grantees. In exchange for the Reduction Price, the Grantees shall deliver to the Grantor an executed quitclaim or deed of release in respect of 1% of the Royalty, in form and substance satisfactory to the Grantor, which document shall constitute an amendment of this Agreement, to specifically provide for the Royalty reduction. For greater certainty and without limitation, any theretofore made payments of the Royalty shall not be refunded by the Grantees to the Grantor and the reduction in Royalty payments shall apply only on a going forward basis.

6. **PAYMENT OF ROYALTY**

(a) **Frequency of Payment of Royalty**. The Royalty shall be due and payable within 30 business days after the end of each calendar quarter in which the Gross Value accrues. The Grantees shall have the right to take their Royalty "**in-kind**" subject to the following conditions:

(i) The Grantees' election to take their Royalty "**in kind**" must be made each year on a calendar basis by delivering written notice of that election by no later than December 31 of the preceding year. A failure to so deliver such notice shall be deemed to be an election not to take "**in kind**". The Grantees' option to take their Royalty "**in kind**" shall be applicable for all of the Royalty in the calendar year for which such option is exercised.

(ii) The Grantees shall be entitled to take in kind the Minerals in the form they are produced by Grantor at the Grantor's processing facility at or near the Property or at the processing facility actually used by the Grantor.

(iii) As a precondition to taking the Royalty "**in kind**", the Grantees shall pay the Grantor all costs and expenses that the Grantor would not have otherwise incurred except for the Grantees' election to take "**in kind**", if any, incurred by the Grantor or any Affiliate of the Grantor as a result of that taking "in kind".

(iv) If the Grantees have elected to take the Royalty "**in kind**", the Grantor shall advise the Grantees reasonably in advance when and where the Minerals will be available for delivery to the Grantees and of the charges payable to the Grantor with respect to such Minerals. It shall be the Grantees' responsibility to arrange for the timely pick-up of Minerals and title and risk of loss of the same shall pass to the Grantees upon delivery to the Grantees (or their agent or nominee if so requested by the Grantees). Any storage, insurance or other handling costs of the Grantees' share of such Minerals after the delivery date shall be borne exclusively by the Grantees.

(b) **Method of Making Payments**. All Royalty payments required to be made hereunder shall be mailed or delivered to the Grantees' address c/o Hardie Pacific Limited, PO Box 6280, Dunedin 9016, New Zealand with a copy to: Duncan Hardie (duncan@hardiepacific.com) and Tom Ritchie (tom@hardiepacific.com).

(c) **Records; Inspection**. All books and records used by the Grantor to calculate the Royalty shall be kept in accordance with generally accepted accounting principles. The Grantees may, at their sole expense, upon reasonable notice to the Grantor, inspect such books and records used to calculate the Royalty. No inspections taken hereunder shall be in derogation of the Grantees' right to make objections as described in subsection 6(d).

(d) **Objections**. All Royalty payments shall be considered final and in full satisfaction of all obligations of the Grantor with respect thereto, unless the Grantees give the Grantor written notice describing and setting forth a specific objection to the calculation thereof within 180 days after receipt by the Grantees of the quarterly statement provided for herein. If an audit of production records is timely requested by the Grantees, then for up to a period of 90 days following receipt of the Grantees' objection, such audit shall be performed of the Grantor's records and accounts relating to the Royalty calculation by an independent certified public accountant acceptable to the Grantor at reasonable times and upon reasonable notice to the Grantor. If such audit determines that there has been a deficiency or an excess in the payment made to the Grantees such deficiency or excess shall be resolved by adjusting the next quarterly Royalty payment due hereunder. The Grantees shall pay all costs of such audit unless a deficiency in the payment made to the Grantees is greater than 5% of the Royalty determined to exist, in which event the Grantor shall pay such costs. Failure on the part of the Grantees to make claim on the Grantor for adjustment in the 180 day period referenced above shall conclusively establish the correctness of the statement and preclude the filing of exceptions thereto or the making of any claim for adjustment thereon for the calendar quarter in question.

(e) **<u>Application to Reprocessed and Other Materials</u>.** If the Grantor reprocesses any mill tailings or any residues from the Property, the Royalty shall be payable only upon any Minerals recovered. The Grantees shall not be entitled to any royalties on ores or minerals produced from other properties which are otherwise processed at the Property by the Grantor.

7. NOTICES

All notices required or permitted to be given hereunder shall be given in writing and shall be sent by the parties by registered or certified mail, telex, facsimile transmission or by express delivery service to the address set forth below or to such other address as either party may later designate by like notice to the other:

(i) to the Grantor at:

KO Gold NZ Limited
Suite 902, Sun Tower
1550 Bedford Highway
Bedford, NS B4A 1E6

Attention: Greg Isenor, CEO and Mark McMurdie, CFO
Facsimile No: (902) 832-2223

(ii) to the Grantees at:
Hardie Pacific Limited
PO Box 6280, Dunedin 9016
57 Leith Street, Dunedin 9016
New Zealand

Attention: Duncan Hardie and Tom Ritchie
Email: duncan@hardiepacific.com and tom@hardiepacific.com

All notices required or permitted to be given hereunder shall be deemed to have been given upon the earliest of; (1) actual receipt; (2) acknowledgment in any form of receipt of telex or facsimile transmission; (3) the business day next following deposit with an express delivery service, properly addressed; or (4) 72 hours after deposit with New Zealand Post, properly addressed with postage prepaid. Any party may change its address from time-to-time by notice to the other party hereunder.

8. INTERPRETATION

(a) **<u>Governing Law</u>.** This Agreement shall be governed by the laws of New Zealand.

(b) **<u>Performance</u>.** The failure of either the Grantees or the Grantor to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Grantees' or the Grantor's right thereafter to enforce any provision or exercise any right hereunder. A waiver of any provision of this Agreement shall not be effective unless in writing and signed by the party against whom it is to be enforced.

(c) **Invalidity of Provisions**. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

(d) **Enurement**. This Agreement shall be binding on and shall enure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and permitted assigns of the Grantees and the Grantor.

9. **GENERAL**

(a) **Modifications in Writing**. No modification or amendment of this Agreement shall be valid unless made in writing and duly executed by the Grantees and the Grantor.

(b) **Recording**. This Agreement may be recorded by either the Grantees or the Grantor to give record notice of this Agreement.

(c) **No Prior Agreements.** This Agreement contains the entire understanding of the Grantees and the Grantor and supersedes all prior agreements and understandings among the Grantees and the Grantor relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Royalty Agreement as of the date and year first above written.

KO GOLD NZ LIMITED

Per:_____________________________________

HYDE RESOURCES LIMITED

Per:_____________________________________

SMYLERS GOLD LIMITED

Per:_____________________________________