

**OPTION AGREEMENT**

**SUDBURY PROJECT**

**THIS AGREEMENT** is made as of July 26, 2023,

BETWEEN:

██████████, Prospector, of ██████████  
██████████, and ██████████  
██████████, Prospector, operating as a sole proprietorship under the  
name “██████████”, of ██████████  
██████████

(“██████████” and “██████████”, respectively, and collectively the “**Optionor**”)

OF THE FIRST PART

AND:

**LFNT RESOURCES CORP.**, a company incorporated under the  
laws of the Province of British Columbia and having an office at  
Suite 401 750 West Pender Street, Vancouver, British Columbia  
V6C 2T7

(the “**Optionee**”)

OF THE SECOND PART

**WHEREAS:**

- A. The Optionor is the registered holder of certain mining rights, title and interest in and to certain mineral rights (hereinafter defined as the “**Property**”) located in Saskatchewan, as more particularly described in Schedule “A” attached to this Agreement; and
- B. The Optionor wishes to grant to the Optionee an option to acquire from the Optionor a 100% interest in and to the Property, upon and subject to the terms and conditions of this Agreement.

**THIS AGREEMENT WITNESSES** that for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and the covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

**1. DEFINITIONS**

“**Affiliate**” means any person, partnership, limited liability company, joint venture, corporation, or other form of enterprise that directly or indirectly controls, or is controlled by or is under

common control with, a Party. The term “control” as used herein means the rights to the exercise of, directly or indirectly, more than 50% of the voting rights attributable to the shares or ownership interests of the controlled entity.

“**Agreement**” means this Agreement and the Schedules attached hereto.

“**Optionee Shares**” means the common shares of the Optionee.

“**Business Day**” means a day which is not a Saturday or Sunday or a statutory holiday in the Province of British Columbia.

“**Committed Expenditures**” has the meaning assigned to it in Section 3.1.3.

“**Confidential Information**” includes the terms of this Agreement and any other information relating solely to the Property, including, without limitation, all data, reports, maps, drill core, results of surveys, drilling and assays, knowledge and know-how (including, but not limited to, formulas, patterns, compilations, programs, devices, methods, techniques and processes, and all data contained in the Optionee’s database with respect to the Property), that (a) is confidential to a Party; or (b) derives independent economic value (actual or potential) as a result of not being generally known to, or readily ascertainable by, third parties or the general public, including without limitation all analyses, interpretations, compilations, studies and evaluations of such information, data, reports, maps, drill core, results of surveys, drilling and assays, knowledge and know-how generated or prepared by or on behalf of any Party. Confidential Information shall not include information that (w) at the time of disclosure, is in the public domain; (x) after disclosure, is published or otherwise becomes part of the public domain through no fault of the recipient; (y) the recipient can show already was in the possession of the recipient at the time of disclosure; or (z) the recipient can show was received by it after the time of disclosure, from a third party who was under no obligation of confidence to the disclosing Party at the time of disclosure.

“**Disclosure Record**” has the meaning assigned to it in Section 13.2.9;

“**Effective Date**” means the date of this Agreement first written above.

“**Encumbrances**” means any mortgage, charge, pledge, lien, licence, privilege, security interest, royalty, encumbrance, claim or right or interest attaching to or affecting property, in each case whether registered or unregistered, and whether arising by agreement, statute or otherwise under applicable Laws.

“**Environmental Compliance**” means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Property or other compliance with Environmental Laws.

“**Environmental Laws**” means all Laws relating to the protection of health or the environment resulting from the exploration, mining, operation, reclamation or restoration of the Property, including but not limited to the following: abatement of pollution; protection of the environment;

protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including ambient air, surface water and groundwater; and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances, radioactive materials or hazardous wastes.

“**Exchange**” means the Canadian Securities Exchange.

“**Expenditures**” means all direct and indirect expenses of or incidental to Operations together with any and all costs, fees and expenses which may be paid to obtain feasibility, engineering or other studies or reports on or with respect to the Property or any part of it. For greater certainty, the costs, fees and expenses of maintaining the Property in good standing including costs of recording work for assessment credit under applicable legislation and other permit fees, filing fees and review fees related to the Property and costs of Environmental Compliance are included in Expenditures. There shall also be added to and included in Expenditures: (i) reasonable charges for services provided in connection with Operations by employees (but excluding time and services provided by executive level personnel) of the Optionee and its Affiliates while working on or for the benefit of the exploration and development of the Property; reasonable travel, transportation and vehicle costs incurred in the course of working on or for the benefit of the Property (but excluding such costs incurred by executive level personnel); reasonable charges for machinery, tools, equipment and camp facilities owned by the Optionee and its Affiliates and used or employed in Operations; and (ii) a pro rata portion of all office and administrative expenses of the office of the Optionee through which the Operations are principally run, determined with reference to the portion that the expenditures incurred hereunder in a calendar year is of the total expenditures incurred by the Optionee on activities in the same period for all of its mineral projects run through such office.

“**Force Majeure**” means any cause beyond a Party’s reasonable control, including any Law or changes in Law, action or inaction of civil or military authority, interference by first nations, environmentalists or other activists, terrorism, inability to obtain any licence, permit or other authorization that may be required, unusually severe weather, storms, fire, explosion, flood, epidemics or pandemics, insurrection, riot, labour dispute, inability after commercially reasonable effort to obtain workmen, equipment or material, delay in transportation and acts of God, but not including lack of funds.

“**Fundamental Change**” has the meaning assigned to it in Section 14.2.

“**Governmental Licences**” has the meaning assigned to it in Section 13.2.5.

“**Option**” has the meaning assigned to it in Section 2.1.

“**Option Exercise Date**” means the date of the exercise (including deemed exercise) of the Option pursuant to Section 8.1.

“**Option Exercise Notice**” has the meaning assigned to it in Section 3.1.8.

“**Option Period**” means the period commencing on the Effective Date and ending on the third anniversary of the Effective Date, unless extended by the mutual agreement of the Optionee and Optionor.

“**Optionee’s Financial Statements**” has the meaning assigned to it in Section 13.2.11.

“**Law**” or “**Laws**” means all applicable federal, provincial and local laws (statutory and common), rules, ordinances, treaties, regulations, judgments, decrees, and other valid governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature.

“**Notice**” means notice, consent, payment or other communication given or made under this Agreement.

“**Net Smelter Returns**” shall have the meaning set out in the Net Smelter Returns Royalty Agreement, and “**Net Smelter Returns Royalty Agreement**” means the agreement governing the Net Smelter Returns royalty attached as Schedule B to this Agreement.

“**Operations**” includes any and every kind of mineral prospecting, exploration, development and mining work which the Optionee in its sole discretion performs or has performed for it on or in respect of the Property or the products derived therefrom.

“**Other Assets**” has the meaning assigned to it in Section 5.1.

“**Party**” means a party to this Agreement and its successors and assigns.

“**Property**” means the mining claims, exploration licenses, mining concessions and reservations described in Schedule A to this Agreement, and any claims, licenses, concessions, reservations, leases or other forms of mineral tenure which may replace the same, and any and all surface, water, access and other non-mineral rights held by or for Optionor 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, subject to additions thereto by operation of Article 10.

“**Selling Owner**” has the meaning assigned to it in Section **Error! Reference source not found.**

“**\$**” means Canadian dollars.

Attached to and forming part of this Agreement are the following Schedules:

Schedule A - Property

Schedule B –Net Smelter Returns Royalty Agreement

## 2. OPTION

- 2.1. The Optionor hereby grants to the Optionee the sole and exclusive right and option (the “**Option**”) exercisable in the manner described in Section 3.1, to acquire a 100% interest in the Property and the Other Assets, free and clear of all Encumbrances.
- 2.2. The Optionor hereby grants to the Optionee, its representatives, agents and independent contractors, subject to the Optionor’s rights pursuant to Section 7.5 hereof, the sole and exclusive right and option to:
  - 2.2.1. enter upon and have immediate possession of the Property;
  - 2.2.2. carry out Operations on the Property as the Optionee may in its sole discretion determine;
  - 2.2.3. bring and install on the Property and remove from time to time such buildings, plant, machinery, equipment, tools, appliances and supplies as the Optionee may deem necessary; and
  - 2.2.4. remove from the Property reasonable quantities of rocks, ores, minerals and metals and to transport the same for the purpose of sampling, testing and assaying.

## 3. CONDITIONS TO EXERCISE OF OPTIONS

- 3.1. In order to exercise the Option, the Optionee must pay \$300,000 cash, issue 7,500,000 Optionee Shares and incur and pay for \$ 1,500,000 in Expenditures as follows:
  - 3.1.1. Pay \$50,000 cash on the execution and delivery of this Agreement;
  - 3.1.2. Issue and deliver 1,500,000 Optionee Shares to the Optionor on or before 10 Business Days following the Effective Date;
  - 3.1.3. Incur and pay for not less than \$125,000 in Expenditures (the “**Committed Expenditures**”) on or before the first anniversary of the Effective Date, which incurrence is an obligation of the Optionee and is not optional;
  - 3.1.4. Pay \$80,000 cash and issue and deliver 2,500,000 Optionee Shares on or before the first anniversary of the Effective Date;
  - 3.1.5. Incur and pay for not less than \$500,000 in cumulative Expenditures on or before the second anniversary of the Effective Date;
  - 3.1.6. Pay \$170,000 cash and issue and deliver 3,500,000 Optionee Shares on or before the second anniversary of the Effective Date; and

- 3.1.7. incur and pay for not less than \$1,500,000 in cumulative Expenditures on or before the third anniversary of the Effective Date.
- 3.1.8. subject to Section 3.3, at any time after the Optionee has incurred the Expenditures required under Section 3.1.7, but no later than 30 days after the end of the Option Period, give the Optionor Notice stating that the Optionee has completed such requirements and has exercised the Option (the “**Option Exercise Notice**”).
- 3.2. In this Agreement, a written notice delivered by the Optionee to the Optionor by no later than 30 days after any date listed in subparagraphs 3.1.3, 3.1.5 or 3.1.7 on or before which Expenditures are to be incurred and paid and accompanied by a statement of an officer of the Optionee to the effect that the amount of Expenditures has been incurred and paid by the appropriate date, and an itemized accounting in sufficient detail to enable the reader to reach an objective assessment of the accuracy of such statements shall be conclusive evidence of the making thereof unless the Optionor questions the accuracy of such statement within 30 days of receipt. If the Optionor questions the accuracy of the statement, the matter shall be referred to the independent auditor of the Optionee for final determination. If such auditor determines that the Exploration Expenditures incurred and paid by the Optionee within the time specified in the officer's statement are less than those declared in the statement, the Optionee shall pay the entire costs of the auditor's determination (which costs shall not be included in Expenditures) but the Optionee shall not lose any of its rights hereunder and the Option will not terminate provided the Optionee pays to the Optionor within 15 days of receipt of the auditor's determination 100% of the deficiency in such Expenditures by issuing and delivering additional Optionee Shares, as calculated as set out in paragraph 3.4 hereof. If the Optionee makes such payment, it shall be deemed to have incurred and paid Expenditures equal to such payment.
- 3.3. Notwithstanding the requirement to submit the statements with respect to Expenditures set out in paragraph 3.2, the Optionee shall submit to the Optionor, not more than 45 days after the end of each calendar year, a statement of an officer of the Optionee setting out the amount of Expenditures that have been incurred and paid during that year.
- 3.4. The Optionee will use commercially reasonable efforts to incur and pay for Expenditures to meet its obligations under this Agreement. However, after having used such efforts, in addition to the right to satisfy any shortfall in Expenditures set out in paragraph 3.2, the Optionee may satisfy all or any part of its obligations to incur Expenditures by issuing and delivering additional Optionee Shares at any time during the Option Term. The number of Optionee Shares to be so issued and delivered shall be equal to the deficiency in Expenditures divided by the volume weighted average price of the Optionee's shares as traded on the Exchange during the twenty days prior to the applicable date set out in subparagraphs 3.1.3, 3.1.5, or 3.1.7, as the case may be. In the event of such share issuance, the Optionee shall be deemed to have incurred additional Expenditures in the same amount as the value of such share payment

- 3.5. In this agreement, “**auditor**” shall mean a recognized firm of chartered accountants or certified general accountants appointed by the Optionee's shareholders to prepare the annual financial statements of the Optionee.
- 3.6. On the due exercise of the Option in accordance with the terms and conditions of this Agreement, the Optionee shall grant to the Optionor the right to receive a royalty equal to 2.5% of Net Smelter Returns.

#### **4. TITLE**

- 4.1. As of and from the Effective Date, the Optionor shall hold its interests in the Property subject to and in accordance with the terms of this Agreement.
- 4.2. During the term of this Agreement, the Optionor will:
  - 4.2.1. not do any other act or thing that would or might reasonably be expected to in any way adversely affect the rights of the Optionee hereunder, including without limitation any action to surrender, modify, terminate suspend or abrogate any of the mineral tenures comprising the Property or to sell, assign, encumber or otherwise deal with or adversely affect the Property;
  - 4.2.2. keep the Property clear of liens and other charges arising from its activities thereon;
  - 4.2.3. promptly provide the Optionee with any and all notices and correspondence received by the Optionor from government agencies, municipal authorities, in respect of the Property;
  - 4.2.4. cooperate fully with the Optionee in obtaining any surface, water and other rights, permits or licences on or related to the Property as the Optionee deems necessary or desirable;
  - 4.2.5. execute or cause the execution of any filing, application or submission that may be required by the Optionee to conduct the Operations; and
  - 4.2.6. if required under applicable Laws, or if otherwise determined by the Optionee to be desirable in order to better protect the rights of the Parties hereunder, at the Optionee’s cost, register this Agreement, and any related documents with the appropriate governmental registrar and regulatory authority in Saskatchewan.

#### **5. DATA**

- 5.1. Except to the extent previously provided to the Optionee, concurrently with the execution of this Agreement, the Optionor will deliver to the Optionee all technical, economic, geological and other information of any nature in its possession or control, including without limitation any studies, reports, mining models, assays, drill hole data,

geochemical reports, recovery reports and other information concerning the Property at any time before or after the date of this Agreement (together with all previously provided information, the “**Other Assets**”).

## **6. ACCELERATION, NON-OBLIGATION, AND FORCE MAJEURE**

- 6.1. The Optionee may at any time and from time to time, accelerate any or all of the cash payments, share issuances and the Expenditures (or cash or share payments in lieu thereof) contemplated by Sections 3.1.4, 3.1.5, 3.1.6 or 3.1.7. Any excess Expenditures made or incurred in any period by the Optionee will be carried forward and applied as a credit against the Expenditures to be made in the next succeeding period or periods.
- 6.2. The Parties acknowledge and agree that while the Optionee is obligated to incur the Committed Expenditures, the Optionee has the right and option but not the obligation to incur the other Expenditures, pay the cash or issue the Optionee Shares referred to in Sections 3.1.4 to 3.1.7 inclusive, and nothing that the Optionee might do, including any Optionee Shares it issues or Expenditures that it incurs, will create any obligation to do anything more or to issue any further Optionee Shares, pay additional cash or incur any further Expenditures.
- 6.3. If from time to time the Optionee is prevented by Force Majeure from performing any of its obligations or incurring Expenditures in the amounts and times provided in Article 3, then the Optionee shall have such additional time as is reasonable in the circumstances to perform its obligations or incur Expenditures in such amounts and times, the amount of such additional time not to exceed the duration of the Force Majeure.

## **7. PERFORMANCE OF OPERATIONS**

- 7.1. In carrying out Operations, the Optionee shall comply with all applicable Laws and shall carry out all Operations in a good and workmanlike manner in accordance with generally accepted mining practice in Saskatchewan, at any applicable time.
- 7.2. The Optionee shall communicate its proposed exploration program and budget to the Optionor on an annual basis. The exploration program shall contain a statement of the proposed Operations and estimates of the Expenditures to be incurred.
- 7.3. In exercising its rights under Section 7.1, the Optionee shall:
  - 7.3.1. keep the Property clear of liens and other charges arising from its activities thereon;
  - 7.3.2. carry on any Operations on the Property in compliance with all applicable Laws;
  - 7.3.3. apply, file and record all applicable Expenditures as assessment credits to the claims constituting the Property

- 7.3.4. pay or cause to be paid any rates, taxes, duties, royalties, assessments or fees levied with respect to the Property or the Operations thereon, which amounts shall be treated as Expenditures hereunder;
  - 7.3.5. make available to the Optionor, all technical data, geotechnical reports, maps, digital files and other data with respect to the Property in its possession or control, including rock and soil samples, drill core, and other information concerning the Property and shall permit the Optionor, at the Optionor's expense, to take abstracts therefrom and make copies thereof; and
  - 7.3.6. deliver to the Optionee, on or before February 28 of each year, a comprehensive report on the Optionee's activities on the Property in the preceding calendar year, together with all reports of subcontractors and copies of all material data and information generated by the Optionee's activities on or with respect to the Property.
- 7.4. The Optionee shall indemnify and save harmless the Optionor from and against any and all claims, debts, demands, suits, actions and causes of action whatsoever which may be brought or made against the Optionor by any person, firm or corporation and all loss, cost, damages, expenses and liabilities which may be suffered or incurred by the Optionor arising out of or in connection with or in any way referable to, whether directly or indirectly, the entry on, presence on, or activities on the Property or the approaches thereto by the Optionee or its servants or agents including without limitation bodily injuries or death at any time resulting therefrom or damage to property, unless and to the extent due to the acts or omissions of the Optionor or its representatives or agents.
- 7.5. The Optionor shall at all reasonable times and intervals have access to the Property on reasonable Notice to the Optionee, provided that the Optionor shall not interfere with the Operations hereunder and that the Optionee shall be under no liability to the Optionor for any personal injuries including death or for any damage to the property of the Optionor unless such injury or damage is due to the gross negligence or wilful default of the Optionee, its representatives or agents.
- 7.6. On or before the 10<sup>th</sup> day of each calendar month, the Operator will provide to the Optionor:
- 7.6.1. a report of all the Operations carried out on the Property in the immediately preceding calendar month, including copies of all pertinent technical data; and
  - 7.6.2. A summary, executed by a senior officer of the Optionee, of all Expenditures incurred in the applicable calendar month.

## **8. VESTING OF INTEREST**

- 8.1. Upon the Optionee satisfying the requirements of Section 3.1:

- 8.1.1. the Optionee shall have exercised the Option effective as of the date of the Option Exercise Notice (such date being, the “**Option Exercise Date**”) and the Optionor shall transfer to the Optionee, and the Optionee shall without any further payment or action be deemed to have exercised the Option and it will thereupon acquire and be deemed to have acquired and be vested with, a 100% right, title and interest in the Property and Other Assets, free and clear of all Encumbrances, from and after the Option Exercise Date;
- 8.1.2. the Optionor shall forthwith execute or deliver all such further assignments, transfers and instruments and do all acts and things as may be necessary or appropriate to effectively transfer 100% legal and beneficial interest in the Property to the Optionee; and
- 8.1.3. the Optionor will retain the Net Smelter Returns royalty and the Net Smelter Returns Royalty Agreement shall come into effect.

## **9. TERMINATION**

- 9.1. At any time after the Optionee has paid \$50,000 cash, has issued and delivered 1,500,000 Optionee Shares and completed the Committed Expenditures, the Optionee may terminate the Option by giving not less than 30 days Notice to the Optionor, whereupon this Agreement, except Sections 7.4, 9.2, 13.1, 13.2, 13.5 and 15.4, shall terminate.
- 9.2. If this Agreement is terminated pursuant to Section 9.1, the Optionee shall:
  - 9.2.1. within 180 days, deliver to the Optionor copies of all of the reports, maps, plans, photographs, drill logs and exploration data, including data in digital form, of the Optionee obtained solely from the Property, provided that the Optionee does not make any representation or warranty concerning the accuracy or completeness thereof;
  - 9.2.2. within the said 180 days, remove from the Property any machinery, buildings, structures, facilities, equipment and all other property of every nature and description erected, placed or situated thereon by the Optionee; any property not so removed at the end of the 180 day period shall, on the prior written consent of the Optionor become the property of the Optionor;
  - 9.2.3. within the said 180 days, leave the working and camp site in a clean and environmentally acceptable condition; and
  - 9.2.4. the mining claims constituting the Property shall be returned to the Optionor without any encumbrances and shall be in good standing for not less than two years from the effective date of termination.

- 9.3. If the Optionee is prevented from or delayed in performing its obligations in Sections 9.2.2 or 9.2.3 by Force Majeure, the relevant period of 180 days referred to therein shall be extended by the period of Force Majeure.

## **10. AREA OF COMMON INTEREST**

- 10.1. The area of common interest shall be deemed to comprise that area which is included within a 10 kilometre radius of each point on the outermost boundary of the mineral properties which constitute the Property from time to time.
- 10.2. If at any time during the subsistence of this Agreement the Optionee (in this section only called the “**Acquiring Party**”) 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 located wholly or partly within the area of interest referred to in subparagraph 10.1 the Acquiring Party shall forthwith give notice to the Optionor of that staking or acquisition, the total cost thereof and all details in the possession of the Acquiring Party with respect to the details of the acquisition, the nature of the property and the known mineralization.
- 10.3. The Optionor shall, within 30 days of receipt of the Acquiring Party's notice, give notice to the Acquiring Party, whether the Optionee requires that the mineral properties and the right or interest acquired be included in and thereafter form part of the Property for all purposes of this Agreement.
- 10.4. If the election aforesaid is made to include the right or interest in the Property, all reasonable costs and expenses incurred by the Optionee in making such acquisition shall be included in Expenditures.
- 10.5. If the Optionor fails to make any election aforesaid within that period of 30 days, the right or interest acquired shall be deemed to form part of the Property.

## **11. RESTRICTION ON ASSIGNMENT**

- 11.1. During the term of this Agreement, the Optionee may not transfer any direct or indirect interest in this Agreement or the Property except as may be consented to in writing by the Optionor, which consent may not be unreasonably withheld.
- 11.2. A Party shall have the right, without restriction under Section 11.1, to transfer all its rights and interests to an Affiliate of such Party, provided that such Affiliate first complies with the provisions of Section 11.44 and agrees with the other Party in writing to retransfer such rights and interests to the originally assigning Party before ceasing to be an Affiliate of such Party.
- 11.3. In the event of a transfer as contemplated in Section 11.2, the Party making the same shall not be relieved or discharged of any of its obligations or liabilities hereunder, and the other Party may continue to look to it for the performance thereof.

11.4. A Party transferring its rights and interests as permitted or required hereby shall require any transferee to execute a counterpart of this Agreement and thereby to agree to be bound by the contractual terms hereof in the same manner and to the same extent as though a Party hereto in the first instance, all without in any way derogating from the provisions of Article 3.

**12. NOTICES**

12.1. Any Notice to either of the Optionee or the Optionor by the other shall be in writing and shall be addressed respectively as follows:

If to the Optionee:

LFNT Resources Corp.  
Suite 401 – 750 West Pender Street  
Vancouver, B.C.  
V6C 2T7  
Attention: Shayne Taker, CEO/Director  
Email: [REDACTED]

with a copy to:

Sheri Rempel, Director  
Suite 401 – 750 West Pender Street  
Vancouver, B.C.  
V6C 2T7  
Email: [REDACTED]

If to the Optionor:

[REDACTED]

Email: [REDACTED]

and to:

[REDACTED]

Email: [REDACTED]

with a copy to the Optionor's counsel at:



Attention: [REDACTED]

Email: [REDACTED]

All Notices shall be given (1) by personal delivery to the addressee, or (2) by electronic communication, with a confirmation sent by registered or certified mail return receipt requested, or (3) by registered or certified mail return receipt requested or commercial courier. All Notices shall be effective and shall be deemed delivered (1) if by personal delivery on the date of delivery if delivered during normal business hours and, if not delivered during normal business hours, on the next Business Day following delivery, (2) if by electronic communication on the next Business Day following receipt of the electronic communication, and (3) if solely by mail or commercial courier on the next Business Day after actual receipt. A Party may change its address by Notice to the other Party.

- 12.2. Any payments by the Optionee to the Optionor under this Agreement shall be well and sufficiently made if a cheque payable to the Optionor in Canadian funds is sent by mail, postage prepaid, to the Optionor at its address for Notices on or before the date on which such payment is to be made. If from time to time the Optionee mails a cheque to the Optionor in payment of an amount under this Agreement but not within the time specified by such payment, the Optionee will be deemed to have made the payment within the specified time and this Agreement including the Optionee's rights and options in Sections 3.1 and 3.2 will continue in full force and effect provided that, if the Optionor gives Notice to the Optionee that such payment has not been made, such cheque is mailed by the Optionee within 30 days of receipt of such Notice.

### **13. REPRESENTATIONS AND WARRANTIES**

- 13.1. The Optionor represents and warrants to the Optionee that:

- 13.1.1. as at the date of this Agreement, the Optionor is the legal and beneficial owner of, and possesses and has good and marketable title to, the Property and the Other Assets, free and clear of all Encumbrances, and, without limiting the generality of the foregoing, the Optionor has not entered into and there are not any agreements or options to grant or convey any interest or any right capable of becoming an interest in the Property or the Other Assets or to pay any royalties with respect to the Property or the Other Assets;
- 13.1.2. all required expenditures and payments to be made or performed by the Optionor as at the date of this Agreement in order to maintain the Property and related

rights in good standing have been completed and all related assessments, taxes, rentals or other payments, if any, have been paid as required;

- 13.1.3. the mining claims comprised in the Property have been duly and validly staked, recorded and issued pursuant to all applicable Laws in Saskatchewan and are in good standing and the information in Schedule A is accurate; all activities on or in relation to the Property up to the Effective Date have been in compliance with all applicable Laws including all Environmental Laws and in compliance with all permit conditions; and no conditions exist which could give rise to the making of a remediation order or similar order in respect of the Property or which could subject the Optionee to liability;
  - 13.1.4. the Optionor has full power and absolute authority to grant to the Optionee the rights provided in, and to carry out its obligations under, this Agreement; and this Agreement has been duly authorized, executed and delivered by the Optionor;
  - 13.1.5. the execution and delivery of this Agreement and the exercise by the Optionee of the rights granted to it under this Agreement will not conflict with or be in contravention of any Law or conflict with rights of third parties or result in a breach of or default under any agreement or other instrument of obligation to which the Optionor is a party or by which the Optionor or the Property or the Other Assets may be bound;
  - 13.1.6. this Agreement constitutes a legal, valid and binding obligation of the Optionor;
  - 13.1.7. there are no suits, actions, prosecutions, investigations or proceedings, actual, pending or threatened, against or affecting the Optionor or that relate to or have an adverse effect on the Property and there are no grounds on which any such suit, action, prosecution, investigation or proceeding might be commenced with any reasonable likelihood of success;
  - 13.1.8. all rentals, taxes, duties, royalties, rates, charges, fees or other levies of every nature and kind heretofore levied against the Property have been fully paid and satisfied; and
  - 13.1.9. the Optionor is not a non-resident for the purposes of Section 116 of the *Income Tax Act* (Canada).
- 13.2. The Optionee represents and warrants to the Optionor that:
- 13.2.1. the Optionee is a company validly existing and in good standing under the laws of British Columbia, has the corporate power and capacity to enter into this Agreement and to carry out its terms, including the issuance of the Optionee Shares to the Optionor as provided in Article 3 hereof;

- 13.2.2. the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Optionee, and this Agreement constitutes a legal, valid and binding obligation of the Optionee enforceable against the Optionee in accordance with its terms, except as limited by laws of general application affecting the rights of creditors;
- 13.2.3. except for the approval of the Exchange no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, or permit from, any governmental body is required to be obtained or made by or with respect to the Optionee in connection with the execution, delivery and performance of this Agreement or the completion of the transactions contemplated hereby, other than those which if not obtained, could not individually or in the aggregate be reasonably expected to materially impair the ability of the Optionee to perform its obligations hereunder or to complete the transactions contemplated hereby;
- 13.2.4. the Optionee is registered, licensed or otherwise qualified as an extra-provincial corporation or foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a material adverse effect in respect of the Optionee;
- 13.2.5. each of the Optionee and its subsidiaries, as applicable possess such permits, certificates, licenses, approvals, consents and other authorizations (collectively “**Governmental Licenses**”) issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to own, lease, or maintain the Property and to conduct its business in connection therewith, except where the failure to possess such permits, certificates, licenses, approvals, consents or authorizations would not reasonably be expected to have a material adverse effect. The Optionee and its subsidiaries are in compliance, in all material respects, with the terms and conditions of all such Governmental Licenses, all of which are valid and in full force and effect, and the Optionee and its subsidiaries have not received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses;
- 13.2.6. the execution, delivery and performance of this Agreement and the completion of the transactions contemplated hereby will not:
- 13.2.6.1. violate any agreement to which the Optionee is a party or by which it is bound, and will not give any person or company any right to terminate or cancel any agreement or any right enjoyed by the Optionee,
- 13.2.6.2. result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against the Optionee’s assets, and

- 13.2.6.3. violate any law, regulation or applicable order of any court, arbitrator or governmental authority, or conflict with or result in a breach of the Optionee's constating documents or the resolutions of the directors or shareholders;
- 13.2.7. the authorized capital of the Optionee consists of an unlimited number of Common Shares, without par value, of which 20,717,001 Common Shares are issued as of the Effective Date, and all issued shares have been duly authorized and validly issued as fully paid and non-assessable;
- 13.2.8. to the Optionee's knowledge, there is no shareholders' or voting agreement in force with respect to the Optionee;
- 13.2.9. the Optionee's public disclosure record (the "**Disclosure Record**") as found at <https://lfnt.ca> and [www.sedar.com](http://www.sedar.com) is true and correct in all material respects and omits no information required so that the information therein contained is not misleading;
- 13.2.10. there are no material liabilities, contingent or otherwise, of the Optionee which are not disclosed or reflected in the Disclosure Record, and except as set out in the Disclosure Record, the Optionee has not guaranteed, nor agreed to guarantee, any debt, liability or other obligation of any firm, person or corporation;
- 13.2.11. the unaudited financial statements of the Optionee as at April 30, 2023, (the "**Optionee's Financial Statements**"), as set out in the Disclosure Record are true and correct and present fairly the financial position of the Optionee and the results of its operations for the period then ended, in accordance with International Financial Reporting Standards applied on a basis consistent with the previous periods;
- 13.2.12. since April 30, 2023:
- 13.2.12.1. there has not been any material adverse change in the financial position or condition of the Optionee or any damage, loss or other change in circumstances materially affecting the business or property of the Optionee or its right or capacity to carry on business,
- 13.2.12.2. the Optionee has not waived or surrendered any right of material value,
- 13.2.12.3. the Optionee has not discharged or satisfied or paid any lien or encumbrance or obligation or liability other than current liabilities in the ordinary course of business, and
- 13.2.12.4. the business of the Optionee has been carried on in the ordinary course;
- 13.2.13. except in relation to professional and agent fees related to the transactions contemplated hereby, the Disclosure Record sets out all contracts, agreements

(written or oral), commitments, indentures, or other instruments to which the Optionee is bound and which are material to the Optionee's business;

- 13.2.14. to the best of the knowledge of the Optionee, there are no claims, judgements, actions, suits, litigation, proceedings or investigations, actual, pending or threatened against the Optionee which might materially affect any business, properties, assets, prospects or conditions, financial or otherwise, of the Optionee or which could result in any material liability to the Optionee;
  - 13.2.15. there is no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or to the best of the knowledge of the Optionee threatened against or affecting the Optionee at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency;
  - 13.2.16. the Optionee is not in breach of any laws, ordinances, statutes, regulations, bylaws, orders or decrees to which it is subject or which apply to it;
  - 13.2.17. the Optionee has good and marketable title to all of its properties and assets and the said properties and assets as are disclosed in the Disclosure Record;
  - 13.2.18. the Optionee has not experienced nor is it aware of any occurrence or event which has had, or might reasonably be expected to have, a materially adverse effect on its financial condition, assets or liabilities;
  - 13.2.19. the Optionee's shares are listed and called for trading on the Exchange, and the Optionee is in material compliance with its listing agreement with the Exchange;
  - 13.2.20. the Optionee is a "reporting issuer" (as that term is defined under the securities legislation in Canada) and is not in default under the securities regulations of the provinces of British Columbia, Alberta and Ontario; and
  - 13.2.21. the Optionee shall make the necessary applications as soon as possible and with due diligence to the Exchange in order to obtain all necessary approvals to complete the transactions contemplated hereby.
- 13.3. The representations and warranties contained in Section 13.1:
- 13.3.1. are provided for the exclusive benefit of the Optionee and a breach of any one or more of them may be waived by the Optionee in writing in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and
  - 13.3.2. shall survive the execution and delivery of this Agreement, the exercise of the Option hereunder by the Optionee and the termination of this Agreement.
- 13.4. The representations and warranties contained in Section 13.2:

- 13.4.1. are provided for the exclusive benefit of the Optionor and a breach of any one or more of them may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and
- 13.4.2. shall survive the execution and delivery of this Agreement, the exercise of the Option hereunder by the Optionee and the termination of this Agreement.
- 13.5. Each Party will indemnify and save harmless the other Party and its Affiliates and their personnel from and against any and all claims, debts, demands, suits, actions and causes of action whatsoever which may be brought or made against one or more of them by any person, firm or corporation and all loss, cost, damages, expenses and liabilities which may be suffered or incurred by them arising out of or in connection with or in any way referable to, whether directly or indirectly any breach of the indemnifying Party's representations and warranties under this Agreement.
- 13.6. It is agreed between the Parties that any technical, economic or geological information of any nature, including without limitation any studies, reports, mining models, assays, drill hole data, geochemical reports, recovery reports and other information concerning the Property and the existence, location, quantity, quality or value of any minerals thereon or therein, provided to, or made available by one Party to the other under this Agreement or prior to the Effective Date, is provided without representation or warranty and is at the sole risk of the Party receiving the same.

#### **14. SECURITIES MATTERS**

- 14.1. The Parties acknowledge that the issuance of the Optionee Shares by the Optionee to the Optionor as contemplated herein will be made pursuant to an exemption from the registration and prospectus requirements of applicable securities Laws.
- 14.2. Upon the occurrence of one or more events involving the capital reorganization, reclassification, subdivision or consolidation of Optionee Shares, or the merger, amalgamation or other corporate combination of the Optionee with one or more other entities, or of any other event in which new securities of any nature are delivered in exchange for the issued Optionee Shares (a "**Fundamental Change**"), then, in lieu of issuing any Optionee Shares to be issued to the Optionor pursuant to this Agreement after the date of such Fundamental Change, the Optionee or its successor shall issue instead such number of new securities as would have been delivered to the Optionor as a result of the Fundamental Change, if the Optionor had been issued the applicable number of Optionee Shares prior to such Fundamental Change.
- 14.3. The Optionor hereby acknowledges that the Optionee's ability to issue Optionee Shares as contemplated herein is subject to applicable securities Laws and the Optionee Shares will be subject to resale restrictions imposed by applicable securities Laws, including the rules of any stock exchange on which Optionee Shares are or may become listed, which

rules require that a restrictive legend be placed on all share certificates delivered to the Optionor under this Agreement; and the Optionor agrees with the Optionee to abide by such resale restrictions.

## **15. CONFIDENTIALITY**

- 15.1. Subject to Section 15.2 and Section 16.5, all Confidential Information received or obtained by each Party hereunder or pursuant hereto shall be kept confidential by it and no part thereof may be disclosed or published without the prior written consent of the other except such information as may be required to be disclosed or published by Law or securities regulatory authority, provided that any such required disclosure shall be strictly limited in scope and content to the extent reasonably possible; and except that either Party may disclose information to any person or persons with whom it proposes to contract pursuant to Article 11 and such persons agreed in writing to hold the same in confidence to the same extent as the Parties are obligated under this Article 15, it being agreed that prior to such disclosure, the Optionee shall receive Notice thereof and a copy of the confidentiality agreement executed by the person or persons with whom the disclosing Party proposes to contract pursuant to Article 11.
- 15.2. Except as required by Law or securities regulatory authority, neither the Optionee nor the Optionor shall make any public announcements or statements concerning this Agreement or the Property without the prior approval of the other, not to be unreasonably withheld.
- 15.3. The text of any public announcements or statements including news release which the Party intends to make pursuant to the exception in Section 15.2 shall be made available to the other Party not less than 24 hours prior to publication and the other Party shall have the right to make suggestions for changes therein. If the Optionor is identified in any such public announcement or statement it shall not be released without the consent of the Optionor in writing.
- 15.4. In providing its approval of a public announcement or statement, a Party does not thereby assume any liability or responsibility for the contents thereof, which shall be the sole responsibility of the disclosing Party, and the disclosing Party shall indemnify, defend and save the other Party harmless from any costs and liabilities it may incur in that regard. This provision shall survive expiration or earlier termination of this Agreement.

## **16. MISCELLANEOUS**

- 16.1. Applicable Law. The terms and provisions of this Agreement shall be interpreted in accordance with the laws of British Columbia, excluding any conflict of law principles that would require the application of the law of any other jurisdiction.
- 16.2. Entire Agreement. This Agreement terminates and replaces all prior agreements, either written, oral or implied, between the Optionee and the Optionor with respect to the

Property and/or the Other Assets, and constitutes the entire agreement between the Parties with respect to the Property and the Other Assets.

- 16.3. Void or Invalid Provision. If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and in no way be affected, impaired or invalidated thereby.
- 16.4. Recording. This Agreement shall not be recorded. However, if requested by either Party the other will cooperate to execute and record where appropriate in offices of public record in Saskatchewan, Canada, a notice of this Agreement to provide notice to third parties of the Option and of the respective rights and interests of the Parties in and to the Property.
- 16.5. Additional Documents. Each Party shall do and perform all such acts and things, and execute all such deeds, documents and writings, and give all such assurances, as may be necessary to give effect to this Agreement.
- 16.6. Binding Effect. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.
- 16.7. Counterparts. This Agreement may be executed in counterparts and by electronic transmission, each of which shall be deemed to be an original and all of which shall constitute one and the same document.
- 16.8. Payments. Unless instructed in writing by the Optionor to the contrary and subject to compliance with applicable Laws, all payments to the Optionor, both in cash or in Optionee Shares, shall be made to [REDACTED], each as to 50%.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

SIGNATURE BLOCKS APPEAR ON NEXT PAGE

SIGNED, SEALED and DELIVERED by  
[Redacted]  
in the presence of:

Witness  
[Redacted]

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SIGNED, SEALED and DELIVERED by  
[Redacted]

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**LFNT RESOURCES CORP.**

Per: DocuSigned by:  
Shayne Taker  
Name: Shayne Taker  
Title: CEO / Director

SCHEDULE A

To the Option Agreement between  
 [REDACTED] and LFNT Resources Corp.,  
 dated the 20th day of July, 2023

THE “PROPERTY”

<b>Mineral Disposition</b>	<b>Size / Hectares</b>	<b>Annual Assessment</b>	<b>Good Until</b>	<b>NTS Map Sheets</b>	<b>Recorded Owner</b>
MC00013570	696 ha	\$10,440	4/30/2027	73P-4	[REDACTED]
MC00014141	707 ha	\$10,605	10/1/2026	73P-4 and 5	[REDACTED]
MC00015798	1533 ha	\$22,995	4/16/2024	73P-4 and 5	[REDACTED]
MC00015799	3782 ha	\$56,730	4/16/2024	73P-5	[REDACTED]
MC00017060	2098 ha	\$31,470	3/29/2025	73P-4 and 5	[REDACTED]
MC00017069	943 ha	\$14,145	3/29/2025	73P-4	[REDACTED]
<b>TOTAL 6 Claims</b>	<b>9,759 ha</b>				

SCHEDULE B

To the Option Agreement between  
[REDACTED] and LFNT Resources  
Corp., dated the 26th day of July, 2023

**NET SMELTER RETURNS ROYALTY AGREEMENT**

Dated this 26th day of July, 2023

**BETWEEN:**

[REDACTED] Prospector, of [REDACTED]  
[REDACTED] and [REDACTED]  
[REDACTED] Prospector, operating as a sole proprietorship under the  
name [REDACTED], of [REDACTED]  
[REDACTED]

(“[REDACTED]” and “[REDACTED]”, respectively, and collectively the “**Royalty Holder**”)

OF THE FIRST PART

**AND:**

**LFNT RESOURCES CORP.**, a company incorporated under the  
laws of the Province of British Columbia and having an office at  
Suite 401 – 750 West Pender Street, Vancouver, British Columbia  
V6C 2T7

(the “**Owner**”)

OF THE SECOND PART [REDACTED]

**RECITALS:**

- A. WHEREAS the Owner and the Royalty Holder entered into an Option Agreement dated July 20, 2023 (the “**Head Agreement**”) pursuant to which, among other things, the Owner: (i) purchased certain mineral properties (the “**Acquired Properties**”) from the Royalty Holder;
- B. AND WHEREAS the Acquired Properties are to be subject to a royalty equal to 2.5% of Net Smelter Returns;
- C. AND WHEREAS pursuant to the Head Agreement, the Owner is now the legal and beneficial holder of a 100% interest in certain mineral claims, located in Saskatchewan as

more particularly described in Appendix “A” attached hereto and forming a part hereof (as the same currently exists and as the same may be extended, converted, revised and/or elevated, including, if and when the Owner acquires any future concessions or mineral tenures that are contiguous to the Property (as it currently exists), the “**Property**”);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties covenant and agree as follows:

## **ARTICLE 1** **INTERPRETATION**

1.1 The preambles and the Schedules form an integral part of this Agreement.

1.2 For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**Affiliate**” means with respect to a Person, any other Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, the subject Person;

“**Agreement**” means this Royalty Agreement as amended or supplemented in accordance with the terms hereof;

“**Allowable Deductions**” means all costs, charges, deductions and expenses paid or incurred by the Owner or its Affiliates for, or with respect to, Products comprising only third party charges for treatment in smelting and refining. Allowable Deductions will only include charges that meet the above mentioned criteria, that have been paid to arm’s length Persons and that were incurred at facilities offsite. There will be no Allowable Deductions from Gross Proceeds received as a result of a Loss;

“**Annual Report**” means a written report, in relation to any calendar year, detailing:

- (i) the number of ounces or pounds of Products (on a Product by Product basis) produced from the Property on a Month by Month basis, in the applicable calendar year, as well as tonnes mined, average grade mined, head grade of milled Products and metallurgical recovery in the applicable calendar year;
- (ii) if applicable, the names and addresses of each Offtaker to which the Products referred to in subsection (i) were delivered;
- (iii) the Gross Proceeds and the Allowable Deductions which were applied against the Gross Proceeds and the Net Smelter Returns which have

resulted or which are estimated to result from the Products referred to in subsection (i) on a Month to Month basis;

- (iv) the amount of the Royalty which has been paid to the Royalty Holder with respect to the Products referred to in subsection (i), in accordance with the provisions of this Agreement on a Month to Month basis;
- (v) the Product prices used by the Owner and its Affiliates for short term and long term planning purposes with respect to the Property;
- (vi) an updated mine operating and development plan and budget which includes updated reserves and resources, forecasted production during the upcoming annual calendar year period and any planned drilling and exploration activities within the Property during the upcoming annual calendar year period;
- (vii) details of any material health or safety violations and material violations of any applicable laws (including environmental laws), in each case with respect to the Property; and
- (viii) a summary of the status of any and all material permits and permit applications with respect to the Property and mining operations to be conducted thereon during the upcoming annual calendar year period;

**“Annual Report Dispute Notice”** has the meaning set forth in section 3.10;

**“Bankable Feasibility Study”** means a comprehensive report of the mineral deposit on the Property, in which all geologic, engineering, legal, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a favourable final decision by a financial institution to finance the development costs to place the Property into Commercial Production. The Bankable Feasibility Study shall be compliant with National Instrument 43-101, or any successor instrument adopted by the Canadian Securities Administrators and shall include a reasonable assessment of the mineral ore reserves and their amenability to metallurgical treatment, a description of the work, equipment and supplies required to bring the Property into Commercial Production, including the initial rated capacity of the mining facilities and the estimated capital costs thereof, a description of the mining methods to be employed and a financial appraisal of the proposed operations supported by an explanation of the data used therein

**“BCICAC”** has the meaning set forth in section 7.1;

**“Business Day”** means a day that is not a Saturday, Sunday or any other day which is a statutory holiday or a bank holiday in Vancouver, British Columbia or Saskatoon, Saskatchewan, Canada;

“**Commercial Production**” means the operation of the Property or any portion thereof as a producing mine and the production of Products therefrom, for a minimum period of 30 consecutive days at an average rate of not less than 70% of the initial rated capacity of the mining facilities, as set out in a Bankable Feasibility Study, and for greater certainty does not include milling for the purpose of testing, milling by a pilot plant, or milling during an initial tune-up period of the mining facilities;

“**Confidential Information**” has the meaning set forth in section 10.2;

“**Control**” or “**Controlled**” means, when used as a verb:

- (i) with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of the entity through the legal or beneficial ownership of voting securities or the right to appoint managers, directors or corporate management or by contract, operating agreement, voting Option or otherwise;
- (ii) with respect to a natural person, the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and;
- (iii) when used as a noun, an interest that gives the holder the ability to exercise any of the powers described in subsections (i) and (ii) of this definition;

“**Demanding Party**” has the meaning set forth in section 7.1;

“**Dispute Notice**” has the meaning set forth in section 7.1;

“**Expert’s Report**” has the meaning set forth in section 3.10;

“**Gross Proceeds**” means proceeds received or deemed to be received by the Owner or its Affiliates from a Sale;

“**Loss**” means loss of, theft of or damage to Products, whether or not occurring on or off the Property and whether the Products are in the possession of the Owner or its Affiliates or otherwise;

“**Losses**” means all damages, claims, losses (other than consequential damages or loss of profits), liabilities, fines, penalties and expenses;

“**Material Adverse Effect**” means an effect that is material and adverse to the business, affairs, capital, operations, properties, assets, liabilities (contingent or otherwise) or condition (financial or otherwise) of the Person in question;

“**Materials**” has the meaning set forth in section 2.5;

“**Month**” means a calendar month;

“**Monthly Average Spot Price**” means the average Spot Price for the applicable Product in United States dollars (or, should that quotation cease, another similar quotation acceptable to the Parties or, if they cannot agree, determined by arbitration hereunder), calculated by dividing the sum of all such prices with respect to the applicable Product reported for the Month by the number of days for which such prices were reported;

“**Net Smelter Returns**” means the Gross Proceeds from a Sale less Allowable Deductions;

“**Offer**” has the meaning set forth in section 2.3;

“**Offtaker**” means the counterparty to an Offtake Agreement;

“**Offtake Agreement**” means any refining, smelting, brokering, marketing and/or processing agreement entered into by the Owner or its Affiliates with respect to Products;

“**Owner**” has the meaning set forth in the preambles to this Agreement;

“**Party**” or “**Parties**” means one or more of the parties to this Agreement;

“**Person**” means and includes any individual, corporation, limited liability company, partnership, firm, joint venture, syndicate, association, Optionor, governmental agency or board or commission or authority and any other form of entity or organization;

“**Products**” means any and all economic marketable material, in whatever form or state, produced from the Property and without limitation, any products resulting from the further milling, processing or other beneficiation, including without limitation, ore concentrates, doré, powders or dusts, diamonds, evaporites, industrial minerals or Refined Metal;

“**Property**” has the meaning set forth in the preambles to this Agreement;

“**Purchase Price**” has the meaning set forth in section 2.1;

“**Refined Metal**” means gold, silver, lead, copper, zinc, platinum group or other marketable Products refined to standards meeting or exceeding commercial standards for the sale of such refined metals;

“**Released Property**” has the meaning set forth in section 2.7;

“**Relinquishment Event**” has the meaning set forth in section 2.7;

“**Responding Party**” has the meaning set forth in section 7.1;

“**Royalty**” means 2.5% of Net Smelter Returns;

“**Royalty Holder**” has the meaning set forth in the preambles to this Agreement;

“**Royalty Holder Indemnified Parties**” has the meaning set forth in section 5.1;

“**Sale**” means a sale or transfer of title of Products by or on behalf of the Owner or any of its Affiliates to a Person, whether or not an Affiliate of the Owner and is deemed to include a deemed transfer of title to Products transported off the Property that the Owner elects to have credited to or held for its account by an Offtaker and is also deemed to include any Loss prior to any transfer or deemed transfer of title to Products;

“**Spot Price**” means (i) in the case of Refined Metal that is gold, the price of gold in U.S. dollars on the London Metal Exchange, being the London P.M. gold fix; (ii) in the case of Refined Metal that is silver, the price of silver in U.S. dollars quoted on the London Metal Exchange; and (iii) in the case of other Refined Metals, the price per unit in U.S. dollars for the relevant Refined Metal as quoted in “Metals Week”. If for any reason the London Metal Exchange is no longer in operation or the spot price of any Refined Metal is not quoted by the London Metal Exchange or in Metals Week, as applicable, the “Spot Price” of such Refined Metal shall be determined by reference to the price of such Refined Metal on another commercial exchange mutually acceptable to the Parties;

“**Third-Party Offer**” has the meaning set forth in section 2.3;

“**Trading Activities**” has the meaning set forth in section 3.8; and

“**Transfer**” when used as a verb, means to sell, transfer, assign, mortgage, encumber, charge, pledge, grant a right, title or interest in or to, grant or allow to exist any encumbrance in respect of, or otherwise encumber or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions. When used as a noun, “Transfer” means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction.

- 1.3 This Agreement shall be construed, interpreted and enforced in accordance with, and the respective obligations of the Parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 1.4 If any one or more of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect under the laws of any jurisdiction, the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby under the laws of any other jurisdiction and the validity, legality and

enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

- 1.5 If any time period set forth in this Agreement ends on a day of the week which is not a Business Day, then notwithstanding any other provision of this Agreement, such period will be extended until the end of the next following day which is a Business Day.
- 1.6 The headings to the articles and sections of this Agreement are inserted for convenience only and will not affect the construction hereof.
- 1.7 In this Agreement:
  - (a) the singular includes the plural and vice versa;
  - (b) the masculine includes the feminine and vice versa;
  - (c) references to “Article,” “section” and “subsection” are to articles, sections and subsections of this Agreement, respectively;
  - (d) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words “covenants” or “agrees” or “promises”;
  - (e) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise; and
  - (f) the words “hereto,” “herein,” “hereby,” “hereunder,” “hereof” and similar expressions when used in this Agreement refer to the whole of this Agreement and not to any particular article, part, section, exhibit or portion thereof.

## ARTICLE 2

### **ROYALTY DESCRIPTION, RIGHTS OF FIRST REFUSAL, RELINQUISHMENT AND FUTURE ROYALTIES**

- 2.1 In consideration of the payment by the Royalty Holder to the Owner of the sum of CAD\$10.00 (the “**Purchase Price**”) and other good and valuable consideration, the receipt and sufficiency whereof being hereby acknowledged, the Owner does hereby grant to the Royalty Holder, and agrees to pay to the Royalty Holder, the Royalty all on the terms and conditions specified in this Agreement.
- 2.2 If there is a Sale by the Owner or an Affiliate other than to a smelter or refinery, the Royalty shall be 2.5% of the gross value of recoverable metals or other materials contained in such Products, without deductions except for penalties or offsets in respect of ore dependent factors, if any, imposed by the buyer in relation to the specific Products

delivered. The amount of recoverable metals or other materials contained in Products removed from the Property shall be calculated and determined based upon assays, metallurgical tests and such other analyses as are customary in the industry which are conducted in a manner satisfactory to the Owner and the Royalty Holder, acting reasonably. If the Parties are unable to agree on the manner of conducting such assays, tests and analyses for a period of 30 days, either of the Parties may refer the question to arbitration hereunder and the decision of the arbitrator shall be final and binding upon the Parties. For the purposes of this section, the gross value of such metals or other materials shall be determined by multiplying the amount of such metals or other materials by the Monthly Average Spot Price.

- 2.3 The Owner or any of its Affiliates shall not enter into any agreement with an arm's length third Person to sell a metal royalty including, but not limited to, any gold royalty, gold stream, or entering into any gold loan arrangement, on production from the Property or to purchase any participating interest in metal production from the Property without the Royalty Holder's prior written consent, which consent may be withheld for any reason or for no reason.

For clarity, the procedures set forth in this section will not apply to traditional interest bearing loans, preferred or convertible equity, or a traditional hedge or off-take agreement that is a required component of a loan financing. This section is intended to capture financing structures, entered into by the Owner or its Affiliates that a royalty company would typically enter into, including with respect to royalties, streams or stream-like financings based on production from the Property.

- 2.4 The Parties agree that, subject to the provisions of section 2.7 and to the extent permitted by applicable law, the Royalty constitutes an interest in the Property and will be a covenant running with the Property, will be enforceable as an *in rem* interest in land which shall run with the Property and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns. It is the intention of the Parties that to the extent permissible at law, the Royalty on the Property shall be registerable or otherwise recordable in all public places where interests in land in respect of the Property are recordable and the Owner shall execute and deliver such further documents as may be necessary for the timely and effective recording or registration of a caution, notice or caveat in respect of this Agreement, in such public places.

- 2.5 All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively the "**Materials**") resulting from the Owner's operations and activities on the Property shall be the sole property of the Owner, but shall remain subject to the obligation to pay the Royalty should the same be processed or reprocessed, as the case may be, in the future and result in Products. The Owner shall have the right to dispose of Materials from the Property, whether on or off the Property, and to commingle the same with Materials from other properties. In the event Materials are processed or reprocessed, as the case may be, the Royalty applicable thereto shall be determined on a pro rata basis as

determined by using such reasonable and customary engineering and technical practices as are then available.

- 2.6 All determinations with respect to: (a) whether ore from the Property will be beneficiated, processed or milled by the Owner or sold in a raw state; (b) the methods of beneficiating, processing or milling any such ore; (c) the constituents to be recovered therefrom; and (d) the Optionees to whom any ore, minerals or mineral substances derived from the Property may be sold, shall be made by the Owner in its sole and absolute discretion.
- 2.7 If the Owner or an Affiliate of the Owner wishes to abandon, relinquish or terminate or not renew (the “**Relinquishment Event**”) all or any portion of the Property (the “**Released Property**”), then the Owner shall provide the Royalty Holder with a minimum of 30 days prior written notice of such intended Relinquishment Event. Upon receipt of the said notice, the Royalty Holder shall have a period of 10 days within which to advise the Owner in writing that it desires to acquire the Released Property for consideration equal to \$10.00. If the Royalty Holder shall forward such written notice to the Owner within the said 10 day period, the Owner shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Royalty Holder’s sole cost and expense, to assign or convey, as appropriate, the Released Property to the Royalty Holder and to have the Released Property recorded or registered into the name of the Royalty Holder. The Owner covenants with the Royalty Holder that the Released Property shall be free of all encumbrances, in compliance with all environmental and reclamation laws and policies and be in good standing for not less than 24 months on the effective date of the transfer. If the Royalty Holder does not forward the said written notice to the Owner within the said 10 day period, then the Owner or the Affiliate of the Owner shall have the right to complete the Relinquishment Event with respect to the applicable Released Property.

If a Relinquishment Event is completed and within five years thereafter, the Owner or any Affiliate of the Owner subsequently reacquires a direct or indirect beneficial interest in the Released Property, then such Released Property will once again be subject to the obligation to pay the Royalty with respect thereto.

- 2.8 Upon reasonable notice to the Owner, and upon the making of reasonable arrangements, the Royalty Holder shall have the right to receive all or part of the Royalty for any Product in kind.
- 2.9 On giving the Royalty Holder not less than 30 days’ notice, the Owner has the right to purchase 0.5% of the Royalty by paying the Royalty Holder \$5,000,000 in cash at any time on or before the fifth anniversary of the date of this Agreement. Upon the closing of such purchase and sale, the Royalty shall be deemed to be 2% of Net Smelter Returns.

**ARTICLE 3**  
**PAYMENTS, TRADING ACTIVITIES AND BOOKS AND RECORDS**

- 3.1 The obligation to pay the Royalty will accrue when there has been a Sale, provided that any Royalty due in respect of a Loss will accrue when the insurance proceeds are paid.
- 3.2 Where a Sale (including an insurance settlement in respect of a Loss) is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of metal or other Products (or the amount of the insurance settlement received in respect of a Loss) credited by such provisional settlement, but will be adjusted to account for the amount of metal or other Products (or the amount of the insurance settlement received in respect of a Loss) established by final settlement with the treatment facility or with the Optionee or insurer, as the case may be. If production has ceased, settlement will be made between the Parties by cash payment.
- 3.3 Royalty payments will be due and payable quarterly on the last day of the Month following the end of the calendar quarter in which the same accrued. The Owner shall pay interest on any delinquent Royalty payment at a rate per annum of 10%, compounded annually, commencing on the date on which such delinquent payment was properly due and continuing until the date on which the Royalty Holder receives payment in full of such delinquent payment and all accrued interest thereon.
- 3.4 Royalty payments will be accompanied by a statement showing in reasonable detail on a Product by Product basis for the relevant calendar quarter:
- (a) the quantities, grades, tonnes mined, mined grade, head grade of milled Products and metallurgical recoveries of Products (on a Product by Product basis) produced;
  - (b) the quantities and grades of Products (on a Product by Product basis) produced and for which there was a Sale in the quarter;
  - (c) the Gross Proceeds of Sale received in the quarter (on a Product by Product basis), setting out the applicable Offtakers, and the number of ounces, tonnes or pounds, as applicable, of each of the Products sold in each Month of the quarter as well as the Monthly Average Spot Price for each of each such Product for each Month of the quarter;
  - (d) the Allowable Deductions in the quarter;
  - (e) any adjustments to provisional settlements; and
  - (f) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.

- 3.5 Subject to section 3.2, all Royalty payments will be considered final and in full satisfaction of all obligations of the Owner with respect thereto, unless the Royalty Holder gives the Owner written notice describing and setting forth a specific objection to the determination thereof within 12 months after the receipt by the Royalty Holder of the quarterly Royalty statement. In addition to the provisions of section 3.9 and 3.10, if the Royalty Holder objects to a particular quarterly statement as herein provided, then:
- (a) the Royalty Holder will have the right, upon reasonable notice and at a reasonable time, and for a reasonable period of duration, to have the Owner's accounts and records relating to the calculation of the Royalty in question audited by a chartered professional accountant selected by the Royalty Holder;
  - (b) if such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. If production has ceased, settlement will be made between the Parties by cash payment; and
  - (c) the Royalty Holder will pay all costs of such audit unless a deficiency of three percent or more of the amount due to the Royalty Holder is determined to exist, in which event all costs of the audit will be paid by the Owner.

Failure on the part of the Royalty Holder to make a claim on the Owner for adjustment in such one year period will establish the correctness of the payment and preclude the filing of exception thereto or the making of claims for adjustment thereon.

- 3.6 All payments in respect of the Royalty will be made in Canadian dollars.
- 3.7 Payments made under or pursuant to this Agreement will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the Royalty Holder may designate pursuant to wire instructions provided by the Royalty Holder to the Owner not less than three Business Days prior to the dates upon which such payments are to be made. The date the wire transfer process is initiated shall be the date of such payment, provided that the Royalty Holder receives such payment, and the Owner shall have no duty to otherwise apportion any payment to the Royalty Holder or its successors or assigns.
- 3.8 The Owner will have the right to market and sell Refined Metal in any manner it may elect, and will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, and speculative arrangements (the "**Trading Activities**") which may involve the possible physical delivery of Products. In determining the net proceeds from the Sale of any Products subject to the Royalty, the Owner will not be entitled to deduct from Gross Proceeds any losses suffered by the Owner, a shareholder of the Owner or an Affiliate of the Owner in Trading Activities. If the Owner engages in Trading Activities, the Royalty will be determined on the basis of the value of the Products produced and without regard to the price or proceeds actually

received by the Owner for or in connection with the Sale, or the manner in which a Sale to a third party is made by the Owner, such value to be based on the Monthly Average Spot Price for the Month during which Products are credited to the account of the Owner or any Affiliate with a smelter or refiner, or, if the Owner engages in Trading Activities in respect of Products other than Refined Metal, the Gross Proceeds will be based on the value of such Products at the time such Products are actually delivered to third parties. The Parties agree that the Royalty Holder is not a participant in the Trading Activities of the Owner, and therefore the Royalty will not be diminished or improved by losses or gains of the Owner or any of its Affiliates in any such Trading Activities.

- 3.9 The Owner shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Property, including the mining of Products therefrom and the mining, stockpiling, treatment, processing, refining and transportation of Products, prepared in accordance with good mining industry practice, consistently applied. Subject to section 10.2, the Royalty Holder and/or its authorized representatives shall be entitled, upon delivery of three Business Days advance written notice, during the normal business hours of the Owner, in a manner that does not unreasonably interfere with the Owner's business, to perform audits or other reviews and examinations of the Owner's books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement to confirm compliance with the terms of this Agreement, including without limitation, calculations of Net Smelter Returns. Without limiting the generality of the foregoing, the Royalty Holder shall have the right to audit all invoices and other records relating to the transportation of Products from the Property to any mill, refinery or other processor at which Products from the Property may be milled, smelted, concentrated, refined or otherwise treated or processed and relating to the transportation of Products in the form of concentrates, doré, slag or other waste products from any mill at which Products from the Property may be milled, to a processor. The Royalty Holder shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by the Royalty Holder, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any Royalty payments paid to the Royalty Holder hereunder in respect of the period being audited or examined in an amount greater than three percent of the amount of the Royalty properly payable with respect to such period, in which event all expenses of such audit or other examination shall be paid by the Owner.

In performing such audit the Royalty Holder and/or its agents shall have reasonable access to all sampling, assay, weighing, and production records, including all mining, stockpile and milling records of the Owner relating to the Property and any Products derived from the Property (and the Royalty Holder shall be allowed to make notes or a photocopy thereof, subject to the provisions of section 10.2), all of which such records shall be kept and retained by the Owner in accordance with good mining industry practice for a period of six years.

- 3.10 The Owner shall deliver to the Royalty Holder an Annual Report on or before 120 days after the last day of each fiscal year of the Owner. With respect to any Annual Report, the Royalty Holder shall have the right to dispute any information in the definition of Annual Report in accordance with the provisions of this section. If the Royalty Holder disputes any of that information in an Annual Report:
- (a) the Royalty Holder shall notify the Owner in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the “**Annual Report Dispute Notice**”);
  - (b) the Royalty Holder on the one hand and the Owner on the other hand shall have 90 days from the date the Annual Report Dispute Notice is delivered by the Royalty Holder to resolve the dispute. If the Royalty Holder and the Owner have not resolved the dispute within the said 90 day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the “**Expert’s Report**”). If the Royalty Holder and the Owner have not agreed upon such expert within a further 10 days after the said 90 day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 7;
  - (c) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by three percent or less from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Royalty Holder;
  - (d) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by more than three percent from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Owner; and
  - (e) if the Royalty Holder or the Owner disputes the Expert’s Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert’s Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 7.

If the Owner does not deliver an Annual Report as required pursuant to this Article, the Royalty Holder shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of the Owner, an audit of the books and records of the Owner relevant to the Royalty in conjunction with the provisions of section 3.9. The Owner shall grant the Royalty Holder and its agents access to all such books and records on a timely basis during normal business hours. In order to exercise this right, the Royalty Holder must provide not less than three Business Days’ written notice to the Owner of its intention to conduct the said audit. If within seven days of receipt of such notice, the Owner delivers the applicable Annual Report, then the Royalty Holder shall have no right to perform the said audit. If the Owner delivers the Annual Report before the delivery of

the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of the Royalty Holder as set forth in Article 7. Otherwise, absent any manifest or gross error in the Royalty Holder's audit report, the said audit report shall be final and conclusive, subject to the provisions of Article 7.

- 3.11 Subject at all times to the workplace rules and supervision of the Owner, and in compliance with applicable laws, the Royalty Holder shall, at all reasonable times and intervals and upon reasonable notice, and at its sole risk and expense, have:
- (a) a right of access by its representatives to the Property and to any mill used by the Owner to process Products derived from the Property (provided that in the event such mill is not owned or controlled by the Owner, such right of access shall only be the same as any such right of access of the Owner);
  - (b) the right: (i) to monitor the stockpiling and milling of ore or Products derived from the Property and to take samples from the Property or from any mill or processor for the purposes of assay verifications; and (ii) to weigh or to cause the Owner to weigh all trucks transporting Products from the Property to any mill processing Products from the Property prior to dumping of such ore and immediately following such dumping; and
  - (c) the right of access to the Property and to all information and data necessary to enable the Royalty Holder to prepare a NI 43-101-compliant report with respect to the Royalty.

The Royalty Holder shall defend, indemnify and hold the Owner harmless from and against any Losses for damage to property or injury to or death of Persons arising from any such inspection, except to the extent the same are caused by the negligence or wilful misconduct of the Owner.

- 3.12 The Owner does hereby covenant and agree that it shall do all such acts and things and it shall not omit to do any acts or things as shall be necessary in order to obtain all necessary approvals as shall be required in order to be able to execute, deliver and perform its obligations under this Agreement.

#### **ARTICLE 4**

#### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 4.1 The Owner hereby represents and warrants to and in favour of the Royalty Holder and acknowledges and agrees that the Royalty Holder is entering into this Agreement on the basis of such representations and warranties, namely, that the Owner has the corporate power, capacity and authority to execute, deliver and perform this Agreement and the execution, delivery and performance of this Agreement by the Owner has been duly authorized by all required corporate action of the Owner; this Agreement represents a

valid and binding obligation of the Owner duly enforceable against the Owner in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws or by equitable principles generally; and the Property is free and clear of all liens, charges, security interests, claims, mortgages and other encumbrances.

- 4.2 The Royalty Holder represents and warrants to and in favour of the Owner and acknowledges and agrees that the Owner is entering into this Agreement on the basis of such representations and warranties, namely, that it has the power, capacity and authority to execute, deliver and perform this Agreement and the execution, delivery and performance of this Agreement by it has been duly authorized by all required action and this Agreement represents a valid and binding obligation of the Royalty Holder duly enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws or by equitable principles generally.

## **ARTICLE 5**

### **INDEMNITIES**

- 5.1 The Owner does hereby agree to defend, indemnify, reimburse and hold harmless the Royalty Holder, its officers, directors, employees, agents, affiliates and its successors and assigns (collectively, the “**Royalty Holder Indemnified Parties**”), and each of them, from and against any and all Losses that the Royalty Holder Indemnified Parties may sustain, suffer or incur as a result of:
- (a) a breach of this Agreement by the Owner;
  - (b) operations conducted on or in respect of the Property by or on behalf of the Owner or any of its Affiliates that result from or relate to the mining, handling, transportation, smelting or refining of the Products, including without limitation Losses, in any way arising from or connected with any non-compliance with environmental laws or any contaminants or hazardous substances on, in or under the Property or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any contaminants or hazardous substances on any other lands or areas having originated or migrated from the Property or the soil, sediment, water or groundwater forming part thereof; and
  - (c) any and all legal fees and disbursements that the Royalty Holder may be required to pay from time to time for or in connection with a dispute among the Royalty Holder and the Owner as to whether certain costs, charges, deductions and expenses are “Allowable Deductions” for the purposes of this Agreement (but only if, either by settlement by mutual agreement between the Royalty Holder and the Owner, or by a dispute resolution mechanism, including without limitation, court proceeding or arbitration, it shall finally be determined or decided that the Owner overstated the Allowable Deductions in any material respect).

**ARTICLE 6**  
**TRANSFER RIGHTS**

- 6.1 The Owner may Transfer, in whole or in part: (i) the Property; or (ii) its rights and obligations under this Agreement; (it being understood that a Transfer may only be subject to a Transfer together with the Owner's rights and obligations, as the case may be, under this Agreement), so long as the following conditions are satisfied:
- (a) the Owner provides the Royalty Holder with at least 30 days prior written notice of the intent to Transfer of the Owner;
  - (b) the Royalty Holder shall have given its prior consent to the Transfer;
  - (c) any optionee, merged company, transferee or assignee, as a condition to completion of the Transfer, agrees in writing in favour of the Royalty Holder, to be bound by the terms of this Agreement, including without limitation, this section, pursuant to an instrument in writing that is satisfactory to the Royalty Holder, acting reasonably, and the Royalty Holder does not suffer a Material Adverse Effect in relation to the transactions set forth in this Agreement; and
  - (d) any transferee of the Owner that is a mortgagee, chargeholder or encumbrancer obtains an agreement in writing in favour of the Royalty Holder from any subsequent Optionee or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement (with respect to the latter, if applicable), and the Royalty Holder does not suffer a Material Adverse Effect in relation to the transactions set forth in this Agreement.

For clarity: (i) any such Transfer by the Owner shall not relieve the Owner from any of its liabilities or obligations hereunder if the transferee or assignee is an Affiliate of the Owner; and (ii) each Affiliate of the Owner that has a direct or indirect interest in the Property (a "**Related Guarantor**") shall be obligated to first execute and deliver to the Royalty Holder an instrument (in form and substance acceptable to the Royalty Holder, acting reasonably) pursuant to which the Related Guarantor agrees to be bound by the terms hereof in its capacity as guarantor and by all of the liabilities and obligations of the transferor guarantor hereunder in the same manner and to the same extent as through the Related Guarantor was an original party hereto.

- 6.2 Each of the Royalty Holder, [REDACTED] and [REDACTED] shall have the right to Transfer or encumber, in whole or in part, its rights and obligations under this Agreement to any other Person or Persons. The Royalty Holder, [REDACTED] and [REDACTED] shall also have the right to charge, pledge or assign as security to a lender its rights under this Agreement. In the case of a Transfer of the Royalty under this Agreement, the Royalty Holder, [REDACTED] or [REDACTED] as applicable, shall be released from the transferred obligations under this Agreement.

- 6.3 The Owner may, at its sole discretion, enter into a joint venture agreement with respect to the Property so long as prior to the execution of any joint venture agreement, both the Owner and the proposed joint venture partner agree in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section, pursuant to an instrument in writing that is satisfactory to the Royalty Holder, acting reasonably, and the Royalty Holder does not suffer a Material Adverse Effect in relation to the transactions set forth in the proposed joint venture agreement.
- 6.4 The Owner covenants to and in favour of the Royalty Holder that the terms of any project financing arranged with respect to the Property shall not allow for the lenders to prohibit or interfere with any Royalty payments due to the Royalty Holder hereunder or allow for cash sweeps or payments of excess cash flow to the lenders in priority to any Royalty payments due to the Royalty Holder hereunder. In connection with any such project financing the Owner shall obtain at the closing of such project financing a certificate executed by an authorized officer of each lending institution or any other third party to the project financing, acknowledging the validity and existence of this Agreement and the Royalty obligations under this Agreement and agreeing that it will not object to or attempt to prohibit payment of any of the payments of the Royalty hereunder.

## **ARTICLE 7**

### **DISPUTE RESOLUTION**

- 7.1 In the event of a dispute in relation to this Agreement, including without limitation, the existence, validity, performance, breach or termination hereof or any matter arising hereunder, including whether any matter is subject to arbitration, the Parties agree to negotiate diligently and in good faith in an attempt to resolve such dispute. Failing resolution satisfactory to either Party, within ten days of the time frame specified herein or if no time frame is specified within ten days of the delivery of notice by either Party of the said dispute, which shall be after the dispute remains open for a period of 90 days, either Party may request that the dispute be resolved by binding arbitration, conducted in English, in Vancouver, British Columbia, pursuant to the domestic commercial arbitration rules of the British Columbia International Commercial Arbitration Centre (the “**BCICAC**”). The appointing authority shall be the BCICAC and the case shall be administered by the BCICAC in accordance with its Domestic Commercial Arbitration Rules of Procedure, subject to the following:
- (a) to demand arbitration either Party (the “**Demanding Party**”) shall give written notice (the “**Dispute Notice**”) to the other Party (the “**Responding Party**”), which Dispute Notice shall toll the running of any applicable limitations of actions by law or under this Agreement. The Dispute Notice shall specify the nature of the allegation and the issues in dispute, the amount or value involved (if applicable) and the remedy requested. Within 15 Business Days of receipt of the Dispute Notice, the Responding Party shall answer the demand in writing, responding to the allegations and issues that are disputed;

- (b) the Demanding Party and the Responding Party shall mutually agree upon one single qualified arbitrator within seven Business Days of the Responding Party's answer, failing which either the Demanding Party or the Responding Party may request the BCICAC to appoint one qualified arbitrator within five Business Days of the Responding Party's answer. The arbitrator shall be a disinterested person qualified by experience to hear and determine the issues to be arbitrated;
- (c) no later than 15 Business Days after hearing the representations and evidence of the Parties, the arbitrator shall make its determination in writing in English and shall deliver one copy to each of the Parties. The written decision of the arbitrator shall be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration. There shall be no appeal from the determination of the arbitrator to any court. The decision rendered by the arbitrator may be entered into any court for enforcement purposes;
- (d) the arbitrator may determine all questions of law and jurisdiction (including questions as to whether or not a dispute is arbitratable) and all matters of procedure relating to the arbitration;
- (e) the arbitrator shall have the right to grant legal and equitable relief and to award costs (including reasonable legal fees and the costs of arbitration) and interest. The costs of any arbitration shall be borne by the Parties in the manner specified by the arbitrator in its determination, if applicable. The arbitrator may make an interim order, including injunctive relief and other provisional, protective or conservatory measures, as well as orders seeking assistance from a court in taking or compelling evidence or preserving and producing documents regarding the subject matter of the dispute;
- (f) all papers, notices or process pertaining to an arbitration hereunder may be served on a Party as provided in this Agreement; and
- (g) the Parties agree to treat as Confidential Information, in accordance with the provisions of section 10.2, the following: the existence of the arbitral proceedings; written notices, pleadings and correspondence in relation to the arbitration; reports, summaries, witness statements and other documents prepared in respect of the arbitration; documents exchanged for the purposes of the arbitration; and the contents of any award or ruling made in respect of the arbitration. Notwithstanding the foregoing part of this section, a Party may disclose such Confidential Information in judicial proceedings to enforce, nullify, modify or correct an award or ruling and as permitted under section 10.2.

**ARTICLE 8**  
**OPERATION OF THE PROPERTY**

- 8.1 The Owner will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Property and may suspend operations and production on the Property at any time it considers prudent or appropriate to do so. The Owner will owe the Royalty Holder no duty to explore, develop or mine the Property, or to do so at any rate or in any manner other than that which the Owner may determine in its sole and unfettered discretion.
- 8.2 Commingling of Products from the Property with other ores, doré, concentrates, metals, minerals or mineral by-products produced elsewhere is not permitted without the consent of the Royalty Holder, such consent not to be unreasonably withheld, delayed or conditioned.

**ARTICLE 9**  
**MISCELLANEOUS**

- 9.1 This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other Party to participate therein including activities involving mineral claims or mineral leases adjoining the Property.
- 9.2 All information, data, reports, records, analyses, economic and technical studies and test results relating to the Property and the activities of the Owner or any other party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as "Confidential Information," will be treated by the Royalty Holder as confidential and will not be disclosed to any person not a party to this Agreement, except in the following circumstances:
- (a) the Royalty Holder may disclose Confidential Information to its auditors, legal counsel, institutional lenders, financiers, strategic partners, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to those purposes necessary for such non-party users to perform the services for which they were retained by the Royalty Holder;
  - (b) the Royalty Holder may disclose Confidential Information to prospective Optionees of the Royalty Holder's right to receive the Royalty or other rights under this Agreement, provided that each such prospective Optionee first agrees in writing to hold such information in confidence in accordance with this section

and to use it exclusively for the purpose of evaluating its interest in purchasing such Royalty or other rights;

- (c) the Royalty Holder may disclose Confidential Information where that disclosure is necessary to comply with its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, and the Owner agrees to provide to the Royalty Holder all such information as the Royalty Holder, acting reasonably, determines is necessary or desirable to fulfill the Royalty Holder's disclosure obligations and requirements under applicable securities laws; or
- (d) with the approval of the Owner.

Any Confidential Information that becomes part of the public domain by no act or omission in breach of this section will cease to be confidential information for the purposes of this section.

- 9.3 This Agreement is not intended to, and will not be deemed to, create any partnership relation between the Parties including without limitation, a joint venture, mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint, and none of the Parties will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of the other Party. Nothing herein contained will be deemed to constitute a Party, the partner, agent, joint venturer or legal representative of the other Party.
- 9.4 No waiver of or with respect to any term or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No course of dealing between the Parties, nor any failure to exercise, nor any delay in exercising, on the part of any one Party hereunder, any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 9.5 Time shall be of the essence in the performance of any and all of the obligations of the Parties hereunder, including without limitation, the payment of monies.
- 9.6 Each Party will, at the request of another Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effect the purposes and intent of this Agreement.
- 9.7 In the event a court of competent jurisdiction determines that any provision of this Agreement violates the statutory or common law Rule Against Perpetuities, then such provision shall automatically be revised and reformed as necessary to comply with the

Rule Against Perpetuities and this Agreement shall not be terminated solely as a result of a violation of the Rule Against Perpetuities.

- 9.8 This Agreement, including the Schedule hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by the Parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the Parties. There are no implied covenants contained herein.
- 9.9 Any Notice to either of the Owner or the Royalty Holder by the other shall be in writing and shall be addressed respectively as follows:

If to the Owner:

LFNT Resources Corp.  
Suite 401 – 750 West Pender Street  
Vancouver, B.C.  
V6C 2T7  
Email: [REDACTED]  
Attention: Shayne Taker, CEO/Director

with a copy to:

Sheri Rempel, Director  
Suite 401 – 750 West Pender Street  
Vancouver, B.C.  
V6C 2T7  
Email: [REDACTED]

If to the Royalty Holder:

[REDACTED]  
[REDACTED]  
[REDACTED]  
Email: [REDACTED]

And to:

[REDACTED]

Email: [REDACTED]

with a copy to the Royalty Holders' counsel at:

[REDACTED]

Attention: [REDACTED]

Email: [REDACTED]

All Notices shall be given (1) by personal delivery to the addressee, or (2) by electronic communication, with a confirmation sent by registered or certified mail return receipt requested, or (3) by registered or certified mail return receipt requested or commercial courier. All Notices shall be effective and shall be deemed delivered (1) if by personal delivery on the date of delivery if delivered during normal business hours and, if not delivered during normal business hours, on the next Business Day following delivery, (2) if by electronic communication on the next Business Day following receipt of the electronic communication, and (3) if solely by mail or commercial courier on the next Business Day after actual receipt. A Party may change its address by Notice to the other Party.

- 9.10 This Agreement may be executed in multiple counterparts, each of which will constitute an original, but all of which together will constitute one and the same instrument.
- 9.11 Unless instructed in writing by the Royalty Holder to the contrary, and subject to all applicable laws, all payments to the Royalty Holder shall be made to [REDACTED] and [REDACTED] each as to 50%.
- 9.12 This Agreement will enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns.

SIGNATURE BLOCKS APPEAR ON NEXT PAGE

IN WITNESS WHEREOF the Parties have executed and delivered this Agreement as of the date and year first above written.

SIGNED, SEALED and DELIVERED by

[Redacted]

in the presence of:

\_\_\_\_\_  
Witness

)  
)  
)  
)  
)  
)

\_\_\_\_\_ [Redacted]

SIGNED, SEALED and DELIVERED by

[Redacted]

in the presence of:

\_\_\_\_\_  
Witness

)  
)  
)  
)  
)  
)

\_\_\_\_\_ [Redacted]

**LFNT RESOURCES CORP.**

Per:

DocuSigned by:  
*Shayne Taker*  
C8B505FF07EA4B1...

\_\_\_\_\_  
Name: Shayne Taker

Title: CEO / Director