

**OPTION AGREEMENT**

**BETWEEN:**

**RIVERSIDE RESOURCES INC.**

**- and -**

**RRM EXPLORACION, S.A.P.I. DE C.V.**

**- and -**

**QUESTCORP MINING INC.**

**Concerning:**

**Union Project — Sonora, Mexico**

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## OPTION AGREEMENT

**THIS AGREEMENT**, made effective as of the 5th day of May, 2025

### BETWEEN:

**RRM EXPLORACION, S.A.P.I. DE C.V.**, a corporation organized under the laws of Mexico,  
(the "**Vendor**")

- and –

**RIVERSIDE RESOURCES INC.**, a corporation organized under the laws of British Columbia,  
(the "**Vendor**")

- and -

**QUESTCORP MINING INC.**, a corporation organized under the laws of the Province of  
British Columbia,

(the "**Purchaser**")

(collectively, the "**Parties**" and each, a "**Party**")

### WITNESSETH THAT:

**WHEREAS** the Vendor is the registered and beneficial holder of 100% of the right, title and interest in and to the Owned Property (as defined herein);

**AND WHEREAS** the Vendor has the sole and exclusive right to earn a 100% interest in the Optioned Property (as defined herein);

**AND WHEREAS** Riverside directly or indirectly owns 100% of the issued and outstanding common shares of the Vendor;

**AND WHEREAS** the Parties entered into a letter agreement dated September 4, 2024 (the "**Letter Agreement**"), setting out the preliminary terms and conditions of the grant to the Purchaser of the Option (as defined herein) to acquire 100% of the Vendor's interest in and to the Owned Property and the Optioned Property;

**AND WHEREAS** the Parties wish to enter into this Agreement in order to provide for the grant to the Purchaser of the Option;

**NOW THEREFORE** in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

### 1.1 Definitions

Capitalized words and phrases used in this Agreement shall have the meaning given to such words and phrases below:

**"Acquisition Costs"** has the meaning set out in Section 6.3.

**"Acquisition Date"** has the meaning set out in Section 3.1.

**"Additional Mineral Rights"** has the meaning set out in Section 6.2(a).

**"Additional Other Rights"** has the meaning set out in Section 6.2(b).

**"Affiliate"** has, with respect to the relationship between two or more bodies corporate, the meaning given to it in the *Business Corporations Act* (British Columbia) as such act may be amended from time to time and, with respect to the relationship between two or more Persons any of which are not bodies corporate, a Person shall be deemed to be an Affiliate of another Person if one of them is controlled by the other or if both are controlled by the same Person, and for this purpose, control means the right, directly or indirectly, to direct or cause the direction of the management of the affairs of a Person, whether by ownership of securities, by contract or otherwise.

**"Agreement"** means this Option Agreement, including all schedules, and all instruments supplementing, amending or confirming this Agreement and references to "Article" or "Section" are to the specified article or section of this Agreement.

**"Applicable Law"** or **"Applicable Laws"** means any applicable federal, provincial, or local statute, regulation, rule, by-law, ordinance, order, policy or consent, including the common law, as well as any other enactment, treaty, official directive or guideline issued by a Governmental Authority (including, without limitation, Environmental Laws, the Securities Act, and the policies and rules of the Exchange) and the terms and conditions of any permit, licence or similar document or approval issued by a Governmental Authority, and shall also include any order, judgment, decree, injunction, ruling, award or declaration, or other decision of whatsoever nature of a court, administrative or quasi-judicial tribunal, an arbitrator or arbitration panel or a Governmental Authority of competent jurisdiction that is not subject to appeal or that has not been appealed within the requisite time therefor.

**"Area of Interest"** has the meaning set out in Section 6.1.

**"BCSC"** has the meaning set out in Section 2.2(j)(iv).

**"Budget"** has the meaning set out in Section 5.3.

**"Business Day"** means any day other than a Saturday, Sunday or day that is a statutory holiday in Vancouver, British Columbia.

**"Cash Payments"** has the meaning set out in Section 3.1(a).

**"Claim"** means any claim, demand, action, cause of action, suit, litigation, arbitration proceeding, governmental proceeding, challenge, prosecution, investigation, including appeals and applications for review, injunction, judgement, order or other proceeding, Cost, including reasonable Costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

**"Committed Cash Payments"** has the meaning set out in Section 3.2.

**"Committed Option Expenditure"** has the meaning set out in Section 3.2.

**"Committed Share Issuance"** has the meaning set out in Section 3.2.

**"Common Shares"** means the common shares in the capital of the Purchaser, as presently constituted.

**"Confidential Information"** has the meaning set out in Section 10.1.

**"Contract"** means any contract, agreement, instrument or commitment, whether oral or written, that relates to the Property or the Miscellaneous Interests, including, without limitation, those to which the Vendor is bound or in respect of which the Vendor may have liability.

**"Costs"** means any and all damages, claims, losses, including economic losses, costs, expenses, liabilities and obligations of whatsoever kind, direct or indirect, including fines, penalties, interest, lawyers' fees and disbursements, expenses and Taxes thereon.

**"Designee"** has the meaning set out in Section 11.2(e).

**"Effective Date"** on which the Purchaser delivers to the Vendor a copy of the written approval of the Exchange in respect of the transactions contemplated by this Agreement.

**"Encumbrances"** means any lien or deemed trust (statutory or otherwise), charge, hypothecation, pledge, mortgage, title retention agreement or arrangement, conditional sale agreement, right of set-off or arrangement, option or earn-in agreement, covenant, condition, lease, license, security interest of any nature, claim, exception, reservation, easement, encroachment, right of occupation, right-of-way, right-of-entry, matter capable of registration against title, assignment, right of pre-emption, royalty, right, privilege or any other encumbrance or other adverse third party interest of any nature (including any execution, seizure, attachment or garnishment which binds property), regardless of form, whether or not registered or registrable and whether or not consensual or arising by any Applicable Law, and includes an agreement to give or create any of the foregoing.

**"Environmental Laws"** means all Applicable Laws relating to the protection of the environment, including air, soil, surface water, ground water, land, biota, wildlife or personal or real property, or to employee and public health and safety, and includes those Applicable Laws that regulate, ascribe, provide for or pertain to liabilities or obligations in relation to the existence, use, production, manufacture, processing, distribution, transport, handling, storage, removal, treatment, disposal, emission, discharge, migration, seepage, leakage, spillage or release of Substances, pollution, noise or the construction, alteration, use or operation, closure, dismantling, abandonment, demolition or decommissioning of any facilities, mines, workings or other real or personal property and the reclamation or restoration of lands.

**"Event of Force Majeure"** means any event or circumstance, or a combination of events and/or circumstances:

- (a) that causes or results in the prevention or delay of a Party from performing any of its obligations in this Agreement;
- (b) which is beyond the reasonable control of that Party; and
- (c) could not, or the effects of that event or circumstance could not, have been prevented or delayed, overcome or remedied by the relevant Party acting reasonably,

and, provided the event or circumstance meets the foregoing criteria, includes:

- (i) acts of war (whether war be declared or not);
- (ii) public disorders, insurrection, rebellion, revolution, terrorist acts, sabotage, riots or violent demonstrations;
- (iii) civil disobedience, caused by First Nations, environmental lobbyists, non-governmental organizations or local community groups or other Persons;
- (iv) explosions, fires or floods not caused by or attributable to a Party;

- (v) floods, earthquakes, hurricanes or other natural calamities;
- (vi) shortages in workforce or supplies, travel and access restrictions imposed by Governmental Authority or other Third Parties, or other impacts caused by endemics, epidemics or pandemics;
- (vii) strike or lockout or other industrial labour action or disruption (including unlawful, but excluding lawful strikes or lockouts or other industrial labour action) which:
  - A. has national, regional, provincial or state-wide application,
  - B. directly affects the performance of the obligations under this Agreement, and
  - C. lasts for more than seven consecutive calendar days;
- (viii) any action or failure to act within a reasonable time without justifiable cause by any Governmental Authority, its employees or agents including the denial of or delay in granting any land tenure, concession, authorization, licence, permit, lease, consent, approval or right which denial or delay shall imply a material adverse effect on the construction or operation of any project in respect of the Property, upon due application and diligent effort by the Party to obtain same, or the failure once granted to remain in full force and effect or to be renewed on substantially similar terms;
- (ix) denial of access to the Property by any surface-landowner in the area where the Property is located;
- (x) interference with Property by way of delaying the issuance of any land tenure, concession, authorization, licence, permit, lease, consent, approval or right or by denying access to the Property, by First Nations in connection with land claims or other disputes relating thereto, or other occupants of the lands comprising, or around, the Property; and
- (xi) injunctions (granted by a court or other Governmental Authority) not caused by any breach of this Agreement by a Party whether of the kind enumerated above or whether foreseen, foreseeable or otherwise unforeseeable.

**"Exchange"** means the Canadian Securities Exchange or such other stock exchange on which the Common Shares may be listed for trading from time to time.

**"Expenditures"** means the following costs and expenses funded, spent or incurred in the conduct of activities directly on, or in relation to, the Property by the Purchaser and its Affiliates:

- (a) in holding the mineral titles comprising the Property in good standing (including Maintenance Payments, underlying option agreement payments, and Maintenance Filings), curing title defects and in acquiring and maintaining surface, water and other ancillary rights, all other rentals, duties, assessments, payments, fees and other governmental charges applicable to, or imposed on, the Property, or in connection with holding the mineral titles comprising the Property, and all duties and Taxes levied against or in respect of the Property, and for activities on the Property;
- (b) in preparing for and in the application for and acquisition of environmental and other permits necessary or desirable to commence and complete exploration and development activities;

- (c) in connection with any applications and necessary studies for the obtaining of permits, licences, and other regulatory approvals, including the preparation for and attendance at hearings and other meetings relating to the Property;
- (d) in doing geophysical, geochemical and geological surveys, remote sensing, water studies, drilling, assaying and metallurgical testing, including costs of assays, metallurgical testing and other tests and analyses (including downhole photography) to determine the quantity and quality of Minerals, water and other materials or substances;
- (e) for the preparation of reports or studies, including any preliminary economic assessment, scoping study, technical report, pre-feasibility study, feasibility study or other evaluation of the Property;
- (f) in searching for, digging, trenching, sampling, assaying, testing, working, developing, mining or extracting Minerals;
- (g) in conducting the drilling of holes by any method;
- (h) in acquiring, erecting and installing a mining plant, milling and metallurgical plant, ancillary facilities, buildings (including accommodations for workers, drill materials storage such as core storage site, if necessary), machinery, tools, appliances or equipment and constructing access roads, railroads and other transportation facilities and, if necessary, water pipelines for use in relation to the Property;
- (i) in transporting Minerals, personnel, supplies, mining or milling plant, buildings, machinery, tools, appliances or equipment in, to or from the Property;
- (j) for environmental remediation and rehabilitation;
- (k) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables;
- (l) for salaries, wages and/or other expenses for Persons assigned to conduct Operations (including reasonable travel, food and lodging expenses and other reasonable needs of such Persons);
- (m) in paying assessments or contributions under worker's compensation, employment insurance, pension or other similar legislation or ordinances relating to personnel conducting Operations on the Property;
- (n) payments to contractors or consultants for work done, services rendered or materials supplied in connection with the conduct of Operations;
- (o) the costs of insurance premiums and performance bonds or other security directly related to Operations on the Property;
- (p) payments made by the Purchaser pursuant to Section 3.7; and
- (q) all Acquisition Costs incurred upon the acquisition of Additional Mineral Rights and Additional Other Rights pursuant to Article 6,

and, for clarity, a Party may, subject to the terms of this Agreement, either directly or through one of its Affiliates, provide the foregoing goods or services provided that the costs of such goods or services shall be charged at rates no higher than those which would be

used by a non-related party in a transaction at arm's length for equivalent goods or services.

**"Firm Commitments"** has the meaning set out in Section 3.2.

**"First Nations"** means any native, first nation, or aboriginal or other indigenous persons or groups, bands or any other such similar legal entities.

**"Governmental Authorities"** means any foreign, domestic, national, federal, provincial, territorial, state, regional, municipal or local government or authority, quasi government authority, fiscal or judicial body, government or self regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing, including, without limitation, the Exchange.

**"Indemnitees"** has the meaning set out in Section 5.2(c).

**"Interest"** means, in the case of the Vendor, a 100% registered and beneficial interest in and to the Property and the rights of the Vendor pursuant to this Agreement, subject to the Underlying Obligations, and in the case of the Purchaser, the Option, and the rights of the Purchaser pursuant to this Agreement.

**"JTOC"** means the joint technical operating committee.

**"Letter Agreement"** has the meaning set out in the recitals to this Agreement.

**"List"** has the meaning set out in Section 11.2(e).

**"Maintenance Default"** has the meaning set out in Section 5.5.

**"Maintenance Filings"** has the meaning set out in Section 5.5.

**"Maintenance Payments"** has the meaning set out in Section 5.5.

**"Merida"** means Alejandro Contreras Merida.

**"Merida Exercise Payment"** means the final payment of US\$178,462.52 made by the Vendor to Merida in accordance with the terms of the Merida Option Agreement.

**"Merida Obligations"** means all of the Vendor's payments made to Merida pursuant to the Merida Option Agreement including, without limitation, the Merida Exercise Payment.

**"Merida Option Agreement"** means the option agreement dated December 16, 2022, between the Vendor and Alejandro Contreras Merida in respect of mineral concession La Union 215968.

**"Minerals"** means all marketable naturally occurring metallic minerals or mineral bearing material in whatever form or state, including, without limitation, any minerals, extracted, removed, produced or otherwise recovered from the Property (but, for greater certainty, not including any rock, sand, gravel or aggregate), whether in the form of ore, dolt, concentrates, refined metals or any other beneficiated or derivative products thereof and including any such metallic minerals or mineral bearing materials or products derived from any processing or reprocessing of any tailings or other waste products originally derived from the Property.

**"Miscellaneous Interests"** means the interests of the Vendor in all property, assets and rights (other than the Property) ancillary to the Property to which the Vendor is entitled including, but not limited to, the interests of the Vendor in:

- (a) rights under all Contracts and documents relating to the Property and the Operations conducted thereunder (but, for greater certainty, does not require the Purchaser to assume any liability in respect of such Contracts and documents, except with respect to the Underlying Obligations);
- (b) all subsisting rights to enter upon, use and occupy the surface of any lands forming part of the Property or of any lands to be traversed in order to gain access to any of the lands forming part of the Property;
- (c) any right, license, concession or permit in relation to the use or diversion of water;
- (d) all permits, licenses and authorizations relating to the Property;
- (e) all books, records, data (including technical data) and other information relating to the Property, including accounting records, plans, drawings, specifications and other Operations records;
- (f) all pre-paid expenses and deposits relating to the Property, including all pre-paid Taxes, rentals, licence fees and water rates, as well as pre-paid purchases of gas, oil and hydro;
- (g) all right, title, benefit and interest of the Vendor in and to all of the patents, trademarks, copyrights, designs, inventions, licences, sub-licences, processes, technology and other industrial property and intellectual property of, or used in connection with, the Property; and
- (h) any Additional Other Rights acquired pursuant to this Agreement.

**"Non-Operator"** has the meaning set out in Section 5.1.

**"Notice"** has the meaning set out in Section 11.9.

**"Operations"** includes every kind of work done on or in respect of the Property or the products therefrom and, without limiting the generality of the foregoing, includes the work of assessment, geophysical, geochemical and geological surveys, studies and mapping, investigating, drilling, designing, examining, equipping, improving, surveying, shaft sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, working and procuring Minerals, surveying and bringing any mining claims to lease or patent, and doing all other work usually considered to be prospecting, exploration, development and/or mining work.

**"Operator"** has the meaning set out in Section 5.1.

**"Option"** has the meaning set out in Section 3.1.

**"Option Conditions"** has the meaning set out in Section 3.1.

**"Option Expenditures"** has the meaning set out in Section 3.1(c).

**"Option Period"** means the period of time from the Effective Date to the date upon which the Purchaser exercises the Option or the Option terminates, all pursuant to the terms hereof.

**"Optioned Property"** means the mineral concessions forming part of the Property that the Vendor holds a right to earn a 100% legal and beneficial interest in pursuant to the terms of the Pacific Comox Option Agreement as depicted in Part II of Schedule A.

**"Owned Property"** means the mineral concessions forming part of the Property that the Vendor holds a 100% legal and beneficial interest in as depicted in Part I of Schedule A.

**"Pacific Comox"** means Pacific Comox S.A. de C.A.

**"Pacific Comox Obligations"** means all of the Vendor's obligations owing to Pacific Comox S.A. de C.A. pursuant to the Pacific Comox Option Agreement.

**"Pacific Comox Option Agreement"** means the option agreement dated August 31, 2021, between the Vendor and Pacific Comox S.A. de C.A. in respect of mineral concessions La Famosa 199006, Dana 7 220840 and Dana 7 220841.

**"Pacific Comox Pre-paid Mining Title Upkeep Amounts"** means the mining title upkeep payments for the Period January 1, 2025 to June 30, 2025.

**"Pacific Comox Payment Obligations"** has the meaning set out in Section 3.1(d).

**"Parties"** and **"Party"** have the meanings set out in the recitals to this Agreement.

**"Permitted Encumbrances"** means:

- (a) the Underlying Obligations;
- (b) rights of way for, or reservations or rights of others relating to, sewers, water lines, gas lines, pipelines, electric lines, telegraph and telephone lines and other similar products or services;
- (c) any reservations or exceptions to or vested in any Governmental Authority by the terms of any lease, licence, grant or permit forming part of the Property as of the date of this Agreement;
- (d) any encumbrance right or royalty vested in favour of any Governmental Authority arising under Applicable Laws or under the terms of any contract, mineral concession or license as of the date hereof;
- (e) security given to a public utility or any Governmental Authority when required in the ordinary course of business in connection with the Operations; and
- (f) any other rights or Encumbrances consented to in writing by the Purchaser (in its sole and absolute discretion) or granted by the Purchaser.

**"Person"** means any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, company, corporation or other body corporate, union, Governmental Authority and a natural person in his capacity as trustee, executor, administrator, or other legal representative.

**"Property"** means the mineral concessions making up the Owned Property and Optioned Property depicted in Schedule A and any Additional Mineral Rights acquired pursuant to this Agreement.

**"Purchaser"** has the meaning set out in the recitals to this Agreement.

**"Purchaser Representative"** has the meaning set out in Section 5.7(a).

**"Responding Party"** has the meaning set out in Section 11.2(c).

**"Response Period"** has the meaning set out in Section 11.2(d).

**"Royalty"** means a 2.5% Net Smelter Returns royalty having the terms set forth in Schedule "B", which shall be granted to the Vendor, upon exercise of the Option.

**"Sandstorm Obligations"** means all of the Vendor's obligations owing to Sandstorm pursuant to the Sandstorm Royalty Agreement.

**"Sandstorm Royalty Agreement"** means the net smelter returns royalty between the RRM Exploracion S.A.P.I. de C.V., a wholly-owned subsidiary of the Vendor, and Sandstorm pursuant to which the RRM Exploracion S.A.P.I. de C.V. granted Sandstorm a 1.0% to 1.5% net smelter returns royalty in respect of minerals derived from mineral concession La Union 243720.

**"Rules"** has the meaning set out in Section 11.2(e).

**"Securities Act"** means the *Securities Act* (British Columbia) and the rules, regulations, forms and published instruments, policies, bulletins and notices made thereunder, as now in effect and as they may be promulgated or amended from time to time.

**"SEDAR Documents"** has the meaning set out in Section 2.2(j)(iv).

**"Share Issuances"** has the meaning set out in Section 3.1(b).

**"Substance"** means any contaminant, pollutant or hazardous substance that is likely to cause harm or degradation to the environment or risk to human health or safety, including any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined or identified in any Environmental Law.

**"Successors"** means successors and includes any successor continuing by reason of amalgamation or other reorganization and any Person to which assets are transferred by reason of a liquidation, dissolution or winding-up.

**"Tax"** means all federal, state, provincial, territorial, regional, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including:

- (a) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, customs or excise tax;
- (b) all withholdings on amounts paid to or by the relevant Person;
- (c) all employment insurance premiums, government pension plan contributions or premiums;
- (d) any fine, penalty, interest, or addition to tax;
- (e) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee; and
- (f) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of Applicable Law.

**"Tax Act"** means the *Income Tax Act* (Canada) as amended from time to time.

**"Third Party"** means a Person or other form of enterprise that is not a Party or an Affiliate of a Party.

**"Transfer"** means to sell, transfer, grant, assign, donate, create an Encumbrance, grant a right to purchase or in any other manner convey, transfer, alienate or dispose of, or commit to do any of the foregoing.

**"Underlying Obligations"** means, collectively, the Merida Obligations, the Pacific Comox Obligations and the Sandstorm Obligations set forth in Schedule C.

**"Vendor"** has the meaning set out in the recitals to this Agreement.

**"Vendor Representative"** has the meaning set out in Section 5.7(a).

**"Work Program"** has the meaning set out in Section 5.3.

## 1.2 Schedules

The following Schedules to this Agreement, as listed below, are an integral part of this Agreement:

| <u>Schedule</u> | <u>Description</u>          |
|-----------------|-----------------------------|
| Schedule A      | Description of the Property |
| Schedule B      | Royalty Agreement           |

## ARTICLE 2 REPRESENTATIONS, WARRANTIES AND COVENANTS

### 2.1 Representations and Warranties of the Vendor

The Vendor represents, warrants and covenants to the Purchaser, as such representations and warranties are true and correct as at the date hereof and as of the Effective Date, that:

- (a) Riverside directly or indirectly owns 100% of the shares of the Vendor;
- (b) the Vendor is duly organized and validly existing under the laws of the place of its establishment or incorporation and is in good standing and existing under the laws of the place of its establishment or incorporation;
- (c) this Agreement constitutes a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms by appropriate legal remedy, subject, however, to limitations with respect to enforcement imposed by Applicable Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;
- (d) the Vendor is not insolvent under the Applicable Laws of its jurisdiction and is able to pay its debts as they fall due;
- (e) neither the execution and delivery of this Agreement, nor the performance of its obligations hereunder or thereunder, nor the consummation of the transactions hereby contemplated conflict with any of, or require the consent or waiver of rights of any Person, nor do or shall do any of the foregoing;

- (i) violate any provision of or require any consent, authorization or approval under any Applicable Law;
  - (ii) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval which has not been obtained under, any Contract to which the Vendor is a party or by which the Vendor is bound or to which any of the Property or Miscellaneous Interests is subject; or
  - (iii) result in the creation of any Encumbrance on the Property, except in accordance with the terms of this Agreement;
- (f) the Vendor has all requisite power and authority required to enter into this Agreement and each other document or instrument delivered in connection herewith and has all requisite power and authority to perform fully each and every one of its obligations hereunder;
- (g) the Vendor has not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein;
- (h) the Vendor is the registered and beneficial owner of a 100% undivided interest in and to the Owned Property and has good and marketable title to the Owned Property, free and clear of all Encumbrances, Claims and defects in title, other than the Permitted Encumbrances and the Vendor holds an enforceable right to acquire the Optioned Property in accordance with the terms of the Pacific Comox Option Agreement;
- (i) the mineral titles comprising the Owned Property have been duly and validly issued and acquired pursuant to all Applicable Laws in Sonora, Mexico, are currently in good standing up to and including the expiry dates set forth in Schedule A hereto and are in full compliance with Applicable Laws and the depiction and description of the Property set forth herein (including in Schedule A) is true and correct;
- (j) all Operations conducted on the Property to the date of this Agreement by or on behalf of the Vendor, and to the knowledge of the Vendor, by or on behalf of any previous owner of the Property or any Person who had an option or interest in respect of the Property, have been conducted in all material respects in accordance with all Applicable Laws and conditions on and relating to the Property are in compliance with Applicable Laws, and no condition exists or event has occurred which, with or without notice or the passage of time or both, would constitute a violation of or give rise to material liability under any Applicable Law;
- (k) there has been no spill, discharge, leak, emission, ejection, escape, dumping, or any release or threatened release of any kind, of any Substance from, on, in or under the Property or into the environment, nor has any Substance or waste been treated on or disposed of, or is located or stored on the Property, as a result of the activities by or on behalf of the Vendor, or to the knowledge of the Vendor, by or on behalf of any Third Parties, including, without limitation, the previous owner of the Property or any Person who had an option or interest in respect of the Property, except if expressly permitted by, and in compliance with, Applicable Law;
- (l) there are no Claims, proceedings, orders or directions relating to environmental matters requiring any work, rehabilitation, compensations, repairs, construction, sanctions or capital expenditures with respect to the Property or the conduct of the business related to the Property, nor has any activity or action (or omission to act) on the Property by or on behalf of the Vendor, or to the knowledge of the Vendor, by any Third Parties, been in

violation of any Environmental Law or regulation or any permits, consents or agreements necessary under Applicable Law or required by Governmental Authorities to conduct the Operations to date regarding the Property (there being no issued regulatory prohibitions, restrictions, suspensions, terminations, sanctions or orders), and conditions on and relating to the Property are in material compliance with such Environmental Laws and regulations, permits, consents and agreements;

- (m) the Vendor has all required approvals and authorizations to grant the Option to the Purchaser, and to Transfer the Interest in the Owned Property and Miscellaneous Interests to the Purchaser and, upon the Purchaser's due exercise of the option contemplated by the Pacific Comox Option Agreement, the Optioned Property in accordance with the terms hereof, and no consent or approval of any Third Party or Governmental Authority is required for the execution or delivery of this Agreement by the Vendor;
- (n) except for the Permitted Encumbrances and the rights of the Purchaser under this Agreement, the Vendor has not done any act or suffered or permitted any action to be done whereby any Person may acquire any interest whatsoever in or to (or otherwise deal with) the Property or Miscellaneous Interests or in the Minerals or other products to be produced or removed from the Property or profits from the Property, including, without limitation, any royalty or payment in the nature of rent;
- (o) no Person has any right under proprietary, possessory, preferential, pre-emptive or first purchase rights or otherwise to acquire any interest in or to (or otherwise deal with) the Property or Miscellaneous Interests or Minerals or other products to be produced or removed from the Property, or that might be triggered by virtue of this Agreement or the transactions contemplated hereby;
- (p) there is no actual, threatened or, to the knowledge of the Vendor, contemplated Claim or challenge relating to the Property, nor to the knowledge of the Vendor, is there any basis therefor, and there is not presently outstanding against the Vendor, nor to the knowledge of the Vendor, against any previous owner of the Property or any Person who had an option or interest in respect of the Property, any judgment, decree, injunction, rule or order of any court, Governmental Authority or arbitrator which would have an effect upon the Property;
- (q) subject to any limitations imposed by Applicable Law, the Vendor has access to the Property to enable it to explore for Minerals and develop a mining project thereon, and the terms of the mineral titles comprising the Property and Applicable Law permit full, legal, binding and valid consent to access the surface area covered by the Property and to carry out all actions contemplated under the scope of this Agreement (including, but not limited to, conducting Operations on the Property);
- (r) the Vendor has obtained all permits, leases, licenses, Contracts, consents and agreements and all other such documents necessary under Applicable Law to conduct Operations related to exploration of Minerals to date regarding the Property, and all such permits, leases, licenses, Contracts, consents and agreements and all other such documents are valid and currently in good standing and the Vendor is in compliance in all material respects with all such permits, leases, licenses, Contracts, consents and agreements and all other such documents;
- (s) to the knowledge of the Vendor, the Property does not lie within any legacy claim, government grant, privately held mineral rights, protected area, rescued area, reserve, reservation, reserved area, environmental or protected area as designated by any Governmental Authority having jurisdiction, and to the knowledge of the Vendor, there is no intention of such Governmental Authority in making such a designation, or identified by a First Nation, that would materially and adversely impair the exploration for Minerals or other Operations on the Property, there are no agreements with or commitments to any

First Nation, and the Property does not lie within any other lands in which mineral rights cannot be acquired;

- (t) there are no Claims, asserted, existing or pending made by or on behalf of any First Nations (or any members thereof) involving the Vendor, the mineral titles comprising the Property, any Third Parties (including, without limitation, any former owner or operator of the Property or any lands included wholly or partially within the area of the Property) or any Governmental Authority (including, without limitation, the Government of Mexico or the Government of Sonora), with respect to the mineral titles comprising the Property or any lands included in the area of the mineral titles comprising the Property, nor, to the knowledge of the Vendor, is there any basis therefor and the Vendor has complied in all material respects with all legislative requirements and any contractual obligations in relation to Claims of such Persons;
- (u) neither the Vendor nor, to the knowledge of the Vendor, any previous owner of the Property or any Person who had an option or interest in respect of the Property, has notice, or knowledge of, any proposal to terminate or vary the terms of, or rights attaching to, the mineral titles comprising the Property from any Governmental Authority or First Nation, of any challenge to the Vendor's right, title or interest in the Property or of any actual or alleged breach of any Applicable Laws, and there are no orders, directions or actions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property or the conduct of the business, including any Operations, related to the Property;
- (v) all work or expenditure obligations applicable to the Property, all statements and reports of the work or expenditures all rentals, duties, Taxes, assessments, payments, fees and other governmental charges applicable to, or imposed on, the mineral titles comprising the Property and any other requirements to be paid, satisfied or filed to keep the mineral titles comprising the Property in good standing have been paid, satisfied or filed (and all applicable expiry dates extended) and have satisfied the applicable Governmental Authority;
- (w) the Vendor is not a party to or bound by any guarantee, indemnification, surety or similar obligation pertaining to the Property;
- (x) the Vendor is a resident of Canada for the purposes of the Tax Act; and
- (y) the Vendor has made available to the Purchaser all material maps, assays, surveys, drill logs, samples, metallurgical, geological, geophysical, geochemical and engineering data, Contracts, and other Operations records within its control (or the control of an Affiliate or any Person that conducted Operations on behalf of the Vendor) in respect of the Property and the Underlying Obligations.

## 2.2 Representations and Warranties of the Purchaser

The Purchaser represents, warrants and covenants to the Vendor, as such representations and warranties are true and correct as at the date hereof and as of the Effective Date, that:

- (a) the Purchaser is duly organized and validly existing under the laws of the place of its establishment or incorporation and is in good standing and existing under the laws of the place of its establishment or incorporation;
- (b) this Agreement constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms by appropriate legal remedy, subject, however, to limitations with respect to enforcement imposed by Applicable Law in

connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;

- (c) the Purchaser is not insolvent under the Applicable Laws of its jurisdiction and is able to pay its debts as they fall due;
- (d) except for the approval of the Exchange (which approval may be subject to receipt of shareholder approval), no consent or approval of any Third Party or Governmental Authority is required for the execution or delivery of this Agreement by the Purchaser;
- (e) the Purchaser shall use its commercially reasonable efforts to obtain the Exchange's approval to this Agreement as soon as practicable following the execution hereof (including, for greater certainty, using commercially reasonable efforts to obtain any shareholder approvals required pursuant to the Exchange's rules and policies);
- (f) the Common Shares are listed for trading the Exchange, and the Purchaser is not in default of any policies of the Exchange;
- (g) neither the execution and delivery of this Agreement, nor the performance of its obligations hereunder or thereunder, nor the consummation of the transactions hereby contemplated conflict with any of, or require the consent or waiver of rights of any Person, nor do or shall do any of the foregoing:
  - (i) violate any provision of or require any consent, authorization or approval under any Applicable Law; or
  - (ii) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval which has not been obtained under, any contract to which it the Purchaser is a party or by which the Party is bound or to which any of the Purchaser's property is subject;
- (h) the Purchaser has all requisite power and authority required to enter into this Agreement and each other document or instrument delivered in connection herewith and has all requisite power and authority to perform fully each and every one of its obligations hereunder;
- (i) the Purchaser has not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein; and
- (j) Securities Law Compliance:
  - (i) the Purchaser is in good standing in all respects in accordance with all applicable securities and regulatory authorities;
  - (ii) the Purchaser is a reporting issuer under the securities laws of British Columbia, Alberta and Ontario and is not included on a list of defaulting reporting issuers maintained by any securities regulator in Canada;
  - (iii) the common shares of the Purchaser are listed and posted for trading on the CSE;
  - (iv) the Purchaser has filed all reports, schedules, forms, statements and other documents required to be filed by it with the British Columbia Securities Commission (the "BCSC") and the other securities regulators in Canada. All such

filings required to be publicly available on the SEDAR+ website are publicly available on the SEDAR+ website ("**SEDAR+ Documents**"). As of their respective dates, the SEDAR+ Documents did not contain any misrepresentations as defined in the Securities Act (British Columbia) and constitute full, plain and true disclosure of the business of the Purchaser. The Purchaser has not filed any confidential material change report with the BCSC, any other securities authority or regulator or the CSE which at the date hereof remains confidential. To the knowledge of the Purchaser, neither the Purchaser nor any SEDAR+ Documents are the subject of an ongoing audit, review, comment or investigation by any securities regulatory authority or the CSE;

- (v) the financial statements of the Purchaser contained in the SEDAR+ Documents have all been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, accurately reflect the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Purchaser as of the date thereof, and no adverse material changes in the financial position of the Purchaser have taken place since the date thereof;
- (vi) no order ceasing or suspending trading in Common Shares has been issued and remains outstanding against the Purchaser and, to the best of the Purchaser's knowledge, no investigations or proceedings for such purposes are pending or have been threatened; and
- (vii) upon their issuance, the Common Shares will be fully paid and non-assessable common shares of the Purchaser.

## 2.3 Survival and Investigation

- (a) The representations and warranties contained in this Agreement are conditions on which the Parties have relied in entering into this Agreement, and enforcement of such representations and warranties shall survive the execution hereof for a period of two years following the date of termination of this Agreement pursuant to Section 8.1, to the full extent necessary for the protection of the Party in whose favour they run.
- (b) Each Party shall indemnify and save the other harmless from all Claims and Costs arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made or to be fulfilled by it hereunder. In addition, the Vendor assumes, and releases the Purchaser from, all existing obligations and liabilities as of the date of this Agreement, howsoever arising relating to the Property, and indemnifies and saves harmless the Purchaser from and against all Claims relating thereto, made against the Purchaser, any Affiliates thereof and any of their respective officers, directors, employees and representatives with respect to any existing obligations and liabilities as of the Effective Date, howsoever arising, relating to the Property.
- (c) A Party may waive any of such representations, warranties, covenants, agreements or conditions in whole or in part at any time without prejudice to its right in respect of any other breach of the same or any other representation, warranty, covenant, agreement or condition.
- (d) The right of any of the Parties to enforce any breach (and any remedy as a result of such enforcement) of any of the representations and warranties set out in Article 2 shall not be affected by any investigation conducted, or any knowledge acquired, at any time by the Party enforcing such breach, whether before or after the execution and delivery of this Agreement with respect to the accuracy or inaccuracy of, or compliance with, such representation or warranty.

- (e) In no event shall any Party be liable for any consequential damages or any damages based on loss of revenue or loss of profit in respect of any breach of any representation, warranty, covenant, or agreement set out in this Agreement.

### ARTICLE 3 OPTION

#### 3.1 Grant of Option

The Vendor hereby grants to the Purchaser the sole and exclusive right and option (the "**Option**") exercisable in the manner described herein, to acquire a 100% legal and beneficial interest in and to the Property free and clear of all Encumbrances and Claims, other than the Permitted Encumbrances and the Royalty, which interest shall be deemed to vest and be fully exercised on the date (the "**Acquisition Date**") upon which each of Option Conditions (as defined below) has been satisfied:

- (a) Cash Payments: the Purchaser making cash payments to Riverside as follows:

|       | DATE                                                       | AMOUNT           |
|-------|------------------------------------------------------------|------------------|
| (i)   | Within two (2) Business Days of the date of this Agreement | \$25,000         |
| (ii)  | On or before the second anniversary of the Effective Date  | \$25,000         |
| (iii) | On or before the third anniversary of the Effective Date   | \$25,000         |
| (iv)  | On or before the fourth anniversary of the Effective Date  | \$25,000         |
|       | <b>TOTAL</b>                                               | <b>\$100,000</b> |

(the "**Cash Payments**");

and

- (b) Share Issuances: the Purchaser issuing an aggregate number of Common Shares to Riverside as equal to 19.9% of the issued and outstanding Common Shares in aggregate as follows:

|       | DATE                                                                             | AMOUNT                                                                                                                                                                       |
|-------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)   | Within five (5) Business Days after the Effective Date                           | such number of Common Shares equal to 9.9% of the issued and outstanding Common Shares as of the Effective Date                                                              |
| (ii)  | Within five (5) Business Days after the first anniversary of the Effective Date  | such number of Common Shares equal to 5.0% of the issued and outstanding Common Shares as of the first anniversary of the Effective Date                                     |
| (iii) | Within five (5) Business Days after the second anniversary of the Effective Date | such number of Common Shares equal to 5.0% of the issued and outstanding Common Shares as of the second anniversary of the Effective Date                                    |
| (iv)  | Within five (5) Business Days after the third anniversary of the Effective Date  | such number of Common Share that will cause the Vendor to hold, in aggregate, 19.9% of the issued and outstanding Common Shares as of the third anniversary of the Effective |

|     |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                  | Date, inclusive of all prior Common Shares issued to the Vendor pursuant to this Agreement and on the assumption that the Vendor has not disposed of any Common Shares issued to the Vendor pursuant to this Agreement                                                                                                                                                                              |
| (v) | Within five (5) Business Days after the fourth anniversary of the Effective Date | such number of additional Common Share that will cause the Vendor to hold, in aggregate, 19.9% of the issued and outstanding Common Shares as of the fourth anniversary of the Effective Date, inclusive of all prior Common Shares issued to the Vendor pursuant to this Agreement and on the assumption that the Vendor has not disposed of any Common Shares received pursuant to this Agreement |
|     | <b>TOTAL</b>                                                                     | <b>19.9% of the issued and outstanding Common Shares as calculated as of the fourth anniversary of the Effective Date</b>                                                                                                                                                                                                                                                                           |

(the "**Share Issuances**")

and

- (c) Expenditures: the Purchaser funding or incurring Expenditures as follows:

|       | <b>DATE</b>                                               | <b>AMOUNT</b>      |
|-------|-----------------------------------------------------------|--------------------|
| (i)   | On or before the first anniversary of the Effective Date  | \$1,000,000        |
| (ii)  | On or before the second anniversary of the Effective Date | \$1,250,000        |
| (iii) | On or before the third anniversary of the Effective Date  | \$1,500,000        |
| (iv)  | On or before the fourth anniversary of the Effective Date | \$1,750,000        |
|       | <b>TOTAL</b>                                              | <b>\$5,500,000</b> |

(the "**Option Expenditures**"); and

- (d) Pacific Comox Payment Obligations: without limiting the generality of Section 3.7, the Purchaser making the following payments to Pacific Comox on behalf of the Vendor in accordance with the Pacific Comox Option Agreement:

|      | <b>DATE</b>                  | <b>AMOUNT</b> |
|------|------------------------------|---------------|
| (i)  | On or before August 31, 2025 | \$50,000      |
| (ii) | On or before August 31, 2026 | \$75,000      |

(the "**Pacific Comox Payment Obligations**")

(the Cash Payments, the Share Issuances, the Option Expenditures and the Pacific Comox Payment Obligations, collectively, the "**Option Conditions**").

On the Acquisition Date, the Vendor shall take all actions and do all things necessary or desirable to effect a Transfer of 100% of the legal and beneficial right, title and interest in and to the Property to the Purchaser in accordance with Section 4.1.

### 3.2 No Obligation

The Purchaser has the right, but not the obligation, to make the Cash Payments, complete the Share Issuances, and fund or incur the Option Expenditures and do all other things necessary in order to exercise the Option pursuant to this Article 3, provided, however, that, unless this Agreement is terminated pursuant to Section 8.1(a)(iv), the Cash Payments set out in Section 3.1(a)(i) and Section 3.1(a)(ii) (collectively, the "**Committed Cash Payments**"), the Share Issuance set out in Section 3.1(b)(i) (the "**Committed Share Issuance**") and the Option Expenditure set out in Section 3.1(c)(i) (the "**Committed Option Expenditure**"), and together with the Committed Cash Payments and the Committed Share Issuance, the "**Firm Commitments**" and each a "**Firm Commitment**") are firm commitments on the part of the Purchaser. Subject to the foregoing, the Purchaser shall have the right at any time to elect not to continue to maintain the Option and to terminate this Agreement.

### 3.3 Cash in Lieu and Excess Expenditures

- (a) The Purchaser may, in its sole discretion, make up for any shortfall in a Firm Commitment by the end of the periods set out in Section 3.1(a)(ii), Section 3.1(b)(i) and Section 3.1(c)(i), as applicable, by making a cash payment to the Vendor before the end of the applicable period, and the payment of such shortfall shall be deemed to have satisfied such requirement for the completion of the applicable Firm Commitment during such period (and for greater clarity, if the shortfall is in respect of the Committed Share Issuance, the Purchaser may pay to the Vendor an amount equal to number of Common Shares required to be issued to satisfy the shortfall multiplied by the then market price of the Common Shares on the Exchange).
- (b) Subject to Section 3.3(c), the Purchaser may, in its sole discretion, make up any shortfall in the Option Expenditures required to be funded by the Purchaser by the end of the periods set out in Section 3.1(c) by making a cash payment to the Vendor before the end of the applicable period set out in Section 3.1(c), and the payment of such shortfall shall be deemed to have satisfied such requirement for the completion of the Option Expenditures during such period, provided that at all times the Purchaser will ensure that sufficient Option Expenditures are incurred or payments are made to maintain the mineral titles comprising the Property in good standing.
- (c) If the amount of Expenditures actually funded by the Purchaser in a given period set out in Section 3.1(c) is below the minimum required Option Expenditures to be funded in such period because (i) the work performed by the Operator pursuant to an approved Work Program and Budget cost less than the Budget, (ii) the Operator did not, or was not able to (for any reason, including, without limitation, as a result of default or non-performance by the Operator of its obligations under this Agreement or as a result of an Event of Force Majeure) complete the required Expenditures set out in an approved Work Program and Budget within such period, (iii) the Operator did not submit to the Purchaser cash calls equal to the required Expenditures set out in an approved Work Program and Budget within such period; and/or (iv) the Operator did not submit to the Purchaser (for the Purchaser's approval) a Work Program and Budget that set out the Option Expenditures required for such period, then:

- (i) the minimum required Option Expenditures to be funded in such period shall be deemed to be reduced to the amount actually funded by the Purchaser during such period; and
- (ii) the difference between the amount of Option Expenditures required to be funded in such period and the amount of Expenditures actually funded by the Purchaser during such period shall be added to the amount of Option Expenditures required to be funded by the Purchaser in the immediately succeeding 12 month period set out in Section 3.1(c).
- (d) Any excess Expenditures completed in advance of a period specified in Section 3.1(c) shall be carried over and shall qualify and be accounted for as Option Expenditures made by the Purchaser during a subsequent period specified in Section 3.1(c).

### 3.4 Accelerated Expenditures

Any Option Conditions may be satisfied within a shorter time frame than set out in Section 3.1, at the sole and absolute discretion of the Purchaser.

### 3.5 Share Issuance Matters

- (a) The Share Issuances pursuant to Section 3.1(b) shall be subject to the Securities Act and the policies of the Exchange, including, without limitation, receipt of any required regulatory approvals in connection therewith.
- (b) The Vendor acknowledges that the issuance of the Common Shares by the Purchaser to the Vendor contemplated herein will be made pursuant to an exemption from the prospectus requirements of Applicable Laws pursuant to Section 2.13 of National Instrument 45-106 - *Prospectus Exemptions* and the Vendor confirms to and covenants with the Purchaser that:
  - (i) the Vendor and its respective Affiliates will comply with all requirements of Applicable Laws in connection with the issuance of Common Shares;
  - (ii) the Vendor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing their financial condition and is able to bear the economic risk of such investment for an indefinite period of time;
  - (iii) no securities commission or similar regulatory authority has reviewed or passed on the merits of this Agreement, the Common Shares, there is no government or other insurance covering the Common Shares and there are risks associated with an investment in the Purchaser;
  - (iv) the Vendor has been advised that the Purchaser is relying on an exemption from the requirements to provide it with a prospectus and to sell securities through a Person registered to sell securities under Applicable Laws and, as a consequence thereof, certain protections, rights and remedies provided under Applicable Laws, including statutory rights of rescission or damages, will not be available to it and it is aware that the common law may not provide adequate remedies in the event it suffers an investment loss in connection with the transactions contemplated by this Agreement; and

- (v) the Common Shares have not been registered under the United States Securities Act of 1933, as amended or the securities laws of any state of the United States and that the Purchaser does not intend to register the Common Shares under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States and has no obligation to do so;
- (c) Upon the issuance of the Common Shares to the Vendor, and until such time as is no longer required under Applicable Laws, including, without limitation, the Securities Act and the policies of the Exchange, the certificates or notices of uncertificated shares representing the Common Shares will bear the following legend(s) required under the National Instrument 45-102 - *Resale Restrictions* in substantially the following form:

*"Unless permitted under securities legislation, the holder of this security must not trade the security before [the date that is four months and one day after the distribution date]."*

### 3.6 Notice of Option

The Purchaser shall have the right to register notice of this Agreement with the applicable Governmental Authority office for the sole purpose of giving notice of its Option rights hereunder. Such notice shall be removed by the Purchaser as soon as practicable upon termination of this Agreement.

### 3.7 Underlying Obligations

Within five (5) Business Days after the Effective Date, the Purchaser shall reimburse Riverside for the payments made by the Vendor to satisfy the Underlying Obligations and all concession payments made by Riverside or the Vendor in respect of the Property following the date of July 1, 2024 and before the Effective Date, up to a maximum of US\$255,000, and such payments made by the Purchaser shall constitute Option Expenditures for the purposes of Section 3.1(c). During the Option Period, the Purchaser shall make all payments, on behalf of the Vendor, required to satisfy the Underlying Obligations, and such payments made by the Purchaser shall constitute Option Expenditures for the purposes of Section 3.1(c).

## **ARTICLE 4 VESTING OF INTEREST AND SUBSEQUENT MATTERS**

### 4.1 Vesting

On the Acquisition Date:

- (a) the Option is deemed fully exercised;
- (b) the Purchaser shall give Notice to the Vendor of such fact; and
- (c) the Vendor shall take all actions and do all things necessary or desirable to effect a Transfer of 100% of the legal and beneficial right, title and interest in and to the Property and the Miscellaneous Interests to the Purchaser, such that the Purchaser thereafter holds a 100% legal and beneficial interest in and to the Property and the Miscellaneous Interests, free and clear of all Encumbrances and Claims, other than the Permitted Encumbrances and the Royalty to the Vendor will be registered by the Vender against the mineral concessions and title in Sonora, Mexico.

### 4.2 Royalty

From and after Transfer of 100% of the legal and beneficial right, title and interest in and to the Property and the Miscellaneous Interests as set out in Section 4.1, the Purchaser or its Affiliate on title to the Property, as applicable, shall grant the Royalty to the Vendor, which Royalty shall be governed by the NSR royalty agreement attached as Schedule "B".

#### 4.3 Continuing Underlying Obligations

If applicable, from and after Transfer of 100% of the legal and beneficial right, title and interest in and to the Property and the Miscellaneous Interests as set out in Section 4.1, the Purchaser shall make any remaining payments, on behalf of the Vendor, required to satisfy the Underlying Obligations.

### ARTICLE 5 OPERATOR AND OPERATIONS

#### 5.1 Operator

During the Option Period, subject to the provisions of this Article 5, the Vendor shall act as the operator of the Property (the "**Operator**") and shall conduct the Operations, and the Purchaser shall be the "**Non-Operator**".

#### 5.2 General Duties of Operator

In addition to the other obligations set forth herein, the Operator shall do the following:

- (a) perform, and cause its employees, consultants, sub-contractors and representatives to perform, the Operations in a prudent and workmanlike manner, with the degree of effort, skill and judgment that is in accordance with good exploration, construction, mining, processing and engineering practices generally and locally prevailing in the mining industry and in accordance with all Applicable Laws and all agreements, permits and licences relating to the Property and the Operator;
- (b) pay and discharge all wages and accounts for material and services and all other costs and expenses that may be incurred by the Operator in connection with its Operations on the Property, and to save the Purchaser harmless from and against all liens in respect of such Operations which may be filed against the Property, and in the event of any liens being so filed, to proceed to take commercially reasonable efforts to have the same removed, provided that the foregoing provision shall not prevent the Operator from properly contesting in good faith any claims for liens which the Operator considers unjustified;
- (c) indemnify and hold harmless the Purchaser, its directors, officers, employees, agents or representatives (the "**Indemnitees**") from and against all claims, losses, liabilities, demands, costs (including reasonable attorneys' fees and expenses incurred by the Purchaser), damages, actions, suits or other proceedings whatsoever arising out of or attributable to any fraud, negligence or wilful misconduct committed by the Operator and/or its employees, consultants, sub-contractors and representatives;
- (d) apply for all necessary permits, licenses and approvals, comply with all Applicable Laws and promptly notify the Purchaser of any allegations of material violation thereof;
- (e) obtain and maintain (and cause its subcontractors to obtain and maintain), comprehensive general liability in such coverage amounts and on such terms as are consistent with industry standards and practices, and as approved by the Purchaser in its sole and absolute discretion;
- (f) maintain financial books and records showing all costs, Expenditures, receipts, and disbursements in connection with all Operations. These accounts shall include general ledgers and supporting and subsidiary journals, invoices, cheques, and other customary documentation;
- (g) deliver to the Purchaser, at the end of each quarter and of each calendar year (or in such other frequency as may be determined by the Purchaser, in consultation with the Operator),

progress reports, along with an itemized report of the aggregate Expenditures spent by the Operator in carrying out the approved Work Program by the Operator during such period, certified to be correct by the Operator (each an "**Expenditure Report**"). The progress reports shall indicate the status of any approved Work Program being conducted on the Property, and the applicable Budget, and disclose any significant technical data learned or obtained in connection with such work. Such reports shall be delivered within 30 days (or in such other timeframe as may be determined by the Purchaser, in consultation with the Operator) of the end of the quarter or calendar year to which such report relates;

- (h) perform its, and cause its employees, consultants, sub-contractors and representatives to perform their, activities under this Agreement, with good health and safety standards expected from recognized international operators experienced in providing the types of services contemplated in this Agreement in similar locations and in compliance with Applicable Laws regarding health and safety. The Operator shall be solely responsible for the health and safety relating to its activities, its employees, consultants, sub-contractors and representatives; and
- (i) provide the Purchaser and its representatives with access to the Property and to the books and records maintained by the Operator, during regular business hours, with or without advance notice.

### 5.3 Work Programs and Budgets

All Operations shall be conducted and all costs shall be incurred on the basis of an approved work program (a "**Work Program**"), and a budget ("**Budget**"), except in the case of emergency actions in accordance with Section 5.4. All Work Programs and Budgets shall be prepared by the Operator unless otherwise determined by the Purchaser, in its sole and absolute discretion. All proposed Work Programs and Budgets and all other decisions with respect to Operations must first be approved by the JTOC, and subsequently approved in writing by the Purchaser, in its sole and absolute discretion, before implementation by the Operator, on at least an annual basis or more frequently as required, including any Work Programs and Budgets required to keep the Property in good standing. Upon approval of a Work Program and Budget by the Purchaser, the Operator shall implement such Work Program and Budget within the time periods set out therein, and otherwise in compliance with its duties and obligations under this Agreement. The Purchaser shall prepay all approved Expenditures plus an additional 10% of such approved Expenditures in accordance with the approved Budget. To the extent Third Party contractors are retained in connection with the implementation of a Work Program: (i) for Third Party contractors with a Contract value equal to or in excess of \$200,000, the Purchaser shall prepay the value of such Contract with a Third Party contractor plus an additional 5% of the value of such Contract; and (ii) for Third Party contractors with a Contract value below \$200,000, such Expenditures will either be pre-paid by the Purchaser or incurred on account of the Purchaser.

### 5.4 Emergency or Unexpected Funding

Notwithstanding any other provisions hereof, in case of emergency or to address unexpected events or to cover unexpected liabilities or expenses not covered in an approved Work Program and Budget which are necessary to protect against loss, injury or damage to Persons or property, or to protect the Operations and the Property or to comply with Applicable Laws, the Operator may take any reasonable action the Operator deems necessary and may incur such Expenditures as it deems necessary, notwithstanding that such Expenditures may exceed allowable Expenditures under an approved Work Program and Budget. The Operator shall promptly notify the Purchaser of any such emergency or unexpected Expenditures that have been made or taken or that must be made or taken, and the funds necessary to pay for such emergency and unexpected Expenditures shall be added to the current Work Program and Budget and shall constitute Option Expenditures for the purposes of Section 3.1(c), subject however, to the indemnity requirements in Section 5.2(c), if applicable.

### 5.5 Maintenance Payments

The Operator covenants to, at all times, keep the Property in good standing and to comply with Applicable Laws and the terms and conditions applicable to the Property, including by making, or causing to be made, as applicable, all filings, reports, applications (including renewal applications) (the "**Maintenance Filings**") within the time periods necessary, and making, or causing to be made, as applicable, the minimum required Tax, Expenditures and other maintenance payments (the "**Maintenance Payments**") to keep the Property in good standing or as otherwise required by Applicable Laws or the terms and conditions applicable to the Property and must provide the Purchaser with written evidence of the Maintenance Filings and the Maintenance Payments, subsequent to filing or payment, respectively, thereof, and if the Operator should breach these covenants and any breach continues for a period of 14 days following written Notice by the Non-Operator to the Operator of such breach, then the Non-Operator shall be entitled (but under no circumstances obligated) to cure such default (a "**Maintenance Default**"). All costs incurred by the Non-Operator in curing such Maintenance Default shall constitute (and qualify as) Option Expenditures for the purposes of Section 3.1(c). In addition to the foregoing, upon request at any time by the Purchaser in its sole and absolute discretion, the Operator must provide the Purchaser with copies of (and the opportunity to review) any Maintenance Filings prior to being filed. The Parties acknowledge and agree that funding of the Maintenance Payments shall be paid by the Purchaser to the Operator, provided however, that the Operator has submitted a cash call in respect of such Maintenance Payments pursuant to an approved Work Program and Budget, and provided further that any such Maintenance Payments paid by the Purchaser shall constitute Option Expenditures for the purposes of Section 3.1(c).

### 5.6 Other Payments

The Purchaser shall be responsible for any other costs and expenditures related to engagement and consultation with local owners and community with respect to Option Expenditures on the Property, including but not limited to costs to facilitate program site visits, community meetings, desktop studies, and permit reviews. Any such fee or additional costs and expenditures paid by the Purchaser shall constitute Option Expenditures for the purposes of Section 3.1(c).

### 5.7 JTOC

- (a) Formation and Composition — From and following the Effective Date, a JTOC shall be formed comprised of one representative from the Vendor (the "**Vendor Representative**") and one representative from the Purchaser (the "**Purchaser Representative**"). The Vendor and the Purchaser shall also be entitled to appoint any Person as an alternate for the representative appointed by it and to remove any Person appointed by it and appoint another Person in their place. In the absence of any representative at a JTOC meeting, any of the alternates of the Party that appointed the absent representative may attend and exercise the powers of the absent representative to the same extent as if the absent representative were present at the meeting.
- (b) Responsibilities — The JTOC shall have the responsibility to:
  - (i) review Expenditures and technical work progress, including Expenditure Reports;
  - (ii) approve Work Programs and Budgets; and
  - (iii) approve decisions in connection with the Operations (provided however that any approvals of the JTOC with regard to the foregoing must still be submitted to the Purchaser for approval pursuant to Section 5.3).
- (c) Meetings — Meetings of the JTOC shall be held at least quarterly in each year, or as otherwise agreed by the Parties, and shall be called on 30 days' notice by the Operator. The Operator may on 10 days' notice call (including at the request of a Party) an ad hoc

meeting of the JTOC. For each meeting an agenda must, at least seven days prior to that meeting, be distributed to the Purchaser Representative and the Vendor Representative by the Operator. Meetings of the JTOC shall be held in Vancouver, British Columbia, or at such other place as the JTOC may from time to time agree. In lieu of physical meetings, the JTOC may convene telephone or video conferences. The aforementioned notice periods for meetings of the JTOC may be waived by written agreement of the Parties.

- (d) Minutes of Meeting — The Operator must cause minutes of each meeting to be taken and distributed to the Parties for comments within 14 days subsequent to that meeting and shall be the subject of approval at the next meeting.
- (e) Meetings by Conference Call — Any member of the JTOC may attend any meeting by conference telephone or video link, so long as all attendees at that meeting can hear and be heard by all other attendees.
- (f) Quorum — A quorum for a meeting of the JTOC shall be the Vendor Representative and the Purchaser Representative.
- (g) Voting — Each of the Vendor Representative and the Purchaser Representative shall have one vote on the JTOC. In the event of a tie vote, the Purchaser Representative shall have a single casting vote.
- (h) Resolutions in Writing — In lieu of a meeting, the JTOC may pass resolutions in writing signed by the Vendor Representative and the Purchaser Representative.
- (i) Additional Rules — The JTOC may establish such rules of procedure for itself as the JTOC deems fit, provided that such rules are not inconsistent with this Agreement and approved by the Purchaser in its sole and absolute discretion.

## ARTICLE 6 AREA OF INTEREST

### 6.1 Area of Interest

For the purposes of this Agreement, the "**Area of Interest**" means the area within two (2) kilometers of the external boundaries of the combined geographic area of the Property.

### 6.2 Permitted Acquisitions in Area of Interest

During the Option Period, a Party may, directly or indirectly, acquire any of the following rights in any property or mineral title or rights related thereto that is located wholly or partly within the Area of Interest in accordance with this Article 6:

- (a) rights (including option rights) to or interests in any minerals, whether surface placer rights, subsurface rights, or of any other nature (the "**Additional Mineral Rights**"); or
- (b) rights to or interests in any real property, including, without limitation, any surface rights or any right, concession, authorization, license, permit, or interest in relation to the use or diversion of water that may affect the development of rights to minerals (the "**Additional Other Rights**").

For greater certainty, the Area of Interest and the provisions this Article 6 shall only apply during the Option Period and the Area of Interest and the provisions this Article 6 do not apply to the extent that the Area of Interest covers Additional Mineral Rights or Additional Other Rights subject to obligations of the Vendor under written contracts, agreements, instruments or commitments in effect as of the date hereof, excluding, however, all Contracts in respect of the Underlying Obligations.

### 6.3 Acquisitions Deemed to be Added to the Property

If a Party acquires any Additional Mineral Rights or Additional Other Rights in the Area of Interest in accordance with this Article 6, it must give Notice to the other Party of such acquisition and such acquired Additional Mineral Rights or Additional Other Rights in the Area of Interest shall be deemed to be added to the Property or the Miscellaneous Interests, respectively. The Notice provided by the acquiring Party must include a summary of the terms on which the Additional Mineral Rights or Additional Other Rights have been acquired, a statement of all costs and expenses incurred by the acquiring Party in acquiring or staking or acquiring rights or permits to the Additional Mineral Rights or Additional Other Rights (the "**Acquisition Costs**"), and a copy of all title documents and, if applicable, contracts relating to the acquisition of the Additional Mineral Rights or Additional Other Rights.

### 6.4 Costs and Expenses

- (a) If the acquiring Party of the Additional Mineral Rights and/or Additional Other Rights is the Vendor, the Purchaser shall reimburse the Vendor for all Acquisition Costs incurred by the Vendor, provided that the amount so reimbursed shall constitute Option Expenditures for the purposes of Section 3.1(c).
- (b) If the acquiring Party of the Additional Mineral Rights and/or Additional Other Rights is the Purchaser, the Acquisition Costs incurred by the Purchaser shall constitute Option Expenditures for the purposes of Section 3.1(c).

### 6.5 No Enlargement of Area of Interest

The Area of Interest shall not be enlarged by the addition of any Additional Mineral Rights or Additional Other Rights to the Property or the Miscellaneous Interests, respectively, pursuant to this Article 6.

## ARTICLE 7 RESTRICTIONS ON TRANSFER

### 7.1 Restriction on Transfer

- (a) During the Option Period, the Vendor may not, directly or indirectly, Transfer all or any part of its Interest without the prior written consent of the Purchaser, in its sole and absolute discretion.
- (b) The Vendor acknowledges that damages alone would not be an adequate remedy in the event that it Transfers (or permits the Transfer of) its Interest in contravention of this Section 7.1. Accordingly, without prejudice to any other rights and remedies that the Purchaser may have, the Purchaser shall be entitled to the granting of equitable relief (including without limitation injunctive relief and specific performance, without the requirement of posting a bond or other security) in connection with or arising out of any actual or threatened Transfer of the Interest in contravention of this Section 7.1.

## ARTICLE 8 TERMINATION AND SURVIVAL

### 8.1 Termination

- (a) This Agreement shall be terminated upon the occurrence of any of the events set forth below:
  - (i) if, at any time, the Purchaser provides 60 days' prior written Notice to the Vendor of its decision not to advance with the Property or the Purchaser provides a cash payment in amount of \$50,000 to the Vendor in lieu of such 60 days' prior written Notice;

- (ii) upon the Purchaser exercising the Option in accordance with the terms hereof;
  - (iii) subject to Sections 3.3, 3.4 and 9.1, in the event that the Purchaser is in default of its obligations to make any of the Cash Payments or Share Issuances or fund or incur any of the Option Expenditures within the applicable time periods therefor prescribed by Article 3 and provided that Notice of any such default has been provided in writing by the Vendor to the Purchaser, upon the Purchaser's failure to cure such default within 30 days of its receipt of such Notice; or
  - (iv) in the event that the Vendor is in default of its obligations hereunder and provided that Notice of any such default has been provided in writing by the Purchaser to the Vendor, upon the Vendor's failure to cure such default within 30 days of its receipt of such Notice.
- (b) In the event of termination pursuant to Sections 8.1(a)(i) or 8.1(a)(iii) above:
  - (i) the Purchaser shall acquire no interest in the Property;
  - (ii) the Purchaser agrees not to acquire any direct or indirect interest in any mineral rights, title or interests of any kind within the Area of Interest for a period of 24 months from the date of termination of this Agreement;
  - (iii) the Purchaser shall complete all necessary reclamation work on the Property in respect of the Operations conducted on the Property during the Option Period as required under Applicable Law;
  - (iv) the Operator shall deliver to the Purchaser, copies of all records, information and data in respect of the Property that existed between the Effective Date and the date of termination of this Agreement, and the Purchaser may maintain such copies use the information contained therein, subject to the terms of Article 10;
  - (v) the Operator shall return to the Purchaser all monies contributed by the Purchaser in respect of a Work Program or Budget that have not been spent as at the date immediately prior to the date of termination of this Agreement; and
  - (vi) without the need of any further confirmation or formality, the Purchaser shall be absolved of any requirement or obligation to fund or incur Expenditures or any other payments or amounts, except to the extent that a Firm Commitment has not been satisfied by the Purchaser at the time of such termination, in which case the Purchaser shall satisfy such outstanding Firm Commitment by paying to the Vendor such amount required to satisfy the outstanding Firm Commitment (and for greater clarity, if an outstanding Firm Commitment is the Committed Share Issuance, the Purchaser shall pay to the Vendor an amount equal to number of Common Shares required to be issued to satisfy the Committed Share Issuance multiplied by the then market price of the Common Shares on the Exchange).
- (c) In the event of termination pursuant to Section 8.1(a)(iv) above:
  - (i) the Purchaser shall acquire no interest in the Property;
  - (ii) the Operator shall deliver to the Purchaser, copies of all records, information and data in respect of the Property that existed between the Effective Date and the date of termination of this Agreement, and the Purchaser may maintain such copies use the information contained therein, subject to the terms of Article 10;

- (iii) the Operator shall return to the Purchaser all monies contributed by the Purchaser in respect of a Work Program or Budget that have not been spent as at the date immediately prior to the date of termination of this Agreement; and
- (iv) without the need of any further confirmation or formality, the Purchaser shall be absolved of any requirement or obligation to fund or incur Expenditures or any other payments or amounts, including, without limitation, any outstanding Firm Commitments.

## 8.2 Survival

Section 2.3, Section 5.2(b), Section 5.2(c), Article 8, Article 10 and Article 11 and all limitations of liability and rights accrued prior to completion, termination, or expiration of this Agreement shall not merge on completion, termination, or expiration of this Agreement, but shall continue in full force and effect after any termination or expiration of this Agreement as shall any other provision of this Agreement which expressly or by implication from its nature is intended to survive the termination or expiration of this Agreement.

## ARTICLE 9 EVENT OF FORCE MAJEURE

### 9.1 Event of Force Majeure

- (a) No right of a Party shall be affected, and no Party shall be liable under this Agreement or found in default, under this Agreement by the failure of such Party to meet any term or condition of this Agreement where such failure is caused by an Event of Force Majeure and, in such event, all times specified or provided for in this Agreement shall be extended by a period commensurate with the period during which the Event of Force Majeure causes such failure.
- (b) A Party affected by an Event of Force Majeure shall take all reasonable steps within its control to remedy the failure caused by such event, provided however, that nothing contained in this Section 9.1 shall require any Party to settle any labour or industrial dispute or to question or test the constitutionality or validity of any Applicable Law enacted by, or any act of, a Governmental Authority.
- (c) Any Party relying on the provisions of this Section 9.1 shall forthwith give Notice to the other Party of the commencement of an Event of Force Majeure and of its end.

## ARTICLE 10 CONFIDENTIALITY

### 10.1 Confidentiality of Information

All information provided to or received by the Parties hereunder shall be treated as confidential ("**Confidential Information**"). During the Option Period, the Parties shall each solicit the consent of the other to the disclosure of Confidential Information in circumstances other than those set forth in Section 10.2 and such consent shall not be unreasonably withheld or delayed. For greater certainty, the Parties agree and acknowledge that once consent is granted by a Party hereunder with respect to the disclosure of any particular Confidential Information, or such Confidential Information is otherwise disclosed pursuant to any exemption set forth in Section 10.2 below, the provisions of this Section 10.1 requiring consent shall no longer be required with respect to any subsequent disclosure of the same Confidential Information which has previously been consented to and/or disclosed.

### 10.2 Permitted Disclosure

The consent required by Section 10.1 shall not be required with respect to any disclosure:

- (a) required to comply with any Applicable Laws, stock exchange rules, including the rules and policies of the Exchange, or a regulatory authority having jurisdiction (provided that the disclosing Party shall provide the other Party a reasonable opportunity to review the proposed disclosure and shall incorporate into such proposed disclosure, the other Party's reasonable comments);
- (b) to a director, officer, employee or other representative of a Party;
- (c) to an Affiliate of a Party;
- (d) to a consultant, contractor or subcontractor of a Party that has a *bona fide* need to be informed;
- (e) to any Third Party to whom the disclosing Party may, if permitted by the terms of this Agreement, assign any of its rights under this Agreement; or
- (f) if the disclosing Party is the Purchaser (i) to a bank, financial institution or investor from which the Purchaser is seeking equity or debt financing; (ii) in a prospectus, offering memorandum or other publicly filed document pursuant to which the Purchaser is seeking to obtain financing; or (iii) in continuous disclosure documents prepared pursuant to Applicable Laws.

### 10.3 Exception

The obligations with respect to Confidential Information and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:

- (a) as of the date hereof, was in the public domain;
- (b) prior to the time of receipt, was known to the disclosing Party;
- (c) was furnished to the disclosing Party by a Third Party who is not bound by a confidentiality agreement with, or by any obligation of confidence to, the other Parties;
- (d) was independently acquired or developed by the disclosing Party without use of, or reference to, the Confidential Information of the other Parties and without otherwise contravening the terms and provisions of this Agreement; or
- (e) after the date hereof, was published or otherwise became part of the public domain (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain through no breach by the disclosing Party of this Article 10).

## ARTICLE 11 GENERAL

### 11.1 Rules of Interpretation

In this Agreement and the Schedules to this Agreement:

- (a) time is of the essence in the performance of the Parties' respective obligations;
- (b) all references to money amounts are to Canadian currency;
- (c) the words "**herein**", "**hereof**" and "**hereunder**" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or Schedule;

- (d) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender and where applicable to a body corporate;
- (e) the word "or" is not exclusive and the word "**including**" is not limiting (whether or not non-limiting language such as "**without limitation**" or "but not limited to" or other words of similar import are used with reference thereto);
- (f) where the phrase "**to the knowledge of**" or phrases of similar import are used in this Agreement, it shall be a requirement that the Person in respect of whom the phrase is used shall have made such due enquiries as a prudent business Person in comparable circumstances would make and that are reasonably necessary to enable such Person to make the statement or disclosure;
- (g) the descriptive headings of Articles and Sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content and shall not be used to interpret the provisions of this Agreement;
- (h) any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a Successor to such entity;
- (i) the representations, warranties, covenants and agreements contained in this Agreement shall not merge and shall continue in full force and effect from and after the date hereof for the applicable period set out in this Agreement;
- (j) all Schedules attached to this Agreement form part of this Agreement; and
- (k) whenever any payment is to be made or any action under this Agreement is to be taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

## 11.2 Arbitration

- (a) In the event of a dispute in relation to this Agreement, including, without limitation, the existence, validity, performance, breach or termination thereof, or any matter arising therefrom, the Parties will attempt to resolve amicably any such dispute by referral to successively higher level of the Parties' respective management (as applicable). If there is no resolution of the dispute by this means within thirty (30) days, then such dispute can be resolved by pursuant to this Section 11.2.
- (b) A Party to this Agreement may request that the dispute be resolved by binding arbitration, conducted in English through the British Columbia International Commercial Arbitration Centre, in Vancouver, British Columbia. The seat of arbitration shall be Vancouver, British Columbia.
- (c) To request arbitration, the moving Party shall give written Notice to the other Party (a "**Responding Party**"), which Notice shall toll the running of any applicable limitations of actions under any Applicable Law or under this Agreement. Such Notice shall specify the nature of the allegation and issues in dispute, the amount or value involved (if applicable) and the remedy requested.
- (d) Within 20 days of the receipt of the Notice (the "**Response Period**"), the Responding Party shall answer the demand in writing, specifying the allegations and issues that are disputed, and advising of any cross-claim or counterclaim that they intend to pursue in the arbitration. Any Party failing to respond in accordance with this Section shall not be entitled to further notice of, or participation in, the arbitral proceeding.

- (e) The arbitration shall be conducted by a single arbitrator. The procedure for selecting the single arbitrator shall be as follows: each Party shall select an individual designee (the "**Designee**"), which such individual must be indicated as a panelist, arbitrator or mediator on the list of same maintained by the British Columbia International Commercial Arbitration Centre (the "**List**"). The two Designees so appointed shall, within 15 days of the expiry of the Response Period, mutually agree upon the arbitrator, who shall be a fellow panelist, arbitrator or mediator that is indicated as such on the List. If a Party fails to appoint a Designee within the Response Period, then the Party that did appoint a Designee within such period shall be entitled to select the arbitrator, which such arbitrator may be the Designee, or another individual indicated as a panelist, arbitrator or mediator on the List. The arbitration shall be conducted in accordance with the British Columbia International Commercial Arbitration Centre's rules (the "**Rules**").
- (f) The arbitrator shall fix a time and place in Vancouver, British Columbia reasonably convenient for the Parties, after giving the Parties not less than seven (7) Business Days' notice, for the purpose of hearing the evidence and representations of the Parties and the arbitrator shall preside over the arbitration and determine all questions of procedure not provided for under the Rules or this Section. After hearing any evidence and representations that the Parties may submit, the arbitrator shall make a decision and reduce the same to writing and deliver one copy thereof to the Party making the claim and the Responding Party. The arbitrator shall endeavor to make a decision within forty-five (45) days after its appointment, subject to any reasonable delay due to unavoidable circumstances. Any decision by the arbitrator shall follow and apply the laws applicable to this Agreement pursuant to Section 11.7. The expense of the arbitration, including travel costs, expert witness and legal fees and costs shall be paid as determined in the discretion of the arbitrator, having due regard for the outcome of the arbitration and the relationship of the result to the positions taken by the Parties. In the absence of fraud or manifest error, the decision of the arbitrator shall be final and binding upon each of the Parties and the Parties expressly exclude any and all rights to appeal, set aside or challenge any award by the arbitrator insofar as such exclusion can be validly made.
- (g) Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets. Except where matters are expressed herein to be subject to arbitration, the provincial or federal courts sitting in British Columbia, Canada shall have exclusive jurisdiction to hear and determine all matters relating to this Agreement, including enforcement of the obligation to arbitrate.
- (h) Nothing in this Agreement shall prevent any Party from applying to the provincial or federal courts in British Columbia, Canada for interlocutory, injunctive, provisional, or interim measures, including but not limited to any claim for preliminary injunctive relief.
- (i) A dispute of the Parties shall not constitute an Event of Force Majeure.
- (j) All papers, Notice or process pertaining to an arbitration hereunder may be served on a Party as provided in Section 11.9.
- (k) The Parties agree to treat as Confidential Information, in accordance with the provisions of Article 10, 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 purposes of the arbitration; the contents of any award or ruling made in respect of the arbitration. Notwithstanding the foregoing part of this Section 11.2(k), a Party may disclose such Confidential Information in judicial proceedings to enforce, nullify, modify or correct an award or ruling and as permitted under Article 10, or as required by Applicable Law or as compelled by a lawful authority.

### 11.3 Entire Agreement

This Agreement, including the Schedules to this Agreement, together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including, without limitation, the Letter Agreement, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement and in any agreement or document delivered pursuant to this Agreement. No supplement, modification or waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

### 11.4 Parties' Rights to Conduct Other Business

Each Party shall devote such time as may be required to fulfill any obligation assumed by it hereunder but, except as otherwise provided in this Agreement:

- (a) outside of the Property and the Area of Interest, the Parties and their respective Affiliates shall be free to engage in any business or other activity, whether or not competitive with the activities of the other Parties, and whether or not such business activity or acquisition is a result of reviewing the information obtained from the Property, and in particular, this Agreement may not be construed to prevent a Party from acquiring any mineral rights or interests therein, real property rights, water rights, or other associated rights outside of the boundaries of the Property;
- (b) no Party shall be under any fiduciary or other obligation to any other Party which shall prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Parties hereunder; and
- (c) the legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to Persons occupying a relationship similar to that of the Parties shall not apply with respect to participation by any Party in any business activity or endeavour outside the Property, and, without implied limitation, a Party shall not be accountable to the others for participation in any such business activity or endeavour outside the Property which is in direct competition with the business or activity undertaken by the Parties under this Agreement.

### 11.5 No Reliance or Inducement

Each Party represents and warrants and agrees that when entering into this Agreement it relied exclusively on the following matters independently of any statements, inducements or representations made by or on behalf of any other Party (including without limitation by any agents acting on behalf of a Party):

- (a) its own inspections, investigations, skill and judgement;
- (b) the terms expressly contained in this Agreement; and
- (c) opinions and advice obtained independently of any other Party.

### 11.6 Tax Included

All amounts and Expenditures to be funded, paid or incurred by the Purchaser as described in this Agreement are inclusive of any amounts on account of Tax incurred by any Party in funding an approved Work Program (i.e. no Tax gross up shall be made). Any such Tax recovered or refunded by either of the Parties during the term of this Agreement shall be used to fund Expenditures; however such recovered or

refunded Tax shall not be credited towards the Purchaser's Option Expenditure obligations. If any Tax is recovered by the Vendor following termination of this Agreement, such Tax shall be reimbursed to the Purchaser.

#### 11.7 Applicable Law

- (a) This Agreement shall be governed by and interpreted in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein, without regard to any conflict of laws or choice of laws principle that would permit or require the application of the laws of any other jurisdiction.
- (b) Each of the Parties hereby irrevocably attorns and submits to the arbitral jurisdiction set forth in Section 11.7(a) and, with respect to any matters not determined by arbitration, to the exclusive jurisdiction of the courts of British Columbia, Canada respecting all matters relating to this Agreement and the rights and obligations of the Parties hereunder.

#### 11.8 Expenses

Except as otherwise provided, all costs incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring them.

#### 11.9 Notices

Any notice or writing required or permitted to be given under this Agreement or any communication otherwise made in respect of this Agreement (a "**Notice**") shall be sufficiently given if in writing and: (a) delivered personally, either to the individual designated below for such Party, or to an individual having apparent authority to accept deliveries on behalf of such individual at the address set out below for such Party; (b) by registered mail to the address set out below for such Party; or (c) transmitted by email, at or to the applicable email addresses set out below for such Party:

- (a) In the case of Notice to the Vendor or Riverside, at:

Riverside Resources Inc.  
Suite 500, 800 West Pender Street  
Vancouver, British Columbia, V6C 2V6

Attention: John-Mark Staude, President Chief Executive Officer  
Email: jmstaude@rivres.com

- (b) In the case of Notice to the Purchaser, at:

Questcorp Mining Inc.  
Suite 550, 800 West Pender Street  
Vancouver, British Columbia, V6C 2V6

Attention: Satvir Dhillon, Chief Executive Officer  
Email: saf@questcorpmining.ca

or at such other address as the Party to whom such Notice is to be given shall have last notified the Party giving the same, in the manner provided in this Section. Any Notice delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the Notice shall be deemed to have been given and received on the Business Day next following such day. Any Notice mailed to a Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the third Business Day following the date of mailing, except in the event of disruption of the postal services,

in which event, Notice will be deemed to have been given and received will be deemed only when actually received. Any Notice transmitted by email shall be deemed given and received on the first Business Day after its transmission.

#### 11.10 Assignment and Successors

This Agreement is binding upon and shall enure to the benefit of the Parties and their respective Successors and permitted assignees. Neither Party may assign its interest in the Agreement without the prior written consent of the other Party.

#### 11.11 Severability

If any provision of this Agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this Agreement.

#### 11.12 Waiver and Amendment

A waiver of any right, power or remedy under this Agreement must be in writing signed by the Party granting it. A waiver is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of any other obligation or breach or as an implied waiver of that obligation or breach in relation to any other occasion. No modification, variation or amendment of this Agreement is of any force unless it is in writing and has been signed by each of the Parties.

#### 11.13 Relationship of the Parties

Nothing in this Agreement or any other agreement relating to the development of the Property is to constitute or be deemed to constitute a partnership or joint venture for any purpose between the Parties or an agency of one Party to another Party, or in any way create a fiduciary duty of one Party to another Party.

#### 11.14 Independent Legal Advice

Each of the Parties acknowledges and agrees that they have been given adequate opportunity to seek and obtain independent legal advice with respect to the subject matter of this Agreement and for the purpose of ensuring their rights and interests are protected. Each of the Parties represents and warrants to the other Party and its legal counsel that it has either sought independent legal advice or consciously chosen not to do so with full knowledge of the risks associated with not obtaining such independent legal advice.

#### 11.15 Further Assurances

Subject to the terms and conditions of this Agreement, the Parties shall use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under Applicable Laws to carry out all of their respective obligations under this Agreement and to consummate the transactions contemplated by this Agreement, and from time to time, without further consideration, each Party shall, at its own expense, execute and deliver such documents to any other Party as such Party may reasonably request in order to consummate the transactions contemplated by this Agreement. Each of the Parties agrees to take all such actions as are within its power to control, and to use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in this Agreement which are for the benefit of the other Party.

*[Remainder of page intentionally left blank]*

11.16 Execution in Counterparts and by Electronic Delivery

This Agreement may be executed in any number of counterparts and by the different Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument. Such counterparts may be delivered by regular post, courier or electronic mail.

**IN WITNESS WHEREOF** the Parties have hereunto duly executed this Option Agreement as of the date first written above.

**RIVERSIDE RESOURCES INC.**

Per: /s/ "John-Mark Staude"  
Name: John-Mark Staude  
Title: President and Chief Executive Officer

**RRM EXPLORACION, S.A.P.I. DE C.V**

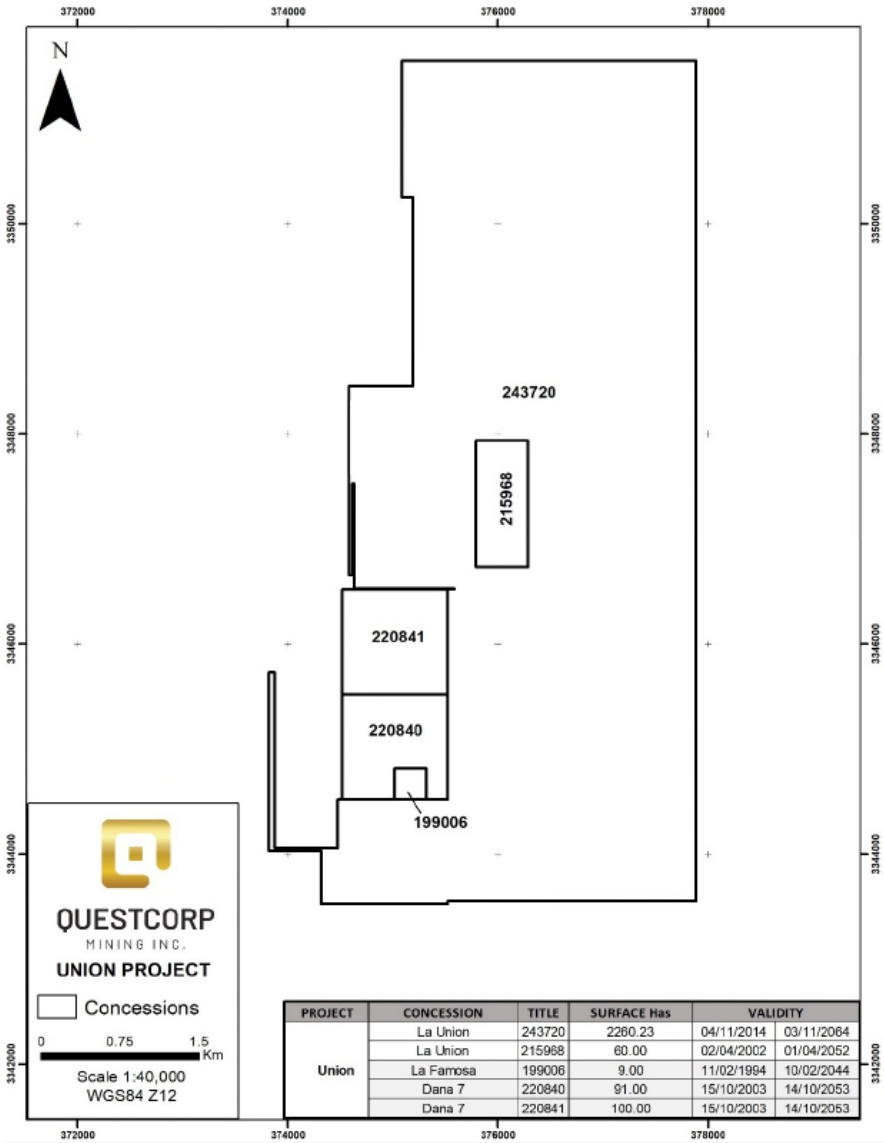
Per: /s/ "John-Mark Staude"  
Name: John-Mark Staude  
Title: Authorized Signatory

**QUESTCORP MINING INC.**

Per: /s/ "Satvir Dhillon"  
Name: Satvir Dhillon  
Title: Chief Executive Officer

SCHEDULE A  
DESCRIPTION OF THE PROPERTY

The Property comprises five (5) mining titles totaling 2,520.23 hectares in the La Sierra El Viejo, Caborca Sonora, Mexico. The titles are free of any Encumbrances, except Permitted Encumbrances.



B-2

**SCHEDULE B  
ROYALTY AGREEMENT**

(please see attached)

SCHEDULE C  
UNDERLYING OBLIGATIONS

| PROJECT  | CONCESSION | OWNER                      | TITLE  | SUPERFICIE Has | VALIDITY   |            | AGREEMENTS                                                                                                                                                                                                                                                                                                                                                              |
|----------|------------|----------------------------|--------|----------------|------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| La Union | La Union   | RRM Exploracion SAPI de CV | 243720 | 2260,23        | 11/4/2014  | 11/3/2064  | NSR Sandstorm 2014 1.5%Au -Ag & 1% other metals                                                                                                                                                                                                                                                                                                                         |
|          | La Union   | RRM Exploracion SAPI de CV | 215968 | 60.00          | 4/2/2002   | 4/1/2052   | Exploration contract between Alejandro Contreras and RRM Exploracion for USD\$356,925.04 for 5 años (2022-2027), with promise of transfer of rights, signed on December 16, 2022, was paid USD\$178,462.52 upon signing, the final payment was made for USD\$178,462.52 on August 14, 2024, NSR de 1.50%, it can be purchased for \$1,500,000, USD\$250,000 each 0.25%. |
|          | LA FAMOSA  | Pacific Comox SA de CV     | 199006 | 9.00           | 2/11/1994  | 2/10/2044  | Exploration contract with promise of transfer of rights between Pacific Comox and RRM Exploracion SAPI de CV for USD\$175,000 / 5 años (Ago-31.2021 - Ago-31.2026), signed on August 31, 2021, payment schedule; 12 months USD\$10,000, 24 months US\$15,000, 36 months USD\$25,000, 48 months USD\$50,000, 60 months USD\$75,000                                       |
|          | DANA 7     | Pacific Comox SA de CV     | 220840 | 91.00          | 10/15/2003 | 10/14/2053 |                                                                                                                                                                                                                                                                                                                                                                         |
|          | DANA 7     | Pacific Comox SA de CV     | 220841 | 100.00         | 10/15/2003 | 10/14/2053 |                                                                                                                                                                                                                                                                                                                                                                         |

**[QUESTCORP MINING INC.]<sup>1</sup>**

**- AND -**

**[RRM EXPLORACION, S.A.P.I. DE C.V.]**

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**NET SMELTER RETURNS ROYALTY AGREEMENT**

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<sup>1</sup> Note: Questcorp to confirm what entity will be put on title to the Property as it will be the grantor of the Royalty/the Payor.

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**APPENDIX A DESCRIPTION OF PROPERTY ..... 1**

**APPENDIX B MAP OF PROPERTY..... 1**

## NET SMELTER RETURNS ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT dated as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

AMONG:

[QUESTCORP MINING INC.]

(the “Payor”)

AND:

[RRM EXPLORACION, S.A.P.I. DE C.V.]

(the “Recipient”)

**WHEREAS** the Recipient and the Payor entered into an option agreement (the “**Option Agreement**”) relating to the Property (as defined herein and described in greater detail in Schedule A hereto), pursuant to which the Payor acquired a 100% interest in the Property;

**AND WHEREAS** the Option Agreement provides that the Payor and or its Affiliate (as defined herein) shall grant to the Recipient the Royalty, as defined herein, on the terms set out herein;

**NOW THEREFORE**, for good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the Parties), the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Royalty Agreement, unless otherwise provided:

“**Abandonment Date**” has the meaning provided in Section 7.2(a);

“**Abandonment Property**” has the meaning provided in Section 7.2(a);

“**Additional Property**” has the meaning provided in Section 4.6;

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

**“Allowable Deductions”** means, to the extent actually incurred by the Payor, the following costs in respect of Products in each Quarter:

- (a) charges for offsite treatment in the smelting, refining, solution extraction, electrowinning and other beneficiation processes (including handling, provisional settlement fees, weighing, sampling, assaying, umpire and representation costs, any penalties including penalties for impurities contained in the Product which inhibit smelting, refining or minting, and other processor deductions), but excluding costs of mining, milling, leaching, concentrating and other similar processing;
- (b) actual costs of transportation (including loading, freight, insurance, security, surveyor fees, transaction taxes, handling, port fees, demurrage, delay, and forwarding expenses incurred by reason of or in the course of transportation) of Products from the Property to the place of treatment and then to the place of sale and for greater certainty this excludes trucking ore within the Project site;
- (c) costs or charges for or in connection with insurance, storage, or representation at a smelter or refinery for Products or refined metals;
- (d) actual selling and brokerage costs on all Products on proceeds actually received by the Payor; and
- (e) sales, use, severance, excise and net proceeds of mine taxes, and any taxes measured by the value of minerals produced, but not including (i) income taxes of the Payor, (ii) business and franchise taxes of the Payor and (iii) royalties payable to the government,

provided where Products are processed on or off the Property in a facility wholly or partially owned by the Payor or an Affiliate of the Payor, Allowable Deductions will not include any costs that are in excess of those that would be incurred on an arm’s length basis at market terms, or which would not be Allowable Deductions if those Products were processed by an independent third Person;

**“Applicable Law”** in respect of any Person, property, transaction or event, means all laws, statutes, treaties, regulations, and enforceable judgments, orders and decrees applicable to that Person, property, transaction or event and, in each case having the force of law, all applicable official directives, rules, protocols, consents, approvals, authorizations and orders of any Governmental Body having or purporting to have authority over that Person, property, transaction or event;

**“Area of Interest”** means the area 2 kilometers from the circumambient boundaries of the the Property as at the date of this Royalty Agreement and any area around the Property that is an area of interest in the Option Agreement or any related purchase agreement at the time of this Royalty Agreement;

circumambient boundaries of the area as agreed as the Property as at the date of this Royalty Agreement and any area around that is an area of interest in the Option Agreement or purchase agreement at the time of this agreement;

**“Average Copper Price”** means the average copper “First Position Settlement” price as published by COMEX on the CME Group Inc. website (or should that quotation cease, another similar quotation acceptable to the Parties, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;

**“Average Gold Price”** means the average “London Bullion Market Association (LBMA) P.M. USD Gold Fix” as published by the LBMA on its website (or should that quotation cease, then means the average spot price as published by COMEX on the CME Group website or should that quotation cease, then means another similar quotation acceptable to the Parties, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;

**“Average Silver Price”** means the average “London Bullion Market Association (LBMA) USD Silver Fix” as published by the LBMA on its website (or should that quotation cease, then means the average spot price as published by COMEX on the CME Group website or should that quotation cease, then means another similar quotation acceptable to the Parties, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;

**“Average Any other Metals Price”** (all other metals and products) means the average that metal “First Position Settlement” price as published by NYMEX on the CME Group Inc. website (or should that quotation cease, another similar quotation acceptable to the Parties, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;

**“Books and Records”** means all scientific and technical, financial, accounting, business, tax and employee information, records and files, in any form whatsoever (including written, printed or electronic form or stored on computer discs or other data and software storage devices) related to the Property, including regulatory filings and returns, books of account and related original source documentation, actuarial, tax and accounting information, geological and metallurgical data, drill hole logs, cross sections and assay results, reports, files, lists, drawings, plans, logs, briefs, computer program documentation, employee data and records, deeds, certificates, contracts, surveys, title and legal opinions, records of payment, asset documentation, written employment manuals and employment policies;

**“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;

**“Confidential Information”** has the meaning provided in Section 9.1;

**“Copper Production”** means the quantity of Refined Copper out-turned during a calendar month to the pool account of the Payor or its Affiliates by a refinery that produces Refined Copper for the Payor or its Affiliates on a toll-refining basis in respect of Products;

**“Disposal”** means any disposal by any means including dumping, incineration, spraying, pumping, injecting, depositing or burying;

**“Economic Analysis”** includes, but not limited to, the presentation of estimated production amounts, capital and operating costs, and calculations for net present value and internal rate of return.

**“Encumbrance”** means any mortgage, pledge, lien, charge or other form of security interest or interest in the nature of a security interest;

**“Environment”** includes the air, surface water, groundwater, body of water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any Environmental Law and “Environmental” will have a similar extended meaning;

**“Environmental Laws”** means all Applicable Laws relating in whole or in part to the Environment, including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, Release or Disposal of any Hazardous Substance;

**“Gold Production”** means the quantity of Refined Gold out-turned during a calendar month to the pool account of the Payor or its Affiliates by a refinery that produces Refined Gold for the Payor or its Affiliates on a toll-refining basis in respect of Products;

**“Governmental Body”** means any national, provincial, state, regional, municipal or local government, governmental department, commission, board, bureau, agency, authority or instrumentality, or any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any of the foregoing entities, including all tribunals, commissions, boards, bureaux, arbitrators and arbitration panels, and any authority or other Person controlled by any of the foregoing;

**“Gross Proceeds”** is determined as follows, subject to Section 3.7:

- (a) if Products are sold by the Payor or its Affiliates in the form of raw ore, doré, precipitates or other intermediate products or concentrates, then the Gross Proceeds in respect of such raw ore, doré, precipitates or other intermediate products or concentrates will be equal to the amount of gross proceeds on payable metal before Allowable Deductions received by the Payor or its Affiliates, subject to Section 3.7, during the calendar quarter from the sale of such raw ore, doré, precipitates or other intermediate products or concentrates; provided however, if the sale of such raw

ore, doré, precipitates or other intermediate products or concentrates occurs in connection with Trading Activities then the Gross Proceeds will be based on the value of such Products ex-headframe or minesite loading facility in the case of ores or ex-mill or other treatment facility in the case of other such Products in both cases with reference to the average monthly applicable metal prices, during the calendar quarter, without regard to the proceeds received by the Payor or its Affiliates;

- (b) the form of Refined Copper, then such copper will be deemed to have been sold at the Average Copper Price for the calendar quarter in which the Refined Copper was produced, and the Gross Proceeds in respect of Refined Copper will be determined by multiplying Copper Production for such calendar quarter by the monthly applicable metal prices, during the calendar quarter, without regard to the proceeds received by the Payor or its Affiliates;
- (c) if Products are sold by the Payor or its Affiliates in the form of Refined Gold, then such gold will be deemed to have been sold at the Average Gold Price for the calendar quarter in which the Refined Gold was produced, and the Gross Proceeds in respect of Refined Gold will be determined by multiplying Gold Production for such calendar quarter by the monthly applicable metal prices, during the calendar quarter, without regard to the proceeds received by the Payor or its Affiliates;
- (d) if Products are sold by the Payor in the form of Refined Silver, then such silver will be deemed to have been sold at the Average Silver Price for the calendar quarter in which the Refined Silver was produced, and the Gross Proceeds in respect of Refined Silver will be determined by multiplying Silver Production for such calendar quarter by the monthly applicable metal prices, during the calendar quarter, without regard to the proceeds received by the Payor or its Affiliates;
- (e) if Products are sold by the Payor in the form of refined metals other than copper, gold, or silver then such other refined metals will be deemed to have been sold at the average LME spot prices for the calendar quarter in which the other refined metal was produced and Gross Proceeds will be determined by multiplying the respective production for such calendar quarter by the monthly applicable metal prices, during the calendar quarter, without regard to the proceeds received by the Payor or its Affiliates;
- (f) if any Products are sold by the Payor and not included in Subsections (a) to (e) above the Gross Proceeds shall be the amount of gross proceeds actually received by the Payor or its Affiliates; and
- (g) if there is a Loss of Products, then the Gross Proceeds will be equal to the sum of the insurance proceeds in respect of such Loss and any Gross Proceeds from the Sale of such Products, determined under this section;

**“Hazardous Substance”** means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Law;

**“Indemnified Parties”** has the meaning provided in Section 6.1;

**“Inventory Period”** has the meaning provided in Section 4.2;

**“London Bullion Market”** means the international over-the-counter market for gold and silver where trading is conducted amongst members of the London Bullion Market Association;

**“LME”** means the London Metals Exchange;

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

**“Materials”** has the meaning provided in Section 4.4;

**“Net Smelter Returns”** means Gross Proceeds less Allowable Deductions;

**“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators*;

**“Notice”** has the meaning provided in Section 10.5;

**“NYMEX”** means the New York Mercantile Exchange;

**“Operations Report”** has the meaning provided in Section 5.2;

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

**“Payor”** shall refer to the Payor and its successors in interest, including without limitation, assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property;

**“Permitted Encumbrance”** means:

- (a) any security interest or hypothec arising by operation of law or in the ordinary course of business in connection with or to secure the performance of bids, tenders, contracts, leases, statutory obligations, surety bonds or appeal bonds;
- (b) any undetermined or inchoate legal hypothec or prior claim or any like lien or right of set-off arising in the ordinary course of business or under Applicable Law, securing obligations incurred in connection with the Property which are not yet overdue or which are being contested or litigated in good faith;
- (c) any security interest or hypothec for taxes, assessments or governmental charges not yet due or being contested in good faith (but only so long as such contest will not involve any possibility of the sale, loss or forfeiture of the Property and, where Applicable Law requires such amounts to be paid while being contested, such amounts have been paid);

- (d) any other security interest or hypothec granted over the Property or Payor Property Interest with a value, together with the cumulative value of all security interests or hypothecs granted in reliance upon this Subsection (d), not exceeding \$10,000,000; and
- (e) any security interest or hypothec incurred or deposit made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other forms of governmental insurance or benefits;

**“Permitted Mortgage”** means a mortgage granted by the Payor over the Property for the sole purpose of securing project finance in relation to the development of the Payor's or its Affiliate's mining operations on the Property;

**“Permitted Mortgagee”** means a mortgagee or mortgagees who hold a Permitted Mortgage on the Property;

**“Person”** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other form of enterprise, or any government or any agency or political subdivision thereof;

**“Products”** means all ores, doré, precipitates or other intermediate products, concentrates, metals, minerals and mineral by-products that are extracted, produced or poured by or on behalf of the Payor or its Affiliates from the Property;

**“Property”** means certain mineral claims set out in Appendix A and depicted in Appendix B to this Royalty Agreement together with any present or future mining claims, mining leases, or other mining rights resulting from renewal, extension, modification, substitution, amalgamation, succession, conversion, demise to lease, renaming or variation of any of those mineral claims or any additional mining rights deriving from those mining rights (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain) and shall automatically include any Additional Property or the mining rights or the direct or indirect interests in mining rights referred to in Section 4.6 from the date such are acquired by or granted to the Payor or its Affiliates;

**“Quarter”** and **“Quarterly”** mean the period commencing on the date that the Payor first receives payment for the Sale of Product or the out-turn of refined metals by a refinery to the pool account of the Payor or its Affiliates in respect of Product and expiring on the day preceding the next occurring 1<sup>st</sup> day of January, April, July or October and thereafter each successive period of 3 calendar months;

**“Recipient”** shall refer to the Recipient, its Affiliates or successors in interest, including without limitation any assignees;

**“Refined Cobalt”** means cobalt refined to a minimum of 99.30% purity and conforming in all respects with the specifications for good delivery against LME contracts;

**“Refined Copper”** means Grade 1 Electrolytic Copper Cathode as adopted by the American Society for Testing and Materials (B115-00), or its latest version and conforming in all respects with the specifications for good delivery against LME or COMEX contracts;

**“Refined Gold”** means gold of a minimum 0.995 fineness in gold bars, conforming in all respects with the specifications for “Good Delivery Gold Bars” under the “Good Delivery Rules”, as published by the London Bullion Market Association from time to time;

**“Refined Nickel”** means nickel refined to a minimum of 99.80% purity conforming to B39-79 (2013) and conforming in all respects with the specifications for good delivery against LME contracts;

**“Refined Palladium”** means palladium refined to a minimum of 99.95% purity and conforming in all respects with the specifications for good delivery to CME Group Inc. or LPPM;

**“Refined Platinum”** means platinum refined to a minimum of 99.95% purity and conforming in all respects with the specifications for good delivery to CME Group Inc. or LPPM;

**“Refined Silver”** means silver of a minimum 0.999 fineness in silver bars, conforming in all respects with the specifications for “Good Delivery Silver Bars” under the “Good Delivery Rules”, as published by the London Bullion Market Association from time to time;

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

**“Royalty Agreement”** means this Net Smelter Returns Royalty Agreement;

**“Sale”** or **“Sold”** means the earlier of:

- (a) transfer of title to Products from the Payor or its Affiliates to a buyer (and includes a deemed transfer of title to Products transported off the Property that Payor or its Affiliates elects to have credited to or held for its account by a smelter, refiner or broker),
- (b) any Loss prior to any transfer or deemed transfer of title to Products, and
- (c) if deemed to be sold pursuant to Section 4.2;

**“Silver Production”** means the quantity of Refined Silver out-turned during a calendar month to the pool account of the Payor or its Affiliates by a refinery that produces Refined Silver for the Payor or its Affiliates on a toll-refining basis in respect of Products;

**“Trading Activities”** has the meaning provided in Section 3.8.

## **1.2 Appendices**

Appendix A and Appendix B, which are attached to this Royalty Agreement, are incorporated into and form part of this Royalty Agreement.

## **1.3 Severability**

If any one or more of the provisions contained in this Royalty Agreement is held to be invalid, illegal or unenforceable in any respect under the Applicable Laws of any jurisdiction, the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby under the Applicable 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.

## **1.4 Performance on Holidays**

If any action is required to be taken pursuant to this Royalty Agreement on or by a specified date which is not a Business Day, then such action will be valid if taken on or by the next Business Day.

## **1.5 Calculation of Time**

In this Royalty Agreement, a period of days will be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. (Vancouver time) on the last day of the period. If, however, the last day of the period does not fall on a Business Day, the period will terminate at 5:00 p.m. (Vancouver time) on the next Business Day.

## **1.6 Currency**

Unless otherwise indicated, all references to currency herein, including “\$” are to lawful money of the United States. Allowable Deductions accrued in Canadian dollars shall be converted into United States dollars by applying the monthly average exchange rate quoted by the Bank of Canada as published on its website for the month during which the Allowable Deductions were accrued.

## **1.7 Consent**

Whenever a provision of this Royalty Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise agreed, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

## **1.8 Headings**

The headings to the articles and sections of this Royalty Agreement are inserted for convenience only and will not affect the construction hereof.

## **1.9 Other Matters of Interpretation**

In this Royalty Agreement:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa;
- (c) the term “includes” or “including” means “including without limiting the generality of the foregoing”;
- (d) references to “Article”, “Section”, “Subsection” and “Appendix” are to articles, sections, subsections and appendices of this Royalty Agreement, respectively;
- (e) 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”;
- (f) 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
- (g) the words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions when used in this Royalty Agreement refer to the whole of this Royalty Agreement and not to any particular Article, Section, Subsection, Appendix or portion thereof.

## **ARTICLE 2 NET SMELTER RETURNS ROYALTY**

### **2.1 Net Smelter Returns Royalty**

The Payor hereby grants to the Recipient an interest in and right to the Property and the minerals derived from the Property to the extent of the Royalty payable hereunder. The Payor hereby covenants to pay the Royalty to the Recipient on all Products Sold or otherwise disposed of on and subject to the terms of this Royalty Agreement.

### **2.2 Interest in the Property**

The Parties intend that the Royalty, to the extent permissible under applicable laws, constitutes an interest in the Property and agree that:

- (a) the Royalty will run with the title to the Property, and any disposition or transfer of the Property, or any interest therein, shall be subject to the Royalty;
- (b) any sale or other disposition by the Payor of any interest in the Property will be effected only in accordance with Section 8.3 hereof;

- (c) the Payor will, upon request by the Recipient, sign and deliver to the Recipient, and the Recipient may register or otherwise record against the Property, this Royalty Agreement or a notice of this Royalty Agreement, that will have the effect of giving notice of the existence of the Royalty to third Persons and protecting the Recipient's right to receive the Royalty;
- (d) the Recipient may at any time require the Payor or its Affiliates to grant to it a first ranking mortgage or security interest over the Property or other security interest in Products extracted from the Property to secure the payment of the Royalty and the covenants and obligations under the Royalty Agreement. The mortgage and/or security documents shall be in a form acceptable to the Recipient acting reasonably; and
- (e) if any Additional Property is acquired by or is granted to the Payor, or if any renewal, extension, modification, substitution, amalgamation, succession, conversion, demise to lease, renaming or variation of any mining right is granted as contemplated in the definition of Property, the Payor agrees to execute and deliver such document or documents as the Recipient may reasonably request to acknowledge that the Royalty or any mortgage or security interest is applicable thereto including, without limitation, any registration or recording document of any nature whatsoever, inclusive of those contemplated in Subsection 2.2(c).

### **2.3 Term**

The Royalty shall exist in perpetuity. If any right, power or interest of either Party under this Royalty Agreement would violate the rule against perpetuities or equivalent rule under Applicable Law, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Royalty Agreement.

## **ARTICLE 3 THE ROYALTY PAYMENTS**

### **3.1 Commencement of Mining and Accrual of Payment Obligation**

- (a) The Payor shall give not less than 15 Business Days written Notice to the Recipient prior to the commencement of mining within the Property.
- (b) Following the first receipt by the Payor or its Affiliates of:
  - (i) payment for the Sale of Products; or
  - (ii) the out-turn of refined metals by a refinery to the pool account of the Payor or its Affiliates in respect of Products,

the Payor shall calculate and pay the Royalty for each Quarter in accordance with the provisions of this Article 3.

- (c) Where the Sale of Products or the out-turn of refined metals is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of refined metal (or other Products) credited by such provisional settlement, but will be adjusted to account for the amount of refined metal (or other Products) established by final settlement by the refinery or by the purchaser of other Products, as the case may be. The payment of the Royalty based on a deemed transfer of title to Products transported off the Property that the Payor or its Affiliates elects to have credited to or held for its account by a smelter, refiner or broker will be final (subject to Section 3.4) and shall not be considered provisional.

### **3.2 Payments**

- (a) Except when an election is made by Recipient under Section 3.3, Royalty payments will be due and payable Quarterly within thirty (30) days following the end of the calendar Quarter in which the obligation to pay the same accrued. The Royalty payments will be accompanied by an Operations Report. Without limiting the remedies available to the Recipient, any and all delinquent Royalty payments by the Payor hereunder shall bear interest from the date the Royalty payment was due until paid in full at a variable annual rate equal to five (5) percentage points above the prime rate as announced from time to time by the Royal Bank of Canada. Interest shall continue to accrue and be payable on all Royalty payments which are delayed due to resolution of any payment dispute, whether the dispute is ultimately resolved by mutual agreement, arbitration or otherwise.
- (b) Royalty payments will be made using proceeds received by the Payor for the sale of Products.

### **3.3 No Payment In Kind**

The Royalty is a royalty in value only. No Royalty payments may be taken in kind by the Recipient.

### **3.4 Audit and Adjustments**

All Royalty payments will be considered final and in full satisfaction of all obligations of the Payor unless the Recipient gives the Payor written Notice describing and setting forth an objection to the determination or calculation of the Royalty within one year after receipt by the Recipient of the Operations Report referred to in Section 5.2 that relates to the Royalty payment in question. If the Recipient objects to a particular Operations Report, then the Recipient shall have the right, for a period of 90 days after the Payor receives Notice of such objection, upon reasonable Notice and at all reasonable times, to have the Payor's Books and Records relating to the calculation of the Royalty in question audited by an independent firm of certified public accountants or chartered accountants selected by the Recipient. If such audit determines that there has been a deficiency or an excess in the payment made to the Recipient, such deficiency or excess will be resolved by adjusting the next Quarterly Royalty payment due. The Recipient will pay all costs of such audit unless a deficiency of 5% or more of the amount due to the Recipient is determined to exist. The Payor will pay the costs of such audit if a deficiency of 5% or more of the amount due to

the Recipient is determined to exist. Failure on the part of the Recipient to make claim on the Payor for adjustment in such one-year period will establish the correctness of the Royalty payment and preclude the filing of exceptions thereto or making of claims for adjustment thereon; provided however that if fraud or gross negligence is reasonably determined by the Recipient to exist in respect of any Royalty payment, then no time limit shall preclude audits and adjustments on past Royalty payments.

### **3.5 Currency and Wire Transfer**

All Royalty payments shall be made in Canadian dollars without demand, notice, set-off, or reduction, via the transfer of immediately available funds to such bank account as the Recipient may nominate in writing to the Payor from time to time.

### **3.6 Payor to use Commercial Endeavours**

The Payor shall use commercially reasonable efforts to sell Products derived from the Property as soon as commercially reasonable and on such terms, including bona fide Trading Activities, which the Payor in its sole discretion determines.

### **3.7 Sales to or Processing by Affiliates**

The Payor shall be permitted to sell any form of Products to an Affiliate of the Payor, provided that such sales will be deemed, for the purposes of this Royalty Agreement, to have been sold at prices and on terms no less favourable to the Payor than those that would be extended by an unaffiliated third Person in an arm's length transaction under similar circumstances and, where applicable, shall be determined based on the value of the Products as set out under the definition of "Gross Proceeds" herein. If the Payor proposes to sell any form of Products to an Affiliate of the Payor, the Payor shall provide advance notice of the Sale to the Recipient. The Payor will be permitted to contract with an Affiliate of the Payor or an unaffiliated third Person for the smelting or other processing of Products, provided that such contract is on an arm's length basis at market terms.

### **3.8 Trading Activities of the Payor**

The Payor will have the right to market and sell refined metals and other Products in any manner it may elect, and will have the right to engage in futures trading or financial commodity options trading and other price hedging, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible physical delivery of Products. The calculation of Net Smelter Returns will not be affected by, and the Recipient will not be entitled or required to participate in, any gain or loss of the Payor or its Affiliates in Trading Activities or in the actual marketing or sale of Products delivered pursuant to Trading Activities.

## ARTICLE 4 OPERATION OF THE PROPERTY

### 4.1 Payor to Determine Operations

The Recipient acknowledges and agrees that any decision to commence, pursue, suspend or cease mining on the Property is solely a matter for the Payor; however the Payor shall notify the Recipient in writing if it is considering or intends to take any of these actions.

### 4.2 Stockpiling

The Payor may stockpile any Products from the Property at such place or places as the Payor may elect. In the event that the Payor stockpiles or holds inventory of any Product, it shall ensure security for the site where such materials are stockpiled in accordance with industry standards, and if any of the stockpiled Products have been processed and are in a form that is saleable without being sold for more than 120 days (“**Inventory Period**”), such Products shall be deemed to have been sold on the last day of the Inventory Period and the Payor shall have the obligation to pay the Royalty in accordance with Section 3.1.

### 4.3 Commingling

Commingling of Products from the Property with other ores, doré, concentrates, precipitates, or other intermediate products, metals, minerals or mineral by-products produced elsewhere (“**Other Source Products**”) is permitted, provided that:

- (a) reasonable and customary procedures are established for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Products and Other Source Products;
- (b) representative samples of the Products shall be retained by the Payor and assays (including moisture and penalty substances) and other appropriate analyses of these samples must be made before commingling to determine gross metal content of the Products and that the Payor shall retain such analyses for a reasonable amount of time, but not less than 24 months, after receipt by the Recipient of the Royalty paid with respect to such commingled Products from the Property; and
- (c) the amount of valuable metals contained in such Products and Other Source Products is capable of being accurately verified by audit under Section 3.4.

### 4.4 Tailings

All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively, “**Materials**”) resulting from the Payor’s operations and activities on the Property shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the Sale or other disposition of Products.

#### **4.5 Activities to be conducted in a Proper Manner**

The Payor shall conduct its activities in relation to the Property in a proper manner in accordance with all Applicable Laws and generally accepted standards and practices in the mining industry in Canada and with the objective of minimizing, so far as practicable, both short and long term damage to the environment.

#### **4.6 Additional Property**

If the Payor or any Affiliate or successor or assignee of the Payor stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, lease or other mineral right located within the boundaries of the Area of Interest, where the boundaries of the Area of Interest will be determined with reference to the boundaries of the Property as at the date of this Royalty Agreement (the “**Additional Property**”), such rights or interests shall thereafter become part of the Property. In the event the Payor or any Affiliate or any successor or assign of the Payor surrenders, allows to lapse or otherwise terminates its interest in the Property or any part thereof and reacquires a mining right or a direct or indirect interest in mining rights in respect of the land covered by the former Property, then the Royalty shall apply to such mining right or interest so acquired. The Payor shall give written Notice to the Recipient within 10 days of any acquisition of Additional Property or of such mining right or interest, as applicable and on demand of the Recipient and to the extent permitted by Applicable Law, registration at the relevant public registers of this Royalty Agreement against the concerned Additional Property, mining right or interest referred to above, as applicable.

#### **4.7 Change of Refinery**

The Payor shall provide written notice to the Recipient within 10 days of any change of smelter or refinery to be used by the Payor.

#### **4.8 Other Royalty Interests**

The Payor covenants not to grant any new royalty interests on all or any part of the Property without the prior written consent of the Recipient, such consent not to be unreasonably withheld.

### **ARTICLE 5 RECORDS, ACCESS AND REPORTING**

#### **5.1 Records and Access**

The Payor shall:

- (a) keep true, accurate and complete Books and Records in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board and as amended, supplemented or replaced from time to time to enable the Royalty to be calculated in accordance with this Royalty Agreement;

- (b) permit the Recipient, after it has given reasonable Notice to the Payor, to inspect at the Payor's premises and at all reasonable times and with access to the Payor's relevant personnel, the Payor's Books and Records referred to in Subsection 5.1(a), and to make and take away with it copies of such Books and Records; and
- (c) permit the Recipient to enter the Property at its own cost and risk for the purpose of inspecting the area and operations in it, provided that the Recipient does not unreasonably hinder the Payor's operations on the Property and complies with the Payor's instructions and directions, including in relation to health and safety and site inductions; provided further that the foregoing site visits shall not occur more than once per year, unless an audit under Section 3.4 shows that the Recipient has been underpaid, in which case the Recipient may conduct site visits at all reasonable times for a period of three years following such audit.

## 5.2 Operations Reports

At the same time as paying each Royalty payment under Section 3.2, the Payor must provide to the Recipient a report setting out in reasonable detail the following information ("**Operations Report**"):

- (a) the quantity, type and grade of Products extracted during that Quarter;
- (b) the quantity, type and grade of Products that have been processed during that Quarter and the location of the relevant facilities;
- (c) the quantity, type and grade of all Products that have been Sold during that Quarter;
- (d) the quantity and type of Products held or unsold during that Quarter;
- (e) the quantity and type of Products that have been processed and are in a form that is saleable without being sold for longer than the Inventory Period where the Inventory Period has ended during that Quarter;
- (f) the Royalty for that Quarter and details of the Gross Proceeds (including details on the average monthly price determined as herein provided for refined metals and proceeds of Sale for other Products) and Allowable Deductions underlying the calculation of the Royalty;
- (g) the cumulative total of Royalty payments paid to the Recipient under this Royalty Agreement (including the payment under Subsection 5.2(f)); and
- (h) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.

## 5.3 Annual Reports

- (a) Prior to the commencement of mining within the Property, the Payor shall provide to the Recipient an annual report on or before 60 days after the last day of each fiscal year of the Payor, outlining the following:

- (i) the work carried out by or on behalf of the Payor on the Property during that year;
  - (ii) an update of the Payor's proposed drilling and exploration activities on the Property during the next year;
  - (iii) an update of the mine operating and development plan and budget which includes updated mineral resources and mineral reserves and forecasted production;
  - (iv) prices used by the Payor or its Affiliates for short term and long term planning purposes with respect to the Property;
  - (v) details of any material health and safety violations and material violations of any Applicable Laws with respect to the Property; and
  - (vi) 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 period.
- (b) From the commencement of the payment of the Royalty, (pursuant to Subsection 3.1(a)), the Payor shall provide to the Recipient an annual report on or before 60 days after the last day of each fiscal year of the Payor, setting out the following:
- (i) amount of Products produced from the Property;
  - (ii) if applicable, the names and addresses of each offtaker to which Products were delivered during the year;
  - (iii) updated mineral resources and mineral reserves on the Property;
  - (iv) operating and exploration expenditure and forecast; and
  - (v) annual production forecast, budget and life of mine plan.

#### **5.4 New Product Resources or Reserves**

If the Payor establishes a new mineral resource or mineral reserve on the Property, the Payor shall provide to the Recipient the reports pertaining to such mineral resource or mineral reserve as soon as practicable after the Payor makes its first public disclosure with respect to the establishment thereof.

### **ARTICLE 6 INDEMNITY**

#### **6.1 Indemnity**

The Payor agrees that it will defend, indemnify, reimburse and hold harmless the Recipient, its Affiliates, and their respective agents and employees and their successors and assigns

(collectively the “**Indemnified Parties**”), and each of them, for, from and against any and all claims, demands, liabilities, actions and proceedings, that may be made or brought against the Indemnified Parties or which the Indemnified Parties may sustain, pay or incur that result from or relate to operations conducted on or in respect of the Property that result from or relate to the mining, smelting or refining of the Products or to their handling or transportation, including claims, demands, liabilities, actions and proceedings, in any way arising from or connected with any non-compliance with applicable 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.

## **6.2 Limitation**

The indemnity provided in Section 6.1 is limited to claims, demands, liabilities, actions and proceedings that may be made or taken against an Indemnified Party in its capacity as or related to the Recipient as a holder of the Royalty and will not include any indemnity in respect of any claims, demands, liabilities, actions and proceedings against an Indemnified Party in any other capacity.

## **6.3 Enforcement of Indemnity**

It is not necessary for an Indemnified Party to incur expense or make payment before enforcing a right of indemnity conferred by this Royalty Agreement.

## **6.4 Survival of Indemnity**

The indemnity in Section 6.1 is a continuing obligation, separate and independent from other obligations and will not be discharged by any one payment or act and will survive expiration or earlier termination of this Royalty Agreement.

# **ARTICLE 7 TITLE MAINTENANCE**

## **7.1 Title Maintenance and Taxes**

Subject to Section 7.2, the Payor shall:

- (a) not do or permit to be done, anything that may render its interest in the Property liable for forfeiture;
- (b) maintain title to the Property, including without limitation, paying when due all taxes, duties or other payments on or with respect to the Property and doing all things and making any payments required by Applicable Law or appropriate to maintain the right, title and interest of the Payor and the Recipient, respectively, in the Property and under this Royalty Agreement;

- (c) perform all required assessment work (whether statutory or contractual), pay all maintenance fees and make such filings and recordings on the Property as are necessary to maintain title to the Property in accordance with Applicable Law; and
- (d) maintain in good standing any policies of insurance maintained by the Payor in respect of the Property and present all claims under such policies in a due and timely manner.

## 7.2 Abandonment

- (a) If the Payor intends to allow to lapse, abandon or surrender the Property in its entirety (the “**Abandonment Property**”), the Payor shall give Notice of such intention to the Recipient in advance of the proposed date of abandonment or surrender (one or the other, an “**Abandonment Date**”) along with details of the Abandonment Date and details of any Encumbrance on the Abandonment Property created by, through or under the Payor. The Abandonment Property must be in good standing for a period of at least 12 months from the Abandonment Date. Within 90 days of receipt of Notice of the Abandonment Date, the Recipient may deliver Notice to the Payor that the Recipient desires the Payor to convey the Abandonment Property to the Recipient at least 30 days prior to the Abandonment Date and, if the Recipient desires to have the Abandonment Property conveyed to it, then the Payor shall convey the Abandonment Property to the Recipient, which will be on an “as is” basis in consideration for the sum of US\$1.00 and the Payor shall have no further obligations in respect of the Abandonment Property under this Royalty Agreement. The Payor shall use commercially reasonable efforts to obtain all approvals and consents required by any third Person or Governmental Body to effect this transfer. The Payor shall also deliver to the Recipient all reports, maps and data in its possession with respect to the Abandonment Property concurrently with the conveyance.
- (b) If the Recipient does not request conveyance of the Abandonment Property within 30 days of receipt of the Notice from the Payor then, subject to Subsection 7.2(c), the Recipient’s right to have such property conveyed will be terminated and the Payor may abandon the Abandonment Property and shall thereafter have no further obligations in respect of the Abandonment Property under this Royalty Agreement.
- (c) For greater certainty, if, for any reason, the Abandonment Property is not abandoned, surrendered or transferred to the Recipient in accordance with this Section 7.2, then the Royalty shall continue to be payable on such Abandonment Property and the Payor will not allow the Abandonment Property to lapse or proceed with any abandonment or surrender of such Abandonment Property without again complying with the provisions of this Section 7.2 and so on from time to time.

## 7.3 Grant of Encumbrances

- (a) Except as permitted in Subsection 7.3(b), the Payor covenants in favour of the Recipient that it will not grant any Encumbrance over the Property.

- (b) The Parties agree that the Payor may grant a Permitted Mortgage to a Permitted Mortgagee or a Permitted Encumbrance.

## **ARTICLE 8 ASSIGNMENT**

### **8.1 Assignment by the Recipient**

The Recipient may assign this Royalty Agreement in whole or in part provided that such assignment will not be effective against the Payor until the Recipient has delivered to the Payor Notice of the assignment.

### **8.2 Assignment by the Payor**

The Payor shall not assign this Royalty Agreement or any rights and obligations under this Royalty Agreement without the written consent of the Recipient (such consent not to be unreasonably withheld) except to an Affiliate of the Payor or in connection with a transfer contemplated by Section 8.3, provided that such Affiliate or other transferee agrees in writing to assume the obligations of the Payor hereunder and to be bound by the provisions of this Royalty Agreement in all respects and to the same extent as the Payor is bound. If the assignment is to an Affiliate of the Payor, the Payor shall continue to be bound by all of the obligations as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails to do so.

### **8.3 Transfer by Payor**

The Payor shall not transfer, sell, lease, assign or otherwise dispose of all or any of its rights, title and interest in and to the Property unless:

- (a) the Payor delivers to the Recipient Notice of the sale, lease, assignment or other disposition of any of its rights, title and interest in and to the Property;
- (b) the transferee, purchaser, lessee or assignee, agrees in writing to assume the obligations of the Payor hereunder and be bound by the terms of this Royalty Agreement (to the extent of the interest that is transferred, sold, leased or assigned); and
- (c) if the Recipient has been granted a mortgage or other security agreement in respect of the Property which secures the payment of the Royalty and obligations contained in this Royalty Agreement, then the transferee, purchaser, lessee or assignee must covenant to be bound by the terms of such mortgage or security agreement in a form acceptable to the Recipient.

Notwithstanding any other provision in this Royalty Agreement, including the provisions of this Section 8.3, the Payor shall remain liable for all covenants, agreements and obligations of the Payor contained in this Royalty Agreement, despite any transfer, sale, lease or assignment of any interest in the Property by the Payor (or an Affiliate of the

Payor), until such time as any transferee, purchaser, lessee or assignee assumes such covenants, agreements and obligations in writing.

## **ARTICLE 9 CONFIDENTIALITY**

### **9.1 Confidentiality**

- (a) Subject to Subsection 9.1(b), each Party covenants with the other that it will keep confidential all information provided or disclosed to a Party by reason of the operation of this Royalty Agreement, including any information regarding a Party's Affiliates ("**Confidential Information**").
- (b) Each Party undertakes that neither it nor its employees, agents or contractors will, without the prior written consent of the other Party, disclose any Confidential Information to any third Person unless:
  - (i) the disclosure is expressly permitted by this Royalty Agreement;
  - (ii) the information is already in the public domain (unless it entered the public domain because of a breach of this Section 9.1 by the Party);
  - (iii) the disclosure is made on a confidential basis to the Party's officers, employees, agents, financiers or professional advisers, and is necessary for the Party's business;
  - (iv) the disclosure is necessary to comply with any Applicable Law, or an order of a court or tribunal;
  - (v) the disclosure is necessary to comply with a directive or request of any Governmental Body, securities regulator or stock exchange (whether or not having the force of law) so long as a responsible person in a similar position would comply;
  - (vi) the disclosure is necessary or desirable to obtain an authorization from any Governmental Body, securities regulator or stock exchange;
  - (vii) the disclosure is necessary in relation to any discovery of documents, or any proceedings before an arbitrator, court, tribunal, other Governmental Body, securities regulator or stock exchange; or
  - (viii) the disclosure is made on a confidential basis to a prospective assignee or financier of the Party, or to any other person who proposes to enter into contractual relations with the Party and agrees to keep the disclosure confidential in accordance with this Section 9.1.

## **9.2 Announcements**

The Payor agrees that before it makes its first public announcement regarding the entering into or content of this Royalty Agreement, it will provide a copy of the proposed announcement to the Recipient at least 48 hours prior to the time that the announcement is intended to be made. The Payor shall consider in good faith any reasonable additions or amendments to its proposed announcement requested by the Recipient.

## **ARTICLE 10 MISCELLANEOUS**

### **10.1 Governing Law**

This Royalty Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, other than such laws relating to conflict of laws.

Subject to Section 10.2, the Parties irrevocably submit to the exclusive jurisdiction of the courts exercising jurisdiction in the Province of British Columbia and any court that may hear appeals from any of those courts for any proceeding in connection with this Royalty Agreement, subject only to the right to enforce a judgment obtained in any of those courts in any other jurisdiction.

### **10.2 Dispute Resolution**

Any dispute, controversy or claim between the Parties, arising out of or relating to this Royalty Agreement, or the execution, interpretation, breach, termination, or invalidity thereof, shall be determined by arbitration in accordance with the *International Commercial Arbitration Act* (British Columbia) or any successor or replacement legislation which may be in force, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction over the relevant Party or its assets. The place of arbitration shall be Vancouver, British Columbia and the arbitration shall be conducted in the English language.

The arbitration shall be conducted by one arbitrator selected from an eight (8) member panel designated by the International Commercial Arbitration Society. Each member named to the panel shall have significant experience in the precious or base metals industry. In the event the Parties are unable to agree on one arbitrator from the panel, each Party shall rank the members of the panel from first choice (eight points) to last choice (one point), assigning each panel member a separate and distinct ranking in an associated whole numerical point value. Upon combining the point designations of the Payor and the Recipient, the panel members with the highest combined total shall be elected as the arbitrator. In the event of a tie, the panel members who are so tied shall privately confer and determine which of the tied panel members shall be appointed as arbitrator.

The arbitrator shall reduce its award to writing and deliver one copy thereof to each of the Parties, and such award will be final and binding upon the Parties.

Nothing in this provision shall prevent any Party from seeking conservatory or interim measures, including, but not limited to, attachments, temporary restraining orders or preliminary injunctions or their equivalent, from any court having jurisdiction thereof, either before or after the arbitral tribunal is constituted.

### **10.3 Other Activities and Interests**

This Royalty Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property and Additional Property, if any. 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 to participate therein, including activities involving mining titles adjoining the Property or Additional Property, if any.

### **10.4 No Partnership**

This Royalty Agreement is not intended to, and will not be deemed to, create any partnership between or among the Parties including, without limitation, a mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and no Party will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of any other Party. Nothing herein contained will be deemed to constitute a Party the partner, agent or legal representative of the other Parties or to create any fiduciary relationship between the Parties.

### **10.5 Notice**

Any notice, demand, consent or other communication (“**Notice**”) given or made under this Royalty Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by hand or by courier to the address below or the address last notified by the intended recipient to the sender:
  - (i) to the Recipient:

RRM Exploracion S.A.P.I. de C.V.  
Suite 500, 800 West Pender Street  
Vancouver, British Columbia, V6C 2V6

Attention: John-Mark Staude  
Email: [jmstaude@rivres.com](mailto:jmstaude@rivres.com)

(ii) to the Payor:

xxxx

Attention: xxxx

Email: xxxx

(c) Any Notice will be deemed to have been given and received:

- (i) if personally delivered, then on the day of personal service to the recipient Party, provided that if such date is a day other than a Business Day such Notice will be deemed to have been given and received on the first Business Day following the date of personal service;
- (ii) if by courier, on the day of receipt by the recipient party, provided that if such date is a day other than a Business Day such notice will be deemed to have been given and received on the first Business Day following the date of personal service; or
- (iii) if sent by facsimile transmission or email and successfully transmitted with proof of transmission prior to 4:00 pm on a Business Day where the recipient is located, then on that Business Day, and if transmitted after 4:00 pm on a Business Day where the recipient is located or on the day that is not a Business Day where the recipient is located, then on the first Business Day following the date of transmission.

A Party may at any time change its address for future Notices hereunder by Notice in accordance with this Section.

## 10.6 Compliance with National Instrument 43-101

The Parties acknowledge that the Recipient or Affiliates thereof may become subject to NI 43-101. The Payor hereby covenants that upon written request by the Recipient or an Affiliate thereof, it shall:

- (a) provide any and all necessary technical data on the Property as reasonably requested by the Recipient;
- (b) grant access to the Property to the Recipient, its Affiliates or any representative thereof for personal inspection of the Property; and
- (c) allow any report prepared for the Payor in accordance with NI 43-101 to be used by the Recipient or its Affiliates in any technical report prepared for the Recipient or its Affiliates, on a condition that a “qualified person” (as such term is defined in NI 43-101) engaged by the Recipient is the author of the report prepared for the Recipient or its Affiliates.

**10.7 Further Assurances**

Each Party will, at the request of the other Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effectuate the purposes and intent of this Royalty Agreement.

**10.8 Entire Agreement**

This Royalty Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between or among the Parties with respect thereto.

**10.9 Amendments and Waiver**

No modification of or amendment to this Royalty Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties and no waiver of any breach of any term or provision of this Royalty Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

**10.10 Time of the Essence**

Time is of the essence in the performance of any and all of the obligations of the Parties, including, without limitation, the payment of monies.

**10.11 Counterparts**

This Royalty Agreement may be executed in two or more counterparts (including counterparts delivered by facsimile or email), all of which, taken together, shall be regarded as one and the same Royalty Agreement. Counterparts may be delivered by facsimile or email and the Parties adopt any signatures received by facsimile or email as original signatures of the Parties.

**10.12 Parties in Interest**

This Royalty Agreement will inure to the benefit of and be binding on the Parties and their respective successors and permitted assigns.

**10.13 Language**

The Parties have expressly required that this Royalty Agreement, any communication and all other contracts, documents and notices relating to this Royalty Agreement be drafted in the English language. Les parties ont expressément exigé que la présente convention, la communication et tous les autres contrats, documents et avis qui y sont afférents soient rédigés dans la langue anglaise.

**[The remainder of this page is intentionally left blank]**

**IN WITNESS WHEREOF**, the Parties have caused this Royalty Agreement to be executed and delivered as of the date first set forth above.

**[RRM EXPLORACION, S.A.P.I. DE C.V.]**

By: \_\_\_\_\_  
Name:  
Title:

**[QUESTCORP MINING INC.]**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX A**  
**DESCRIPTION OF PROPERTY**

| Title Number | Claim Name | Map Number | Issue Date | Good To Date | Status | Area (ha) |
|--------------|------------|------------|------------|--------------|--------|-----------|
|              |            |            |            |              |        |           |
|              |            |            |            |              |        |           |
|              |            |            |            |              |        |           |

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**APPENDIX B**  
**MAP OF PROPERTY**