

**OPTION AGREEMENT**

**THIS AGREEMENT** is made as of the 5th day of April 2017 (the “**Effective Date**”).

**BETWEEN:**

**DEEPROCK MINERALS INC.**, a company incorporated under the laws of British Columbia, with an address at 131 - 8191 Westminster Highway, Richmond, British Columbia, V6X 1A7.

(the “**Optionee**”)

**OF THE FIRST PART**

**AND:**

**MEGASTAR DEVELOPMENT CORP.**, a company incorporated under the laws of British Columbia, with an address at 1450 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

(the “**Optionor**”)

**OF THE SECOND PART**

**WHEREAS:**

A. The Optionor is the beneficial owner of a one hundred percent (100%) interest in the Ralleau property located in the Quevillon area of Quebec, as more particularly described in Schedule “A” attached hereto (the “**Property**”); and

B. The Optionor has agreed to grant an exclusive option to the Optionee to acquire an undivided fifty percent (50%) interest in and to the Property and on the terms and conditions set out in this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and of the mutual covenants and provisions contained in this Agreement, the parties agree as follows:

**1. DEFINITIONS**

For the purposes of this Agreement the following words and phrases shall have the following meanings, namely:

- (a) “**Affiliate**” has the meaning ascribed to it in the *Business Corporations Act* (British Columbia);
- (b) “**Agreement**” means this agreement and all schedule hereto, as may be amended from time to time;



- (c) **“Commencement of Commercial Production”** means:
- (i) if a mill is located on the Property, the last day of a period of 40 consecutive days in which, for not less than 30 days, the mill processed ore from the Property at not less than 60% of its rated capacity; or
  - (ii) if no mill is located on the Property, the last day of the third period of 30 consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,
- but no period of time during which ore is shipped from the Property for testing purposes, and no period of time during which milling operations are undertaken as initial tune-up, will be taken into account in determining the date of commencement of commercial production;
- (d) **“Earn-In Date”** means the date that the Optionee has exercised the Option and acquired an undivided 50% interest in and to the Property as provided in this Agreement;
- (e) **“Encumbrance”** means any privilege, mortgage, hypothec, lien, charge, pledge, security interest or adverse claim;
- (f) **“Exchange”** means the Canadian Securities Exchange, operated by CNSX Markets Inc.;
- (g) **“Exchange Listing Date”** means the earlier of: (i) the date the Optionee’s common shares are listed and begin trading on the Exchange or (ii) March 30, 2018;
- (h) **“Exploration Expenditures”** means all expenditures and costs incurred by the Optionee relating directly or indirectly to the Property, including all expenditures and costs incurred: (a) in doing geophysical, geochemical, land, airborne, environmental and geological examinations, assessments, assays, audits and surveys; (b) in line cutting, mapping, trenching and staking; (c) in searching for, digging, trucking, sampling, working, developing, mining and extracting ores, minerals and metals; (d) in conducting diamond and other drilling; (e) in obtaining, providing, installing and erecting mining, milling and other treatment, plant, ancillary facilities, buildings, machinery, tools, appliances and equipment; (f) in construction of access roads and other facilities on or for the benefit of the Property or any part thereof; (g) in transporting personnel, supplies, mining, milling and other treatment plant, ancillary facilities, buildings, machinery, tools, appliances and equipment in, to or from the Property or any part thereof; (h) in paying reasonable wages and salaries (including “fringe benefits”, but excluding home office costs) of personnel directly engaged in performing work on the Property; (i) in paying assessments and contributions under applicable employment legislation relating to workers’ compensation and unemployment insurance and other applicable legislation related to such personnel; (j) in supplying food, lodging and other reasonable needs for such personnel; (k) in obtaining and maintaining insurance; (l) in obtaining legal, accounting, consulting and other contract and professional services or facilities related to work performed or to be performed hereunder; (m) in paying any taxes, fees, charges, payments and rentals (including payments made in lieu of assessment work) or otherwise incurred to transfer the Property or any part thereof in good standing; (n) in paying goods and services tax and social service tax and other taxes charged on expenditures made or incurred by the Optionee relating directly or indirectly to the Property; (o) in carrying out any negotiations and preparing, settling and executing any Agreements and other documents relating to environmental or

indigenous peoples' claims, requirements or matters; (p) in obtaining all necessary or appropriate approvals, permits, consents and permissions relating to carrying out of work, including environmental permits, approvals and consents; (q) in carrying out reclamation and remediation; (r) in improving, protecting and perfecting title to the Property or any part thereof; (s) in carrying out mineral, soil, water, air and other testing; and (t) in preparing engineering, geological, financing, marketing and environmental studies and reports, including a Pre-Feasibility Report, and test work related thereto;

- (i) **"Management Committee"** has the meaning ascribed to it in Section 6.3;
- (j) **"Manager"** has the meaning ascribed to it in Section 6.4;
- (k) **"Option"** means the option to acquire an undivided 50% interest in and to the Property as provided in this Agreement;
- (l) **"Option Period"** means the period from the date of this Agreement to and including the date of exercise or termination of the Option;
- (m) **"Permitted Encumbrance"** means any encumbrance in respect to the Property constituted by the following:
  - (i) inchoate or statutory liens for taxes or utilities not at the time overdue;
  - (ii) any reservations or exceptions contained in the original grants of land;
  - (iii) minor discrepancies in the legal description of the Property or any adjoining real property which would be disclosed in an up to date survey and any registered easements and registered restrictions or covenants that run with the land which do not materially detract from the value of the Property; and
  - (iv) rights of way for or reservations or rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of real property, which do not in the aggregate materially detract from the value of the Property;
- (n) **"Pre-Feasibility Study"** means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where the a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person (as such term is defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*), acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;
- (o) **"Production Royalty Interest"** means an interest in the returns generated from production on the Property determined in accordance with Schedule "B";
- (p) **"Program"** means any program to carry out work and incur expenditures on the Property and includes, as the context requires, the preparation of any preliminary feasibility study

or other feasibility study or report, and also includes any amendments to a Program which may be proposed by the Operator;

- (q) **“Property”** means the mineral claims described in Schedule “A”, including any replacement or successor claims, and all mining leases and other mining interests derived from any such claims, and as may be expanded by Section 12.1. Any reference herein to any mineral claim comprising the Property includes any mineral leases or other interests into which such mineral claim may have been converted; and
- (r) **“Shares”** means the 750,000 common shares in the capital of the Optionee to be issued to the Optionor as fully paid and non-assessable pursuant to the exercise of the Option.

## 2. **REPRESENTATIONS AND WARRANTIES**

2.1 The Optionor represents and warrants to the Optionee that:

- (a) it is the legal and beneficial owner of a 100% interest in the mineral claims described in Schedule “A” and has the exclusive right to enter into this Agreement and dispose of an interest in the Property in accordance with the terms hereof;
- (b) the mineral claims comprising the Property are validly located, duly recorded and in good standing, free and clear of all Encumbrances and underlying interests whatsoever;
- (c) to the knowledge of the Optionor, there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which directly or indirectly relate to or affect the Property or the interests of the Optionor therein;
- (d) there are no outstanding Agreements or options to purchase or otherwise acquire the Property or any portion thereof or any interest therein, and no person has any royalty or other interest whatsoever in the production from or the profits earned from any of the mineral claims comprising the Property;
- (e) the Optionor is legally entitled to hold its interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by it and necessary for the exploitation of the Property, and will remain so entitled for so long as it holds any interest in the Property;
- (f) upon exercise of the Option, the Optionor will have the legal right and authority to transfer title to an undivided 50% legal and beneficial interest in the Property to the Optionee;
- (g) there are no obligations or commitments for reclamation, closure or other environmental corrective, clean-up or remediation action directly or indirectly relating to the Property;
- (h) no environmental audit, assessment, study or test has been conducted on the Property by or on behalf of the Optionor nor is the Optionor aware after reasonable inquiry of any of the same having been conducted by or on behalf of any governmental authority or by any other person;
- (i) the Property is not the whole or substantially the whole of the undertaking of the Optionor;

- (j) no proceedings are pending for, and the Optionor is unaware of any basis for the institution of any proceedings leading to, the dissolution or winding up of the Optionor or the placing of the Optionor in bankruptcy or subject to any other laws governing the affairs of insolvent corporations;
- (k) it has been duly incorporated and is a valid and subsisting body corporate under the laws of British Columbia and is duly qualified to carry on its business and to hold an interest in the Property; and
- (l) it has duly obtained all necessary governmental, corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any Encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders or any indenture, Agreement or other instrument to which it is a party or by which it or its assets may be bound.

2.2 The Optionee represents and warrants to the Optionor that:

- (a) it is lawfully authorized to hold mineral claims and real property under the laws of the jurisdiction in which the Property is situated;
- (b) it has been duly incorporated and is a valid and subsisting body corporate under the laws of British Columbia and is duly qualified to carry on business in its jurisdiction of incorporation and to hold an interest in the Property;
- (c) it is a reporting issuer in the Provinces of British Columbia and Alberta;
- (d) it will have its common shares posted and listed for trading on the Exchange on or before March 30, 2018;
- (e) it has duly obtained all necessary governmental, corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any Encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders or any indenture, Agreement or other instrument to which it is a party or by which it or its assets may be bound;
- (f) no proceedings are pending for, and the Optionee is unaware of any basis for the institution of any proceedings leading to, the dissolution or winding up of the Optionee or the placing of the Optionee in bankruptcy or subject to any other laws governing the affairs of insolvent corporations; and
- (g) it acknowledges that the Shares to be issued to the Optionor will be issued pursuant to prospectus exemption requirements of the *Securities Act* (British Columbia) (the "Act") and the shares certificates representing such shares will be subject to hold periods as required pursuant to the Act and any other applicable securities legislation.

2.3 The representations and warranties of the parties set out herein are conditions upon which the parties have relied in entering into this Agreement and shall survive the termination of this Agreement and

the acquisition of any interest in the Property by the Optionee hereunder, and each party shall indemnify and save harmless from all loss, damage, costs and expenses which may be suffered or incurred by the other as a result of or in connection with any breach or inaccuracy of any such representation and warranty made by such party.

### 3. OPTION PAYMENTS AND COMMITMENTS

3.1 The Optionor irrevocably grants to the Optionee the sole and exclusive right and option (the "**Option**") to acquire an undivided 50% interest in and to the Property free and clear of all Encumbrances, except Permitted Encumbrances, by paying to the Optionor the consideration contemplated in Section 3.2 and incurring the Exploration Expenditures contemplated in Section 3.2.

3.2 The Optionee will be deemed to have exercised its Option upon:

- (a) the Optionee paying to the Optionor \$100,000 as follows:
  - (i) \$5,000 on or before the date of execution of this Agreement;
  - (ii) \$5,000 on or before the Exchange Listing Date;
  - (iii) \$5,000 on or before the first anniversary date of this Agreement;
  - (iv) \$10,000 on or before the second anniversary date of this Agreement;
  - (v) \$75,000 on or before the third anniversary date of this Agreement; and
- (b) the Optionee allotting and issuing to the Optionor, as fully paid and non-assessable, the Shares as follows:
  - (i) 200,000 common shares on the Exchange Listing Date;
  - (ii) 100,000 common shares on or before the first anniversary of the Agreement;
  - (iii) 200,000 common shares on or before the second anniversary of the Agreement;
  - (iv) 250,000 common shares on or before the third anniversary of the Agreement; and
- (c) the Optionee incurring Exploration Expenditures of \$250,000 on the Property as follows:
  - (i) \$40,000 on or before May 30, 2017;
  - (ii) \$15,000 on or before July 30, 2017;
  - (iii) \$25,000 on or before March 30, 2018;
  - (iv) \$50,000 on or before the second anniversary date of this Agreement; and
  - (v) \$120,000 on or before the third anniversary date of this Agreement.

3.3 Exploration Expenditures shall be deemed to have been incurred by the Optionee when the Optionee has expended funds or has received goods or services from third parties for which the Optionee has an obligation to make payment, whether or not payment has been made. Where Exploration

Expenditures are charged to the Optionee by an Affiliate of the Optionee for services rendered by such affiliate, such Exploration Expenditures shall not exceed the fair market value of the services rendered.

3.4 Exploration Expenditures incurred by the Optionee exceeding the amount of Exploration Expenditures required to be incurred within any period shall be carried forward to the succeeding period and qualify as Exploration Expenditures. If the Exploration Expenditures incurred are less than the amount of the Exploration Expenditures required to be incurred in any period, the Optionee may at its option pay the deficiency to the Optionor within 60 days after the end of such period in order to maintain the Option. Any such payment of cash in lieu shall be deemed to be Exploration Expenditures incurred on the Property on or before the relevant date for the purposes of this Part 3.

3.5 The Optionor shall have the right to have its auditors audit the Exploration Expenditures claimed by the Optionee pursuant to this Agreement and the Optionee shall make available to such auditor, all of the records and accounts required by such auditor to perform the audit. In the event the audit determines that the Exploration Expenditures claimed have not been fully incurred pursuant to the terms of the Option Agreement then any shortfall shall be dealt with by the Optionee in the manner set out in Section 3.6.

3.6 If the Optionee reasonably believes that it has incurred Exploration Expenditures required to be incurred by the Optionee in any period in order to maintain the Option, but it is subsequently determined upon examination or audit by either party that such Exploration Expenditures were not incurred within such period, the Optionee shall not lose any of its rights hereunder and the Option shall not terminate, provided that the Optionee pays the Optionor such deficiency in Exploration Expenditures within 30 days following such determination (if determined by the Optionee) or within 30 days following notice to the Optionee of such deficiency (if determined by the Optionor), and the payment of such deficiency in Exploration Expenditures shall be deemed to be Exploration Expenditures incurred by the Optionee for purposes of this Agreement.

3.7 The Optionor acknowledges that the Shares are being issued pursuant to an exemption from the prospectus requirements of applicable securities laws, and that, as a result, the Shares will be subject to restrictions on resale imposed by securities legislation until: (a) all applicable resale restrictions have been satisfied and the applicable statutory hold period has expired in accordance with National Instrument 45-102 – *Resale of Securities* (“NI 45-102”); (b) a further statutory exemption under National Instrument 45-106 – *Prospectus Exemptions*, or applicable securities legislation is available; (c) an appropriate discretionary order under applicable securities legislation is obtained; or (d) the Optionor, if a control person, has satisfied all conditions related to sales by control persons set out in NI 45-102 or the applicable securities legislation.

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

3.9 If and when the Option has been exercised, an undivided 50% right, title and interest in and to the Property shall vest in the Optionee free and clear of all Encumbrances, except Permitted Encumbrances.

#### **4. TRANSFER OF PROPERTY**

4.1 The Optionor shall, forthwith after the exercise of the Option by the Optionee, deliver to the Optionee duly executed transfers of a 50% interest in the Property which shall have been acquired by the Optionee upon exercise of the Option.

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5. **APPOINTMENT OF OPERATOR**

5.1 The Optionee will be the operator on the Property (“**Operator**”) under this Agreement and will be entitled to continue to act as the Operator until the Optionee may resign as the Operator on at least 30 days’ notice to all parties. If the Optionee declines to be the Operator or resigns as the Operator, the parties will appoint a new Operator.

5.2 The Operator will have the sole and exclusive right and authority to manage and carry out all Programs on the Property.

5.3 During the term of the Option, the Operator will have the right and option to:

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

6. **FORMATION OF JOINT VENTURE**

6.1 If the Optionee exercises the Option, then effective immediately on the Earn-In Date, the Optionee and the Optionor will participate in a joint venture (the “**Joint Venture**”) for the purpose of further exploration and development work on the Property and if warranted, the operation of one or more mines on the Property.

*Participating Interests*

6.2 If the Optionee exercised the 50% Interest in accordance with Section 3.1, the participating interests of the parties at the time the Joint Venture is formed will be:

Optionee	50%
Optionor	50%

Each party will be responsible for payment of its proportionate share (based on its participating interest) of the operating and capital costs of the Joint Venture’s operations, including reclamation and remediation obligations and any security required therefor.

*Management Committee*

6.3 Upon formation of the Joint Venture, a management committee (the “**Management Committee**”), formed by members from each party and holding voting rights in accordance with each party’s participating interest, will be established which will make all decisions, on a simple majority vote, which are required to be made by the Joint Venture parties with respect to the Joint Venture’s operation, with the Optionor getting the deciding vote in the event of a tie vote. The Management Committee will have the authority to establish its own rules on how meetings of the Management Committee will be called and conducted.



### ***Manager***

6.4 The manager of the Joint Venture (the “**Manager**”) will be subject to the direction and control of the Management Committee. The Optionee will have the right to be the Manager of the Joint Venture and to manage and operate the exploration, feasibility study, mine development and mining phases of the project during the term of the Joint Venture, provided that the Optionee’s participating interest in the Joint Venture is at least fifty percent (50%). If the Optionee holds less than a 50% participating interest, the Management Committee may appoint a new Manager.

### ***Overhead Costs***

6.5 The Manager will be entitled to charge the Joint Venture an amount for general overhead and administrative costs and management fees equal to 3.5% of all Exploration Expenditures (the “**Overhead Charge**”), excluding the Overhead Change.

The parties intend that the Manager will not lose or profit by reason of acting as Manager of the Joint Venture. The Manager’s rates for general overhead and administrative costs and management fees will be reviewed annually by the Management Committee, which may make such amendments as may be necessary or desirable to achieve the parties’ intention.

### ***Contracts with Manager***

6.6 The Manager and any Affiliate of the Manager may enter into contracts with the Joint Venture, provided that at the time of formation of any such contract the terms thereof, including the allocation of revenues, costs, obligations and liabilities are fair and reasonable, and that any charges made by the Manager or its Affiliates to the Joint Venture do not exceed the fair market value therefor.

### ***Accounting Procedures***

6.7 The Manager will maintain or cause to be maintained the accounts for the Joint Venture, to the extent and in such detail and at such places as the Management Committee may determine, such books and records pertaining to the Joint Venture and to the costs and expenses thereof and the performance of the Manager hereunder, and to the receipt and disposition of proceeds from any joint sales, as will properly reflect, in accordance with International Financial Reporting Standards to the extent applicable and not in conflict with the provisions hereof, all transactions of the Manager in relation to the operation of the Joint Venture and the performance of the Manager’s duties hereunder and all costs paid by the Manager in the performance thereof and for which it will seek reimbursement, all of which books and records will be made available to the other party and the Management Committee, upon reasonable notice and at all reasonable times, for inspection, audit and reproduction. As soon as possible after the close of each fiscal year of the Manager, all the books and accounts of the Manager relating to the operation of the Joint Venture for such fiscal year will be audited by the auditors for the Optionee or such other auditors as the Management Committee may determine at the expense of the Joint Venture and copies of the report of the auditors will be sent promptly to each party. Any claim against the Manager relating to any transactions during the period covered by such audit will be made within 2 years after such audit.

### ***Programs and Budgets***

6.8 The Manager will propose the work programs and budgets following the formation of the Joint Venture in accordance with the instructions of the Management Committee. Each party will have 60 days from the date of receipt of a program to notify the Manager as to whether it will participate at its interest level or whether it will not participate. The participating interest of a party which elects not to participate

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will be proportionately diluted in accordance with the dilution formula set out in Section 6.9. A party which fails to so notify the Manager within the time required will be deemed to have elected to participate in the work program at its interest level. A party's right not to participate in a work program and be diluted as aforesaid may only be exercised prior to a production decision, subject to Section 6.13. A party which elects not to participate in a program will not be subject to dilution to the extent that the expenditures under such program exceed 115% of the budget for such program.

***Dilution***

6.9 The dilution formula will be as follows:

$$\text{percentage participating interest of party Y} = \frac{(A + B) \times 100}{C}$$

where:

A = deemed expenditures of party Y

B = actual expenditures of party Y

C = total expenditures (deemed and actual) of all parties

Deemed expenditures are assigned a value based on work done by the Optionee in order to earn its participating interest. Thus, the deemed expenditures for the parties will be as follows:

If the participating interests of the parties are:		Their deemed expenditures upon formation of the Joint Venture will be:
Optionor	50%	\$1,050,000
Optionee	50%	\$250,000

For the purposes of calculating B and C above, actual expenditures are those expenditures made by a party after formation of the Joint Venture, provided that such actual expenditures will exclude costs made or incurred and included in Exploration Expenditures prior to the day that the Management Committee gives notice to the parties of the formation of the Joint Venture but paid subsequent to formation of the Joint Venture.

***Excess Exploration Expenditures***

6.10 Any Exploration Expenditures made or incurred by the Optionee in excess of the Exploration Expenditures required to earn its interest in the Property will be credited to the Optionee's contribution to the first work program after formation of the Joint Venture and will not automatically dilute the participating interest of the Optionor on formation.

***Royalty Interest***

6.11 If any party is diluted to a 10% or lower participating interest, that party will be deemed to have waived the opportunity to participate in future work programs, whether in exploration, development or production, and to have converted its participating interest to a 2% Production Royalty Interest, to be determined and paid as set out in Schedule "B" hereto.

***Feasibility Study***

6.12 The Management Committee will propose and may amend the schedule for preparation of a Feasibility Study, and will have the right to review and approve or reject the Feasibility Study or require it to be modified and to make the production decision. The Manager will have the right to prepare the Feasibility Study unless otherwise determined by the Management Committee.

***Production Decision***

6.13 For 90 days following a positive production decision, each party to the Joint Venture will have the right to elect to participate in the financing in proportion to its then current participating interest in the Joint Venture. If a party does not elect to participate in the financing, or is unsuccessful in raising its proportionate share of the financing, then the other party may arrange all the financing required and if it does so, the participating interest of the party which has not provided its share of the financing will be converted to a 2% Production Royalty Interest, to be determined and paid as provided in Schedule "B" hereto.

***Reclamation Fund***

6.14 Upon Commencement of Commercial Production, a reclamation fund will be established to which the parties will be obliged to contribute in accordance with their participating interests. The reclamation fund will be in an amount determined by the Management Committee from time to time. The Manager will in its reasonable discretion accept security in lieu of receiving such payment in cash. The reclamation fund need not be maintained if one party acquires all of the other party's participating interest in the Joint Venture.

***Buy-out of Production Royalty***

6.15 If a party's participating interest is converted into a Production Royalty Interest under Section 6.11 or Section 6.13, the Production Royalty Interest may be purchased by the other party upon notice given at any time prior to the 90<sup>th</sup> day after the Commencement of Commercial Production in consideration of the payment to the holder of the Production Royalty Interest of an aggregate of \$1,000,000 for each 1% of the Production Royalty Interest purchased.

***Withdrawal***

6.16 Notwithstanding anything herein contained, a party hereto may elect to withdraw from the Joint Venture by offering its interest in writing to the other party for \$1.00. If the other party does not accept the offer in writing within 90 days, the Manager will cease operations.

***Default in Funding***

6.17 If a party to the Joint Venture defaults in its obligation to contribute to any program and budget or to make any other required contribution, the other party may at its election make such contribution on behalf of the defaulting party (a "cover payment"). The cover payment will constitute indebtedness due from the defaulting party to the party making the cover payment and will be payable on demand, will bear interest at the prime rate of the Bank of Canada plus 10% per annum and will be secured by the defaulting party's right, title and interest in the Property and all production therefrom. The party making the cover payment will have the right to sell in any commercially reasonable manner the defaulting party's share of products of any mine developed on the Property until the cover payment and accrued interest thereon have been paid in full, or may at any time prior to such payment in full at its election:

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- (a) adjust the parties' respective participating interests pursuant to Section 6.9;
- (b) sell the defaulting party's right, title and interest in the Property to a third party in a manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice; or
- (c) purchase for its own account all right, title and interest of the defaulting party in the Property at the fair market value thereof.

***Taking in Kind***

6.18 Except as otherwise expressly provided in Section 6.17, each party will be entitled to take in kind and separately dispose of its share of products of any mine developed on the Property in accordance with its participating interest. Any expenditure incurred in the taking in kind of products by a party will be borne by it. The division of products for the purposes of this provision will be conducted in a fair and equitable manner.

**7. NEGOTIATION OF FORMAL AGREEMENT**

***Notice to Negotiate***

7.1 Prior to the exercise of the Option and thereafter so long as both parties hold participating interests in the Property, either party may give notice to the other party that it wishes to enter into negotiations with a view to settling the terms and conditions of a formal agreement incorporating the provisions of this Agreement and such other provisions as the parties may agree to incorporate into such agreement (a "**Formal Agreement**"). As soon as reasonably practicable after delivery of such notice by one party to the other, the parties will enter into negotiations in good faith to settle the terms of the Formal Agreement and will use all reasonable efforts to settle, execute and deliver the Formal Agreement within 6 months from the date of the notice, provided that if for any reason a Formal Agreement is not settled, executed and delivered within such time, this Agreement will remain binding on the parties and will continue to govern their relationship and operations on the Property.

**8. OBLIGATIONS OF THE OPTIONEE DURING OPTION PERIOD**

8.1 During the Option Period, the Optionee shall:

- (a) maintain in good standing those mineral claims comprising the Property by the doing and filing of assessment work or the making of payments in lieu thereof, by the payment of taxes and rentals, and the performance of all other actions which may be necessary in that regard and in order to keep such mineral claims free and clear of all Encumbrances and other charges arising from the Optionee's activities thereon except those at the time contested in good faith by the Optionee;
- (b) record all exploration work carried out on the Property by the Optionee as assessment work;
- (c) permit the directors, officers, employees and designated consultants of the Optionor, at their own risk and expense, access to the Property at all reasonable times, and the Optionor agrees to indemnify the Optionee against and to save it harmless from all costs, claims, liabilities and expenses that the Optionee may incur or suffer as a result of any injury

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(including injury causing death) to any director, officer, employee or designated consultant of the Optionor while on the Property;

- (d) do all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority;
- (e) indemnify and save the Optionor harmless in respect of any and all costs, claims, liabilities and expenses arising out of the Optionee's activities on the Property, but the Optionee shall incur no obligation hereunder in respect of claims arising or damages suffered after termination of the Option if upon termination of the Option any workings on or improvements to the Property made by the Optionee are left in a safe condition;
- (f) permit the Optionor, at its own expense, reasonable access to the results of the work done on the Property during the last completed calendar year; and
- (g) deliver to the Optionor, forthwith upon receipt thereof, copies of all reports, maps, assay results and other technical data compiled by or prepared at the direction of the Optionee with respect to the Property.

## **9. TERMINATION OF OPTION BY OPTIONEE**

9.1 The Option shall terminate:

- (a) if the Optionee has failed to make the payments, issue the Shares or incur the Exploration Expenditures set out in Section 3.2 of this Agreement, upon the Optionor giving 30 days' notice of such default to the Optionee; or
- (b) at any other time, by the Optionee giving notice of such termination to the Optionor.

9.2 If the Optionee or the Optionor give such notice of terminate as set out in Section 9.1 of this Agreement, this Agreement shall terminate and the Optionee will have no further obligations or liabilities to the Optionor (including in respect of any Exploration Expenditures), except for the obligation to keep the Property in good standing, by doing and filing of assessment work or making of payments in lieu thereof, for 12 months from the date of termination.

9.3 If the Option is terminated, the Optionee shall deliver or make available at no cost to the Optionor within 90 days of such termination, all drill core, copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of the Optionee with respect to the Property and not theretofore furnished to the Optionor.

9.4 Notwithstanding the termination of the Option, the Optionee, not being in default of the terms and conditions of this Agreement, shall have the right, within a period of 180 days following the end of the Option Period, to remove from the Property all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of the Optionee, and any such property not removed within such 180 day period shall thereafter become the property of the Optionor.

## **10. ASSIGNMENT**

10.1 The Optionee may at any time after formation of the Joint Venture, sell, transfer or otherwise dispose of all or any portion of its interest in and to the Property and this Agreement provided that any purchaser, grantee or transferee, other than a wholly owned subsidiary of the Optionee, of any such interest

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*[Signature]*

shall have first delivered to the Optionor its agreement relating to this Agreement and to the Property, containing:

- (a) a covenant to perform all the obligations of the Optionee to be performed under this Agreement in respect of the interest to be acquired by it from the Optionee to the same extent as if this Agreement had been originally executed by such purchaser, grantee or transferee; and
- (b) a provision subjecting any further sale, transfer or other disposition of such interest in the Property and this Agreement or any portion thereof to the restrictions contained in this Section 10.1.

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

10.3 If the Optionor should receive a bona fide offer from an independent third party (the "**Proposed Purchaser**") dealing at arm's length with the Optionor to purchase all or a part of its interest in the Property, which offer the Optionor desires to accept, or if the Optionor intends to sell all or a part of its interest in the Property:

- (a) The Optionor shall first offer (the "**Offer**") such interest in writing to the Optionee upon terms no less favourable than those offered by the Proposed Purchaser or intended to be offered by the Optionor, as the case may be.
- (b) The Offer shall specify the price, terms and conditions of such sale, the name of the Proposed Purchaser and shall, in the case of an intended offer by the Optionor, disclose the person or persons to whom the Optionor intends to offer its interest and, if the offer received by the Optionor from the Proposed Purchaser provides for any consideration payable to the Optionor otherwise than in cash, the Offer shall include the Optionor's good faith estimate of the cash equivalent of the non-cash consideration.
- (c) If within a period of 21 days of the receipt of the Offer the Optionee notifies the Optionor in writing that it will accept the Offer, the Optionor shall be bound to sell such interest to the Optionee on the terms and conditions of the Offer. If the Offer so accepted by the Optionee contains the Optionor's good faith estimate of the cash equivalent of the non-cash consideration as aforesaid, and if the Optionee disagrees with the Optionor's best estimate, the Optionee shall so notify the Optionor at the time of acceptance and the Optionee shall, in such notice, specify what it considers, in good faith, the fair cash equivalent to be and the resulting total purchase price. If the Optionee so notifies the Optionor, the acceptance by the Optionee shall be effective and binding upon the Optionor and the Optionee, and the cash equivalent of any such non-cash consideration shall be determined by binding arbitration and shall be payable by the Optionee, subject to prepayment as hereinafter provided, within 21 days following its determination by arbitration. The Optionee shall in such case pay to the Optionor, against receipt of an absolute transfer of clear and unencumbered title to the interest of the Optionor being sold, the total purchase price which is specified in its notice to the Optionor and such amount

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shall be credited to the amount determined following arbitration of the cash equivalent of any non-cash consideration.

- (d) If the Optionee fails to notify the Optionor before the expiration of the time limited therefor that it will purchase the interest offered, the Optionor may sell and transfer such interest to the Proposed Purchaser at the price and on the terms and conditions specified in the Offer for a period of 21 days, but the terms of this paragraph shall again apply to such interest if the sale to the Proposed Purchaser is not completed within such 21 days.
- (c) Any sale hereunder shall be conditional upon the Proposed Purchaser delivering a written undertaking to the Optionee, in form and substance satisfactory to its counsel, to be bound by the terms and conditions of this Agreement.

#### **11. SURRENDER OF PROPERTY INTERESTS PRIOR TO TERMINATION OF AGREEMENT**

11.1 The Optionee may at any time during the Option Period elect to abandon any one or more of the mineral claims comprised in the Property by giving notice to the Optionor of such intention. Any claims so abandoned shall be in good standing under the laws of the jurisdiction in which they are situate for at least 12 months from the date of abandonment. Upon any such abandonment, the mineral claims so abandoned shall for all purposes of this Agreement cease to form part of the Property and, if title to such claims has been transferred to the Optionee the Optionee shall retransfer such title to the Optionor at the Optionee's expense.

#### **12. AREA OF INTEREST**

12.1 If either party or any of its affiliates stakes or otherwise acquires any interest in mineral claims or any other form of mineral tenure (the "AOI Tenure") located wholly or partly in an area (the "Area of Interest") within two kilometres from any portion of the Property as it exists at the date of execution of this Agreement, the acquiring party shall forthwith give notice to the other party of such staking or acquisition, the costs thereof and all details in its possession with respect to the nature of the AOI Tenure and the known mineralization thereon. Upon delivery of such notice, the Optionee may elect by notice to the Optionor to require that such AOI Tenure be included in and thereafter form part of the Property. If the Optionee so elects and if such AOI Tenure was staked or acquired by the Optionee or any of its affiliates, the staking or acquisition costs shall constitute Exploration Expenditures. If the Optionee so elects and if such AOI Tenure was staked or acquired by the Optionor or any of its affiliates, the Optionee shall reimburse the Optionor for the staking or acquisition costs, which reimbursed costs shall also constitute Exploration Expenditures.

#### **13. CONDITIONS PRECEDENT**

13.1 The obligations of the Optionor under this Agreement are subject to the Optionee's common shares being listed for trading on the Exchange on or before March 30, 2018. If the Optionee's common shares are not listed on the Exchange on or before March 30, 2018, then the Optionor may, in the Optionor's sole and unfettered discretion: (i) immediately terminate this Agreement by notice to the Optionee in writing, (ii) keep all cash and Shares paid and issued, as the case may be, by the Optionee to the Optionor, and (iii) the Optionee will have no rights under this Agreement.

#### **14. FORCE MAJEURE**

14.1 If the Optionee is at any time either during the Option Period or thereafter prevented or delayed in

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complying with any provisions of this Agreement by reason of strikes, lock-outs, labour shortages, power shortages, fuel shortages, fires, wars, acts of God, governmental regulations restricting normal operations, shipping delays or any other reason or reasons, other than lack of funds, beyond the control of the Optionee, the time limited for the performance by the Optionee of its obligations hereunder shall be extended by a period of time equal in length to the period of each such prevention or delay, but nothing herein shall discharge the Optionee from its obligations hereunder to maintain the Property in good standing.

14.2 The Optionee shall give prompt notice to the Optionor of each event of force majeure and upon cessation of such event shall furnish to the Optionor with notice to that effect together with particulars of the number of days by which the obligations of the Optionee hereunder have been extended by virtue of such event of force majeure and all preceding events of force majeure.

#### **15. CONFIDENTIAL INFORMATION**

15.1 Except as otherwise provided in this paragraph, both parties shall treat all data, reports, records and other information relating to this agreement and the Property as confidential. The text of any news release or any other public statements, other than those required by law or regulatory bodies or stock exchanges, which a party desires to make shall be sent to the other party for its comments prior to publication and shall not include references to the other party unless such party has given its prior consent in writing. The text of any disclosure which a party is required to make by law, by regulatory bodies or stock exchanges shall be sent to the other party prior to filing in order that the other party may have the opportunity to comment thereon. For all public disclosure, whether required to be made or not, any reasonable changes requested by the non-disclosing party shall be incorporated into the disclosure document.

#### **16. NOTICES**

16.1 Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be delivered, emailed or faxed to such party at the address for such party specified below. The date of receipt of such notice, demand or other communication shall be the date of delivery thereof if delivered or, if given by email or fax, shall be deemed conclusively to be the next business day. Either party may at any time notify the other party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

The address for service for each of the parties hereto shall be as follows:

- (a) if to the Optionor:

Megastar Development Corp.  
1450 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2  
Attention Dusan Berka  
Fax: 604-681-1568  
Email: [dusan.berka@gmail.com](mailto:dusan.berka@gmail.com) or [dberka@megastardevelopment.com](mailto:dberka@megastardevelopment.com)

- (b) if to the Optionee:

DeepRock Minerals Inc.  
131 – 8191 Westminster Highway  
Richmond, British Columbia  
V6X 1A7  
Attention: Rodney Gelineau



Email: [rodney@castwestscience.com](mailto:rodney@castwestscience.com)

17. **GENERAL**

17.1 This Agreement shall supersede and replace any other agreement or arrangement, whether oral or written, heretofore existing between the parties in respect of the subject matter of this Agreement.

17.2 No consent or waiver expressed or implied by either party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.

17.3 The parties shall promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance and do such further and other acts which may be reasonably necessary or advisable to carry out fully the intent of this Agreement or to record wherever appropriate the respective interest from time to time of the parties in the Property.

17.4 This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

17.5 This Agreement shall be governed by and interpreted in accordance with the laws in effect in British Columbia and is subject to the exclusive jurisdiction of the Courts of British Columbia.

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

17.7 Time shall be of the essence in this Agreement.

17.8 Wherever the neuter and singular is used in this Agreement it shall be deemed to include the plural, masculine and feminine, as the case may be.

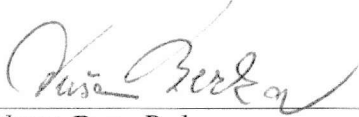
17.9 All dollar amounts referred to in this Agreement are in Canadian funds unless expressly stated otherwise.

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

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**WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year first above written.

**MEGASTAR DEVELOPMENT CORP.**



Name: Dusan Berka  
Title: President and CEO

**DEEPROCK MINERALS INC.**



Name: GEOFF BALDERSON  
Title: CFO & DIRECTOR

**SCHEDULE "A"**

**PROPERTY DESCRIPTION**

Ralleau Property, NTS Map Sheet 32F/01, Quevillon Area, Quebec, Canada

<b>Title</b>	<b>Hectares</b>	<b>Work Due Date</b>	<b>Ownership (100%)</b>
CDC2024537	56,360	July 11, 2018	Megastar Developments Corp.
CDC2024538	56,360	July 11, 2018	Megastar Developments Corp.
CDC2024540	56,360	July 11, 2018	Megastar Developments Corp.
CDC2024541	56,350	July 11, 2018	Megastar Developments Corp.
CDC2024542	56,350	July 11, 2018	Megastar Developments Corp.
CDC2024543	56,350	July 11, 2018	Megastar Developments Corp.
CDC2024544	56,350	July 11, 2018	Megastar Developments Corp.
CDC2024545	56,350	July 11, 2018	Megastar Developments Corp.
CDC2113929	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113930	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113931	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113932	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113933	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113934	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113935	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113936	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113937	56,330	May 30, 2017	Megastar Developments Corp.
CDC2113938	56,320	May 30, 2017	Megastar Developments Corp.
CDC2113939	56,320	May 30, 2017	Megastar Developments Corp.
CDC2113940	56,320	May 30, 2017	Megastar Developments Corp.
CDC2114083	56,340	May 30, 2017	Megastar Developments Corp.
CDC2114084	56,340	May 30, 2017	Megastar Developments Corp.
CDC2114085	56,340	May 30, 2017	Megastar Developments Corp.
CDC2114086	56,340	May 30, 2017	Megastar Developments Corp.
CDC2114087	56,340	May 30, 2017	Megastar Developments Corp.
CDC2114088	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114089	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114090	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114091	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114092	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114093	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114094	56,330	May 30, 2017	Megastar Developments Corp.
CDC2114095	56,320	May 30, 2017	Megastar Developments Corp.
CDC2114096	56,320	May 30, 2017	Megastar Developments Corp.
CDC2114097	56,320	May 30, 2017	Megastar Developments Corp.
CDC2125410	56,350	July 30, 2017	Megastar Developments Corp.
CDC2125411	56,350	July 30, 2017	Megastar Developments Corp.
CDC2125412	56,350	July 30, 2017	Megastar Developments Corp.
CDC2125413	56,350	July 30, 2017	Megastar Developments Corp.
CDC2125416	56,340	July 30, 2017	Megastar Developments Corp.
CDC2125417	56,340	July 30, 2017	Megastar Developments Corp.
CDC2125418	56,340	July 30, 2017	Megastar Developments Corp.

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Title	Hectares	Work Due Date	Ownership (100%)
CDC2125421	56,330	July 30, 2017	Megastar Developments Corp.
CDC2125422	56,330	July 30, 2017	Megastar Developments Corp.
CDC2139950	56,340	October 12, 2017	Megastar Developments Corp.
CDC2139951	56,340	October 12, 2017	Megastar Developments Corp.
CDC2139952	56,340	October 12, 2017	Megastar Developments Corp.
CDC2139953	56,340	October 12, 2017	Megastar Developments Corp.
CDC2139954	56,340	October 12, 2017	Megastar Developments Corp.
CDC2139955	56,330	October 12, 2017	Megastar Developments Corp.
CDC2139956	56,330	October 12, 2017	Megastar Developments Corp.
CDC2139957	56,330	October 12, 2017	Megastar Developments Corp.
CDC2162454	56,340	April 23, 2018	Megastar Developments Corp.
CDC2162455	56,340	April 23, 2018	Megastar Developments Corp.
CDC2162456	56,340	April 23, 2018	Megastar Developments Corp.
CDC2162457	56,340	April 23, 2018	Megastar Developments Corp.
CDC2162461	56,330	April 23, 2018	Megastar Developments Corp.
CDC2162462	56,330	April 23, 2018	Megastar Developments Corp.
CDC2162463	56,330	April 23, 2018	Megastar Developments Corp.

[End of Schedule "A"]

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**SCHEDULE "B"**

**PRODUCTION ROYALTY**

1. For the purpose of this Schedule, "**Agreement**" means the agreement of which this Schedule "B" forms a part, "**Payor**" means the party or parties paying a percentage of Production Returns pursuant to the Agreement, "**Payee**" means the party receiving the percentage of Production Returns and other capitalized terms have the meanings given to them in this Schedule "B" or elsewhere in this Agreement.
2. For the purposes hereof, the term "**Production Returns**" will, subject to paragraphs 3 to 7 inclusive below, mean gross revenues received from the sale by the Payor of all ore mined from the Property and from the sale by the Payor of all concentrate, metal and products derived from ore mined from the Property, after deduction of the following:
  - (a) all smelting and refining costs, sampling, assaying and treatment charges and penalties including but not limited to metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/or refiners);
  - (b) costs of handling, transporting, securing and insuring such material from the Property or from concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment, and in the case of gold or silver concentrates, security costs;
  - (c) *ad valorem* taxes and taxes based upon sales or production, but not income taxes; and
  - (d) marketing costs, including sales commissions incurred in selling ore mined from the Property and in selling concentrate, metal and products derived from ore mined from the Property.
3. Where revenue otherwise to be included under this Schedule is received by the Payor in a transaction with a party with whom it is not dealing at arm's length, the revenue to be included will be based on the fair market value under the circumstances and at the time of the transaction.
4. Where a cost otherwise deductible under this Schedule is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length, the cost to be deducted will be the fair market cost under the circumstances and at the time of the transaction.
5. For the purposes of determining Production Returns, all receipts and major disbursements in a currency other than Canadian will be converted into Canadian currency on the day of receipt or disbursement, as the case may be, and all other disbursements in a currency other than Canadian will be converted into Canadian currency at the average rate for the month of disbursement determined using the Bank of Canada noon rates.
6. The Payor may, but will not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property and, except in the case where Products are actually delivered and a sale is actually consummated under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions will be taken into account in calculating Production Returns or any interest therein.
7. Upon the Commencement of Commercial Production, the Property may be operated as a single operation with other mining properties owned by third parties or in which the Payor has an interest, in which

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event, the parties agree that (notwithstanding separate ownership thereof) ores mined from the mining properties (including the Property) may be blended at the time of mining or at any time thereafter, provided however, that the respective mining properties will bear and have allocated to them their proportionate part of costs described in paragraphs 2(a) to 2(d) above incurred relating to such single operation, and will have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect will be given to the tonnages of ore and other material mined and beneficiated and the characteristics of such material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any of such mining properties. The Payor will ensure that reasonable practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors.

8. Payments of a percentage of Production Returns will be made within 30 days after the end of each calendar quarter in which Production Returns, as determined on the basis of final adjusted invoices, are received by the Payor. All such payments will be made in Canadian dollars.

9. After the year in which the Commencement of Commercial Production occurs, the Payee will be provided annually on or before April 1 with a copy of the calculation of Production Returns for the preceding calendar year, determined in accordance with this Schedule "B" and certified correct by the Payor.

10. Nothing contained in the Agreement or any Schedule attached thereto will be construed as conferring upon the Payee any right to or beneficial interest in the Property. The right to receive a percentage of Production Returns from the Payor as and when due is and will be deemed to be a contractual right only. The right of the Payee to receive a percentage of Production Returns from the Payor as and when due will not be deemed to constitute the Payor the partner, agent or legal representative of the Payee or to create any fiduciary relationship between them for any purpose whatsoever.

11. The Payor will be entitled to (a) make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, metal and products produced from the Property (including the decision to process by heap leaching rather than conventional milling); (b) make all decisions relating to sales of such ore, concentrate, metal and products produced; and (c) make all decisions concerning temporary or long-term cessation of operations.

12. All Production Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee gives the Payor written notice describing and setting forth a specific objection to the calculation thereof (an "**Objection Notice**") within 12 months after receipt by the Payee of the calculation herein provided for. If the Payee delivers an Objection Notice, the Payee will, for a period of 30 days' notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Production Royalty audited by a chartered accountant acceptable to the Payee and to the Payor, each acting reasonably. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Production Royalty payment due hereunder. The Payee will pay all costs of such audit unless a deficiency of more than 10% of the amount due is determined to exist. The Payor will pay all costs of such audit if a deficiency of more than 10% of the amount due is determined to exist. If the Payee does not deliver an Objection Notice to the Payor within such 12 month period, the calculation will be deemed to be correct for all purposes.

[End of Schedule "B"]

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