

OPTION AGREEMENT

HEMLO SOUTH PROPERTY

LECOURS (G-2863) and BOMBY (G-3173) Township

ONTARIO

AMONG

RUDOLF WAHL

&

TASHOTA RESOURCES INC

OPTION AGREEMENT

THIS OPTION AGREEMENT is made and dated for reference March 4, 2014.

BETWEEN:

RUDOLF WAHL; individual resident in,
Box 1022, Marathon Ontario, POT 2E0
(the "Optionor")

- and -

TASHOTA RESOURCES INC. a corporation incorporated under the *Alberta Corporations Act*, having an office at Sun Life Plaza West Tower, 144-4 Avenue SW, Suite 1600, Calgary, Alberta, Canada, T2P 3N4 (the "**Optionee**")

WHEREAS:

A. The Hemlo South property consists of 8 claims (comprising 89 units) covering an area of approximately 1,424 ha. Claim block # 4263535, # 4263536, # 4263537, # 4263538, # 4263539, # 4261105, # 4263534, # 4246263 ties on to Barrick Gold property to the south — southwest and east within the Township LECOURS (G-2863) and BOMBY (G-3173).

and

B. the Optionor has agreed to grant and the Optionee wishes to purchase a one hundred percent (100%) interest in the Hemlo South Property, which includes the rights to explore for, mine, extract and sell all minerals, metals from such Claims, subject only to a 3 % NSR (1.0 % buy out for \$ 1,000,000, and an additional buyout at 1.0% for an additional \$1,000,000) calculated in accordance with Schedule "II" hereto ("**NSR**"); such additional buyouts at the option of the Optionee.

NOW THEREFORE in consideration of the premises and of the mutual covenants, conditions and provisos herein contained, the parties hereto agree as follows:

OPTION PAYMENTS, SHARE ISSUANCES AND WORK COMMITMENTS

1. In order to maintain the Option in good standing and to earn the interest in the Property as herein provided for, the Optionee shall make cash payments of one hundred thousand (\$100,000.00) dollars to the Optionor and incur exploration expenditures on the Property in the amount of three hundred thousand (\$300,000.00) dollars in accordance with the following schedule:

(a) Cash Payments

- (i) 200,000 freely tradable shares of Trincan Capital Corp., listed on the Toronto Venture Exchange under the symbol (TRN-X) herein referred to as TRX on the reference date of this Agreement, which payment is acknowledged as part cash equivalence, received by the Optionor; shares to be delivered to the optionor within 15 days of signing the agreement.
- (ii) 250,000 shares of Tashota Resources Inc. herein referred to as TRI on the reference date payable upon regulatory approval of this agreement or within 30 days after listing of the Company on the TSX.V or C.N.E. to the Optionor.
- (iii) twenty - five thousand (\$25,000.00) dollars on or before March 4, 2015 and 200,000 shares of Tashota Resources Inc. shares, herein referred as TRI; and

- (iv) twenty - five thousand (\$25,000.00) dollars on or before March 4, 2016 and 200,000 shares of TRI; and
 - (v) twenty - five thousand (\$25,000.00) dollars on or before March 4, 2017 and 200,000 shares of TRI; and
 - (vi) twenty - five thousand (\$25,000.00) dollars on or before March 4, 2018 and 200,000 shares of TRI.
- (b) Work Commitment
- (1) incur fifty thousand (\$50,000.00) dollars in exploration expenditures on or before November 25, 2014.
 - (ii) incur a further one hundred thousand (\$100,000.00) dollars in exploration expenditures on or before March 4, 2016; and
 - (iii) incur a further one hundred and fifty thousand (\$150,000.00) dollars in exploration expenditures on or before March 4, 2017;

provided that if more than the minimum expenditures required in (b)(i) or (b)(ii), above, are incurred or credited, any excess exploration expenditures will be credited to the next succeeding period for expenditures.

All of the payments and issuances of Consideration Shares under Section 2 shall be made to the Optionors.

1. All payments to be made by the Optionee under this Agreement shall be made by certified cheque or wire transfer.
2. Upon satisfaction of the Option Price in Section 1 (a) and (b) above, the Optionee may exercise the Option by delivering a notice to that effect to the Optionor. Upon exercise of the Option, a one hundred percent (100%) right, title and interest in and to the Hemlo South Claims shall vest in the Optionee free and clear of all liens, charges and encumbrances, save and except for the obligations of the Optionee in Section 8.
3. Upon exercise of the Option, the Optionor shall deliver to the Optionee duly executed instruments of transfer and such other documentation, deeds, certificates and assurances which may reasonably be required to convey, transfer and assign the Hemlo South Claims in favour of the Optionee, free and clear of all liens, charges and encumbrances. The Optionee shall be entitled to record all transfers contemplated hereby at its own cost with the appropriate government office to effect legal transfer of the Hemlo South Claims into the name of the Optionee; provided that the Optionee shall hold the Hemlo South Claims subject to the terms of this Agreement.
4. Notwithstanding the provisions of Section 12 hereto, the Optionee shall inform the Optionor in writing of its intentions to continue or discontinue with this Agreement at least thirty (30) days prior to the first anniversary date of the Effective Date.
5. From the Effective Date until the exercise or termination of the Option (the "**Option Period**"), the Optionee and its directors, officers, employees, agents and independent contractors shall have the exclusive right in respect of the Hemlo South Claims to:
 - (a) enter thereon;
 - (b) have exclusive and quiet possession thereof;
 - (c) conduct such prospecting, exploration, development and/or other mining work thereon and there under as the Optionee in its sole discretion may determine advisable;

- (d) bring upon and erect upon the Hemlo South Claims, buildings, plants, machinery and equipment as the Optionee may deem advisable; and
 - (e) remove there from and dispose of reasonable quantities of ore, minerals and metals for the purposes of obtaining assays or making other tests and for production.
6. During the Option Period, the Optionee agrees to conduct sufficient exploration work to keep the Hemlo South Claims in good standing and to file assessment work reports with the Ministry of Northern Development and Mines.
7. The Optionee further agrees to conduct a minimum of three hundred thousand dollars (CDN\$300,000) in exploration work on the Hemlo South Claims within four (4) years of the Effective Date. The Optionee shall have full discretion to determine how such funds are spent on the Hemlo Souty Claims.
8. The Optionee shall pay to the Optionor a three percent (3%) net smelter royalty (the "NSR") from the sale or other disposition of any minerals and/or metals produced from the Hemlo South Claims, in accordance with the terms of Schedule II hereto. At any time, the Optionee shall have the right to purchase up to two percent (2%) of the NSR by paying two million dollars (CDN\$2,000,000.00) to the Optionors.
9. The Optionor represents and warrants to the Optionee as follows, and acknowledge and agree that the Optionee is relying upon such representations and warranties in connection with the entering into and consummation of the transactions contemplated in and by this Agreement:
- (a) the Optionor has all right, power and authority to enter into this Agreement and to perform their obligations thereunder;
 - (b) this Agreement constitutes a legal, valid and binding agreement on the Optionor that is enforceable against the Optionor in accordance with its terms;
 - (c) the Optionor is, and at the time of the transfer to the Optionee shall be, the legal and beneficial owners of a one hundred percent (100%) interest in and to the Hemlo South Claims, and have good, valid and marketable title to the Hemlo South Claims, free and clear of all liens, encumbrances, charges or rights of any kind or nature whatsoever;
 - (d) the claims comprising the Hemlo South Claims have been duly and validly created, recorded and filed pursuant to applicable laws and are in good standing;
 - (e) all assessment work required to hold the Hemlo South Claims has been performed and all governmental fees have been paid and all filings required to maintain the Hemlo South Claims in good standing have been properly and timely recorded or filed with appropriate governmental agencies;
 - (1) to the knowledge of the Optionor, there is no adverse claim or challenge against or to Optionors' ownership of or title to the Hemlo South Claims, or any portion thereof, nor is there any basis therefor, and there are no outstanding agreements or options to acquire or purchase the Hemlo South Claims, or any portion thereof or interest therein, and no person has any royalty or interest whatsoever in the production or profits from the Hemlo South Claims or any portion thereof;
 - (g) to the knowledge of the Optionor, there has been no known spill, discharge, deposit, leak, emission or other release of any hazardous substance or pollutant, contaminant, toxic or dangerous waste, substance or material, as defined or regulated by any applicable law, regulation or governmental authority from time to time placed, held, located, used or disposed of, on or under the Hemlo South Claims;
 - (h) to the knowledge of the Optionor, there are no existing or threatened actions, suits, claims or proceedings regarding the Hemlo South Claims and there are no outstanding notices, orders, assessments, directives,

rulings or other documents issued in respect of the Hemlo South Claims by any governmental authority;

- (i) the Optionor is acquiring the Consideration Shares pursuant to exemptions under the applicable securities laws of British Columbia and Ontario; and
- (j) the Optionor is a resident of Canada for the purposes of the *Income Tax Act* (Canada).

10. The Optionee may at any time during the Option Period, elect to abandon any one or more of the claims comprising the Hemlo South Claims by giving notice to the Optionor of such intention. For a period of

4891-8828-3652, v. 2thirty (30) days after the delivery of such notice, the Optionor may elect to have any or all of the claims in respect of which such notice has been given transferred to them by delivery of a request therefor to the Optionee, whereupon the Optionee shall deliver to the Optionor a bill of sale or other deed in registrable form transferring such claims to the Optionor. Any claims so transferred, if in good standing at the date hereof, shall be in good standing for at least two years from the date of transfer. If the Optionor fails to make a request for the transfer of any claims as aforesaid within such thirty (30) day period, the Optionee may then abandon such claims without further notice to the Optionor. Upon any such transfer or abandonment the claims so transferred or abandoned shall for all purposes of this Agreement cease to form part of the Hemlo South Claims.

11. If at any time during the Option Period, the Optionee fails to perform any obligation required to be performed hereunder, which failure or breach materially interferes with the implementation of this Agreement, the Optionor may terminate this Agreement, but only if:

- (a) the Optionor shall have first given to the Optionee a notice of default containing particulars of the obligation which the Optionee has not performed; and
- (b) the Optionee has not, within thirty (30) days following delivery of such notice of default, cured such default or commenced proceedings to cure such default by appropriate payment or performance (the Optionee hereby agreeing that should it so commence to cure any default it will prosecute the same to completion without undue delay). Should the Optionee fail to comply with subsection (b), the Optionor may terminate this Agreement and the provisions of Section 16 shall then be applicable. The Optionee may terminate this Agreement upon notice to the Optionor and the provisions of Section 16 shall then be applicable.

12. At any time during the Option Period, the Optionee may elect to terminate the Option and this Agreement by delivering notice to that effect to the Optionor. This is an option only and except as specifically provided otherwise, nothing herein contained shall be construed as obligating the Optionee to do any acts or make any payments hereunder and any act or acts, or payment or payments as shall be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further payment. If this Agreement is terminated the Optionee shall not be bound thereafter in debt, damages or otherwise under this Agreement save and except as provided for herein and with respect to obligations arising from termination; and all payments theretofore paid by the Optionee shall be retained by the Optionor in consideration for entering into this Agreement and for the rights conferred on the Optionee thereby.

13. If the Option is terminated:

- (a) the Optionee shall leave in good standing for two (2) years from the termination of the Option Period those mineral claims comprising the Hemlo South Claims that are in good standing on the Effective Date and any other mineral claims comprised in the Hemlo South Claims that the Optionee brings into good standing after the Effective Date; and
- (b) the Optionee shall deliver to the Optionor a bill of sale in recordable form whereby the right, title and interest in the Hemlo South Claims will be transferred to the Optionors, free and clear of all liens, charges and encumbrances arising from the Optionee's activities on the Hemlo South Claims; and
- (c) no party will have any further obligations to any other party or rights with respect to this Agreement.

14. Notwithstanding the termination of the Option, the Optionee shall have the right, within a period of one hundred and eighty days (180) days following the end of the Option Period, to remove from the Hemlo South Claims all buildings, plants, equipment, machinery, tools, appliances and supplies which have been placed upon the Hemlo South Claims by or on behalf of the Optionee.

15. The Optionor acknowledges that the TRI shares may be subject to restrictions on resale under applicable securities legislation and that the Optionee does not make any representation with respect to the future market value or stock exchange listing of the TM shares or the TRX shares.
16. The Optionee shall indemnify and hold harmless the Optionor from and against all costs, claims or demands arising out of the Optionee's activities on the Hemlo South Claims other than as a result or in connection with the negligence, fraud or wilful misconduct of the Optionors; provided that 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 Hemlo South Claims made by the Optionee are left in a safe condition.
17. The Optionor shall indemnify and hold harmless the Optionee from any damages suffered by, imposed upon or asserted against the Optionee as a result of or arising out of any breach or inaccuracy of any representation or warranty given by the Optionor in this Agreement.
18. The Optionee may at any time during the Option Period or thereafter, sell, transfer or otherwise dispose of all or any portion of its interest in and to the Hemlo South Claims and this Agreement provided that any purchaser, grantee or transferee of any such interest shall have first delivered to the Optionor its agreement related to this Agreement and to the Hemlo South Claims, containing:
 - (a) a covenant by such transferee 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 the Optionee and such transferee as joint and several obligors making joint and several covenants; and
 - (b) a provision subjecting any further sale, transfer or other disposition of such interest in the Hemlo South Claims and this Agreement or any portion thereof to the restrictions contained in subsection (a).

No assignment by the Optionee of any interest less than its entire interest in this Agreement and in the Hemlo South Claims shall, as between the Optionee and the Optionors, 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 contractual commitments accrued due prior to the date on which the Optionee shall have no further interest in this Agreement.

19. Any notice or other communication required or contemplated under this Agreement to be given by one party to another party shall be made in writing and delivered personally or transmitted by facsimile as follows:
 - (a) and in the case of the Optionor addressed as follows:

Rudolf Wahl,
Box 1022,
Marathon Ontario, POT 2E0
phone 807 229 1165
cell 807 228 0082 _____

Facsimile No.:
 - (b) and in the case of the Optionee addressed as follows:

Tashota Resources Inc.
Sun Life Plaza West Tower, 144-4 Avenue SW, Suite 1600, Calgary, Alberta, Canada,
T2P 3N4

Attention: Charles J. Elbourne, President and Chief Executive Officer

Facsimile No.: (416) 869-1440

or to such other address as may be notified in writing in accordance with the foregoing by a party to the other parties.

Any notice will be deemed to have been given and received (a) 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; or (b) if sent by facsimile transmission and successfully transmitted prior to 4:00 pm on a business day (recipient party time), then on that business day, and if transmitted after 4:00 pm on that day then on the first business day following the date of transmission.

20. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and replaces and supersedes all previous agreements between the parties with respect to the Hemlo South Claims, including, without limitation, any verbal agreements among the parties.
21. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the parties hereto hereby irrevocably adorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.
22. At any time and from time to time each party hereto shall do, execute, acknowledge and deliver all such further acts, assignments and assurances as may be reasonably required to consummate the transactions contemplated by this Agreement.
23. No error in accounting or in interpretation of the Agreement shall be the basis for a claim by the Optionors against the Optionee for breach of fiduciary duty, or the like, or give rise to a claim by the Optionors against the Optionee for exemplary or punitive damages or for termination or rescission of the Agreement or the rights acquired and held by the Optionee under the terms of this Agreement.
24. If any dispute, claim, question or difference arises with respect to this Agreement or its performance, enforcement, breach, termination or validity (a "**Dispute**"), the parties will attempt to settle the Dispute. If the parties are not able to resolve the Dispute within a period of fifteen (15) business days following the first notice of the Dispute by a party to the other then, unless otherwise agreed, the Dispute shall be first settled by arbitration in accordance with the provisions of arbitration legislation in the Province of Ontario based upon the following:
 - (a) the arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the parties, or in the event of failure to agree within ten (10) business days following delivery of the written notice to arbitrate, the Optionors and the Optionee will each designate an unaffiliated third person within ten (10) business days who together shall agree upon and appoint an arbitrator. If the unaffiliated third persons fail to appoint an arbitrator within such ten (10) business day period, any party may apply to a judge of the courts of Ontario to appoint an arbitrator;
 - (b) the arbitrator shall be instructed that time is of the essence in the arbitration proceeding and, in any event, the arbitration award must be made within 60 days of the submission of the Dispute to arbitration;
 - (c) the arbitration award shall be given in writing and shall be final and binding on the parties, not

subject to any appeal; and

(d) the costs and expenses of arbitration shall be borne by the parties equally.

25. The parties hereto acknowledge having required that this Agreement, as well as all notices and documents related hereto be drafted in English.
26. Time is of the essence.

SIGNING PAGE

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above

TASHOTARESOURCEINC.

Per: “Charles J. Elbourne”

CHARLES J. ELBOURNE

President and Chief Executive Officer

“Rudolf Wahl”

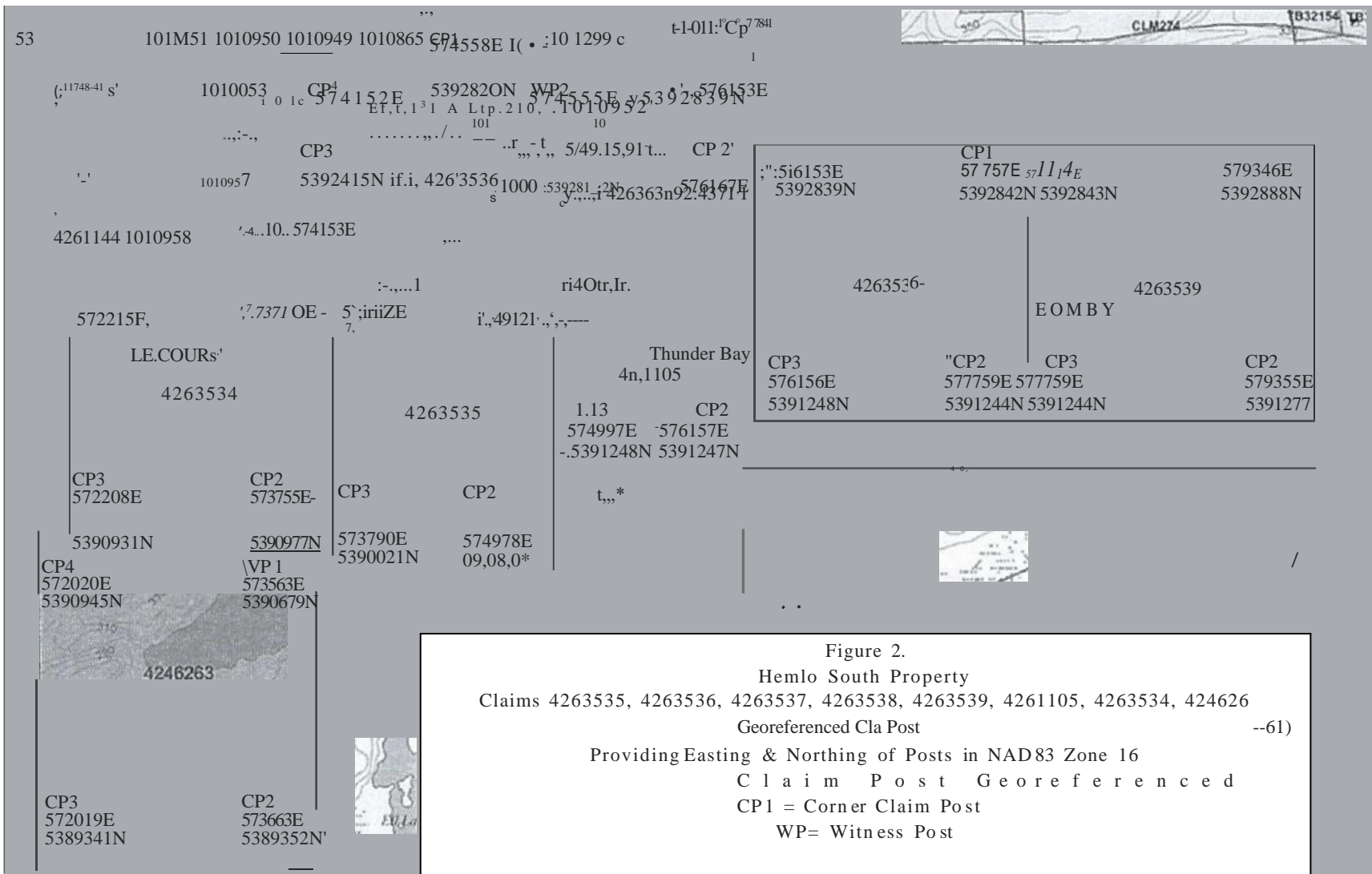
Rudolf Wahl

SCHEDULE I

LIST OF CLAIMS

Rudolf Wahl - Hemlo South Property

PROPERTY	CLAIM	HECTARES	TOWNSHIP	DATE DUE	RECORD NAME
Hemlo South	4246263	256	Lecours	2015-Mar-20	Rudolf Wahl 100%
Hernia South	4263534	256	Lecours	2015-Mar-20	Rudolf Wahl 100%
Hemlo South	4263536	16	Lecours	2015-July-09	Rudolf Wahl 100%
Hemlo South	4263535	192	Lecours	2015-July-09	Rudolf Wahl 100%
Hemlo South	4263537	80	Bomby	2015-July-03	Rudolf Wahl 100%
Hemlo South	4261105	112	Bomby	2015-Mar-08	Rudolf Wahl 100%
Hemlo South	4263538	256	Bomby	2015-July-03	Rudolf Wahl 100%
Hemlo South	4263539	256	Bomby	2015-July-12	Rudolf Wahl 100%
Total	8	1,424ha			



C.7

Hemlo South Property

SCHEDULE III

NET SMELTER ROYALTY

Capitalized terms used by not defined herein shall have the respective meanings ascribed to such terms in the Option Agreement (the "Agreement") to which this is Schedule II is attached.

1. NSR. If the Optionee commences production of the Products that are mined from the Heron Bay Claims, the Optionee shall pay the Optionors an aggregate net smelter royalty equal to three percent (3%) of the Net Smelter Returns from all minerals and metals produced, saved and sold from the Heron Bay Claims (the "NSR"), computed as herein provided. No NSR shall be due upon bulk samples extracted by the Optionee for metallurgical testing purposes during the Optionee's exploration or development work on the Heron Bay Claims.

The term "commences production" as used herein shall mean the first day of the month following expiration of the first consecutive two month period within which milling (or other treatment) of ores produced from the Heron Bay Claims has yielded concentrate of commercial quality and quantity.

The term "Products" as used herein shall mean all ores mined from the Heron Bay Claims and having metal or combination of metals as the contained element of greatest economic value, and all concentrates and other mineral products, metals or minerals which are derived therefrom prior to their sale.

2. Net Smelter Returns. As used herein, "Net Smelter Returns" means the Gross Proceeds less Allowable Deductions.

(a) As used herein, "Gross Proceeds" shall have the following meaning:

- i) If the Optionee causes refined gold (meeting the specifications of the London Bullion Market Association) to be produced from Products, Net Smelter Returns shall be paid on the refined gold, as herein provided. Subject to Section 2(b), for purposes of determining Net Smelter Returns, the refined gold shall be deemed to have been sold at the Monthly Average Gold Price and the Gross Proceeds shall be determined by multiplying Gold Production during the calendar month by the Monthly Average Gold Price for such month. As used herein, "Gold Production" shall mean the quantity of refined gold produced and credited during the calendar month to the Optionee's account by an independent third party refinery from Products, on either a provisional or final settlement basis. As used herein, "Monthly Average Gold Price" shall mean the average London Bullion Market Association P.M. Gold Fix, calculated by dividing the sum of all such prices reported for the month by the number of days for which such prices were reported.
- ii) If the Optionee causes refined silver (meeting the specifications for refined silver subject to the New York Silver Price published by Handy & Harmon) to be produced from Products, Net Smelter Returns shall be paid on refined silver as herein provided. Subject to Section 2(b), for purposes of determining Net Smelter Returns, the refined silver shall be deemed to have been sold at the Monthly Average Silver Price and the Gross Proceeds shall be determined by multiplying Silver Production during the calendar month by the Monthly Average Silver Price for such month. As used herein, "Silver Production"

shall mean the quantity of refined silver produced and credited during the calendar month to the Optionee's account by an independent third party refinery from Products, on either a provisional or final settlement basis. As used herein, "Monthly Average Silver Price" shall mean the average New York Silver Price as published daily by Handy & Harmon, calculated by dividing the sum of all such prices reported for the calendar month by the number of days for which such prices were reported.

- iii) If the Optionee causes refined metals other than refined gold and refined silver to be produced from Products, Net Smelter Returns shall be paid on the refined metal produced as herein provided and the Gross Proceeds shall be equal to the amount of the proceeds actually received by the Optionee during the calendar month from the sale of such refined metal.
 - iv) If the Optionee sells raw ore mined from the Heron Bay Claims or dore or concentrates produced from Products to an independent third party in an arm's length transaction, then the Gross Proceeds shall be equal to the amount of the proceeds actually received by the Optionee during the calendar month from the sale of such raw ore, dore, or concentrates
 - v) If the Optionee sells raw ore mined from the Heron Bay Claims or dore or concentrates produced from Products in other than an arm's length sale to an independent third party, then the Gross Proceeds shall be equal to the fair market value of such raw ore, dore or concentrates.
- (b) As used herein, "Allowable Deductions" shall mean all costs, charges and expenses paid by the Optionee for or with respect to processed Products, after such Products are shipped from the Heron Bay Claims, including:
- i) Charges for treatment in the smelting and refining processes (including handling, processing, interest and provision for settlement fees, costs of umpires, sampling, assaying and representation fees, penalties, and other deductions made by the processor or imposed by law and specifically excluding mining and milling costs);
 - ii) Actual costs of transportation (including loading, freight, insurance security, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of Products from the Heron Bay Claims to the place of treatment and then to the place of sale;
 - iii) costs or charges of any nature for or in connection with insurance, storage, or representation at a smelter or refinery for Products; and
 - iv) sales, use, severance, excise, net proceeds or mine, and any other tax on or measured by mineral productions.

3. Calculation and Payment of NSK

- (a) The obligation to pay the NSR shall accrue upon the output of refined metals, on which the NSR is payable, to the Optionee's account or the sooner sale of unrefined metals, dore, concentrates, ores or other Products, as hereinafter provided.
- (b) Where output of refined metals is made by an independent third party refinery on a provisional basis, the Net Smelter Returns shall be based upon the amount of refined metal credited by such provisional settlement, but shall be adjusted in subsequent statements to account for the amount of refined metal established by final settlement by the refinery.
- (c) The NSR shall become due and payable quarterly on the last day of the month next following the end of the quarter in which the same accrued. The NSR payments shall be accompanied by a statement showing in

reasonable detail the quantities and grades of the refined Products produced and sold or deemed sold by the Optionee monthly; the average monthly price determined as herein provided for refined metals on which the NSR is due; Allowable Deductions; and other pertinent information in sufficient detail to explain the calculation of the NSR payment.

- (d) The NSR payments shall be paid to the Optionors in the following percentage proportions:
 - i) 100% to Rudolf Wahl
- (e) All NSR payments shall be considered final and in full satisfaction of all obligations of the Optionee with respect thereto, unless the Optionors give the Optionee written notice describing and setting forth a specific objection to the determination thereof within twelve (12) months following receipt by the Optionors of a NSR statement. If the Optionors object to a particular quarterly statement as herein provided, the Optionors shall, for a period of sixty (60) days after the Optionee's receipt of notice of such objection, have the right, upon reasonable notice and at reasonable time, to have the Optionee's accounts and records relating to the calculation of the NSR in question audited by a chartered accountant acceptable to the Optionors and to the Optionors. If such audit determines that there has been a deficiency or an excess in the payment made to the Optionors, such deficiency or excess shall be resolved by adjusting the next quarterly NSR payment or credit due hereunder. The Optionors shall pay all costs of such audit unless a deficiency of 5% or more of the amount determined to be due to the Optionors is determined to exist, in which case the Optionee shall pay the costs of the audit. All books and records used by the Optionee to calculate the NSR due hereunder shall be kept in accordance with generally accepted accounting principles consistently applied. Failure on the part of the Optionors to make claim on the Optionee for adjustment in such twelve (12) month period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon; provided that nothing herein shall limit the time in which the Optionors may commence a proceeding for fraud, concealment or misrepresentation.

The Optionee shall have the right of mixing or commingling, at any location and either underground or at the surface, any Products with any ores, metals, minerals, or mineral products from other lands, provided that the Optionee shall determine the weight or volume of, sample and analyze for grade and amenability to process all such Products and ores, metals, minerals and mineral products (including the recovery factor) before the same are so mixed or commingled. Any such determining of weight or volume, sampling and analytical practices and procedures applied by the Optionee shall be used as the basis of allocation of Net Smelter Returns payable to the Optionors hereunder in the event of a sale by the Optionee of materials so mixed or commingled or of products produced therefrom. Prior to commencement of commercial production, the Optionee shall notify the Optionors how the Optionee proposes to determine the weight or volume of, sample and analyze all such materials. The Optionors may, within thirty (30) days after receipt of such notice, object thereto in writing, specifying with particularity the grounds for such objection. If the Optionors do not serve a timely objection, the Optionors shall be deemed to have consented to procedures described in the Optionee's notice. If the Optionors object to the Optionee's proposed procedures within such thirty (30) day period, the Optionee and the Optionors shall attempt for a period of fifteen (15) days to reach agreement concerning the procedures to be used. If the Optionee and the Optionors fail to reach agreement within such fifteen (15) day period, either party may initiate binding arbitration in accordance with the provisions of the Agreement, to determine the procedures to be used. Based on its operating experience, the Optionee may subsequently propose modifications to the approved procedures for determining the weight or volume of, sampling and analyzing ores or mineral products to be mixed or commingled, following the same procedures set forth above, including arbitration. Notwithstanding the foregoing, nothing herein shall require or permit the operations of the Optionee or its mixing or commingling of Products with any ores, metals, minerals or mineral products from other lands to be hindered, delayed or interrupted pending the determination of the procedures to be used.

4. No Implied Covenants. The timing, nature, manner and extent of any exploration, development, mining, production and sale of Products, if any, shall be at the sole discretion of the Optionee. No implied covenants or conditions whatsoever shall be read into this Schedule II, including without limitation any covenants or conditions relating to exploration, development, prospecting, mining, production or sale of Products, except for the covenants of good faith and fair dealing.

5. Treatment of Product. The Optionee may, but shall not be obligated to, treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade the ores, concentrates, and other mineral product produced from the Heron Bay Claims, at sites located on or off the Heron Bay Claims, prior to sale, transfer, or conveyance to a purchaser, user or other consumer. The Optionee shall not be liable for mineral values lost in processing under sound practices and procedures, and no NSR shall be due on any such lost mineral values.
6. Arbitration. Any dispute, controversy or claim arising out of or relating to the calculation or payment of the NSR shall be settled by arbitration as set forth in the Agreement.