

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the “**Agreement**”) is dated the 9th day of May, 2018 (the “**Effective Date**”)

AMONG:

CHRISTOPHER R. PAUL, a business person with an office at 206 - 3500 Carrington Road, West Kelowna , BC V4T 3C1

(“**Paul**”)

AND:

MICHAEL BLADY, a business person with an office at 1851 Diamond View Drive, West Kelowna BC, V1Z 4B7

(“**Blady**”)

AND:

DEV RISHY-MAHARAJ, a business person with an office at 950 Munro St., Kamloops BC, V2C 3G1

(“**Rishy-Maharaj**” and collectively with Paul and Blady, the “**Assignors**”)

AND:

DELREY METALS CORP., a company validly subsisting under the laws of British Columbia with a registered office at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1

(the “**Assignee**”)

AND:

COBALT 27 CAPITAL CORP., a corporation incorporated and existing under the laws of the Province of British Columbia

(the “**Royalty Holder**”)

WHEREAS:

A. The Assignors own a 100% legal and beneficial interest in the four mineral claims known as the Sunset Mineral Property covering a total of 785.3 hectares of land, located in Pemberton, British Columbia all as more particularly described in Schedule A attached hereto (the “**Claims**”);

B. Pursuant to a Net Smelter Return Royalty Agreement dated April 12, 2017 (the "**Royalty Agreement**"), a copy of which is attached hereto as Schedule B, among the Royalty Holder and each of the Assignors, the Assignors granted to the Royalty Holder a 2% net smelter returns royalty on cobalt production arising from the Claims and the Additional Claims (as defined in the Royalty Agreement) (the "**Cobalt Royalty**");

C. The Assignors entered into an Option Agreement dated November 7, 2017, as amended (together, the "**Option Agreement**"), with the Assignee, whereby the Assignors granted an option (the "**Option**") to the Assignee to acquire a 100% interest in and to the Claims subject to a 2% net smelter returns royalty in favour of Paul and Blady upon exercise of the Option at all times subject to the Cobalt Royalty and the Option term will expire on December 31, 2020 if not exercised (the "**Option Expiry Date**");

D. Section 7.1 of the Royalty Agreement states that if any of the Assignors wish to transfer their respective interest in the Claims and their respective rights and obligations under the Royalty Agreement, such transfer is conditional upon the items set out therein, including the requirement to provide the Royalty Holder with at least 20 days' prior written notice of the intent to transfer and that any such transferee agrees in writing in favour of the Royalty Holder to be bound by the terms of the Royalty Agreement;

E. Subject to the terms and conditions set out herein, the Assignors wish to assign all of their respective right, title and interest in and to the Royalty Agreement to the Assignee upon exercise of the Option and the Assignee wishes to accept such Assignment and assume all obligations thereunder on the terms and conditions set out herein (collectively, the "**Assignment**"); and

F. The Royalty Holder has agreed to enter into this Agreement to waive the notice requirement set out in Section 7.1(a) of the Royalty Agreement and to consent to the Assignment, all on and subject to the terms and conditions contained herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, covenants and agreements hereinafter set forth, the payment of \$10 from each of the Assignors and the Assignee to the Royalty Holder and other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by each party), the parties hereto covenant and agree each with the other as follows:

1. **Assignment.** Concurrent with the exercise of the Option, and without any further action required on the parties hereof, the Assignors assign and transfer to the Assignee and set over absolutely and unconditionally to the Assignee all right, title and interest in and to the Royalty Agreement, and the Assignee accepts the Assignment. The Assignors and the Assignee do hereby covenant and agree to and in favour of the Royalty Holder that: (i) they shall immediately jointly advise the Royalty Holder in writing at such time as the Option has been exercised; and (ii) if the Option has not been exercised on or before the Option Expiry Date or if the Assignors and the Assignee have not provided the written direction contemplated in Section 1(i) to the Royalty Holder on or before the Option Expiry Date, then without any further or other act or formality, the assignment and assumption provided for herein shall be of no further or other force or effect.

2. **Assumption.** Concurrent with the exercise of the Option, and without any further action required on the parties hereof, the Assignee agrees and covenants to assume, observe, perform and discharge all obligations of the Assignors in the Royalty Agreement and to be bound by and liable under all of the terms of the Royalty Agreement in the same manner and to the same extent as if the Assignee was a party to the Royalty Agreement in place and stead of the Assignors. However, the term "Owner" shall be substitute for

"Owners" together with all corresponding grammatical changes. In particular, the following shall be replaced as Section 5.1;

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

3. **Indemnity**. Effective upon the Assignment, the Assignee agrees to indemnify, defend and save harmless the Assignors from and against any and all actions, suits, losses, damages and expenses which the Assignors may suffer or incur on or after the exercise of the Option in connection with the Royalty Agreement.

4. **Confirmation**. Each of the Assignors represents and warrants to the Royalty Holder and the Assignee as of the Effective Date and as of the time of exercise of the Option that the Royalty Agreement, except as modified herein, is in full force and effect and the Assignors have not transferred, sold or assigned any right or obligation thereunder to any person.

5. **Mutual Representations and Warranties**. Each of the parties represents and warrants to the other parties that:

- (a) if a company, it is duly formed and validly existing under the laws of its jurisdiction of formation and is in good standing with respect to the filing of returns;
- (b) it has the power and capacity to enter into this Agreement and to observe and perform all its covenants and obligations herein set forth; and
- (c) this Agreement constitutes a legal, valid and binding obligation of the party enforceable against such party in accordance with its terms and it has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

6. **Waiver and Consent**. The Royalty Holder hereby waives the notice requirement set out in Section 7.1(a) of the Royalty Agreement as it solely relates to the proposed Assignment and hereby consents to the Assignment provided that this Agreement and the Royalty Agreement are in full force and effect on the date of the Assignment.

7. **Governing Law**. This Agreement will be exclusively governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

8. **Further Assurances**. Each party shall, at all times hereafter at the request and cost of any other party, execute such further and other documents and undertake such further acts as such other party may reasonably require in order to evidence or give effect to the terms of this Agreement.

9. **Effect.** This Agreement shall be read and construed along with the Agreements and such provisions shall, together with all the terms, covenants and conditions thereof, be and continue to remain in full force and effect except as modified by this Agreement.

10. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

11. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original, all of which taken together will constitute one and the same document. This Agreement may be executed and delivered by facsimile or other means of electronic transmission capable of producing a signed copy.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the 9th day of May, 2018.

DELREY METALS CORP.

"Morgan Good"
Per: Authorized Signatory

COBALT 27 CAPITAL CORP.

"Signed"
Per: Authorized Signatory

WITNESSED BY:)
)
Oliver Friesen)
Name)
)
Address)
)
)
Geologist)
Occupation)

"Christopher Paul"
CHRISTOPHER R. PAUL

WITNESSED BY:)
)
Norton Singhavon)
Name)
_____)
Address)
_____)
Businessman)
Occupation)

"Michael Blady"
MICHAEL BLADY

WITNESSED BY:)
)
Oliver Friesen)
Name)
_____)
Address)
_____)
Geologist)
Occupation)

"Dev Rishy-Maharaj"
DEV RISHY-MAHARAJ

SCHEDULE A

MINERAL CLAIMS

The Property is located in the Vancouver mining division on NTS Map 092J02W within the Whistler area of British Columbia and is centered at latitude 50° 14' 17" N and longitude 122° 58' 11" W. The corresponding UTM coordinates are 5565100N, 502159E (NAD 83, Zone 10).

Title Number	Claim Name	Owner	Map Number	Issue Date	Good To Date	Area (ha.)
1044105	SUNSET2016A	33% 281925, 33% 269478, 34% 278776	092J	08/31/2016	08/31/2020	62.0044
1045450	SUNSET2016B	33% 281925, 33% 269478, 34% 278776	092J	07/20/2016	08/31/2020	124.0126
1046930	SUNSET2016B	33% 281925, 33% 269478, 34% 278776	092J	09/26/2016	08/31/2020	495.9642
1047510	SUNSET2016D	33% 281925, 33% 269478, 34% 278776	092J	10/29/2016	08/31/2020	103.335

Total Area: 785.3162 ha

SCHEDULE B
ROYALTY AGREEMENT

[see attached]

Draft: April 12, 2017

THIS NET SMELTER RETURN ROYALTY AGREEMENT dated as of the 12th day of April, 2017 (the “**Execution Date**”).

A M O N G :

MICHAEL A. BLADY, an individual normally resident and domiciled in 110-2300 Carrington Road, West Kelowna, BC, V4T 2N6

(“**Blady**”)

- and -

DEV RISHY MAHARAJ, an individual normally resident and domiciled in 950 Munro Street, Kamloops, BC, V2C 3G1

(“**Maharaj**”)

- and -

CHRISTOPHER R. PAUL, an individual normally resident and domiciled in 110-2300 Carrington Road, West Kelowna, BC, V4T 2N6

(“**Paul**”)

(Blady, Maharaj and Paul being collectively referred to herein as the “**Owners**”)

- and -

COBALT 27 CAPITAL CORP., a corporation incorporated and existing under the laws of the Province of British Columbia

(the “**Royalty Holder**”)

WHEREAS the Owners own a 100% legal and beneficial interest in the four mineral claims known as the Sunset Mineral Property, covering a total of 785.3 hectares of land, located in Pemberton, British Columbia, all as more particularly described in Schedule “A” attached hereto and forming a part hereof (the “**Claims**”);

AND WHEREAS Blady owns a 34% undivided legal and beneficial interest in the Claims; Maharaj owns a 33% undivided legal and beneficial interest in the Claims and Paul owns a 33% undivided legal and beneficial interest in the Claims, free and clear of any and all liens, charges, security interests, claims, mortgages and other encumbrances;

AND WHEREAS the Claims are free and clear of any and all liens, charges, security interests, claims, mortgages and other encumbrances free and clear of any and all liens, charges, security interests, claims, mortgages and other encumbrances;

AND WHEREAS the Owners seek to grant to the Royalty Holder a net smelter returns royalty, all on and subject to the terms and conditions herein contained;

AND WHEREAS the Parties are therefore desirous of executing and delivering this Agreement, all on and subject to the terms and conditions contained herein;

AND WHEREAS capitalized terms when used in these preambles shall have the respective meanings set forth in Article 1;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise provided:

“**Act**” has the meaning set forth in section 8.1;

“**Additional Claims**” has the meaning set forth in section 1.8;

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

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

“**Allowable Deductions**” means, all costs, charges, deductions and expenses paid or incurred by the Owner for or with respect to Cobalt Production comprising:

- (i) charges for treatment in the smelting, refining or other beneficiation processes (including handling, tertiary treatment, provisional settlement fees, weighing, sampling, concentrate leaching, assaying umpire and representation fees and costs, treatment penalties, including without limitation, metal losses, and other processor deductions), but excluding costs of mining, mine site processing, handling, tertiary treatment and other beneficiation, and mine site smelting, refining and concentrating;
- (ii) costs of transporting (including loading, freight, insurance, security, surveyor fees, non-refundable transaction taxes, handling, port fees, demurrage, delay, and forwarding expenses incurred by reason of or in the course of transportation), securing and insuring Cobalt to a smelter, refinery or other purchaser of Cobalt, including without limitation, offsite security costs;
- (iii) costs or charges for or in connection with insurance, storage, or representation at a smelter or refinery for Cobalt;
- (iv) any deductible required to be paid in connection with insurance proceeds paid to the Owners in respect of a Loss; and
- (v) non-refundable sales, use, severance, excise, government royalties, and ad valorem taxes and any tax on or measured by mineral production, but not including income taxes of the Owners or the Royalty Holder;

provided that where Cobalt is processed on or off the Claims in a facility wholly or partially owned by the Owners, a shareholder of the Owners or an Affiliate of the Owners or an Affiliate of a shareholder of the

Owners, Allowable Deductions will not include any costs that are in excess of those which would be incurred on an arm's length basis or which would not be Allowable Deductions if the Cobalt was processed by an independent third party. There will be no Allowable Deductions from Gross Proceeds received as a result of a Loss;

"Annual Report" means a written report, in relation to any calendar year, detailing:

- (i) the number of tonnes of Cobalt produced from the Claims, on a Month by Month basis, in the applicable calendar year;
- (ii) if applicable, the names and addresses of each Offtaker to which the Cobalt referred to in subsection (i) was delivered;
- (iii) the Gross Proceeds, the Allowable Deductions which were applied against the Gross Proceeds and the Net Smelter Returns which have resulted or which are estimated to result from the Cobalt referred to in subsection (i), on a Month by Month basis;
- (iv) the amount of the Royalty which has been paid to the Royalty Holder with respect to the Cobalt referred to in subsection (i) on a Month by Month basis, in accordance with the provisions of this Agreement;
- (v) an updated mine operating and development plan and budget which includes updated reserves and resources, forecasted production during the upcoming annual period and any planned drilling and exploration activities within the Claims during the upcoming annual period; and
- (vi) until the mine at the Claims achieves commercial production, a summary of the status of any and all material permit and permit applications with respect to the Claims and mining operations to be conducted thereon during the upcoming annual period;

"Audit Dispute Notice" has the meaning set forth in section 3.11;

"Business Day" means a day that is not a Saturday, Sunday or any other day which is a statutory holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

"Cash Equivalent" has the meaning set forth in section 2.3;

"Claims" has the meaning ascribed thereto in the preambles to this Agreement and for clarity, includes the Claims as the same currently exist and as the same may be extended (in respect of expiry date), converted, revised and/or elevated;

"Cobalt" means the chemical element with the symbol Co and atomic number 27;

"Cobalt Production" means: (i) the quantity of Refined Cobalt measured in tonnes that is outturned to the Owners' account by a refinery; and (ii) the recoverable and saleable quantity of Cobalt contained in Cobalt bearing ores, metals (metals shall include concentrates or other forms) derived from operating the Claims as a mine to which has been applied the least number of treatments or processes necessary to render the Cobalt into a substance or state for which there is a commercially significant market of arm's length sales or purchases between unrelated parties;

"Common Shares" means the common shares in the capital of the Royalty Holder;

"Consideration Shares" has the meaning set forth in section 1.7;

"Confidential Information" has the meaning set forth in section 10.2;

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

(i) with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of the entity through the legal or beneficial ownership of voting securities or the right to appoint managers, directors or corporate management or by contract, operating agreement, voting trust or otherwise;

(ii) with respect to a natural person, the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and

(iii) when used as a noun, an interest that gives the holder the ability to exercise any of the powers described in subsections (i) and (ii) of this definition;

“**Effective Date**” has the meaning set forth in section 1.7.

“**Gross Proceeds**” means, proceeds received or deemed to be received by the Owners from the Sale of Cobalt from the Claims, whether processed on or off of the Claims, determined as follows, subject to the provisions of section 3.5:

(i) if Cobalt is sold by the Owners in the form of ore, concentrates or metals, then the Gross Proceeds in respect of such ore, concentrates or metals will be equal to the amount of the proceeds actually received by the Owners from the sale of such ore, concentrates or metals;

(ii) if Cobalt is sold by the Owners in the form of Refined Cobalt, then such Cobalt will be deemed to have been sold at the Monthly Average Cobalt Price for the Month in which such Cobalt was refined and the Gross Proceeds in respect of Cobalt will be determined by multiplying Cobalt Production for the Month by the Monthly Average Cobalt Price for the Month; and

(iii) if there is a Loss of Cobalt then the Gross Proceeds will be equal to the sum of the insurance proceeds actually received in respect of such Loss;

“**Execution Date**” has the meaning set forth on page one;

“**Interest**” means the percentage legal and beneficial undivided interest in the Claims of any or all of the individuals who constitute the Owners;

“**Longstop Date**” means September 30, 2017;

“**Loss**” means a loss of, theft of or damage to Cobalt Production, whether or not occurring on or off the Claims and whether the Cobalt Production is in the possession of the Owner or otherwise;

“**Losses**” means all damages, claims, losses, liabilities, fines, penalties and expenses;

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

“**Month**” means a calendar month;

“**Monthly Average Cobalt Price**” means the arithmetic average of the “Cash Settlement Price” per unit in US\$ for Cobalt as quoted on the London Metal Exchange and published in the Metal Bulletin for every day such price is quoted during the Month;

“**Net Smelter Returns**” means for Cobalt Production for which there has been a Sale, the Gross Proceeds from the Sale less Allowable Deductions;

“**New Trustee**” has the meaning set forth in section 1.6(h);

“**Notice**” has the meaning set forth in section 10.8;

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

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

“**Offtake Agreement**” means any refining, smelting, brokering, sale, marketing and/or processing agreement entered into by the Owners or their respective Affiliates with respect to Cobalt produced from the Claims;

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

“**Owner Indemnified Parties**” has the meaning set forth in section 6.2;

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

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

“**Proposed Metal Stream**” has the meaning set forth in section 2.3;

“**Public Financing**” means that the Royalty Holder has completed a financing for gross proceeds of not less than CDN\$50.0 million;

“**Refined Cobalt**” means the portion of marketable metal bearing material in the form of Cobalt that is refined to standards meeting or exceeding commercial standards for the sale of refined Cobalt, being in any case of a purity of at least 99.9%;

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

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

“**Royalty**” means 2.0% of Net Smelter Returns;

“**Royalty Purchase Price**” means the sum of CDN\$50,000;

“**Royalty Holder Indemnified Parties**” has the meaning set forth in section 6.1;

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

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

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

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

“**Third Party Share Consideration**” has the meaning set forth in section 2.3;

“**trading activities**” has the meaning set forth in section 3.9;

“**Transfer**” when used as a verb, means to sell, grant, assign, encumber, hypothecate, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions. When used as a noun, “Transfer” means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or

indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction;

“Trustee” has the meaning set forth in section 1.6(h);

1.2 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective obligations of the Parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.3 Severability

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

1.4 Calculation of Time

If any time period set forth in this Agreement ends on a day of the week which is not a Business Day, then notwithstanding any other provision of this Agreement, such period will be extended until the end of the next following day which is a Business Day.

1.5 Headings

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

1.6 Other Matters of Interpretation

In this Agreement:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa;
- (c) references to “article,” “section” and “subsection” are to articles, sections and subsections of this Agreement, respectively;
- (d) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words “covenants” or “agrees” or “promises”;
- (e) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise;
- (f) the words “hereto,” “herein,” “hereby,” “hereunder,” “hereof” and similar expressions when used in this Agreement refer to the whole of this Agreement and not to any particular article, part, section, exhibit or portion thereof;

(g) references to the "Owners" means each of Blady, Maharaj and Paul on a joint and several basis; and

(h) this Agreement has been drafted on the basis that the Royalty Holder need only deal with Blady as the representative of all of the Owners, in the capacity as trustee (the "Trustee") it being understood and agreed that: (i) by his execution and delivery of this Agreement, Blady agrees to act as Trustee, for and on behalf of Maharaj and Paul with respect to all matters relating to the Owners under this Agreement; and (ii) by their execution and delivery of this Agreement, both Maharaj and Paul agree that Blady, as Trustee, has full right, power and capacity to act for and on their behalf with respect to all matters relating to the Owners under this Agreement. The appointment of Blady as the Trustee shall remain in full force and effect unless and until Blady shall transfer his entire Interest in the Claims as permitted pursuant to this Agreement.

If Blady shall seek to transfer his entire Interest in the Claims as permitted pursuant to this Agreement, any consent of the Royalty Holder which is required hereunder shall be conditioned upon the Royalty Holder's receipt of an acknowledgement from the new Person who shall hold the majority Interest in the Claims after completion of any such transfer (or, if there is no such Person, from the Person who has been appointed by all Persons who collectively will constitute the Owners after completion of any such transfer), in form and substance satisfactory to the Royalty Holder, pursuant to which: (iii) such Person (the "New Trustee") agrees to act as trustee hereunder; and (iv) the other Persons constituting the Owners agree that the New Trustee has full right, power and capacity to act for and on their behalf with respect to all matters relating to the Owners under this Agreement. A Person's rights and obligations in acting as Trustee or New Trustee hereunder, as the case may be, shall be deemed to survive any bankruptcy or incapacity (but not the death) of such Person. In the event of the death of a Person who was a Trustee or New Trustee, the executors or administrators and beneficiaries of such deceased Person together with all other Persons who constitute the Owner shall, as soon as reasonably practicable, sign an agreement in favour of the Royalty Holder, in form and substance satisfactory to the Royalty Holder: (v) appointing the New Trustee; and (vi) containing their agreement that the New Trustee has full right, power and capacity to act for and on their behalf with respect to all matters relating to the Owners under this Agreement..

1.7 Effective Date

The Royalty Holder intends to complete the Public Financing from and after the Execution Date. Subject to receipt of requisite regulatory and stock exchange approval, within five Business Days after the Public Financing has been completed, the Royalty Holder will satisfy the Royalty Purchase Price by the issuance from treasury to the Owners, of Common Shares that are listed on the recognized stock exchange on which the Common Shares are posted for trading, at an issue price that is equal to the price of the Common Shares issued as part of the Public Financing (the "Consideration Shares"). The Common Shares shall be issued as to 45% to Blady, 45% to Paul and 10% to Maharaj. Upon issuance, the Consideration Shares will be: (i) delivered to the Owners' counsel, Brendan Purdy, Purdy Law, 8 Wellington Street East, Toronto, Ontario, M5E 1C5, to hold in escrow pending the registration of the Royalty against the Claims as contemplated by section 2.4 to the satisfaction of the Royalty Holder, acting reasonably; and (ii) subject to a statutory hold period that is equal to four months plus one day following date of issuance of the Consideration Shares. The date of delivery by the Royalty Holder to the Owners' counsel of the Consideration Shares in satisfaction of the Royalty Purchase Price shall be the "Effective Date" for the purposes of this Agreement. This Agreement shall terminate if the Effective Date has not occurred on or before the Longstop Date.

1.8 Area of Interest

If any of the Owners, or an Affiliate of any of the Owners, acquires any mineral tenements, mineral claims, mineral rights, exploration licenses or mining licenses within two kilometres of the external boundaries of any of the Claims, as (the “**Additional Claims**”), then the Owners acknowledge and agree that such Additional Claims will be subject to the Royalty, on the terms set out in this Agreement, and the Owners will promptly execute any further documentation as may be required by the Royalty Holder, acting reasonably.

1.9 Accredited Investors

Each of Blady, Maharaj and Paul do hereby confirm to and in favour of the Royalty Holder that they are an accredited investor within the meaning of *National Instrument 45-106 Prospectus Exemptions*.

ARTICLE 2 ROYALTY DESCRIPTION, RIGHT OF FIRST REFUSAL ETC.

2.1 Net Smelter Returns Royalty

In consideration of the payment of the Royalty Purchase Price as of the Effective Date: (i) the Owners do grant the Royalty to the Royalty Holder, on the terms and conditions specified in this Agreement; and (ii) the Owners agree to pay to the Royalty Holder the Royalty subject to the terms and conditions set out in Article 3 herein. In the event a court of competent jurisdiction determines that any provision of this Agreement violates the statutory or common law Rule Against Perpetuities, then such provision shall automatically be revised and reformed as necessary to comply with the Rule Against Perpetuities and this Agreement shall not be terminated solely as a result of a violation of the Rule Against Perpetuities.

2.2 Sale of Cobalt Other Than to a Smelter or Refinery

If the Owners sell or cause the Sale of Cobalt other than to a smelter or refinery, the Royalty shall be, without duplication, 2.0% of the gross value of recoverable Cobalt without deductions except for such costs, charges, deductions and expenses that would have been applicable had the Owners processed the Cobalt at a third party smelter or refinery. The amount of recoverable Cobalt removed from the Claims shall be calculated and determined based upon assays, metallurgical tests and such other analyses as are customary in the industry which are conducted in a manner satisfactory to the Owners and the Royalty Holder, acting reasonably. If the Parties are unable to agree on the manner of conducting such assays, tests and analyses or the amount of the applicable costs, charges, deductions and expenses that would have been applicable, for a period of 30 days, either Party may refer the question to arbitration hereunder and the decision of the arbitrator shall be final and binding upon the Parties. For clarity, in this section 2.2, the Owners shall be treated as one Party and the Royalty Holder shall be treated as another Party, for a total of two parties. The gross value of such Cobalt shall be determined by multiplying the amount of such recoverable Cobalt by the Monthly Average Cobalt Price for the Month of such sale.

2.3 Right of First Refusal

If any of Blady, Maharaj or Paul or any of their respective Affiliates (the “**Selling Party**”) shall receive a *bona fide* written offer (the “**Third Party Offer**”) from an arm’s length third Person (the “**Third Person**”) to purchase, option or otherwise acquire, directly or indirectly, in any manner whatsoever, a royalty on Cobalt produced from the Claims or a participating interest in Cobalt based on production from the Claims (i.e. without limitation, a Cobalt stream, or other instrument convertible into a Cobalt stream or any financing that is similar to a metals stream), whether or not coupled with another transaction, embodied within another transaction or disguised within another transaction (the “**Proposed Metal Stream**”), the Selling Party must ensure that the said Third Party Offer states the price and all other pertinent terms and conditions upon which the Third Party wishes to complete the Proposed Metal Stream and that the

consideration set forth in the Third Party Offer includes only cash or a combination of cash and shares of a publicly listed company (the "**Third Party Share Consideration**"). The Selling Party may not complete a Proposed Metal Stream with a Third Party unless and until Blady, Maharaj or Paul, as applicable, has complied with the provisions of this section. For greater certainty and without limitation, each of Blady, Maharaj or Paul do hereby covenant and agree to take no acts nor do any matters or things that shall result in the circumvention by a Selling Party of the right of first refusal and its far-reaching and all inclusive ambit as contemplated by the intent of this section. After receipt of a Third Party Offer, the Selling Party shall deliver a copy of the Third Party Offer to the Royalty Holder together with the Selling Party's own offer to sell to the Royalty Holder the Proposed Metal Stream on the same terms and conditions (the "**Offer**").

The following principles shall apply with respect to any Third Party Share Consideration set forth in the Third Party Offer, in order for the consideration to be paid by the Royalty Holder pursuant to the acceptance of the Offer, to be on the same terms and conditions. If the Third Party Offer sets forth consideration to be paid by the Third Party that includes all Third Party Share Consideration or a combination of cash and Third Party Share Consideration, then if Royalty Holder shall accept the Offer (in order to match the Third Party Share Consideration), at the option of the Royalty Holder, on closing of the transactions contemplated in the Offer, the Royalty Holder shall pay to the Selling Party:

(i) in cash, the cash equivalent of the Third Party Share Consideration (based on the 20 day volume weighted average trading price of the shares of such Third Party ending on the day prior to the date of the Third Party Offer) (the "**Cash Equivalent**"); (ii) in fully paid and non-assessable shares in the capital of the Royalty Holder (so long as such shares are publicly traded), a number of shares equal to the quotient of the Cash Equivalent divided by the 20 day volume weighted average trading price of such shares ending on the day prior to the date of the Offer; or (iii) a combination of both cash as in (i) and shares as in (ii).

The Selling Party shall also contemporaneously deliver any and all due diligence materials (which it delivered or made available to the Third Party) to the Royalty Holder. Immediately after the Royalty Holder has received the Offer and the said due diligence materials, the Selling Party shall grant the Royalty Holder the right (together with its authorized representatives), if so desired by the Royalty Holder (which right may or may not be exercised by the Royalty Holder, in its sole discretion), to conduct a site visit on the Claims, such site visit to be on a date and at a time that is mutually convenient to the Selling Party and the Royalty Holder, each acting reasonably, to be scheduled and completed no later than 11 Business Days after the said receipt of the Offer and the due diligence materials by the Royalty Holder. Such 11 Business Days shall be extended by the Royalty Holder for a reasonable further period of time if the site visit cannot be conducted by the Royalty Holder within such 11 Business Day period as a result of delays occasioned by acts or omissions of the Selling Party. It is understood and agreed that at or before the said site visit, or even if the Royalty Holder shall deem that a site visit is not necessary, the Royalty Holder may request from the Selling Party further confidential information in the possession or under the control of the Selling Party that directly pertains to the subject matter of the Proposed Metal Stream and that the Selling Party shall deliver or make the same available to the Royalty Holder.

The Royalty Holder shall have 20 Business Days from the date of the site visit (or the date upon which the Royalty Holder shall advise the Selling Party that a site visit is not required by the Royalty Holder), to notify the Selling Party that it elects to acquire the Proposed Metal Stream at the price and on the terms and conditions set forth in the Offer.

If the Royalty Holder does so elect to acquire the Proposed Metal Stream, the transaction with respect to the Proposed Metal Stream shall be consummated within 60 days after notice of such election is delivered to the Selling Party by the Royalty Holder. The Royalty Holder shall act in a reasonable and timely manner with respect to closing matters; however if the proposed agreement with respect to the Proposed Metal Stream is not entered into within 60 days after notice of such election is delivered by the Royalty Holder,

as a result of the Selling Party not acting in a timely manner, then the Royalty Holder shall have the right, acting reasonably, to extend the period of 60 days in order to accommodate such delays (provided that it is understood and agreed that the Royalty Holder shall not have the right to extend the period of 60 days if the failure to consummate the transaction with respect to the Proposed Metal Stream is occasioned solely by acts, delay or omissions of the Royalty Holder).

If the Royalty Holder fails to elect to acquire the Proposed Metal Stream within 20 Business Days from the date of the site visit (or the date upon which the Royalty Holder shall advise the Selling Party that a site visit is not required by the Royalty Holder), the Selling Party shall have 90 days following the expiration of such period to consummate the transaction with respect to the Proposed Metal Stream with the Third Party at a price and on terms no more favourable to the Third Party than those offered in the Offer and in accordance with this section. If the Selling Party fails to consummate the transaction with respect to the Proposed Metal Stream with the Third Party within the period set forth in this section the right of first refusal herein contained shall be deemed to be revived. Any subsequent proposal to complete a Proposed Metal Stream shall be conducted in accordance with the procedures set forth in this section.

For greater certainty and without limitation, it is understood and agreed that any refusal by the Royalty Holder to purchase a Proposed Metal Stream as well as any acceptance by the Royalty Holder of a Proposed Metal Stream leading to consummation of a transaction with respect thereto shall in no way be construed as the relinquishment by the Royalty Holder of its right of first refusal pursuant to this section, to purchase from a Selling Party any other Proposed Metal Streams based on Cobalt produced from the Claims, it being the specific intention of the Parties that this clause and the right of first refusal granted to the Royalty Holder by the Selling Party shall apply to all Proposed Metal Streams based on Cobalt produced from the Claims.

Notwithstanding anything to the contrary set out herein, the aforementioned right of first refusal will not apply in respect of any joint venture or similar agreement with arm's length parties in which a party's interest may be diluted to a royalty due to the operation thereof provided that a reasonable person would not determine that the entry into of the joint venture or similar agreement did not have as its genesis the circumvention by a Selling Party of the right of first refusal and its far-reaching and all inclusive ambit as contemplated by the intent of this section.

2.4 Interest in Land

The Parties agree that, subject to the provisions of sections 2.7 and 2.8, the Royalty on the Claims will be a covenant running with the Claims, will be enforceable as an *in rem* interest in land which shall run with the Claims and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns. Any conveyance by any Blady, Maharaj or Paul of the Claims or their Interest in the Claims shall include a provision requiring the transferee to pay the Royalty on the Claims. It is the intention of the Parties that to the extent permissible at law, the Royalty on the Claims shall be registerable or otherwise recordable in all public places where interests in a royalty are recordable. Each of Blady, Maharaj or Paul shall execute and deliver such further documents as may be necessary for the timely and effective recording or registration of a caution, notice or caveat in respect of the Royalty on the Claims in such public places.

2.5 Tailings and Residue

All tailing, residues, waste rock, spoiled leach materials, and other materials (collectively the "**Materials**") resulting from the Owners' operations and activities on the Claims shall be the sole property of the Owners, but shall remain subject to the obligation to pay the Royalty should the same be processed or reprocessed, as the case may be, in the future and result in Cobalt. The Owners shall have the right to dispose of Materials from the Claims, whether on or off of the Claims, and to commingle the same with Materials from other properties. In the event Materials are processed or reprocessed, as the case may be, the Royalty applicable thereto shall be determined on a pro rata basis as determined by using such reasonable and customary engineering and technical practices as are then available.

2.6 Ore Processing

All determinations with respect to: (a) whether ore from the Claims will be beneficiated, processed or milled by the Owners or sold in a raw state; (b) the methods of beneficiating, processing or milling any such ore; (c) the constituents to be recovered therefrom; and (d) the purchasers to whom any ore, minerals or mineral substances derived from the Claims may be sold, shall be made by the Owners in their sole and absolute discretion.

2.7 Abandonment, Relinquishment or Non-Renewal

If the Owners or its Affiliates or any Person related thereto wishes to abandon, relinquish or terminate or not renew (the “**Relinquishment Event**”) all or any portion of the Claims (the “**Released Claims**”), then the Owners shall provide the Royalty Holder with a minimum of 30 days’ prior written notice of such intended Relinquishment Event. Upon receipt of the said notice, the Royalty Holder shall have a period of 10 days within which to advise the Owners, in writing that it desires to acquire the Released Claims, by quitclaim deed, for consideration equal to CDN\$10. If the Royalty Holder shall forward such written notice to the Owners within the said 10-day period, the Owners shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Royalty Holder’s own sole cost and expense, to assign or convey, as appropriate, the Released Claims to the Royalty Holder for the said CDN\$10 and to have the Released Claims recorded or registered into the name of the Royalty Holder. If the Royalty Holder does not forward the said written notice to the Owners within the said 10-day period, then the Owners or the Affiliate of the Owners or the Person related thereto shall have the right to complete the Relinquishment Event with respect to the applicable Released Claims. If a Relinquishment Event is completed and thereafter, the Owners or any Affiliate of the Owners or any person related to the Owners subsequently reacquires a direct or indirect beneficial interest in the Released Claims then such Released Claims will once again be subject to the obligation to pay the Royalty with respect thereto.

2.8 Purchase of Royalty

(a) At any time between the Effective Date and the 30 month anniversary thereof, if and only if the Owners shall have entered into one or more metal stream agreements with respect to the Claims with the Royalty Holder or any Affiliate of the Royalty Holder that have an aggregate upfront deposit of at least US\$20.0 million (or such other smaller amount, in the Royalty Holder’s sole discretion), the Owners shall have the exclusive and irrevocable right and option to purchase the Royalty by making a payment to the Royalty Holder in the amount of CDN\$500,000 in cash by wire transfer.

(b) If the Owners elect to purchase the Royalty pursuant to section 2.8(a), payment by the Owners to the Royalty Holder shall be made with a minimum of 30 days’ prior written notice to the Royalty Holder. Upon receipt of such payment set forth in section 2.8(a), without set off, deduction or defalcation, the Royalty Holder shall convey and /or cancel and surrender the Royalty to the Owners by way of a mutually agreeable deed in recordable form, and such conveyance shall be made free and clear of all liens, claims and encumbrances arising by, through or under the Royalty Holder. If the Royalty Holder fails to timely deliver such a deed within a further period of 30 days after receipt of the said CDN\$500,000 in cash by wire transfer (provided that the condition set forth in section 2.8(a) has been satisfied), the Royalty shall be deemed to be cancelled without any further or other act by any Party hereto.

ARTICLE 3
PAYMENTS, TRADING ACTIVITIES AND BOOKS AND RECORDS

3.1 Payment Obligation

The obligation to pay the Royalty will accrue when there has been a Sale (provided that any Royalty due in respect of a Loss will accrue when the insurance proceeds are received by the Owners) and on the following bases:

- (a) there will be deemed to have been a Sale of treated metals upon the outturn of metals from Cobalt by the treatment facility to the account of the Owners;
- (b) the obligation to pay the Royalty will accrue upon any Sale by the Owners to an unrelated third party that is not captured by section 3.1(a) and for which the Owners receive Gross Proceeds; and
- (c) any Royalty due in respect of a Loss will accrue when the insurance proceeds are received by the Owners.

3.2 Provisional Settlements

Where the outturn of treated metals or a Sale (including an insurance settlement in respect of a Loss) is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of Cobalt (or the value of the Loss) credited by such provisional settlement, but will be adjusted in the next quarterly payment due thereafter to account for the amount of Cobalt (or the value of the Loss) established by final settlement with the treatment facility or with the purchaser or insurer of Cobalt, as the case may be. If production has ceased, settlement will be made between the Parties by cash payment.

3.3 Due Date

Royalty payments will be due and payable quarterly on the last day of the first Month after the end of the calendar quarter in which the same accrued.

3.4 Royalty Statements

Royalty payments will be accompanied by a statement showing in reasonable detail for the relevant quarter:

- (a) the quantities and grades of Cobalt produced and for which there was a Sale in the quarter;
- (b) the Gross Proceeds of Sale received in the quarter (including without limitation by reason of a Loss);
- (c) the Allowable Deductions in the quarter;
- (d) any adjustments to provisional settlements; and
- (e) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.

3.5 Adjustments

Subject to section 3.2, all Royalty payments will be considered final and in full satisfaction of all obligations of the Owners with respect thereto, unless the Royalty Holder gives the Owners written notice describing and setting forth a specific objection to the determination thereof within 12 months after the receipt by the

Royalty Holder of the quarterly Royalty statement. Such notice will specify the basis for the objection in reasonable detail. In addition to the provisions of section 3.10 and 3.11, if the Royalty Holder objects to a particular quarterly statement as herein provided, then:

- (a) the Royalty Holder will have the right, for a period of 90 days after the Owners receive notice of such objection, upon reasonable notice and at a reasonable time, and for a reasonable period of duration, to have the Owners' accounts and records relating to the calculation of the Royalty in question audited by a chartered accountant selected by the Royalty Holder and who enters into a confidentiality undertaking in favour of the Owners;
- (b) if such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. If production has ceased, settlement will be made between the Parties by cash payment; and
- (c) the Royalty Holder will pay all costs of such audit unless a deficiency of two percent or more of the amount due to the Royalty Holder is determined to exist. The Owners will pay the costs of such audit if a deficiency of two percent or more of the amount due is determined to exist.

Failure on the part of the Royalty Holder to make a claim on the Owners for adjustment in such 12 month period will establish the correctness of the payment and preclude the filing of exception thereto or the making of claims for adjustment thereon.

3.6 Conversion of Currency

All payments in respect of the Royalty will be made in US dollars.

3.7 Wire Transfer

Payments made under or pursuant to this Agreement will be made by wire transfer in good, immediately available funds, to such account or accounts as the Royalty Holder may designate pursuant to wire instructions provided by the Royalty Holder to the Owners not less than three Business Days prior to the dates upon which such payments are to be made. The date the wire transfer process is initiated shall be the date of such payment, provided that the Royalty Holder receives such payment.

3.8 Payments in Kind

If the Royalty Holder determines that it wishes to receive Royalty payments in the physical product in kind, the Royalty Holder shall provide written notice of such election including details of the Royalty Holder's account at the final refiner or other processor of the Cobalt. Upon timely receipt of such notice, the Owners shall direct any Offtaker that is the final refiner or other processor of the Cobalt to pay the Royalty directly to the account of the Royalty Holder at the Offtaker. All costs incurred by the Owners with respect to arranging for such payment in kind shall be for the account of the Royalty Holder and may be deducted from any subsequent payment of the Royalty. The Royalty Holder shall be responsible for all costs associated with the transportation of and insurance relating to Royalty payments delivered in kind to the Royalty Holder and if such transportation costs are paid for by the Royalty Holder the same shall not be included as one of the Allowable Deductions pursuant to section (ii) of the definition of Allowable Deductions. Title to Cobalt delivered to the Royalty Holder set forth in this section 3.8 shall pass to the Royalty Holder at the time the Cobalt is credited to the Royalty Holder at the Offtaker. If the Royalty Holder has provided written notice that it wishes to receive Royalty payments in the physical product in kind, the Owners shall notify the Royalty Holder in writing at least three weeks prior to any change of Offtaker.

3.9 Trading Activities of Owners

The Owners will have the right to market and sell refined Cobalt in any manner they may elect, and will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, and speculative arrangements (the “**trading activities**”) which may involve the possible physical delivery of Cobalt. The Royalty will not apply to, and the Royalty Holder will not be entitled to participate in, the proceeds generated by the Owners, a shareholder of the Owners or an Affiliate of either in trading activities. In determining the net proceeds from any Cobalt subject to the Royalty, the Owners will not be entitled to deduct from Gross Proceeds any Losses suffered by the Owners, a shareholder or an Affiliate in trading activities. If the Owners engage in trading activities, the Royalty will be determined on the basis of the value of the Cobalt produced and without regard to the price or proceeds actually received by the Owners, for or in connection with the sale, or the manner in which a sale to a third party is made by the Owners. The aforementioned value will be determined through reference to the Monthly Average Cobalt Price for the Month during which Cobalt is credited to the Owners’ account with a smelter or refiner, or, if the Owners engage in trading activities in respect of Cobalt other than refined metals, the Gross Proceeds will be determined on basis of the value of such Cobalt at the time such Cobalt or ores are actually delivered to third parties. The Parties agree that the Royalty Holder is not a participant in the trading activities of the Owners, and therefore the Royalty will not be diminished or improved by losses or gains of the Owners in any such trading activities.

3.10 Books and Records

The Owners shall keep true, complete and accurate books and records of all of their operations and activities with respect to the Claims, including the mining of minerals therefrom and the mining, stockpiling, treatment, processing, refining and transportation of minerals, prepared in accordance with good mining industry practice, consistently applied. The Royalty Holder and/or its authorized representatives shall be entitled, upon delivery of three Business Days advance notice, during the normal business hours of the Owners, in a manner that does not unreasonably interfere with the Owners’ business, to perform audits or other reviews and examinations of the Owners’ books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement to confirm compliance with the terms of this Agreement, including without limitation, calculations of Net Smelter Returns.

Without limiting the generality of the foregoing, the Royalty Holder shall have the right to audit all invoices and other records relating to the transportation of minerals from the Claims to any mill, refinery or other processor at which minerals from the Claims may be milled, smelted, concentrated, refined or otherwise treated or processed and relating to the transportation of minerals in the form of concentrates, slag or other waste products from any mill at which minerals from the Claims may be milled, to a processor. The Royalty Holder shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by the Royalty Holder, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any Royalty payments paid to the Royalty Holder hereunder in respect of the period being audited or examined in an amount greater than two percent of the amount of the Royalty properly payable with respect to such period, in which event all expenses of such audit or other examination shall be paid by the Owners. In performing such audit the Royalty Holder and/or its agents shall have reasonable access to all sampling, assay, weighing, and production records, including all mining, stockpile and milling records of the Owners relating to the Claims and any minerals derived from the Claims (and the Royalty Holder shall be allowed to make notes or a photocopy thereof, subject to the provisions of section 10.2), all of which such records shall be kept and retained by the Owners in accordance with good mining industry practice.

3.11 Annual Report

The Owners shall deliver to the Royalty Holder an Annual Report on or before 60 days after the last day of each calendar year. If the Royalty Holder disputes any information in an Annual Report:

- (a) the Royalty Holder shall notify the Owners in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the “**Audit Dispute Notice**”);
- (b) the Royalty Holder on the one hand and the Owners on the other hand (there being a total of two parties) shall have 90 days from the date the Audit Dispute Notice is delivered by the Royalty Holder to resolve the dispute. If the Royalty Holder and the Owners have not resolved the dispute within the said 90-day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the “**Expert’s Report**”). If the Royalty Holder and the Owners have not agreed upon such expert within a further 10 days after the said 90-day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 8;
- (c) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by two percent or less from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Royalty Holder;
- (d) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by more than two percent from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Owners; and
- (e) if the Royalty Holder or the Owners dispute the Expert’s Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert’s Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 8.

If the Owners do not deliver an Annual Report as required pursuant to this Article, the Royalty Holder shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of the Owners, an audit of the books and records of the Owners relevant to the Royalty in conjunction with the provisions of section 3.10. The Owners shall grant the Royalty Holder and its agents access to all such books and records on a timely basis during normal business hours. In order to exercise this right, the Royalty Holder must provide not less than three Business Days’ written notice to the Owners of its intention to conduct the said audit. If within seven days of receipt of such notice, the Owners delivers the applicable Annual Report, then the Royalty Holder shall have no right to perform the said audit. If the Owners deliver the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of the Royalty Holder as set forth in Article 8. Otherwise, absent any manifest or gross error in the Royalty Holder’s audit report, the Royalty Holder’s report shall be final and conclusive, subject to the provisions of Article 8.

3.12 Rights to Monitor Processing of Minerals

Subject at all times to the workplace rules and supervision of the Owners, the Royalty Holder shall at all reasonable times and upon reasonable notice and at its sole risk and expense, have:

- (a) a right of access by its representatives to the Claims and to any mill used by the Owners to process minerals derived from the Claims (provided that in the event such mill is not owned or controlled by the Owners, such right of access shall only be the same as any such right of access of the Owners); and
- (b) the right:

- (i) to monitor the Owners' stockpiling and milling of ore or minerals derived from the Claims and to take samples from the Claims or from any mill or processor for the purposes of assay verifications; and
- (ii) to weigh or to cause the Owners to weigh or otherwise calculate the weight of all trucks transporting minerals from the Claims to any mill processing minerals from the Claims prior to dumping of such ore and immediately following such dumping.

ARTICLE 4 COVENANTS

4.1 Covenant Regarding Approvals

The Owners do hereby covenant and agree that they shall do all such acts and things and it shall not omit to do any acts or things as shall be necessary in order to obtain all necessary approvals as shall be required in order for it to be able to execute, deliver and perform its obligations under this Agreement. This covenant shall not merge on the execution and delivery of this Agreement. A breach of this covenant shall be deemed to be a breach of this Agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE OWNERS AND THE ROYALTY HOLDER

5.1 Representations and Warranties of the Owners

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

5.2 Representations and Warranties of Royalty Holder

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

ARTICLE 6 INDEMNITIES

6.1 Indemnity by the Owners

The Owners does hereby agree to defend, indemnify, reimburse and hold harmless the Royalty Holder, its officers, directors, shareholders, employees and its successors and assigns (collectively, "**Royalty Holder**

Indemnified Parties”), and each of them, from and against any and all Losses that the Royalty Holder Indemnified Parties may sustain, suffer or incur as a result of:

- (a) a breach of this Agreement by the Owners; and
- (b) operations conducted on or in respect of the Claims by or on behalf of the Owners that result from or relate to the mining, handling, transportation, smelting or refining of Cobalt, including without limitation, Losses, in any way arising from or connected with any non-compliance with environmental laws or any contaminants or hazardous substances on, in or under the Claims or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any contaminants or hazardous substances on any other lands or areas having originated or migrated from the Claims or the soil, sediment, water or groundwater forming part thereof.

Additionally, with respect to those clauses of this Agreement that relate specifically to Blady, Maharaj or Paul, each of Blady, Maharaj or Paul do hereby severally agree to defend indemnify, reimburse and hold harmless the Royalty Holder Indemnified Parties and each of them, from and against any and all Losses that the Royalty Holder Indemnified Parties may sustain, suffer or incur as a result of a breach of this Agreement by Blady, Maharaj or Paul.

ARTICLE 7 TRANSFER RIGHTS

7.1 Restricted Transfer Rights of Blady, Maharaj and Paul

Any or all of Blady, Maharaj and Paul may Transfer, in whole or in part: (i) their respective Interest in the Claims; and (ii) their respective rights and obligations under this Agreement (it being understood and agreed that any Transfer of the Interest in the Claims must include a transfer of all rights and obligations under this Agreement and vice-versa and must include compliance with the provisions of section 1.6(h)) so long as the following conditions are satisfied:

- (a) Blady, Maharaj and/or Paul, as applicable, provides the Royalty Holder with at least 20 day’s prior written notice of the intent to Transfer;
- (b) any purchaser, merged company, transferee or assignee, as a condition to completion of the Transfer, agrees in writing in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section as well as section 1.6(h) and the Royalty Holder does not suffer a material adverse effect in relation to the transactions set forth in this Agreement; and
- (c) any transferee of Blady, Maharaj and/or Paul, as applicable, that is a mortgagee, chargeholder or encumbrancer obtains an agreement in writing in favour of the Royalty Holder from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement.

For clarity, and without limitation, this clause applies to the successors and permitted assigns of Blady, Maharaj and Paul.

Upon the death of any of Blady, Maharaj and Paul, their executors, administrators and beneficiaries shall, as soon as reasonably practicable, agree in writing in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section as well as section 1.6(h).

7.2 Transfer Rights of the Royalty Holder

The Royalty Holder shall have the right to Transfer or encumber, in whole or in part, its rights and obligations under this Agreement to another Person upon the delivery to the Owners of 20 Business Days prior written notice. In such a case, provided that such other Person has agreed in writing with the Owners to be bound by such transferred or encumbered obligations under this Agreement, the Royalty Holder shall be released from such transferred obligations under this Agreement. Notwithstanding the foregoing, the Royalty Holder shall have the right to Transfer by way of encumbrance, in whole or in part, its rights and obligations under this Agreement to one or more lenders providing financing to the Royalty Holder without the consent of the Owners, however, the Royalty Holder shall notify the Owners in writing of such Transfer, confirming the identity of such transferee. Provided such transferee has agreed in writing with the Owners that if it enforces such encumbrance it will provide notice to the Owners and upon delivery of such notice, (which notice shall confirm that such transferee agrees to be bound by such transferred obligations under this Agreement,) such transferee shall become a party to this Agreement with all of the rights and obligations of the Royalty Holder. The Royalty Holder shall not be released from its obligations under this Agreement in the case of a Transfer by way of encumbrance which is subsequently enforced by such transferee.

7.3 Project Financing of the Owners

The Owners covenant to and in favour of the Royalty Holder that the terms of any project financing arranged with respect to the Claims shall not allow for the lenders to prohibit or interfere with any Royalty payments due to the Royalty Holder hereunder or allow for cash sweeps or payments of excess cash flow to the lenders in priority to any Royalty payments due to the Royalty Holder hereunder. In connection with any such project financing the Owners shall obtain at the closing of such project financing a certificate executed by an authorized officer of each lending institution or any other third party to the project financing, acknowledging the validity and existence of this Agreement and the Royalty obligations under this Agreement and agreeing that it will not object to or attempt to prohibit payment of any of the payments of the Royalty hereunder.

ARTICLE 8 DISPUTE RESOLUTION

8.1 Arbitration

Any matter in this Agreement in dispute between the Parties which has not been resolved by the Parties within 30 days of the delivery of notice by either Party of such dispute may be referred to binding arbitration. For clarity, in this Article 8, the Owners shall be treated as one Party and the Royalty Holder shall be treated as another Party, for a total of two parties. Such referral to binding arbitration shall be to a single qualified arbitrator. The *Arbitration Act, 1991* (Ontario) (the "Act") shall govern such arbitration proceedings in accordance with its terms except to the extent modified by the rules for arbitration set out in this section and in Schedule "B" attached hereto. The Owners and the Royalty Holder shall select one qualified arbitrator by mutual agreement, failing which, such qualified arbitrator shall be determined in accordance with the provisions of the Act for selecting a single arbitrator. The determination of such qualified arbitrator shall be final and binding upon the Parties and the costs of such arbitration shall be as determined by the arbitrator. The Owners and the Royalty Holder covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration. The term "**qualified arbitrator**" as used herein shall refer to qualified professional person who has at least ten years of mining industry experience in the subject matter of the dispute and is independent of all Parties.

ARTICLE 9 OPERATION OF THE CLAIMS

9.1 Owners to Determine Operations

The Owners will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Claims and may suspend operations and production on the Claims at any time it considers prudent or appropriate to do so. The Owners may, but will not be obligated to treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade Cobalt at sites located on or off the Claims, prior to sale, transfer, or conveyance to a purchaser, user, or consumer. The Owners will not be liable for mineral values lost in processing under sound practices and procedures, and no Royalty will be due on any such lost mineral values. The Owners shall be entitled to temporarily stockpile, store or place Cobalt produced from the Claims in any locations owned, leased, rented or otherwise controlled by the Owners or their respective Affiliates, provided the same are appropriately identified as to ownership and origin and secured from loss, theft, tampering and contamination. The Owners will owe the Royalty Holder no duty to explore, develop or mine the Claims, or to do so at any rate or in any manner other than that which the Owners may determine in its their sole and unfettered discretion.

9.2 Commingling

Commingling of Cobalt from the Claims with Cobalt produced elsewhere is permitted, provided that reasonable and customary procedures are established for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Cobalt and in the other Cobalt. The Royalty Holder will have the right, during reasonable business hours and upon prior notice to the Owners, to enter upon the Claims and to inspect the plant and procedures followed by the Owners with respect to allocations made under this section, provided that such entry will be at the sole risk and cost of the Royalty Holder, and in compliance with applicable safety rules and regulations.

ARTICLE 10 MISCELLANEOUS

10.1 Other Activities and Interests

This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Claims. Save and except as herein specifically provided, each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein including activities involving mineral claims or mineral leases adjoining the Claims.

10.2 Confidentiality

All information, data, reports, records, analyses, economic and technical studies and test results relating to the Claims and the activities of the Owners or any other party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as "**Confidential Information**," will be treated by the Royalty Holder as confidential and will not be disclosed to any person not a party to this Agreement, except in the following circumstances:

- (a) the Royalty Holder may disclose Confidential Information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to

those purposes necessary for such non-party users to perform the services for which they were retained by the Royalty Holder;

(b) the Royalty Holder may disclose Confidential Information to prospective purchasers of the Royalty Holder's right to receive the Royalty, provided that each such prospective purchaser first agrees in writing to hold such information confidential in accordance with this section and to use it exclusively for the purpose of evaluating its interest in purchasing such Royalty right;

(c) the Royalty Holder may disclose Confidential Information where that disclosure is necessary to comply with its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, and the Owners agree to provide to the Royalty Holder all such information as the Royalty Holder, acting reasonably, determines is necessary or desirable to fulfill the Royalty Holder's disclosure obligations and requirements under applicable securities laws, provided that prior to making any such disclosure the Royalty Holder shall give the Owners three Business Days' prior written notice and the opportunity to comment on such disclosure. Additionally, the Owners agree to use their reasonable efforts to ensure that the "qualified person" of the Owners (for the purposes of National Instrument No. 43 101) reviews and comments upon all requisite securities documents of the Royalty Holder that contain and disclose scientific and technical information with respect to the Royalty, including without limitation, annual information forms and press releases and to ensure that the Royalty Holder may quote and rely upon such "qualified person" in any such document, all as required by requisite securities laws, provided that any additional cost incurred by the Owners or such "qualified person" in any such review will be for the account of the Royalty Holder; or

(d) with the prior written approval of the Owners.

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

10.3 No Partnership

This Agreement is not intended to, and will not be deemed to, create any partnership relation between the Parties including without limitation, a joint venture, mining partnership or commercial partnership. Save and except as herein expressly provided, the obligations and liabilities of the Parties will be several and not joint and save and except as herein expressly provided, none of the Parties will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of another Party. Save and except as herein expressly provided, nothing herein contained will be deemed to constitute a Party the partner, agent, joint venturer or legal representative of another Party.

10.4 No Waivers

No waiver of or with respect to any term or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No course of dealing among the Parties, nor any failure to exercise, nor any delay in exercising, on the part of a Party hereunder, any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof of the exercise of any other right, power or privilege.

10.5 Time of the Essence

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

10.6 Further Assurances

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

10.7 Entire Agreement

This Agreement, including the Schedules hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by both Parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the Parties. There are no implied covenants contained herein.

10.8 Notice

Any notice, demand, consent or other communication (a "Notice") given or made under the Agreement:

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

If to Blady:

Attention: Michael A. Blady
Email: mikeblady@gmail.com

If to Maharaj:

Attention: Dev Rishy-Maharaj
Email: d.rishy.maharaj@gmail.com

If to Paul:

Attention: Christopher R. Paul
Email: chris_paul001@hotmail.com

If to the Royalty Holder, to:

Cobalt 27 Capital Corp.
Suite 2900, 595 Burrard Street
PO Box 49130
Vancouver BC
V7X 1J5

Attention: Justin Cochrane
Email: jcochrane@agam.co.uk

(c) will be deemed to be duly given or made when delivered;

but if the result is that a Notice would be deemed to be given or made on a day which is not a Business Day in the place to which the Notice is sent or is later than 4:00 pm (local time) it will be deemed to have been duly given or made at the commencement of business on the next Business Day in that place.

10.9 Counterparts

This Agreement may be executed in multiple counterparts, by original, pdf or telefacsimile signature, each of which will constitute an original, but all of which together will constitute one and the same instrument.

10.10 Parties in Interest

This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

[signature blocks appear on next page]

SIGNED, SEALED and DELIVERED in the presence of:
"Signed"
Witness

"Michael A. Blady"
MICHAEL A. BLADY

SIGNED, SEALED and DELIVERED in the presence of:
"Signed"
Witness

"Dev Rishy Maharaj"
DEV RISHY MAHARAJ

SIGNED, SEALED and DELIVERED in the presence of:
"Signed"
Witness

"Christopher Paul"
CHRISTOPHER R. PAUL

COBALT 27 CAPITAL CORP.

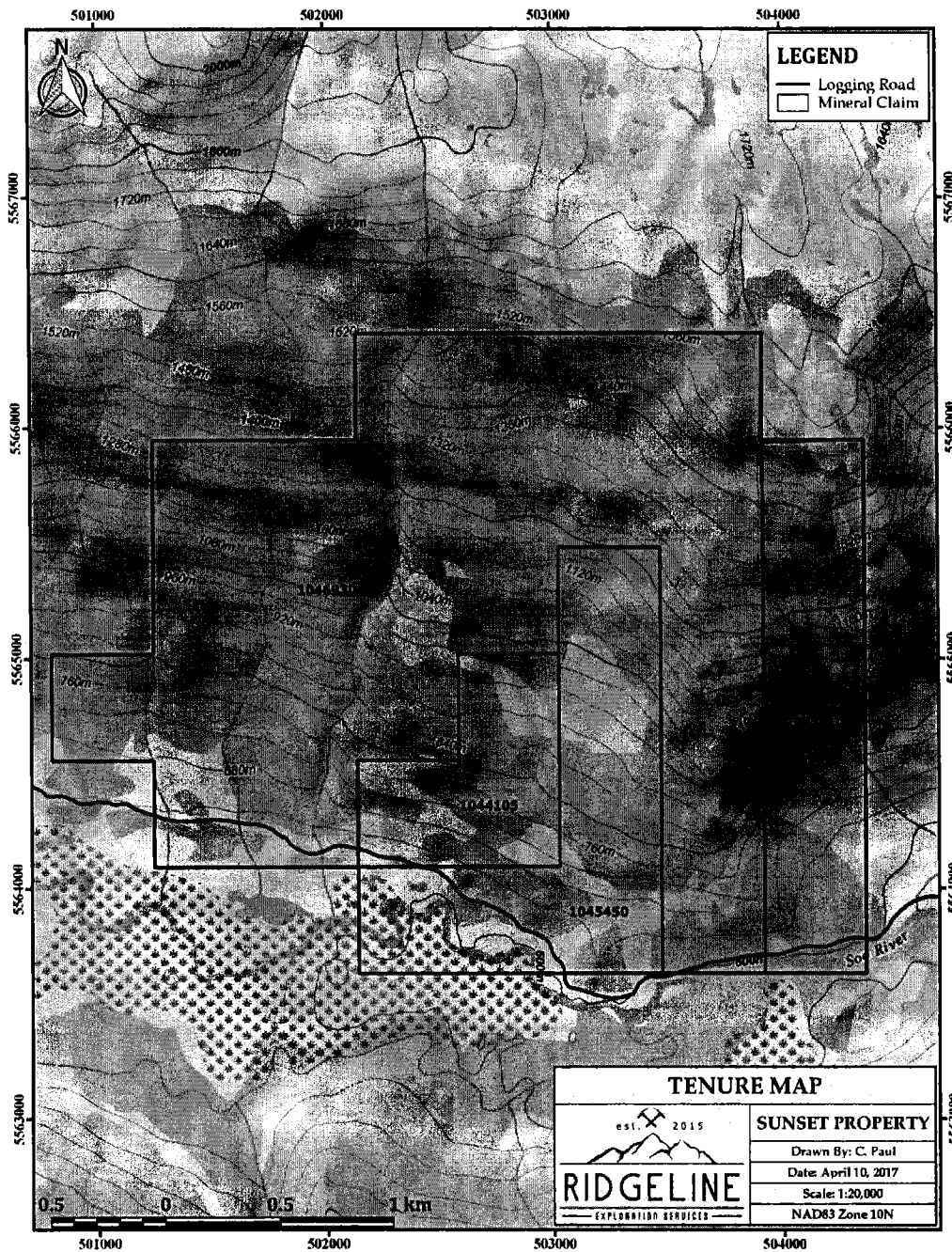
Per: "Signed"
Authorized Signing Officer

SCHEDULE "A"
DESCRIPTION OF CLAIMS SUNSET MINERAL PROPERTY

Tenure Number	Type	Claim Name	Good Until	Area (ha)
1044105	Mineral	SUNSET2016A	20170513	62.0
1045450	Mineral	SUNSET2016B	20170720	124.0
1046930	Mineral	SUNSET2016B	20170926	496.0
1047510	Mineral	SUNSET2016D	20171029	103.3

TOTAL 785.3

CLAIMS MAP – UTM NAD83 ZONE 10N



SCHEDULE "B"
RULES OF ARBITRATION

The following rules and procedures shall apply with respect to any matter to be arbitrated by the Parties under the terms of the Agreement.

1. INITIATION OF ARBITRATION PROCEEDINGS

- (a) If either Party to this Agreement wishes to have any matter under this Agreement arbitrated in accordance with the provisions of this Agreement, it shall give notice to the other Party specifying particulars of the matter or matters in dispute and proposing the name of one person it wishes to be appointed as a qualified arbitrator. Within 10 days after receipt of such notice, the other Party shall give return notice to the first Party proposing the name of a person it wishes to be appointed as the qualified arbitrator. If such return notice is not given by the other Party within such 10 day period, it shall be deemed to have accepted the person proposed by the first Party as the sole qualified arbitrator. If such return notice is given within such 10 day period proposing another person to be the qualified arbitrator and the Parties are unable to agree, then the sole arbitrator shall be determined in accordance with the provisions of the Act.
- (b) An arbitrator so nominated or selected (an "**Arbitrator**") shall be qualified by education and experience to decide the matter in dispute and shall be at arm's length from both Parties and shall not be officers, directors or employees of either Party or a member of the mining consultant, accounting, audit or legal firm or firms who advise either Party, nor shall they be persons who are otherwise regularly retained by either of the Parties.

2. SUBMISSION OF WRITTEN STATEMENTS

- (a) Within five days of the appointment of the Arbitrator, the Party initiating the arbitration (the "**Claimant**") shall send the other Party (the "**Respondent**") a statement of claim setting out in sufficient detail the facts and any contentions of law on which it relies, and the relief or outcome that it claims.
- (b) Within 15 days of the receipt of the statement of claim, the Respondent shall send the Claimant a statement of defence stating in sufficient detail which of the facts and contentions of law in the statement of claim it admits or denies, on what grounds, and on what other facts and contentions of law it relies.
- (c) Within five days of receipt of the statement of defence, the Claimant may send the Respondent a statement of reply.
- (d) All statements of claim, defence and reply shall be accompanied by copies (or, if they are especially voluminous, lists) of all essential documents and/or reports on which the Party concerned relies and which have not previously been submitted by any Party, and (where practicable) by any relevant samples.
- (e) After submission of all the statements, the Arbitrator will give directions for the further Conduct of the arbitration.

3. MEETINGS AND HEARINGS

- (a) The arbitration shall take place in the City of Toronto, or in such other place as the Claimant and the Respondent may mutually agree in writing. The arbitration shall be conducted in

English. Subject to any adjournments which the Arbitrator allows, the final hearing will be continued on successive working days until it is concluded.

- (b) All meetings and hearings will be in private unless the Parties otherwise agree.
- (c) Any Party may be represented at any meetings or hearings by legal counsel.
- (d) Each Party may examine, cross-examine and re-examine all witnesses at the arbitration.

4. THE DECISION

- (a) The Arbitrator will make a decision in writing and, unless the Parties otherwise agree, will set out reasons for decision in the decision.
- (b) The Arbitrator will send the decision to the Parties as soon as practicable after the conclusion of the final hearing, but in any event no later than 20 days thereafter, unless that time period is extended for a fixed period by the Arbitrators on written notice to each Party because of illness or other cause beyond the Arbitrator's control.
- (c) The decision shall determine and award costs to the successful Party in the arbitration.
- (d) The decision shall be final and binding on the Parties and shall not be subject to any appeal or review procedure, provided that the Arbitrator has followed the rules provided herein in good faith and has proceeded in accordance with the principles of natural justice. In the event either Party initiates any court proceeding in respect of the decision of the Arbitration or the matter arbitrated, such Party shall, if unsuccessful in the court proceeding, pay the other Party's costs on a solicitor/client basis plus all other reasonable expenses incurred by such other Party from the date of delivery of the notice commencing arbitration to the date of determination of such court proceeding.

5. JURISDICTION AND POWERS OF THE ARBITRATOR

- (a) By submitting to arbitration under these Rules, the Parties shall be taken to have conferred on the Arbitrator the following jurisdiction and powers, to be exercised at the Arbitrator's discretion subject only to these Rules and the relevant law with the object of ensuring the just, expeditious, economical and final determination of the dispute referred to arbitration.
- (b) Without limiting the jurisdiction of the Arbitrator at law, the Parties agree that the Arbitrators shall have jurisdiction to:
 - (i) determine any question of law arising in the arbitration;
 - (ii) determine any question as to the Arbitrator's jurisdiction;
 - (iii) determine any question of good faith, dishonesty or fraud arising in the dispute;
 - (iv) order any Party to furnish further details of that Party's case, in fact or in law;
 - (v) proceed in the arbitration notwithstanding the failure or refusal of any Party to comply with these Rules or with the Arbitrator's orders or directions, or to attend any meeting or hearing, but only after giving that Party written notice that the Arbitrator intends to do so;
 - (vi) receive and take into account such written or oral evidence tendered by the Parties as the Arbitrator determine is relevant, whether or not strictly admissible in law;

- (vii) make one or more interim awards;
- (viii) hold meetings and hearings, and make a decision (including a final decision) in Toronto, Ontario or elsewhere with the mutual written concurrence of the Parties;
- (ix) order the Parties to produce to the Arbitrator, and to each other for inspection, and to supply copies of, any documents and/or reports or other evidence or classes of documents in their possession or power which the Arbitrator determines to be relevant; and
- (x) make interim orders to secure all or part of any amount in dispute in the arbitration.