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**MINERAL PROPERTY OPTION AGREEMENT**

**Dated effective May 15, 2023**

**AMONG**

**MANNING VENTURES INC.**

**AND**

**GRAVEL RIDGE RESOURCES LTD.**

**AND**

**PERRY VERN ENGLISH**

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# MINERAL PROPERTY OPTION AGREEMENT

THIS AGREEMENT is dated effective May 15, 2023.

AMONG:

**MANNING VENTURES INC.**, a corporation incorporated pursuant to the laws of British Columbia and having an address located at Suite 303, 750 West Pender Street, Vancouver, British Columbia V6C 2T7

(“**Manning**”)

AND:

**GRAVEL RIDGE RESOURCES LTD.**, a corporation incorporated pursuant to the laws of Ontario and having an address located at 7462 Line 17, Hensall, Ontario, N0M 1X0

(“**GRL**”)

AND:

**PERRY VERN ENGLISH**, a businessperson with an address located at 608-3400 McDonald Avenue, Brandon, Manitoba R7B 0B9

(“**English**”, and collectively with GRL, the “**Optionors**” and each an “**Optionor**”)

WHEREAS:

- A. The Optionors are the legal and beneficial owners of a one hundred percent (100%) interest 44 mining claims located in the Province of Ontario, known as the Kaba Property, as more particularly described in Schedule A hereto (the “**Property**”); and
- B. The Optionors have agreed to grant an exclusive option to Manning to acquire a one hundred percent (100%) undivided legal and beneficial interest in and to the Property on the terms and conditions set forth herein.

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

**PART 1**  
**DEFINITIONS AND INTERPRETATION**

**Section 1.1 Definitions**

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) “**Act**” has the meaning given in §15(4);
- (b) “**Affiliate**” means with respect to a Party, any person, partnership, corporation, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, a Party and, for such purposes, “control” means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise, and includes a partnership or joint venture over which a Party exercises control;
- (c) “**Agreement**” means this Mineral Option Agreement and the Schedules hereto;
- (d) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
- (e) “**Commencement of Commercial Production**” means:
  - (i) if a mill is located on the Property, the last day of a period of forty (40) consecutive days in which, for not less than thirty (30) days, the mill processed ore from the Property at not less than sixty percent (60%) of its rated concentrating capacity, and
  - (ii) if a mill is not located on the Property, the last day of a period of thirty (30) consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues,but any period of time during which ore or concentrate is shipped from the Property for testing purposes or during which mill operations are undertaken as initial tune-up, will not be taken into account in determining the date of Commencement of Commercial Production;
- (f) “**Effective Date**” means the date set forth on the face page hereof;
- (g) “**Encumbrance**” means any mortgage, privilege, easement, charge, royalty, stream, hypothecation, lien, pledge, security interest, adverse claim, assignment, option, claim or other title defect, or other encumbrance of any kind or nature whatsoever (including any agreement to give any of the foregoing), whether or not registered or registrable or whether consensual or arising by operation of law (statutory or otherwise), but does not include any Permitted Encumbrances;
- (h) “**English**” has the meaning given on the face page hereof;

- (i) “**Environmental Liability**” means any claim, demand, loss, liability, damage, cost or expense (including legal fees) suffered or incurred in respect of environmental cleanup and remediation obligations and liabilities arising directly or indirectly from operations or activities conducted in or on the Property;
- (j) “**Exchange**” means the Canadian Securities Exchange, operated by CNSX Markets Inc.;
- (k) “**Exemptions**” has the meaning given in §5.3(1)(a);
- (l) “**Exploration Expenditures**” means all costs and expenses of whatever kind or nature spent or incurred in the conduct of operations on the Property including:
  - (i) in preparing for and in the application for and acquisition of environmental and other permits necessary or desirable to commence and complete exploration and development activities, including the cash amount of any bonds posted for required reclamation on the Property;
  - (ii) in undertaking geochemical, geophysical, geological surveys and airborne surveys, bulk sampling, prospecting, drilling, assaying and metallurgical testing in, on or in respect of the Property, including costs of surface access, establishment of grids, assays, metallurgical testing and other tests and analyses to determine the quantity and quality of minerals, water and other materials or substances;
  - (iii) in the preparation of work programs and the presentation and reporting of data and other results obtained from those work programs including any program for the preparation of a feasibility study or other evaluation of the Property;
  - (iv) for environmental remediation and rehabilitation;
  - (v) for keeping the Property in good standing;
  - (vi) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables;
  - (vii) travelling expenses of all persons engaged in work with respect to and for the benefit of the Property, including for their food, lodging and other reasonable needs; and
  - (viii) payments of fees, wages, salaries and fringe benefits to employees, contractors or consultants for work done, services rendered or materials supplied;
- (m) “**Governmental Authority**” means any foreign, domestic, national, federal, provincial, territorial, state, regional, municipal or local government or authority, quasi government authority, fiscal or judicial body, government or self regulatory organization, commission, board, tribunal, organization, or any regulatory,

administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing;

- (n) “**GRL**” has the meaning given on the face page hereof;
- (o) “**Liability**” means:
  - (i) any debt, obligation, liability, loss, expense, cost or damage of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent and those the amount of which is not ascertained or ascertainable; and
  - (ii) a demand, claim, action or proceeding however arising and whether present, unascertained, immediate, future or contingent;
- (p) “**Manning**” has the meaning given on the face page hereof;
- (q) “**Minerals**” means all ores and concentrates or metals derived from them, containing precious, base and industrial minerals (including gems and uranium) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Mineral Rights and other instruments of title under which the Property is held;
- (r) “**Mineral Rights**” means:
  - (i) prospecting licences, exploration licences, mining leases, mining licences, mineral concessions and claims and other forms of mineral tenure or other rights to Minerals, or to work upon lands for the purpose of searching for, developing or extracting Minerals under any form of mineral title recognized under the laws applicable in the Province of Ontario, Canada, whether contractual, statutory or otherwise, or
  - (ii) any interest in any Mineral Right;
- (s) “**Net Smelter Returns**” has the meaning given to it in Schedule A;
- (t) “**NSR Royalty**” has the meaning given in §5.2(1);
- (u) “**Option**” means the exclusive right herein granted by the Optionors to Manning to permit Manning to acquire a one hundred percent (100%) undivided right, title and interest in the Property;
- (v) “**Option Period**” means the period from the date hereof to and including the date of exercise or termination of the Option;
- (w) “**Optionors**” has the meaning given on the face page hereof;
- (x) “**Other Rights**” means any interest in real property, whether freehold, leasehold, license, right of way, easement, any other surface or other right in relation to real

property, and any right, licence or permit in relation to the use or diversion of water, but excluding any Mineral Rights;

- (y) **“Party”** means GRL, English, or Manning, as the context dictates;
- (z) **“Parties”** means GRL, English, and Manning, collectively;
- (aa) **“Payment Shares”** has the meaning given in §5.1(1)(b);
- (bb) **“Permitted Encumbrances”** means (i) statutory exceptions to title of the Property; (ii) easements and any registered or recorded restrictions or covenants that run with Property that do not in the aggregate materially detract from the value of the Property and will not materially and adversely affect the ability to carry on the Operations; (iii) registered or unregistered or recorded or unrecorded rights of way for, or reservations or rights of others relating to, sewers, water lines, gas lines, pipelines, electric lines, telegraph and telephone lines and other similar products or services; and (iv) inchoate or statutory liens for taxes not at the time overdue;
- (cc) **“Property”** means the Mineral Rights and the Other Rights, as described in Schedule A, together with any present or future renewal, extension, modification, substitution, amalgamation or variation of any of those Mineral Rights or Other Rights (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain), but excluding any Mineral Rights abandoned in accordance with Part 11;
- (dd) **“Securities Laws”** means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended; and
- (ee) **“Shares”** means common shares in the capital of Manning.

## Section 1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule;
- (b) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (c) a reference to a person (including a Party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Governmental Authority;
- (d) reference to a body, other than a Party (including, without limitation, an institute, association or Governmental Authority), whether statutory or not:



- (i) which ceases to exist; or
- (ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- (e) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;
- (f) a reference to any Party includes that Party's executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;
- (g) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document;
- (h) a reference to a party to a document includes the person's executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;
- (i) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation, code, by-law, ordinance or statutory instrument issued under it;
- (j) a reference to writing includes a facsimile or electronic mail transmission and any means of reproducing words in a tangible and permanently visible form;
- (k) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (l) the word "including" means "including without limitation" and "include" and, "includes" will be construed similarly;
- (m) where the phrase "to the knowledge of" or similar expressions are used in this Agreement, it will be a requirement that the person in respect of whom the phrase is used must have made the enquiries that are reasonably necessary to enable that person to make the statement or disclosure;
- (n) a provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement;
- (o) a reference to currency means Canadian currency; and

- (p) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

### **Section 1.3 Schedules**

The following Schedule is attached to and incorporated in this Agreement:

- (a) Schedule A – Property Description; and
- (b) Schedule B – Calculation of Net Smelter Returns.

## **PART 2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE OPTIONOR**

### **Section 2.1 Representations and Warranties**

- (1) The Optionors jointly and severally represent and warrant to Manning that:
  - (a) GRL has been duly incorporated and validly exists as a corporation in good standing under the laws of its jurisdiction of incorporation and has full corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate proceedings and obtained all necessary approvals in respect thereof and, upon execution and delivery of this Agreement by it, this Agreement will constitute a legal, valid and binding obligation enforceable against it in accordance with its terms except that:
    - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
    - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
    - (iii) a court may stay proceedings before it by virtue of equitable or statutory powers; and
    - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
  - (b) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby conflict with, result in a breach of or accelerate the performance required by any agreement to which it is a party;
  - (c) the Property is properly and accurately described in Schedule A;
  - (d) they are the legal and beneficial owners of an aggregate 100% interest in and to the Property;

- (e) they are legally entitled to hold a 100% legal interest in and to the Property and will remain so entitled until the interest of the Optionors in the Property which is subject to the Option has been duly transferred to Manning as contemplated hereby;
- (f) they are, and at the time of transfer to Manning of an interest in the Mineral Rights comprising the Property pursuant to the exercise of the Option will be, the beneficial owners of one hundred percent (100%) of the Mineral Rights comprising the Property free and clear of all Encumbrances and claims of others, and no taxes or rentals are or will be due in respect of any of the Mineral Rights;
- (g) the Mineral Rights comprising the Property have been duly and validly located and recorded pursuant to the laws of the Province of Ontario and are in good standing with respect to all filings, fees, taxes, assessments, work commitments or other conditions on the date hereof and until the dates set opposite the respective names thereof and the Optionors have not received any notice, and have no knowledge of, any proposal to terminate or vary the terms of or rights attaching to, the Property from any Governmental Authority, or of any challenge to the Optionors' right, title or interest in the Property;
- (h) there has not been any toxic or hazardous substance or waste disposed of, stored, treated or located on the Property as a result of activities of Optionors or their predecessors in title or interest;
- (i) there are no pending or ongoing claims or actions taken by or on behalf of any native or indigenous persons with respect to any lands included in the Property;
- (j) there are not any adverse claims or challenges against or to the ownership of or title to any of the Mineral Rights comprising the Property, nor to the knowledge of the Optionors is there any basis therefor, and there are no outstanding agreements or options to acquire or to purchase the Property or any portion thereof, and except for the NSR Royalty, no person has any royalty or other interest whatsoever in production from any of the Mineral Rights comprising the Property;
- (k) no proceedings are pending, and the Optionors are unaware of any basis for the institution of any proceedings, leading to the placing of the Optionors in bankruptcy or subject to any other laws governing the affairs of insolvent persons;
- (l) no third party consent of any kind is required by the Optionors to enter into this Agreement and grant the Option contemplated hereby;
- (m) there is no dispute between the Optionors and any non-governmental organization, community, or community group exists or, to the knowledge of the Optionors, is threatened or imminent with respect to the Property;
- (n) there are no conflicts between the Optionors and either the communities or the surface lands titleholders that are located within the mining rights of the Property or in peripheral areas that serve to access or explore the Property;

- (o) the Optionors have not entered into any agreement, economic or otherwise, with the communities or with the holders of rights in the areas of the Property or in peripheral areas that serve as an access or for further exploration of the Property, and the Optionors have all rights of access needed to access the Property;
- (p) the Optionors have no notice, or knowledge of, any royalty or other interest whatsoever, over the Property, or in the non-precious metals or the precious metals contained in or on any part of the Property other than those created by this Agreement;
- (q) the Optionors are not aware of any facts relating to its interest in the Property which, if known to Manning, could reasonably be expected to cause Manning to decide not to enter into this Agreement or not to proceed to exercise the Option; and
- (r) as applicable, it has duly obtained all corporate authorizations for the execution of this Agreement and for the performance of this Agreement by it, and the consummation of the transactions herein contemplated will not conflict with or result in any breach of any covenants or agreements contained in, or constitute a default under, or result in the creation of any Encumbrance under the provisions of the Articles or the constating documents of the applicable Optionor or any shareholders' or directors' resolution, indenture, agreement or other instrument whatsoever to which the applicable Optionor is a party or by which it is bound or to which it or the Property may be subject.

(2) The representations and warranties contained in §2.1 are provided for the exclusive benefit of Manning, and any misrepresentation or breach of warranty may be waived by Manning in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in §2.1 will survive the execution hereof and continue through the Option Period. Further, the representations and warranties contained in §2.1 will be treated as made and be binding upon the Optionor continuously during the term of this Agreement.

## **Section 2.2 Covenants**

(1) The Optionors hereby covenant and agree with Manning that on execution hereof, the Optionors will deliver or cause to be delivered to Manning copies of all available maps and other documents and data in the Optionors' possession respecting the Property.

(2) The Optionors hereby covenant and agree with Manning not to create or permit any Encumbrance on the Property or their interest in the Property.

(3) The covenants and agreements contained in §2.2(1) and §2.2(2) are provided for the exclusive benefit of Manning, and any breach may be waived by Manning in whole or in part at any time without prejudice to its rights in respect of any other breach of the same; and the covenants and agreements contained in §2.2(1) and §2.2(2) survive the execution hereof and continue through the Option Period.

**PART 3  
REPRESENTATIONS AND WARRANTIES OF MANNING**

- (1) Manning represents and warrants to the Optionors that:
  - (a) it has been duly incorporated and validly exists as a corporation in good standing under the laws of its jurisdiction of incorporation;
  - (b) the issued and outstanding Shares of Manning are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of Manning has been issued and no proceeding for such purpose are pending or threatened; and
  - (c) the Payment Shares will, at the time of delivery to the Optionors, be duly authorized and validly allotted and issued as fully paid and non-assessable free of any Encumbrances.
  
- (2) The representations and warranties contained in §3(1) are provided for the exclusive benefit of the Optionors and a misrepresentation or breach of warranty may be waived by the Optionors in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in §3(1) will survive the execution hereof and continue through the Option Period. Further, the representations and warranties contained in §3(1) will be treated as made and be binding upon Manning continuously during the term of this Agreement.

**PART 4  
INDEMNITY – REPRESENTATIONS AND WARRANTIES**

- (1) Each Party shall indemnify the other Party from and against any and all Liability which the other Party suffers, sustains or incurs arising out of or in connection with the breach of any representation or warranty given or made by a Party under this Agreement.
- (2) It is not necessary for a Party to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.
- (3) The provisions of this Part 4 will survive any termination of this Agreement.

**PART 5  
GRANT OF OPTION**

**Section 5.1 Grant of Option**

- (1) The Optionors hereby grant to Manning the sole and exclusive right and option, subject to the terms of this Agreement, to acquire their one hundred percent (100%) undivided interest in and to the Property free and clear of all Encumbrances, subject to the NSR Royalty (as defined herein), by:
  - (a) Manning paying the Optionors, as directed by the Optionors, an aggregate of \$90,600 in cash (50% of which will be paid as directed by GRL and 50% of which will be paid as directed by English), as follows:

- (i) \$15,600 within five (5) Business Days of the Effective Date;
  - (ii) \$18,000 on the one (1) year anniversary of the Effective Date;
  - (iii) \$22,000 on the two (2) year anniversary of the Effective Date; and
  - (iv) \$35,000 on the three (3) year anniversary of the Effective Date;
- (b) Manning issuing the Optionors, as directed by the Optionors, an aggregate of 500,000 common shares in the capital of Manning (the “**Payment Shares**”) (50% of which will be issued as directed by GRL and 50% of which will be issued as directed by English) within five (5) Business Days of the Effective Date; and
- (c) Manning incurring at least \$20,000 in Exploration Expenditures by the one (1) year anniversary of the Effective Date.
- (2) The Payment Shares will be issued at a deemed price of \$0.05 per Payment Share or such other price as may be required pursuant to the policies of the Exchange.

### **Section 5.2 NSR Royalty**

- (1) Upon the Commencement of Commercial Production, Manning will pay to the Optionors a royalty (the “**NSR Royalty**”), being equal to one and one-half percent (1.5%) of Net Smelter Returns from the Property, on the terms and conditions as set out in this §5.2(1) and in Schedule B hereto.
- (2) The NSR Royalty may be reduced at any time from one and one-half percent (1.5%) of Net Smelter Returns to one percent (1.0%) of Net Smelter Returns by Manning, or its permitted assign, paying to the Optionors an aggregate of \$600,000.
- (3) The Optionors shall have the right to assign the NSR Royalty, or the benefit thereof, to any third party upon providing notice in writing to Manning.

### **Section 5.3 Restrictions on Resale**

- (1) Each of the Optionors acknowledges and agrees as follows:
- (a) the issuance of the Payment Shares will be made pursuant to appropriate exemptions found in National Instrument 45-106 – *Prospectus Exemptions* (the “**Exemptions**”) from any applicable registration and prospectus (or equivalent) requirements of the Securities Laws;
  - (b) as a consequence of acquiring the Payment Shares pursuant to the Exemptions:
    - (i) the Optionors will be restricted from using certain of the civil remedies available under the Securities Laws;
    - (ii) the Optionors may not receive information that might otherwise be required to be provided to the Optionors, and Manning is relieved from certain

obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by Manning;

- (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares;
  - (iv) there is no government or other insurance covering the Payment Shares; and
  - (v) an investment in the Payment Shares is speculative and of high risk;
- (c) the certificates or other instruments representing the Payment Shares will bear such legends as required by Securities Laws and the policies of the Exchange, including, but not limited to, the following legend substantially in the same form with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE [DATE OF ISSUANCE].”

- (d) the Optionors are knowledgeable of, or have been independently advised as to, the Securities Laws of that jurisdiction which apply to the issuance of the Payment Shares and which may impose restrictions on the resale of such Payment Shares in that jurisdiction and it is the responsibility of the Optionors to find out what those resale restrictions are, and to comply with them before selling the Payment Shares.

## **PART 6 EXERCISE OF OPTION**

- (1) Manning may in its sole discretion at any time accelerate the consideration described in §5.1(1) to exercise the Option and thereby earlier acquire its interest in the Property.
- (2) If Manning makes the issuance and payments as described in §5.1(1), it will, without any further act or payment, have and be deemed for all purposes to have exercised the Option. If Manning does not fulfill all the terms and conditions described in §5.1(1), Manning will have earned no interest in the Property.
- (3) If and when the Option has been exercised, the Optionors’ aggregate one hundred percent (100%) right, title and interest to the Property will thereupon vest in Manning free and clear of all Encumbrances, save and except the NSR Royalty.
- (4) On exercise of the Option the Optionors shall assign, transfer and set over to Manning all of their right, title and interest in and to the Property.

**PART 7**  
**INDEMNITY – ENVIRONMENTAL**

**Section 7.1 Optionors Indemnity**

The Optionors agree to indemnify and save Manning harmless from and against any Environmental Liability suffered or incurred by Manning arising directly or indirectly from any operations or activities conducted in or on the Property by the Optionors, their employees and agents, prior to the Effective Date.

**Section 7.2 Manning Indemnity**

Manning agrees to indemnify and save the Optionors harmless from and against any Environmental Liability suffered or incurred by the Optionors arising directly or indirectly from any operations or activities conducted on the Property, whether by Manning, its employees or agents, after the Effective Date.

**Section 7.3 Survival**

The provisions of this Part 7 will survive any termination of this Agreement.

**PART 8**  
**RIGHT OF ENTRY**

Save for and except the right of entry contemplated in §10(1)(c), throughout the Option Period, the directors and officers of Manning and its servants, agents and independent contractors, will have the sole and exclusive right in respect of the Property to:

- (a) enter thereon;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting, exploration, development and/or mining work thereon and thereunder as Manning may determine to be necessary, desirable or advisable;
- (d) bring upon and erect upon the Property and use in its operations, at any time and from time to time, such buildings, plant, machinery, equipment, vehicles, tools, appliances and supplies as Manning may deem necessary, desirable or advisable; and
- (e) remove therefrom and dispose of reasonable quantities of ores, minerals and metals for the purposes of sampling, including bulk sampling, obtaining assays or making other tests.

**PART 9**  
**PROPERTY CONVEYANCE DOCUMENTS**

The Optionors will immediately after the Effective Date, deliver to Manning, or such person as Manning directs, duly executed transfers of the Property in the form required under the laws of the Province of Ontario to transfer legal and beneficial title as to 100% of the Property to



Manning, who will hold them as trustee of the Optionors until the Option has been fully exercised, after which date Manning will become the legal and beneficial owner of a one hundred percent (100%) interest in the Property.

## **PART 10 OBLIGATIONS**

- (1) During the Option Period, unless otherwise agreed in writing between the Parties, Manning will:
- (a) maintain in good standing those Mineral Rights comprised in the Property free and clear of all Encumbrances from the operation thereon, excluding any statutory liens imposed by law and any liens for work for which payment is not yet due, and will at its expense (i) make all payments and file records of all assessment work necessary to maintain the property in good standing; and (ii) prepare and file all necessary land use reports with applicable Government Authorities;
  - (b) do all work on the Property in a prudent and workmanlike manner, with the degree of effort, skill and judgment that is in accordance with good exploration, construction, mining, processing and engineering practices, generally prevailing in the mining industry and in accordance with all applicable laws and regulations, and all agreements, permits and licenses relating to the Property;
  - (c) permit the Optionors and designated consultants of the Optionors, at their own risk, access to the Property at all reasonable times, provided that the Optionors agree in writing to indemnify Manning against and to save Manning harmless from all costs, claims, liabilities and expenses that Manning may incur or suffer as a result of any injury (including injury causing death) to any director, officer, employee or designated consultant of the Optionors while on the Property; and
  - (d) pay and discharge all wages and accounts for material and services and all other costs and expenses that may be incurred by Manning in connection with its operations on the Property, and to save the Optionors harmless from and against all liens in respect of such operations which may be filed against the Property, and in the event of any liens being so filed, to proceeds forthwith to have the same removed, provided that the foregoing provision will not prevent Manning from contesting in good faith any claims for liens which Manning considers unjustified.

## **PART 11 SURRENDER OF PROPERTY INTERESTS BEFORE TERMINATION OF AGREEMENT**

Manning may at any time during the Option Period elect to abandon any one or more of the Mineral Rights comprised in the Property by giving written notice to the Optionors of such intention and any Mineral Rights so abandoned will be in good standing under the laws of the Province of Ontario for at least three (3) months from the date of any notice given pursuant to this Part 11. Upon any such abandonment, the Mineral Rights so abandoned will for all purposes of this Agreement cease to form part of the Property. The Optionors may elect to have Manning transfer any and all abandoned Mineral Rights to the Optionors for and in consideration of the sum

of \$10, which Manning acknowledges to be fair and reasonable compensation in the circumstances.

## **PART 12 NATURE OF OPTION AND REGULATORY APPROVALS**

### **Section 12.1 Option**

This Agreement is an option only and nothing herein contained will be construed as obligating Manning to do any acts or make any payments hereunder, and any act or acts or payment or payments as will be made hereunder will not be construed as obligating Manning to do any further act or make further payment or payments.

### **Section 12.2 Exchange Matters**

The Optionors and Manning will each use reasonable commercial efforts to have complete the required filings with the Exchange promptly following execution of this Agreement.

## **PART 13 FORCE MAJEURE**

(1) If Manning is at any time either during the Option Period or thereafter is prevented from or delayed in complying with any provisions of this Agreement by reason of strikes, lock-outs, labour shortages, power shortages, fuel shortages, fires, wars, inclement weather, pandemics (including COVID-19), acts of God, governmental regulations restricting normal operations, shipping delays, proceedings before the Ontario Mining and Lands Commissioner, delays in obtaining required governmental or regulatory approvals or permits, aboriginal land claims, environmental claims or notices (or inability to obtain or delays in obtaining environmental consents) or any other reason or reasons beyond the control of Manning, but excluding for greater certainty, unavailability of funds, or changes in economic markets, the time limited for the performance by Manning of its obligations hereunder will be extended by a period of time equal in length to the period of each such prevention or delay.

(2) Manning will give prompt notice to the Optionors of each event of force majeure under §13(1) and upon cessation of such event will furnish the Optionors with notice to that effect together with particulars of the number of days by which the obligations of Manning hereunder have been extended by virtue of such event of force majeure and all preceding events of force majeure.

(3) After the Commencement of Commercial Production, Manning will work, mine and operate the Property during such time or times as Manning in its sole judgment considers such operations to be profitable. Manning may suspend or curtail operations, both before and after Commencement of Commercial Production, during periods when the products derived from the Property cannot be profitably sold at prevailing prices or if an unreasonable inventory thereof, in Manning's sole judgment, has accumulated or would otherwise accumulate.

## **PART 14 CONFIDENTIAL INFORMATION**

No information furnished by Manning to the Optionors hereunder in respect of the activities carried out on the Property by Manning will be published by the Optionors without the written consent of Manning, but such consent in respect of the reporting of factual data will not be unreasonably withheld, and will not be withheld in respect of information required to be publicly disclosed pursuant to applicable securities or corporate laws. This Part 14 will continue through the Option Period.

## **PART 15 ARBITRATION**

- (1) All questions or matters in dispute with respect to the interpretation of this Agreement will, insofar as lawfully possible, be submitted to arbitration pursuant to the terms hereof using arbitration procedures.
- (2) It will be a condition precedent to the right of any Party to submit any matter to arbitration pursuant to the provisions hereof, that any Party intending to refer any matter to arbitration will have given not less than ten (10) days' prior notice of its intention so to do to the other Party together with particulars of the matter in dispute.
- (3) On the expiration of such ten (10) days, the Party who gave such notice may proceed to commence procedure in furtherance of arbitration as provided in this Part 15.
- (4) The Party desiring arbitration will appoint one arbitrator, and will notify the other Party of such appointment, and the other Party will, within fifteen (15) days after receiving such notice, either consent to the appointment of such arbitrator which will then carry out the arbitration or appoint an arbitrator, and the two arbitrators so named, before proceeding to act, will, within thirty (30) days of the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be chairperson of the arbitration herein provided for. If the other Party will fail to appoint an arbitrator within fifteen (15) days after receiving notice of the appointment of the first arbitrator, the first arbitrator will be the only arbitrator. If the two arbitrators appointed by the Parties will be unable to agree on the appointment of the chairperson, the chairperson will be appointed under the provisions of the *Commercial Arbitration Act* (British Columbia) (the "Act"). Except as specifically otherwise provided in this section, the arbitration herein provided for will be conducted in accordance with the Act. The chairperson, or in the case where only one arbitrator is appointed, the single arbitrator, will fix a time and place in Vancouver, British Columbia for the purpose of hearing the evidence and representations of the parties, and will preside over the arbitration and determine all questions of procedure not provided for under the Act or this Part 15(4). After hearing any evidence and representations that the parties may submit, the single arbitrator, or the arbitrators, as the case may be, will make an award and reduce the same to writing, and deliver one copy thereof to each of the parties. The expense of the arbitration will be paid as specified in the award.
- (5) The Parties agree that the award of a majority of the arbitrators, or in the case of a single arbitrator, of such arbitrator, will be final and binding on each of them.

**PART 16**  
**DEFAULT AND TERMINATION**

- (1) The Option may be terminated by the Optionors delivering a notice of termination to Manning if Manning fails to make the cash payments or issue the Payment Shares within the time periods permitted by §5.1(1), or otherwise fails to perform any obligation required to be performed hereunder; provided that the Optionors will have first delivered to Manning a notice of default specifying the default and Manning will have failed to cure such default within thirty (30) Business Days next following the date of receipt of such default notice by making the required cash payment and/or issuing the required Payment Shares, or by appropriate performance.
- (2) If the Option is terminated pursuant to §16(1), Manning shall leave the Mineral Rights in good standing.
- (3) Notwithstanding the termination of the Option, Manning will have the right, within a period of ninety (90) days following the end of the Option Period, to remove from the Property all buildings, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of Manning, and any such property not removed within the 90-day period will thereafter become the property of the Optionors.
- (4) Manning may at any time terminate this Option by giving notice of termination to the Optionors and will thereupon be relieved of any further obligations, other than it will remain liable for obligations which have accrued to the date of notice.
- (5) Upon termination of the Option and/or this Agreement for any reason other than Manning's exercise of the Option, Manning shall:
  - (a) ensure the Property is in good standing for a period of not less than three (3) months following the termination of this Agreement;
  - (b) reclaim and restore any disturbance of the Property or the natural environment caused by Manning's activities during the Option Period;
  - (c) execute and deliver to Optionors all documents or instruments reasonably requested by Optionor necessary to release, quit claim and relinquish to the Optionors all right, title or interests in or to the Property;
  - (d) remove or cause to be discharged any registered lien against the title to the Property;
  - (e) settle all outstanding commitments, expenditures and contractual obligations to third parties which it or its agents approved and for which it or its agents are liable in accordance with the respective terms and conditions of such commitments and obligations; and
  - (f) deliver to Optionors all Business Information related to the Property in the possession of Manning and all such Business Information related to the Property generated by or in the possession or control of Manning or its agents.

**PART 17  
ASSIGNMENT**

For the duration of the Option Period, neither the Optionors nor Manning may assign their interest in this Agreement without the prior written consent of the other Parties.

**PART 18  
NOTICES**

(1) All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by facsimile or other electronic transmission:

(a) in the case of the Optionors, to:

Gravel Ridge Resources Ltd.  
7462 Line 17  
Hensall, ON N0M 1X0

Perry Vern English  
608-3400 McDonald Avenue  
Brandon, MB R7B 0B9

(b) in the case of Manning, to:

Manning Ventures Inc.  
Suite 303, 750 West Pender Street  
Vancouver, BC V6C 2T7

Attention: Alex Klenman, Chief Executive Officer  
Email: **[EMAIL ADDRESS REDACTED]**

with a copy to (which will not constitute notice hereunder):

McMillan LLP  
1500-1055 West Georgia Street  
Vancouver, BC V6E 4N7

Attention: Desmond Balakrishnan  
Email: **[EMAIL ADDRESS REDACTED]**

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile or other electronic transmission is received.

## **PART 19 GENERAL**

### **Section 19.1 No Deemed Consent**

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

### **Section 19.2 Taxes**

Unless otherwise specifically indicated in this Agreement, each Party will be responsible for its own personal income tax, corporate income tax, if applicable, and value added tax liability.

### **Section 19.3 Further Assurances**

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

### **Section 19.4 Enurement**

This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, subject to the conditions hereof.

### **Section 19.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdictions of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement.

### **Section 19.6 No Partnership**

Nothing herein will constitute or be taken to constitute the Parties as partners or create any fiduciary relationship between them. It is not the intention of the Parties to create, nor will this Agreement be construed to create, any mining, commercial or other partnership. None of the Parties will have any authority to act for or to assume any obligation or responsibility on behalf of any other Party, except as expressly provided herein. The rights and duties of the Parties will be several and not joint or joint and several.

### **Section 19.7 No Modification**

No modification, alteration or waiver of the terms herein contained will be binding unless the same is in writing, dated subsequently hereto, and fully executed by the Parties.

### **Section 19.8 Agreement Will Control**

If there is any inconsistency between the terms of this Agreement and any Schedule hereto, the terms of this Agreement will control.

### **Section 19.9 Time**

Time will be of the essence hereof.

### **Section 19.10 Entire Agreement**

This Agreement and the Schedules attached hereto set forth the entire agreement and understanding of the Parties in respect of the transactions contemplated hereby and supersede all prior agreements and understandings, oral or written, among the Parties or their respective representatives with respect to the matters herein and will not be modified or amended except by written agreement signed by the parties to be bound thereby.

### **Section 19.11 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

### **Section 19.12 Change in Capitalization**

If Manning undertakes a change in capitalization affecting its Shares, such as subdivision, consolidation or reclassification of the Shares or other relevant changes in Shares, including any adjustment arising from a merger, acquisition or plan of arrangement, such proportionate adjustments, if any, appropriate to reflect such change will be made by Manning with respect to the number of Payment Shares which may be issued by Manning to the Optionors hereunder.

### **Section 19.13 Legal and Other Fees**

Each Party will be responsible for its own legal, accounting and other professional fees and expenses incurred in connection with the negotiation and settlement of this Agreement and the other matters pertaining hereto.

### **Section 19.14 Independent Legal Advice**

Each of the Parties acknowledge and agree that it has been afforded sufficient time to obtain independent legal advice with respect to this Agreement, and that it has had a reasonable opportunity to do so prior to executing this Agreement.

[Signature Page Follows]

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the day and year first set forth above.

**MANNING VENTURES INC.**

By: “Alex Klenman”  
Name: Alex Klenman  
Title: Chief Executive Officer

**GRAVEL RIDGE RESOURCES LTD.**

By: “Michael Frymire”  
Name: Michael Frymire  
Title: President

Signed and Delivered by **PERRY VERN** )  
**ENGLISH** in the presence of: )

\_\_\_\_\_) )  
Witness (Signature) )

\_\_\_\_\_) )  
Name (please print) )

\_\_\_\_\_) )  
Address )

\_\_\_\_\_) )  
City, Province )

“Perry Vern English”  
\_\_\_\_\_) )  
**PERRY VERN ENGLISH**



## Schedule A – Property Description

This is Schedule A to the Mineral Option Agreement among Manning Ventures Inc., Gravel Ridge Resources Ltd., and Perry Vern English dated May 15, 2023 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule A have the meaning given to them in the Agreement.

### Mineral Rights

<u>Claim</u>	<u>Title</u>	<u>Status</u>	<u>Issue</u>	<u>Anniversary</u>	<u>Due Date</u>	<u>Holder</u>
824088	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824089	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824090	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824091	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824092	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824093	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824094	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824096	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
735543	Multi-cell Mining Claim	Active	7/1/2022	7/1/2024	7/1/2024	(100) Gravel Ridge Resources Ltd.
823805	Multi-cell Mining Claim	Active	4/15/2023	4/15/2025	4/15/2025	(100) PERRY VERN ENGLISH
824097	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824098	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824099	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824100	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824101	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824102	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824103	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824104	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824105	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824106	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824107	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.

824109	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824108	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
823802	Multi-cell Mining Claim	Active	4/15/2023	4/15/2025	4/15/2025	(100) PERRY VERN ENGLISH
823801	Multi-cell Mining Claim	Active	4/15/2023	4/15/2025	4/15/2025	(100) Gravel Ridge Resources Ltd.
823804	Multi-cell Mining Claim	Active	4/15/2023	4/15/2025	4/15/2025	(100) PERRY VERN ENGLISH
824084	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824085	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824086	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824087	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824110	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824111	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824112	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824113	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824114	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824115	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824116	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
824117	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
829181	Multi-cell Mining Claim	Active	4/27/2023	4/27/2025	4/27/2025	(100) PERRY VERN ENGLISH
695681	Multi-cell Mining Claim	Active	12/8/2021	12/8/2023	12/8/2023	(100) Gravel Ridge Resources Ltd.
828793	Multi-cell Mining Claim	Active	4/24/2023	4/24/2025	4/24/2025	(100) Gravel Ridge Resources Ltd.
824095	Single Cell Mining Claim	Active	4/17/2023	4/17/2025	4/17/2025	(100) Gravel Ridge Resources Ltd.
831490	Multi-cell Mining Claim	Active	5/10/2023	5/10/2025	5/10/2025	(100) PERRY VERN ENGLISH
831489	Multi-cell Mining Claim	Active	5/10/2023	5/10/2025	5/10/2025	(100) PERRY VERN ENGLISH

## Schedule B – Calculation of Net Smelter Returns

This is Schedule B to the Mineral Option Agreement among Manning Ventures Inc., Gravel Ridge Resources Ltd., and Perry Vern English dated May 15, 2023 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule B have the meaning given to them in the Agreement.

1. Pursuant to the Agreement to which this Schedule is attached, Gravel Ridge Resources Ltd. and Perry Vern English (the “**Royalty Holders**”) will be entitled, upon Commencement of Commercial Production, to a NSR Royalty payable by Manning Ventures Inc. or its permitted assignee (the “**Royalty Payor**”), which will be equal to an aggregate of one and one-half of a percent (1.5%) of Net Smelter Returns (as defined below).
2. For the purposes of this Schedule the following words and phrases will have the following meanings, namely:
  - (a) “**Net Smelter Returns**” means the net proceeds actually paid to the Royalty Payor from the sale by the Royalty Payor of Minerals, mined and removed from the Property after deduction of the following:
    - (i) smelting costs, treatment charges and penalties including, but not being limited to, metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser; provided, however, in the case of leaching operations or other solution mining or beneficiation techniques, where the metal being treated is precipitated or otherwise directly derived from such leach solution, all processing and recovery costs incurred by the Royalty Payor, beyond the point at which the metal being treated is in solution, will be considered as treatment charges;
    - (ii) costs of handling, transporting and insuring ores, minerals and other materials or concentrates from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment; and
    - (iii) ad valorem taxes and taxes based upon production, but not income taxes.
3. The Royalty Payor will by notice inform the Royalty Holders of the quantum of such reasonable net sale price and, if the Royalty Holders do not object thereto, within sixty (60) days after receipt of such notice, said quantum will be final and binding for the purposes of the Agreement.
4. Subject to the terms and conditions of the Agreement, the Royalty Payor may remove reasonable quantities of ore and rock from the Mineral Rights located on the Property for the purpose of bulk sampling and of testing, and there will be no NSR Royalty payable to the Royalty Holders with respect thereto unless revenues are derived therefrom.
5. The Royalty Payor will have the right to commingle with ore from the Mineral Rights located on the Property, with ore produced from other properties, provided that prior to such commingling, the Royalty Payor will adopt and employ reasonable practices and procedures for weighing, determination of moisture content, sampling and assaying, as

well as utilize reasonable accurate recovery factors in order to determine the amounts of products derived from, or attributable to ore mined and produced from the Mineral Rights located on the Property. The Royalty Payor will maintain accurate records of the results of such sampling, weighing and analysis as pertaining to ore mined and produced from the Mineral Rights located on the Property.

6. Instalments of the NSR Royalty payable will be paid by the Royalty Payor to the Royalty Holders within thirty (30) days upon the receipt by the Royalty Payor of the payment from the smelter, refinery or other place of treatment of the proceeds of sale of the minerals, ore, concentrates from the Mineral Rights located on the Property.
7. Within one hundred and twenty (120) days after the end of each fiscal year, commencing with the year in which Commencement of Commercial Production occurs, the accounts of the Royalty Payor relating to operations on the Mineral Rights located on the Property and the statement of operations, which will include the statement of calculation of NSR Royalty for the year last completed, will be audited by the auditors of the Royalty Payor at its expense. The Royalty Holders will have forty-five (45) days after receipt of such statements to question the accuracy thereof in writing and, failing such objection, the statements will be deemed to be correct and unimpeachable thereafter.
8. If such audited financial statements disclose any overpayment of NSR Royalty by the Royalty Payor during the fiscal year, the amount of the overpayment will be deducted from future installments of NSR Royalty payable.
9. If such audited financial statements disclose any underpayment of NSR Royalty by the Royalty Payor during the year, the amount thereof will be paid to the Royalty Holders immediately after determination thereof.
10. The Royalty Payor agrees to maintain for each mining operation on the Mineral Rights located on the Property, up-to-date and complete records relating to the production and sale of minerals, ore and bullion from the Mineral Rights located on the Property, including accounts, records, statements and returns relating to treatment and smelting arrangements of such product, and the Royalty Holders or their agents will have the right at all reasonable times, including for a period of twelve (12) months following the expiration or termination of the Agreement, to inspect such records, statements and returns and make copies thereof at its own expense for the purpose of verifying the amount of NSR Royalty payments to be made by the Royalty Payor to the Royalty Holders pursuant hereto. All books and records used by the Royalty Payor to calculate the Royalty shall be kept in accordance with generally accepted accounting principles or international financial reporting standards. The Royalty Holders will have the right to have such accounts audited by independent auditors at its own expense once per calendar year at a time to be mutually agreed with the Royalty Payor. The Royalty Payor shall pay the Royalty Holders' costs and expenses of such investigation and audit if a deficiency of five percent (5%) or more of the amount due is determined to exist. The Royalty Holders shall have the right at their own cost and expense to make copies of or take extracts from such documents, excluding any contracts that are subject to confidentiality agreements (which contracts will be available for inspection only in the offices of the Royalty Payor), provided such copies and extracts are maintained as confidential by the Royalty Holders.

11. The NSR Royalty may be reduced at any time from one and one-half percent (1.5%) of Net Smelter Returns to one percent (1.0%) of Net Smelter Returns by the Royalty Payor, or its permitted assign, paying to the Royalty Holders an aggregate of \$600,000.
12. The Royalty Holders shall have the right to assign the NSR Royalty, or the benefit thereof, to any third party upon providing notice in writing to the Royalty Payor.
13. All Royalty payments required to be made hereunder shall be made by wire transfer to the account designated by the Royalty Holders.