

MINERAL PROPERTY OPTION AGREEMENT

THIS AGREEMENT is made effective April 19, 2023 (the “**Effective Date**”),

BETWEEN:

CANASIL RESOURCES INC., a company existing under the laws of the province of British Columbia with an office at #1760-750 West Pender Street, Vancouver, B.C. V6C 2T8

(“**Canasil**”)

AND:

SILVER DOLLAR RESOURCES INC., a company existing under the laws of the province of British Columbia with its registered and records office at 10th Floor – 595 Howe Street, Vancouver, B.C. V6C 2T5

(“**Optionee**”)

AND:

MINERA CANASIL S.A. DE C.V., a corporation existing under the laws of Mexico with an office in Mexico at Privada De La Huerta No. 35, Colonia Centro, C.P. 34000, Durango, Mexico

(“**Minera**” and together with Canasil the “**Optionors**”)

WHEREAS:

- A. Minera is the direct registered holder of certain rights, titles and interests in and to the Property (as defined herein);
- B. Canasil is the 100% legal and beneficial owner of all of the issued and outstanding shares of Minera; and
- C. the Optionors have agreed to grant to the Optionee, an exclusive option to acquire the Optionors’ 100% legal and beneficial ownership in and to the Property on and subject to the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the Parties hereto do covenant and agree each with the other as follows:

1. **INTERPRETATION**

1.1 **Defined terms** – The following terms have the following meanings in this Agreement:

- (a) “**Affiliates**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;

- (b) **“Agreement”** means this Agreement, including the Recitals and Schedules hereto, as amended and supplemented in accordance with the terms hereof;
- (c) **“Annual Royalty”** has the meaning ascribed to such term in Section 6.1(b);
- (d) **“Assignee”** has the meaning ascribed to such term in Section 11.1;
- (e) **“Canada Tax Act”** means the *Income Tax Act* (Canada), as amended;
- (f) **“Business Day”** means any day other than a Saturday, Sunday or any statutory holiday in the Province of British Columbia;
- (g) **“Effective Date”** has the meaning ascribed to such term in the Preamble;
- (h) **“Encumbrance”** means any mortgage, charge, pledge, hypothecation, security interest, infringement, interference, right of first refusal, preemptive right, community property interest or restriction of any nature, any restriction on use, assignment, deed of trust, adverse claim or interest, easement, lien, charge, royalty, restrictive covenant or other encumbrance or claim of any nature, whether registered or unregistered, and whether arising by agreement, statute or otherwise;
- (i) **“Environmental Laws”** means any and all federal, state, provincial, territorial and local laws, statutes, regulations, ordinances, bylaws, orders, permits, licenses and approvals currently in effect or subsequently enacted that regulate or provide liabilities or obligations in relation to mining, mine development and mineral exploration or the existence, use, production, manufacture, processing, distribution, transport, handling, storage, removal, treatment, disposal, emission, discharge, migration, seepage, leakage, spillage or release of Hazardous Substances or the construction, alteration, use or operation, demolition or decommissioning of any facilities or other real or personal property in relation to the foregoing or otherwise in relation to the protection and preservation of the life, health or safety of persons, or to the protection and preservation of the environment, including but not limited to, air, soil, surface water, ground water, wildlife or personal or real property;
- (j) **“Ejido”** means a communal property regime in Mexico under which members individually possess specific parcels and as a group hold common land;
- (k) **“Ejido Group”** means Ejido members;
- (l) **“Exchange”** means the TSX Venture Exchange;
- (m) **“Exercise Notice”** has the meaning ascribed to such term in Section 5.4;
- (n) **“Exploration Expenditures”** means any amounts spent after the Effective Date by a Party, directly or indirectly, on or in connection with the Property for the purposes of ascertaining the existence, location, quality, quantity or commercial value of deposits of Minerals on the Property, including, without limitation, any amounts spent in connection with:
 - (i) prospecting, exploration, geology and related interpretation, geochemical surveys and analysis, geophysical surveys and interpretation, drilling, geotechnical work, open pits, blasting, underground activities and workings, shafts, adits, drifts, bulk

- sampling, camp costs, evaluation, independent resource estimates, economic studies, assessment reports;
- (ii) all other expenses directly benefiting the mining concessions comprising the Property and the prospecting, exploration, evaluation and development thereof, including those incurred for environmental and other studies (field and lab studies), charges incurred for site preparation, engineering, surveying, equipment rental, third-party contractor services, construction of roads, costs of equipment and supplies, labour costs and all direct salary and field expenses of exploration personnel, and transportation costs;
 - (iii) all carrying out restoration and reclamation of the Property required as a result of activities thereon and posting any required bond (whether cash or surety);
 - (iv) all insurance premiums, land fees and taxes associated with the Property; and
 - (v) all annual fees, rents and other payments due to a governmental authority, Ejido or Ejido Group to keep the Property in good standing.
- (o) **“First Party”** has the meaning ascribed to such term in Section 14.4;
- (p) **“Force Majeure”** means any event or circumstance, or a combination of events and/or circumstances: (i) that causes or results in the prevention or delay of a Party from performing a material part of its obligations in this Agreement; (ii) which is beyond the reasonable control of that Party; and (iii) could not, or the effects of that event or circumstance, could not have been prevented or delayed, overcome or remedied by the relevant Party acting reasonably, and provided the event or circumstance meets one of the foregoing criteria: (A) acts of war (whether war be declared or not); public disorders, insurrection, rebellion, revolution, terrorist acts, sabotage, riots or violent demonstrations; (B) civil disobedience, caused by indigenous peoples, environmental lobbyists, nongovernmental organizations or local community groups or other Persons; (C) injunctions imposed by any governmental authority except if caused by a breach of the law or a court resolution; (D) explosions, fires or floods not caused by or attributable to a Party; (E) floods, earthquakes, hurricanes or other natural calamities or acts of God; (F) shortages in workforce or supplies, travel and access restrictions imposed by government or other third parties, or other delays caused by endemics, epidemics or pandemics (it being acknowledged that the COVID-19 situation as it exists in Mexico as of the date of this Agreement shall not qualify as a Force Majeure event); (G) strike or lockout or other industrial labour action or disruption (including unlawful but excluding lawful strikes or lockouts or other industrial labour action) which have national, regional, provincial or state-wide application, directly affect the performance of the obligations under this Agreement, and lasts for more than seven consecutive calendar days; (H) any action or failure to act within a reasonable time without justifiable cause by any governmental authority or its employees or agents, including the denial of or delay in granting any land tenure, concession, authorization, licence, permit, lease, consent, approval or right which denial or delay will imply a material adverse effect on the construction or operation of the project, upon due application and diligent effort by the Party, or the operator of the Property (as the case may be) to obtain same, or the failure once granted to remain (without justifiable cause) in full force and effect or to be renewed on substantially similar terms; (I) discovery of artifacts or archaeological ruins or any historic heritage; (J) a Property Access Issue; and (K)

injunctions not caused by any breach of this Agreement by any Party whether of the kind enumerated above or whether foreseen, foreseeable or otherwise unforeseeable;

- (q) **“Hazardous Substance”** means any substance or material that is or becomes prohibited, controlled or regulated by any federal, provincial, municipal, local or other level of government and any government agency, body, corporation, organization, department, official or authority responsible for administering or enforcing any law and includes any toxic substance, waste and dangerous goods;
- (r) **“Indemnifying Party”** has the meaning ascribed to such term in Part 4;
- (s) **“Loan and Exclusivity Agreement”** means the Loan and Exclusivity Agreement dated as of the date hereof between Canasil and the Optionee;
- (t) **“Minerals”** means all materials of commercial value produced or derived from the Property and all base metals and minerals, all precious metals and minerals, all rare earth, non-metallic minerals including diamonds, all industrial minerals and all ores, concentrates, precipitates, beneficiated products, and solutions containing any of the aforementioned metals or minerals, and all forms in which such metals and minerals may occur, be found, extracted or produced on, in or under the Property;
- (u) **“Nora Claims”** means the mining concessions described in Schedule “A”;
- (v) **“NSR Royalty”** has the meaning ascribed to such term in Section 6.1(a);
- (w) **“Option”** means the exclusive right herein granted by the Optionors to Optionee to permit Optionee, to acquire a 100% right, title and interest in the Property as provided in Part 5;
- (x) **“Option Exercise Date”** has the meaning ascribed to such term in Section 5.4;
- (y) **“Option Period”** means the period commencing on the Effective Date and ending on the earlier of:
 - (i) the Option Exercise Date in accordance with Part 5; and
 - (ii) the termination of this Agreement pursuant to Part 10 or Part 15;
- (z) **“Parties”** means Canasil, Minera and Optionee, and **“Party”** means any one of them;
- (aa) **“Permitted Royalties”** means the Annual Royalty and the NSR Royalty;
- (bb) **“Person”** shall mean any natural person, partnership, company, corporation, unincorporated association, governmental authority or other agency, trust, trustee or other entity howsoever designated or constituted;
- (cc) **“Pre-Closing Tax Period”** means any taxable period ending on or before the Option Exercise Date and, with respect to any Straddle Period, the portion of such period ending on and including the Option Exercise Date;

- (dd) **“Proceeding”** means any action, claim, demand, lawsuit, assessment, reassessment, investigation, inquisition, hearing, arbitration, judgment, award, decree, order, injunction and prosecution, or other similar proceeding;
- (ee) **“Property Access Issue”** means any inability to access the Property caused by the local Ejido, including without limitation, by reason of a refusal or a delay by the local Ejido;
- (ff) **“Property”** means the Nora Claims as more particularly described in Schedule “A”, including any replacement or successor mining concessions, and all mining leases and other mining rights and interests derived from any such mining concessions, and a reference herein to a mining concession comprised in the Property includes any mineral leases or other interests into which such mining concession may have been converted and Property includes all Property Rights;
- (gg) **“Property Rights”** means all licenses, permits, easements, rights-of-way, surface or water rights and other rights, approvals obtained by any of the Parties either before or after the date of this Agreement and necessary or desirable for the exploration and development of the Property, or for the purpose of placing the Property into production or continuing production therefrom;
- (hh) **“Repurchase Right”** has the meaning ascribed to such term in Section 6.2;
- (ii) **“Second Party”** has the meaning ascribed to such term in Section 14.4;
- (jj) **“Side Letter Agreement”** means the Side Letter Agreement dated as of the date hereof among the Lender and the Borrower;
- (kk) **“Straddle Period”** means a tax period commencing prior to the Option Exercise Date and ending after the Option Exercise Date;
- (ll) **“Taxes”** means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, or similar charges in the nature of a tax, including federal and provincial pension plan contributions, unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties with respect thereto, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not, in each case, strictly and exclusively related to the Property; and
- (mm) **“Tax Return”** means any return (including any information return), report, statement, schedule, notice, form, declaration, election, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any governmental authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any legal requirement relating to any Tax.

1.2 Interpretation

- (a) The headings appearing in this Agreement are for general information and reference only and this Agreement will not be construed by reference to such headings.
- (b) Where the context so requires, the singular will include the plural, and the masculine will include the feminine, the neuter, and vice versa.
- (c) The Preamble, Recitals and the following Schedule to this Agreement will be deemed to be incorporated in, and to form part of, this Agreement:

Schedule "A" – The Nora Claims

Schedule "B" – Calculation of Net Smelter Returns

- (d) The word "or" will not be exclusive and the word "including" will not be limiting (whether or not non-limiting language such as "without limitation" or "but not limited to" or other words of similar import is used with reference thereto).

1.3 **Knowledge** – Any reference in this Agreement to "knowledge" of the Optionors means the knowledge and information of Bahman Yamini, Kerry Spong and Erme Enriquez, after making due and reasonable enquiries and investigations regarding the relevant matter. Any reference in this Agreement to the "knowledge" of the Optionee means to the knowledge and information of Michael Romanik, after making due and reasonable enquiries and investigations regarding the relevant matter.

1.4 **Currency** – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE OPTIONORS

2.1 Each of the Optionors jointly and severally represents, warrants and covenants to Optionee that:

- (a) each of the Optionors is a corporation duly incorporated and organized and validly existing under the laws of its jurisdiction of incorporation and organization;
- (b) each of the Optionors has full corporate power, authority and capacity to enter into this Agreement and any agreement or instrument referred to herein or contemplated hereby and to carry out its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by each of the Optionors and constitutes a valid and legally binding obligation of each of the Optionors enforceable against each of the Optionors in accordance with the terms hereof except that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (d) all necessary corporate action has been taken to authorize the execution of this Agreement and the performance by the Optionors of their obligations hereunder;

- (e) none of the execution and delivery of this Agreement, the compliance by the Optionors with the provisions of this Agreement, or the consummation of the transactions contemplated herein, do or will (i) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any governmental agency, body or authority, court, stock exchange, securities regulatory authority or other Person, except (A) such as have been obtained, or (B) such as may be required under the securities laws and will be obtained prior to transfer of the Property to the Optionee, (ii) result, with or without either or both of notice or lapse of time, in any Lien, or adverse claim against or on the Property, or (iii) conflict with or result in any breach or violation of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Optionors are parties or by which they or any of their assets thereof are bound, or the charter documents of the Optionors or any resolution passed by the directors (or any committee thereof) or shareholders of the Optionors, or any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, arbitrator, stock exchange or securities regulatory authority applicable to the Optionors or their assets which could have a material adverse effect on the condition (financial or otherwise), business, or results of operations of the Optionors (taken as a whole); or (iv) violate or result in the breach of any applicable laws;
- (f) no consent or approval from a lender or any other third party is necessary to authorize the Optionors to execute, deliver and perform their obligations under this Agreement and no other authorization, consent or approval is required to permit the execution and delivery of this Agreement by the Optionors or the performance of their obligations hereunder;
- (g) the Optionors have the exclusive right to enter into this Agreement and all necessary authority to assign 100% of their rights, title and interests in and to the Property;
- (h) upon exercise of the Option pursuant to this Agreement, the Optionors shall transfer their interest in the Property to the Optionee free and clear of all Encumbrances other than the Permitted Royalties;
- (i) none of the Optionors has committed an act of bankruptcy, has proposed a compromise or arrangement to its creditors generally, has had any petition for a receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any Proceedings with respect to a compromise or arrangement, has taken any Proceeding to have itself declared bankrupt or wound-up, has taken any Proceeding to have a receiver appointed of any part of its assets, has had any encumbrancer take possession of any of its property or has had any execution or distress become enforceable or become levied upon any of its property;
- (j) no Proceedings are pending for the dissolution or winding up of the Optionors or the placing of either of the Optionors in bankruptcy or subject to any other laws governing the affairs of insolvent corporations, nor, to the Optionors' knowledge, is there any basis for the institution of any such Proceedings;

- (k) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, against any of the Optionors which prevents or which seeks to prevent it from entering into this Agreement or relating to the Property;
- (l) Canasil is the sole legal and beneficial owner of all the issued and outstanding shares of Minera and all such shares have been validly issued, are fully paid, and are free of any Encumbrances, whether or not recorded on the share register of Minera;
- (m) Minera is the direct 100% registered and recorded owner of the Property free and clear of any Encumbrance other than Permitted Royalties;
- (n) Minera is legally entitled to hold the Property and will remain so entitled until the Property has been duly transferred to Optionee as contemplated hereby;
- (o) the Nora Claims have been properly staked or otherwise properly constituted, as applicable, and are properly recorded pursuant to the laws of Mexico applicable therein;
- (p) except outstanding concession taxes in the approximate amount of \$20,000, all the Nora Claims are in good standing at the date hereof, and all fees, taxes, assessments, rentals, levies or other payments and all reports and other filings, required to be made to such date relating to the Property have been made in a timely manner;
- (q) no other Person has any agreement, option, right or privilege capable of becoming an agreement for the purchase of Minera, the Property or any portion thereof or any Nora Claims or an interest therein;
- (r) to the knowledge of the Optionors, there are no adverse claims or challenges to or against the ownership of, the title to or the validity of the staking, locating or recording of any of the Nora Claims or against the validity of any work filed in respect of any of the claims which comprise all or any part of the Nora Claims, nor is there any basis therefor;
- (s) there has been no act or omission by the Optionors or their agents or Affiliates or, to the knowledge of the Optionors, any other Person, which could result by notice or lapse of time, or by both notice and lapse of time, in the breach, termination, abandonment, forfeiture, relinquishment or other premature termination of the Nora Claims;
- (t) all activities on or in respect of the Nora Claims conducted by or on behalf of the Optionors, and to the knowledge of the Optionors, by any other Person, have been conducted in material compliance with all applicable statutes, regulations, by-laws, orders, judgments and permits;
- (u) subject to all government royalties or other similar payments to governments under laws applicable from time to time based on mineral production and to the Permitted Royalties, no person is entitled to any royalty or other payment in the nature of rent or royalty on minerals removed from the Property, or is entitled to take such materials in kind;

- (v) the Optionors have not conducted any activities of exploitation, extraction, development or any other kind of exploitation activities whatsoever within the Property, notwithstanding with the foregoing, the Optionors have, and, to the knowledge of the Optionors all prior owners and operators have, at all times complied in all material respects with any applicable Environmental Laws in connection with the ownership, use, maintenance or operation of the Property and the conduct of the business and operations related thereto;
- (w) neither of the Optionors has, nor, to the knowledge of the Optionors has any other Person, at any time received, handled, used, stored, treated, shipped and disposed of any environmental contaminants at the Property in material violation of the Environmental Laws;
- (x) the Optionors have not received notice from any governmental agency of any breach, violation or default with respect their operations on the Property, whether such operations were conducted by or on behalf of the Optionors. The prospecting work, processes, undertaking and all other work and operations carried on or conducted by or on behalf of Optionors in respect of the Property have been carried on or conducted in a sound and workmanlike manner and in compliance with all applicable laws and regulations, and with sound geological and geophysical exploration and mining, engineering and metallurgical practices;
- (y) the Optionors have not received notice of the existence of any condemnation, expropriation or similar Proceedings affecting the Property;
- (z) there are no outstanding work orders or actions required or reasonably anticipated to be required to be taken in respect of the rehabilitation or restoration of the Property or relating to environmental matters in respect of the Property or any operations thereon, nor have the Optionors received notice of same;
- (aa) neither of the Optionors nor any of their agents or Affiliates has, nor, to the knowledge of the Optionors has any other person, received any notice, order or disposition from a governmental authority relating to environmental matters requiring the undertaking of any work, repairs, construction or capital expenditures with respect to the Property;
- (bb) to the knowledge of the Optionors, no Hazardous Substance or toxic materials, substances, pollutants, contaminants or wastes have been released into the environment, deposited, discharged, placed or disposed of by any of the Optionors or their Affiliates or, to the knowledge of the Optionors by any other Person, in violation of the Environmental Laws, at, on or near the Property;
- (cc) none of the Nora Claims is held under mining lease, sublease, mining option agreements, or similar other contracts, agreements or arrangements other than this Agreement;
- (dd) the Optionors have not received notice of any claim, complaint or other Proceeding or threat of any claim, complaint or other Proceeding by an Ejido Group with respect to leased properties over the Nora Claims, nor to the knowledge of the Optionors is such a claim, complaint or other Proceeding being contemplated;

- (ee) (i) there are no pending or ongoing actions taken against either of the Optionors by or on behalf of any aboriginal councils, groups or individuals pursuant to the assertion of any land claims or rights with respect to the Property; (ii) neither of the Optionors has entered into any impact and benefits agreements, memorandums of understanding, other agreements of the same nature or any other contracts with any aboriginal individuals, groups or councils in relation to the Property and none have been proposed; and (iii) no aboriginal councils, groups or individuals or other stakeholders have informed either of the Optionors that they oppose the exploration of the Property or the development of a mining project thereon;
- (ff) neither of the Optionors has entered into any labour contracts, collective bargaining agreements or any other employment or labour-related obligations and liabilities which may affect the Property or any operations to be conducted thereon by Optionee;
- (gg) information contained in the public record of Canasil with respect to the Property and the ownership thereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, as of the date hereof;
- (hh) there is no fact known to Canasil which Canasil has not disclosed to Optionee which materially adversely affects the rights, title or interests of the Optionors in and to the Property or the ownership of the Property;
- (ii) Optionee has been provided with true and complete copies of all agreements material to the Property, and there are no existing defaults by the Optionors or, to its knowledge, the other parties to such agreements, and no circumstances exist that, with notice or passage of time, or both, would be a default under such agreements;
- (jj) each of the Optionors has timely filed (taking into account any valid extensions) all income and other Tax Returns required to be filed by each of them, and each such Tax Return was true, correct and complete in all material respects and was prepared in compliance with all applicable laws. All material Taxes due and payable by Minera under applicable laws, whether or not shown or required to be shown on any Tax Return, have been timely paid in full. Minera has paid in full all material Taxes required to have been paid under applicable laws in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder, member, or other third-party;
- (kk) for all transactions between the Optionors and any person who is not resident in Canada for purposes of the Canada Tax Act with whom the particular Optionor was not dealing at arm's length for purposes of the Canada Tax Act, such Optionor has made or obtained records or documents that meet the requirements of Paragraphs 247(4)(a) to (c) of the Canada Tax Act (or comparable provisions of any other applicable legislation);
- (ll) no tax audits by any governmental authority or administrative or judicial Proceedings for or relating to Taxes are pending, threatened or being conducted with respect to Minera;
- (mm) there are no reassessments of Taxes that have been issued and are outstanding against Minera or the Property;

- (nn) to the knowledge of the Optionors, no written claim has ever been made by any governmental authority in a jurisdiction where either of the Optionors do not file Tax Returns claiming that either of the Optionors is or may be subject to Taxes assessed by such jurisdiction;
- (oo) there are no Encumbrances for Taxes upon the Property;
- (pp) there is no Tax sharing agreement, Tax allocation agreement, Tax indemnity obligation or similar contract, agreement, arrangement, understanding or practice, oral or written, with respect to Taxes that will require any payment by the Optionors on or after the Option Exercise Date;
- (qq) Minera has not claimed and will not claim any reserve under any one or more of subparagraph 40(1)(a)(iii), or paragraphs 20(1)(m) or 20(1)(n) of the Canada Tax Act or any equivalent or analogous provision of any applicable provincial or territorial legislation, that would result in an amount being included in their respective income for any taxable period beginning on or after the Option Exercise Date;
- (rr) neither of the Optionors is aware of any material facts or circumstances not disclosed in writing to Optionee, the disclosure of which is necessary to prevent its representations and warranties in this Section 2.1 from being misleading; and
- (ss) the Optionors have provided Optionee and its agents access to all material information in its possession or control relating to the Property, whether tangible or electronic form, including without limitation, all financial information, corporate documents, agreements maps, assays, surveys, drill logs, samples and metallurgical, geological, geophysical, geochemical and engineering data in respect thereof and to the knowledge of the Optionors such information is true and correct in all material respects and the Optionors acknowledge that Optionee is relying on all information provided in entering into this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF THE OPTIONEE

3.1 The Optionee represents and warrants to the Optionors that:

- (a) the Optionee is a corporation duly incorporated and organized and validly existing under the laws of its jurisdiction of incorporation and organization;
- (b) the Optionee has full corporate power, authority and capacity to enter into this Agreement and any agreement or instrument referred to herein or contemplated hereby and to carry out its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by the Optionee and constitutes a valid and legally binding obligation of the Optionee enforceable against the Optionee in accordance with the terms hereof except that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

- (d) all necessary corporate action has been taken to authorize the execution of this Agreement and the performance by the Optionee of their obligations hereunder;
- (e) neither the execution of this Agreement nor the consummation of the transactions herein contemplated will: (i) violate or result in the breach of any applicable laws; or (ii) conflict with, result in any breach of any covenants or agreements contained in, or constitute a default under the provisions of the Articles or the constating documents of the Optionee or any shareholders' or directors' resolution, indenture, agreement or other instrument whatsoever to which the Optionee is a party or by which it is bound or to which it or the Property may be subject;
- (f) no consent or approval from a lender or any other third party is necessary to authorize the Optionee to execute, deliver and perform its obligations under this Agreement and no other authorization, consent or approval is required to permit the execution and delivery of this Agreement by the Optionee or the performance of its obligations hereunder;
- (g) the Optionee has not committed an act of bankruptcy, has proposed a compromise or arrangement to its creditors generally, has had any petition for a receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any Proceedings with respect to a compromise or arrangement, has taken any Proceeding to have itself declared bankrupt or wound-up, has taken any Proceeding to have a receiver appointed of any part of its assets, has had any encumbrancer take possession of any of its property and has had any execution or distress become enforceable or become levied upon any of its property;
- (h) no Proceedings are pending for the dissolution or winding up of the Optionee or the placing of the Optionee in bankruptcy or subject to any other laws governing the affairs of insolvent corporations, nor, to the Optionee's knowledge, is there any basis for the institution of any such Proceeding; and
- (i) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, against the Optionee which prevents or which seeks to prevent it from entering into this Agreement.

4. SURVIVAL AND INDEMNITY

Each Party's representations and warranties set out in Parts 2 and 3 will be relied on by the other Party in entering into the Agreement. The representations and warranties set out above will survive the execution and delivery of the Agreement and are deemed remade as of the date on which the Option is exercised in accordance with the terms of the Agreement and, if Optionee exercises the Option, they will survive the acquisition of the Property by Optionee for a period of two years following the Effective Date. Each Party (the "**Indemnifying Party**") will indemnify and hold harmless the other Party for any loss, cost, expense, claim or damage, including legal fees and disbursements, suffered or incurred by the other Party at any time as a result of any misrepresentation or breach of any covenant, representation or warranty by the Indemnifying Party under this Agreement. For greater certainty, this Part 4 will not apply to any failure by Optionee to satisfy any of the Option exercise requirements in accordance with Section 5.2.

5. GRANT AND EXERCISE OF OPTION

- 5.1 The Optionors hereby grant to Optionee the sole and exclusive right and option, subject to the terms of this Agreement, to acquire a 100% legal and beneficial interest in the Property, free and clear of all Encumbrances save and except for the Permitted Royalties (the “**Option**”).
- 5.2 To exercise the Option, Optionee must:
- (a) subject to Part 12, incur and pay for total Exploration Expenditures of \$3,000,000 in respect of the Property in accordance with the following schedule:
 - (i) subject to Section 15.1, a total of \$300,000 on or before the first anniversary of the Effective Date, which incurrence is an obligation of the Optionee and is not optional;
 - (ii) a total of \$1,000,000 on or before the second anniversary of the Effective Date;
 - (iii) a total of \$1,500,000 on or before the third anniversary of the Effective Date;
 - (iv) a total of \$2,000,000 on or before the fourth anniversary of the Effective Date; and
 - (v) a total of \$3,000,000 on or before the fifth anniversary of the Effective Date; and
 - (b) pay to Canasil cash payments totalling \$375,000 in accordance with the following schedule:
 - (i) \$50,000 on or before the second anniversary of the Effective Date;
 - (ii) \$75,000 on or before the third anniversary of the Effective Date;
 - (iii) \$100,000 on or before the fourth anniversary of the Effective Date; and
 - (iv) \$150,000 on or before the fifth anniversary of the Effective Date.
- 5.3 This Agreement is for an option only and, for greater certainty, other than as set out in Section 5.2(a)(i), nothing in this Agreement will be construed as obligating Optionee to do any acts, incur any expenditures or make any payments hereunder, and any act done, expenditure incurred or payment made hereunder will not be construed as obligating Optionee to do any further act, incur any further expenditure or make any further payment.
- 5.4 Once Optionee has complied with the requirements of Section 5.2 and Section 5.7, the Optionee will be entitled to provide a written notice of exercise of the Option (the “**Exercise Notice**”) to Canasil and the Optionee will be deemed to have exercised the Option as of the date of the Exercise Notice (the “**Option Exercise Date**”) and will be vested with 100% legal and beneficial interest in and to the Property, free and clear of all Encumbrances save and except for the Permitted Royalties.
- 5.5 Optionee shall be entitled to accelerate any time period for incurring and paying the Exploration Expenditures or making any cash payments hereunder. All cash payments to be made under this Agreement shall be made to a bank account designated by Canasil in writing to the Optionee from time to time.

- 5.6 Upon the due exercise of the Option, the Optionors will take such steps as will be necessary (including delivering duly executed transfer documents), and in a timely manner, to effect transfer from Minera to Optionee, of registered title to the Property, subject to its obligations under this Agreement.
- 5.7 In this Agreement, a written notice delivered by the Optionee to Canasil by no later than 30 days after any date listed in paragraph 5.2(a) on or before which Exploration Expenditures are to be incurred and paid and accompanied by a statement of a senior officer of the Optionee to the effect that the amount of Exploration Expenditures has been incurred and paid by the applicable date shall be conclusive evidence of the making thereof unless Canasil questions the accuracy of such statement within 15 days of receipt. If Canasil questions the accuracy of the statement, the matter shall be referred to a mutually determined national firm of Chartered Professional Accountants for final determination. If such firm determines that the Exploration Expenditures incurred and paid were less than the minimum Exploration Expenditures to be incurred for the then current time period, the Optionee shall not lose any of its rights hereunder provided the Optionee pays to Canasil in cash within 15 days of the receipt of the determination 100% of the amount below the Exploration Expenditures threshold for the then current time period. If the Optionee makes such payment, it shall be deemed to have timely incurred and paid Exploration Expenditures equal to such payment. If the firm of Chartered Professional Accountants determines that the Exploration Expenditures incurred and paid were less than 95% of the minimum Exploration Expenditures to be incurred for the then current time period, the Optionee shall pay the entire cost of the determination; if they were 95% to 100% of the minimum Exploration Expenditures to be incurred for the then current time period, the cost of the determination shall be paid by the Optionee and Canasil equally; if in excess of 100% of the minimum Exploration Expenditures to be incurred for the then current time period, Canasil shall pay the entire cost of the Chartered Professional Accountant's determination.

6. ROYALTIES

- 6.1 Upon the exercise of the Option, the Optionee shall:
- (a) subject to the Repurchase Right (defined below), grant to Canasil a production royalty equal to 3% of the Net Smelter Returns (as defined in Schedule "B") on the Property (the "**NSR Royalty**"); and
 - (b) make an annual cash royalty payment equal to \$25,000 (the "**Annual Royalty**") payable on or before each anniversary of the Option Exercise Date and ending upon the earlier of: (i) the Optionee's exercise of the Repurchase Right; and (ii) the lapse of the Nora Claims.

The terms of the NSR Royalty will be set forth in a royalty agreement to be entered into between the Optionors and Optionee (the "**Royalty Agreement**") upon the exercise of the Option. The Parties agree that, at the time of granting the NSR Royalty, each Party will make commercially reasonable efforts to negotiate and settle in good faith the Royalty Agreement. For greater certainty, the NSR Royalty and the Annual Royalty will run with the Property and will be binding on any subsequent holder of an ownership interest in the Property.

- 6.2 The Optionee may purchase 1% of the NSR Royalty at any time (the "**Repurchase Right**") for total consideration of \$3,000,000 such that the NSR Royalty will be reduced to 2%, provided that each Annual Royalty payment made under the Royalty Agreement will be treated as a prepayment to the amount owing by the Optionee in exercising the Repurchase Right. The Optionors acknowledge and agree that the Repurchase Right may be exercised by an Affiliate of the Optionee, at the Optionee's exclusive discretion.

- 6.3 If, during the Option Period, the Optionee wishes to abandon, relinquish or terminate or not renew (the “**Relinquishment Event**”) all or any portion of the Property (the “**Released Property**”), then the Optionee shall provide Canasil with a minimum of 30 days prior written notice of such intended Relinquishment Event. Upon receipt of the said notice, Canasil shall have a period of 10 days within which to advise the Optionee in writing that it desires to acquire the Released Property for consideration equal to \$10.00. Canasil shall forward such written notice to the Optionee within the said 10 day period, the Optionee shall thereafter do all such acts and things or shall cause all such acts and things to be done, at Canasil's sole cost and expense, to assign or convey, as appropriate, the Released Property to Canasil and to have the Released Property recorded or registered into the name of Canasil. The Optionee covenants and agrees that the Released Property shall be in good standing for not less than six months on the effective date of the transfer. If Canasil does not forward the said written notice to the Optionee within the said 10 day period, then the Optionee or the Affiliate of the Optionee shall have the right to complete the Relinquishment Event with respect to the applicable Released Property. If a Relinquishment Event is completed, and within five years thereafter, the Optionee or any Affiliate of the Optionee subsequently reacquires a direct or indirect beneficial interest in the Released Property, then such Released Property will once again be subject to the obligation to pay the NSR Royalty with respect thereto.

7. **RIGHT OF ENTRY**

- 7.1 Throughout the Option Period the directors and officers of Optionee and its Affiliates and their servants, agents, workmen, employees, contractors and subcontractors 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 other mining work thereon and thereunder as Optionee in its sole discretion may determine advisable;
 - (d) bring upon and erect upon the Property such buildings, plant, machinery and equipment as Optionee may deem advisable;
 - (e) remove therefrom and dispose of reasonable quantities of ores, minerals and metals for the purposes of obtaining assays or making other tests; and
 - (f) exercise any other such rights in respect of the Property as are held by the Optionors.

8. **RECORD OF OPTION AGREEMENT AND ROYALTY AGREEMENT**

As soon as practicable following the Effective Date, the Optionee will register a short form of this Agreement in the Spanish language at the Mining Public Registry in Mexico, including the changes applicable under Mexican law such as governing law. As soon as practicable following the execution of the Royalty Agreement, if and to the extent required, the Parties will take such additional steps and enter into such additional documents as reasonably requested by the Optionors and the Optionee, including preparing a short form of the Royalty Agreement prepared in the Spanish language reflecting the terms of the Royalty Agreement adapted to the applicable legal requirements of Mexico and governed by Mexican law. The costs of the preparation of a short form version of this Agreement and the Royalty Agreement in the Spanish language and the formalities necessary by Mexican law such as notarization of such short form version of this Agreement and the Royalty Agreement will be shared by the Optionee and Canasil.

9. **OBLIGATIONS OF OPTIONEE AND OPTIONORS DURING OPTION PERIOD**

9.1 During the Option Period, the Optionee will:

- (a) timely make all Tax, rental and other payments and do such other acts as may be required in order to maintain the mineral concessions which constitute the Property in good standing at all times, including the application, if necessary or desirable as mutually determined, for another form of successor mineral tenures for the Property;
- (b) keep the Property clear of Encumbrances arising from its operations thereon, provided that, upon becoming aware of any Encumbrances, the Optionee will have 30 Business Days within which to remove such Encumbrances before being in breach of this obligation;
- (c) carry on all operations on the Property in a competent and workmanlike manner, in accordance with sound mining and engineering practices, and in compliance with all applicable governmental regulations and restrictions including, without limiting generality, those regulations relating to reclamation and protection of the environment;
- (d) pay or cause to be paid any rates, taxes, duties, royalties, assessments or fees levied after the Effective Date with respect to the Property or the Optionee's operations thereon;
- (e) allow the Optionors or any duly authorized agent or representative of the Optionors to inspect the Property, during normal business hours, upon giving the Optionee 72 hours' notice; PROVIDED HOWEVER that it is agreed and understood that the Optionors or any such agent or representative shall not interfere with the Optionee's activities on the Property and shall be at its own risk and that the Optionee shall not be liable for any loss, damage or injury incurred by the Optionors or their agent or representative arising from their inspection of the Property, however caused;
- (f) allow the Optionors access at all reasonable times and intervals to all factual maps, reports, assay results and other factual technical data prepared or obtained by the Optionee in connection with its operations on the Property;
- (g) provide the Optionors with quarterly progress reports with respect to exploration results from the Property, the Property Exploration Expenditures and activities, in such format as the Optionee may determine in its discretion, acting reasonably;
- (h) deliver to the Optionors by no later than March 31 of each calendar year, a comprehensive technical report with respect to the Property, detailing all results obtained and generated by exploration work carried out or directed by the Optionee on and with respect to the Property in the immediately preceding calendar year. For certainty, such report does not necessarily mean a technical report compliant with Form 43-101F1 of National Instrument 43-101, but must include the results of the exploration work carried out in the subject calendar year which in form and substance would be of the standard required in F43-101F1;
- (i) give the Optionors prompt notice of any significant exploration results that, determined objectively, could be "material" to the Optionors, as that word is used in Canadian securities law;

- (j) coordinate with the Optionors with respect to the preparation and submission to the applicable governmental agencies of any filings required under the mineral tenures which constitute the Property;
- (k) obtain and maintain such insurance, with such limits and deductibles, as would normally be maintained by a reasonably prudent operator in the circumstances, either by way of a separate policy or the extension of coverage under a "blanket" policy maintained by the Optionee, at the Optionee's cost;
- (l) maintain materially accurate books and records relating to the incurrence of the Property Exploration Expenditures and other material operations on and relating to the Property;
- (m) file all applicable assessment work in respect of the mining concessions comprised in the Property that are in good standing on the date hereof which may be necessary under Mexican law in that regard and in order to keep such mining concessions in good standing; and
- (n) use commercially reasonable efforts to obtain any approvals, from all governmental authorities having jurisdiction, as are necessary in order to conduct work on the Property.

9.2 During the Option Period, the Optionors will:

- (a) not, without the prior written consent of Optionee, enter into or amend any agreement or understanding in respect of the Property, and will continue to maintain their interest in or to the Property unencumbered and in good standing during the term of this Agreement and not do any other act or thing which would or might in any way adversely affect the rights of the Optionee hereunder;
- (b) continue to make available to Optionee and its Affiliates all information and documentation in its possession relating to the Property, including without limitation all available relevant technical data, geotechnical reports, maps, digital files and other data with respect to the Property in Optionee's possession or control, including without limitation samples, core and all records and files relating to the Property, if any, and permit Optionee and its Affiliates at its own expense to take abstracts therefrom and make copies thereof;
- (c) promptly provide the Optionors with any and all notices and correspondence received by the Optionee or its Affiliates from governmental authorities or third parties in respect of the Property;
- (d) at the Optionee's sole cost and expense, cooperate fully with Optionee in obtaining any surface and other rights on or related to the Property as Optionee deems desirable and execute all consents, authorizations, licences or permit applications as are necessary or desirable to permit Optionee to carry out activities on or in respect of the Property;
- (e) at the Optionee's sole cost and expense, provide reasonable assistance to Optionee in fulfilling its obligations under Section 9.1 hereof;
- (f) use commercially reasonable efforts to obtain all consents, waivers and agreements necessary, including waivers of rights of first refusal, to transfer and assign the rights, title and interests of the Optionors in and to the Property as described herein in the event that Optionee exercises the Option.

9.3 During the Option Period, the Parties will cooperate in good faith to satisfy any requirements of the Exchange that may be applicable to the Option or the transactions contemplated under this Agreement.

10. TERMINATION OF OPTION

10.1 If the Option is terminated otherwise than upon the exercise thereof in accordance with Part 5, Optionee will:

- (a) ensure that the Property is in at least the same state concerning environmental and hazardous conditions as the Property was on the date of this Agreement and that it is free and clear of all Encumbrances that may have been created by Optionee; and
- (b) ensure that each mining concession comprising the Property is in good standing for at least one year following the effective date of termination.

10.2 Notwithstanding termination of the Option, Optionee will have the obligation to remove from the Property within 60 days of the termination of the Option all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of Optionee.

11. TRANSFERS AND ASSIGNMENT

11.1 Any Party may at any time during the Option Period dispose of all or any part of its interest in the Property and in this Agreement to any third party that is not an Affiliate (the “Assignee”), provided that the Assignee shall, prior to and as a condition precedent to such disposition, deliver to each non-assigning Party its covenant with and to such non-assigning Party that:

- (a) to the extent of the disposition, the Assignee agrees to be bound by the terms and conditions of this Agreement as if it had been an original party hereto; and
- (b) it will subject any further disposition of the interest acquired to the restrictions contained in this paragraph,

provided that each non-assigning Party must give its prior written consent to the assignment, such consent not to be unreasonably withheld or delayed.

11.2 No assignment by a Party of any interest less than its entire interest in this Agreement will, as between assigning-Party and non-assigning Party, discharge it from any of its obligations hereunder, but upon the transfer by an assigning-Party of its entire interest in this Agreement (whether to one or more transferees and whether in one or in a number of successive transfers), the assigning-Party will be deemed to be discharged from all obligations hereunder save and except for the fulfilment of contractual commitments accrued due before the date on which assigning-Party will have no further interest in this Agreement.

11.3 Any Party may dispose of all or any part of its interest in the Property and in this Agreement to an Affiliate without the prior written consent of the non-assigning Party, provided that: (i) any such disposition shall not relieve the assignor from any of its liabilities or obligations hereunder and (ii) each Affiliate of the Party that has a direct or indirect interest in the Property or this Agreement (a “Related Guarantor”) shall be obligated to first execute and deliver to the non-assigning Party an instrument (in form and substance acceptable to the non-assigning Party, acting reasonably)

pursuant to which the Related Guarantor agrees to be bound by the terms hereof in its capacity as guarantor and by all of the liabilities and obligations of the transferor hereunder in the same manner and to the same extent as through the Related Guarantor was an original party hereto.

12. **FORCE MAJEURE**

- 12.1 Except as otherwise set forth herein, all obligations of the Optionee under this Agreement and all conditions to the exercise of the Option will be suspended and Optionee will not be deemed in default thereof or liable for damages or other legal or equitable remedies while, but only as long as, the Optionee is prevented from complying with such obligations or performing such conditions in whole or in part due to the occurrence of an event of Force Majeure.
- 12.2 If Force Majeure prevents the Optionee from advancing exploration work for any period of time, then the due dates for incurring Exploration Expenditures under Section 5.2(a) will be extended by a period equal to the duration of the Force Majeure; provided, however, that the performance will be resumed within a reasonable time after the Force Majeure has ceased to exist. Subject to the Parties' termination rights in Section 15.1, if the conditions of Force Majeure continue for more than six months, the due dates for incurring Exploration Expenditures under Section 5.2(a) will be extended by the longer of one year and a period equal to the duration of the Force Majeure.
- 12.3 The Optionee will, within seven days, give notice to Canasil of each event of Force Majeure under this Article 12 and upon cessation of such event will furnish Canasil with notice to that effect together with particulars of the number of days by which the obligations or Option exercise conditions of Optionee hereunder have been extended by virtue of such event of Force Majeure and all preceding events of Force Majeure.
- 12.4 Notwithstanding any other provision of this Agreement, lack of funds shall not suspend the obligations of any of the Parties pursuant to this Agreement.

13. **CONFIDENTIAL INFORMATION**

Except as otherwise provided in this Section, all Parties shall treat, and shall cause their respective agents, employees and consultants to treat, all data, reports, records and other information relating to this Agreement and the Property as confidential. The text of any news release or any other public statements, other than those required by law or regulatory bodies or stock exchanges, which a Party desires to make shall be sent to each other Party for its comments prior to publication and shall not be publicly disseminated without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed. The text of any disclosure which a Party is required to make by law, by regulatory bodies or stock exchanges shall be sent to each other Party prior to filing in order that the other Party may have the opportunity to comment thereon. For all public disclosure, whether required to be made or not, any reasonable changes requested by the non-disclosing Party shall be incorporated into the disclosure document. Nothing in this Section shall be deemed to preclude any Party from disclosing such information as is required to be disclosed pursuant to applicable laws, the rules or policies of any stock exchange, or by the order of any court or tribunal having jurisdiction over such Party.

14. **ARBITRATION**

- 14.1 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 "final offer" arbitration procedures.

- 14.2 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 10 days' prior written notice of its intention so to do to the other Party together with particulars of the matter in dispute.
- 14.3 On the expiration of such 10 days, the Party who gave such notice may proceed to commence procedure in furtherance of arbitration as provided in this Part 14.
- 14.4 The Party desiring arbitration ("**First Party**") will nominate in writing three proposed arbitrators, and will notify the other Party ("**Second Party**") of such nominees, and the other Party will, within 15 days after receiving such notice, either choose one of the three or recommend three nominees of its own. All nominees of either Party must hold accreditation as either a lawyer, accountant or mining engineer in Canada. If the First Party fails to choose one of the Second Party's nominees, then all six names will be placed into a hat and one name will be randomly chosen by the president or Chief Executive Officer of the First Party and that person if he/she is prepared to act will be the nominee. The Parties will thereupon each be obligated to proffer to the arbitrator within 30 days of his/her appointment a proposed written solution to the dispute and the arbitrator will within 30 days of receiving such proposals choose one of them without altering it except with the consent of both Parties.
- 14.5 Except as specifically otherwise provided in this Part 14 the arbitration herein provided for will be conducted in accordance with the provisions of the *International Commercial Arbitration Act of British Columbia* under the rules of the British Columbia International Commercial Arbitration Centre.
- 14.6 The expense of the arbitration will be paid as specified in the award.
- 14.7 The Parties may agree that the award of the arbitrator will be final and binding upon each of them.

15. **DEFAULT AND TERMINATION**

- 15.1 If Optionee is unable to gain access to the Property before April 19, 2024 as a result of a Property Access Issue constituting a Force Majeure, then either Party may terminate this Agreement, and the Optionee shall be relieved of its obligation under Section 5.2(a)(i).
- 15.2 Provided it has fulfilled the incurrence and payment of Exploration Expenditures set out in Section 5.2(a)(i), and is not in default hereunder, Optionee may terminate this Option at any time prior to exercise of the Option by giving 60 days' notice of termination to Canasil and will thereupon be relieved of any further obligations in connection herewith but will remain liable for obligations which have accrued to the effective date of termination.
- 15.3 If at any time during the Option Period either Party fails to perform any obligation hereunder or any representation or warranty given by it proves to be untrue, then the other Party may terminate this Agreement (without prejudice to any other rights it may have) provided that:
- (a) it first gives to the Party allegedly in default a notice of default containing particulars of the obligation which such has not performed, or the warranty breached; and
 - (b) the other Party does not dispute, cure or commence to correct (and thereafter diligently prosecute the matter until it is corrected) the default within 15 days after delivery of such notice of default.

15.4 Upon termination of this Agreement, this Agreement will, except for the provisions of Part 4, Section 10.2, Part 13, Part 14 and Part 16, and any provisions required to interpret same, be of no further force and effect.

16. INDEMNIFICATION AND RIGHT TO SETOFF

16.1 In addition to the indemnification rights in Part 4, the Optionors will jointly and severally indemnify and save harmless Optionee, and its respective directors, officers, Affiliates and agents from and against and in respect of any and all claims, suits, administrative Proceedings, obligations, fines or losses incurred by such Persons (including for loss of life, injury to Persons or property or damage to the Property or the natural environment and reasonable legal fees, costs and expenses incurred in investigating, preparing, defending against or prosecuting any litigation, claim, Proceeding, or demand attributable to any item in the following clauses), at any time, as a result of or arising directly or indirectly out of or in connection with:

- (a) operations conducted on the Property or other acts or omissions by any of the Optionors prior to the Effective Date;
- (b) any breach or non-performance by the Optionors of any covenant contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto; and
- (c) any Tax liabilities, unpaid Taxes, penalties, or the imposition of any additional Taxes in respect of the Pre-Closing Tax Period.

16.2 In addition to the indemnification rights in Part 4, the Optionee will indemnify and save harmless the Optionors and their directors, officers, Affiliates and agents from and against and in respect of any and all claims, suits, administrative Proceedings, obligations, fines or losses incurred by such Persons (including for loss of life, injury to Persons or property or damage to the Property or the natural environment and reasonable legal fees, costs and expenses incurred in investigating, preparing, defending against or prosecuting any litigation, claim, Proceeding, or demand attributable to any item in the following clauses), at any time, as a result of or arising directly or indirectly out of or in connection with:

- (a) operations conducted on the Property or other acts or omissions by the Optionee or its Affiliates after the Effective Date; and
- (b) any breach or non-performance by the Optionee of any covenant contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto, including, without limiting generality, the Optionee's covenant to comply with all regulations and restrictions relating to reclamation and the protection of the environment.

16.3 Without limiting the foregoing, in the event that the Optionee is entitled to be indemnified by the Optionors or makes any payment in respect of any liabilities, debts, fees, Taxes, expenses, or other costs in respect of the Property that arose, or were incurred prior to the Option Exercise Date, the Optionee will have the right at any time and from time to time, to the fullest extent permitted by law and with not fewer than 60 days' notice to the Optionors or any other person, to setoff and apply any and all of such payments against any amounts owing to the Optionors under this Agreement. The rights of the Optionee under this Section are in addition to other rights and remedies (including,

without limitation, the right of indemnification under Section 16.1 hereof) which the Optionee may have.

- 16.4 For greater certainty, and notwithstanding any other provision in this Agreement, the Optionee may not set off any amounts owing to the Optionors under this Agreement against amounts owing to the Optionee pursuant to the Loan and Exclusivity Agreement.

17. NOTICES

- 17.1 Each notice, demand or other communication required or permitted to be given under this Agreement will be in writing and will be sufficiently given if delivered personally or transmitted by email or other form of recorded communication capable of producing a printed copy at their following respective addresses:

- (a) if to Canasil or Minera, at the address shown on the first page of this Agreement or by email to Michael McInnis to *[REDACTED – PERSONAL INFORMATION]*;
- (b) if to Optionee, at the address shown on the first page of this Agreement or by email to *[REDACTED – PERSONAL INFORMATION]*,

or at such other address or addresses as the Parties to whom such writing is to be given will have last notified the Party giving the same in the manner provided in this Section 17.1.

- 17.2 The date of receipt of such notice, demand or other communication will be the date of delivery or email thereof, provided that if such day is not a Business Day or the notice, demand or other communication is delivered or emailed after 5:00 pm (Vancouver time), then the notice, demand or other communication will be deemed to have been given and received on the Business Day next following such day.

18. GENERAL

- 18.1 **Expenses** – Each Party will bear its own costs in connection with the negotiation, preparation and finalization of this Agreement and any required approvals in connection herewith.

- 18.2 **Entire Agreement** – This Agreement, together with the Loan and Exclusivity Agreement and Side Letter Agreement, constitute the entire agreement between the Parties hereto with respect to the subject matter hereof. This Agreement, together with the Loan and Exclusivity Agreement and Side Letter Agreement, supersede and replace all prior agreements between the Parties hereto with respect to the Property, which said prior agreements will be deemed to be null and void upon the execution hereof.

- 18.3 **Time** – Time will be of the essence of this Agreement.

- 18.4 **Waiver** – No waiver of any term of this Agreement by a Party is binding unless such waiver is in writing and signed by the Party entitled to grant such waiver. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any term of this Agreement will be deemed to be a waiver of any subsequent breach of that term.

- 18.5 **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.

- 18.6 **Enurement** – This Agreement will endure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, subject to the conditions hereof.
- 18.7 **Governing Law** – This Agreement will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein
- 18.8 **Severability** – If any provisions of this Agreement will be invalid, illegal or unenforceable in any respect under any applicable law, such provision may be severed from this Agreement, and the validity, legality and enforceability of the remaining provisions hereof will not be affected or impaired by reason thereof.
- 18.9 **Amendments** – 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.
- 18.10 **Counterparts** – This Agreement may be executed in counterpart and by e-mail or other electronic means, and each copy so signed will be deemed to be an original, and all such counterparts together will constitute one and the same instrument.

[Remainder of page intentionally left blank]

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

SILVER DOLLAR RESOURCES INC.

Per:

"Michael Romanik"

Name: Michael Romanik

Title: President and Chief Executive Officer

CANASIL RESOURCES INC.

Per:

"M. D. McInnis"

Name: M. D. McInnis

Title: Director

MINERA CANASIL S.A. DE C.V

Per:

"Bahman Yamini"

Name: Bahman Yamini

Title: Director

SCHEDULE "A"
NORA CLAIMS

project	claims	title	last pd		o/s peso	o/s cad
NORA	NORA	225679	28-ene.-22		42,283	2,960
	NORA I	225680	28-ene.-22		42,283	2,960
	CANDY	200343	28-ene.-22		22,833	1,598
	CANDY I	200344	28-ene.-22		21,142	1,480
					128,541	8,998

SCHEDULE "B"
CALCULATION OF NET SMELTER RETURNS

"Net Smelter Returns" means the actual proceeds received from any mint, smelter, refinery or other purchaser for the sale of ores, metals (excluding bullion), minerals, concentrates or tailings produced from the Property (collectively, the "Products") and any insurance proceeds received in respect of Products, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payment:

- (a) smelting and refining charges, penalties for impurities, smelter assay costs, umpire assay costs, weighing and sampling costs, and all other legitimate penalties and fees that are charged or levied by a processor for the smelting, minting, treating, or refining of Products (including, without limitation, metal losses, penalties for impurities and charges or deductions for smelting, minting, refining, beneficiating, selling, marketing, handling, and other sales costs and fees imposed by a processor);
- (b) cost of freight and handling of Products from the Property to any mint, smelter, refinery, or other purchaser;
- (c) cost of insurance on Products;
- (d) charges and costs for, and taxes on, loading, storage, handling, securing and transporting (including, without limitation, insurance costs while loading, storing, handling, securing, shipping, and stockpiling the Products, warehousing costs, port costs, transaction taxes, customs and customs clearance costs, import and export taxes, duties or tariffs, ad valorem or mineral taxes or the like and permit costs, freight costs and demurrage, delay and forwarding expenses) Products from the Property to places where such Products are smelted, minted, refined, treated, beneficiated, sold or otherwise disposed of; and
- (e) all taxes (but specifically excluding income taxes) based on mining production or the value of mining production (including, without limitation, sales, use, extraction, net proceeds, excise, export, import, ad valorem, mining privilege, gross receipts or severance taxes on, and all royalties owing to any governmental entity in connection with, Products),

provided that if such costs are paid or payable to a party with whom Optionee is not dealing at arm's length, no deduction from the proceeds will be made in respect of costs that are in excess of those which would be incurred on an arm's length basis or which would not be allowed if incurred by an independent third party, in each case based on competitive market prices and rates.

Where revenue otherwise to be included in Net Smelter Returns is received by Optionee in a transaction with a party with whom it is not dealing at arm's length, the revenue to be included shall be based on the fair market value that would have been obtained from an independent third party, in each case based on competitive market prices and rates.

For the purposes of determining Net Smelter Returns, all receipts and disbursements in a currency other than Canadian shall be converted into Canadian currency on the day of receipt or disbursement, as the case may be, using the Bank of Canada noon rate.